BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2021
(Expressed in Thousands)

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Totals	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	$ 7,433,022	$ 1,297,233	$ 8,730,255	$ 3,597,592
Investments	8,370,132	249,434	8,619,566	2,125,104
Invested securities lending collateral	312,047	7,542	319,589	62,114
Receivables, net:				
Accounts	694,443	24,433	718,876	493,489
Contributions	2,010	—	2,010	185,752
Participants	—	141	141	—
Accrued interest	59,690	3,873	63,563	14,662
Income taxes	973,906	—	973,906	—
Sales and other taxes	936,481	—	936,481	—
Student accounts	65	—	65	58,815
Patient accounts	20,101	—	20,101	337,970
Loans and notes	722,274	—	722,274	57,840
Assessments	—	104,426	104,426	—
Due from Federal government and other grantors	1,101,823	25,297	1,127,120	168,330
Internal balances	55,705	(55,705)	—	—
Due from component units	103,371	—	103,371	—
Due from primary government	—	—	—	79,728
Due from fiduciary funds	152,325	—	152,325	—
Inventories	112,354	1,545	113,899	443,148
Restricted assets:				
Cash and cash equivalents	840,782	—	840,782	1,915,942
Investments	—	—	—	2,500,782
Accounts receivable	12,000	—	12,000	106
Loans receivable	—	—	—	901,833
Other	71,694	—	71,694	29,958
Prepaid items	63,877	426	64,303	117,061
Other assets	367	—	367	302,030
Regulatory assets	—	—	—	3,740,683
Other regulatory assets	—	—	—	372,337
Investment in joint venture	—	—	—	9,501
Capital assets-nondepreciable	6,174,022	299,543	6,473,565	2,187,824
Capital assets-depreciable, net	13,144,154	24,550	13,168,704	11,345,611
Total assets	$ 41,356,645	$ 1,982,738	$ 43,339,383	$ 31,048,212
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	$ —	$ —	$ —	$ 18,634
Deferred amount on refunding	37,322	—	37,322	172,168
Asset retirement obligation	—	—	—	691,641
Pension related	821,458	6,711	828,169	1,079,007
Other post-employment benefits related	836,280	8,065	844,345	1,296,046
Total deferred outflows	$ 1,695,060	$ 14,776	$ 1,709,836	$ 3,257,496
LIABILITIES				
Accounts payable	$ 1,049,795	$ 16,242	$ 1,066,037	$ 431,525
Accrued salaries and related expenses	170,066	2,099	172,165	317,111
Accrued interest payable	10	158	168	78,719
Retainages payable	3,449	—	3,449	8,774
Tax refunds payable	1,016,374	56,235	1,072,609	—
Payables-aid to individuals/families	10,053	—	10,053	—
Prizes payable	—	—	—	45,261
Unemployment benefits payable	—	31,373	31,373	—
Intergovernmental payables	686,806	1,196	688,002	680
Tuition benefits payable	—	48,919	48,919	—
Due to component units	79,728	—	79,728	—
Due to primary government	—	—	—	103,371
Due to fiduciary funds	30,364	—	30,364	—
Asset retirement obligation	—	—	—	694,236
Unearned revenues	726,418	33	726,451	613,592
Deposits	1,719	300	2,019	16,781
Amounts held in custody for others	—	—	—	25,460
Securities lending collateral	312,047	7,542	319,589	62,114
Liabilities payable from restricted assets:				
Accrued interest payable	14,286	—	14,286	—
Other	—	—	—	26,811
Other liabilities	495,777	12	495,789	896,000
Long-term liabilities:				
Due within one year	921,870	24,344	946,214	441,994
Due in more than one year	9,989,703	243,752	10,233,455	22,945,654
Total liabilities	$ 15,508,465	$ 432,205	$ 15,940,670	$ 26,708,083
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ 14,767
Deferred gain on refunding	—	—	—	2,564
Deferred nuclear decommissioning costs	—	—	—	247,903
Deferred service concession arrangement receipts	—	—	—	571
Deferred nonexchange revenues	11,979	—	11,979	32
Toshiba settlement	—	—	—	296,380
Pension related	164,191	1,673	165,864	99,419
Other post-employment benefits related	389,399	3,781	393,180	445,761
Total deferred inflows	$ 565,569	$ 5,454	$ 571,023	$ 1,107,397

Exhibit A-1

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Totals	COMPONENT UNITS
NET POSITION				
Net investment in capital assets	$ 17,534,618	$ 312,603	$ 17,847,221	$ 6,418,641
Restricted:				
Expendable:				
General government	2,496,379	—	2,496,379	—
Education	1,468,888	—	1,468,888	1,573,203
Health	871,979	—	871,979	—
Transportation	2,264,187	—	2,264,187	2,708
Capital projects	—	—	—	962,666
Debt service	1,030,702	—	1,030,702	194,478
Loan programs	—	—	—	468,848
Waste management	522,443	—	522,443	—
Insurance programs	481,057	65,384	546,441	—
Administration of justice	37,370	—	37,370	—
Economic development	26,787	—	26,787	—
Social programs	60,401	—	60,401	—
Unemployment compensation benefits	—	1,300,682	1,300,682	—
Other	—	—	—	21,388
Nonexpendable:				
Education	11,562	—	11,562	1,443,171
Other	225,687	—	225,687	—
Unrestricted	(54,389)	(118,814)	(173,203)	(4,594,875)
Total net position	**$ 26,977,671**	**$ 1,559,855**	**$ 28,537,526**	**$ 6,490,228**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses)
Functions					
Primary government:					
Governmental activities:					
General government	$ 9,004,041	$ 3,761,937	$ 3,199,963	$ 37,709	$ (2,004,432)
Education	5,913,437	34,548	1,599,695	(538)	(4,279,732)
Health and environment	9,182,050	197,053	6,358,339	3,612	(2,623,046)
Social services	2,454,063	12,000	2,034,872	23,614	(383,577)
Administration of justice	1,105,209	55,626	21,267	89	(1,028,227)
Resources and economic development	495,883	86,817	92,170	5,347	(311,549)
Transportation	1,723,480	273,250	185	637,817	(812,228)
Unallocated interest expense	8,135	—	—	—	(8,135)
Total governmental activities	**29,886,298**	**4,421,231**	**13,306,491**	**707,650**	**(11,450,926)**
Business-type activities:					
Unemployment compensation benefits	3,595,804	256,970	2,969,707	—	(369,127)
Second Injury	1,205	443	—	—	(762)
Other enterprise activities	106,315	68,252	213	20,966	(16,884)
Total business-type activities	**3,703,324**	**325,665**	**2,969,920**	**20,966**	**(386,773)**
Total primary government	**$ 33,589,622**	**$ 4,746,896**	**$ 16,276,411**	**$ 728,616**	**$ (11,837,699)**
Component units:					
Public Service Authority	1,596,216	1,627,427	5,538	—	36,749
Medical University of South Carolina	3,874,275	3,226,292	521,176	19,118	(107,689)
University of South Carolina	1,488,505	1,229,206	282,488	14,376	37,565
Clemson University	1,178,317	838,423	492,554	1,808	154,468
State Ports Authority	351,981	312,772	9,258	1,500	(28,451)
Housing Authority	229,483	49,444	203,809	—	23,770
Lottery Commission	2,419,655	2,419,508	20	—	(127)
Nonmajor component units	2,011,659	1,156,746	710,040	64,640	(80,233)
Total component units	**$ 13,150,091**	**$ 10,859,818**	**$ 2,224,883**	**$ 101,442**	**$ 36,052**

Exhibit A-2

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net revenues (expenses)	$ (11,450,926)	$ (386,773)	$ (11,837,699)	$ 36,052
General revenues:				
Taxes:				
Individual income	5,584,914	—	5,584,914	—
Retail sales and use	6,106,578	—	6,106,578	—
Corporate income	573,618	—	573,618	—
Gas and motor vehicle	1,406,817	—	1,406,817	—
Insurance	224,996	—	224,996	—
Hospital	258,970	—	258,970	—
Other	837,842	—	837,842	—
Total taxes	14,993,735	—	14,993,735	—
Unrestricted investment income	71,582	48,517	120,099	—
State Appropriations	—	—	—	935,628
Tobacco legal settlement	88,349	—	88,349	—
Other revenues	927,258	1,213	928,471	—
Additions to endowments	—	—	—	64,938
Transfers–internal activities	(310,364)	310,364	—	—
Total general revenues, additions to endowments, and transfers	**15,770,560**	**360,094**	**16,130,654**	**1,000,566**
Change in net position	**4,319,634**	**(26,679)**	**4,292,955**	**1,036,618**
Net position at beginning of year, as restated	**22,658,037**	**1,586,534**	**24,244,571**	**5,453,610**
Net position at end of year	**$ 26,977,671**	**$ 1,559,855**	**$ 28,537,526**	**$ 6,490,228**

The Notes to the Financial Statements are an integral part of this statement.

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2021
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue
ASSETS				
Cash and cash equivalents	$ 3,937,745	$ 217,995	$ 152,737	$ 1,705,887
Investments	6,245,619	256,208	546,698	—
Invested securities lending collateral	88,711	8,382	59,974	32,335
Receivables, net:				
Accounts	101,929	198,854	1,302	3,828
Contributions	621	1,389	—	—
Accrued interest	29,151	2,040	7,793	10,190
Income taxes	973,906	—	—	—
Sales and other taxes	800,456	1,754	—	5,759
Student accounts	65	—	—	—
Patient accounts	16,902	3,199	—	—
Loans and notes	39,397	363	674,111	8,403
Due from Federal government and other grantors	8,466	1,002,789	5,513	84,667
Due from other funds	274,207	70,620	19,800	97,826
Due from component units	54,488	—	—	84
Interfund receivables	51,142	1,550	113,239	—
Inventories	31,922	72,897	—	4,291
Restricted assets:				
Cash and cash equivalents	6,409	—	834,163	210
Accounts receivable, net	—	—	12,000	—
Other	—	—	33,694	—
Prepaid items	25,655	3,699	—	5,878
Other assets	31	—	—	203
Total assets	**$ 12,686,822**	**$ 1,841,739**	**$ 2,461,024**	**$ 1,959,561**
LIABILITIES				
Accounts payable	311,762	401,820	78,739	191,666
Accrued salaries and related expenditures	105,846	38,680	102	21,406
Retainages payable	104	320	—	—
Tax refunds payable	1,016,374	—	—	—
Payable–aid to individuals/families	1,013	9,040	—	—
Intergovernmental payables	29,145	402,259	6,849	—
Due to other funds	207,774	121,179	39	1,482
Due to component units	19,109	24,657	—	—
Interfund payables	1,550	234	—	113,239
Unearned revenues	25,942	339,415	31,137	128,894
Deposits	—	—	—	1,710
Securities lending collateral	88,711	8,382	59,974	32,335
Other liabilities	232,054	17,643	21,990	—
Total liabilities	**2,039,384**	**1,363,629**	**198,830**	**490,732**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	5,067	47,807	43,438	4
Deferred nonexchange revenues	11,979	—	—	—
Total deferred inflows of resources	**17,046**	**47,807**	**43,438**	**4**
FUND BALANCES				
Nonspendable	138,407	76,596	—	10,372
Restricted	1,343,636	1,637,021	2,218,756	1,091,829
Committed	627,935	61,280	—	366,624
Assigned	371,923	—	—	—
Unassigned	8,148,491	(1,344,594)	—	—
Total fund balances	**10,630,392**	**430,303**	**2,218,756**	**1,468,825**
Total liabilities, deferred inflows and fund balances	**$ 12,686,822**	**$ 1,841,739**	**$ 2,461,024**	**$ 1,959,561**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

Nonmajor Governmental Funds	Totals
$ 502,269	$ 6,516,633
752,954	7,801,479
25,370	214,772
14,448	320,361
—	2,010
5,137	54,311
—	973,906
128,512	936,481
—	65
—	20,101
—	722,274
388	1,101,823
3,959	466,412
32,033	86,605
—	165,931
—	109,110
—	840,782
—	12,000
38,000	71,694
312	35,544
—	234
$ 1,503,382	**$ 20,452,528**
57,736	1,041,723
337	166,371
3,025	3,449
—	1,016,374
—	10,053
248,548	686,801
31,419	361,893
35,962	79,728
—	115,023
—	525,388
—	1,710
25,370	214,772
309	271,996
402,706	**4,495,281**
650	96,966
—	11,979
650	**108,945**
11,914	237,289
936,713	7,227,955
58,306	1,114,145
93,093	465,016
—	6,803,897
1,100,026	**15,848,302**
$ 1,503,382	**$ 20,452,528**

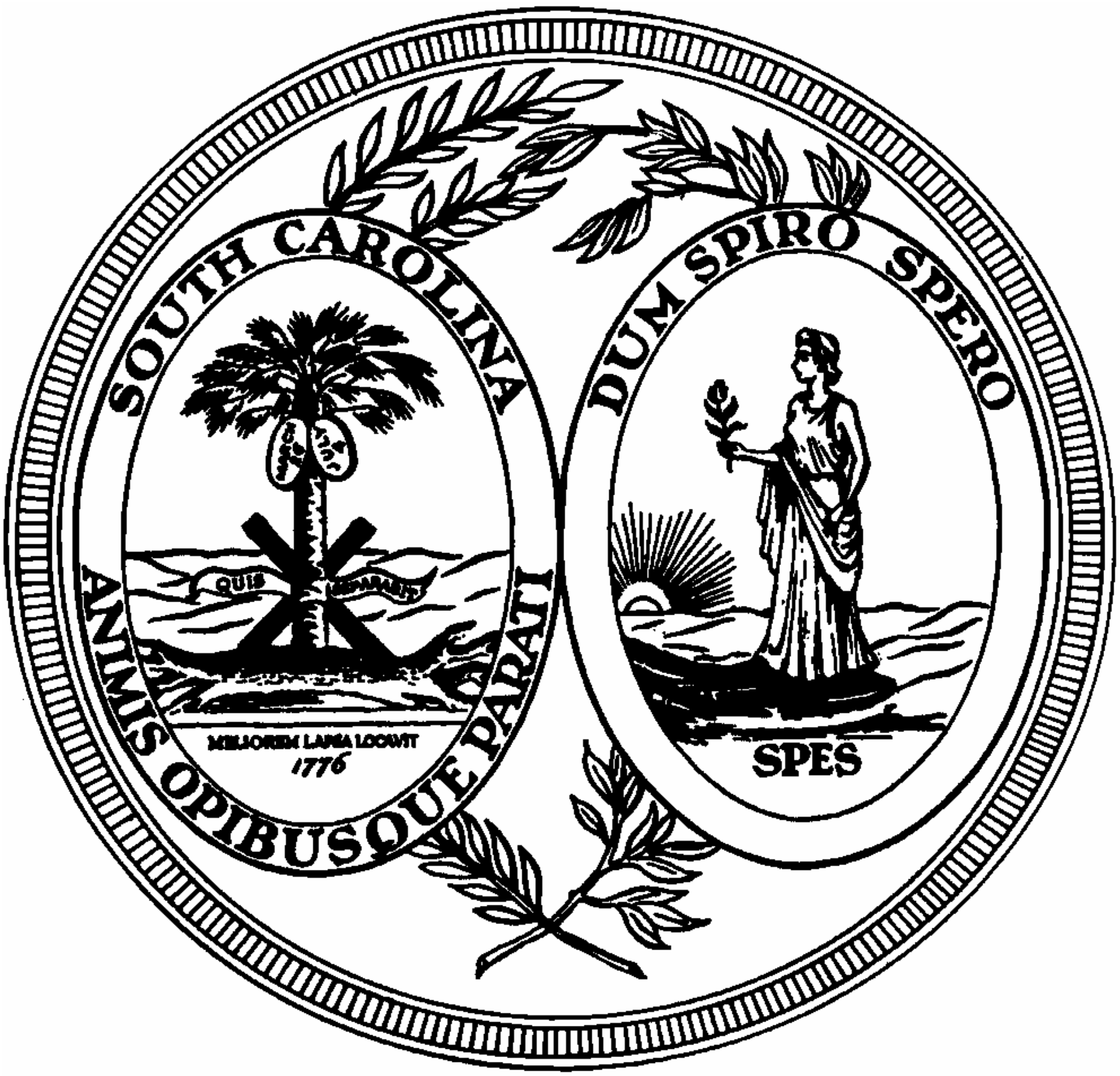
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Exhibit B-1a

June 30, 2021
(Expressed in Thousands)

Total fund balances–governmental funds		**$ 15,848,302**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not considered current financial resources and therefore are not reported in the funds:		
Non-depreciable capital assets	$ 6,167,683	
Depreciable capital assets	20,388,341	
Accumulated depreciation	(7,322,921)	
Total capital assets		19,233,103
Deferred outflows of resources are recognized in the Statement of Net Position, but are not reported in governmental funds:		
Deferred loss on refunding bonds		37,322
Pension and OPEB contributions made after the measurement date		417,840
Difference between expected and actual retirement plan experience		200,171
Net difference between projected and actual earnings on investments		336,893
Changes in proportion and differences between contributions and proportionate share of plan contributions		126,384
Changes in assumptions		551,256
Deferred inflows of resources are recognized in the Statement of Net Position, but are not reported in governmental funds:		
Difference between expected and actual retirement plan experience		(101,840)
Difference between projected and actual investment earnings		(8,789)
Changes in proportion and differences between contributions and proportionate share of plan contributions		(292,874)
Changes in assumptions		(142,400)
Certain State revenues will be collected after year-end but are not available soon enough to pay for the the current period's expenditures, and therefore are considered deferred inflows of resources		96,966
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		890,312
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(1,774,896)	
Notes payable	(59,149)	
Accrued interest on bonds	(14,286)	
Capital leases	(6,306)	
Net pension liability	(4,329,845)	
Net OPEB liability	(3,575,207)	
Compensated absences	(203,695)	
Policy claims	(28,707)	
Other	(222,884)	
Total long-term liabilities		(10,214,975)
Net position of governmental activities		**$ 26,977,671**

The Notes to the Financial Statements are an integral part of this statement.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Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure
Revenues:			
Taxes:			
Individual income	$ 5,559,739	$ —	$ 25,175
Retail sales and use	4,792,519	2,978	—
Corporate income	573,618	—	—
Gas and motor vehicle	—	—	—
Insurance	223,984	1,012	—
Hospital	258,970	—	—
Other	710,440	123,688	—
Licenses, fees, and permits	338,196	61,980	146,838
Interest and other investment income	23,162	(1,142)	20,080
Federal	54,195	12,079,192	19,690
Local and private grants	6,144	68,744	8,677
Departmental services	789,207	122,669	178
Contributions	6,240	26,012	5,390
Fines and penalties	111,149	4,781	—
Tobacco legal settlement	—	—	—
Other	957,803	328,527	44
Total revenues	**14,405,366**	**12,818,441**	**226,072**
Expenditures:			
Current:			
General government	606,878	1,898,843	—
Education	594,339	451,998	—
Health and environment	3,063,771	6,864,551	—
Social services	283,531	2,018,990	—
Administration of justice	904,665	44,969	—
Resources and economic development	183,954	69,527	25,079
Transportation	1,831	63,692	1,079
Capital outlay	117,009	19,839	—
Debt service:			
Principal retirement	77,389	66	80,330
Interest and fiscal charges	14,507	10	60,551
Intergovernmental	4,512,891	1,463,184	64,785
Total expenditures	**10,360,765**	**12,895,669**	**231,824**
Excess of revenues over (under) expenditures	**4,044,601**	**(77,228)**	**(5,752)**
Other financing sources (uses):			
Bonds and notes issued	6,672	—	—
Refunding bonds issued	—	—	8,970
Premiums on bonds issued	—	—	1,403
Termination payment to swap counterparties	—	—	(73,199)
Capital leases	1,309	138	—
Payment to refunded bond escrow agent	—	—	(10,289)
Transfers in	55,110	26,630	6,166
Transfers out	(423,222)	(6,888)	—
Total other financing sources (uses)	**(360,131)**	**19,880**	**(66,949)**
Net change in fund balances	**3,684,470**	**(57,348)**	**(72,701)**
Fund balances at beginning of year, as restated	**6,945,922**	**487,651**	**2,291,457**
Fund balances at end of year	**$ 10,630,392**	**$ 430,303**	**$ 2,218,756**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

Department of Transportation Special Revenue	Nonmajor Governmental Funds	Totals
$ —	$ —	$ 5,584,914
—	1,311,081	6,106,578
—	—	573,618
1,406,817	—	1,406,817
—	—	224,996
—	—	258,970
—	3,714	837,842
—	56,085	603,099
6,754	5,284	54,138
714,649	162	12,867,888
—	—	83,565
98,829	37,259	1,048,142
—	607,771	645,413
—	6,462	122,392
—	88,349	88,349
14,685	26,323	1,327,382
2,241,734	**2,142,490**	**31,834,103**
—	102,544	2,608,265
—	482,308	1,528,645
—	5,314	9,933,636
—	56	2,302,577
—	—	949,634
—	6,600	285,160
1,217,329	—	1,283,931
671,473	124,528	932,849
37,277	2,894	197,956
5,893	1,005	81,966
—	1,328,414	7,369,274
1,931,972	**2,053,663**	**27,473,893**
309,762	**88,827**	**4,360,210**
—	—	6,672
—	83,935	92,905
—	10,410	11,813
—	—	(73,199)
4,337	2	5,786
—	(93,299)	(103,588)
5,837	146,949	240,692
(3,564)	(104,651)	(538,325)
6,610	**43,346**	**(357,244)**
316,372	**132,173**	**4,002,966**
1,152,453	**967,853**	**11,845,336**
$ 1,468,825	**$ 1,100,026**	**$ 15,848,302**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

Net change in fund balances–total governmental funds		**$ 4,002,966**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:		
Capital outlay	$ 932,849	
Depreciation expense	(487,791)	
Excess of capital outlay over depreciation expense		445,058
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources		49,757
Loss on disposals of capital assets are reported as an expense in the Statement of Activities		(50,588)
Bond, note, and capital lease proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, proceeds were received from:		
Bonds, notes, and capital leases issued		(117,176)
Losses on bond refundings and hedging portion of derivatives are considered deferred outflows of resources in the Statement of Net Position		(93,690)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond, note, and capital lease retirement	197,956	
Payment to refunded bond escrow agent	103,588	
Total long-term debt repayment		301,544
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is included in governmental activities in the Statement of Activities, net of restatements		4,921
Because certain receivables will not be collected soon enough after the State's fiscal year ends, the related revenues are not considered "available" and are deferred in the governmental funds.		
Increase in unearned revenues		29,111

Exhibit B-2a

Decrease in general operating expense due to the increase in pension expense for the amortization of deferred outflows and inflows of resources related to the net pension liability		622,655
Certain items 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 consist of changes in the following assets and liabilities:		
Accrued interest payable	$ 2,016	
Unamortized bond premiums and discounts	21,976	
Net pension liability	(377,431)	
Net OPEB liability	(500,512)	
Compensated absences payable	2,727	
Policy claims payable	(7,011)	
Other long-term liabilities	(16,689)	
Total additional expenses		(874,924)
Change in net position of governmental activities		**$ 4,319,634**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Net Position

PROPRIETARY FUNDS

June 30, 2021
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,232,817	$ 20,873	$ 43,543	$ 1,297,233	$ 916,389
Investments	11,749	221,022	16,663	249,434	2,239
Invested securities lending collateral	395	7,116	31	7,542	97,275
Receivables, net:					
Accounts	18,693	445	5,295	24,433	374,015
Participants	—	—	91	91	—
Accrued interest	86	3,779	8	3,873	5,379
Assessments	104,426	—	—	104,426	—
Due from Federal government and other grantors	25,297	—	—	25,297	—
Due from other funds	1	—	255	256	25,709
Due from component units	—	—	—	—	16,766
Inventories	—	—	1,545	1,545	3,244
Prepaid items	—	—	426	426	28,067
Total current assets	1,393,464	253,235	67,857	1,714,556	1,469,083
Long-term assets:					
Investments	—	—	—	—	566,414
Receivables, net:					
Accounts	—	—	—	—	67
Participants	—	—	50	50	—
Prepaid items	—	—	—	—	266
Other long-term assets	—	—	—	—	132
Non-depreciable capital assets	—	—	299,543	299,543	6,339
Depreciable capital assets, net	—	—	24,550	24,550	78,734
Total long-term assets	—	—	324,143	324,143	651,952
Total assets	**1,393,464**	**253,235**	**392,000**	**2,038,699**	**2,121,035**
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	—	—	6,711	6,711	12,728
Other post-employment benefits related	—	—	8,065	8,065	12,466
Total deferred outflows of resources	**$ —**	**$ —**	**$ 14,776**	**$ 14,776**	**$ 25,194**

Exhibit B-3

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
LIABILITIES					
Current liabilities:					
Accounts payable	$ 13,227	$ 577	$ 2,438	$ 16,242	$ 8,072
Accrued salaries and related expenses	—	—	2,099	2,099	3,695
Accrued interest payable	—	—	158	158	10
Tax refunds payable	56,235	—	—	56,235	—
Unemployment benefits payable	31,373	—	—	31,373	—
Intergovernmental payables	1,193	—	3	1,196	5
Interfund payables	—	—	51,000	51,000	—
Tuition benefits payable	—	—	10,739	10,739	—
Policy claims	—	23,043	—	23,043	626,164
Due to other funds	4,376	—	585	4,961	3,328
Unearned revenues	—	—	33	33	201,030
Deposits	—	—	300	300	9
Securities lending collateral	395	7,116	31	7,542	97,275
Notes payable	—	—	—	—	3,910
Revenue bonds payable	—	—	205	205	—
Compensated absences payable	—	—	1,096	1,096	2,267
Other current liabilities	—	—	12	12	3,501
Total current liabilities	106,799	30,736	68,699	206,234	949,266
Long-term liabilities:					
Tuition benefits payable	—	—	38,180	38,180	—
Policy claims	—	157,115	—	157,115	175,885
Interfund payables	—	—	—	—	142
Notes payable	—	—	6,500	6,500	1,619
Revenue bonds payable	—	—	4,785	4,785	—
Compensated absences payable	—	—	896	896	1,498
Other long-term liabilities	—	—	—	—	152
Net pension liability	—	—	39,415	39,415	63,981
Net OPEB liability	—	—	35,041	35,041	55,687
Total long-term liabilities	—	157,115	124,817	281,932	298,964
Total liabilities	**106,799**	**187,851**	**193,516**	**488,166**	**1,248,230**
DEFERRED INFLOWS OF RESOURCES					
Pension related	—	—	1,673	1,673	1,852
Other post-employment benefits related	—	—	3,781	3,781	5,835
Total deferred inflows of resources	**$ —**	**$ —**	**$ 5,454**	**$ 5,454**	**$ 7,687**

The Notes to the Financial Statements are an integral part of this statement.

Continued on Next Page

Statement of Net Position

Exhibit B-3

PROPRIETARY FUNDS (Continued)

June 30, 2021
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
NET POSITION					
Net investment in capital assets	$ —	$ —	$ 312,603	$ 312,603	$ 79,544
Restricted:					
Expendable:					
Unemployment compensation benefits	1,300,682	—	—	1,300,682	—
Insurance programs	—	65,384	—	65,384	481,057
Unrestricted	(14,017)	—	(104,797)	(118,814)	329,711
Total net position	**$ 1,286,665**	**$ 65,384**	**$ 207,806**	**$ 1,559,855**	**$ 890,312**

Statement of Revenues, Expenses, and Changes in Fund Net Position

Exhibit B-4

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Operating revenues:					
Assessments	$ 234,825	$ —	$ —	$ 234,825	$ —
Charges for services	—	443	48,978	49,421	3,162,690
Contributions	—	—	213	213	—
Federal grants and contracts	—	—	20,966	20,966	—
Interest and other investment income	24,054	11,003	13,507	48,564	—
Licenses, fees, and permits	—	—	19,252	19,252	111
Federal operating grants and contracts	2,969,707	—	—	2,969,707	—
Other operating revenues	22,145	—	22	22,167	581,660
Total operating revenues	**3,250,731**	**11,446**	**102,938**	**3,365,115**	**3,744,461**
Operating expenses:					
General operations and administration	—	—	93,898	93,898	453,219
Benefits and claims	3,595,804	1,205	—	3,597,009	3,291,175
Tuition plan disbursements	—	—	10,800	10,800	—
Depreciation and amortization	—	—	1,652	1,652	19,141
Other operating expenses	—	—	50	50	317
Total operating expenses	**3,595,804**	**1,205**	**106,400**	**3,703,409**	**3,763,852**
Operating income (loss)	**(345,073)**	**10,241**	**(3,462)**	**(338,294)**	**(19,391)**
Nonoperating revenues (expenses):					
Interest income	—	—	111	111	17,444
Interest expense	—	—	(158)	(158)	(155)
Net other nonoperating revenues	—	—	1,213	1,213	11,751
Gains (Losses) on sale of capital assets	—	—	85	85	(224)
Total nonoperating revenues, net	**—**	**—**	**1,251**	**1,251**	**28,816**
Income (losses) before transfers	**(345,073)**	**10,241**	**(2,211)**	**(337,043)**	**9,425**
Transfers in	336,397	—	232	336,629	5,992
Transfers out	(19,363)	(200)	(6,702)	(26,265)	(10,496)
Change in net position	**(28,039)**	**10,041**	**(8,681)**	**(26,679)**	**4,921**
Net position at beginning of year, as restated	1,314,704	55,343	216,487	1,586,534	885,391
Net position at end of year	**$ 1,286,665**	**$ 65,384**	**$ 207,806**	**$ 1,559,855**	**$ 890,312**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
Cash flows from operating activities:					
Receipts from customers, patients, and third-party payers	$ 47,127	$ —	$ 67,983	$ 115,110	$ 2,908,078
Assessments received	244,694	1,188	—	245,882	—
Grants received	3,144,807	—	—	3,144,807	—
Tuition plan contributions received	—	—	521	521	—
Internal activity–payments from other funds	—	—	—	—	262,158
Other operating cash receipts	—	15,086	951	16,037	455,623
Claims and benefits paid	(3,262,935)	(31,266)	(24,363)	(3,318,564)	(141,175)
Payments to suppliers for goods and services	—	—	(32,620)	(32,620)	(3,478,643)
Payments to employees	—	—	(20,261)	(20,261)	(47,828)
Capital grants and gifts received	—	—	20,966	20,966	—
Other operating cash payments	—	—	(722)	(722)	—
Net cash provided by (used in) operating activities	**173,693**	**(14,992)**	**12,455**	**171,156**	**(41,787)**
Cash flows from noncapital financing activities:					
Rental income cash receipts	—	—	1,575	1,575	—
Local and private grants and contracts	—	—	—	—	(143)
Insurance claims	—	—	—	—	833
Industrial development costs	—	—	(793)	(793)	—
Transfers in	336,397	—	232	336,629	5,992
Transfers out	(19,363)	(200)	(6,702)	(26,265)	(10,496)
Net cash provided by (used in) noncapital financing activities	**317,034**	**(200)**	**(5,688)**	**311,146**	**(3,814)**

Exhibit B-5

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Cash flows from capital and related financing activities:					
Acquisition of capital assets	$ —	$ —	$ (31,416)	$ (31,416)	$ (7,006)
Proceeds from issuance of capital debt	—	—	—	—	—
Principal payments on capital debt	—	—	(198)	(198)	(5,689)
Interest payments on capital debt	—	—	(97)	(97)	(146)
Proceeds from sale or disposal of capital assets	—	—	85	85	2,267
Net cash used in capital and related financing activities	**—**	**—**	**(31,626)**	**(31,626)**	**(10,574)**
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	—	—	13,324	13,324	130,186
Purchase of investments	(728)	(24,183)	(5)	(24,916)	(178,534)
Interest and dividends on investments	24,085	9,316	13,618	47,019	18,155
Net cash provided by (used in) investing activities	**23,357**	**(14,867)**	**26,937**	**35,427**	**(30,193)**
Net increase (decrease) in cash and cash equivalents	**514,084**	**(30,059)**	**2,078**	**486,103**	**(86,368)**
Cash and cash equivalents at beginning of year, as restated	**718,733**	**50,932**	**41,465**	**811,130**	**1,002,757**
Cash and cash equivalents at end of year	**$ 1,232,817**	**$ 20,873**	**$ 43,543**	**$ 1,297,233**	**$ 916,389**

The Notes to the Financial Statements are an integral part of this statement.

Continued on Next Page

Statement of Cash Flows

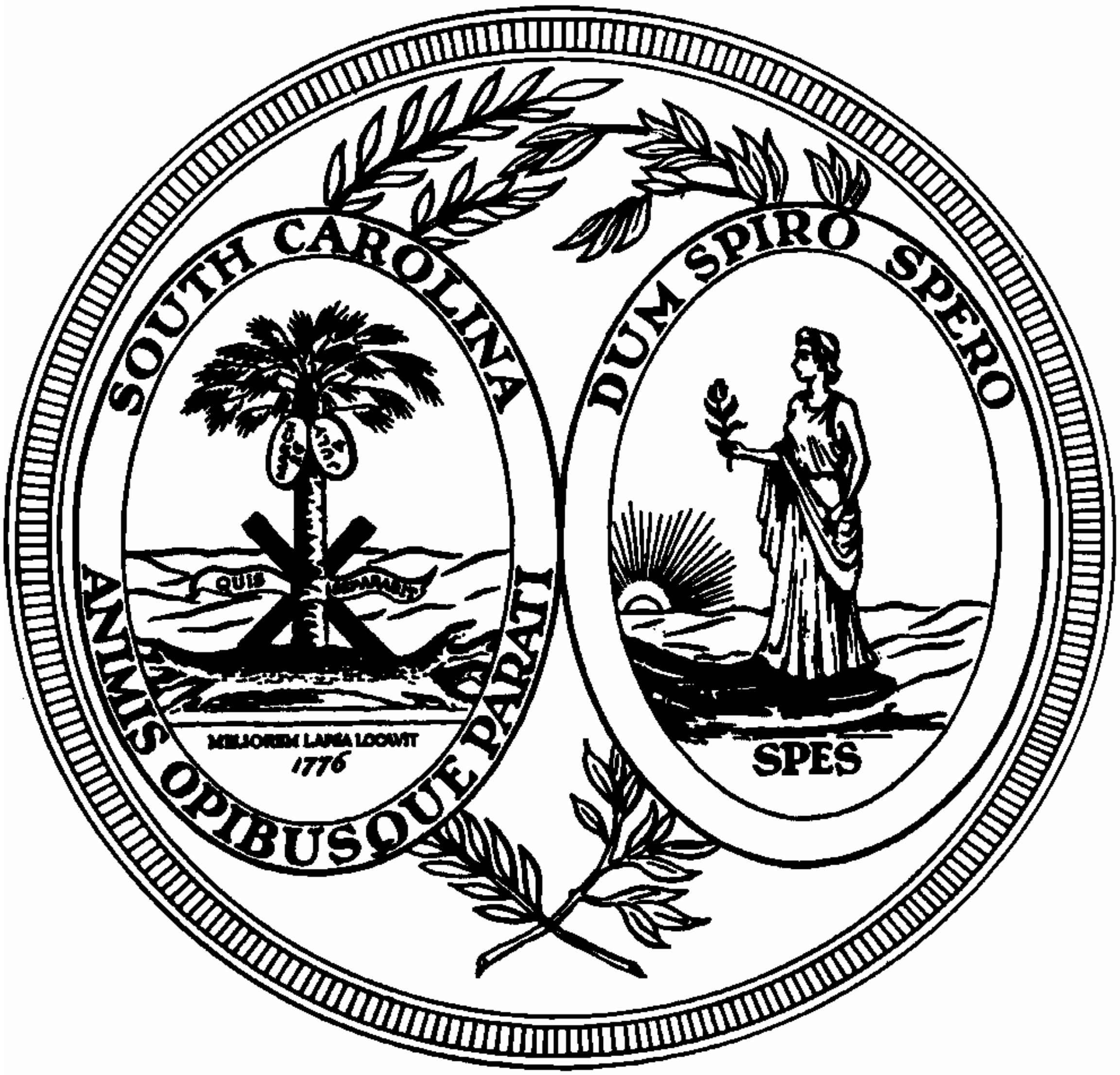
Exhibit B-5

PROPRIETARY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (345,073)	$ 10,241	$ (3,462)	$ (338,294)	$ (19,391)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	—	1,652	1,652	19,141
Provision for bad debts	127,804	—	—	127,804	—
Realized gains (losses) on sale of assets	—	—	—	—	(224)
Interest and dividends on investments and interfund loans	(24,085)	(9,316)	(13,396)	(46,797)	—
Other nonoperating revenues	—	—	457	457	7,012
Other nonoperating expenses	—	—	—	—	(1)
Effect of changes in operating assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable, net	$ (122,586)	$ 150	$ 701	$ (121,735)	$ (134,762)
Accrued interest	31	(1,686)	—	(1,655)	—
Assessments receivable, net	29,633	—	—	29,633	—
Due from Federal government and other grantors	175,100	—	—	175,100	—
Due from other funds	—	—	1	1	8,325
Inventories	—	—	253	253	(121)
Other assets	—	—	(505)	(505)	(510)
Deferred outflows	—	—	(11,328)	(11,328)	(11,103)
Accounts payable	12,079	577	(501)	12,155	3,802
Accrued salaries and related expenses	—	—	960	960	331
Tax refunds payable	19,506	—	—	19,506	—
Unemployment benefits payable	(181,173)	—	—	(181,173)	—
Tuition benefits payable	—	—	(13,563)	(13,563)	—
Policy claims	—	(14,958)	—	(14,958)	72,524
Due to other funds	482,457	—	9	482,466	(629)
Unearned revenues	—	—	—	—	(2,354)
Compensated absences payable	—	—	197	197	94
Other liabilities	—	—	46,830	46,830	16,352
Deferred inflows	—	—	4,150	4,150	(273)
Net cash provided by (used in) operating activities	**$ 173,693**	**$ (14,992)**	**$ 12,455**	**$ 171,156**	**$ (41,787)**
Noncash capital, investing, and financing activities:					
Disposal of capital assets	$ —	—	$ —	$ —	$ 20,564
Decrease in fair value of investments	—	—	(1,454)	(1,454)	(21,911)
Total noncash capital, investing, and financing activities	**$ —**	**$ —**	**$ (1,454)**	**$ (1,454)**	**$ (1,347)**

The Notes to the Financial Statements are an integral part of this statement.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Statement of Fiduciary Net Position — Exhibit B-6

FIDUCIARY FUNDS

June 30, 2021
(Expressed in Thousands)

	Pension and Other Post-Employment Benefit Trust	Investment Trust Local Government Investment Pool	Private-Purpose Trust	Custodial Funds
ASSETS				
Cash and cash equivalents	$ 1,558,836	$ 4,483,582	$ 1,578	$ 298,872
Receivables, net:				
Accounts	—	—	9	9,647
Contributions	302,322	—	—	—
Accrued interest	42,590	136	2,882	—
Unsettled investment sales	2,769,891	—	6,684	—
Other investment receivables	246	—	—	—
Total receivables	3,115,049	136	9,575	9,647
Due from other funds	85,853	—	—	30,214
Investments, at fair value:				
Short term investments	86,030	—	—	8,729
Debt-domestic	4,425,824	2,866,429	—	—
Equity-international	19,346,381	—	—	—
Alternatives	15,660,551	—	—	—
Financial and other	217,739	1,450,856	5,561,267	—
Total investments	39,736,525	4,317,285	5,561,267	8,729
Invested securities lending collateral	65,779	—	140	293
Interfund receivables	—	—	—	234
Capital assets, net	2,084	—	—	—
Prepaid items	898	—	—	—
Other assets	—	—	4,320	—
Total assets	**44,565,024**	**8,801,003**	**5,576,880**	**347,989**
LIABILITIES				
Accounts payable	4,079	—	3,627	82,719
Accounts payable–unsettled investment purchases	2,697,798	—	4,979	—
Policy claims	718	—	—	—
Due to other funds	87,653	—	—	150,609
Intergovernmental payables	—	—	—	27,441
Deposits	—	—	—	2,279
Amounts held in custody for others	—	—	—	16,595
Securities lending collateral	111,288	—	140	293
Due to participants	—	—	—	2
Other liabilities	40,769	—	—	—
Total liabilities	**2,942,305**	**—**	**8,746**	**279,938**
NET POSITION				
Restricted for:				
Pension benefits	39,898,100	—	—	—
Other post-employment benefits	1,724,619	—	—	—
External investment pool participants	—	8,801,003	—	—
Individuals, organizations, and other governments	—	—	5,568,134	68,051
Total net position	**$ 41,622,719**	**$ 8,801,003**	**$ 5,568,134**	**$ 68,051**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position

Exhibit B-7

FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Pension and Other Post-Employment Benefit Trust	Investment Trust Local Government Investment Pool	Private-Purpose Trust	Custodial Funds
Additions:				
Licenses, fees, and permits	$ —	$ —	$ 105	$ 893
Contributions:				
Employer	2,555,714	—	—	—
Employee	1,087,933	—	—	—
Non-employer	106,451	—	—	—
Deposits from pool participants	—	14,889,368	—	—
Tuition plan deposits	—	—	1,217	—
Other	—	—	271,216	16,596
Total contributions	3,750,098	14,889,368	272,433	16,596
Taxes:				
Retail sales and use	—	—	—	309
Other	—	—	—	295,820
Total taxes	—	—	—	296,129
Investment income:				
Interest income and net appreciation (depletion) in investments	9,803,877	16,697	968,065	(608)
Securities lending income	1,844	32	—	—
Total investment income (loss)	9,805,721	16,729	968,065	(608)
Less investment expense:				
Investment expense	558,407	—	—	—
Securities lending expense	4	—	—	—
Net investment income (loss)	9,247,310	16,729	968,065	(608)
Assets moved between pension trust funds	1,683	—	—	—
Total additions	**12,999,091**	**14,906,097**	**1,240,603**	**313,010**
Deductions:				
Regular retirement benefits	3,551,929	—	—	—
Supplemental retirement benefits	367	—	—	—
Refunds of retirement contributions to members	148,709	—	—	—
Death benefit claims	33,771	—	—	—
Accidental death benefits	1,973	—	—	—
Other post-employment benefits	564,121	—	—	—
Withdrawals, pool participants	—	14,514,971	—	—
Distributions to pool participants	—	16,450	—	—
Depreciation	169	—	—	—
Administrative expense	21,816	5,823	16,525	62
Other expenses	—	—	884	285,008
Assets moved between pension trust funds	1,683	—	—	—
Total deductions	**4,324,538**	**14,537,244**	**17,409**	**285,070**
Transfers:				
Transfers out	—	—	—	(8,227)
Total transfers	**—**	**—**	**—**	**(8,227)**
Change in net position	**8,674,553**	**368,853**	**1,223,194**	**19,713**
Net position, beginning, as restated	**32,948,166**	**8,432,150**	**4,344,940**	**48,338**
Net position at end of year	**$ 41,622,719**	**$ 8,801,003**	**$ 5,568,134**	**$ 68,051**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Net Position

DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2021

(Expressed in Thousands)

	Public Service Authority	Medical University of South Carolina	University of South Carolina	Clemson University	State Ports Authority
ASSETS					
Cash and cash equivalents	$ 252,782	$ 869,507	$ 868,430	$ 502,957	$ 316,527
Investments	189,211	831,272	637,904	5,121	2,978
Invested securities lending collateral	—	2,024	19,584	10,120	11,388
Receivables, net:					
Accounts	210,163	51,459	14,165	18,593	49,210
Contributions	—	23,271	40,786	83,091	—
Accrued interest	1,426	1,811	3,154	2,390	3,032
Student accounts	—	2,042	8,393	6,714	—
Patient accounts	—	337,970	—	—	—
Loans and notes	—	239	12,156	3	—
Due from Federal government and other grantors	—	17,709	44,547	30,272	—
Due from primary government	—	19,489	7,796	41,787	—
Inventories	334,523	81,781	3,295	2,151	9,755
Restricted assets:					
Cash and cash equivalents	59,303	141,365	477,534	229,984	128,093
Investments	267,849	385,651	15,119	1,068,645	—
Accounts receivable	—	—	—	—	—
Loans receivable	—	11,348	9,423	3,939	—
Other	—	9,205	—	12,009	—
Prepaid items	7,812	69,632	3,043	8,214	7,108
Other assets	115,367	52,864	1,683	1,289	—
Regulatory asset	3,740,683	—	—	—	—
Other regulatory assets	372,337	—	—	—	—
Investment in joint venture	9,501	—	—	—	—
Capital assets-nondepreciable	631,796	174,114	183,800	145,765	769,041
Capital assets-depreciable, net	4,433,429	1,319,967	1,259,075	1,318,664	1,016,222
Total assets	$ 10,626,182	$ 4,402,720	$ 3,609,887	$ 3,491,708	$ 2,313,354
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated decrease in fair value of hedging derivatives	$ 18,634	$ —	$ —	$ —	$ —
Unamortized loss on refunded and defeased debt	99,969	23,269	17,258	3,683	25,709
Asset retirement obligation	691,641	—	—	—	—
Pension related	39,039	454,866	177,161	140,318	29,718
Other post-employment benefits related	42,069	498,400	243,567	183,191	19,188
Total deferred outflows of resources	$ 891,352	$ 976,535	$ 437,986	$ 327,192	$ 74,615
LIABILITIES					
Accounts payable	$ 128,534	$ 179,208	$ 15,744	$ 14,516	$ 37,580
Accrued salaries and related expenses	8,918	185,873	26,982	33,452	11,542
Accrued interest payable	37,919	3,350	5,667	4,246	22,988
Retainages payable	2,963	1,067	730	1,444	1,955
Prizes payable	—	—	—	—	—
Intergovernmental payables	—	—	—	—	—
Due to primary government	—	—	6,486	5,483	50,000
Asset retirement obligation	694,236	—	—	—	—
Unearned revenues	—	32,275	41,591	55,023	1,509
Deposits	—	—	1,893	4,792	—
Amounts held in custody for others	—	—	16,750	846	—
Securities lending collateral	—	2,024	19,584	10,120	11,388
Liabilities payable from restricted assets:					
Other	—	—	—	—	—
Other liabilities	448,321	269,404	31,211	114,308	13,341
Long-term liabilities:					
Due within one year	136,993	76,250	64,854	40,821	15,683
Due in more than one year	7,393,726	4,359,905	3,000,198	2,171,908	1,502,942
Total liabilities	$ 8,851,610	$ 5,109,356	$ 3,231,690	$ 2,456,959	$ 1,668,928
DEFERRED INFLOWS OF RESOURCES					
Accumulated increase in fair value of hedging derivatives	$ 14,767	$ —	$ —	$ —	$ —
Deferred gain on refunding	—	—	—	—	—
Deferred nuclear decommissioning costs	247,903	—	—	—	—
Deferred service concession arrangement receipts	—	—	—	—	—
Deferred nonexchange revenues	—	—	—	—	—
Toshiba settlement	296,380	—	—	—	—
Pension related	22,844	12,616	11,336	2,929	519
Other post-employment benefits related	13,922	118,371	105,082	50,542	3,011
Total deferred inflows of resources	$ 595,816	$ 130,987	$ 116,418	$ 53,471	$ 3,530
NET POSITION					
Net investment in capital assets	$ 2,090,633	$ 545,823	$ 808,335	$ 833,194	$ 521,164
Restricted:					
Expendable:					
Education	—	338,257	289,226	507,762	—
Transportation	—	—	—	—	—
Capital projects	119	303,119	176,412	188,038	—
Debt service	12,107	2,992	6,246	11,546	35,774
Loan programs	—	—	—	—	—
Other	—	—	—	—	—
Nonexpendable:					
Education	—	268,601	411,757	409,751	—
Unrestricted	(32,751)	(1,319,880)	(992,211)	(641,821)	158,573
Total net position	**$ 2,070,108**	**$ 138,912**	**$ 699,765**	**$ 1,308,470**	**$ 715,511**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

Housing Authority	Lottery Commission	Nonmajor Component Units	Total
$ 19,021	$ 38,990	$ 729,378	$ 3,597,592
—	—	458,618	2,125,104
5,346	—	13,652	62,114
721	51,879	97,299	493,489
—	—	38,604	185,752
36	—	2,813	14,662
—	—	41,666	58,815
—	—	—	337,970
11,085	—	34,357	57,840
829	—	74,973	168,330
2,770	—	7,886	79,728
—	3,540	8,103	443,148
456,480	473	422,710	1,915,942
247,401	—	516,117	2,500,782
106	—	—	106
869,797	—	7,326	901,833
3,485	—	5,259	29,958
—	—	21,252	117,061
7,620	8,778	114,429	302,030
—	—	—	3,740,683
—	—	—	372,337
—	—	—	9,501
—	—	283,308	2,187,824
1,238	412	1,996,604	11,345,611
$ 1,625,935	$ 104,072	$ 4,874,354	$ 31,048,212
$ —	$ —	$ —	$ 18,634
—	—	2,280	172,168
—	—	—	691,641
2,505	2,872	232,528	1,079,007
2,950	3,378	303,303	1,296,046
$ 5,455	$ 6,250	$ 538,111	$ 3,257,496
$ —	$ 2,818	$ 53,125	$ 431,525
926	—	49,418	317,111
—	—	4,549	78,719
—	—	615	8,774
—	45,261	—	45,261
—	—	680	680
—	23,647	17,755	103,371
—	—	—	694,236
383,344	558	99,292	613,592
—	—	10,096	16,781
—	—	7,864	25,460
5,346	—	13,652	62,114
24,641	—	2,170	26,811
1,232	1,732	16,451	896,000
13,377	633	93,383	441,994
693,493	33,153	3,790,329	22,945,654
$ 1,122,359	$ 107,802	$ 4,159,379	$ 26,708,083
$ —	$ —	$ —	$ 14,767
2,564	—	—	2,564
—	—	—	247,903
—	—	571	571
—	—	32	32
—	—	—	296,380
870	299	48,006	99,419
1,886	1,337	151,610	445,761
$ 5,320	$ 1,636	$ 200,219	$ 1,107,397
$ 1,238	$ 411	$ 1,617,843	$ 6,418,641
—	—	437,958	1,573,203
—	—	2,708	2,708
—	—	294,978	962,666
69,869	—	55,944	194,478
403,410	—	65,438	468,848
—	473	20,915	21,388
—	—	353,062	1,443,171
29,194	—	(1,795,979)	(4,594,875)
$ 503,711	**$ 884**	**$ 1,052,867**	**$ 6,490,228**

Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Service Authority	$ 1,596,216	$ 1,627,427	$ 5,538	$ —
Medical University of South Carolina	3,874,275	3,226,292	521,176	19,118
University of South Carolina	1,488,505	1,229,206	282,488	14,376
Clemson University	1,178,317	838,423	492,554	1,808
State Ports Authority	351,981	312,772	9,258	1,500
Housing Authority	229,483	49,444	203,809	—
Lottery Commission	2,419,655	2,419,508	20	—
Nonmajor component units	2,011,659	1,156,746	710,040	64,640
Totals	**$ 13,150,091**	**$ 10,859,818**	**$ 2,224,883**	**$ 101,442**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

Net Revenue (Expenses)	Additions to Endowments	State Appropriations	Net Position (Deficit) Beginning (as Restated)	Net Position Ending
$ 36,749	$ —	$ —	$ 2,033,359	$ 2,070,108
(107,689)	23,346	260,329	(37,074)	138,912
37,565	1,643	204,191	456,366	699,765
154,468	34,275	143,174	976,553	1,308,470
(28,451)	—	—	743,962	715,511
23,770	—	—	479,941	503,711
(127)	—	—	1,011	884
(80,233)	5,674	327,934	799,492	1,052,867
$ 36,052	**$ 64,938**	**$ 935,628**	**$ 5,453,610**	**$ 6,490,228**

Notes to the Financial Statements—Contents

Notes to the Financial Statements—Contents (Continued)

Notes to the Financial Statements—Contents (Continued)

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

The South Carolina General Assembly (an elected legislative body) and several elected executives govern the State of South Carolina. The accompanying financial statements present the activities of the State of South Carolina's primary government and its component units.

Component units are legally separate organizations for which the State is accountable for purposes of financial reporting. Blended component units, although legally separate from the State, are part of the State's operations in substance. Accordingly, the State includes blended component units within applicable funds in its fund financial statements and within applicable activities in its government-wide financial statements. In contrast, the State excludes its discretely presented component units from the fund financial statements included within its basic financial statements and it reports the discretely presented component units separately in its government-wide financial statements.

As explained more fully below, the State's primary government and its component units include various State funds, agencies, departments, institutions, authorities, and other organizations.

Primary Government

The State's primary government includes all constitutional offices, departments, agencies, commissions, and authorities unless otherwise noted below.

The State's five defined benefit retirement systems and two post-employment benefit trust funds are part of the State's primary government. The Board of Directors of the South Carolina Public Employee Benefit Authority (PEBA), which consists of eleven members appointed by the Governor and General Assembly leadership and the Retirement Systems Investment Commission (RSIC), which consists of eight members appointed by the Governor, the other four members of the State Fiscal Accountability Authority, a retired member of one of the five systems appointed by the other RSIC directors, and the ex-officio Executive director of PEBA, are co-trustees of the assets of the retirement system. PEBA also serves as the custodian of the assets of the retirement system.

Blended Component Units

Unless otherwise indicated below, the following blended component units have fiscal years ended June 30, and the accompanying financial statements include component unit financial information for the fiscal year ended June 30, 2021.

Tobacco Settlement Revenue Management Authority

The Tobacco Settlement Revenue Management Authority, a blended component unit accounted for as a nonmajor governmental fund, was created in accordance with an act of the General Assembly that resulted from South Carolina's participation in a settlement (the Master Settlement Agreement or MSA) that arose out of litigation that a group of state governments brought against the tobacco industry. The legally separate Authority's primary purposes are (a) to receive all receipts due to South Carolina under the MSA after June 30, 2001, and (b) to issue the Authority's revenue bonds payable solely from, and secured solely by, those receipts. The Authority's governing board is composed of the Governor or his designee, the State Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. The State receives the funding from the bond issuances, except in the event that the Authority issues bonds expressly to refund its outstanding bonds.

Palmetto Railways Division

The Palmetto Railways Division of the Department of Commerce, a blended component unit accounted for as a nonmajor enterprise fund, has a fiscal year ended December 31, 2020. The Palmetto Railways Division is governed by the Secretary of the Department of Commerce which operates as a cabinet agency under the Governor and is subject to state laws and regulations as well maintaining operational responsibility for the blended component unit.

Obtaining More Information about Blended Component Units

One may obtain complete financial statements for the above blended component units from the following administrative offices:

South Carolina Tobacco Settlement
Revenue Management Authority
http://osa.sc.gov

Palmetto Railways Division
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201-3200
http://osa.sc.gov

Major Discretely Presented Component Units

Unless otherwise indicated below, the following discretely presented component units have fiscal years ended June 30, and the accompanying financial statements include component unit financial information for the fiscal year ended June 30, 2021. In determining which discretely presented component units are major, the State considered the significance of each component unit's relationship to the primary government. The following have been identified as the State's major discretely presented component units:

South Carolina Public Service Authority

The State General Assembly created the South Carolina Public Service Authority (Santee Cooper), a public utility company. Its primary purpose is to provide electric power and wholesale water to the people of South Carolina. The Governor appoints its Board of Directors and has the ability to remove the appointed members at will. By law, the Authority must annually transfer to the State's General Fund any net earnings not necessary for prudent business operations. The financial information presented is for the Authority's fiscal year ended December 31, 2020. A financial benefit/burden relationship exists between the State and the Public Service Authority.

South Carolina State Ports Authority

The State General Assembly created the South Carolina State Ports Authority to develop and improve the State's harbors and seaports. The State Ports Authority owns and operates seven ocean terminals that handle import and export cargo. The Governor appoints the members of the Authority's governing board, except for the Secretary of Transportation and the Secretary of Commerce, who serve ex-officio. A financial benefit/burden relationship exists between the State and the State Ports Authority.

South Carolina State Housing Finance and Development Authority

The South Carolina State Housing Finance and Development Authority is a legally separate entity that facilitates medium-income and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers federal grants and contracts. Mortgage interest is a primary resource for the Authority. The Governor appoints, with the advice and consent of the Senate, seven persons to be commissioners of the South Carolina State Housing Finance and Development Authority. The State has the ability to impose its will on the Housing Finance and Development Authority.

South Carolina Lottery Commission

The South Carolina Lottery Commission was created through an act of the General Assembly to generate entertainment for citizens and visitors of the state while providing revenue for educational purposes. The Commission is legally separate and is governed by a nine-member board with three members appointed by the Governor, three appointed by the President Pro Tempore of the Senate, and three appointed by the Speaker of the House of Representatives. State law requires, as nearly practical, that at least 45% of sales must be returned to the public in the form of prizes to achieve its entertainment value and that the Commission must transfer its net proceeds to the State to support improvements and enhancements for educational purposes and programs. A benefit/burden relationship exists between the State and the Lottery.

Clemson University

Clemson University is a legally separate State-supported, institution of higher education. The University is granted an annual appropriation for operating purposes as authorized by the General Assembly. The University is governed by a board of thirteen members, including six elected by the General Assembly and seven self-perpetuating life members. A benefit/burden relationship exists between the State and Clemson University.

Medical University of South Carolina

The Medical University of South Carolina (MUSC) is a legally separate State-supported institution of higher education. MUSC is granted an annual appropriation for operating purposes as authorized by the General Assembly. The management and control of the University is vested in a board of trustees, composed as follows: the Governor or designee, ex officio, fourteen members elected by the General Assembly in joint assembly, and one member appointed by the Governor. A financial benefit/burden relationship exists between the State and MUSC.

University of South Carolina

The University of South Carolina (USC) is a legally separate State-supported institution of higher education. USC is granted an annual appropriation for operating purposes as authorized by the General Assembly. The board of trustees is composed of the Governor (or designee), the State Superintendent of Education, and the President of the Greater University of South Carolina Alumni Association, which three are members ex officio of the board, and seventeen other members including one member from each of the sixteen judicial circuits elected by the general vote of the General Assembly, and one at-large member appointed by the Governor. A financial benefit/burden relationship exists between the State and USC.

Nonmajor Discretely Presented Component Units

The State's government-wide financial statements also include the following nonmajor discretely presented component units in the aggregate:

The Children's Trust Fund of South Carolina, Inc. is a non-profit, tax-exempt public charity with a purpose to stimulate innovative prevention and treatment programming to meet critical needs of South Carolina's children by awarding grants to private non-profit organizations. The Governor appoints the Board of Directors' seventeen members and has the ability to remove the appointed members at will. The financial information presented is for the Fund's fiscal year ended September 30, 2020.

Connector 2000 Association, Inc. is a legally separate entity created to contract with the State Department of Transportation (DOT) in financing, acquiring, constructing, and operating turnpikes and other transportation projects, primarily the project known as the Southern Connector in Greenville County. The leasing and operational agreements with the DOT provide the DOT with certain managerial oversight authority. The financial information presented in the accompanying financial statements is for the Association's fiscal year ended December 31, 2020. The Association is fiscally dependent on DOT for the maintenance of the Southern Connector highway. A benefit/burden relationship exists between the State and the Association.

The South Carolina Education Assistance Authority is a legally separate entity that issues bonds to make loans to individuals to enable students to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, loan repayments, and investment earnings. The State has the ability to impose its will on the Education Assistance Authority.

The South Carolina First Steps to School Readiness is a legally separate non-profit, tax-exempt public charity created specifically to carry out the objectives of The South Carolina First Steps to School Readiness Act and to lessen the burdens on government by overseeing the initiative for improving early childhood development of the Act. The corporation's governing board is composed of two classes of members, voting and nonvoting. The Board's voting members include the Governor, State Superintendent of Education, ten Governor appointees, four members appointed by the President Pro Tempore of the Senate, four members appointed by the Speaker of the House of Representatives, the Chairman of the Senate Education Committee, and the Chairman of the House Education and Public Works Committee. The State has the ability to impose its will on First Steps to School Readiness.

The South Carolina Jobs-Economic Development Authority is a legally separate entity that promotes and develops business and economic welfare in the state. The Authority is governed by a Board of Directors which consists of ten members all appointed by the Governor. The State has the ability to impose its will on the Jobs-Economic Development Authority.

The South Carolina Research Authority was created through an act of the General Assembly, as a legally separate entity, for the development and marketing of a statewide system of research and technology-based infrastructure and to conduct applied research and commercialization services on a contractual basis. The Research Authority is governed by twenty-four board members, of which an executive committee of nine members holds all voting ability. All nine of the executive committee members are State appointees. The State has the ability to impose its will on the Research Authority.

The South Carolina Medical Malpractice Association was established to provide medical malpractice insurance on a self-supporting basis. The Association is legally separate and is governed by a board of thirteen directors, all of whom are appointed by the Governor. The Governor has the ability to remove the appointed members at will. The financial information presented is for the Association's fiscal year ended December 31, 2020.

The Patriots Point Development Authority is a legally separate entity, established to develop and maintain a naval and maritime museum on Charleston Harbor, and to provide a place of education and recreation. The Patriots Point Development Authority Board also oversees the stewardship of over 350 acres of property on Charleston Harbor. Members of the Authority are appointed by the Governor as follows: one upon the joint recommendation of the Chairman of the House Ways and Means Committee and the Speaker of the House, one upon the joint recommendation of the Chairman of the Senate Finance Committee and the President Pro Tempore of the Senate, and three appointed by the Governor. The Governor appoints the chairman. In addition, there are three additional members of the board appointed by the Governor, one appointed upon recommendation of the President Pro Tempore of the Senate, one appointed upon recommendation of the Speaker of the House of Representatives, and one appointed upon recommendation of the State Adjutant General. A financial benefit/burden relationship exists between the State and the Authority.

The following universities are nonmajor component units: *The Citadel, Coastal Carolina University, College of Charleston, Francis Marion University, Lander University, South Carolina State University*, and *Winthrop University*. The universities are legally separate entities, with boards appointed by the State. A benefit/burden relationship exists between the State and each individual university because the State provides significant funding to these institutions.

The following technical colleges are nonmajor component units: *Aiken Technical College, Central Carolina Technical College, Denmark Technical College, Florence-Darlington Technical College, Greenville Technical College, Horry-Georgetown Technical College, Midlands Technical College, Northeastern Technical College, Orangeburg-Calhoun Technical College, Piedmont Technical College, Spartanburg Community College, Technical College of the Lowcountry, Tri-county Technical College, Trident Technical College, Williamsburg Technical College,* and *York Technical College*. The colleges are legally separate entities, with boards appointed by the State. A benefit/burden relationship exists between the State and each individual college because the State provides significant funding to these institutions.

Obtaining More Information about Discretely Presented Component Units

One may obtain stand-alone financial statements for discretely presented component units from the following administrative offices:

South Carolina Public Service Authority
(Santee Cooper)
http://santeecooper.com

South Carolina State Ports Authority
http://scspa.com

South Carolina State Housing Finance and Development Authority
http://osa.sc.gov

South Carolina Lottery Commission
http://osa.sc.gov

Universities:
Medical University of South Carolina
University of South Carolina
Clemson University
The Citadel
Coastal Carolina University
College of Charleston
Francis Marion University
Lander University
South Carolina State University
Winthrop University
http://osa.sc.gov

Technical Colleges:
Aiken Technical College
Central Carolina Technical College
Denmark Technical College
Florence-Darlington Technical College
Greenville Technical College
Horry-Georgetown Technical College
Technical College of the Lowcountry
Midlands Technical College
Northeastern Technical College
Orangeburg-Calhoun Technical College
Piedmont Technical College
Spartanburg Community College
Tri-county Technical College
Trident Technical College
Williamsburg Technical College
York Technical College
http://sctechsystem.com

Children's Trust Fund of South Carolina
1205 Pendleton Street, Suite 506
Columbia, South Carolina 29201
http://scchildren.org

Connector 2000 Association, Inc.
Post Office Box 408
Piedmont, South Carolina 29673
http://southernconnector.com

South Carolina Education Assistance Authority
http://osa.sc.gov

South Carolina First Steps to School Readiness
1300 Sumter Street, Suite 100
Columbia, SC 29201
http://osa.sc.gov

South Carolina Jobs-Economic Development Authority
1201 Main Street, Suite 1600
Columbia, SC 29201
http://osa.sc.gov

South Carolina Research Authority
315 Sigma Drive
Summerville, SC 29486
http://scra.org

South Carolina Medical Malpractice Association
121 Executive Center Drive
Suite 110
Columbia, South Carolina 29210
http://scpcf.com

Patriots Point Development Authority
40 Patriots Point Road
Mount Pleasant, SC 29464
http://osa.sc.gov

Related Organizations

A related organization is one for which the primary government is accountable but not *financially accountable*, and accordingly, would not be included in the State's government-wide financial statements. The South Carolina Reinsurance Facility, the Associated Auto Insurers Plan, regional housing authorities, and the Rural Crossroads Institute are related organizations because the State is not financially accountable for them despite the fact that the Governor appoints a voting majority of their governing boards. County boards of disabilities and special needs and redevelopment authorities are related organizations if the Governor appoints a voting majority of the members.

Jointly Governed Organizations

The Governor, in conjunction with officials of certain local governments, appoints the board members of three military-defense facility redevelopment authorities. The three authorities include the Charleston Naval Complex Redevelopment Authority, the Myrtle Beach Air Force Base Redevelopment Authority and the Savannah River Site Redevelopment Authority. The State does not have an ongoing financial interest in these authorities, so it does not include them in the State's government-wide financial statements.

The State of South Carolina is a member state within the Atlantic Interstate Low-Level Radioactive Waste Management Compact, a voluntary association of states that, by federal law, is legally separate from each of the member states. South Carolina does not have an ongoing financial interest in the Compact, so the State does not include it in the State's government-wide financial statements.

b. Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government and its component units, except for fiduciary activities. These statements distinguish between the State's *governmental* and *business-type activities.* Taxes, federal revenues, and nonexchange transactions, such as donations and grants, primarily finance the governmental activities whereas fees charged to external parties finance, in whole or in part, the business-type activities. All of the State's governmental and internal service funds are reported in the government-wide financial statements as governmental activities, and all of its enterprise funds are reported as business-type activities. (See the *Fund Financial Statements* subsection below for more information about fund types.)

Statement of Activities and Eliminations

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the State and for each function of the State's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The State does not eliminate direct expenses and does not allocate indirect expenses to functions in the statement of activities. In the statement of activities, reimbursements under indirect cost plans for federal reimbursement purposes are reported as program revenues of the function that includes the reimbursed expenses.

Eliminations have been made to minimize the double-counting of internal activities. For example, the State eliminates payments the Department of Health and Human Services makes to the Department of Mental Health for providing Medicaid services because it reports both departments in its health and environment function. An exception to this general rule is that interfund services provided or used between functions have not been eliminated in the statement of activities because to do so would distort the net cost for functional activities as reported in the total column of that statement. The State treats these internal payments as program revenues and treats interfund reimbursements in the statement of activities in the same manner as described below for fund financial statements.

Program revenues include: (a) fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs; (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and (c) investment earnings that are legally restricted for a specific program. The State classifies as *general revenues* all revenues that are not program revenues, including all taxes.

Fund Financial Statements

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. The State presents separate statements for each fund category—governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. The State aggregates and reports as nonmajor funds all remaining governmental and enterprise funds.

The State eliminates material intrafund activity. It also treats interfund reimbursements (repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them) as reductions of expenditure/expense in the initial fund. For example, the Department of Motor Vehicles (reported within the general government function) used office supplies and postage provided by the Department of Public Safety (reported within the administration of justice function). The Department of Public Safety initially recorded expenditures for the office supplies and postage in the General Fund. The Department of Motor Vehicles later reimbursed the Department of Public Safety with monies from a Special Revenue Fund. That is, the Department of Motor Vehicles recorded Special Revenue Fund expenditures while the Department of Public Safety reduced its General Fund expenditures by the same amount.

Governmental Funds

Governmental funds focus primarily on the sources, uses, and balances of current financial resources. The governmental fund category includes the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Funds. The State reports the following major governmental funds:

The *General Fund* is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

The *Departmental Program Services Fund* accounts for restricted resources that State agencies use for continued programmatic accomplishments. These resources include significant amounts of federal grant receipts.

The *Local Governmental Infrastructure Fund* accounts for grants, loans, and other financial assistance to local governments for infrastructure purposes. Certain motor fuel taxes, federal funds, and transfers from other funds are the fund's primary resources. This fund includes operations of the South Carolina Transportation Infrastructure Bank.

The *Department of Transportation Special Revenue Fund* accounts for the various gasoline taxes, fees, fines, and federal grant resources that the Department of Transportation uses in its general operations. Those operations include highway maintenance and repair as well as most of the Department's administrative activities.

The State aggregates other nonmajor governmental funds in a single column in its fund financial statements.

Enterprise Funds

Enterprise funds (which are reported as business-type activities in the government-wide financial statements) report activities that charge fees to external users for goods or services. The State reports the following major enterprise funds:

The *Unemployment Compensation Fund* accounts for the State's unemployment compensation benefits. Revenues consist of federal grants and assessments on employers to pay benefits to qualified unemployed persons.

The *Second Injury Fund* serves as a claims processor for insurance carriers, self-insurers, and the State Accident Fund. The fund processes claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment. With the ratification of the Workers' Compensation Reform Act the Second Injury Fund was placed in "run-off" and terminated effective July 1, 2013. The Act provided for an orderly termination of the Fund by decreasing the assessment calculation factor, closing the acceptance of new claims, and transferring any remaining claims as of July 1, 2013 to the State Accident Fund and remaining assets or operational liabilities to the State Fiscal Accountability Authority (SFAA).

The State aggregates other nonmajor enterprise funds in a single column in its fund financial statements.

Other Fund Types

The State reports the following fund types in addition to governmental and enterprise funds:

Internal service funds account for various goods and services provided to other State departments or agencies (primarily to governmental funds), or to other governments, on a cost-reimbursement basis. Services provided by these funds include several risk management activities for which the State is the primary participant, including underwriting related to the following risks: public buildings and their contents, torts, medical malpractice, automobile use by public employees in the performance of their official duties, employee health and disability, and workers' compensation benefits. Other services include those relating to telecommunications, computer operations, office rental, janitorial, building maintenance, lease and repair of fleet vehicles, procurement, and employee training. The internal service funds also sell goods produced with prison inmate labor. In addition, the internal service funds purchase selected supplies and equipment in bulk and sell these items to other State funds (primarily governmental funds) and to local governmental units. The State's internal service funds are considered to be governmental activities because they primarily serve governmental funds.

Pension and post-employment benefit trust funds account for the pension benefits of the South Carolina Retirement System, the Police Officers' Retirement System, the General Assembly Retirement System, the Judges' and Solicitors' Retirement System, and the National Guard Supplemental Retirement Plan, and the post-employment health, dental, and long-term disability insurance benefits provided by the State to its retirees.

The State's *investment trust fund* acts as a local government investment pool that the State Treasurer operates.

Private-purpose trust funds include a tuition savings plan benefiting college students and miscellaneous other trust agreements holding assets that benefit non-State parties.

Custodial funds account for assets that the State holds in a fiduciary capacity. These assets include amounts held for prisoners, patients of State institutions, and other external parties.

Operating and Nonoperating Revenues and Expenses in Proprietary Fund Financial Statements

Enterprise and internal service funds distinguish *operating* revenues and expenses from *nonoperating* revenues and expenses. Operating revenues and expenses are items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The State classifies revenues and expenses as operating if the substance of the transaction is an exchange transaction. Accordingly, grants and grant-like transactions are reportable as operating revenues only if they are essentially contracts for services whereby they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the State classifies nonexchange transactions as nonoperating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The State reports as operating expenses those paid from operating revenues except financing related expenses such as interest expense, which is reported as nonoperating.

For the *Unemployment Compensation Fund,* principal operating revenues include amounts received from covered employers and from federal agencies. The amounts received from federal agencies are classified as operating revenues because they are provided to the State primarily to provide unemployment benefits, although amounts not needed for that purpose may be used for other purposes. This fund's operating expenses consist primarily of unemployment compensation benefits paid.

Component Unit Financial Statements

The State presents a statement of net position and a statement of activities for each of its major discretely presented component units and for the aggregate of its nonmajor discretely presented component units.

c. Measurement Focus and Basis of Accounting

A particular measurement focus determines *what* resources are measured. The State reports its government-wide, proprietary, and fiduciary fund financial statements using the *economic resources* measurement focus. Private sector business enterprises also use the economic resources measurement focus. The State reports its governmental funds using the *current financial resources* measurement focus.

The basis of accounting determines *when* the State recognizes revenues and expenditures/expenses as well as the related assets and liabilities, regardless of measurement focus. Generally accepted accounting principles for governments require the use of the accrual and the modified accrual basis of accounting as described below.

Accrual Basis

The State uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary and fiduciary fund financial statements and its component unit financial statements. Under the accrual basis, the State generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows.

Significant nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. On the accrual basis, the State recognizes taxes (income, sales, and similar) in the period when the underlying income or sales transactions occur, net of estimated overpayments or refunds. Grants, donations, and similar items are recognized as revenue as soon as the State meets all eligibility requirements. Pledges are recognized as receivables and revenues, net of estimated uncollectible amounts, if all eligibility requirements are met, the promise is verifiable, and the resources are measurable and probable of collection.

Modified Accrual Basis

Governmental fund financial statements are reported using 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 State considers revenues reported in the governmental funds to be available if they are collected within 31 days after year-end. Exceptions are individual income tax revenues and federal and county funds accrued for the matching share of medicaid claims payable, which the State considers to be available if they are collected within 12 months after year-end. Interest on investments is recorded as earned because it is deemed available when earned. Revenues not considered available are reported as deferred inflows of resources. Furthermore, in the circumstance where underpayments exceed overpayments, individual income tax revenues are recognized to the extent of estimated overpayments (i.e., refunds payable and applied refunds). Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds, and investment earnings.

Recognition of Specific Grant and Shared Revenue Transactions

The State reports the receipt of food commodities and vaccines as revenue and the distribution of commodities and vaccines as expenditure or expense. The fair values of the donated commodities and vaccines are recognized as revenues when all eligibility requirements are met.

The State recognizes the face value of food stamp benefits distributed as revenue and expenditure or expense under both the accrual and modified accrual bases of accounting.

The State shares certain of its revenues with municipalities, counties, and districts within its borders, recognizing expenditure or expense when the recipient government has met all eligibility requirements.

d. Cash and Cash Equivalents

The amounts shown in the accompanying financial statements as *cash and cash equivalents* represent cash on hand, cash on deposit in banks and savings associations, and cash invested in various instruments as a part of the State's cash management pool, an internal investment pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States, government sponsored entities, and domestic corporations, certificates of deposit, and collateralized repurchase agreements. *Restricted cash and cash equivalents* represents cash on deposit with external parties held for compliance with laws, regulations, and contractual obligations.

Most entities in the primary government and the discretely presented governmental component units participate in the cash management pool. Significant exceptions include: retirement plans, the Local Government Investment Pool (an external investment pool), and the Tobacco Settlement Revenue Management Authority (a blended component unit and a nonmajor governmental fund). For activities excluded from the pool, cash equivalents include investments in short-term, highly liquid securities having a maturity at the time of purchase of three months or less.

e. Cash Management Pool–Allocation of Interest

The State's cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account. All earnings on that account are recorded in the General Fund. In contrast, each special deposit account retains its own earnings.

f. Investments

The State Treasurer is authorized by statute to invest all State funds. The State Treasurer's investment objectives are preservation of capital, maintenance of adequate liquidity, and obtaining the best yield possible within prescribed parameters. To meet those objectives, the State Treasurer uses various resources including an investment advisory service, electronic financial quotation and information services, various economic reports, and daily communication with brokers and financial institution investment officers.

To ensure safety of principal, the State Treasurer's policy is to limit liquid investments (i.e., those with maturities not exceeding one year) to cash, repurchase agreements (when collateralized by United States Treasury or federal agency obligations with a market value in excess of 100.0% of funds advanced), United States Treasury bills, federal agency discount notes, and commercial paper. The State Treasurer further preserves principal by investing mostly in the highest investment grade securities. In order to diversify investment holdings, asset allocation policies are used for investments having more than one year to maturity. Overall credit exposure is managed by asset allocation policies and by additional constraints controlling risk exposure to individual corporate issuers.

Certain agencies and component units have specific authority to manage deposits and investments under their control. The investment policies of these entities may differ from those of the State Treasurer.

State law has established an eight-member Retirement System Investment Commission (RSIC) with fiduciary responsibility for investment of all of the State Retirement Systems' investments. The RSIC may invest no more than 70.0% of the Systems' investment portfolio in equity securities.

Substantially all of the State's investments are presented at fair value.

The State sponsors the Local Government Investment Pool (LGIP), an external investment pool reported as an investment trust fund. The LGIP's complete financial statements may be obtained at: http://osa.sc.gov.

g. Receivables and Payables

The State records amounts receivable from parties outside the primary government net of allowances for uncollectible amounts and contractual adjustments. It estimates uncollectible amounts based on past collection experience. The State discloses the allowances for uncollectible receivables and the net receivables not expected to be collected within one year in Note 5. Further, the State disaggregates, if necessary, its receivable balances in Note 5 if any significant components thereof have been obscured in the financial statements by aggregation or if different components of receivables have significantly different liquidity characteristics.

The State presents balances outstanding at the end of the fiscal year that relate to lending/borrowing arrangements between funds as interfund receivables and payables and reports all other outstanding balances between funds as due to/from other funds. The government-wide statement of net position displays internal balances that involve fiduciary funds as accounts receivable and accounts payable. The State reports as internal balances any residual balances outstanding between the governmental and business-type activities in the government-wide financial statements.

h. Inventories

The State values its inventories at the lower of cost or market, predominantly using the first-in, first-out methodology for its proprietary funds and its business-type activities and predominantly using the average cost methodology for its other funds and activities and its discretely presented component units. The State records expenditures in governmental funds when it consumes inventory items rather than when it purchases them.

i. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods. The State records these payments as prepaid items in both the government-wide and fund financial statements. The State's policy is to reflect consumption of the future benefit under the consumption method.

j. Capital Assets

The State reports its capital assets in the following categories in the applicable governmental or business-type activities in the government-wide financial statements: land and land improvements, infrastructure (i.e., highways and bridges), buildings and improvements, construction in progress, vehicles, machinery and equipment, works of art and historical treasures, and intangible assets.

Capital assets are valued at historical cost or at estimated historical cost if actual historical cost data is not available. Donated capital assets are recorded at estimated acquisition value on the donation date. Infrastructure assets acquired prior to fiscal year ended June 30, 1980, are reported at cost beginning with fiscal year 1917. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend an asset's useful life are not capitalized. Cumulative costs incurred on major capital assets under construction but not yet placed in service are capitalized and reported as construction in progress. Net interest incurred by a proprietary fund during the construction phase of a major capital asset is included as part of the capitalized value of such asset.

The State reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The factors considered by management in performing this assessment include current operating results, trends and the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based upon this assessment there were no material impairments as of June 30, 2021.

An individual asset is capitalized and reported if it has an estimated useful life of at least two years and a historical cost as follows: more than $5 thousand for vehicles, machinery and equipment, and works of art and historical treasures; more than $100 thousand for buildings and improvements, depreciable land improvements, and intangible assets; and more than $500 thousand for roads and bridges. All land and non-depreciable land improvements are capitalized and reported, regardless of cost.

Once the State or one of its discretely presented component units places a depreciable capital asset in service, depreciation is recorded using the straight-line method over the following estimated useful lives:

Asset Category	Years
Land Improvements.............................	3 - 60
Infrastructure--highways....................	75
Infrastructure--bridges........................	50
Buildings and Improvements.............	5 - 55
Vehicles...	3 - 20
Machinery and equipment..................	2 - 25
Works of art; historical treasures.......	10 - 25
Intangible assets..................................	3 - 38

The State does not depreciate land, non-depreciable land improvements, and construction in progress. The State does not depreciate capitalized individual works of art and historical treasures determined to have inexhaustible useful lives and does not capitalize collections of works of art and historical treasures that are held for public use, are protected and preserved, and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. These non-capitalized collections include historical relics, antiques, fossils, works of art, and other South Carolina artifacts.

In the government-wide statement of activities, the State reports losses on disposal of capital assets as expense of its General Government function and gains on such disposal as general revenue.

k. Regulatory Assets and Regulatory Assets-Asset Retirement Obligation

The costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility reported as a major discretely presented component unit) are recorded as regulatory assets and regulatory asset retirement obligations. The Authority's rates are based upon debt service and operating fund requirements. The Authority recognizes differences between debt principal maturities and straight-line depreciation as costs to be recovered from future revenue. The recovery of outstanding amounts recorded as costs to be recovered from future revenue will coincide with the repayment of the outstanding long-term debt of the Authority. The abandoned V.C. Summers 2 and 3 projects encompass the majority of the South Carolina Public Service Authority's $3.741 billion regulatory asset. These regulatory assets are also continuously monitored for impairment.

l. Tax Refunds Payable

Most of the tax refunds payable balance in the General Fund relates to individual income tax. During the calendar year, the State collects employee withholdings and taxpayers' payments. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. The State records this estimated payable as tax refunds payable and a reduction of tax revenues.

m. Long-Term Obligations

The State records general long-term debt and other long-term obligations of the primary government's governmental funds in the governmental activities reported in its government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are recorded as liabilities in the appropriate funds.

The State defers and amortizes bond premiums and discounts, as well as losses on bond refundings, over the life of the bonds predominantly using the effective interest method. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is also deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt and are recognized as deferred outflows or inflows of resources. The State reports bonds payable net of the applicable bond premium or discount.

Losses and gains on bond refundings are reported as deferred outflows or inflows of resources, respectively.

n. Compensated Absences

During their first ten years of service, most full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, most employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Sick leave earnings remain at 15 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for accumulated sick leave when they terminate. However, at retirement, employees hired prior to July 1, 2012 participating in the South Carolina Retirement System and the South Carolina Police Officers' Retirement System may receive additional service credit for up to 90 days of accumulated unused sick leave.

The government-wide and proprietary fund statements record an expense and a liability when employees earn compensated absence credits. Governmental fund financial statements record a liability for compensated absences payable at June 30 only if the liability for accumulated vacation leave has matured but has not yet been paid at that date (for example, as a result of employee resignations and retirements). The State does not record a liability for unpaid accumulated sick leave.

o. Net Position and Fund Balance

Fund balance for governmental funds is reported in the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- The Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balances have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions.
- Committed fund balances can only be used for specific purposes pursuant to constraints imposed by formal action of the South Carolina General Assembly, the State's highest level of decision-making authority. The South Carolina General Assembly establishes commitments through state statute or constitutional provision. Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- Assigned fund balances are constrained by appropriation actions of the legislature
- Unassigned fund balance is the residual classification for the General Fund. Other governmental funds cannot report positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Net position is comprised of the following three components:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. At June 30, 2021, $1.161 billion was reported as restricted net position because of restrictions imposed by enabling legislation.

p. Flow Assumption, Net Position or Fund Balance

The State's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used. Unassigned fund balance is the residual classification for the General Fund. Other governmental funds cannot report positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

q. Deferred Outflows/Inflows of Resources

A deferred outflow/inflow of resources is a consumption/acquisition of net position that is applicable to a future reporting period. The State has recorded deferred outflows/inflows in connection with the change in fair value of hedging derivatives, deferred amounts on bond refundings, nuclear decommissioning costs, non-exchange revenues, service concession arrangements, pension and other post-employment benefit (OPEB) contributions subsequent to the measurement date, difference between actual and expected experience, net difference between projected and actual earnings on pension and OPEB plan investments, and changes in proportion and differences between contributions and proportionate share of contributions. See Note 9, Deferred Outflows of Resources and Deferred Inflows of Resources, on page 118 for further detail.

r. Pension and Other Post-Employment Benefit (OPEB) Obligations

The South Carolina Retirement Systems' financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The State's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet date. Securities without an established market value are reported at estimated fair value.

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and expenses, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from the pension and OPEB fiduciary net positions have been determined on the same basis as they are reported by the pension and OPEB plans. For this purpose, the pension and OPEB plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2: ACCOUNTING AND REPORTING CHANGES

Adoption of New Accounting Standards

For the fiscal year ended June 30, 2021, the State implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

Statement No. 84, *Fiduciary Activities*, is intended to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. See Note 15, Fund Equity Reclassifications and Restatements, on page 146 for further detail.

Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, is intended to improve consistency and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments.

Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replaces references of the term comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

NOTE 3: DEFICITS OF INDIVIDUAL FUNDS

The accompanying fund financial statements display deficit fund balances and deficit net position balances for individual major funds. Nonmajor funds had the following deficit net position balances (expressed in thousands) at June 30, 2021:

Canteen	$ (722)
Tuition Prepayment Program	(28,952)
Other Enterprise	(18,613)
Prison Industries	(1,130)
Component units:	
Winthrop University	(4,048)
Central Carolina Technical College	(2,066)
Denmark Technical College	(9,828)
Florence- Darlington Technical College	(18,205)
Greenville Technical College	(6,193)
Midlands Technical College	(2,526)
Northeastern Technical College	(3,112)
Orangeburg- Calhoun Technical College	(9,814)
Williamsburg Technical College	(784)
Connector 2000	(102,669)
South Carolina Medical Malpractice Association	(96,600)

Actions taken to eliminate deficits include increase of existing fees, assessment of additional fees, purchase of excess loss reinsurance, General Fund appropriations, and implementation of cost containment programs. See page 70 for obtaining more information about the component units listed above.

NOTE 4: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those that, by specific authority, are under the control of other agencies or component units. The deposit and investment policies of those entities may differ from those of the State Treasurer. Typically, those agencies follow the deposit and investment policies of the State Treasurer in an effort to minimize deposit and investment risks.

a. Deposits

The following deposits disclosure excludes the primary government's Pension Trust Funds of the South Carolina Retirement Systems (the Systems) which are described in section d of this note and the primary government's Other Post-Employment Benefit Trust Funds which are described in section e of this note.

Deposit Policy

The State's deposit policy, by law, requires all banks or savings and loan associations that receive State funds deposited by the State Treasurer, to secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss. Agencies, with specific authority to manage their deposits outside of the State Treasurer, may have custodial credit risk policies that differ from that of the State Treasurer. Therefore, some deposits presented below have custodial credit risk. See Note 1, sections d and e for additional information on deposits.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a depository financial institution's failure, the State will not be able to recover the value of the deposits with the collateral securities that are in the possession of an outside party. Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. All deposits under the control of the State Treasurer are fully insured or collateralized. The reported amount of the State Treasurer's deposits as of June 30, 2021 was $1.671 billion and the bank balance was $2.175 billion. As of June 30, 2021, the reported amount of the primary government's deposits outside of the State Treasurer was $1.261 billion and the bank balance was $97.256 million. Of the $55.801 million bank balance exposed to custodial credit risk, $55.801 million was uninsured but was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

b. Investments

The following investment disclosure excludes the primary government's Pension Trust Funds of the South Carolina Retirement Systems which are described in section d of this note and the primary government's Other Post-Employment Benefit Trust Funds which are described in section e of this note.

Investment Policy

The State's investment policy, by law, authorizes investments that vary by fund, but generally include obligations of the United States and government sponsored entities, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, certain corporate bonds, and commercial paper. Substantially all of the State's investments are presented at fair value. Securities are valued at the last reported sales price as provided by an independent pricing service. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest income earned. Agencies with specific authority to manage their own investments may have custodial credit risk policies that differ from that of the State Treasurer. Other investment policies for the State and its component units are explained in Note 1, section f.

Fair Value

The State categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72*, Fair Value Measurement and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs that are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-driven valuations.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, the State performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments not having a readily determinable fair value is established using net asset value (or amortized cost) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Investments classified according to the fair value hierarchy are valued according to pricing policy established by the State's custodian bank. Pricing is based primarily on prices from third-party vendors or other specified alternative sources which are considered to be reliable. Where available, the custodian bank uses more than one vendor for securities of each asset type, class or issue. The price received from a primary source is used in valuation unless a tolerance check, or price challenge, results in the use of a price from a secondary vendor. The State may override prices provided by the custodian bank if it is deemed necessary or appropriate. The following table is expressed in thousands:

	At 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value				
U.S. treasuries	$ 8,602,025	$ 8,602,025	$ —	$ —
U.S. agencies	482,586	—	482,586	—
Common stock	46,521	46,521	—	—
Other equity securities	3,036,746	3,025,036	—	11,710
Corporate bonds	5,052,528	—	5,052,528	—
Municipal bonds	98	—	98	—
Commercial paper	8,364,978	—	8,364,978	—
Money market mutual funds	774,883	774,883	—	—
Bond mutual funds	1,775,897	1,774,543	1,354	—
Other	11,053	97	10,956	—
	$ 28,147,315	$ 14,223,105	$ 13,912,500	$ 11,710
Investments measured at amortized cost				
Repurchase agreements	2,647,995			
	$ 30,795,310			

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of investments or collateral securities that are in possession of an outside party. The primary government's investments that are exposed to custodial credit risk include investment securities that are uninsured, not registered in the name of the State, and are held by a counterparty.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State. Credit risk exposure is primarily limited to debt instruments and other hybrid equity securities. The State Treasurer's credit risk policy mitigates potential for loss of principal by purchasing only high investment grade debt securities. In the event that the rating of a security falls below investment grade, that security may continue to be held contingent upon an evaluation of the longer term investment merits of the security. Agencies with specific authority to manage their own investments may have credit risk policies that differ from that of the State Treasurer. Debt instruments held for investment for the primary government were rated as of June 30, 2021 using the Standard and Poor's rating scale, Moody's rating scale, or other rating scale when no other rating was available, as follows (expressed in thousands):

Investment Type and Fair Value	AAA	AA	A / A1/ A2	BBB	BB	B	Not Rated	Total
U.S. agencies	$ 538	$ 481,673	$ —	$ —	$ —	$ —	$ 375	$ 482,586
Corporate bonds	10,286	410,236	1,934,239	2,664,904	24,041	6,107	2,715	5,052,528
Municipal bonds	37	61	—	—	—	—	—	98
Repurchase agreements	—	—	—	—	—	—	2,647,995	2,647,995
Commercial paper	189,970	6,390,313	789,056	970,617	—	—	25,022	8,364,978
Money market mutual funds	—	—	—	—	—	—	774,883	774,883
Bond mutual funds	309	—	—	—	—	—	1,775,588	1,775,897
Other	55	112	—	—	—	534	10,352	11,053
Totals	**$ 201,195**	**$ 7,282,395**	**$ 2,723,295**	**$ 3,635,521**	**$ 24,041**	**$6,641**	**$ 5,236,930**	**$19,110,018**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The State's policy for reducing this risk is to diversify and limit exposure to any single issuer to no more than 5%, except for United States Treasury and agency obligations. The State sponsors the Local Government Investment Pool (LGIP), an external investment pool reported as an investment trust fund. As of June 30, 2021, the State Treasurer had 13.29% of the LGIP investment portfolio in Dreyfus Treasury Obligations Cash Management Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer's policy does not specifically address interest rate risk. Its objectives for preservation of capital and maintenance of adequate liquidity focus the management of interest rate sensitivity on investing in securities with a range of maturities from one day to thirty years. At June 30, 2021, the maturities of the securities that will mature were limited according to the following segmented time distribution (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 8,095,684	$ 1,331,730	$ 6,746,602	$ —	$ 17,352
U.S. agencies	439,592	106	68,165	34,821	336,500
Corporate bonds	5,006,170	675,726	3,822,547	456,505	51,392
Repurchase agreements	1,504,734	1,504,734	—	—	—
Commercial paper	997,326	997,326	—	—	—
Money market funds	4	4	—	—	—
Other	10,256	1	10,255	—	—
Totals	**$ 16,053,766**	**$ 4,509,627**	**$10,647,569**	**$ 491,326**	**$ 405,244**

Agencies that manage their own investments may have interest rate risk policies that differ from that of the State Treasurer. Some of these agencies may not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. At June 30, 2021, agencies within the State's primary government that manage their own investments limited the maturities of their interest-earning securities according to the following segmented time distribution (expressed in thousands):

		Investment Maturities (in years)				
Investment Type	Fair Value	Does Not Mature	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 506,341	$ —	$ 7,977	$ 498,364	$ —	$ —
U.S. agencies	42,994	913	—	—	—	42,081
Common stock	46,521	46,521	—	—	—	—
Other equity securities	3,036,746	3,036,746	—	—	—	—
Corporate bonds	46,358	4,561	—	14,290	25,048	2,459
Municipal bonds	98	—	—	—	98	—
Repurchase agreements	1,143,261	—	1,143,261	—	—	—
Commercial paper	7,367,652	—	7,367,652	—	—	—
Money market funds	774,879	774,879	—	—	—	—
Bond mutual funds	1,775,897	1,354	—	1,757,240	—	17,303
Other	797	96	—	701	—	—
Totals	**$ 14,741,544**	**$ 3,865,070**	**$ 8,518,890**	**$ 2,270,595**	**$ 25,146**	**$ 61,843**

Market Risk

The diversification of the State's investment portfolio exposes it to various risks as discussed in previous sections of this note. These risks result from market fluctuations. It is at least reasonably possible that these market fluctuations may result in material changes to the values of the investments reported in the State's financial statements.

c. Securities Lending Program

The following securities lending disclosures exclude the primary government's Pension Trust Funds of the South Carolina Retirement Systems which are described in section d of this note. The following disclosures, with the exception of the amounts reported in the table below, also apply to the primary government's Other Post-Employment Benefit Trust Funds reported in section e of this note.

By law, the State Treasurer may lend securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions, with a simultaneous agreement to return the collateral for the same securities in the future. The State may lend United States government securities, corporate bonds, other securities and equities for collateral in the form of cash or other securities. The contracts with the State's custodians require them to indemnify the State if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the State for income distributions by the securities' issuers while the securities are on loan.

The weighted average maturity of the State's collateral investments generally matched the maturity of the securities loaned during the fiscal year and at June 30, 2021. At June 30, 2021, the State had no credit risk exposure to borrowers because the amounts the State owed the borrowers exceeded the amounts the borrowers owed the State. Either the State or the borrower can terminate all securities loans on demand. There are no restrictions on the amount of the loans that can be made. For the fiscal year ended June 30, 2021, the State experienced no losses on its securities lending transactions because of borrower defaults.

The State receives primarily cash as collateral for its loaned securities. The market value of the required collateral must meet or exceed 102.0% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. During the fiscal year ended June 30, 2021, the State met the 102.0% requirement. The State cannot pledge or sell collateral securities unless the borrower defaults. The lending agent, on behalf of the State, invests cash collateral received. Accordingly, at June 30, 2021, the State recorded these investments of cash collateral as assets in the accompanying financial statements. Corresponding liability amounts also have been recorded because the State must return the cash collateral to the borrower upon expiration of the loan. The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2021:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 43,056
Total securities lent for cash collateral	**$ 43,056**
Securities lent for non-cash collateral:	
U.S. Corporate-fixed income	$ 715
Total securities lent for non-cash collateral	**$ 715**
Cash collateral invested as follows:	
Repurchase agreements	$ 320,022
Total for cash collateral invested	**$ 320,022**
Securities received as collateral:	
U.S. treasuries	$ 611
Total for securities collateral invested	**$ 611**

At June 30, 2021, the fair value of securities on loan was $43.056 million. The fair value of the invested cash collateral was $320.022 million. Securities lending obligations were $320.022 million.

d. South Carolina Retirement Systems

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Systems' deposits may not be recovered. These deposits are secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against loss in the event of insolvency or liquidation of the institution or for any other cause. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250 thousand or collateralized with securities held by the State or its agent.

As of June 30, 2021, the carrying amount of the Systems' deposits was $79.057 million and the bank balance was $28.100 million.

Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investing for the Systems is governed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310(B) and Title 9 Section 16 of the South Carolina Code of Laws. Funds held in trust for the Retirement Systems may be invested and reinvested in a variety of instruments including, but not limited to, fixed income instruments of the United States, foreign fixed income obligations, swaps, forward contracts, futures and options, domestic and international equity securities, private equity, real estate, and fund of funds.

Fair Value Measurements

The Systems categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly; Level 3 inputs are significant unobservable inputs.

The Systems have the following recurring fair value measurements as of June 30, 2021 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2021	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short Term Investments				
Short Term Investment Funds (U. S. Regulated)	$ 1,246,711	$ 1,246,711	$ —	$ —
Repurchase Agreements	(117)	—	(117)	—
Commercial Paper	67,344	—	67,344	—
Certificates of Deposit	21,611	—	21,611	—
U. S. Treasury Bills	17,599	17,599	-	—
Municipals - 1 year or less	2,481	—	2,481	—
Corporate Bonds	2,855	—	1,255	1,600
Total Short Term Investments	$ 1,358,484	$ 1,264,310	$ 92,574	$ 1,600
Equity Allocation				
Global Public Equity				
Common Stocks	$ 1,588,344	$ 1,586,722	$ —	$ 1,622
Real Estate Investment Trusts	597,426	597,426	—	—
Preferred	26,815	9,058	17,757	—
Total Equity	$ 2,212,585	$ 2,193,206	$ 17,757	$ 1,622
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	$ 97,117	$ 97,117	$ —	$ —
U.S. Government Agencies	136,052	—	136,052	—
Mortgage Backed				
Government National Mortgage Association	23,123	—	23,123	—
Federal National Mortgage Association	2,343	—	2,343	—
Federal Home Loan Mortgage Association (Multiclass)	2,059	—	2,059	—
Collateralized Mortgage Obligations	1,169	—	1,169	—
Municipals	30,334	—	30,334	—
Corporate				
Corporate Bonds	1,463,622	5,378	929,789	528,455
Convertible Corporate Bonds	388	—	388	—
Asset Backed Securities	213,775	—	213,775	—
Private Placements	903,526	—	903,526	—
Total Fixed Income	$ 2,873,508	$ 102,495	$ 2,242,558	$ 528,455
Total Investments by Fair Value Level	$ 6,444,577	$ 3,560,011	$ 2,352,889	$ 531,677

(continued)

Recurring fair value measurements as of June 30, 2021, continued (amounts in thousands):

Investments measured at net asset value (NAV)	
Global Equity	$ 17,120,554
Emerging Debt	154,261
Hedge Funds	4,629,240
Private Equity	4,090,388
Private Debt	3,130,585
Private Real Estate	3,120,771
Private Infrastructure	689,567
Total investments measured at NAV	32,935,366
Total investments measured at fair value	$ 39,379,943

		Fair Value Measurements Using	
Investment derivative instruments	**At 6/30/2021**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Equity Investments			
Options - Equity	$ 1,320	$ 1,320	$ —
Swaps - Equity	11,922	—	11,922
Fixed Income Investments			
Options - Fixed Income	(10.00)	—	(10.00)
Futures - Fixed Income	52,520	52,520	—
Swaps - Fixed Income	746	—	746
Total investment derivative instruments	$ 66,498	$ 53,840	$ 12,658
Total Invested Assets	$ 39,446,441		

For investments measured at net asset value (NAV) (amounts in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global Equity	$ 17,120,554	$ —	Daily/Monthly	5 - 30 days
Emerging Debt	154,261	—	Daily/Monthly	10 - 15 days
Hedge Funds	4,629,240	—	Monthly/Quarterly	2 - 90 days
Private Equity	4,090,388	3,246,787	Illiquid	Illiquid
Private Debt	3,130,585	2,196,761	Illiquid	Illiquid
Private Real Estate	3,120,771	1,134,000	Illiquid	Illiquid
Private Infrastructure	689,567	277,682	Illiquid	Illiquid
Total investments measured at the NAV	$ 32,935,366	$ 6,855,230		

1 For purposes of this table, amounts are reported in US Dollars. The Private Equity Category includes £75,000,000, €246,298,530 and AUD $46,367,146 that have been converted to USD. The Private Infrastructure category includes €26,244,224 that has been converted to USD.

Strategic Partnership Short Duration Funds. This investment type contains one fund that invests primarily in short duration debt instruments which generally have a one to three-year maturity. The fair values of the investments have been determined using the percent ownership of the NAV of the fund and reported by the Investment Manager. Redemptions are generally allowed monthly, provided adequate notice.

Global Equity Funds. This investment type includes 14 funds that invest primarily in global developed and emerging equity public markets instruments with one of the funds invested in an equity options strategy. One of the funds is held in a strategic partnership. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice.

Global Tactical Asset Allocation Funds. This investment type includes three funds that may be invested in liquid securities and instruments, including but not limited to equities, fixed income securities, bank loans, commodities, futures, swaps, forwards, options and currencies. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are allowed monthly, provided adequate notice.

Other Opportunistic Funds. This investment type includes four funds all of which are strategic partnership investments. The objective of this asset class is to identify investments that, while they may not fit into other asset classes, still offer compelling opportunities for the Portfolio. These investments may offer either high returns, diversifying returns, or both. Examples of potential investments include, but are not limited to, commodities, CTAs, TIPS, and insurance strategies. This allocation also includes risk parity investments. The fair values of three investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The fair value of one investment in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Manager. Redemptions are generally allowed monthly, provided adequate notice.

High Yield/Bank Loan Funds. This investment type includes one fund that generally invests in high yield, bank loan and structured credit instruments. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Manager. Redemptions are generally allowed monthly, provided adequate notice.

Emerging Debt Funds. This investment type includes three funds that generally invest in debt securities issued in any currency and may hold foreign currency. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice, and one fund charges a redemption fee.

Hedge Funds. This investment type includes 22 funds that generally invest in hedge fund strategies that seek alpha in equity or credit markets or seek to minimize embedded market beta. There are 15 of these funds invested through strategic partnership investments which may consist of underlying investments in more than one hedge fund. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice; however, it is common that funds have authority to require longer redemption timeframes and/or make the redemption subject to gates to mitigate any detrimental impact to the fund.

Private Equity Funds. This investment type includes 55 funds that consist of investments in limited partnerships or co-investments and five funds within strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private equity investments span the venture capital, growth equity, fund of funds, secondaries, energy and buyout strategies. Private equity is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Debt Funds. This investment type includes 26 funds that consist of investments in limited partnerships and 4 funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private debt investments span the direct lending, distressed, energy, mezzanine, mortgages, opportunistic and other strategies. Private Debt is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Real Estate Funds. This investment type includes 28 funds that consist of investments in limited partnerships or co-investments and four funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The real estate investments span the core, diversified, real estate debt, timber, value add and opportunistic strategies. Real Estate is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Infrastructure Funds. This investment type includes three funds that consist of investments in limited partnerships. Common types of infrastructure investments are in transportation, energy, telecommunications, water supply, sewage, or hospitals. These assets tend to benefit from a rising inflation environment. Infrastructure is considered an illiquid investment strategy as funds generally have a life span of 20 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the Retirement System Investment Commission (RSIC) has no formal interest rate risk policy, interest rate risk is observed within the portfolio using effective duration (option adjusted duration), which is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 100 basis point change in interest rates. Effective duration takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that change proportionately with market rates. Investment guidelines may specify the degree of interest rate risk taken versus the benchmark within each fixed income portfolio.

Disclosures for interest rate risk at June 30, 2021, are noted below (amounts in thousands):

Investment Type	Fair Value Total	Fair Value Duration Not Available	Fair Value Duration Available	Effective Duration (option adjusted duration)
Short Term Investments				
Short Term Investment Funds (U.S. Regulated)	$ 1,246,711	$ —	$ 1,246,711	0.08
Repurchase Agreements	(117)	—	(117)	28.21
Invested Securities Lending Collateral	21,348	21,348	—	0.00
Commercial Paper	67,344	—	67,344	0.27
Certificates of Deposit	21,611	—	21,611	0.56
U. S. Treasury Bills	17,599	—	17,599	0.18
Municipals	2,481	—	2,481	0.40
Corporate Bonds	2,855	1,600	1,255	0.22
Total Short Term Investments	1,379,832	22,948	1,356,884	
Equity Allocation				
Preferred	$ 26,815	$ 995	$ 25,820	9.50
Total Equity Investments	26,815	995	25,820	
Fixed Income Allocation				
U.S. Government:				
U.S. Government Treasuries	97,117	—	97,117	13.12
U.S. Government Agencies	136,052	—	136,052	4.37
Mortgage Backed:				
Government National Mortgage Association	23,123	4,155	18,968	3.75
Federal National Mortgage Association	2,343	—	2,343	3.26
Federal Home Loan Mortgage Association (FHLMC Multiclass)	2,059	—	2,059	2.75
Collateralized Mortgage Obligations	1,169	—	1,169	2.33
Municipals	30,334	492	29,842	2.71
Corporate:				
Corporate Bonds	1,463,622	570,790	892,832	3.16
Convertible Corporate Bonds	388	154	234	2.64
Asset Backed Securities	213,775	32,705	181,070	2.50
Private Placements	903,526	67,479	836,047	1.35
Emerging Debt	154,261	—	154,261	0.65
Options - Fixed Income	(10)	(10)	—	
Futures - Fixed Income	52,520	—	52,520	13.82
Swaps - Fixed Income	746	794	(48)	(47.78)
Total Fixed Income	3,081,025	676,559	2,404,466	
Mixed Credit Hedge Fund Allocation				
Mixed Credit Hedge Funds	12,134	—	12,134	0.01
Total Mixed Credit Hedge Funds	12,134	—	12,134	
Total Invested Assets	**$ 4,499,806**	**$ 700,502**	**$ 3,799,304**	
Total Portfolio Effective Duration (option adjusted duration)				**1.97**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Systems. Each individual portfolio within fixed income is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and average credit quality. Within high yield portfolios, a quality rating of lower than C is not permissible in any of the fixed income guidelines except in those circumstances of downgrades subsequent to purchase, in which case the investment manager is responsible for communicating the downgrade to the Systems' staff. The Systems' fixed income investments at June 30, 2021 were rated by Moody's and are presented below (expressed in thousands):

Investment Type and Fair Value	AAA	AA	A	BAA	BA	B	CAA	CA	C	NR[1]	TOTAL
Short Term Investments											
Short Term Investment Funds (U. S. Regulated)	$ 1,246,711	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,246,711
Repurchase Agreements	—	—	—	—	—	—	—	—	—	(117)	(117)
Invested Securities Lending Collateral	—	—	—	—	—	—	—	—	—	21,348	21,348
Commercial Paper	—	20,290	—	43,155	—	—	—	—	—	3,899	67,344
Certificates of Deposit	—	10,005	7,003	4,603	—	—	—	—	—	—	21,611
Municipals	—	—	—	—	—	—	—	—	—	2,481	2,481
Corporate Bonds	—	—	1,255	—	—	—	—	—	—	1,600	2,855
Equity Investments											
Preferred	3,622	—	—	17,207	4,159	—	—	—	—	1,827	26,815
Fixed Income Allocation[2]											
Mortgage Backed:											
Federal National Mortgage Association	2,343	—	—	—	—	—	—	—	—	—	2,343
Federal Home Loan Mortgage Association (Multiclass)	2,059	—	—	—	—	—	—	—	—	—	2,059
Collateralized Mortgage Association	1,169	—	—	—	—	—	—	—	—	—	1,169
Municipals	—	15,837	2,185	—	—	3,139	—	—	2,612	6,561	30,334
Corporate:											
Corporate Bonds	28,880	9,359	117,261	205,175	179,832	247,653	31,578	5,756	2,177	635,951	1,463,622
Convertible Corporate Bonds	—	—	—	—	—	234	—	154	—	—	388
Asset Backed Securities	9,537	3,440	11,159	42,836	77,783	14,083	2,343	11,228	—	41,366	213,775
Private Placements	40,110	75,263	55,254	119,110	148,041	117,453	18,924	1,767	—	327,604	903,526
Emerging Debt	—	—	—	—	—	—	—	—	—	154,261	154,261
Options - Fixed Income	—	—	—	—	—	—	—	—	—	(10)	(10)
Futures - Fixed Income	—	—	—	—	—	—	—	—	—	52,520	52,520
Swaps - Fixed Income	—	—	—	—	—	—	—	—	—	746	746
Totals	**$ 1,334,431**	**$ 134,194**	**$ 194,117**	**$ 432,086**	**$ 409,815**	**$ 382,562**	**$ 52,845**	**$ 18,905**	**$ 4,789**	**$ 1,250,037**	**$ 4,213,781**

[1] *NR represents securities that were either not rated or had a withdrawn rating.*

[2] *U.S. Treasury Bills, Notes and Bonds, Agencies and Government National Mortgage Association securities with a fair value of $227.6 million are not included in the above table because they are not subject to credit risk.*

Concentration of Credit Risk –Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Systems' policy for reducing this risk is to comply with the Statement of Investment Objectives and Policies as amended and adopted by the RSIC which states that "except that no limitations on issues and issuers shall apply to obligations of the U.S. Government and Federal Agencies, the domestic fixed income portfolio shall contain no more than 6.0% exposure to any single issuer." As of June 30, 2021, there is no single issuer exposure within the portfolio that comprises 5.0% or more of the overall portfolio. Therefore, there is no concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Systems participates in foreign markets to diversify assets, reduce risk and enhance returns. Currency forwards are used to manage currency fluctuations and are permitted by investment policy. Policy forbids speculating in forwards and other derivatives.

The table below presents the Systems' exposure to foreign currency risk in U.S. dollars as of June 30, 2021 (amounts in thousands):

Currency	Cash & Cash Equivalents	Forward Contracts	Futures Contracts	Private Equity	Private Infrastructure	Fixed Income	Equity	Total
Australian Dollar............	$ (476)	$ (1,813)	$ —	$ 43,203	$ —	$ 1,772	$ 20,070	$ 62,756
Brazil Real........................	—	3,268	—	—	—	—	—	3,268
Canadian Dollar..............	(57)	(3,742)	—	—	—	3,559	55,622	55,382
Chilean Peso...................	—	1,708	—	—	—	—	—	1,708
Danish Krone..................	47	—	—	—	—	—	4,361	4,408
Euro Currency.................	10,137	(288,254)	(34)	209,781	115,045	250,846	72,106	369,627
Hong Kong Dollar...........	23	—	—	—	—	—	17,840	17,863
Japanese Yen..................	1,100	(418)	—	—	—	(43)	7,362	8,001
Mexican Peso..................	320	—	—	—	—	—	—	320
New Zealand Dollar........	36	—	—	—	—	—	3,772	3,808
Peruvian Sol....................	—	(3,493)	—	—	—	3,292	—	(201)
Pound Sterling................	7,473	(61,344)	(65)	(689)	—	56,004	28,597	29,976
Singapore Dollar.............	—	—	—	—	—	—	1,622	1,622
South African Rand........	2	—	—	—	—	—	—	2
Swiss Franc.....................	13	—	—	—	—	—	—	13
Totals...........................	**$ 18,618**	**$ (354,088)**	**$ (99)**	**$252,295**	**$ 115,045**	**$ 315,430**	**$ 211,352**	**$ 558,553**

Derivatives

Derivatives are financial instruments for which the value is derived from underlying assets or data. All of the Systems' derivatives are considered investments. Excluding futures, derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. Through certain collective trust funds, the Systems may invest in various derivative financial instruments such as futures and options thereon; forward foreign currency contracts; options; interest rate, currency, equity, index, credit default, total return swaps, interest-only strips, and CMOs to enhance the performance and reduce volatility. To comply with the requirements of multiple exchanges, cash and securities in the amount of $49.0 and $12.3 million, respectively, were held in trust by the clearing brokers on June 30, 2021. The Systems' derivatives, consisting of futures, options, forward contracts and swaps are presented in the tables on the following pages. Investments in limited partnerships and commingled funds may include derivatives that are not shown in the derivative totals.

Derivatives directly managed by the RSIC are used primarily to facilitate changes to the asset allocation of the total plan and for their low cost of implementation. The RSIC uses derivatives for several reasons:

- Asset Allocation: In many cases, synthetic exposures (using derivatives) are placeholders until managers are hired and funded. In time, the RSIC may substitute traditional managers for much of the synthetic exposure currently in the portfolio. Efficient Market Theory dictates that in some asset classes, synthetics are the best way to achieve exposure.
- Risk Management: Derivatives allow investors the ability to swiftly and efficiently increase or decrease exposures in order to manage portfolio risk.
- Cost: A synthetic (derivative) solution is often the least expensive way to gain exposure to an asset class or to manage portfolio risk. Derivatives are more beneficial in each of the three major measures of cost: commission costs, market impact of trading, and opportunity costs.

Futures

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and trade on an organized exchange with gains and losses settled daily thereby significantly reducing credit and default risk. Gains and losses are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. The tables below present classification information on the Systems' derivatives at June 30, 2021 (amounts in thousands):

	Changes in Fair Value	
	Classification	Gain/(Loss)
Futures Contracts...........	Net appreciation	$ 52,083
Forward Contracts..........	Net appreciation	19,031
Swaps...............................	Net appreciation	(272,286)
Options............................	Net appreciation	(31,399)

	Fair Value			
	Forward Contracts	Futures	Options	Swaps
Cash & Cash Equivalents	$ 11,063	$ —	$ —	$ —
Fixed Income	—	52,520	(10)	746
Global Public Equity	—	—	1,320	11,922
Totals	**$ 11,063**	**$ 52,520**	**$ 1,310**	**$ 12,668**

At June 30, 2021, the Systems had the following exposure via futures contracts (amounts in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value*	Fair Value
EURO-BUXL 30Y BND FUTURE (EUX)	September 2021	Short	(8)	$ (1,928)	$ (34)
LONG GILT FUTURE (ICF)	September 2021	Short	(35)	(6,194)	(65)
US 10YR ULTRA FUTURE (CBT)	September 2021	Long	1,347	198,283	3,302
US LONG BOND FUTURE (CBT)	September 2021	Short	(33)	(5,305)	(160)
US LONG BOND FUTURE (CBT)	September 2021	Long	7,090	1,139,717	32,843
US 10YR NOTE FUTURE (CBT)	September 2021	Long	797	105,602	301
US 10YR NOTE FUTURE (CBT)	September 2021	Long	2,654	351,655	1,438
US 5YR NOTE FUTURE (CBT)	September 2021	Short	(90)	(11,109)	17
US 5YR NOTE FUTURE (CBT)	September 2021	Long	4,235	522,725	(1,545)
US ULTRA BOND (CBT)	September 2021	Long	1,966	378,824	16,347
US ULTRA BOND (CBT)	September 2021	Long	11	2,120	76
Totals				**$ 2,674,390**	**$ 52,520**

**Notional value is the nominal or face amount that is used to calculate payments made on derivative instruments (futures, forwards, swaps, and options). This amount generally does not change hands and is thus referred to as notional. The notional amount represents the economic equivalent to an investment in the physical securities represented by the derivative contract.*

Forwards

Forwards are contractual obligations that require the delivery of assets at a fixed price on a predetermined date. These contracts are "over-the-counter" (OTC) instruments, meaning they are not traded on an organized exchange. Currency forwards gains and losses are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. As of June 30, 2021, the Systems had the following forward exposures, listed by counterparty (amounts in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Bank of America	$ 24,962	$ 538	4.80%
Bank of New York Mellon	204,505	5,862	39.28%
Barclays Bank PLC	6,963	55	1.34%
BNP Paribas Securities Corporation	2,342	15	0.45%
Citibank	11,583	220	2.23%
Citigroup Global Markets	1,920	50	0.37%
Goldman Sachs Bank USA/New York NY	133,518	1,046	25.65%
Goldman Sachs International	18,780	746	3.61%
HSBC Bank PLC	1,209	9	0.23%
HSBC Bank USA NA/New York NY	22,807	498	4.38%
JPMorgan Chase Bank NA	64,829	1,817	12.45%
Morgan Stanley Capital Services LLC	9,804	(11)	1.88%
Standard Chartered Bank	1,000	(1)	0.19%
State Stree Corp	16,265	217	3.12%
USB AG/Stamford CT	91	2	0.02%
Totals	**$ 520,578**	**$ 11,063**	**100.00%**

Swaps

The Systems has entered into various swap agreements to manage plan exposure. Swaps are OTC agreements to exchange a series of cash flows according to specified terms. The underlying asset can be an interest rate, an exchange rate, a commodity price or any other index.

Total return swaps are primarily used to efficiently achieve a target asset allocation. Exposures to an asset class are typically gained by paying a reference rate such as LIBOR, plus or minus a spread, in exchange for the risk and returns of a desired market index. Similarly, exposures can be reduced by receiving a reference rate in exchange for the economic risks and returns of an index.

Counterparty risk, or default risk, is the risk that a party will not honor its contractual obligations. The Systems seeks to actively manage its counterparty risk by thorough analysis and evaluation of all potential counterparties by investment staff and the independent overlay manager. Risk is further minimized through diversification among counterparties with high credit ratings and collateralizing unrealized gains and losses. The Systems currently does not participate in a master netting agreement. Unrealized gains and losses are not netted across instrument types and are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

The table below reflects the counterparty credit ratings at June 30, 2021, for currency forwards, swap agreements, options and corresponding amounts subject to credit risk (amounts in thousands):

Quality Rating	Forwards	Swaps	Options	Total
Aa2	8,714	—	—	8,714
Aa3	445	—	—	445
A1	1,904	11,935	1,310	15,149
Total subject to credit risk	$ 11,063	$ 11,935	$ 1,310	$ 24,308
Centrally cleared:				
Chicago Mercantile Exchange	—	(243)	—	(243)
Intercontinental Exchange	—	819	—	819
LCH Ltd	—	157	—	157
Total not subject to credit risk	$ —	$ 733	$ —	$ 733
Total	**$ 11,063**	**$ 12,668**	**$ 1,310**	**$ 25,041**

At June 30, 2021, the Systems held swaps as shown in the tables below (amounts in thousands):

Counterparty	Total Return Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value*	Gain (Loss) Since Trade
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	10/29/2021	$ 119,397	$ 797	$ (1,070)
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	3/31/2022	151,142	1,018	1,420
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	12/31/2021	196,791	1,308	(3,827)
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	3/31/2022	300,885	1,995	1,981
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	9/30/2021	558,329	3,715	(7,984)
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	6/30/2022	100,000	—	—
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	12/31/2021	300,000	—	—
Societe Generale SA/France	Barclays Agg Proxy	Variable Rate	Fixed Rate	10/29/2021	99,498	658	(887)
Societe Generale SA/France	Barclays Agg Proxy	Variable Rate	Fixed Rate	9/30/2021	105,972	696	(1,524)
Societe Generale SA/France	Barclays Agg Proxy	Variable Rate	Fixed Rate	9/30/2021	108,959	719	(1,533)
Societe Generale SA/France	Barclays Agg Proxy	Variable Rate	Fixed Rate	3/31/2022	151,143	1,016	1,420
Societe Generale SA/France	Barclays Agg Proxy	Variable Rate	Fixed Rate	6/30/2022	550,000	—	—
					$ 2,742,116	**$ 11,922**	**$ (12,004)**

Counterparty	Fixed Income Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value*
Goldman Sachs International	Cleared Credit Default Swaps	Variable Rate	Fixed Rate	various	$ 3,300	$ 13
					$ 3,300	**$ 13**
Chicago Mercantile Exchange	Cleared Interest Rate Swaps	Fixed	Variable	4/28/31	$ 17,670	$ (243)
IntercontinentalExchange Holding	Cleared Credit Default Swaps	Variable	Fixed	various	9,704	819
LCH Ltd	Cleared Interest Rate Swaps	Fixed	Variable	various	65,362	(43)
LCH Ltd	Cleared Zero Coupon Swaps	Fixed	Variable	9/15/51	9,394	200
					$ 102,130	**$ 733**

**Fair value is the amount reasonably expected to be received if the underlying positions were liquidated on the following business day.*

Options

Options are exchange traded agreements between two parties for a future transaction on an underlying asset at a reference or strike price. The buyer of an option has the right, but not the obligation, to transact. The seller of an option has the obligation to transact if forced by the buyer. The price of an option is derived by taking the difference in the underlying asset and the strike price plus a premium for the remaining time until expiration. As of June 30, 2021, the Systems had the following option positions (amounts in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
Call Jul 21 101.203125 7/07/21	COMMIT TO PUR FNMA SF MT (OTC)	July 2021	(2,000,000)	$ (3)
Call Jul 21 101.6445 ED 070721	COMMIT TO PUR FNMA SF MTG(OTC)	July 2021	(2,000,000)	(1)
Call Aug 21 101.406 ED 080521	COMMIT TO PURCHASE FNMA SI	August 2021	(1,000,000)	(2)
Put Aug 21 099.406 ED 080521	COMMIT TO PURCHASE FNMA SI	August 2021	(1,000,000)	(1)
Put Aug 21 099.6875 ED 080521	COMMIT TO PUR FNMA SF MTG (OTC)	August 2021	(2,000,000)	(3)
Total Fixed Income				(10)
Call Jul 22 000.395 ED 072922	2Y-10 CMS CAP	July 2022	968,000	$ 517
Call Jul 22 000.605 ED 072922	2Y-10 CMS CAP	July 2022	287,000	106
Call Jul 22 000.395 ED 072922	2Y-10 CMS CAP	July 2022	1,046,000	559
Call Jul 22 000.605 ED 072922	2Y-10 CMS CAP	July 2022	373,000	138
Total Equity				$ 1,320
Total				**$ 1,310**

Alternative Investments

The Alternative Investment category includes the following asset classes: private equity, hedge funds, private debt, real estate, and infrastructure.

Private equity, private debt, and real estate investments are normally structured as limited partnerships. In this structure, the Systems is one of several limited partners, while the investment manager serves as the general partner. Investing in such limited partnerships legally obligates the Systems to invest the committed amount until the investment is fully funded or contractual investment period has expired. Hedge fund and commodities investments are typically on subscription basis with a single, initial investment with no further commitment.

The Systems established several strategic partnerships to gain access to the best ideas of the investment manager, to receive favorable economics, and to efficiently take advantage of market opportunities. Investments within the strategic partnership accounts may include allocations to any asset class including those considered alternative investments. Assets of Strategic Partnerships are reported within their respective asset class totals.

The RSIC's intent is to access superior risk-adjusted returns through investing in alternative investment asset classes. Due to their low correlation to traditional asset classes, alternative investments diversify the portfolio and help reduce the risk associated with volatility of returns.

Commitments

The RSIC, on behalf of the Systems, has entered into contractual agreements with numerous alternative investment managers and is committed for future funding of private equity, private debt, real estate and private infrastructure investments. As of June 30, 2021, the Systems' commitments, including commitments within Strategic Partnerships, are shown in the following table (amounts in thousands):

Limited Partnerships USD	Total Commitment	Amount Funded To Date	Remaining Unfunded Commitment
Private Equity	$ 6,895,799	$ 4,079,510	$ 2,816,289
Private Debt	6,983,415	4,786,653	2,196,762
Private Real Estate	4,562,492	3,428,493	1,133,999
Private Infrastructure	805,000	558,441	246,559
Totals	$ 19,246,706	$ 12,853,097	$ 6,393,609
Limited Partnerships Euros			
Private Equity	€ 439,580	€ 193,281	€ 246,299
Private Infrastructure	125,000	98,756	26,244
Totals	€ 564,580	€ 292,037	€ 272,543
Limited Partnerships AUD			
Private Equity	$ 100,000	$ 53,633	$ 46,367
Totals	$ 100,000	$ 53,633	$ 46,367
Limited Partnerships GBP			
Private Equity	£ 75,000	£ -	£ 75,000
Totals	£ 75,000	£ -	£ 75,000

Securities Lending

The Retirement Systems' investment portfolio currently participates in a securities lending program, managed by BNY Mellon ("Securities Lending Program"), whereby securities are loaned for the purpose of generating additional income. BNY Mellon is responsible for making loans of securities on a collateralized basis from the Systems' investment portfolio to various third party broker-dealers and financial institutions. The market value of the required cash collateral must initially meet or exceed 102% of the fair value of the securities loaned for U.S. Securities, 105% for cross currency securities and 107% for equity securities, providing a margin against a decline in the market value of collateral. If the collateral value falls below 102%, the borrower must post additional collateral. In conjunction with generating revenue, the collateral pool seeks to maintain a net asset value (NAV) of $1.00, which is determined by dividing the market value of the assets by the cost of those assets.

There are no restrictions on the amount of securities that may be loaned and conservative investment guidelines continue to be maintained within the Securities Lending Program. The re-investment of the cash collateral is restricted to short duration, very low risk securities and is monitored by RSIC on an ongoing basis. The types of securities available for loan during the year ended June 30, 2021 included U.S. Government securities, U.S. Government agencies, corporate bonds, non U.S. sovereign debt and global equities. The contractual agreement between the RSIC and BNY Mellon provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan. Cash, U. S. Government securities, corporate securities, asset-backed securities and global equities are received as collateral for these loans. Collateral securities cannot be pledged or sold without a borrower default. Cash collateral received is invested; and accordingly, investments made with cash collateral are reported as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan.

At June 30, 2021, the fair value of securities on loan was $64.330 million. The fair value of the invested cash collateral was $21.348 million. Securities lending obligations were $65.970 million with an unrealized loss in invested cash collateral of $44.622 million. The unrealized loss from securities lending activity was determined based on the settlement agreement between BNY Mellon and the State.

Under the agreement with BNY Mellon, the $44.622 million in unrealized loss is being gradually offset by a portion of securities lending earnings over a period of years. The gross securities lending revenue for the fiscal year was $1.800 million, an increase from $2.700 million in the prior year. Since November 2008, gains and losses from the Securities Lending Program have been excluded from the Total Plan performance calculations.

With regard to counterparty credit risk, the Systems' cash collateral invested is held by the counterparty and is uninsured. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding was one day. The average weighted maturity of investments made with cash collateral was one day. At June 30, 2021, there had been no losses resulting from borrower defaults and the Systems had no credit risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2021:

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS
Securities lent for cash collateral:						
Corporate bonds	$ 16,662	$ 3,049	$ 21	$ 103	$ 17	$ 19,852
Global Public Equity	37,334	6,833	46	230	39	44,482
Total securities lent for cash collateral	**$ 53,996**	**$ 9,882**	**$ 67**	**$ 333**	**$ 56**	**$ 64,334**
Securities lent for non-cash collateral:						
U.S Government Securities	$ 48,098	$ 8,803	$ 59	$ 296	$ 50	$ 57,306
Corporate bonds	6,116	1,119	8	38	6	7,287
Global Public Equity	502,903	92,040	616	3,105	522	599,186
Total securities lent for non-cash collateral	**$ 557,117**	**$101,962**	**$ 683**	**$ 3,439**	**$ 578**	**$ 663,779**
Cash collateral invested as follows:						
Repurchase agreements	$ 17,918	$ 3,279	$ 22	$ 111	$ 18	$ 21,348
Total cash collateral invested	**$ 17,918**	**$ 3,279**	**$ 22**	**$ 111**	**$ 18**	**$ 21,348**
Securities received as collateral:						
U.S. Government securities	$ 86,875	$ 15,900	$ 107	$ 536	$ 90	$ 103,508
Global Public Equity	451,043	82,548	553	2,784	468	537,396
Global Fixed Income	67,357	12,327	82	416	70	80,252
Total securities received as collateral	**$ 605,275**	**$110,775**	**$ 742**	**$ 3,736**	**$ 628**	**$ 721,156**

e. Other Post-Employment Benefit Trust Funds

The State Treasurer is the custodian and investment manager of all deposits and investments of the South Carolina Retiree Health Insurance Trust Fund and the Long-term Disability Insurance Trust Fund (the Trusts).

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a depository financial institution's failure, the Trusts' deposits may not be recovered. As prescribed by law, the State Treasurer is the custodian of all deposits and is responsible for securing all deposits held by banks or savings and loan associations. These deposits must be secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against loss in the event of insolvency or liquidation of the institution, or for any other cause. As of June 30, 2021, the Trusts had no cash on deposit with banks. All cash reported was held in the cash management pool by the State Treasurer's Office.

Investments

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of investments or collateral securities that are in possession of an outside party. All of the State Treasurer's investments are fully insured or collateralized.

In accordance with State Law, the Trusts may invest in a variety of instruments including obligations of the United States and its agencies and securities fully guaranteed by the United States, certain corporate obligations, certain shares of Federal savings and loan associations and State chartered savings and loan associations, and collateralized repurchase agreements. All investments are required to be insured or registered, or held by the State or its agent in the name of the State Treasurer, as custodian.

With respect to the Trust's investments in the State internal cash management pool, all of the Trust's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name.

Fair Value Measurements

The Trusts categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Trusts have the following recurring fair value measurements as of June 30, 2021 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments			
U.S. agencies	$ 903,180	$ 860,075	$ 43,105
Collateralized mortgage-backed obligations	44,067	—	44,067
Repurchase agreements	68,369	33,086	35,283
Corporate bonds	397,552	—	397,552
Financial paper	217,738	—	217,738
Total Investments at Fair Value	$ 1,630,906	$ 893,161	$ 737,745

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State. The State Treasurer's credit risk policy mitigates potential for loss of principal by purchasing only high investment grade fixed-income securities. In the event that the rating of a security falls below investment grade, that security may continue to be held contingent upon an evaluation of the longer term investment merits of the security. As of June 30, 2021, the Trusts' investments were rated by Moody's as follows (expressed in thousands):

Investment Type and Fair Value	AAA / AA	A / A1 / A2	BAA/BA	P-1/P-2	Not Rated
U.S. agencies	$ 903,180	$ —	$ —	$ —	$ —
Collateralized mortgage-backed obligations	44,067	—	—	—	—
Corporate Bonds	28,438	85,602	278,614	—	4,898
Repurchase Agreements	283	—	—	68,086	—
Financial Paper	5,108	136,456	76,174	—	—
Totals	**$ 981,076**	**$ 222,058**	**$ 354,788**	**$ 68,086**	**$ 4,898**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer's policy does not specifically address interest rate risk. Its objectives for preservation of capital and maintenance of adequate liquidity focus the management of interest rate sensitivity on investing in securities with a range of maturities from one day to thirty years. At June 30, 2021, the maturities of the investments for the Trusts that will mature were limited according to the following segmented time distribution (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
U.S. agencies	903,180	$ —	$ 629,633	$ 237,051	$ 36,496
Collateralized mortgage-backed obligations	44,067	—	1		44,066
Repurchase Agreements	68,369	68,369	—	—	—
Corporate bonds	397,552	4,909	220,149	166,107	6,387
Financial paper	217,738	—	123,333	88,273	6,132
Totals	**$ 1,630,906**	**$ 73,278**	**$ 973,116**	**$ 491,431**	**$ 93,081**

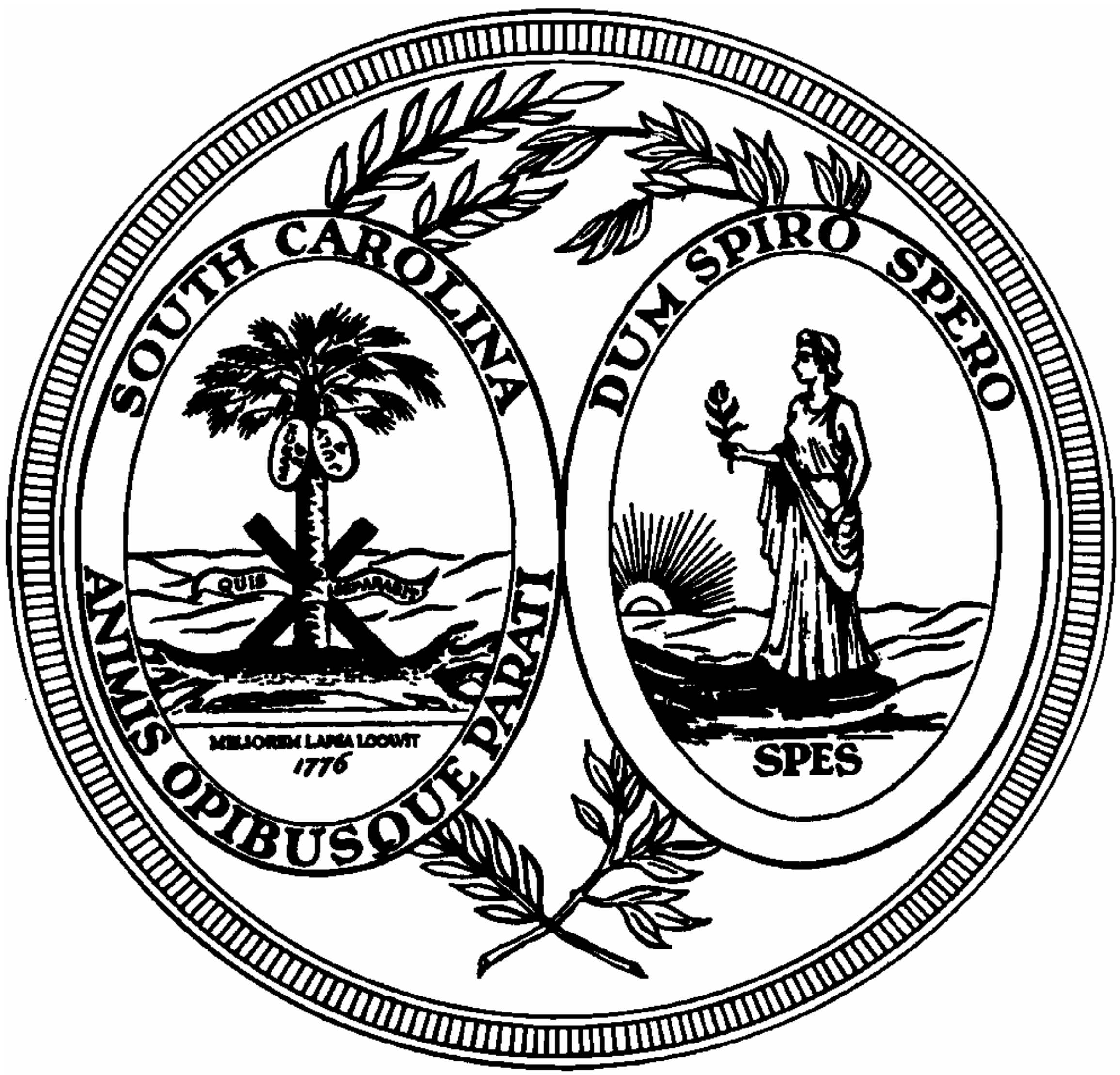
Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The State's policy for reducing the risk is to diversify and limit exposure to any single issuer to no more than 5%, except for United States Treasury and agency obligations. As of June 30, 2021, the Trusts did not have any single issuers of debt that were not fully collateralized by U.S. Government obligations.

Securities Lending

The Trusts participate in the Securities Lending Program as described in section c of this note. The Trusts have no securities lending losses as of June 30, 2021. The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2021:

	Amount
Securities lent for cash collateral:	
U.S. Government Securities	$ 35,037
Corporate Bonds	9,394
Total securities lent for cash collateral	**$ 44,431**
Cash collateral invested as follows:	
Repurchase agreements	$ 43,761
U.S. Government Securities	1,557
Total for cash collateral invested	**$ 45,318**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NOTE 5: RECEIVABLES

Receivable balances are disaggregated by type according to their liquidity characteristics and are presented separately in the financial statements, net of applicable allowances. Allowances for governmental activities uncollectible receivables (expressed in thousands) at June 30, 2021, for the primary government were as follows:

	Governmental Activities					
	Governmental Funds					
Allowances related to	General	Departmental Program Services	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Income taxes	$ 205,427	$ —	$ —	$ —	$ —	$ 205,427
Sales and other taxes	180,814	—	—	18,844	—	199,658
Patient accounts	3,201	—	—	—	—	3,201
Other	15,918	8,812	455	—	1	25,186
Total allowances for uncollectibles	**$ 405,360**	**$ 8,812**	**$ 455**	**$ 18,844**	**$ 1**	**$ 433,472**

The enterprise fund financial statements separately present long-term receivables (net receivable balances not expected to be collected within one year). Allowances for business-type activities uncollectible receivables (expressed in thousands) at June 30, 2021 were as follows:

	Business-type Activities (Enterprise Funds)
Allowances related to	Unemployment Compensation Benefits
Assessments	$ 36,907
Other	153,375
Total allowances for uncollectibles	**$ 190,282**

Net receivables not expected to be collected within one year in governmental and internal service funds (expressed in thousands) at June 30, 2021, were as follows:

	Governmental Activities					
	Governmental Funds					
Net Long-term Receivables	General	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Internal Service Funds	Total Governmental Activities
Accounts	$ 31,581	$ 5,290	$ 100	$ —	$ 67	$ 37,038
Patient accounts	4,148	3,016	—	—	—	7,164
Loans and notes	36,092	363	636,528	94	—	673,077
Accounts receivable—restricted	—	—	12,000	—	—	12,000
Total long-term receivables, net	**$ 71,821**	**$ 8,669**	**$ 648,628**	**$ 94**	**$ 67**	**$ 729,279**

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. The components of unavailable and unearned revenue in the governmental funds (expressed in thousands) at June 30, 2021, were as follows:

	Unavailable	Unearned	Total Governmental Funds
Taxes	$ 5,067	$ —	$ 5,067
Federal grants	47,807	146,893	194,700
Contributions	44,092	160,031	204,123
Departmental services	—	218,464	218,464
Total unearned revenues	$ 96,966	525,388	$ 622,354
Internal service funds		201,030	
Total governmental activities		$ 726,418	

NOTE 6: CAPITAL ASSETS

Capital asset activity (expressed in thousands) for the fiscal year ended June 30, 2021, for the primary government was as follows:

	Beginning Balances July 1, 2020 (as restated)	Increases	Decreases	Ending Balances June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	$ 2,242,996	$ 52,028	$ (7,208)	$ 2,287,816
Construction in progress	3,941,195	747,894	(805,514)	3,883,575
Works of art and historical treasures	2,577	—	(4)	2,573
Intangibles	19	39	—	58
Total capital assets not being depreciated	6,186,787	799,961	(812,726)	6,174,022
Capital assets being depreciated:				
Land improvements	121,729	2,754	(2,761)	121,722
Infrastructure (road and bridge network)	15,414,346	782,813	(893)	16,196,266
Buildings and improvements	2,294,415	17,418	(9,087)	2,302,746
Vehicles	922,201	89,369	(49,250)	962,320
Machinery and equipment	728,462	58,163	(48,599)	738,026
Works of art and historical treasures	1,507	—	—	1,507
Intangibles	361,549	46,643	(40,624)	367,568
Total capital assets being depreciated	19,844,209	997,160	(151,214)	20,690,155
Less accumulated depreciation for:				
Land improvements	(70,228)	(4,113)	1,406	(72,935)
Infrastructure (road and bridge network)	(4,483,359)	(222,754)	797	(4,705,316)
Buildings and improvements	(1,286,455)	(59,500)	5,806	(1,340,149)
Vehicles	(674,171)	(66,543)	48,162	(692,552)
Machinery and equipment	(504,797)	(52,400)	47,750	(509,447)
Works of art and historical treasures	(722)	(60)	—	(782)
Intangibles	(126,951)	(101,562)	3,693	(224,820)
Total accumulated depreciation	(7,146,683)	(506,932)	107,614	(7,546,001)
Total capital assets being depreciated, net	12,697,526	490,228	(43,600)	13,144,154
Capital assets for governmental activities, net	**$ 18,884,313**	**$ 1,290,189**	**$ (856,326)**	**$ 19,318,176**

During the fiscal year ended June 30, 2021, depreciation expense was charged to functions of the primary government (expressed in thousands):

	Governmental Funds	Internal Service Funds	Total Governmental Activities
General government	$ 72,009	$ 18,736	$ 90,745
Education	39,768	—	39,768
Health and environment	13,587	—	13,587
Social services	55,126	—	55,126
Administration of justice	28,330	405	28,735
Resources and economic development	32,710	—	32,710
Transportation	246,261	—	246,261
Total depreciation expense, governmental activities	**$ 487,791**	**$ 19,141**	**$ 506,932**

	Beginning Balances July 1, 2020 (as restated)	Increases	Decreases	Ending Balances June 30, 2021
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	$ 170,599	$ 14,932	$ (70)	$ 185,461
Construction in progress	104,488	29,971	(20,377)	114,082
Total capital assets not being depreciated	275,087	44,903	(20,447)	299,543
Capital assets being depreciated:				
Land improvements	1,595	5,436	—	7,031
Buildings and improvements	20,539	100	—	20,639
Vehicles	1,739	64	(16)	1,787
Machinery and equipment	10,315	1,199	(77)	11,437
Intangibles	—	—	—	—
Total capital assets being depreciated	34,188	6,799	(93)	40,894
Less accumulated depreciation for:				
Land improvements	(1,212)	(96)	—	(1,308)
Buildings and improvements	(5,828)	(584)	—	(6,412)
Vehicles	(996)	(174)	16	(1,154)
Machinery and equipment	(6,749)	(798)	77	(7,470)
Intangibles	—	—	—	—
Total accumulated depreciation	(14,785)	(1,652)	93	(16,344)
Total capital assets being depreciated, net	19,403	5,147	—	24,550
Capital assets for business-type activities, net	**$ 294,490**	**$ 50,050**	**$ (20,447)**	**$ 324,093**

Capital assets for the State's fiduciary funds were comprised of land totaling $582 thousand, a building totaling $4.749 million and equipment totaling $2.320 million with accumulated depreciation of $5.567 million. Depreciation expense for fiscal year 2021 was $169 thousand. There were additions of $97 thousand for equipment during the year.

At June 30, 2021, the primary government had outstanding construction commitments totaling $53.299 million for capital projects in progress. In addition, outstanding construction commitments at that date totaled $12.127 million for significant permanent improvement projects. Projects that will not be capitalized as State assets upon completion include projects for replacements, repairs, and renovations to existing facilities. In addition, the primary government had outstanding commitments totaling $24.571 million at June 30, 2021, related to information technology projects.

NOTE 7: RETIREMENT PLANS

a. Plan Descriptions

The South Carolina Retirement Systems (the Systems) represents the collective retirement funds that are held in a group trust for the plans and are protected by the State's constitution. The South Carolina Public Employee Benefit Authority (PEBA) was created effective July 1, 2012 and administers the various retirement systems and retirement programs managed by the Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as trustee of the Systems and the trust funds. By law, the South Carolina Retirement System Investment Commission, which consists of eight members appointed by mostly elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. The Systems' financial statements may be obtained by writing to:

Retirement Systems Finance
South Carolina Public Employee Benefit Authority
202 Arbor Lake Drive
Columbia, South Carolina 29223
http://www.peba.sc.gov

The **South Carolina Retirement System** (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for public school districts and employees of the State and political subdivisions thereof. 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 newly elected to the South Carolina General Assembly beginning with the November 2012 general election. A member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class III member.

A Class II member who has separated from service with at least five 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 III member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to 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 II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Beginning July 1, 2012, and annually thereafter, the annual retirement allowance received by retirees or their surviving annuitants must be increased by the lesser of one percent or five hundred dollars. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Class II Members (members hired prior to July 1, 2012)
Average Final Compensation (AFC) is based on the highest 12 consecutive quarters of earnable compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit amount is equal to the 1.82% of the member's AFC times the member's credited service years. Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 28 years of credited service or (ii) attained age 65 with 5 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

Class III Members (members hired after June 30, 2012)
AFC is based on the highest 20 consecutive quarters of earnable compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 1.82% of the member's AFC times the member's credited service (years). Credited service will not include unused sick leave.

Members are eligible to commence a retirement benefit after they have (i) attained age 60 with eight years of earned service or (ii) the combination of the member's age and years of credited service equals or exceeds 90 (i.e. the rule of 90). At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

The **South Carolina Police Officers Retirement System** (PORS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the State and its political subdivisions. To be eligible for PORS membership, an employee must be required by the terms of his or her employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class III member. A Class II member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class III member who has separated from service with at least eight years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class II and Class III members are eligible to receive a deferred annuity at age 55 with five or eight years earned service, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program. An additional accidental death benefit is also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

Class II Members (members hired prior to July 1, 2012)

AFC is based on the highest 12 consecutive quarters of earnable compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 2.14% of the member's AFC times the member's credited service (years). Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 25 years of credited service or (ii) attained age 55 with five years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

Class III Members (members hired after June 30, 2012)

AFC is based on the highest 20 consecutive quarters of earnable compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 2.14% of the member's AFC times the member's credited service years. Credited service will not include unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 27 years of credited service or (ii) attained age 55 with eight years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

The **Retirement System for Members of the General Assembly of the State of South Carolina** (GARS), a single-employer defined benefit pension plan, was created effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the South Carolina Code of Laws to provide retirement allowances and other benefits for members of the General Assembly. Retirement reform legislation closed the plan to individuals newly elected to the Senate or House of Representatives after the general election of 2012. Members of the Senate and the House of Representatives who were first elected to office prior to November 2012 are required to participate in and contribute to the system upon taking office as a member of the General Assembly. However, persons elected to the General Assembly in November 2012 or after must elect membership in SCRS, the State Optional Retirement Program (State ORP), or may elect non-membership. A member is eligible for a monthly pension at age 60 or with 30 years credited service. A member who has attained age 70 or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. An incidental death benefit is also provided to members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions.

Earnable compensation is comprised of $10,400 annually plus 40 times the daily rate of remuneration (i.e. $22,400 in total earnable compensation annually). Certain line-item additional compensation for specified offices is also included. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit amount is equal to the 4.82% of the member's earnable compensation times the member's credited service years.

The **Retirement System for Judges and Solicitors of the State of South Carolina** (JSRS), a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges, solicitors, and circuit public defenders of the State. All solicitors, circuit public defenders, judges of a Circuit or Family Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the system upon taking office.

Members are eligible for retirement after they have (i) attained age 70 with 15 years of service, or (ii) attained age 65 with 20 years of service or (iii) completed 25 years of creditable service for judges and 24 years for solicitors and public defenders regardless of age. Members who have accrued a retirement allowance that is 90% of salary may elect to "retire in place" and begin to receive their accrued retirement benefits while remaining employed. Members who have retired in place but have not attained age 60 will have their retirement benefit paid into a deferred retirement option program (DROP) and receive the balance of their DROP account upon attaining age 60. The mandatory retirement age is 72.

The retirement benefit is equal to 71.3% of the current active salary of the position from which the member retired plus an additional 2.67% of compensation for each year of service beyond 25 years for judges and 24 years for solicitors and public defenders (subject to a maximum retirement allowance that does not exceed 90% of the current active salary). The normal form of payment for a married member is a 33.3% joint and survivor annuity. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions.

The **South Carolina National Guard Supplemental Retirement Plan** (SCNG), a single-employer defined benefit pension plan, was created effective July 1, 1975, and is governed by the provisions of Section 9-10-30 of the South Carolina Code of Laws for the purpose of providing supplemental retirement benefits to certain members who served in the South Carolina National Guard. National Guard members are considered to be federal government employees. The federal government pays National Guard members' drill pay and summer camp pay. In accordance with State law, the State's General Fund pays National Guard members' salaries only if the Governor activates the National Guard for service to the State. A monthly pension is payable at age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of the 20 years total creditable military service, at least 15 must have been served in the South Carolina National Guard. Additionally, the last 10 years of service must have been served in the South Carolina National Guard. No cost-of-living increases are provided to SCNG retirees.

The pension benefit that the State provides is intended only to supplement the retirement benefit that National Guard members receive from the federal government. Members who retire at age sixty with 20 years of military service, including at least 15 years of South Carolina National Guard duty, 10 of which immediately precede retirement, and who have received an honorable discharge, are entitled to monthly pension benefits. The pension amount is equal to $50 per month for 20 years of creditable service with an additional $5 per month for each additional year of service, provided that the total pension shall not exceed $100 per month.

Each plan is independent. Assets of each plan may be used only to benefit participants of that plan. PEBA does not have the authority to establish or amend the benefit terms of SCRS, PORS, GARS, JSRS, or SCNG without a legislative change in the South Carolina Code of Laws. Additionally, the plans provide retirement, death, and disability benefits to State employees; public school employees; and employees of counties, municipalities, and certain other State political subdivisions.

A summary of information related to members of the five plans is as follows at June 30, 2021:

	SCRS	PORS	GARS	JSRS	SCNG
Active Contributing Members	201,144	27,795	87	160	12,099
Retirees and Beneficiaries Currently Receiving Benefits	146,131	19,625	338	223	4,981
Terminated Members Entitled to But Not Yet Receiving Benefits	198,926	18,811	35	4	1,739
Total Membership	546,201	66,231	460	387	18,819

b. Summary of Significant Accounting Policies—Basis of Accounting and Valuation of Investments

The financial statements of the previously-described plans are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Retirement benefits and refunded expenses are recognized when due and payable in accordance with the terms of each plan.

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 SCRS, PORS, GARS, JSRS, and SCNG and additions to/deductions from SCRS', PORS', GARS', JSRS', and SCNG's fiduciary net position have been determined on the same basis as they are reported by SCRS, PORS, GARS, JSRS, and SCNG. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

See Note 4d for more information on pension trust fund investments.

c. Funding Policies

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws prescribes requirements relating to membership, benefits, and employee/employer contributions for each plan. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; this increase is not limited to one-half of one percent per year.

By law, employee contribution requirements for the fiscal year ended June 30, 2021, were as follows:

Plan	Rate
SCRS	9.00% of earnable compensation
PORS	9.75% of earnable compensation
GARS	11.00% of earnable compensation
JSRS	10.00% of earnable compensation
SCNG	Non-contributory by employees

Actuarially-determined employer contribution rates, expressed as percentages of compensation, for the fiscal year ended June 30, 2021, were as follows:

Plan	Rate
SCRS	15.56%
PORS	18.24%
JSRS	62.94%

Contributions to SCRS, PORS, and JSRS from the State were $209.454 million, $69.088 million, and $19.100 million, respectively, for the year ended June 30, 2021. The GARS employer contribution of $5.956 million was actuarily determined and included incidental death benefits. The State contributed $5.290 million to fund the SCNG actuarially-determined employer contribution for the year ended June 30, 2021. Additionally, the State contributed $88.706 million to SCRS, $12.470 million to PORS, and $2.900 million to JSRS above its proportionate employer contributions.

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

At June 30, 2021, the State reported $3.203 billion and $910.737 million for its proportionate shares of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of each defined benefit pension plan was determined based on the July 1, 2019 actuarial valuations, using membership data as of July 1, 2019, projected forward to June 30, 2020, and financial information of the pension trust funds as of June 30, 2020, using generally accepted actuarial procedures. The State's proportion of the net pension liability was based on the State's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the State's SCRS proportion was 12.54%, which was a decrease of 0.21% from its proportion measured as of June 30, 2019. The State's PORS proportion of the net pension liability at June 30, 2020 was 27.46%, which was a decrease of 0.78% from its proportion measured as of June 30, 2019.

The State's JSRS, GARS, and SCNG net pension liabilities were also measured by actuarial valuations as of July 1, 2019, using membership data as of July 1, 2019, projected forward to June 30, 2020, and financial information of the pension trust funds as of June 30, 2020, using generally accepted actuarial procedures. The State assumes 100% of the JSRS, GARS, and SCNG liabilities.

For the year ended June 30, 2021, the State recognized pension expenses of $358.423 million for SCRS, $131.189 million for PORS, $46.423 million for JSRS, $3.590 million for GARS, and $4.119 million for SCNG, making the State's total pension expense $543.744 million for the fiscal year.

According to South Carolina Code of Laws 9-1-1180, the State is responsible for contributing the employer contributions related to all publicly funded teachers and the employees of the State's technical colleges. However, as these employer contributions related to the State's teachers and technical college employees are not paid by the State directly to SCRS and PORS, but remitted instead to each school district and technical college for their contribution payments, GASB 68 requires that the school districts and technical colleges recognize the portions of the SCRS and PORS net pension liabilities that relate to their respective employees. As the State is actually responsible for these net pension liabilities, the State's effective share of the SCRS net pension liability was approximately $14.502 billion (or 56.75% of the total net SCRS pension liability) at June 30, 2021, with related pension expenses of approximately $1.623 billion for the year ended June 30, 2021. Likewise, the State's effective share of the PORS net pension liability was approximately $930.250 million at June 30, 2021 (or 28.05% of the total net PORS pension liability), with related pension expenses of approximately $134.000 million for the year ended June 30, 2021. As prescribed by GASB 68, the teachers and technical college employee-related net pension liabilities and corresponding pension expenses are not included in the State's net pension liability or in the State's pension expense.

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to pensions (expressed in thousands) from the following sources:

	SCRS	PORS	JSRS	GARS	SCNG	Total
Deferred Outflows of Resources						
State Contributions Subsequent to the Measurement Date…………………..….	$ 209,455	$ 69,088	$ 19,100	$ 5,956	$ 5,290	$ 308,889
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions…………………………..	47,537	8,280	—	—	—	55,817
Net Differences Between Projected and Actual Earnings on Pension Plan Investments…………………………….	235,616	93,257	11,398	2,416	2,207	344,894
Differences Between Expected and Actual Experience………………………	36,963	19,355	42,660	4	273	99,255
Changes in Assumptions……………..	3,925	11,114	1,643	—	2,632	19,314
Total……………………………………..	$ 533,496	$ 201,094	$ 74,801	$ 8,376	$ 10,402	$ 828,169
Deferred Inflows of Resources						
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions…………………………..	$ 110,537	$ 34,723	$ —	$ —	$ —	$ 145,260
Differences Between Expected and Actual Experience………………………	12,114	4,009	953	—	3,528	20,604
Total……………………………………..	$ 122,651	$ 38,732	$ 953	$ —	$ 3,528	$ 165,864

$308.889 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2022. Other amounts reported as net deferred outflows of resources and net deferred inflows of resources related to pensions (expressed in thousands) will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	JSRS	GARS	SCNG
2022	$ 36,407	$ 28,014	$ 23,787	$ 454	$ 446
2023	56,726	23,085	23,980	676	601
2024	62,459	23,408	4,091	696	601
2025	45,798	18,767	2,890	594	514
2026	—	—	—	—	3
Thereafter	—	—	—	—	(581)
	$ 201,390	$ 93,274	$ 54,748	$ 2,420	$ 1,584

The total pension liabilities in the July 1, 2019 actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement:

	SCRS	PORS	GARS	JSRS	SCNG
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:					
Investment Rate of Return	7.25%	7.25%	7.25%	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5% (Varies by Service)	3.5% to 9.5% (Varies by Service)	None	2.75%	None
Inflation Rate	2.25%	2.25%	2.25%	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or $500	Lesser of 1% or $500	None	2.75%	None

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2019.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the June 30, 2020 valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators and Judges	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety, Firefighters and Members of the South Carolina National Guard	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-year capital market outlook. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**51.0%**		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	**12.0%**		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	**8.0%**		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Diversified Credit	**15.0%**		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Conservative Fixed Income	**14.0%**		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	**100.0%**		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			**8.05%**

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all SCRS and PORS participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all 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 total pension liability.

Changes in the Net Pension Liability (expressed in thousands)

	JSRS	GARS	SCNG
Total Pension Liability			
Service Cost	$ 8,919	$ 358	$ 805
Interest	28,154	5,003	4,731
Difference Between Actual and Expected Experience	3,262	60	(627)
Benefit Payments	(25,673)	(6,348)	(4,514)
Net Change in Total Pension Liability	14,662	(927)	395
Total Pension Liability at June 30, 2020	396,705	72,001	67,106
Total Pension Liability at June 30, 2021 (a)	$ 411,367	$ 71,074	$ 67,501
Plan Fiduciary Net Position			
Contributions - Employer	$ 19,098	$ 6,329	$ 5,290
Contributions - Nonemployer	2,900	—	—
Contributions - Member	4,966	222	—
Refunds of Contributions to Members	(182)	—	—
Retirement Benefits	(25,301)	(6,322)	(4,514)
Death Benefits	(190)	(25)	—
Net Investment Income (Loss)	(2,361)	(443)	(352)
Administrative Expense	(86)	(18)	(15)
Other	563	—	—
Net Change in Plan Fiduciary Net Position	(593)	(257)	409
Plan Fiduciary Net Position at June 30, 2020	165,843	34,712	30,683
Plan Fiduciary Net Position at June 30, 2021 (b)	$ 165,250	$ 34,455	$ 31,092
Net Pension Liability at June 30, 2021 (a) - (b)	$ 246,117	$ 36,619	$ 36,409

The following table presents the State's proportionate share of the SCRS and PORS net pension liabilities and the GARS, JSRS, and SCNG net pension liabilities calculated using the discount rate of 7.25%, as well as what the State's respective net pension liabilities (expressed in thousands) would be if it were calculated using a discount rate of 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate.

Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	$ 3,970,171	$ 3,203,359	$ 2,563,062
PORS	1,205,663	910,737	673,931
JSRS	290,327	246,117	208,661
GARS	42,751	36,619	31,329
SCNG	44,834	36,409	29,504

e. Receivables and Investments

The principal components of receivables and investments (expressed in thousands) at June 30, 2021, for the plans administered by the South Carolina Retirement Systems were as follows:

	SCRS	PORS	GARS	JSRS	SCNG	Totals
Receivables:						
Contributions	$ 271,414	$ 29,508	$ 9	$ 1,389	$ 2	$ 302,322
Accrued interest	29,062	5,319	36	180	30	34,627
Unsettled investment sales	2,324,803	425,476	2,849	14,351	2,412	2,769,891
Other investment receivables	207	38	—	1	—	246
Total receivables	**$ 2,625,486**	**$ 460,341**	**$ 2,894**	**$ 15,921**	**$ 2,444**	**$ 3,107,086**
Due from other funds	**$ —**	**$ 133**	**$ —**	**$ —**	**$ —**	**$ 133**
Investments and invested securities lending collateral:						
Short-term securities and opportunistic	$ 72,206	$ 13,215	$ 88	$ 446	$ 75	$ 86,030
Fixed income	2,585,942	473,269	3,168	15,963	2,683	3,081,025
Equity-international	16,237,652	2,971,752	19,895	100,236	16,846	19,346,381
Alternatives	13,144,090	2,405,580	16,105	81,140	13,636	15,660,551
Invested securities lending collateral	17,918	3,279	22	111	18	21,348
Total investments	**$ 32,057,808**	**$ 5,867,095**	**$ 39,278**	**$ 197,896**	**$ 33,258**	**$ 38,195,335**

f. Deferred Retirement Option Plans

A deferred retirement option program exists for JSRS. A member who has not yet reached the age of 60 years, but who is eligible to retire and receive the maximum monthly benefit, may retire and continue to serve as a judge, a solicitor, or a circuit public defender. The member's normal monthly retirement benefit is deferred and placed in the JSRS trust fund on behalf of the member. Upon reaching the age of 60 years, the balance of the member's deferred retirement benefit is distributed to the member. As of June 30, 2021, $28 thousand was in the JSRS trust fund.

g. Optional Retirement Program

As an alternative to membership in SCRS, certain State, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Participants in the State ORP direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts that those providers issue. Accordingly, balances of the State ORP are not reported in the accompanying financial statements.

Under State law, contributions to the State ORP are at the same rates as for the SCRS (see Subsection c, Funding Policies). A direct remittance is required from the employers to the investment providers for the employee contribution (9.00%) and a portion of the employer contribution (5.00%), which is immediately vested to the employee. A direct remittance is also required to the SCRS for a portion of the employer contribution (10.41%) and a death benefit contribution (0.15%), which is retained by the SCRS. The activity for the State ORP for the year ended June 30, 2021 is as follows (expressed in thousands):

Covered payroll	$ 1,796,066
Employee contributions to providers	161,646
Employer contributions to providers	89,803

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

a. Plan Description

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 through the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (LTDITF), collectively referred to as the OPEB plans, to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Insurance Benefits Division

(IBD), a part of South Carolina Public Employee Benefit Authority (PEBA). Article 5 of the State Code of Laws defines the two plans and authorizes PEBA to at any time adjust the plans, including its benefits and contributions, as necessary to ensure the fiscal stability of the plans. 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 on May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

b. Funding Policies

Sections 1-11-705 through 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees and participating retirees except the portion funded through the pension surcharge and provided from other applicable sources for active employees who are not funded by State General Fund appropriations.

Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the Executive Budget, 6.25% of annual covered payroll for fiscal year 2021. The IBD sets the employer contribution rate based on a pay-as-you-go basis. The State paid $581.528 million applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal year ended June 30, 2021. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee was $3.22 for the fiscal year ended June 30, 2021.

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. SCRHITF is funded primarily through the payroll surcharge. Other sources of funding include additional State appropriated dollars ($2.375 million). LTDITF is funded primarily through investment income and employer contributions.

c. OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the State reported a liability of $3.666 billion for its proportionate share of the SCRHITF net OPEB liability and reported a liability of $54 thousand for its proportionate share of the LTDITF net OPEB liability. The net OPEB liabilities were measured as of June 30, 2020, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2019. At June 30, 2021, the State's proportion of the SCRHITF net OPEB liability was 20.31% and the State's proportion of the LTDITF net OPEB liability was 17.91%, based on its statutory contribution requirements. These proportions decreased by 0.42% and by 0.64%, respectively, from the prior year.

As with SCRS and PORS, the State is responsible for contributing the OPEB employer contributions related to all publicly funded teachers and the employees of the State's technical colleges. However, as these employer contributions related to the State's teachers and technical college employees are not paid by the State directly to SCRHITF and LTDITF, but remitted instead to each school district and technical college for their contribution payments, GASB 75 requires that the school districts and technical colleges recognize the portions of the SCRHITF and LTDITF net OPEB liabilities that relate to their respective employees. As the State is actually responsible for these net OPEB liabilities, the State's effective share of the SCRHITF net OPEB liability was approximately $13.699 billion (or 75.89% of the total net SCRHITF OPEB liability) at June 30, 2021, with related OPEB expenses of approximately $1.019 billion for the year ended June 30, 2021. Likewise, the State's effective share of the LTDITF net OPEB liability was approximately $197 thousand at June 30, 2021 (or 64.82% of the total net LTDITF OPEB liability), with related OPEB expenses of approximately $5.269 million for the year ended June 30, 2021. As prescribed by GASB 75, the teachers and technical college employee-related net OPEB liabilities and corresponding OPEB expenses are not included in the State's net OPEB liability or in the State's OPEB expense.

As a result of its requirement to contribute to the SCRHITF and LTDITF, the State recognized expenses of $265.199 million for SCRHITF and $1.455 million for LTDITF, for a total OPEB expense of $266.654 million for the year ended June 30, 2021. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to SCRHITF and LTDITF (expressed in thousands):

	SCRHITF	LTDITF	Total
Deferred Outflows of Resources			
State Contributions Subsequent to the Measurement Date……………...….	$ 116,958	$ 1,339	$ 118,297
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions………………………...	75,357	5	75,362
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments………………………….	85	—	85
Differences Between Expected and Actual Experience…………………….	104,846	—	104,846
Changes in Assumptions……………...	545,527	228	545,755
Total…………………………………...	$ 842,773	$ 1,572	$ 844,345
Deferred Inflows of Resources			
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions………………………...	$ 154,513	$ 73	$ 154,586
Net differences Between Projected and Actual Earnings on OPEB Plan Investments………………………….	8,407	452	8,859
Differences Between Expected and Actual Experience…………………….	83,488	225	83,713
Changes in Assumptions……………...	145,995	27	146,022
Total…………………………………...	$ 392,403	$ 777	$ 393,180

$118.297 million reported as deferred outflows resulting from State contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources as a result of the State's requirement to contribute to SCRHITF and LTDITF will be recognized against expenses as follows (expressed in thousands):

Year Ended June 30,	SCRHITF	LTDITF
2022	$ 38,897	$ (63)
2023	37,777	(62)
2024	36,005	(59)
2025	66,757	(109)
2026	78,440	(128)
Thereafter	75,536	(123)
	$ 333,412	$ (544)

The total OPEB liabilities in the June 30, 2019 valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	SCRHITF	LTDITF
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Inflation Rate	2.25%	2.25%
Investment Rate of Return	2.75%, net of OPEB plan expense, including inflation	3.00%, net of OPEB plan expense, including inflation
Healthcare Cost Trend Rates	Initial trend starting at 6.40% and gradually decreasing to an ultimate rate of 4.00% over 15 years	N/A

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period for both OPEB plans. The last experience study was performed on data through June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for SCRHITF is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	0.60%	0.48%
Cash	20.0%	0.35%	0.07%
Total	**100.0%**		0.55%
Expected Inflation			2.25%
Total Return			**2.80%**
Investment Return Assumption			**2.75%**

The target allocation and best estimates of arithmetic real rates of return for LTDITF is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	0.95%	0.76%
Cash	20.0%	0.35%	0.07%
Total	**100.0%**		0.83%
Expected Inflation			2.25%
Total Return			**3.08%**
Investment Return Assumption			**3.00%**

The Single Discount Rate used to measure the total SCRHITF liability is 2.45% (updated from 3.13% in the 2020 fiscal year). This Single Discount Rate was based on an expected rate of return on plan investments of 2.75% and a municipal bond rate of 2.45% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). 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).

The Single Discount Rate used to measure the total LTDITF liability is 2.83% (updated from 3.04% in the 2020 fiscal year). This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 2.45% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index") and the resulting Single Discount Rate is 2.83%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain $38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2041. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2041, and the municipal bond rate was applied to all benefit payments after that date.

The following table presents the State's proportionate share of the SCRHITF and LTDITF net OPEB liabilities, as well as what the State's proportionate share of the net OPEB liabilities would be if it were calculated using a discount rate of 1.00% lower (1.45% for SCRHITF and 1.83% for LTDITF) or 1.00% higher (3.45% for SCRHITF and 3.83% for LTDITF) than the current discount rates:

Plan	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
SCRHITF	$ 4,374,132	$ 3,665,881	$ 3,099,936

Plan	1% Decrease (1.83%)	Current Discount Rate (2.83%)	1% Increase (3.83%)
LTDITF	$ 320	$ 54	$ (210)

In addition, the following table presents SCRHITF's net OPEB liability, calculated using the assumed healthcare cost trend rates as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower (5.40%) and one percent higher (7.40%):

Plan	1% Decrease (5.40%)	Current Healthcare Cost Trend Rate (6.40%)	1% Increase (7.40%)
SCRHITF	$ 2,967,179	$ 3,665,881	$ 4,583,479

Complete financial statements for the OPEB plans and the trust funds may be obtained by contacting:

Insurance Benefits Division
South Carolina Public Employee Benefit Authority
202 Arbor Lake Drive
Columbia, SC 29223
http://www.peba.sc.gov

d. Receivables and Investments

The principal components of receivables and investments (expressed in thousands) at June 30, 2021, for the OPEB plans administered by the Insurance Benefits Division were as follows:

	SCRHI	LTDI	Totals
Receivables:			
Accrued interest	**$ 7,697**	**$ 266**	**$ 7,963**
Due from other funds	**$ 85,720**	**$ —**	**$ 85,720**
Investments and invested securities lending collateral:			
Domestic debt instruments	$ 1,311,208	$ 33,591	$ 1,344,799
Financial paper	211,590	6,149	217,739
Invested securities lending collateral	41,375	3,056	44,431
Total investments	**$1,564,173**	**$ 42,796**	**$1,606,969**

NOTE 9: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Details of all deferred outflows of resources and deferred inflows of resources at June 30, 2021 are as follows (expressed in thousands):

	Governmental Activities less Internal Service	Internal Service	Total Governmental Activities	Business-Type Activities	Totals	Component Units
Deferred Outflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ —	$ —	$ 18,634
Deferred amount on refunding	37,322	—	37,322	—	37,322	172,168
Asset retirement obligation	—	—	—	—	—	691,641
Pensions:						
State contributions subsequent to the measurement date	302,310	4,321	306,631	2,258	308,889	354,144
Change in proportion and differences between employer contributions and proportionate share of plan contributions	52,570	2,498	55,068	749	55,817	245,275
Net differences between projected and actual earnings on pension plan investments	336,893	4,926	341,819	3,075	344,894	406,663
Differences between expected and actual experience	97,924	817	98,741	514	99,255	65,067
Changes in assumptions	19,033	166	19,199	115	19,314	7,858
OPEB:						
State contributions subsequent to the measurement date	115,530	1,811	117,341	956	118,297	171,337
Change in proportion and differences between employer contributions and proportionate share of plan contributions	73,814	690	74,504	858	75,362	198,549
Net differences between projected and actual earnings on OPEB plan investments	—	51	51	34	85	2,855
Differences between expected and actual experience	102,247	1,597	103,844	1,002	104,846	141,382
Changes in assumptions	532,223	8,317	540,540	5,215	545,755	781,923
Total	$ 1,669,866	$ 25,194	$ 1,695,060	$ 14,776	$ 1,709,836	$ 3,257,496
Deferred Inflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ —	$ —	$ 14,767
Deferred gain on refunding	—	—	—	—	—	2,564
Deferred nuclear decommissioning costs	—	—	—	—	—	247,903
Deferred service concession arrangement receipts	—	—	—	—	—	571
Deferred nonexchange revenues	11,979	—	11,979	—	11,979	32
Toshiba Settlement	—	—	—	—	—	296,380
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	142,136	1,604	143,740	1,520	145,260	77,682
Differences between expected and actual experience	20,203	248	20,451	153	20,604	21,727
Changes in Assumptions	—	—	—	—	—	10
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	150,738	2,288	153,026	1,560	154,586	107,318
Net differences between projected and actual earnings on OPEB plan investments	8,789	45	8,834	25	8,859	14,165
Differences between expected and actual experience	81,637	1,276	82,913	800	83,713	122,027
Changes in assumptions	142,400	2,226	144,626	1,396	146,022	202,251
Total	$ 557,882	$ 7,687	$ 565,569	$ 5,454	$ 571,023	$ 1,107,397

Details of all enterprise fund deferred outflows of resources and deferred inflows of resources at June 30, 2021 are as follows (expressed in thousands):

	Canteen	Palmetto Railways	Other Enterprise	Total
Deferred Outflows of Resources				
Pensions:				
State contributions subsequent to the measurement date	$ 221	$ 409	$ 1,628	$ 2,258
Change in proportion and differences between employer contributions and proportionate share of plan contributions	43	391	315	749
Net differences between projected and actual earnings on pension plan investments	261	894	1,920	3,075
Differences between expected and actual experience	45	140	329	514
Changes in assumptions	12	15	88	115
OPEB:				
State contributions subsequent to the measurement date	94	171	691	956
Change in proportion and differences between employer contributions and proportionate share of plan contributions	60	356	442	858
Net differences between projected and actual earnings on OPEB plan investments	4	—	30	34
Differences between expected and actual experience	83	307	612	1,002
Changes in assumptions	432	1,598	3,185	5,215
Total	$ 1,255	$ 4,281	$ 9,240	$ 14,776
Deferred Inflows of Resources				
Pensions:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	$ 115	$ 555	$ 850	$ 1,520
Differences between expected and actual experience	13	46	94	153
OPEB:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	122	536	902	1,560
Net differences between projected and actual earnings on OPEB plan investments	—	25	—	25
Differences between expected and actual experience	66	245	489	800
Changes in assumptions	116	428	852	1,396
Total	$ 432	$ 1,835	$ 3,187	$ 5,454

Details of all internal service fund deferred outflows of resources and deferred inflows of resources at June 30, 2021 are as follows (expressed in thousands):

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Deferred Outflows of Resources				
Pensions:				
State contributions subsequent to the measurement date	$ 315	$ 1,079	$ 510	$ 1,788
Change in proportion and differences between employer contributions and proportionate share of plan contributions	26	1,288	716	346
Net differences between projected and actual earnings on pension plan investments	386	1,180	509	2,109
Differences between expected and actual experience	60	185	83	362
Changes in assumptions	6	20	9	97
OPEB:				
State contributions subsequent to the measurement date	135	438	211	760
Change in proportion and differences between employer contributions and proportionate share of plan contributions	35	—	—	485
Net differences between projected and actual earnings on OPEB plan investments	—	—	7	33
Differences between expected and actual experience	134	411	144	672
Changes in assumptions	698	2,141	750	3,499
Total	$ 1,795	$ 6,742	$ 2,939	$ 10,151
Deferred Inflows of Resources				
Pensions:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	$ 258	$ —	$ 84	$ 934
Differences between expected and actual experience	20	61	27	103
OPEB:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	301	236	412	991
Net differences between projected and actual earnings on OPEB plan investments	11	34	—	—
Differences between expected and actual experience	107	328	115	537
Changes in assumptions	187	573	201	936
Total	$ 884	$ 1,232	$ 839	$ 3,501

Motor Pool	Prison Industries	Other Internal Service	Total
$ 133	$ 459	$ 37	$ 4,321
26	89	7	2,498
157	541	44	4,926
27	93	7	817
7	25	2	166
56	195	16	1,811
36	124	10	690
2	8	1	51
50	172	14	1,597
260	897	72	8,317
$ 754	$ 2,603	$ 210	$ 25,194
$ 69	$ 240	$ 19	$ 1,604
8	27	2	248
74	254	20	2,288
—	—	—	45
40	138	11	1,276
70	240	19	2,226
$ 261	$ 899	$ 71	$ 7,687

Details of all discretely presented component units' deferred outflows of resources and deferred inflows of resources at June 30, 2021 are as follows (expressed in thousands):

	Public Service Authority	Medical University of South Carolina	University of South Carolina	Clemson University	State Ports Authority	Housing Authority
Deferred Outflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ 18,634	$ —	$ —	$ —	$ —	$ —
Deferred amount on refunding	99,969	23,269	17,258	3,683	25,709	—
Asset retirement obligation	691,641	—	—	—	—	—
Pensions:						
State contributions subsequent to the measurement date	10,455	119,466	70,762	49,631	9,329	1,109
Change in proportion and differences between employer contributions and proportionate share of plan contributions	94	185,970	9,664	24,042	8,710	12
Net differences between projected and actual earnings on pension plan investments	23,863	127,017	82,183	56,627	9,949	1,179
Differences between expected and actual experience	4,083	20,133	12,988	8,946	1,562	185
Changes in assumptions	544	2,280	1,564	1,072	168	20
OPEB:						
State contributions subsequent to the measurement date	10,233	55,428	35,138	25,023	2,065	438
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	152,562	10,174	20,334	—	—
Net differences between projected and actual earnings on OPEB plan investments	—	—	—	—	2,855	—
Differences between expected and actual experience	—	46,804	31,961	22,215	—	405
Changes in assumptions	31,836	243,606	166,294	115,619	14,268	2,107
Total	$ 891,352	$ 976,535	$ 437,986	$ 327,192	$ 74,615	$ 5,455
Deferred Inflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ 14,767	$ —	$ —	$ —	$ —	$ —
Deferred gain on refunding	—	—	—	—	—	2,564
Deferred nuclear decommissioning costs	247,903	—	—	—	—	—
Deferred service concession arrangement receipts	—	—	—	—	—	—
Deferred nonexchange revenues	—	—	—	—	—	—
Toshiba Settlement	296,380	—	—	—	—	—
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	20,911	6,055	7,127	29	7	809
Differences between expected and actual experience	1,923	6,561	4,209	2,900	512	61
Changes in assumptions	10	—	—	—	—	—
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	11,867	32,524	10	—	967
Net differences between projected and actual earnings on OPEB plan investments	2,257	4,026	2,606	1,875	—	33
Differences between expected and actual experience	9,338	37,296	25,449	17,720	—	322
Changes in assumptions	2,327	65,182	44,503	30,937	3,011	564
Total	$ 595,816	$ 130,987	$ 116,418	$ 53,471	$ 3,530	$ 5,320

Lottery Commission	Nonmajor Component Units	Total
$ —	$ —	$ 18,634
—	2,280	172,168
—	—	691,641
1,234	92,158	354,144
125	16,658	245,275
1,287	104,558	406,663
203	16,967	65,067
23	2,187	7,858
505	42,507	171,337
150	15,329	198,549
—	—	2,855
439	39,558	141,382
2,284	205,909	781,923
$ 6,250	$ 538,111	$ 3,257,496
$ —	$ —	$ 14,767
—	—	2,564
—	—	247,903
—	571	571
—	32	32
—	—	296,380
233	42,511	77,682
66	5,495	21,727
—	—	10
340	61,610	107,318
36	3,332	14,165
350	31,552	122,027
611	55,116	202,251
$ 1,636	$ 200,219	$ 1,107,397

Details of all nonmajor discretely presented component units' deferred outflows of resources and deferred inflows of resources at June 30, 2021 are as follows (expressed in thousands):

	The Citadel	Coastal Carolina University	College of Charleston	Francis Marion University	Lander University	South Carolina State University
Deferred Outflows of Resources						
Deferred amount on refunding................	$ —	$ 239	$ 308	$ —	$ —	$ —
Pensions:						
State contributions subsequent to the measurement date......................	3,922	12,232	12,012	4,361	3,666	4,710
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	1,301	3,984	3,001	161	2,488	1,565
Net differences between projected and actual earnings on pension plan investments..................................	7,337	11,429	14,798	4,821	3,813	4,563
Differences between expected and actual experience..........................	1,162	2,256	2,343	762	606	724
Changes in assumptions.........................	145	294	291	92	79	226
OPEB:						
State contributions subsequent to the measurement date......................	3,114	5,574	6,257	2,031	1,652	1,401
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	1,384	3,126	2,019	—	2,491	1,720
Differences between expected and actual experience..........................	2,798	5,469	5,923	1,837	1,416	1,621
Changes in assumptions.........................	14,561	28,467	30,825	9,560	7,370	8,441
Total...	$ 35,724	$ 73,070	$ 77,777	$ 23,625	$ 23,581	$ 24,971
Deferred Inflows of Resources						
Deferred service concession arrangement receipts...........................	—	—	571	—	—	—
Deferred nonexchange revenues.............	—	—	—	—	—	—
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	1,631	246	1,561	1,407	16	2,240
Differences between expected and actual experience..........................	375	725	757	247	195	233
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	1,915	4,590	5,920	2,309	48	893
Net differences between projected and actual earnings on OPEB plan investments..................................	236	465	501	156	121	138
Differences between expected and actual experience..........................	2,232	4,364	4,725	1,466	1,130	1,294
Changes in assumptions.........................	3,896	7,617	8,248	2,558	1,972	2,259
Total...	$ 10,285	$ 18,007	$ 22,283	$ 8,143	$ 3,482	$ 7,057

Winthrop University	Aiken Technical College	Central Carolina Technical College	Denmark Technical College
$ 1,002	$ —	$ —	$ —
6,363	1,142	1,994	469
973	8	116	—
7,518	1,276	2,293	565
1,186	200	360	89
139	21	40	11
3,195	521	833	214
138	—	184	—
2,921	459	781	195
15,205	2,390	4,066	1,016
$ 38,640	$ 6,017	$ 10,667	$ 2,559
—	—	—	—
32	—	—	—
3,086	1,010	847	1,221
385	66	118	29
6,835	1,276	913	1,557
249	37	67	17
2,331	366	623	156
4,068	640	1,088	272
$ 16,986	$ 3,395	$ 3,656	$ 3,252

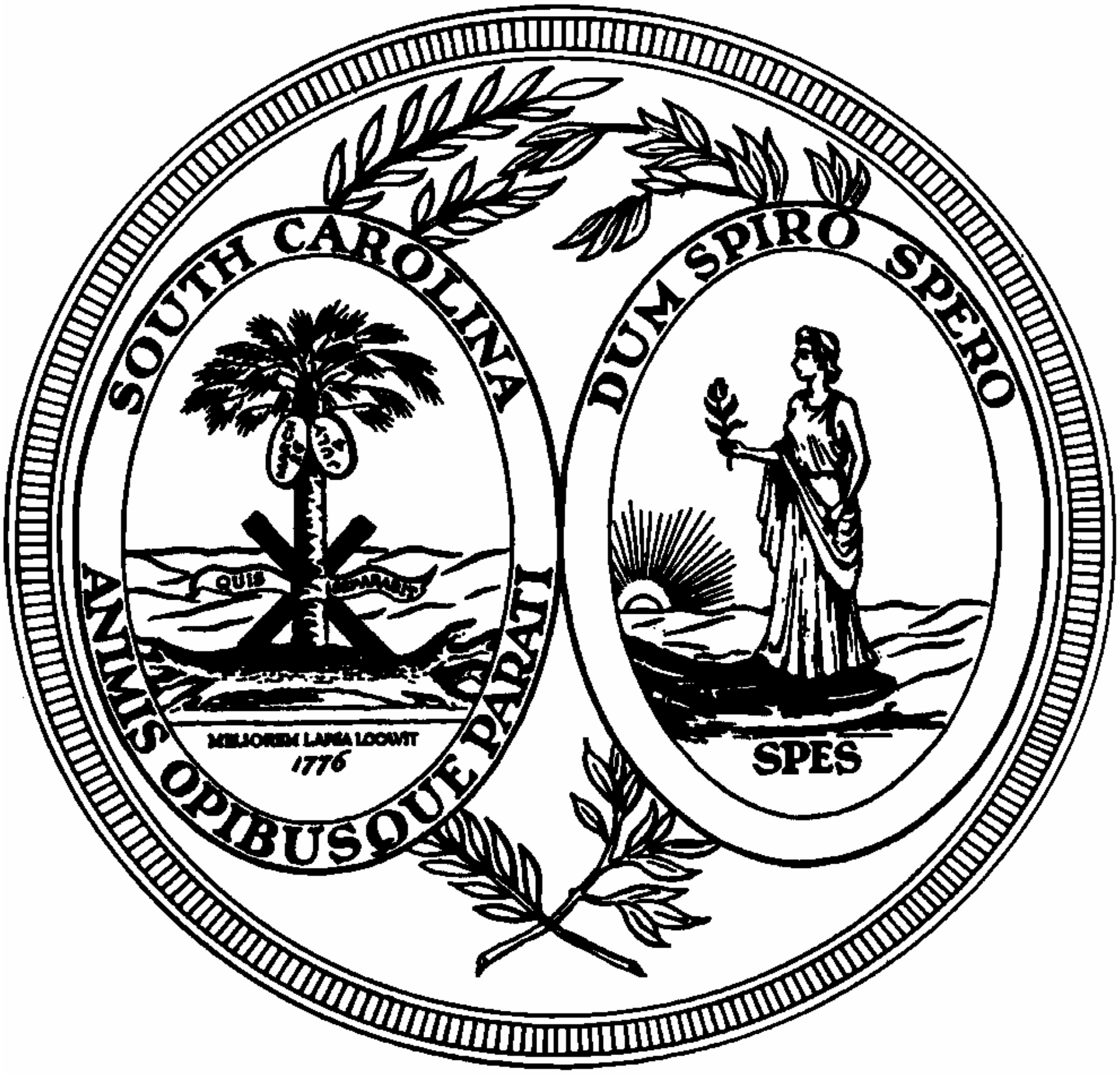
Continued on Next Page

	Florence-Darlington Technical College		Greenville Technical College		Horry-Georgetown Technical College		Technical College of the Lowcountry		Midlands Technical College		Northeastern Technical College	
Deferred Outflows of Resources												
Deferred amount on refunding................	$	241	$	338	$	—	$	—	$	152	$	—
Pensions:												
State contributions subsequent to the measurement date.......................		2,183		6,366		3,164		1,297		6,394		693
Change in proportion and differences between employer contributions and proportionate share of plan contributions...................		3		225		365		—		39		120
Net differences between projected and actual earnings on pension plan investments...................................		2,792		6,838		3,606		1,457		7,206		731
Differences between expected and actual experience...........................		438		1,078		567		228		1,135		115
Changes in assumptions..........................		47		125		62		24		130		12
OPEB:												
State contributions subsequent to the measurement date.......................		1,019		2,746		1,466		552		2,693		306
Change in proportion and differences between employer contributions and proportionate share of plan contributions...................		—		—		535		—		—		280
Differences between expected and actual experience...........................		977		2,448		1,291		509		2,494		255
Changes in assumptions..........................		5,086		12,740		6,722		2,672		12,978		1,329
Total...	$	12,786	$	32,904	$	17,778	$	6,739	$	33,221	$	3,841
Deferred Inflows of Resources												
Deferred service concession arrangement receipts............................		—		—		—		—		—		—
Deferred nonexchange revenues.............		—		—		—		—		—		—
Pensions:												
Change in proportion and differences between employer contributions and proportionate share of plan contributions...................		3,879		5,440		785		928		6,981		133
Differences between expected and actual experience...........................		143		351		185		75		370		38
OPEB:												
Change in proportion and differences between employer contributions and proportionate share of plan contributions...................		4,929		6,375		716		802		8,386		155
Net differences between projected and actual earnings on OPEB plan investments...................................		83		208		110		42		204		21
Differences between expected and actual experience...........................		780		1,953		1,030		405		1,986		203
Changes in assumptions..........................		1,361		3,409		1,799		733		3,473		356
Total...	$	11,175	$	17,736	$	4,625	$	2,985	$	21,400	$	906

Orangeburg-Calhoun Technical College	Piedmont Technical College	Spartanburg Community College	Tri-County Technical College	Trident Technical College
$ —	$ —	$ —	$ —	$ —
1,627	2,742	3,041	3,332	6,270
5	911	104	528	—
1,778	3,022	3,257	3,567	7,319
282	477	513	565	1,160
35	56	58	71	146
665	1,135	1,307	1,451	2,604
—	1,143	608	877	—
599	1,033	1,140	1,267	2,545
3,114	5,377	5,932	6,597	13,240
$ 8,105	$ 15,896	$ 15,960	$ 18,255	$ 33,284
—	—	—	—	—
—	—	—	—	—
1,801	414	451	—	3,579
91	155	167	182	374
2,126	557	263	1	5,081
49	84	97	108	208
477	823	910	1,012	2,026
833	1,439	1,587	1,765	3,543
$ 5,377	$ 3,472	$ 3,475	$ 3,068	$ 14,811

Continued on Next Page

	Williamsburg Technical College	York Technical College	South Carolina Jobs-Economic Development Authority	Patriot's Point Development Authority	South Carolina First Steps to School Readiness Board of Trustees	Total
Deferred Outflows of Resources						
Deferred amount on refunding................	$ —	$ —	$ —	$ —	$ —	$ 2,280
Pensions:						
State contributions subsequent to the measurement date......................	512	2,586	49	544	487	92,158
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	200	150	35	78	298	16,658
Net differences between projected and actual earnings on pension plan investments..................................	587	2,776	48	679	482	104,558
Differences between expected and actual experience..........................	93	438	8	106	76	16,967
Changes in assumptions.........................	11	52	1	11	8	2,187
OPEB:						
State contributions subsequent to the measurement date......................	215	1,122	19	219	196	42,507
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	282	109	59	112	262	15,329
Differences between expected and actual experience..........................	196	983	16	232	153	39,558
Changes in assumptions.........................	1,020	5,115	84	1,208	794	205,909
Total..	$ 3,116	$ 13,331	$ 319	$ 3,189	$ 2,756	$ 538,111
Deferred Inflows of Resources						
Deferred service concession arrangement receipts...........................	—	—	—	—	—	$ 571
Deferred nonexchange revenues.............	—	—	—	—	—	32
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	167	2,565	11	291	1,821	42,511
Differences between expected and actual experience..........................	30	142	2	35	25	5,495
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions..................	165	2,840	12	321	2,625	61,610
Net differences between projected and actual earnings on OPEB plan investments..................................	16	83	1	19	12	3,332
Differences between expected and actual experience..........................	156	784	13	185	122	31,552
Changes in assumptions.........................	273	1,369	22	323	213	55,116
Total..	$ 807	$ 7,783	$ 61	$ 1,174	$ 4,818	$ 200,219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NOTE 10: INSURANCE ACTIVITIES

a. Insurance Reserve Fund

The State generally does not purchase commercial insurance for the risks of losses for property damage, including theft of, damage to, and destruction of assets; automobile liability; tort liability; and medical professional liability. Instead, State management believes it is more economical to manage its risks internally and set aside assets for claim settlement in its Insurance Reserve Fund (IRF), within the internal service funds. The IRF services claims for risk of loss to which the State is exposed, including the following: property insurance on government-owned buildings, the contents of such buildings, equipment, and automobiles; automobile liability insurance on government owned vehicles and school buses; tort liability insurance for government premises and operations; and medical professional liability for hospitals. Although the State is the predominant participant in the IRF, county and municipal governments, school districts and special purpose political subdivisions also participate. The IRF allocates the cost of providing claims servicing and claims payment by charging each participant an actuarially determined premium for the coverage provided.

The IRF reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Amounts for allocated and unallocated claims adjustment expenses have been included in the calculation of the unpaid claims liability. The liability is reported net of receivables for salvage, subrogation, and reinsurance. The unpaid policy claims liability includes a provision for reported claims and claims incurred but not reported. The liability for claims incurred but not reported is an actuarial estimate based on the most current historical claims experience. This process does not necessarily result in an exact amount. The IRF continually reviews estimates of liabilities for incurred claims and revises those estimates as changes occur. The current year's operating statement reflects the revisions.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	$ 334,770	$ 89,111	$ (90,217)	$ 333,664
2020	320,641	116,986	(102,857)	334,770

The IRF purchases aircraft and ocean marine insurance, areas in which the IRF has limited expertise. The IRF also purchases reinsurance to limit losses in the areas of property, boiler and machinery, and automobile liability. The IRF purchases reinsurance for catastrophic losses in the area of property insurance for losses above $10.000 million per occurrence. Reinsurance permits partial recovery of losses from reinsurers; however, the IRF, as the direct insurer of the risks, remains primarily liable. Within the last three years there have been no claims in excess of coverage.

At June 30, 2021 the IRF had no reinsurance recoverable receivables, but had expenses of $52.397 million in reinsurance premiums for the 2021 fiscal year.

b. Employee Insurance Programs Fund

State law established the Employee Insurance Programs Fund, part of the State's internal service funds, to provide health and dental insurance coverage for eligible employees and retirees of State agencies and school districts and to provide group life and long-term disability insurance coverage to eligible active State and public school employees. The State, the predominant participant, retains the risk of loss. Under the health insurance program, participants elect coverage through a State Health Plan or a fully funded health plan if available. All dental, group life, and long-term disability coverages are provided through the State's self-insured plans. State funds and payroll deductions pay health and dental premiums for eligible State and public school employees. Agencies and school districts pay the employer share of premiums for retirees. Retirees directly pay their own share of premiums. Agencies and school districts pay the premiums for group life and long-term disability for their employees.

The Employee Insurance Programs Fund serves as the third party administrator for the Long-Term Disability Insurance Trust and the South Carolina Retiree Health Insurance Trust Fund collecting monthly premiums, processing claims, and providing other managerial and administrative responsibilities. Transfers to the LTDITF occur monthly for the Basic Long-Term Disability premiums. Likewise, monthly transfers are made from the Trust to cover the cost of claims. Refer to Note 8 for more information on the outstanding liability for Basic Long-Term Disability. Similar transactions occur monthly for the SCRHITF for which claims liability information is also available in Note 8.

The Employee Insurance Programs Fund establishes claims liabilities when information before the issuance of the financial statements indicates that a liability is probable and estimable at the date of the financial statements. The calculation of the unpaid claims liability includes amounts for allocated and unallocated claims adjustment expenses. The unpaid policy claims liability includes a provision for reported claims and for claims incurred but not reported. The Fund actuarially estimates the liability for claims incurred but not reported based on the most current historical claims experience including factors for changes in number of members and participants, inflation, award trends, and estimates of health care trend changes (cost, use, and intensity of services). This process does not necessarily result in an exact amount. The Fund continually reviews estimates of liabilities for incurred claims and revises those estimates as changes occur. The current year's operating statement reflects the revisions. The State does not discount its claims liabilities for health and dental insurance coverage to present value.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	$ 191,987	$ 3,130,466	$ (3,077,487)	$ 244,966
2020	271,350	2,785,395	(2,864,758)	191,987

c. State Accident Fund

State law established the State Accident Fund, an internal service fund, to provide workers' compensation insurance coverage to State entities. Although the State is the Fund's predominant participant, counties, municipalities, and other political subdivisions of the State may also elect to participate. The State assumes the full risk for workers' compensation claims.

The Fund investigates, adjusts, and pays workers' compensation claims as awarded by the Workers' Compensation Commission for job-related accidental injury, disease, or death to covered individuals. The Fund annually bills participating entities for estimated premiums based on the entity's estimated payroll modified for claims experience. After the policy period ends, policyholders submit the details of the actual salaries paid. The Fund then adjusts the premium using the actual payroll data.

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The claims liabilities include specific incremental claims adjustment expenses but not administrative expenses. The Fund deducts reasonably estimable amounts of salvage and subrogation and reinsurance recoverable, if any, on both settled and unsettled claims from the liability for unpaid claims. The Fund periodically recomputes claims liabilities using a variety of actuarial and statistical techniques to produce current estimates. The Fund charges or credits expense in the period when it adjusts claims liabilities. Policy claims in the financial statements include the liabilities for claims reported but not yet paid and for claims incurred but not reported. Because actual claims costs depend on such complex factors as inflation, changes in legal doctrines, and damage awards, computation of the claims liability does not necessarily result in an exact amount.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	$ 202,768	$ 72,939	$ (52,288)	$ 223,419
2020	210,990	43,603	(51,825)	202,768

The Fund has entered into a reinsurance agreement to reduce its exposure to catastrophic losses on insured events. Losses in excess of $1.000 million are covered up to limits of statutory liability; the Fund retains the risk for the first $1.000 million of loss. Reinsurance reduces the Fund's exposure to losses on insured events related to State-owned aircraft in excess of $1.000 million per occurrence up to a limit of $9.000 million. Reinsurance permits partial recovery of losses from reinsurers; however, the Fund, as the direct insurer of the risks, remains primarily liable. Within the last three years there have been no claims in excess of coverage.

At June 30, 2021 the Fund had a balance of $496 thousand in reinsurance recoverable receivables and had expenses of $2.871 million in reinsurance premiums for the 2021 fiscal year.

d. Uninsured Employers' Fund

The Uninsured Employers' Fund was established by Section 42-7-200. Effective July 1, 2013 the powers, duties, obligations and responsibilities of the Second Injury Fund that relate to the South Carolina Workers' Compensation Uninsured Employers' Fund were devolved upon the South Carolina Workers' Compensation Uninsured Employers' Fund within the State Accident Fund. This long term liability is included in the Governmental Activities located in Exhibit A-1.

Per Section 42-7-200(a) of the South Carolina Code of Laws of 1976, as amended, the Uninsured Employers' Fund issues payment of awards of workers' compensation benefits, which are unpaid because of employers who fail to acquire necessary coverage for employees. Funding for payment of awards is provided from collections of the tax on insurance carriers and self-insured persons in an amount sufficient to maintain the fund.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	$ 21,696	$ 15,228	$ (8,244)	$ 28,680
2020	22,470	4,052	(4,826)	21,696

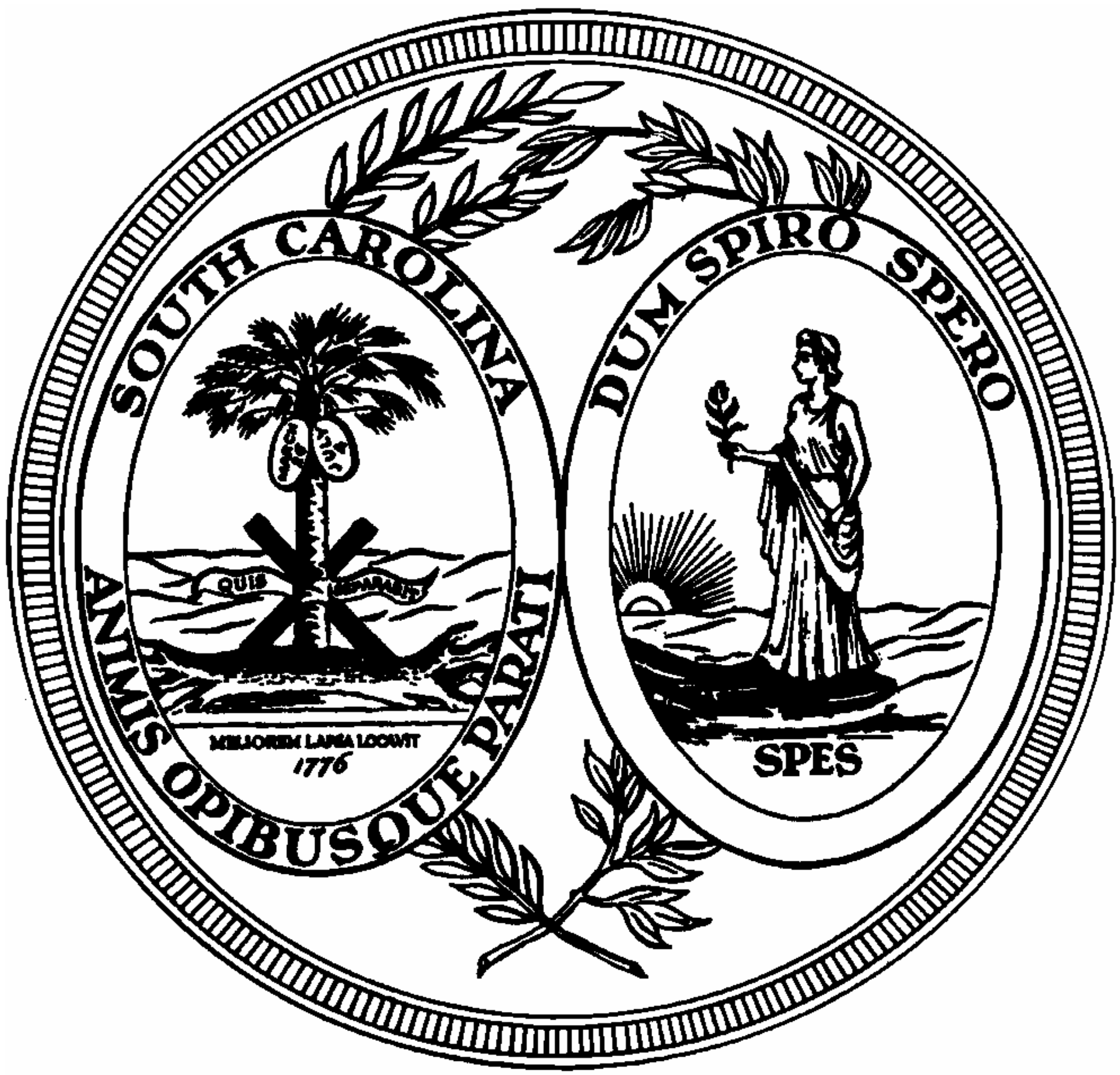
e. Second Injury Fund

The Second Injury Fund, a major enterprise fund, was created by Code of Laws Section 42-7-310. It established the guidelines by which to pay compensation claims in those cases where an individual having an existing permanent physical impairment incurs a subsequent disability from injury by accident arising out of and in the course of employment. Funding for payment of compensation awards and for Fund operating costs is provided by equitable assessments upon all workmen's compensation insurance carriers, self-insurers, and the South Carolina State Accident Fund (approximately 360 entities). Participation is mandatory as required by State law. Participants of the fund are responsible for the fund's liabilities. Payments of claims and awards are made directly to the carriers and self-insurers. The State of South Carolina will not be responsible for any expense or liabilities of the fund, except the State Accident Fund, who is a participant in the fund.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	$ 195,116	$ 756	$ (15,714)	$ 180,158
2020	212,086	1,477	(18,447)	195,116

With the ratification of the Workers' Compensation Reform Act the Second Injury Fund has been placed in "run-off" and was terminated effective July 1, 2013. The Act provides for an orderly termination of the Fund through decreasing the assessment calculation factor, closing the acceptance of new claims, and transferring any remaining claims as of July 1, 2013 to the State Accident Fund and any remaining assets or operational liabilities to the State Fiscal Accountability Authority.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NOTE 11: LEASES

The State leases land, office facilities, equipment, and other assets under both capital and operating leases.

a. Capital Leases

The present value of future minimum capital lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net position at June 30, 2021 for the primary government were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities
2022	$ 1,393
2023	1,161
2024	865
2025	664
2026	486
2027-2031	2,128
2032-2036	601
Total minimum payments	**7,298**
Less: interest and executory costs	(992)
Net minimum payments	**$ 6,306**

Assets under capital leases recorded in the accompanying government-wide statement of net position at June 30, 2021, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Governmental Activities
Machinery and equipment	$ 6,395
Assets acquired under capital leases before accumulated amortization	**6,395**
Less: accumulated amortization	(4,077)
Assets acquired under capital leases, net	**$ 2,318**

b. Operating Leases

For the primary government's fiscal year ended June 30, 2021, minimum rental payments under operating leases were $62.071 million and contingent rental payments were $4.015 million. The State's contingent rental payments are primarily for copiers, with expense being determined on a cost-per-copy basis.

At June 30, 2021, future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities
2022	$ 33,637
2023	27,927
2024	20,087
2025	16,722
2026	11,155
2027-2031	20,885
2032-2036	798
Net minimum payments	**$ 131,211**

c. Facilities and Equipment Leased to Others

At June 30, 2021, State agencies within the primary government had leased to non-State parties certain land, facilities, or equipment having a cost of approximately $96.089 million and related accumulated depreciation of $35.287 million. Future minimum rental payments to be received at June 30, 2021, under these operating leases were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities
2022	$ 8,299
2023	6,931
2024	5,212
2025	5,513
2026	5,670
2027-2031	28,621
2032-2036	32,067
2037-2041	26,196
Total	**$ 118,509**

NOTE 12: BONDS AND NOTES PAYABLE

a. General Obligation Bonds

General obligation bonds are backed by the full faith, credit, and taxing power of the State. General obligation bonds outstanding at June 30, 2021, were (net of unamortized premiums/discounts, expressed in thousands):

Governmental Activities:		
State highway bonds, 5.00%, maturing serially through 2023	$	27,749
Infrastructure Bank bonds, 2.50% to 5.00%, maturing serially through 2028		24,595
State economic development bonds, 2.00% to 5.00%, maturing serially through 2029		170,924
Research university infrastructure bonds, 3.00% to 5.00%, maturing serially through 2029		25,784
Air carrier hub terminal facilities bonds, 1.00% to 4.00%, maturing serially through 2025		16,177
Totals—primary government	**$**	**265,229**

At June 30, 2021, $6.344 million of capital improvement bonds, $106.000 million of State highway bonds, $121.125 million of State economic development bonds, and $13.680 million of State research university infrastructure bonds were authorized by the General Assembly but unissued.

At June 30, 2021, future debt service requirements for general obligation bonds for the primary government were (expressed in thousands):

	Governmental Activities			
Year Ending June 30	**Principal**		**Interest**	
2022	$	62,180	$	9,809
2023		43,455		6,747
2024		54,990		4,768
2025		34,785		2,442
2026		7,985		1,050
2027-2029		21,435		1,361
Total debt service requirements		**224,830**	**$**	**26,177**
Unamortized premiums		40,399		
Total principal outstanding	**$**	**265,229**		

The Department of Transportation Special Revenue Fund, a major governmental fund, pays the debt service for the State highway bonds. The Local Government Infrastructure Fund, a major governmental fund, pays the debt service for the Infrastructure Bank bonds. The General Fund pays the debt service for the other general obligation bonds recorded for governmental activities.

Rather than directly limiting the amount of outstanding general obligation debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 2021, was $100.837 million for highway bonds, $520.297 million for general obligation bonds excluding institution and highway bonds, $41.612 million for economic development bonds, and $41.040 million for research university infrastructure bonds. Excluded from the debt service limit calculations are a $170.000 million 2010 issue, an $85.000 million 2013 issue, and an $18.110 million 2015 issue of economic development bonds and a $50.000 million 2010 issue of air carrier hub terminal facilities bonds which by State Law are not subject to the limitation on maximum annual debt service.

b. Revenue, Infrastructure Bank, and Other Bonds and Notes

Revenue debt is not backed by the full faith, credit, and taxing power of the State. Revenue, Infrastructure Bank, and other bonds and notes outstanding at June 30, 2021, were (net of unamortized premiums/discounts, expressed in thousands):

	Bonds	Notes
Primary Government:		
Governmental Activities:		
Infrastructure Bank bonds, 0.40% to 5.25%, maturing serially through 2041	$ 1,472,319	$ —
Department of Mental Health bonds, 3.25% to 5.00%, maturing through 2038	37,348	—
Department of Transportation note, 3.04%, maturing through 2032	—	4,045
Department of Administration notes, 1.66% to 2.80%, maturing through 2023	—	5,114
Department of Education notes, 0.87% to 1.72%, maturing through 2025	—	11,502
Judicial Department note, 0.89%, maturing through 2026	—	4,522
Department of Corrections notes, 2.62% to 5.25%, maturing through 2024	—	415
Department of Probation, Parole and Pardon note, 0.94% to 1.81%, maturing through 2026	—	1,387
Department of Public Safety note, 1.87%, maturing through 2030	—	7,851
Department of Social Services note, 1.71% to 2.94%, maturing through 2024	—	4,176
Department of Parks, Recreation and Tourism, 0.94%, maturing through 2025	—	666
InvestSC, Inc. notes, 7.25%, maturing through 2023	—	25,000
Totals—governmental activities	**1,509,667**	**64,678**
Business-Type Activities:		
Nonmajor enterprise fund bonds, 0.43%, maturing through 2038	$ 4,990	$ —
Palmetto Railways note, 4.28%, maturing through 2047	—	6,500
Totals—business-type activities	**4,990**	**6,500**
Totals—primary government	**$ 1,514,657**	**$ 71,178**

Debt Derivatives

Transportation Infrastructure Bank

The Transportation Infrastructure Bank, reported in the Local Government Infrastructure Fund, a major governmental fund, is a party to interest rate exchange agreements with a termination date of October 1, 2031, to enhance the interest cost savings and offset changes in tax-exempt variable interest rates on certain revenue bonds. Under these variable-to-fixed interest rate exchanges, for the 2003B-1 and 2003B-3 agreements, the Bank pays a 3.859% fixed rate on a notional amount, having an amortization schedule equal to that of the revenue bonds. For the 2003B-2 agreement, the Bank pays a 3.932% fixed rate on a notional amount, having an amortization schedule equal to that of the revenue bond. In return, the counterparties of the agreement pay the Bank a variable rate equal to 67.0% of the one-month London Interbank Offered Rate (LIBOR), plus 0.40%, on such notional amount. For the fiscal year ended June 30, 2021, the Bank made variable bond interest payments of $1.894 million and fixed rate payments on the exchange agreement of $13.499 million. The Bank received variable swap payments on the exchange agreement of $331 thousand. On June 15, 2021, the Bank terminated its interest rate exchange agreements. The termination of the interest rate swaps resulted in the Bank having to make termination payments to the swap counterparties in the amount of $73.199 million. The agreements called for these payments to be made on or before July 7, 2021 and as the amounts were not paid before year-end, the Bank has accrued the payments as payable at June 30, 2021.

Pledged Revenues for Payment of Debt

Certain revenue bonds require the individual business-type activities to provide sufficient revenue to pay debt service and to fund all necessary expenses of the activities. The funds that receive the proceeds of revenue, Infrastructure Bank, and other bonds and notes have pledged revenues for payment of debt service as follows:

Primary Government:
Governmental Activities:

	Infrastructure Bank Bonds
Specific revenue pledged	Truck and vehicle registration fees; One-cent motor fuel user fee; contributions receivable and intergovernmental loans
Approximate amount of pledge	$177.428 million
General purpose for the debt	Provide financial assistance for major transportation projects for DOT
Term of commitment	FY 2041
% of revenue stream pledged	93.80%
Pledged revenue recognized	$277.350 million
Principal & interest paid	$140.880 million

Debt Service Requirements

At June 30, 2021, future debt service requirements for revenue, Infrastructure Bank, and other bonds and notes of the primary government were as follows (expressed in thousands):

	Primary Government			
	Governmental Activities		Business-Type Activities	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2022	$ 107,303	$ 59,319	$ 205	$ 7
2023	81,859	54,708	215	7
2024	68,251	50,663	225	7
2025	70,127	47,416	235	7
2026	79,224	44,058	245	6
2027-2031	436,544	168,633	1,380	25
2032-2036	392,982	74,370	1,700	14
2037-2041	191,688	24,071	785	2
2042-2046	—	—	—	—
2047	—	—	6,500	5,163
Total debt service requirements....................................	**1,427,978**	**$ 523,238**	**11,490**	**$ 5,238**
Net unamortized premiums...............	146,367		—	
Total principal outstanding.............	**$ 1,574,345**		**$ 11,490**	

On May 5, 2017, the Palmetto Railways purchased the assets of the Hampton and Branchville Railroad Company (H&B) for $6.500 million. Financing for the acquisition was provided to the Division by the Colleton County Intermodal Corporation (CCIC), which obtained the funds from its issuance of taxable economic development revenue bonds.

Payments on the loan are payable only from the revenues and net income generated from the operation of H&B. Payments are limited to 10% of annual revenues of H&B and 25% of net income generated by H&B.

The loan matures on May 12, 2047 and may be extended in four increments of five years each, if certain conditions are met and the loan has not been paid in full by the maturity date. The loan has a put option beginning at the end of five years under which Palmetto Railways may relinquish its rights to the H&B in exchange for the loan being considered paid in full. The loan also contains a call option exercisable after five years under which CCIC can demand payment in full or repossess the H&B if the loan payments in the preceding fiscal year are less than CCIC's payment obligations on its taxable economic development revenue bonds for that year.

The loan requires total payments of $11.663 million, which includes $6.500 million of principal that was borrowed to fund the acquisition of H&B. This leaves the remaining $5.163 million allocated to interest expense. Because of the variable nature of the payments, the effective interest rate will vary depending on the timing and amount of the loan repayments. Assuming a level stream of payments over the life of the loan, the effective interest rate is calculated to be 4.28%.

Interest Expense

Borrowing is essential to the continuation of programs associated with certain entities reported within the primary government's governmental activities. The primary government reported interest expense during the fiscal year ended June 30, 2021, in governmental functions for these entities as follows (expressed in thousands):

	Amount
Transportation	$ 56,557
Total allocated interest expense	**$ 56,557**

c. Defeased Bonds

For all defeasances involving advance refundings in the current and prior years, the securities purchased were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the State has removed the defeased bonds from the accompanying financial statements. At June 30, 2021, the following outstanding bonds of the primary government were considered defeased (expressed in thousands):

	Governmental Activities
Economic Development bonds	$ 36,815
Tobacco Authority bonds	72,833
Totals	**$ 109,648**

d. Arbitrage Rebate Payable

The Internal Revenue Code and arbitrage regulations issued by the Internal Revenue Service require rebate to the federal government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued. At June 30, 2021, there was an arbitrage rebate liability associated with the State's General Obligation Debt of $42 thousand and a $1.715 million arbitrage rebate liability associated with the Local Government Infrastructure Fund (a major governmental fund).

e. Conduit Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds do not appear as liabilities in the accompanying financial statements.

The Educational Facilities Authority, reported in the General Fund, issues bonds to assist nonprofit educational institutions that do not receive State appropriations in the acquisition, construction, and financing of facilities for educational programs. The bonds are payable solely from, and secured by, a lease agreement on the facilities between the Authority and the institution. When the bonds have been fully paid, the Authority conveys the title for the facility to the institution. At June 30, 2021, the outstanding balance of bonds issued was $138.161 million.

NOTE 13: CHANGES IN LIABILITIES

Changes in major classes of long-term liabilities for the fiscal year ended June 30, 2021, were (expressed in thousands):

	Balances at July 1, 2020 (as restated)	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
Primary Government:					
Governmental Activities					
Policy claims	$ 751,221	$ 3,312,410	$ (3,232,875)	$ 830,756	$ 632,482
Notes payable	89,670	6,672	(31,664)	64,678	24,253
General obligation bonds payable	326,905	92,905	(194,980)	224,830	62,180
Unamortized discounts and premiums	41,842	11,813	(13,256)	40,399	—
Total general obligation bonds payable	368,747	104,718	(208,236)	265,229	62,180
Infrastructure Bank bonds payable	1,408,181	—	(77,636)	1,330,545	81,780
Unamortized discounts and premiums	150,343	—	(8,569)	141,774	—
Total Infrastructure Bank bonds	1,558,524	—	(86,205)	1,472,319	81,780
Revenue bonds payable	33,960	—	(1,205)	32,755	1,270
Unamortized discounts and premiums	4,744	—	(151)	4,593	—
Total revenue bonds payable	38,704	—	(1,356)	37,348	1,270
Capital leases payable	2,267	5,786	(1,747)	6,306	1,172
Compensated absences payable	210,091	130,286	(132,917)	207,460	117,733
Net pension liability	4,009,686	384,140	—	4,393,826	—
Net other post-employment benefit liability	3,122,653	508,241	—	3,630,894	—
Judgments and contingencies payable	2,713	—	(1,713)	1,000	1,000
Arbitrage payable	319	1,438	—	1,757	—
Total long-term liabilities	$ 10,154,595	$ 4,453,691	$ (3,696,713)	$ 10,911,573	$ 921,870

For compensated absences, the General Fund normally liquidates approximately 66%, Departmental Program Services approximately 19%, and the Department of Transportation Special Revenue approximately 13%. The remaining 2% is liquidated by other governmental funds and the internal service funds. The entire claims liability is reported in the internal service funds (See Note 10) and will be liquidated by those funds. The net pension and OPEB liabilities will be liquidated primarily from the General Fund, approximately 68%, with the remaining amounts from the Departmental Program Services Fund, Local Government Infrastructure Fund, Department of Transportation Special Revenue Fund, and internal service funds.

	Balances at July 1, 2020 (as restated)	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
Primary Government:					
Business-type Activities					
Policy claims	$ 195,116	$ 756	$ (15,714)	$ 180,158	$ 23,043
Notes payable	6,500	—	—	6,500	—
Revenue bonds payable	5,185	—	(195)	4,990	205
Compensated absences payable	1,794	1,330	(1,132)	1,992	1,096
Net pension liability	14,974	24,441	—	39,415	—
Net other post-employment benefit liability	12,473	22,568	—	35,041	—
Total long-term liabilities	$ 236,042	$ 49,095	$ (17,041)	$ 268,096	$ 24,344

NOTE 14: FUND BALANCES IN GOVERNMENTAL FUNDS

Fund balance classifications in governmental funds represent levels of constraints on the use of the resources received and reported in each fund. At June 30, 2021, the amounts constrained within the fund balance in governmental funds (expressed in thousands) were as follows:

	General Fund	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable:						
Interfund receivables	$ 51,142	$ —	$ —	$ —	$ —	$ 51,142
Inventories	31,922	72,897	—	4,291	—	109,110
Prepaid items	25,655	3,699	—	5,878	312	35,544
Other assets	31	—	—	203	—	234
Long-term loans and notes receivable	29,657	—	—	—	—	29,657
Endowments	—	—	—	—	11,642	11,642
Total Non-spendable	138,407	76,596	—	10,372	11,954	237,329
Restricted:						
Primary and Secondary Education	252,041	894,918	—	—	254,602	1,401,561
Health, Human Services and Environment	119,769	312,340	—	—	159,668	591,777
Transportation	—	11,979	1,188,054	1,091,829	—	2,291,862
Debt Service	—	—	1,030,702	—	—	1,030,702
Waste management	—	—	—	—	522,443	522,443
General Government	971,826	417,784	—	—	—	1,389,610
Total Restricted	1,343,636	1,637,021	2,218,756	1,091,829	936,713	7,227,955
Committed:						
General Government	514,043	44,223	—	366,624	58,029	982,919
Primary and Secondary Education	43,299	17,057	—	—	—	60,356
Health, Human Services and Environment	70,593	—	—	—	277	70,870
Total Committed	627,935	61,280	—	366,624	58,306	1,114,145
Assigned:						
Primary and Secondary Education	6,971	—	—	—	—	6,971
Health, Human Services and Environment	153,352	46,222	—	—	55,980	255,554
General Government	123,746	12,741	—	—	104	136,591
Administration of Justice	19,032	10,001	—	—	18,338	47,371
Economic Development	20,491	18,255	—	—	6,296	45,042
Transportation	—	—	—	—	305	305
Social Programs	48,331	5	—	—	12,070	60,406
Total Assigned	371,923	87,224	—	—	93,093	552,240
Unassigned	8,148,491	(1,431,818)	—	—	(40)	6,716,633
Total Fund Balances	**$ 10,630,392**	**$ 430,303**	**$ 2,218,756**	**$ 1,468,825**	**$ 1,100,026**	**$ 15,848,302**

The following subsections contain further descriptive information regarding the constraints of fund balance:

a. Non-spendable

This portion of fund balance is not available for appropriation because it is either in a form that cannot be spent or is legally or contractually required to be maintained intact (endowments).

b. Restricted

Primary and Secondary Education

The balance represents resources received from external parties or through enabling legislation which creates resources and narrowly defines the use of the resources for the continuation and improvement of educational programs in the State. The programs include formative education, higher education, and skills training for job creation.

Health, Human Services and Environment

These are restricted resources for the continuation and enhancement of programs to improve the health and safety of the citizens and visitors of the State of South Carolina. Programs promote environment, physical, and mental health of the State, its resources, citizens, and travelers.

Transportation

Restricted resources for transportation are imposed by external parties or enabling legislation for use in the maintenance and improvement of highway systems and access to commercial markets through rail, air, and transoceanic.

Debt Service

The balance represents resources received from external parties or through enabling legislation which requires the use of the resources for the repayment of outstanding debt, including principal and interest.

Administration of Justice

These are restricted resources for the continuation and enhancement of programs to improve the safety of the citizens and visitors of the State of South Carolina. Programs promote law enforcement agencies, judicial agencies and corrections of the State, its resources, citizens, and travelers.

Waste Management

The balance represents resources received from external parties which requires the use of the resources for governmental actions involving uncontrolled hazardous waste sites.

General Government

General Government includes resources restricted to individual programs undertaken by the agencies to provide services and resources to the constituents of the State of South Carolina and visitors to it.

c. Committed

General Government

This represents the portion of the fund balance, which is constrained through enabling legislation for programs within the established missions of the agencies in its directives for service to the citizens of the State of South Carolina.

Primary and Secondary Education

This portion of fund balance has been committed through various sections of the State's Code of Law which stipulate the use of resources for the continuation and improvement of educational programs in the State. The programs include formative education, higher education, and skills training for job creation.

Health, Human Services and Environment

This represents the portion of the fund balance, which has been committed through various sections of the State's Code of Law, for purposes of promoting and safeguarding the health of the citizens and visitors of the State. The programs include enforcement of regulations, access to services, and education in the risks faced by the citizens of the State.

d. Assigned

Capital Projects

The fund balance reported in this category arises primarily from budgetary proviso actions and from contracts between the State and vendors for services and construction provided. The resources will be expended over the life of the construction.

Primary and Secondary Education

Amounts reported in this category arise from programmatic requirements for use in educational purposes. The assignment may be by contract with other state agencies or through budgetary action of the legislation in the form of a proviso.

Health, Human Services and Environment

The fund balance reported in this category arises primarily from contracts between state agencies for services provided in connection with public health and the safety of the citizens and visitors to the State.

General Government

The fund balance reported in this category is created through budgetary proviso actions and agency contractual obligations between parties within the reporting entity relating to a variety of other services provided to the citizens of the State and its visitors.

Administration of Justice

The fund balance reported in this category arises primarily from budgetary proviso actions which provide a certain level of funding to the courts to ensure the safety of its citizens and visitors.

Economic Development

The fund balance reported in this category arises primarily from budgetary proviso actions which provide a certain level of funding to assist in bringing businesses to South Carolina or expanding current businesses within South Carolina as it relates to infrastructure.

Transportation

The fund balance reported in this category arises primarily from budgetary proviso actions which provide a certain level of funding for use in the maintenance and improvement of highway systems and access to commercial markets through rail, air, and transoceanic.

Social Programs

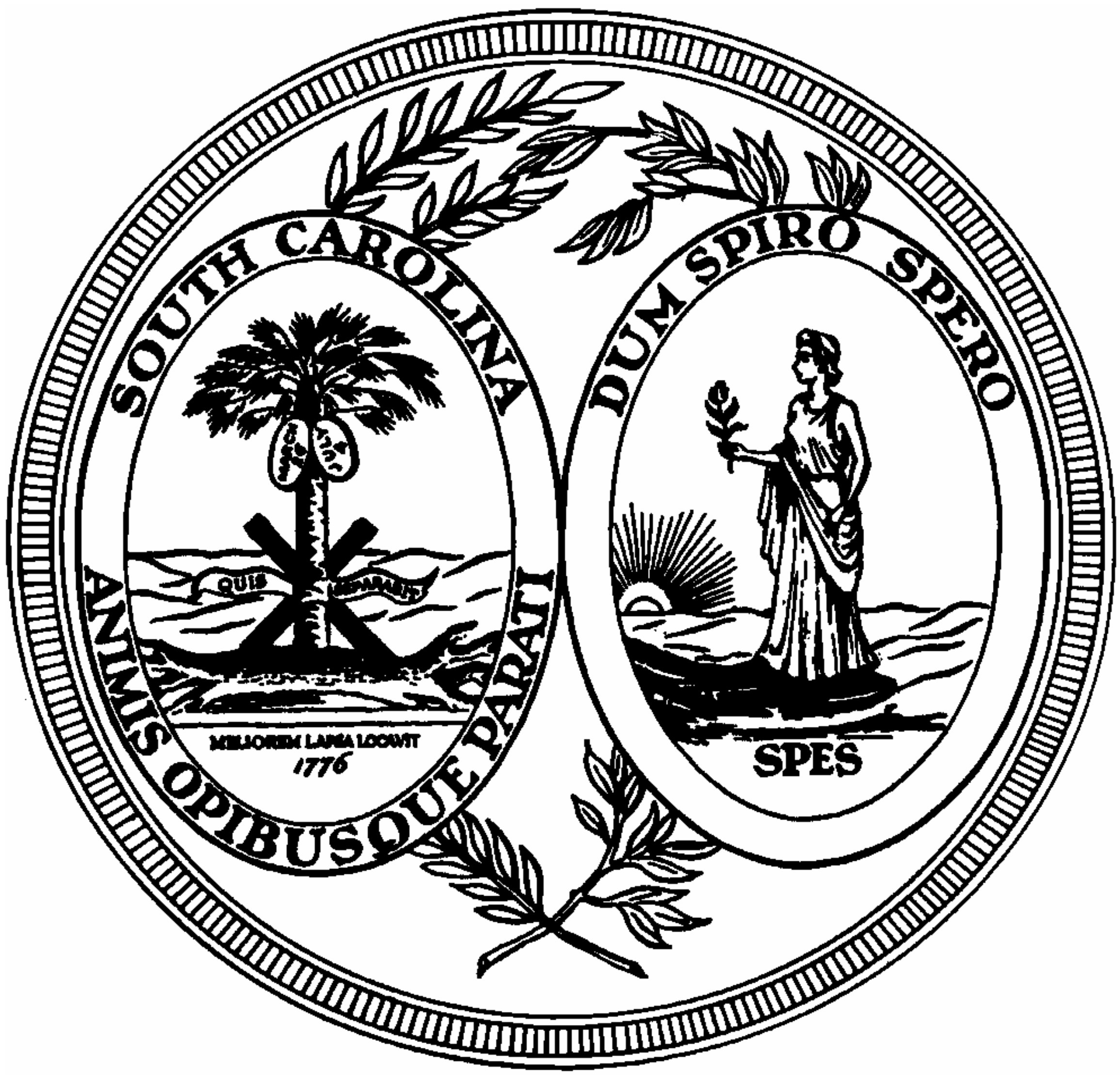
Amounts reported in this category primarily arise through contractual agreements between state agencies that cooperate in the provision of social programs to the citizens of the State.

e. Unassigned

Included in the unassigned fund balance classification is the General Reserve Fund (the Reserve). The South Carolina Constitution requires that the State maintain this reserve which aids in preventing year-end deficits in the Budgetary General Fund.

If the State withdraws funds from the Reserve to cover a year-end deficit, it must replace the funds within five years. The Constitution requires that at least one percent of the Budgetary General Fund revenue of the latest completed fiscal year, if so much is necessary, be restored each year following the deficit until full funding is achieved.

The Reserve is fully funded when it equals 5 percent of the Budgetary General Fund's revenue of the previous fiscal year. At June 30, 2021, the Reserve met the legally-required fully funded amount.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NOTE 15: FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

The following table reconciles the beginning fund equity as previously reported to the beginning fund equity as restated (dollars in thousands):

	7/1/2020 Fund Equity as Previously Reported	Implementation of GASB 84	7/1/2020 Fund Equity as Restated
Primary Government			
Governmental Funds:			
General Fund	$ 6,985,669	$ (39,747)	$ 6,945,922
Departmental Program Services	433,507	54,144	487,651
Local Government Infrastructure	2,291,457	—	2,291,457
Department of Transportation Special Revenue	981,818	170,635	1,152,453
Other Nonmajor Governmental Funds	961,625	6,228	967,853
Total Governmental Funds	11,654,076	191,260	11,845,336
Internal Service Funds	885,391	—	885,391
Government-wide:			
Capital assets	18,791,692	(2,817)	18,788,875
Net deferred outflows and inflows	662,853	—	662,853
Long-term liabilities	(9,525,653)	1,235	(9,524,418)
Total Government-wide	9,928,892	(1,582)	9,927,310
Total Governmental Activities	22,468,359	189,678	22,658,037
Business-type Activities - Enterprise Funds:			
Unemployment Compensation Fund	1,314,704	—	1,314,704
Second Injury Fund	55,343	—	55,343
Other nonmajor enterprise funds	198,726	17,761	216,487
Total Business-type Activities - Enterprise Funds	1,568,773	17,761	1,586,534
Fiduciary Funds:			
Pension and Other Post-Employment Trust	32,948,166	—	32,948,166
Investment Trust Local Government Investment Pool	8,432,150	—	8,432,150
Private Purpose Trust	4,364,461	(19,521)	4,344,940
Custodial Funds	66,456	(18,118)	48,338
Total Fiduciary Funds	45,811,233	(37,639)	45,773,594
Total Primary Government	$ 69,848,365	$ 169,800	$ 70,018,165
Component Units			
Public Service Authority	$ 2,033,359	$ —	$ 2,033,359
MUSC	(37,074)	—	(37,074)
USC	456,366	—	456,366
Clemson University	976,553	—	976,553
State Ports Authority	743,962	—	743,962
Housing Authority	479,941	—	479,941
Lottery Commission	1,011	—	1,011
Nonmajor component units	798,530	962	799,492
Total Component Units	$ 5,452,648	$ 962	$ 5,453,610

During the year ended June 30, 2021, the State implemented GASB 84. This resulted in a change in accounting principle which resulted in the restatements of July 1, 2020 fund equity detailed above.

NOTE 16: INTERFUND AND INTRAFUND BALANCES AND TRANSFERS

The following tables summarize interfund balances at June 30, 2021 (expressed in thousands):

Funds	Due From	Due To
General Fund		
Departmental Program Services	$ 120,883	$ 62,691
Local Government Infrastructure	39	19,800
Department of Transportation Special Revenue Fund	1,482	97,826
Nonmajor governmental funds	1,837	3,051
Internal service	773	23,720
Unemployment Compensation	4,376	1
Nonmajor enterprise funds	514	197
Fiduciary	144,303	488
	274,207	207,774
Departmental Program Services		
General Fund	62,691	120,883
Nonmajor governmental funds	92	85
Internal service	2,439	58
Nonmajor enterprise funds	50	7
Fiduciary	5,348	146
	70,620	121,179
Local Government Infrastructure		
General Fund	19,800	39
Department of Transportation Special Revenue Fund		
General Fund	97,826	1,482
Nonmajor Governmental Funds		
General Fund	3,051	1,837
Departmental Program Services	85	92
Fiduciary	823	29,490
	3,959	31,419
Internal Service		
General Fund	23,720	773
Departmental Program Services	58	2,439
Internal service	116	116
Nonmajor enterprise funds	15	—
Fiduciary	1,800	—
	25,709	3,328
Unemployment Compensation		
General Fund	1	4,376
Nonmajor Enterprise Funds		
General Fund	197	514
Departmental Program Services	7	50
Internal service	—	15
Fiduciary	51	6
	255	585
Fiduciary		
General Fund	488	144,303
Departmental Program Services	146	5,348
Department of Transportation Special Revenue Fund	—	—
Nonmajor governmental funds	29,490	823
Internal service	—	1,800
Nonmajor enterprise funds	6	51
Fiduciary	85,937	85,937
	116,067	238,262
Totals	**$ 608,444**	**$ 608,444**

Amounts due from/to funds resulting from interfund goods and services provided or reimbursable expenditures/expenses incurred on or before June 30 for which payment was received/made after June 30.

Funds	Interfund Receivables	Interfund Payables	Receivables Long-term Portion
General Fund			
Departmental Program Services	$ —	$ 1,550	$ —
Nonmajor enterprise funds	51,000	—	—
Internal service	142	—	142
	51,142	1,550	142
Departmental Program Services			
General Fund	1,550	—	1,550
Custodial funds	—	234	234
	1,550	234	1,784
Local Government Infrastructure			
Department of Transportation Special Revenue	113,239	—	93,798
Department of Transportation Special Revenue Fund			
Local Government Infrastructure	—	113,239	—
Nonmajor Enterprise Funds			
General Fund	—	51,000	—
Internal Service			
General Fund	—	142	—
Custodial Funds			
Departmental Program Services	234	—	—
Totals	**$ 166,165**	**$ 166,165**	**$ 95,724**

The preceding interfund receivables and payables generally include loans for building improvements, economic development initiatives, and initial funding for new programs. Also included are the following:

- $113.239 million owed by the Department of Transportation Special Revenue Fund, a major governmental fund, to the Local Government Infrastructure Fund, a major governmental fund. The Department of Transportation has entered into various agreements to provide assistance for highway and transportation facilities projects being constructed by the Local Government Infrastructure Fund.
- $51.000 million owed by the Palmetto Railways Fund, a nonmajor enterprise fund, to the General Fund. The $51.000 million interfund payable due to the Department of Commerce from the Palmetto Railways Fund was amended in August 2021 to establish semi-annual payments for 25 years from the beginning of the first year of operation of the Navy Base Intermodal Facility.

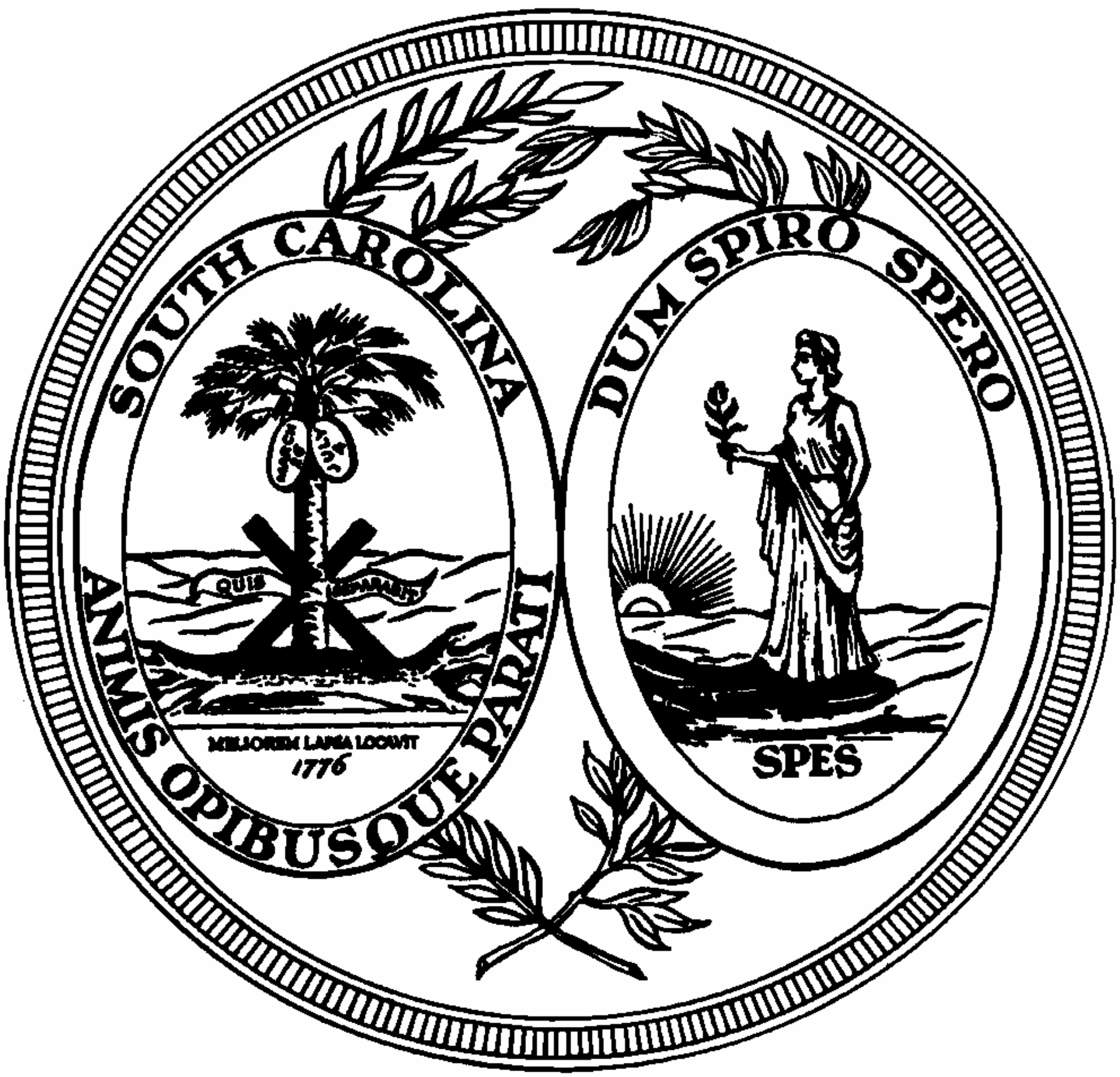
The following table summarizes interfund transfers during the fiscal year ended June 30, 2021 (expressed in thousands):

Funds	Transfers In	Transfers Out
General Fund		
Departmental Program Services	$ 2,602	$ 21,282
Local Government Infrastructure	—	6,166
Department of Transportation	3,564	5,837
Nonmajor governmental funds	19,178	49,829
Unemployment Compensation Benefits	19,363	336,397
Nonmajor enterprise funds	2,830	—
Internal service	418	3,711
Custodial funds	7,155	—
	55,110	423,222
Departmental Program Services		
General Fund	13,882	2,602
Nonmajor governmental funds	1,943	4,286
Unemployment Compensation Benefits	200	—
Second Injury	2,702	—
Internal service	6,831	—
Custodial funds	1,072	—
	26,630	6,888
Local Government Infrastructure		
General Fund	6,166	—
Department of Transportation		
General Fund	5,837	3,564
	5,837	3,564
Nonmajor Governmental Funds		
General Fund	57,229	19,178
Departmental Program Services	4,286	1,943
Nonmajor governmental funds	83,298	83,298
Nonmajor enterprise funds	1,170	232
Internal Service	966	—
	146,949	104,651
Unemployment Compensation Benefits		
General Fund	336,397	19,363
Second Injury Fund		
Departmental Program Services	—	200
Nonmajor Enterprise Funds		
General Fund	—	2,830
Department Program Services	—	2,702
Nonmajor governmental funds	232	1,170
	232	6,702
Internal Service		
General Fund	3,711	418
Department Program Services	—	6,831
Nonmajor governmental funds	—	966
Internal Service	2,281	2,281
	5,992	10,496
Custodial Funds		
General Fund	—	7,155
Department Program Services	—	1,072
	—	8,227
Totals	**$ 583,313**	**$ 583,313**

The State routinely uses transfers to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move State grant monies from grantor funds to grantee funds, and (3) transfer bond proceeds from the original fund to other funds authorized to receive portions of the proceeds.

The following tables summarize intra-entity balances between the primary government and its discretely presented component units at June 30, 2021 (expressed in thousands):

Funds	Due From	Due To
General Fund		
MUSC	$ —	$ 7,026
USC	—	1,360
Clemson University	—	7,240
Housing Authority	—	2,770
Ports Authority	50,000	—
Nonmajor discretely presented component units	4,488	713
	54,488	19,109
Departmental Program Services		
MUSC	—	12,428
USC	—	6,434
Clemson University	—	1,077
Nonmajor discretely presented component units	—	4,718
	—	24,657
Department of Transportation Special Revenue Fund		
Nonmajor discretely presented component units	84	—
Nonmajor Governmental Funds		
MUSC	—	35
USC	—	2
Clemson University	—	33,470
Lottery Commission	23,647	—
Nonmajor discretely presented component units	8,386	2,455
	32,033	35,962
Internal Service		
USC	6,486	—
Clemson University	5,483	—
Nonmajor discretely presented component units	4,797	—
	16,766	—
Governmental activities total	**103,371**	**79,728**
MUSC		
General Fund	7,026	—
Departmental Program Services	12,428	—
Nonmajor governmental funds	35	—
	19,489	—
USC		
General Fund	1,360	—
Departmental Program Services	6,434	—
Nonmajor governmental funds	2	—
Internal service	—	6,486
	7,796	6,486
Clemson University		
General Fund	7,240	—
Departmental Program Services	1,077	—
Nonmajor governmental funds	33,470	—
Internal service	—	5,483
	41,787	5,483
Housing Authority		
General Fund	2,770	—
Ports Authority		
General Fund	—	50,000
Lottery Commission		
Departmental Program Services	—	23,647
Nonmajor Discretely Presented Component Units		
General Fund	713	4,488
Departmental Program Services	4,718	—
Department of Transportation Special Revenue Fund	—	84
Nonmajor governmental funds	2,455	8,386
Internal service	—	4,797
	7,886	17,755
Discretely presented component units total	**79,728**	**103,371**
Totals	**$ 183,099**	**$ 183,099**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NOTE 17: RELATED PARTY TRANSACTIONS

These financial statements exclude certain related foundations and other organizations, including those discussed below. (See also Note 1a, Scope of Reporting Entity.)

During the fiscal year ended June 30, 2021, the Educational Television Endowment of South Carolina, Inc., disbursed $7.971 million on behalf of the Departmental Program Services Fund, a major governmental fund, for programs, development, advertising, and other costs and had accounts payable to the Departmental Program Services Fund of $457 thousand at June 30, 2021.

The Education Assistance Authority, a discretely presented component unit, has designated the South Carolina Student Loan Corporation (SLC) as the entity to administer the enterprise fund's student loan program. During the fiscal year ended June 30, 2021, the Authority entered various transactions with SLC. Approximate amounts within the Authority that represent these transactions include: accounts receivable from SLC $64.998 million; program revenue from SLC $1.281 million; reimbursements to SLC for administrative costs $308 thousand; and payable to SLC $482 thousand.

NOTE 18: CONTINGENCIES AND COMMITMENTS

a. Litigation

The State is involved in a number of cases in which the amounts of potential losses, if any, are not presently determinable. These cases include **Kiawah Development Partners II vs SCDHEC-OCRM (Office of Ocean and Coastal Resource Management) and State**, which alleges an unconstitutional taking/inverse condemnation of developer's Kiawah property on a spit of land above mean high-water. The plaintiff claims that the taking is due to the SCDHEC-OCRM's alleged delay and denial of most of its request for a permit to build a revetment in the related State critical area to protect Kiawah's spit from further erosion. The plaintiff seeks not less than $100 million in damages. The parties agreed to a stay of this suit while the Administrative Law Court (ALC) determined Kiawah's appeal of the permitting decision. The ALC subsequently ruled in favor of Kiawah and OCRM appealed. The Supreme Court reversed the ALC decision granting a permit for erosion control structure and the stay of the takings case lasts for 30 days after final disposition of the permit appeal. It is currently being assessed whether the stay will be lifted or how this case will proceed. Assessing the likelihood of a loss and the amount of any loss remains somewhat speculative. Additionally, there are multiple cases surrounding the denial and/or reduction of unemployment benefits which cannot yet be estimated.

The State is involved in other legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving claims asserted against the State arising from alleged torts, breach of contract, and possible violations of State laws. In the event of unfavorable outcomes in all of these matters, the State's estimated liability would be approximately $18.134 million and $70.238 million in lost future revenues. While the State is uncertain as to the ultimate outcome of any of the individual lawsuits, it believes its positions are meritorious and it is vigorously defending its position in each case.

A settlement payment totaling $44.992 million in Sales Tax revenue was received subsequent to year-end for an agreement existing as of June 30, 2021. This collection is included within the State's Receivable balance. Additional collections are anticipated but are not presently determinable.

Generally, liabilities recorded by the State's Insurance Reserve Fund (see Note 10a), an internal service fund, are sufficient to cover claims arising from alleged torts, up to the liability limits established by the South Carolina Tort Claims Act. Currently, except as described above, no tort claims are pending that are expected to result in any significant liability in excess of the provision for policy claims recorded by the Insurance Reserve Fund.

b. Federal Grants

The State receives significant federal grant and entitlement revenues. Compliance audits of federal programs may identify disallowed expenditures. Disallowances by federal program officials as a result of these audits may become liabilities of the State. The State records a liability for pending disallowances if settlement is probable and the settlement amount is reasonably estimable. Otherwise, the liability is recorded only when the State and the federal government agree on reimbursement terms. Based on an analysis of historical data, the State believes that any disallowances without an established agreement of reimbursement terms relating to the fiscal year ended June 30, 2021, or earlier years will not have a material impact on the State's financial statements.

c. Commitments to Provide Grants and Other Financial Assistance

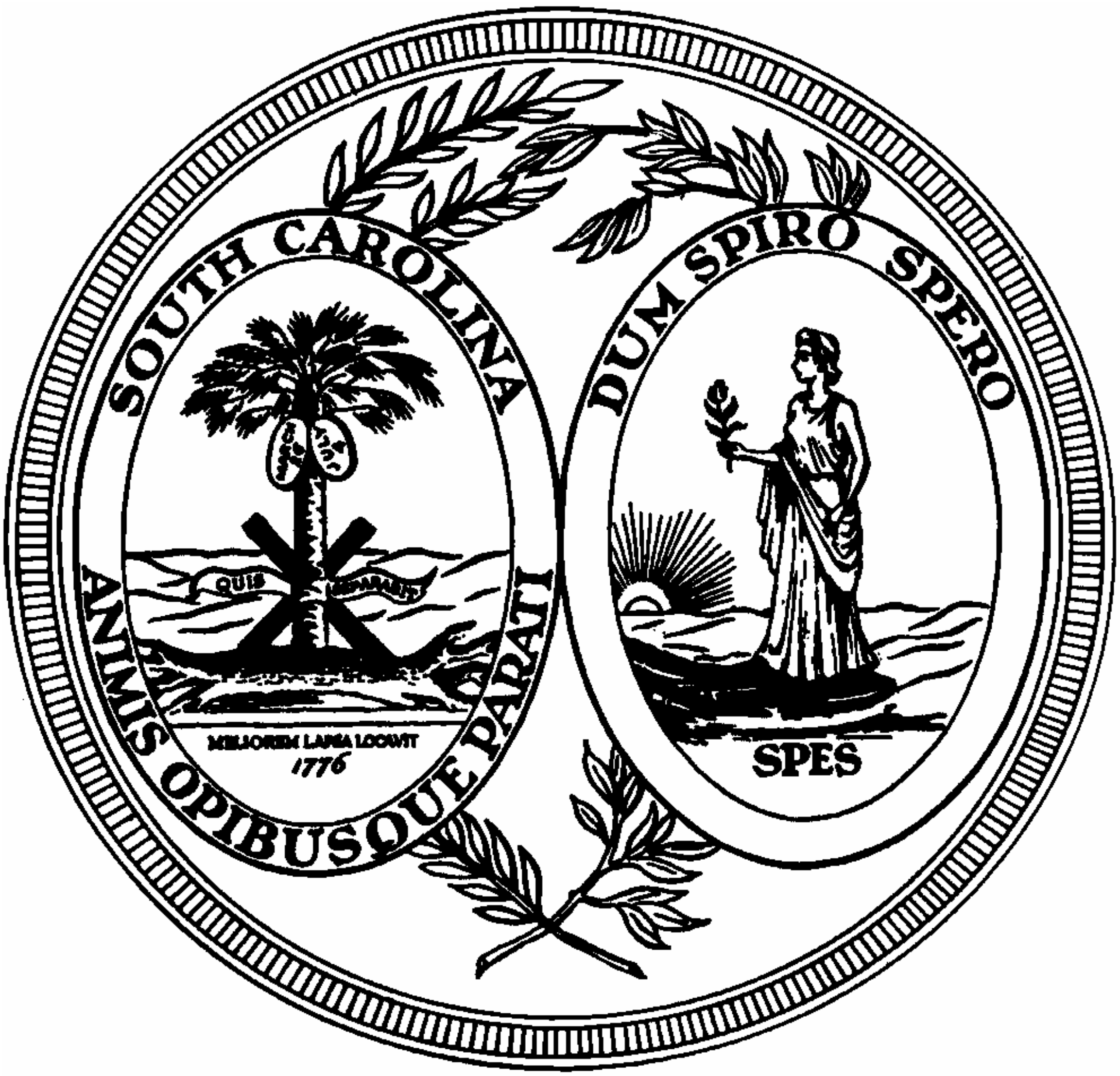
As of June 30, 2021, the following agencies had outstanding commitments for the identified programs:

- The South Carolina Transportation Infrastructure Bank, reported within the Local Government Infrastructure Fund (a major governmental fund), has $963.500 million remaining on agreements with various counties to provide financial assistance for highway and transportation facilities projects.
- The Department of Commerce has $278.375 million to provide funds to local governmental entities including grants for water and wastewater infrastructure projects, airport construction projects, and rural infrastructure projects. Of the outstanding commitment, $74.922 million will be funded by federal grants.
- The Office of Regulatory Staff has $3.121 million for energy efficiency improvement projects. Federal grants will fund $3.121 million of this commitment.
- The Division of Aeronautics has $2.978 million for grants made to municipal and county airports for capital improvements.
- The State Board for Technical and Comprehensive Education has $8.393 million to provide training for new and expanding business and industry in the State.
- The Department of Public Safety has $5.833 million for pass-through grants to various local governments and not-for-profit entities, of which $5.833 million will be funded by federal grants.
- The South Carolina Law Enforcement Division has $4.179 million for grant program activities and pass-through grants to subrecipients, of which $4.179 million will be funded by federal grants.
- The South Carolina Judicial Department has $6.440 million outstanding commitments related to vendor service contracts.
- The South Carolina Attorney General's Office has $15.265 million for pass-through grants to subrecipients, of which $14.953 million will be funded by federal grants.
- The South Carolina Department of Revenue has $11.969 million outstanding commitments for vendor contracts related to services for paper check and return processing.
- The Rural Infrastructure Authority has $212.100 million for loans to municipalities, counties, special purpose and public service districts and public works commissions for constructing and improving rural infrastructure facilities, of which $40.245 million will be funded by federal grants.
- The Department of Health and Environmental Control has $3.166 million in outstanding commitments for interim remediation and site cleanup of which $410 thousand will be funded by a federal credit.
- The Office of Regulatory Staff has $21.736 million in outstanding commitments for rural internet broadband infrastructure development.

d. DHEC Remedial Activities

DHEC has four sites where remediation activity is currently occurring. These sites are: The Pinewood Site, The Palmetto Wood National Priority List Site, The Frank Elmore National Priority List Site, and The Brewer Gold Mine Priority List Site. The estimated future loss expected in fiscal year 2022 in maintaining these sites is $7.199 million.

The Pinewood Site is $3.981 million of this total. This estimated loss is based upon the current budgetary request of the department and the annual operating costs less capital expenditures for the Pinewood Site. On September 13, 2016 the court approved the establishment of Pinewood Trustee, Inc. to be the new trustee for the Pinewood Site. During fiscal year 2017, $5.200 million in capital budgeted funds were deposited with the trustee to continue site improvements that will result in lower operating costs once they are completed. In fiscal year 2021, the budgeted $3.981 million operating funds have been placed in care of the trustee. The balances in these two accounts at June 30, 2021 were $3.185 million for capital improvements and $4.069 million for operating expenditures.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NOTE 19: DISCRETELY PRESENTED COMPONENT UNITS

a. Deposits and Investments

Deposits

As of June 30, 2021, the reported amount of the major discretely presented component units' deposits was $887.709 million and the bank balance was $904.712 million. Of the $774.819 million bank balance exposed to custodial credit risk, $160.590 million was uninsured and uncollateralized, $97.154 million was uninsured and collateralized with securities held by the pledging financial institution, and $467.840 million was uninsured and collateralized with securities held by the counterparty's trust department or agent, but not in the State's name.

Investments

The major discretely presented component units categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three-level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

> Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.
>
> Level 2 Inputs: Inputs that are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-drivel valuations.
>
> Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, each major discretely presented component unit performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Investments classified according to the fair value hierarchy are valued according to pricing policy established by each major discretely presented component units custodian bank. Pricing is based primarily on prices from third-party vendors or other specified alternative sources which are reliable. Where available, the custodian bank uses more than one vendor for securities of each asset type, class or issue. The price received from a primary source is used in valuation unless a tolerance check, or price challenge, results in the use of a price from a secondary vendor. Each major discretely presented component unit may override prices provided by the custodian bank if it is deemed necessary or appropriate.

The major discretely presented component units have the following recurring fair value measurements as of June 30, 2021 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments			
U.S. treasuries	$ 203,442	$ 69,205	$ 134,237
U.S. agencies	674,997	1,402	673,595
Mortgage backed obligations	33,850	20,887	12,963
Common stock	26,582	26,582	—
Other equity securities	1,328,878	854,044	474,834
Corporate bonds	111,666	28,602	83,064
Repurchase agreements	100,000	—	100,000
Asset backed securities	22,309	22,309	—
Commercial paper	28,478	—	28,478
Money market mutual funds	87,490	87,490	—
Bond mutual funds	239,499	108,615	130,884
Other	808,574	216,446	17,035
Total Investments at Fair Value	$ 3,665,765	$ 1,435,582	$ 1,655,090

Investments measured at the net asset value (NAV)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private partnership - equity (1)	$ 127,803	$ 53,852	N/A	N/A
Private partnership - real assets (1)	22,076	15,134	N/A	N/A
Hedge funds (1)	132,699	—	Monthly to Annually	33-95 days
Hedge funds (2)	52,452	—	Monthly to Annually	30-90 days
Equity long/short hedge funds (4)	—	—	Quarterly	5 days
Multi-strategy hedge funds (5)	4,820	—	Monthly	30 days
Partnerships (6)	200,703	51,000	Monthly - No Liquidity	7 days
Hedge Funds (7)	279,898	—	Monthly - No Liquidity	3 days
Total investments measured at the NAV	$ 820,451	$ 119,986		
Total investments measured at fair value	$ 4,486,216	$ 1,555,568		

Investments measured at amortized cost

Repurchase agreements	100,000
Total investments measured at amortized cost	$ 100,000

Investment derivative instruments

Alternative Investments			
Interest rate swaps	(5,574)	—	(5,574)
Total investment derivative instruments	$ (5,574)	$ —	$ (5,574)
Total Invested Assets	$ 4,580,642		

(1) Private partnership – equity, Private partnership - real assets and Hedge Funds. This category includes investments in private equity, buyout, real assets, and venture capital funds. These funds invest primarily in domestic companies across a broad spectrum of industries. Fair value of the partnerships is determined by the Fund Manager using the NAV reported by the underlying partnerships. For real assets, fair value is estimated by the general partner based on an internal valuation of the underlying projects. Generally, these funds cannot be redeemed; instead, the nature of the investments is that distributions will be received as the underlying investments of the fund are liquidated.

(2) Hedge funds. The USC Foundation holds ownership shares in several hedge funds with investment strategies including fund to fund long/short equity managers. Management believes that the investment strategies employed, and availability of other USC Foundation resources allow the USC Foundation to be unaffected by the liquidity restrictions.

(3) Private Equity Partnerships. The USC Foundation holds ownership positions in four partnerships with investment strategies of investing in private equity (distressed companies) and private energy funds. The USC Foundation cannot redeem its investment in these funds until the final liquidation of the partnerships.

(4) Equity long/short hedge funds. This hedge fund is a multiple-manager investment fund that specializes primarily in classic long/short hedged equity strategies. The hedge fund invests globally, with a majority of the exposure in liquid, developed markets, and invests primarily in private investment partnerships or limited liability companies and in separately managed accounts, each of which are managed by independent managers.

(5) Multi-strategy hedge funds. This hedge fund uses multiple investing strategies in order to diversify risks and reduce volatility. The hedge fund's composite portfolio includes investments in US index funds.

(6) Partnerships. The MUSC Foundation holds ownership positions in several partnerships with investment strategies including private equity partnerships, energy and natural resources, fund of fund hedge funds investing primarily in equity and fixed income securities, real estate and real estate related securities. For the majority of these partnerships, the MUSC Foundation is subject to redemption restrictions and cannot redeem from its investment in the fund. The manager has discretion on the timing of distributing the capital.

(7) Hedge Funds. The MUSC Foundation holds ownership shares in several hedge funds with investment strategies including fund of fund long/short equity managers. Management believes that the investment strategies employed and availability of other MUSC Foundation resources allow the MUSC Foundation to be unaffected by lock-ups.

The major discretely presented component unit's investments that are exposed to custodial credit risk include investment securities that are uninsured, not registered in the name of the State, and are held by a counterparty's trust department or agent but not in a State entity's name. The portion of the State's major discretely presented component units investments with custodial credit risk is detailed (expressed in thousands) at June 30, 2021, as follows:

	Category		Reported
Investment Type	**A**	**B**	**Amount**
U.S. treasuries	$ 922	$ 5,198	$ 203,442
U.S. agencies	—	248,074	674,997
Mortgage backed obligations	—	12,963	33,850
Common stock	—	26,582	26,582
Other equity securities	—	—	1,328,878
Corporate bonds	—	61,679	111,666
Repurchase agreements	—	—	100,000
Asset backed securities	—	—	22,309
Commercial paper	—	—	28,478
Money market mutual funds	422	8,033	87,490
Bond mutual funds	30,293	46,763	239,499
Other	1,939	483,499	808,574
Totals	**$ 33,576**	**$892,791**	**$ 3,665,765**

At fiscal year-end, Clemson University, the Medical University of South Carolina, the State Ports Authority, and the Public Service Authority, all major discretely presented component units, held investments in U.S. Government securities which do not require disclosure of credit quality. In addition to U.S. Government securities, Clemson University, the State Housing Authority, the Medical University of South Carolina, the State Ports Authority, Public Service Authority, and the University of South Carolina held investments as listed below with Standard and Poor's rating scale (expressed in thousands):

Investment Type and Fair Value	AAA	AA	A	BBB	Alternative Rating	Not Rated
U.S. agencies	$ 673,595	$ —	$ —	$ —	$ —	$ 1,402
Mortgage backed obligations	—	—	—	—	—	33,850
Corporate bonds	48,695	12,449	11,360	10,560	—	28,602
Repurchase agreements	100,000	—	—	—	—	—
Asset backed securities	—	—	—	—	—	22,309
Commercial paper	—	—	28,478	—	—	—
Money market mutual funds	33,180	—	—	—	31	54,279
Bond mutual funds	—	863	—	—	373	238,263
Other	—	—	—	—	60	506,669
Totals	**$ 855,470**	**$ 13,312**	**$ 39,838**	**$ 10,560**	**$ 464**	**$ 885,374**

The State's major discretely presented component units may have interest rate risk policies that differ from that of the State Treasurer. At June 30, 2021, these major discretely presented component units had the following fixed income investments with maturities disclosed by investment category and segmented time distribution stated with fair value (expressed in thousands):

		Investment Maturities (in years)					
Investment Type	Fair Value	Does Not Mature	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 203,442	$ —	$ 107,593	$ 65,133	$ 5,198	$ 25,518
U.S. agencies	674,997	—	313,662	161,539	29,629	170,167
Mortgage backed obligations	33,850	—	11	20,887	—	12,952
Common Stock	26,582	26,582	—	—	—	—
Other equity securities	1,328,878	1,328,878	—	—	—	—
Corporate bonds	111,666	—	11,521	44,749	55,396	—
Repurchase agreements	100,000	—	100,000	—	—	—
Asset backed securities	22,309	—	—	22,309	—	—
Commercial paper	28,478	—	28,478	—	—	—
Money market mutual funds	87,490	47,250	32,825	7,415	—	—
Bond mutual funds	239,499	237,864	863	—	772	—
Other	808,574	582,472	—	226,102	—	—
Totals	**$ 3,665,765**	**$ 2,223,046**	**$ 594,953**	**$ 548,134**	**$ 90,995**	**$ 208,637**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a component unit's investments in a single issuer. As of June 30, 2021, the Medical University Hospital Authority has 56.20% of the Authority's investments in notes issued by the Federal Farm Credit Bank. The CHS Development Company of MUSC has 100% of debt securities with Santander UK PLC. The Public Service Authority has 88.46% of the US Agencies investments with two issuers. 46.39% are with the Federal Farm Credit Bank, and 32.78% of the investments are with the Federal Home Loan Bank.

Securities Lending Program

The following securities lending disclosures apply to the State's discretely presented component units. By law, the State Treasurer may lend securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions, with a simultaneous agreement to return the collateral for the same securities in the future. The State may lend United States government securities, corporate bonds, other securities and equities for collateral in the form of cash or other securities. The contracts with the State's custodians require them to indemnify the State if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the State for income distributions by the securities' issuers while the securities are on loan.

The weighted average maturity of the State's collateral investments generally matched the maturity of the securities loaned during the fiscal year and at June 30, 2021. At June 30, 2021, the State had no credit risk exposure to borrowers because the amounts the State owed the borrowers exceeded the amounts the borrowers owed the State. Either the State or the borrower can terminate all securities loans on demand. There are no restrictions on the amount of the loans that can be made. For the fiscal year ended June 30, 2021, the State experienced no losses on its securities lending transactions because of borrower defaults.

The State receives primarily cash as collateral for its loaned securities. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. During the fiscal year ended June 30, 2021, the State met the 102% requirement. The State cannot pledge or sell collateral securities unless the borrower defaults. The lending agent, on behalf of the State, invests cash collateral received. Accordingly, at June 30, 2021, the State recorded these investments of cash collateral as assets in the accompanying financial statements. Corresponding liability amounts also have been recorded because the State must return the cash collateral to the borrower upon expiration of the loan. The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2021:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 8,357
Total securities lent for cash collateral	**$ 8,357**
Cash collateral invested as follows:	
Repurchase agreements	$ 62,114
Total for cash collateral invested	**$ 62,114**
Securities received as collateral:	
U.S. treasuries	$ 62,114
Total for securities collateral invested	**$ 62,114**

At June 30, 2021, the fair value of securities on loan was $8.357 million. The fair value of the invested cash collateral was $62.114 million. Securities lending obligations were $62.114 million.

b. Capital Assets

Capital asset activity (expressed in thousands) for the following State major discretely presented component units was as follows:

	Beginning Balances January 1, 2020	Increases	Decreases	Ending Balances December 31, 2020
Public Service Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 183,145	$ 1,435	$ (93)	$ 184,487
Construction in progress	502,651	175,726	(231,068)	447,309
Total capital assets not being depreciated	685,796	177,161	(231,161)	631,796
Capital assets being depreciated:				
Buildings and improvements (utility plant)	8,284,818	223,118	(30,832)	8,477,104
Vehicles	72,778	—	(36)	72,742
Machinery and equipment	54,466	396	(2,620)	52,242
Intangibles	84,205	5,302	(14)	89,493
Total capital assets being depreciated	8,496,267	228,816	(33,502)	8,691,581
Less accumulated depreciation for:				
Buildings and improvements (utility plant)	(3,916,712)	(184,166)	—	(4,100,878)
Vehicles	(33,605)	(4,798)	1	(38,402)
Machinery and equipment	(33,284)	(3,428)	338	(36,374)
Intangibles	(78,069)	(4,429)	—	(82,498)
Total accumulated depreciation	(4,061,670)	(196,821)	339	(4,258,152)
Total capital assets being depreciated, net	4,434,597	31,995	(33,163)	4,433,429
Public Service Authority, net	**$ 5,120,393**	**$ 209,156**	**$ (264,324)**	**$ 5,065,225**

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
State Ports Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 374,341	$ 343,268	$ (21,401)	$ 696,208
Construction in progress	615,601	258,042	(800,810)	72,833
Total capital assets not being depreciated	989,942	601,310	(822,211)	769,041
Capital assets being depreciated:				
Land improvements	463,477	232,275	(6,794)	688,958
Buildings and improvements	498,134	182,954	(11,246)	669,842
Machinery and equipment	296,685	63,002	(7,193)	352,494
Intangibles	2,190	—	(2,190)	—
Total capital assets being depreciated	1,260,486	478,231	(27,423)	1,711,294
Less accumulated depreciation for:				
Land improvements	(261,550)	(25,696)	2,673	(284,573)
Buildings and improvements	(222,327)	(17,081)	3,629	(235,779)
Machinery and equipment	(164,546)	(16,617)	6,443	(174,720)
Intangibles	(849)	—	849	—
Total accumulated depreciation	(649,272)	(59,394)	13,594	(695,072)
Total capital assets being depreciated, net	611,214	418,837	(13,829)	1,016,222
State Ports Authority, net	**$ 1,601,156**	**$ 1,020,147**	**$ (836,040)**	**$ 1,785,263**

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Clemson University:				
Capital assets not being depreciated:				
Land and improvements	$ 43,334	$ 169	$ (169)	$ 43,334
Construction in progress	170,298	30,890	(98,757)	102,431
Total capital assets not being depreciated	213,632	31,059	(98,926)	145,765
Capital assets being depreciated:				
Buildings and improvements	1,560,964	109,560	—	1,670,524
Vehicles	20,736	2,314	(252)	22,798
Machinery and equipment	473,335	17,936	(6,835)	484,436
Intangibles	24,283	—	—	24,283
Total capital assets being depreciated	2,079,318	129,810	(7,087)	2,202,041
Less accumulated depreciation for:				
Buildings and improvements	(501,165)	(37,839)	—	(539,004)
Vehicles	(15,091)	(2,004)	252	(16,843)
Machinery and equipment	(281,717)	(28,213)	6,684	(303,246)
Intangibles	(24,284)	—	—	(24,284)
Total accumulated depreciation	(822,257)	(68,056)	6,936	(883,377)
Total capital assets being depreciated, net	1,257,061	61,754	(151)	1,318,664
Clemson University, net	**$ 1,470,693**	**$ 92,813**	**$ (99,077)**	**$ 1,464,429**

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Medical University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 128,006	$ —	$ (2,949)	$ 125,057
Construction in progress	43,013	75,599	(71,285)	47,327
Works of art and historical treasures	1,730	—	—	1,730
Total capital assets not being depreciated	172,749	75,599	(74,234)	174,114
Capital assets being depreciated:				
Land improvements	13,331	—	—	13,331
Buildings and improvements	2,146,336	45,312	—	2,191,648
Vehicles	7,765	783	(489)	8,059
Machinery and equipment	550,143	53,303	(27,258)	576,188
Intangibles	89,378	3,765	—	93,143
Total capital assets being depreciated	2,806,953	103,163	(27,747)	2,882,369
Less accumulated depreciation for:				
Land improvements	(9,414)	(398)	—	(9,812)
Buildings and improvements	(1,003,471)	(92,582)	—	(1,096,053)
Vehicles	(4,160)	(935)	393	(4,702)
Machinery and equipment	(351,255)	(52,172)	27,777	(375,650)
Intangibles	(69,879)	(6,306)	—	(76,185)
Total accumulated depreciation	(1,438,179)	(152,393)	28,170	(1,562,402)
Total capital assets being depreciated, net	1,368,774	(49,230)	423	1,319,967
MUSC, net	**$ 1,541,523**	**$ 26,369**	**$ (73,811)**	**$ 1,494,081**

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 94,045	$ 3,608	$ (1,126)	$ 96,527
Construction in progress	26,460	52,146	(42,125)	36,481
Works of art and historical treasures	48,308	2,484	—	50,792
Total capital assets not being depreciated	168,813	58,238	(43,251)	183,800
Capital assets being depreciated:				
Land improvements	110,488	—	—	110,488
Buildings and improvements	1,967,595	37,866	(3,090)	2,002,371
Vehicles	15,834	1,349	(574)	16,609
Machinery and equipment	222,733	13,746	(11,436)	225,043
Intangibles	92,134	1,133	(100)	93,167
Total capital assets being depreciated	2,408,784	54,094	(15,200)	2,447,678
Less accumulated depreciation for:				
Land improvements	(52,556)	(4,166)	—	(56,722)
Buildings and improvements	(850,469)	(48,315)	3,054	(895,730)
Vehicles	(12,446)	(1,180)	574	(13,052)
Machinery and equipment	(159,325)	(14,332)	10,737	(162,920)
Intangibles	(48,607)	(11,572)	—	(60,179)
Total accumulated depreciation	(1,123,403)	(79,565)	14,365	(1,188,603)
Total capital assets being depreciated, net	1,285,381	(25,471)	(835)	1,259,075
USC, net	**$ 1,454,194**	**$ 32,767**	**$ (44,086)**	**$ 1,442,875**

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Lottery Commission:				
Capital assets being depreciated:				
Buildings and improvements	$ 1,316	$ —	$ —	$ 1,316
Vehicles	440	—	—	440
Machinery and equipment	3,906	123	—	4,029
Intangibles	556	—	—	556
Total capital assets being depreciated	6,218	123	—	6,341
Less accumulated depreciation for:				
Buildings and improvements	(1,301)	—	—	(1,301)
Vehicles	(270)	(25)	—	(295)
Machinery and equipment	(3,563)	(214)	—	(3,777)
Intangibles	(556)	—	—	(556)
Total accumulated depreciation	(5,690)	(239)	—	(5,929)
Total capital assets being depreciated, net	528	(116)	—	412
Lottery Commission, net	**$ 528**	**$ (116)**	**$ —**	**$ 412**

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Housing Authority:				
Capital assets being depreciated:				
Machinery and equipment	$ 2,736	$ 249	$ (169)	$ 2,816
Total capital assets being depreciated	2,736	249	(169)	2,816
Less accumulated depreciation for:				
Machinery and equipment	(1,394)	(353)	169	(1,578)
Total accumulated depreciation	(1,394)	(353)	169	(1,578)
Total capital assets being depreciated, net	1,342	(104)	—	1,238
Housing Authority, net	**$ 1,342**	**$ (104)**	**$ —**	**$ 1,238**

During the fiscal year ended June 30, 2021, depreciation expense was charged to the major discretely presented component units as follows (expressed in thousands):

	Depreciation Expense
Public Service Authority	$ 196,821
State Ports Authority	59,394
MUSC	152,393
USC	79,565
Clemson University	68,056
Lottery Commission	239
Housing Authority	353

Outstanding construction commitments (expressed in thousands) for the State's major discretely presented component units were as follows:

	Outstanding Construction Commitments
Public Service Authority	$ 112,040
State Ports Authority	68,650
MUSC	54,825
USC	322,220
Clemson University	51,401

Interest costs included as part of the cost of capital assets under construction (expressed in thousands) for the State's major discretely presented component units were as follows:

	Capitalized Interest Costs
USC	$ 8,456
Clemson University	6,126

c. Insurance Activities

Public Service Authority (Santee Cooper)

The Public Service Authority (Santee Cooper), a major discretely presented component unit with a fiscal year ended December 31, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2020. Policies are subject to deductibles ranging from $500 to $2.000 million, with the exception of named storm losses which carry deductibles from $2.000 million up to $50.000 million. Also a $1.400 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2020, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, dental, workers' compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.000 million per incident. Risk exposure for the dental plan is limited by plan provisions. Estimated exposure for workers' compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2020. There have been no third-party claims for environmental damages for 2020.

The Authority is exposed to additional risks specific to the utilities industry including nuclear incidents. The maximum liability for public claims arising from any nuclear incident has been established at $13.798 billion by the Price-Anderson Indemnification Act. The $13.798 billion would be covered by nuclear liability insurance of $450.000 million per reactor unit, with potential retrospective assessments of up to $137.600 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $20.500 million per incident, per year). Based on its one-third interest in V.C. Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $45.900 million, not to exceed approximately $6.800 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, Dominion Energy and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $1.500 billion primary and $1.250 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. Dominion Energy and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these three policies, Dominion Energy and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $7.600 million for the primary policy, $3.700 million for the excess policy and $1.800 million for the accidental outage policy.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage or cost increases for any periods through December 31, 2020.

The State reports all the Authority's risk management activities within the Public Service Authority's accounts. The State reports the Authority's claims expenses and liabilities when it is probable that a loss has occurred, and the amount of the loss is reasonably estimable.

Changes in the reported liability in each of the past two years were as follows (expressed in thousands):

Fiscal Year Ended December 31	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020	$ 2,690	$ 576	$ (1,712)	$ 1,554
2019	1,075	5,486	(3,871)	2,690

d. Leases

Capital Leases

The State's discretely presented component units lease land, office facilities, equipment, and other assets under both capital and operating leases. The present value of future minimum capital lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net assets at June 30, 2021 for the State's discretely presented component units were as follows (expressed in thousands):

Fiscal Year Ending June 30	Clemson University	MUSC	USC
2022	$ 1,045	$ 13,979	$ 633
2023	840	13,014	598
2024	718	12,915	462
2025	629	8,863	273
2026	574	8,846	66
2027-2031	2,872	35,288	—
2032-2036	2,872	18,209	—
2037-2041	979	11,569	—
2042	—	—	—
Total minimum payments	**10,529**	**122,683**	**2,032**
Less: interest and executory costs	(121)	(38,579)	(205)
Net minimum payments	**$ 10,408**	**$ 84,104**	**$ 1,827**

Assets under capital leases recorded for the State's discretely presented component units at June 30, 2021, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Clemson University	MUSC	USC
Land and non-depreciable improvements	$ —	$ —	$ —
Buildings and improvements	14,300	57,265	—
Machinery and equipment	1,999	65,917	2,733
Assets acquired under capital leases before accumulated amortization	**16,299**	**123,182**	**2,733**
Less: accumulated amortization	(5,599)	(37,919)	(943)
Assets acquired under capital leases, net	**$ 10,700**	**$ 85,263**	**$ 1,790**

Operating Leases

The State Ports Authority had minimum rental payments under operating leases which totaled $1.866 million for the fiscal year. The Housing Authority had minimum rental payments under operating leases for the fiscal year which totaled $90 thousand. The Lottery Commission had minimum rental payments under operating leases for the fiscal year which totaled $649 thousand. For Clemson University, minimum rental payments under operating leases for the fiscal year totaled $139 thousand. MUSC had minimum rental payments under operating leases for the fiscal year which totaled $21.805 million. USC had minimum rental payments under operating leases for the fiscal year which totaled $20.478 million.

At June 30, 2021, future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year were as follows (expressed in thousands):

Fiscal Year Ending June 30	Housing Authority	Clemson University	MUSC	USC	Lottery Commission
2022	$ 369	$ 3,729	$ 30,752	$ 18,754	$ 619
2023	379	3,198	26,367	10,236	631
2024	127	2,477	23,293	10,025	643
2025	—	1,867	18,777	2,896	—
2026	—	1,258	16,866	2,447	—
2027-2031	—	—	47,249	15,971	—
2032-2036	—	—	9,904	11,260	—
2037-2041	—	—	420	180	—
Thereafter	—	—	561	—	—
Net minimum payments	**$ 875**	**$ 12,529**	**$ 174,189**	**$ 71,769**	**$ 1,893**

Facilities and Equipment Leased to Others

At June 30, 2021, the State Ports Authority had leased to non-State parties certain land and facilities having a cost of approximately $72.422 million and related accumulated depreciation of $27.547 million. Also, at June 30, 2021, MUSC had leased to non-State parties certain land and facilities having a cost of approximately $1.371 million and related accumulated depreciation of $924 thousand. Additionally, the Public Service Authority had leased to non-State parties land and non-depreciable land improvements having a cost of $6.400 million. Future minimum rental payments to be received at June 30, 2021, under these operating leases were as follows (expressed in thousands):

Fiscal Year Ending June 30	Public Service Authority
2022	$ 404
2023	404
2024	404
2025	404
2026	404
2027-2031	2,020
2032-2036	2,020
2037-2039	811
Total	**$ 6,871**

Fiscal Year Ending June 30	State Ports Authority
2022	$ 4,034
2023	2,767
2024	2,385
2025	1,460
2026	684
2027-2031	2,974
2032-2036	55
Total	**$ 14,359**

e. Bonds and Notes Payable

General Obligation Bonds

General obligation bonds are backed by the full faith, credit, and taxing power of the State. General obligation bonds outstanding at June 30, 2021, were (net of unamortized premiums/discounts, expressed in thousands):

Clemson University institution bonds, 2.00% to 5.00%, maturing serially through 2039	$	216,614
University of South Carolina institution bonds, 2.50% to 5.00%, maturing serially through 2037		142,671
Medical University of South Carolina institution bonds, 2.50% to 5.00%, maturing serially through 2040		52,634

As of the last reporting date of the component units, future debt service requirements for general obligation bonds of the State's major discretely presented component units were as follows (expressed in thousands):

	Clemson University		Medical University of South Carolina	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2022	$ 10,980	$ 7,632	$ 2,910	$ 1,895
2023	11,530	7,083	3,040	1,749
2024	12,110	6,506	3,170	1,613
2025	12,715	5,901	2,445	1,476
2026	13,350	5,265	2,565	1,353
2027-2031	74,465	17,494	14,870	4,785
2032-2036	52,155	5,854	11,785	1,967
2037-2040	7,990	360	4,110	313
Total debt service requirements	**$ 195,295**	**$ 56,095**	**$ 44,895**	**$ 15,151**
Unamortized premiums	21,319		7,739	
Total principal outstanding	**$ 216,614**		**$ 52,634**	

	University of South Carolina	
Year Ending June 30	**Principal**	**Interest**
2022	$ 12,720	$ 5,402
2023	10,935	4,766
2024	10,300	4,252
2025	10,355	3,749
2026	10,915	3,232
2027-2031	39,385	9,956
2032-2036	30,695	3,038
2037-2039	2,735	81
Total debt service requirements	**$ 128,040**	**$ 34,476**
Unamortized premiums	14,631	
Total principal outstanding	**$ 142,671**	

The State is authorized by the State Constitution to issue general obligation state institution bonds on behalf of state universities and technical colleges (included as discretely presented component units). Under state law, if an institution is unable to pay debt service from tuition fees, the General Fund would assume responsibility. These state institution bonds are presented as liabilities in the stand-alone audited financial statements of the respective universities and technical colleges. In addition to the general obligation nature of the bonds, state institution bonds are secured by the pledge of revenues from tuition fees received by the particular university or technical college for which the bonds are issued. The maximum annual debt service on the state institution bonds for a university or technical college may not exceed 90% of the tuition fees received for the preceding fiscal year. Tuition fee receipts for each university or technical college are earmarked by the State to support the principal and interest payments for the applicable state institution bonds. State institution bonds of $474.580 million were outstanding at June 30, 2021.

Revenue and Other Bonds and Notes

Revenue debt is not backed by the full faith, credit, and taxing power of the State. Revenue and other bonds and notes outstanding at June 30, 2021 and December 31, 2020 (for PSA), were (net of unamortized premiums/discounts, expressed in thousands):

	Bonds	Notes
Major Discretely Presented Component Units:		
Public Service Authority bonds, 1.49% to 6.22%, maturing serially through 2056	$ 6,987,952	$ —
Clemson University bonds, 2.00% to 5.00%, maturing serially through 2047	407,896	—
University of South Carolina bonds and notes, 2.50% to 5.00%, maturing serially through 2051	655,165	1,733
Medical University of South Carolina bonds and notes, 2.25% to 5.00%, maturing serially through 2046	813,230	76,075
State Ports Authority bonds and notes, 0.92% to 5.25%, maturing serially through 2061	1,099,973	202,608
State Housing Authority bonds, 0.25% to 5.50%, maturing serially through 2056	675,850	—

University Medical Associates

University Medical Associates of the Medical University of South Carolina (UMA) is a discretely presented component unit and part of the Medical University of South Carolina, a major discretely presented component unit. UMA entered into an interest rate swap agreement with a financial institution to modify interest rates on certain bonds by converting the variable interest rate into a rate equal to 2.70% plus 13.00% of the one-month LIBOR rate. The interest rate swap agreement matures on July 1, 2037. The notional amount as of June 30, 2021 is $53.960 million, which equals the principal outstanding. Under the swap agreement, UMA pays the financial institution a fixed interest payment of 2.10% and receives a variable payment equal to 67.00% of the one-month LIBOR rate. The variable rate in effect at June 30, 2021 was 0.06%. The fair value of this swap, estimated using the zero-coupon method, was negative $5.574 million as of June 30, 2021. The negative fair value of the cash flow hedge swap has been recorded on the statement of net position. The increase in the fair value of the cash flow hedge swap from June 30, 2020 of $3.296 million is recognized as investment income in these financial statements.

As of June 30, 2021, debt service requirements of the UMA variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows (expressed in thousands):

Year Ending	Variable Rate Debt		Interest Rate	
June 30	Principal	Interest	Swaps, Net	Totals
2022	$ 2,525	$ 289	$ 1,053	$ 3,867
2023	2,600	274	999	3,873
2024	2,635	259	946	3,840
2025	2,745	244	889	3,878
2026	2,825	228	831	3,884
2027-2031	15,315	887	3,233	19,435
2032-2036	17,575	420	1,531	19,526
2037-2041	7,740	22	80	7,842
Totals............	**$ 53,960**	**$ 2,623**	**$ 9,562**	**$ 66,145**

Debt Service Requirements

The fiscal year for the Public Service Authority ends December 31 while the fiscal year for Clemson University, the University of South Carolina, the Medical University of South Carolina, the State Ports Authority, and the State Housing Authority ends June 30. At December 31, 2020, the carrying value of the Public Service Authority's debt was $6.509 billion while the fair value was approximately $7.700 billion.

As of the last reporting date of the component units, future debt service requirements for bonds and notes of the State's major discretely presented component units were as follows (expressed in thousands):

	Public Service Authority	
Year Ending December 31	Principal	Interest
2021	$ 130,675	$ 315,198
2022	197,006	307,889
2023	293,791	302,840
2024	123,176	293,498
2025	123,360	288,654
2026-2030	786,412	1,352,887
2031-2035	940,420	1,173,542
2036-2040	913,845	942,220
2041-2045	993,827	731,515
2046-2050	1,127,925	441,917
2051-2055	973,415	153,492
2056	41,395	1,987
Total debt service requirements	**$ 6,645,247**	**$ 6,305,639**
Unamortized discounts and premiums	342,705	
Total principal outstanding	**$ 6,987,952**	

	State Ports Authority		State Housing Authority	
Year Ending June 30	Principal	Interest	Principal	Interest
2022	$ 15,088	$ 49,183	$ 12,840	$ 21,703
2023	17,757	48,569	20,530	20,470
2024	20,274	47,833	21,135	19,898
2025	30,026	46,973	20,755	19,292
2026	21,342	46,060	21,130	18,670
2027-2031	136,843	232,407	89,980	85,059
2032-2036	183,819	184,922	90,955	71,093
2037-2041	132,192	151,638	84,315	58,378
2042-2046	162,966	118,849	75,710	46,268
2047-2051	199,290	82,045	147,005	31,357
2052-2056	233,615	37,830	64,360	1,649
2057-2061	74,250	5,716	—	—
Total debt service requirements	**$ 1,227,462**	**$ 1,052,025**	**$ 648,715**	**$ 393,837**
Unamortized premiums and discounts	75,119		27,135	
Total principal outstanding	**$ 1,302,581**		**$ 675,850**	

Year Ending June 30	Clemson University Principal	Clemson University Interest	University of South Carolina Principal	University of South Carolina Interest
2022	$ 11,675	$ 15,447	$ 17,903	$ 24,389
2023	12,210	14,945	17,338	24,875
2024	12,880	14,386	21,299	24,019
2025	13,500	13,761	22,200	23,117
2026	11,715	13,121	22,366	22,159
2027-2031	62,850	57,320	119,007	94,876
2032-2036	74,520	44,643	123,095	65,208
2037-2041	89,140	30,034	93,755	37,980
2042-2046	96,775	11,023	64,070	19,585
2047-2051	650	22	53,840	6,423
Total debt service requirements	**$ 385,915**	**$ 214,702**	**$ 554,873**	**$ 342,631**
Unamortized discounts and premiums	21,981		102,025	
Total principal outstanding............	**$ 407,896**		**$ 656,898**	

Year Ending June 30	Medical University of South Carolina Principal	Medical University of South Carolina Interest
2022	$ 45,914	$ 27,976
2023	46,935	26,491
2024	80,162	24,255
2025	47,994	22,043
2026	43,109	20,536
2027-2031	256,788	79,635
2032-2036	164,003	44,707
2037-2041	121,607	23,854
2042-2045	81,694	4,679
Total debt service requirements	**$ 888,206**	**$ 274,176**
Unamortized discounts and premiums	1,099	
Total principal outstanding............	**$ 889,305**	

Bond Anticipation Notes

At June 30, 2021, all short-term general obligation bond anticipation notes that were outstanding at the prior fiscal year's end at MUSC were fully defeased.

Defeased Bonds

At December 31, 2020, $319.240 million of bonds associated with the Public Service Authority were considered defeased.

Conduit Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds do not appear as liabilities in the accompanying financial statements.

The Housing Authority issues certain mortgage loan notes and housing revenue bonds for developers to construct moderate to low income housing projects. The bonds are payable solely from housing rental payments received by the developer and generally are secured by an irrevocable letter of credit or bond insurance. At June 30, 2021, the outstanding balance of bonds issued was $397.388 million.

The Jobs-Economic Development Authority, a nonmajor discretely presented component unit, issues industrial revenue bonds to develop and benefit business enterprises. The bonds are payable solely by revenues of the business enterprise and generally are secured by an irrevocable letter of credit. At June 30, 2021, the outstanding balance of bonds issued after June 30, 1995, was $4.736 billion. The original amount of bonds issued prior to that date is not available.

Commercial Paper Notes and Lines of Credit

The Public Service Authority and the University of South Carolina present their outstanding amounts as commercial paper notes and line of credit, respectively, but all other amounts outstanding on lines of credit at June 30, 2021 are reported as notes payable. Other relevant information regarding these accounts is provided below.

The Public Service Authority has recorded a $171.251 million liability for commercial paper notes at its fiscal year ended December 31, 2020. The paper is issued for valid corporate purposes with terms not to exceed 120 days. The Authority has an $200.000 million revolving credit agreement to support the issuance of commercial paper. There were no borrowings under the agreement during 2020.

The University of South Carolina Educational Foundation, a discretely presented component unit of USC, has a line of credit with a maximum borrowing limit of $20.000 million, on which it could draw for working capital. The loan bears interest at the 30-day LIBOR rate plus 1.20%. As of June 30, 2021, the University of South Carolina Educational Foundation has an outstanding balance of $6.388 million on this line of credit. Interest only payments on this line of credit were due beginning in August 2015 and the entire principal balance and any outstanding interest are due on June 25, 2023.

f. Changes in Liabilities

Public Service Authority	Balances at January 1, 2020	Increases	Decreases	Balances at December 31, 2020	Amounts Due Within One Year
Policy claims	$ 2,690	$ 576	$ (1,712)	$ 1,554	$ 6,318
Revenue bonds payable	6,632,097	903,571	(890,421)	6,645,247	130,675
Unamortized discounts and premiums	358,318	56,638	(72,251)	342,705	—
Total revenue bonds payable	6,990,415	960,209	(962,672)	6,987,952	130,675
Compensated absences payable	18,909	4,147	(2,747)	20,309	—
Net pension liability	326,299	18,496	—	344,795	—
Net OPEB liability	186,714	—	(10,605)	176,109	—
Total long-term liabilities	$ 7,525,027	$ 983,428	$ (977,736)	$ 7,530,719	$ 136,993

State Ports Authority	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
Notes payable	$ 211,359	$ 21,256	$ (30,007)	$ 202,608	$ 8,438
Revenue bonds payable	1,031,180	—	(6,326)	1,024,854	6,650
Unamortized discounts and premiums	77,654	—	(2,535)	75,119	—
Total revenue bonds payable	1,108,834	—	(8,861)	1,099,973	6,650
Compensated absences payable	2,038	595	(174)	2,459	595
Net pension liability	118,329	16,802	—	135,131	—
Net OPEB liability	60,817	17,637	—	78,454	—
Total long-term liabilities	$ 1,501,377	$ 56,290	$ (39,042)	$ 1,518,625	$ 15,683

Housing Authority	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
Revenue bonds payable	$ 614,415	$ 123,280	$ (88,980)	$ 648,715	$ 12,840
Unamortized discounts and premiums	22,332	6,755	(1,952)	27,135	—
Total revenue bonds payable	636,747	130,035	(90,932)	675,850	12,840
Compensated absences payable	829	845	(835)	839	537
Net pension liability	14,574	1,448	—	16,022	—
Net OPEB liability	12,026	2,133	—	14,159	—
Total long-term liabilities	$ 664,176	$ 134,461	$ (91,767)	$ 706,870	$ 13,377

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
Clemson University					
General obligation bonds payable	$ 199,360	$ 6,385	$ (10,450)	$ 195,295	$ 10,980
Unamortized discounts and premiums	21,181	1,704	(1,566)	21,319	—
Total general obligation bonds payable	220,541	8,089	(12,016)	216,614	10,980
Revenue bonds payable	396,955	—	(11,040)	385,915	11,675
Unamortized discounts and premiums	23,065	—	(1,084)	21,981	—
Total revenue bonds	420,020	—	(12,124)	407,896	11,675
Capital leases payable	11,143	247	(982)	10,408	988
Compensated absences payable	31,443	17,687	(13,063)	36,067	17,178
Net pension liability	672,314	92,692	—	765,006	—
Net OPEB liability	646,325	130,413	—	776,738	—
Total long-term liabilities	$ 2,001,786	$ 249,128	$ (38,185)	$ 2,212,729	$ 40,821

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
Medical University of South Carolina					
Notes payable	$ 79,496	$ 233	$ (3,654)	$ 76,075	$ 6,011
General obligation bonds payable	35,095	23,415	(13,615)	44,895	2,910
Unamortized discounts and premiums	2,081	5,962	(304)	7,739	—
Total general obligation bonds payable	37,176	29,377	(13,919)	52,634	2,910
Revenue bonds payable	851,258	—	(39,127)	812,131	39,903
Unamortized discounts and premiums	1,340	—	(241)	1,099	—
Total revenue bonds	852,598	—	(39,368)	813,230	39,903
Capital leases payable	76,232	23,463	(15,591)	84,104	9,557
Compensated absences payable	36,286	25,680	(21,090)	40,876	17,869
Net pension liability	1,331,119	401,630	—	1,732,749	—
Net OPEB liability	1,202,467	434,020	—	1,636,487	—
Total long-term liabilities	$ 3,615,374	$ 914,403	$ (93,622)	$ 4,436,155	$ 76,250

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
Lottery Commission					
Compensated absences payable	$ 1,003	$ 685	$ (706)	$ 982	$ 633
Net pension liability	15,845	1,608	—	17,453	—
Net OPEB liability	13,166	2,185	—	15,351	—
Total long-term liabilities	$ 30,014	$ 4,478	$ (706)	$ 33,786	$ 633

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Amounts Due Within One Year
University of South Carolina					
Notes payable	$ 1,344	$ 430	$ (41)	$ 1,733	$ 1,413
General obligation bonds payable	143,020	11,840	(26,820)	128,040	12,720
Unamortized discounts and premiums	13,729	3,047	(2,145)	14,631	—
Total general obligation bonds payable	156,749	14,887	(28,965)	142,671	12,720
Revenue bonds payable	388,805	180,045	(15,710)	553,140	16,490
Unamortized discounts and premiums	57,937	47,479	(3,391)	102,025	—
Total revenue bonds	446,742	227,524	(19,101)	655,165	16,490
Capital leases payable	1,394	903	(470)	1,827	536
Compensated absences payable	36,087	33,713	(33,569)	36,231	33,695
Net pension liability	1,001,086	108,867	—	1,109,953	—
Net OPEB liability	958,529	158,943	—	1,117,472	—
Total long-term liabilities	$ 2,601,931	$ 545,267	$ (82,146)	$ 3,065,052	$ 64,854

Short-Term Debt

The Medical University of South Carolina and the University of South Carolina may issue bond anticipation notes (BANS) to provide interim financing for capital projects while in the process of issuing bonds. The Public Service Authority may issue commercial paper as short-term financing for valid corporate purposes as allowed by the Authority's Board of Directors. Short-term debt for the fiscal year ended June 30, 2021 included: a line of credit for USC and commercial paper notes in the Public Service Authority. Short-term debt activity during the fiscal year was as follows (expressed in thousands):

	Balances at January 1, 2020	Increases	Decreases	Balances at December 31, 2020
Public Service Authority				
Commercial paper notes	$ 142,351	$ 63,636	$ (34,736)	$ 171,251

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
Medical University of South Carolina				
Revenue anticipation notes	$ 120,000	$ —	$ (120,000)	$ —

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
University of South Carolina				
Line of credit	$ 2,780	$ 6,388	$ (2,780)	$ 6,388

g. Joint Ventures

Joint Ventures

The Public Service Authority (Authority) is a member of The Energy Authority (TEA). TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2020, the trade guarantees are an amount not to exceed approximately $68.600 million.

Interested parties may obtain a copy of TEA's financial statements by writing to:

The Energy Authority
301 West Bay Street, Suite 2600
Jacksonville, Florida 32202
http://teainc.org

The Authority and South Carolina Electric and Gas (became Dominion Energy on January 1, 2019), or SCE&G, are parties to a joint ownership agreement providing that the Authority and SCE&G own Unit 1 at the V.C. Summer Nuclear Station with undivided interests of 33.33% and 66.67%, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Unit 1 and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33.33% of the net electricity generated. In 2004, the Nuclear Regulatory Commission (NRC) granted a twenty-year extension to the operating license for Unit 1, extending it to August 6, 2042. Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. Costs include a component for estimated disposal expense of spent nuclear fuel; however as of May 2015, the Department of Energy suspended the collection of spent fuel disposal fees. Fuel amortization and disposal fees (through April 2014) are included in fuel expense and recovered through the Authority's rates.

The NRC requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2016 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals approximately $427.500 million in 2016 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates.

The Authority and SCE&G were constructing two additional nuclear generating units (Summer Units 2 and 3) at the V.C. Summer Nuclear Station. Together the Design and Construction Agreement and the Operating and Decommissioning Agreement provided for a 45.00% ownership interest by the Authority in each of the two new units and replace the Amended and Restated Bridge Agreement which had governed the relationship between the Authority and SCE&G. On July 31, 2017 the Authority, along with SCE&G, halted the V.C. Summer Units 2 and 3 projects. The Authority reclassified the construction in progress related to the Summer Units 2 and 3 to a regulatory asset to be amortized over the remaining life of the revenue bonds related to the halted project.

h. Significant Transactions of Major Component Units with the Primary Government

The Public Service Authority makes payments to the General Fund in lieu of taxes each year based on requirements under bond indentures. These payments totaled $17.500 million during the Authority's fiscal year ended December 31, 2020.

During the fiscal year ended June 30, 2002, the State Ports Authority resolved to contribute a total of $45.000 million over twenty-six years to the Local Government Infrastructure Fund, a major governmental fund, for the Cooper River Bridge project in Charleston. The Authority made a payment of $1.000 million during the fiscal year ended June 30, 2021.

Clemson University provided computer services and information systems development to other State agencies for a fee. These fees totaled $517 thousand and $32.586 million, respectively, for the fiscal year ended June 30, 2021.

i. Concentrations of Customer Credit Risk

Public Service Authority

Concentrations of credit risk with respect to the Public Service Authority's receivables are limited due to its large number of customers and their dispersion across different industries. The Authority maintains an allowance for uncollectible accounts based on the expected collectability of all accounts receivable. The Authority had one customer that accounted for more than ten percent of the Authority's sales for its fiscal year ended December 31, 2020, as follows (expressed in thousands):

Customer	Revenue	Revenue
Central Electric Power Cooperative, Inc	$ 968,000	60%

No other customer accounted for more than 10% of the Authority's sales.

State Ports Authority

During the fiscal year ended June 30, 2021, of the State Ports Authority's total revenues, three customers accounted for approximately 17%, 12%, and 11% each. The Authority performs ongoing credit evaluations of its customers and operates under international laws, which may provide for a maritime lien on vessels in the event of default on credit terms. The Authority maintains reserves for potential credit losses.

j. Contingencies and Commitments

Litigation – State Ports Authority

In January 2013, the Ports Authority intervened in a federal case brought by preservation and environmental groups against the U.S. Army Corps of Engineers (The "Corps"), to challenge issuance of authority for the Ports Authority to drive pilings under a building on Union Pier Terminal in renovating the cruise terminal. On September 19, 2013, the federal district court remanded the permit to the Corps for further review and action. The permit application is under review by the Corps of Engineers on remand. The Ports Authority intends to continue pursuing the federal permit and to continue any legal actions necessary to perfect the final permit.

In February 2013, the same cruise terminal opponents and others filed an administrative action challenging the State permit issued for the piling work at Union Pier. The South Carolina Administrative Law Court granted summary judgment in favor of the Ports Authority and dismissed the challenge on April 21, 2014. On October 18, 2017, the Court of Appeals issued a unanimous opinion affirming the South Carolina Administrative Law Court. This was appealed to the South Carolina Supreme Court, and the Supreme Court accepted a petition for certiorari on August 21, 2018. Briefing and argument were held on February 19, 2020. The Ports Authority filed a reconsideration, which was denied, and the case has been remitted back to the ALC for a merit hearing. The effect of these administrative permit cases on the financial position of the Ports Authority cannot be determined at this time.

On March 17, 2021, the State of South Carolina and the Ports Authority filed labor charges against the United States Maritime Alliance, Ltd. (USMX), the International Longshoreman's Association, AFL-CIO, CLC and the International Longshoreman's Association, AFL-CIO, CLC, Local 1422 (together, the ILA) with the National Labor Relations Board (NLRB) for entering into and maintaining an unlawful hot-cargo agreement as contained in Article VII, Section 7 of the USMX-ILA collective bargaining agreement (Master Agreement) and the Hugh K. Leatherman Terminal (HLT). The NLRB issued a complaint against Respondents (USMX and the ILA). Following issuance of the complaint, in April 2021, the ILA filed a lawsuit in the New Jersey Superior Court (the Lawsuit) against two USMX member-carriers seeking to effectuate the unlawful provision in the Master Agreement. In doing so, the ILA not only reaffirmed the unlawful nature of Article VII, Section 7 of the Master Agreement, it asserted additional unlawful interpretations of the Master Contract. The State of South Carolina and Ports Authority filed additional charges against the ILA for these additional unlawful interpretations, and the NLRB issued a second complaint against the ILA. A hearing was held before an Administrative Law Judge on June 9th and 10th, 2021. No order has been issued by the Administrative Law Judge. On September 16, 2021, a National Labor Relations Board judge ruled in favor of the Ports Authority stating that the ILA cannot force the use of union labor at the Port of Charleston and ordered that the ILA drop a lawsuit filed against two ocean carriers that utilized the HLT. The ILA will have 28 days to file an appeal if they choose. The Ports Authority intends to aggressively protect its interests with regards to the ILA. The effect of this labor dispute on the financial position of the Ports Authority related to operations at HLT cannot be determined at this time.

Purchase Commitments – Public Service Authority

At December 31, 2020, the Public Service Authority, a major discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling $475.908 million for coal. In addition, at December 31, 2020, the Authority had commitments for nuclear fuel and nuclear fuel conversion contracts of $106.900 million over the next thirteen years.

The Authority amended a service agreement to an approximate amount of $55.400 million. The agreement provides unplanned maintenance coverage, rotor replacement and auxiliary parts replacement in addition to a contract performance manager, initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines. The contract term extends through 2027.

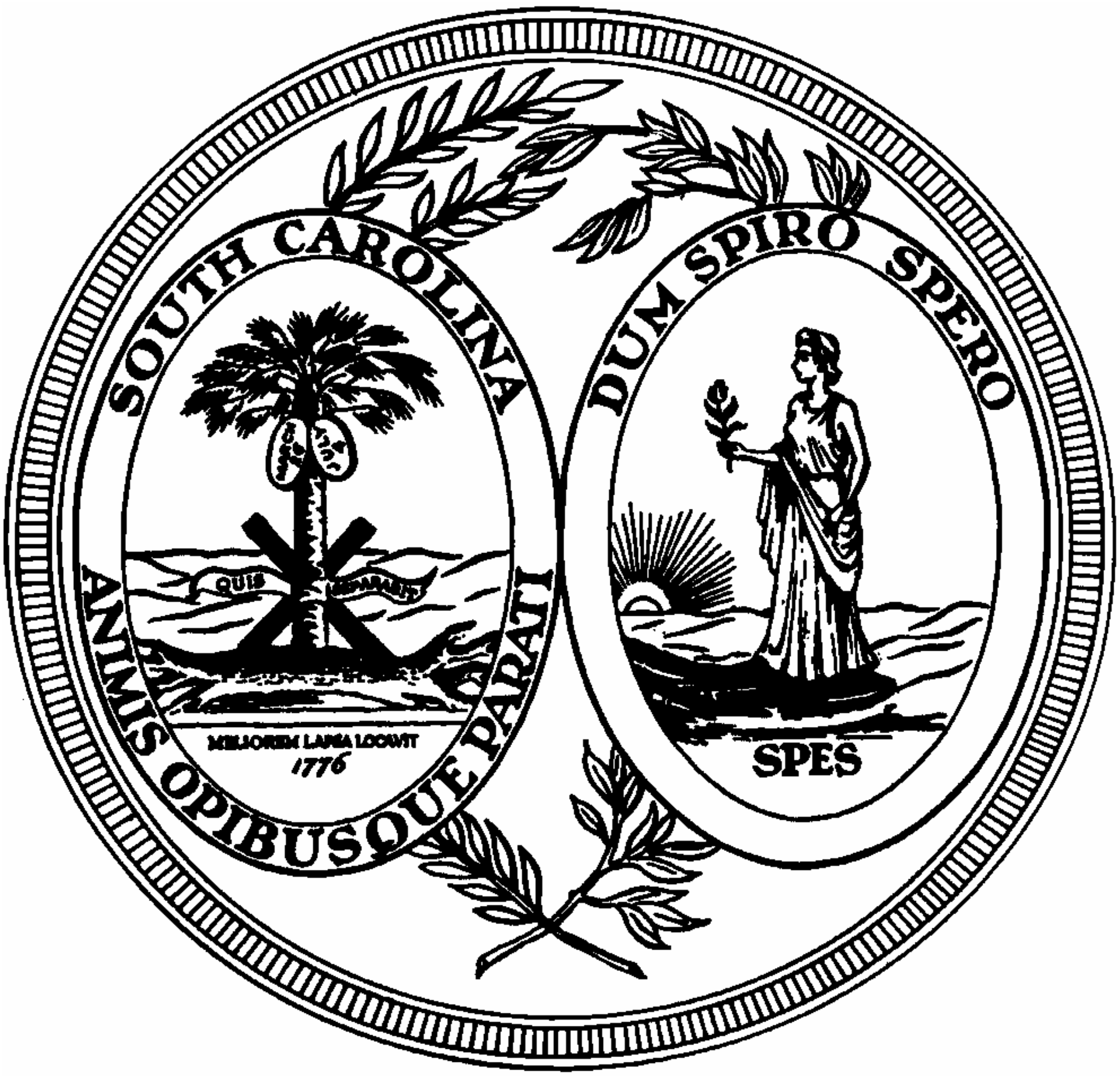
Purchase Commitments – Ports Authority

At June 30, 2021, the Ports Authority had construction commitments of approximately $68.650 million and non-construction commitments for property, plant and equipment of approximately $7.500 million.

Commitments to Provide Grants and Other Financial Assistance – The State Housing Finance and Development Authority

The State Housing Finance and Development Authority, a major discretely presented component unit, had commitments of $7.683 million from the Housing Trust Fund for affordable housing projects and developments as of June 30, 2021.

Additionally, in May 2020, the South Carolina Legislature enacted the "Workforce and Senior Affordable Housing Act", which gives tax credits to developers of affordable housing projects that are approved by the South Carolina Housing Authority and placed into service after January 1, 2020. Initial impact estimates put the annual General Fund tax credit impact at approximately $2.057 million per calendar year until the program, which mirrors the federal low-income housing tax credit, sunsets for projects completed by December 31, 2030 in calendar year 2039. But, later in 2020, the federal government changed the low-income housing tax credit financing program, which greatly increased participation in this program by developers. Tax credits for calendar years 2020 and 2021 are now estimated to be $1.629 million and $2.263 million, respectively. Additionally, if the program is left unchanged by the South Legislature, tax credits from General Fund revenues are estimated to increase up to $516.069 million by calendar year 2030 before they begin to decrease and the tax credits are fully used for calendar year 2039.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NOTE 20: COVID-19 PANDEMIC

The 2019 Novel Coronavirus (or "COVID-19") has adversely affected economic activity globally, nationally and locally. In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The extent of the impact of the virus and its variants on the State's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, severity of the impact on the state's economy, and governmental, regulatory, and private sector responses. The full extent of the economic uncertainty caused by COVID-19 on the State's financial statements in future periods is not yet determinable.

To respond to this pandemic, the State held its fiscal year 2021 budget at fiscal year 2020 spending levels, although fiscal 2021 revenues have ultimately surpassed projections. All of the $1.905 billion in COVID Relief Funds received has been recognized with corresponding expenditures or obligated to be expended (see table below) before the December 31, 2021 deadline.

CARES Act
Coronavirus Relief Funds
(expressed in thousands)

Program	Amount
Unemployment Trust Fund	$ 841,906
State Government	353,869
Department of Education	222,657
State Testing/Monitoring	144,071
Broadband/Mobile Hotspots	38,370
PPE Stockpile	13,056
Grant Management	10,000
Total State	**$ 1,623,929**
Local Government	$ 92,976
Hospital Relief	123,210
Small/Minority Businesses	40,000
Nonprofits	25,000
Total Non-State	**$ 281,186**
Grand Total	**$ 1,905,115**

In addition, the State received $2.499 billion in September 2021 under the American Rescue Plan Act (ARPA) for the State Fiscal Recovery Fund. The AccelerateSC group, a group designated by the Governor, has submitted its recommendations for the $2.499 billion but the General Assembly has not yet approved a spending plan. States must obligate the funds by December 31, 2024, and spend by December 31, 2026.

Also, on September 3, 2021, the state received $217.563 million under ARPA for the Local Fiscal Recovery Fund. Of the $217.563 million received, $121.300 million has been allocated to local governments. States must also obligate these funds by December 31, 2024, and spend them by December 31, 2026.

NOTE 21: SUBSEQUENT EVENTS

a. Debt Issuances

Subsequent to the fiscal year end, the State of South Carolina issued the following debt:

- On July 7, 2021, the State Infrastructure Bank, reported within the Local Government Infrastructure Fund (a major governmental fund), issued $370.445 million in revenue refunding bonds, Series 2021A and Series 2021B.
- On September 9, 2021, the State Housing Authority, a major discretely presented component unit, issued $166.000 million in mortgage revenue bonds, Series 2021A.
- On September 22, 2021, the College of Charleston, a non-major discretely presented component unit, issued $43.190 million in revenue bonds, Series 2021B.
- On October 6, 2021, the Department of Education, reported within the General Fund, issued a $23.000 million note.

- On September 2, 2021, the Public Service Authority, a major discretely presented component unit, issued $145.735 million in 2021 Tax-Exempt Refunding Series A revenue bonds and $284.555 million in 2021 Tax-Exempt Improvement Series B revenue bonds. The $430.290 million in revenue bonds will be used to refund $174.000 million in revenue bonds to lower their interest rates, covert $190.000 million from short-term variable rate debt to long-term fixed rate debt, and $160.000 of the bond issuance will be used for various capital projects and debt issuance costs.

b. Tuition Prepayment Program

On September 17, 2021, the Tuition Prepayment Program received $31.900 million in State fiscal year 2022 appropriations to eliminate the Program's accumulated unfunded liability.

c. South Carolina Housing Authority Tax Credits

In May 2020, the South Carolina Legislature enacted the "Workforce and Senior Affordable Housing Act", which gives tax credits to developers of affordable housing projects that are approved by the South Carolina Housing Authority and placed into service after January 1, 2020. Initial impact estimates put the annual General Fund tax credit impact at approximately $2.057 million per calendar year until the program, which mirrors the federal low-income housing tax credit, sunsets for projects completed by December 31, 2030 in calendar year 2039. But, later in 2020, the federal government changed the low-income housing tax credit financing program, which greatly increased participation in this program by developers. Tax credits for calendar years 2020 and 2021 are now estimated to be $1.629 million and $2.263 million, respectively. Additionally, if the program is left unchanged by the South Legislature, tax credits from General Fund revenues are estimated to increase up to $516.069 million by calendar year 2030 before they begin to decrease and the tax credits are fully used for calendar year 2039.