

**SOUTH CAROLINA EDUCATIONAL  
TELEVISION COMMISSION  
COLUMBIA, SOUTH CAROLINA**

**REPORT ON FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**



February 11, 2022

Members of the South Carolina Educational Television Commission  
South Carolina Educational Television Commission  
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina Educational Television Commission for the fiscal year ended June 30, 2021 and 2020, was issued by The Hobbs Group, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

George L. Kennedy, III, CPA  
State Auditor

GLKIII/trb

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
TABLE OF CONTENTS  
JUNE 30, 2021 AND 2020**

	<b>Page(s)</b>
<b>Independent Auditors' Report</b>	1 – 3
<b>Management's Discussion and Analysis</b>	4 – 9
<b>Audited Financial Statements</b>	
Basic Financial Statements	
Government-Wide Financial Statements:	
Statements of Net Position	10
Statements of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds – June 2021	12
Balance Sheet – Governmental Funds – June 2020	13
Reconciliations of the Governmental Funds Balance Sheets to the Statements of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – for the Year Ended June 30, 2021	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – for the Year Ended June 30, 2020	16
Reconciliations of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	17
Notes to Financial Statements	18 – 49
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis, Unaudited) – For the Year Ended June 30, 2021	50
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis, Unaudited) – For the Year Ended June 30, 2020	51
Notes to the Required Supplementary Information – Budgetary Comparison Schedules - Unaudited	52 – 53
Pension Plan Schedules	
Schedule of the South Carolina Educational Television Commission's Proportionate Share of the Net Pension Liability – Unaudited	54
Schedule of the South Carolina Educational Television Commission's Contributions – South Carolina Retirement System – Unaudited	55
Other Post-Employment Benefits Schedules	
Schedule of the South Carolina Educational Television Commission's Proportionate Share of the Collective Net OPEB Liability – South Carolina Retiree Health Insurance Trust Fund – Unaudited	56
Schedule of the South Carolina Educational Television Commission's Contributions – South Carolina Retiree Health Insurance Trust Fund – Unaudited	57

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021 AND 2020**

	<u>Page(s)</u>
<b>Supplementary Information</b>	
Schedule of Revenues – Radio and Television – For the Year Ended June 30, 2021	58
Schedule of Revenues – Radio and Television – For the Year Ended June 30, 2020	59
Schedule of Expenditures – Radio and Television – For the Year Ended June 30, 2021	60
Schedule of Expenditures – Radio and Television – For the Year Ended June 30, 2020	61
<b>Governmental Auditing Section</b>	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	62 – 63
Schedule of Findings	64 – 65
Management’s Response	66

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## INDEPENDENT AUDITORS' REPORT

Mr. George L. Kennedy, III, CPA  
State Auditor  
South Carolina Office of the State Auditor  
Columbia, South Carolina

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Carolina Educational Television Commission (the "Network"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Network's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Network, as of June 30, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## EMPHASIS OF MATTER

As described in Note 1, the financial statements of the Network are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of South Carolina (the "State") that is attributable to the transactions of the Network. They do not purport to and do not present fairly the financial position of the State as of June 30, 2021 and 2020, the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America and do not include other agencies, divisions, or component units of the State. Our opinions are not modified with respect to this matter.

## OTHER MATTERS

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, budgetary comparison information, pension plan schedules and other post-employment benefit schedules on pages 50 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Network's basic financial statements. The accompanying schedules of revenues – radio and television on page 58 and 59 and the schedules of expenditures – radio and television on page 60 and 61 (the "schedules") are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022 on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance.

Columbia, South Carolina  
February 11, 2022

*The Hollar Group, P.A.*

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Overview of the Financial Statements and Financial Analysis***

As management of the South Carolina Educational Television Commission (the "Network"), we provide this Management's Discussion and Analysis of the Network's financial statements for the fiscal year ended June 30, 2021 as a narrative overview and analysis. We encourage readers to consider this information in conjunction with the Network's financial statements, which follow.

This report consists of a series of financial statements, prepared in accordance with the accounting principles generally accepted in the United States. The financial statements presented focus on the financial condition of the Network and the results of its operations.

This discussion and analysis are intended to serve as an introduction to the Network's basic financial statements. The Network's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The *government-wide financial statements* provide an overview of the Network's operations. The government-wide financial statements include two statements: The Statement of Net Position and the Statement of Activities.

The *fund financial statements* provide information on the Network's funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All the Network's funds are classified as governmental funds. The Network's governmental funds include the General Fund, Non-Federal Grants, Capital Projects and the Education Improvement Act Funds.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The following discussion and analysis of the Network's government-wide and governmental funds financial statements provides an overview of its financial activities for the year. Comparisons to the prior fiscal year are also made.

***Statements of Net Position***

The Statement of Net Position presents information reflecting the Network's assets, liabilities, deferred inflows and outflows of resources and net position as of the end of the fiscal year. This statement provides the reader with a snapshot view at a point in time. Net position represents the amount of total assets and deferred outflows of resources less liabilities and deferred inflows of resources. Assets and liabilities are shown as current and noncurrent. Current assets are those with immediate liquidity or which are collectible or due within twelve months of the statement date. The Statement of Net Position indicates the funds available for the Network's operation along with liabilities that will come due.



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

The assets and deferred outflows of resources of the Network exceeded its liabilities and deferred inflows of resources by \$22.3 million at fiscal year ending June 30, 2021 (See Table 1 below for a summary of net position for fiscal years 2019-2020 and 2018-2019).

**Table 1 – Condensed Statements of Net Position**

	<u>2021</u>	<u>2020</u>	<u>Increase / (Decrease)</u>	<u>% Change</u>	<u>2019</u>
<b>Assets</b>					
Current assets	\$ 25,020,887	\$ 25,896,078	\$ (875,191)	-3.38%	\$33,960,570
Capital assets	29,227,076	30,002,448	(775,372)	-2.58%	27,789,282
Total assets	<u>54,247,963</u>	<u>55,898,526</u>	<u>(1,650,563)</u>	-2.95%	<u>61,749,852</u>
Deferred outflows of resources	6,795,452	3,383,790	3,411,662	100.82%	3,000,630
<b>Liabilities</b>					
Current liabilities	5,189,324	2,951,248	2,238,076	75.83%	7,174,889
Noncurrent liabilities	<u>31,856,564</u>	<u>26,409,084</u>	<u>5,447,480</u>	20.63%	<u>26,328,778</u>
Total liabilities	<u>37,045,888</u>	<u>29,360,332</u>	<u>7,685,556</u>	26.18%	<u>33,503,667</u>
Deferred inflows of resources	1,698,957	2,145,259	(446,302)	-20.80%	1,131,100
<b>Net position</b>					
Net investment in capital assets	29,227,076	30,002,448	(775,372)	-2.58%	27,789,282
Restricted	18,384,912	20,413,641	(2,028,729)	-9.94%	21,945,238
Unrestricted	<u>(25,313,418)</u>	<u>(22,639,364)</u>	<u>(2,674,054)</u>	11.81%	<u>(19,618,805)</u>
Total net position	<u>\$ 22,298,570</u>	<u>\$ 27,776,725</u>	<u>\$ (5,478,155)</u>	-19.72%	<u>\$ 30,115,715</u>

Total assets and deferred outflows of resources of the Network increased by approximately \$1.8 million. This increase is attributed to deferred outflows of resources related to OPEB and net pension liability offset by a decrease in cash. Cash and cash equivalents decreased approximately \$0.8 million over the previous year. The decrease in cash and cash equivalents can be largely attributed to the purchases of capital assets.

The increase of approximately \$2.2 million in current liabilities is attributable to an increase in unearned revenues of approximately \$1.2 million offset by decreases in the current portion of compensated absences. Unearned revenues increased as a result of several large grants received in the current year for a specified purpose with unspent funds remaining at the end of the year.

Net position of the Network decreased during the year by approximately \$5.5 million largely driven by the significant amounts of capital assets purchased offset by decreases in cash and cash equivalents and increases in the net OPEB liability and net pension liability as well as other factors described above. Total net position at June 30, 2021 was \$22.3 million, of which \$29 million was invested in capital assets, \$18.4 million was restricted for capital reserves, capital projects, and public broadcasting as well as a deficit of \$25.3 million in unrestricted net position due primarily to the net pension and OPEB liabilities.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

**Statements of Activities**

This statement represents the program revenues and expenses, as well as any general revenue that the Network receives. The purpose of this statement is to present the reader with information relating to revenues earned and expenses incurred during the fiscal year ending June 30, 2021.

(See Table 2 for a comparison of revenues, expenses and changes in net position for fiscal years 2019-2020 and 2018-2019).

**Table 2 – Statements of Activities**

	<u>2021</u>	<u>2020</u>	<u>Increase / (Decrease)</u>	<u>% Change</u>	<u>2019</u>
Revenue					
Program revenues:					
Charges for services	\$ 6,364,499	\$ 6,535,628	\$ (171,131)	-2.62%	\$ 7,506,346
Operating grants and contributions	<u>9,320,924</u>	<u>13,382,865</u>	<u>(4,061,941)</u>	-30.35%	<u>6,540,975</u>
Total program revenues	15,685,423	19,918,493	(4,233,070)	-21.25%	14,047,321
General revenues:					
Contributions	10,049,812	7,106,546	2,943,266	41.42%	6,092,859
Interest and investment income	284,339	398,713	(114,374)	-28.69%	476,054
Intergovernmental – state agencies	2,492,479	1,827,139	665,340	36.41%	623,057
Miscellaneous revenues	<u>212,312</u>	<u>381,082</u>	<u>(168,770)</u>	-44.29%	<u>7,191,970</u>
Total general revenues	<u>13,038,942</u>	<u>9,713,480</u>	<u>3,325,462</u>	34.24%	<u>7,191,970</u>
Total revenues	<u><u>28,724,365</u></u>	<u><u>29,631,973</u></u>	<u><u>(907,608)</u></u>	-3.06%	<u><u>21,239,291</u></u>
Expenses					
Educational broadcasting:					
Personal services	10,961,767	10,884,738	77,029	.71%	9,681,137
Pension expenses	958,047	301,142	656,905	218.14%	492,777
OPEB expense	736,294	221,320	514,974	232.68%	298,595
Other operating costs	15,904,940	15,729,482	175,458	1.12%	12,820,120
Depreciation	<u>5,641,472</u>	<u>4,834,281</u>	<u>807,191</u>	16.70%	<u>3,005,843</u>
Total expenses	<u>34,202,520</u>	<u>31,970,963</u>	<u>2,231,557</u>	6.98%	<u>26,298,472</u>
(Decrease)/Increase in net position	(5,478,155)	(2,338,990)	(3,139,165)	134.21%	(5,059,181)
Net position – beginning of year	27,776,725	30,115,715	(2,338,990)	-7.77%	35,174,896
Net position – end of year	<u><u>\$ 22,298,570</u></u>	<u><u>\$ 27,776,725</u></u>	<u><u>\$ (5,478,155)</u></u>	-19.72%	<u><u>\$ 30,115,715</u></u>

General revenues for the 2021 fiscal year totaled approximately \$13 million which is an increase of approximately \$3.3 million which is largely driven by the increase in contributions from appropriations from the State.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

The Network received a State General Fund Appropriation for fiscal year ("FY") 2020-2021 of \$1,738,759. The Network was also funded through budget provisos and Education Improvement Act funds in the 2020-2021 Appropriations Act.

Program revenues for the Network are classified in three categories: Charges for Services, Operating Grants, and Capital Grants. Charges for services are received for providing services to the various customers and constituencies of the Network. Operating grants are primarily made up of the Community Service Grants received from the Corporation for Public Broadcasting and private grants. Operating grants are used in the ongoing operations of the Network. Capital grants are related to capital equipment and construction projects.

Program revenue from all sources during the fiscal year totaled approximately \$15.7 million, which is a decrease of approximately \$4.2 million over the prior year. The substantial decrease in program revenue is attributed to the Network receiving authorization to use unspent carryforward Education Improvement Act funding during the year ended June 30, 2020. This resulted in substantially higher revenues in fiscal year 2020 than fiscal year 2021.

Expenses for the Network are shown under the category of Educational Broadcasting and are classified as Personal Services, Pension Expense, OPEB Expense, Other Operating, and Depreciation. Personal Service costs were approximately \$11 million which increased due primarily to an increased number of employees at the Network. Pension expense costs were approximately \$960,000 and OPEB expense costs were approximately \$740,000. These were increases from the prior year due to underlying plan activities as well as an increase in the Network's proportionate share of these liabilities. Other operating costs totaled approximately \$15.9 million which was a slight increase of approximately \$.2 million. Depreciation expense totaled approximately \$5.6 million which was a significant increase over the prior year due to a substantial amount of capital asset additions beginning depreciation in the current and prior years. The Statement of Activities reflects a decrease in net position for the current fiscal year of approximately \$5.5 million due to these factors.

***Budgetary Highlights:***

Over the course of the year, appropriations transfers increased the original budget by approximately \$2.8 million. Changes between original and final budgeted amounts are associated with carryforwards of funds and the addition of capital outlay for the Spectrum Auction Fund. The Network ended the year with a positive budget variance of approximately \$17 million based on actual budgetary basis figures. This significant variance is primarily due to a capital outlay variance of \$14.1 million. Capital outlay consists of technology projects related to the Spectrum Auction Fund. Significant delays were incurred on these projects in fiscal year 2021 due to delays outside of management's control.

***Fund Financial Analysis:***

The Network uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

***Governmental Funds:***

The focus of the Network's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Network's financing requirements. In particular, the unassigned and restricted fund balances may serve as a useful measure of the Network's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Network's governmental funds reported combined ending fund balances of approximately \$20.4 million, a decrease of approximately \$3.2 million for the year

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

Unassigned fund balance accounts for approximately \$1.7 million, of ending fund balance, and is available for administrative expenditures made in accordance with federal and State regulations.

Restricted fund balance accounts for approximately \$18.4 million of ending fund balance, and includes amounts that can only be spent for specific purposes stipulated by the State, external resource providers, or through enabling legislation. The Network's restricted fund balance consists primarily of amounts restricted for capital projects and unspent grant funds.

Non-spendable fund balance accounts for approximately \$320 thousand of ending fund balance, and represents prepaid items.

***Capital Assets***

The Network's Capital Assets net of depreciation were approximately \$29.2 million at June 30, 2021. This investment in capital assets includes land, buildings and improvements, equipment and furniture, vehicles and construction in progress. Table 3 summarizes capital assets at June 30, 2021, 2020, and 2019.

**Table 3 – Network Capital Assets**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 783,269	\$ 783,269	\$ 583,269
Building and improvements	18,064,421	17,912,423	19,401,592
Equipment and furniture	88,793,554	85,151,121	78,716,086
Vehicles	2,367,892	2,204,368	1,605,165
Construction in progress	1,222,930	401,712	7,113,510
Total cost	<u>111,232,066</u>	<u>106,452,893</u>	<u>107,419,622</u>
Less: Accumulated depreciation	<u>82,004,990</u>	<u>76,450,445</u>	<u>79,630,340</u>
Net capital assets	<u>\$ 29,227,076</u>	<u>\$ 30,002,448</u>	<u>\$ 27,789,282</u>

The net decrease in the Network's investment in capital assets for the current fiscal year was approximately \$.8 million and can be attributed to depreciation expense.

***Economic Outlook***

During the fiscal year ended June 30, 2021, the Network had some major changes due to COVID-19. The staff at the Network started to perform many of their roles at remote locations in response to COVID. Our facility rentals dramatically decreased by 47.2% due to vendors not having regular scheduled meetings or gatherings as they had once had in the past. The Network began two separate funding initiatives to support remote connection to educational content via datacasting throughout the State. The Rethink K12 initiative through the US Department of Education is awarding the Network \$2,392,500 over 3 years to support datacasting. The Rethink K12 initiative represents Congressional funding allotted to the Education Stabilization Fund through the CARES Act for grants to states with the highest coronavirus burden. The program supports new, innovative ways to access education with an emphasis on meeting students' needs during the coronavirus national emergency. In addition to the Rethink K12 initiative funding, the COVID-19 Response Reserve initiative awarded the Network \$1,290,000 in funding for the fiscal year ending June 30, 2021 to support the needed infrastructure for the expansion of the datacasting service. Through this initiative, the Network plans to serve approximately 5,000 students across 34 school districts which were significantly impacted by the coronavirus pandemic. Datacasting technology supports the delivery of instructional content to students living in areas with limited or no broadband access

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

***Requests for Information***

This financial report is designed to provide a general overview of the South Carolina Educational Television Commission's finances for all the Network's taxpayers, customers and creditors. This financial report seeks to demonstrate the Network's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the President of the South Carolina Educational Television Commission, 1041 George Rogers Boulevard, Columbia, South Carolina 29201.

**AUDITED FINANCIAL STATEMENTS**

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
STATEMENTS OF NET POSITION  
JUNE 30,**

	<b>2021</b>	<b>2020</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,048,506	\$ 4,830,387
Restricted cash	18,384,912	20,413,641
Accounts receivable	267,055	434,347
Prepaid expenses	320,414	217,703
Total current assets	25,020,887	25,896,078
Non-current assets		
Capital assets, net of accumulated depreciation	29,227,076	30,002,448
Total non-current assets	29,227,076	30,002,448
<b>Total assets</b>	<b>54,247,963</b>	<b>55,898,526</b>
Deferred outflows of resources related to net pension liability	3,126,886	1,791,121
Deferred outflows of resources related to net OPEB liability	3,668,566	1,592,669
<b>Total deferred outflows of resources</b>	<b>6,795,452</b>	<b>3,383,790</b>
<b>Total assets and deferred outflows of resources</b>	<b>61,043,415</b>	<b>59,282,316</b>
 <b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	1,796,579	626,138
Accrued salaries and related benefits	917,581	935,237
Unearned revenue	1,913,922	734,170
Current portion of accrued compensated absences and related benefits	561,242	655,703
Total current liabilities	5,189,324	2,951,248
Noncurrent liabilities:		
Accrued compensated absences and related benefits, net of current portion	733,901	730,814
Net OPEB liability	14,606,689	11,683,948
Net pension liability	16,515,974	13,994,322
Total noncurrent liabilities	31,856,564	26,409,084
<b>Total liabilities</b>	<b>37,045,888</b>	<b>29,360,332</b>
Deferred inflows of resources related to net pension liability	424,299	652,139
Deferred inflows of resources related to net OPEB liability	1,274,658	1,493,120
<b>Total deferred inflows of resources</b>	<b>1,698,957</b>	<b>2,145,259</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>38,744,845</b>	<b>31,505,591</b>
 <b>Net Position:</b>		
Net investment in capital assets	29,227,076	30,002,448
Restricted:		
Capital projects	171,741	171,741
Capital reserve	15,471,879	16,652,899
Public broadcasting	2,741,292	3,589,001
Unrestricted	(25,313,418)	(22,639,364)
<b>Total net position</b>	<b>\$ 22,298,570</b>	<b>\$ 27,776,725</b>

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,**

	<b>2021</b>	2020
	<b>Governmental</b>	Governmental
	<b>Activities</b>	Activities
	<u>                    </u>	<u>                    </u>
Expenses:		
Educational broadcasting:		
Personal services	<b>\$ 10,961,767</b>	\$ 10,884,738
Pension expense	<b>958,047</b>	301,142
OPEB expense	<b>736,294</b>	221,320
Other operating costs	<b>15,904,940</b>	15,729,482
Depreciation	<b>5,641,472</b>	4,834,281
	<u>                    </u>	<u>                    </u>
Total program expenses	<b>34,202,520</b>	31,970,963
Program revenues:		
Charges for services	<b>6,364,499</b>	6,535,628
Capital grants and contributions	<b>9,320,924</b>	13,382,865
	<u>                    </u>	<u>                    </u>
Net program expenses	<b>18,517,097</b>	12,052,470
	<u>                    </u>	<u>                    </u>
General revenues, special items and transfers:		
Contributions	<b>10,049,812</b>	7,106,546
Interest and other investment income	<b>284,339</b>	398,713
Intergovernmental - State Agencies	<b>2,492,479</b>	1,827,139
Miscellaneous revenues	<b>212,312</b>	381,082
Total general revenues, special items and transfers	<b>13,038,942</b>	9,713,480
	<u>                    </u>	<u>                    </u>
(Decrease) increase in net position	<b>(5,478,155)</b>	(2,338,990)
Net position - beginning of year	<b>27,776,725</b>	30,115,715
	<u>                    </u>	<u>                    </u>
Net position - end of year	<b>\$ 22,298,570</b>	\$ 27,776,725
	<u>                    </u>	<u>                    </u>

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



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<b>General</b>	<b>Education Improvement Act</b>	<b>Non-Federal Grants</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,725,522	\$ 525,737	\$ 797,247	\$ -	\$ 6,048,506
Restricted cash	18,213,171	-	-	171,741	18,384,912
Accounts receivable	267,055	-	-	-	267,055
Due from other funds	507,375	146,262	-	-	653,637
Prepaid expenses	256,095	64,319	-	-	320,414
<b>TOTAL ASSETS</b>	<b>\$ 23,969,218</b>	<b>\$ 736,318</b>	<b>\$ 797,247</b>	<b>\$ 171,741</b>	<b>\$ 25,674,524</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,615,407	\$ 164,624	\$ 16,548	\$ -	\$ 1,796,579
Accrued salaries and related benefits	909,031	-	8,550	-	917,581
Due to other funds	146,262	507,375	-	-	653,637
Unearned revenues	1,141,773	-	772,149	-	1,913,922
<b>TOTAL LIABILITIES</b>	<b>3,812,473</b>	<b>671,999</b>	<b>797,247</b>	<b>-</b>	<b>5,281,719</b>
<b>FUND BALANCES:</b>					
Nonspendable					
Prepaid expenses	256,095	64,319	-	-	320,414
Restricted					
Capital reserve	15,471,879	-	-	-	15,471,879
Capital projects	-	-	-	171,741	171,741
Public broadcasting	2,741,292	-	-	-	2,741,292
Unassigned	1,687,479	-	-	-	1,687,479
<b>TOTAL FUND BALANCES</b>	<b>20,156,745</b>	<b>64,319</b>	<b>-</b>	<b>171,741</b>	<b>20,392,805</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,969,218</b>	<b>\$ 736,318</b>	<b>\$ 797,247</b>	<b>\$ 171,741</b>	<b>\$ 25,674,524</b>

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<b>General</b>	<b>Education Improvement Act</b>	<b>Non-Federal Grants</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 3,702,644	\$ 552,058	\$ 575,685	\$ -	\$ 4,830,387
Restricted cash	20,241,900	-	-	171,741	20,413,641
Accounts receivable	434,347	-	-	-	434,347
Due from other funds	620,861	280,815	166,974	-	1,068,650
Prepaid expenses	217,703	-	-	-	217,703
<b>TOTAL ASSETS</b>	<b>\$ 25,217,455</b>	<b>\$ 832,873</b>	<b>\$ 742,659</b>	<b>\$ 171,741</b>	<b>\$ 26,964,728</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 607,983	\$ 18,131	\$ 24	\$ -	\$ 626,138
Accrued salaries and related benefits	926,772	-	8,465	-	935,237
Due to other funds	280,815	787,835	-	-	1,068,650
Unearned revenues	-	-	734,170	-	734,170
<b>TOTAL LIABILITIES</b>	<b>1,815,570</b>	<b>805,966</b>	<b>742,659</b>	<b>-</b>	<b>3,364,195</b>
<b>FUND BALANCES:</b>					
Nonspendable					
Prepaid expenses	217,703	-	-	-	217,703
Restricted					
Capital reserve	16,652,899	-	-	-	16,652,899
Capital projects	-	-	-	171,741	171,741
Public broadcasting	3,589,001	-	-	-	3,589,001
Assigned					
Educational improvement	-	26,907	-	-	26,907
Unassigned	2,942,282	-	-	-	2,942,282
<b>TOTAL FUND BALANCES</b>	<b>23,401,885</b>	<b>26,907</b>	<b>-</b>	<b>171,741</b>	<b>23,600,533</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 25,217,455</b>	<b>\$ 832,873</b>	<b>\$ 742,659</b>	<b>\$ 171,741</b>	<b>\$ 26,964,728</b>

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
RECONCILIATIONS OF THE GOVERNMENTAL FUND BALANCE SHEETS  
TO THE STATEMENTS OF NET POSITION**

**JUNE 30,**

	<b>2021</b>	<b>2020</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
	<hr/>	<hr/>
<b>Reconciliations to the Statement of Net Position:</b>		
Fund balances to governmental funds	<b>\$ 20,392,805</b>	\$ 23,600,533
Certain amounts reported for governmental activities in the statement of net position are different because:		
Liabilities are not due and payable in the current period, therefore, are not reported in the funds:		
Accrued compensated absences and related benefits	<b>(1,295,143)</b>	(1,386,517)
The net pension liability, net OPEB liability, and related deferred inflows and outflows of resources are not due and payable in the current year and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position:		
Net pension liability	<b>(16,515,974)</b>	(13,994,322)
Net OPEB liability	<b>(14,606,689)</b>	(11,683,948)
Deferred outflows of resources related to net pension liability	<b>3,126,886</b>	1,791,121
Deferred outflows of resources related to net OPEB liability	<b>3,668,566</b>	1,592,669
Deferred inflows of resources related to net pension liability	<b>(424,299)</b>	(652,139)
Deferred inflows of resources related to net OPEB liability	<b>(1,274,658)</b>	(1,493,120)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Capital assets, net of accumulated depreciation	<b>29,227,076</b>	30,002,448
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 22,298,570</u></u></b>	<b><u><u>\$ 27,776,725</u></u></b>

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General	Education Improvement Act	Non-Federal Grants	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>					
Contributions	\$ 10,041,386	\$ 8,426	\$ -	\$ -	\$ 10,049,812
Intergovernmental - State Agencies	2,492,479	-	-	-	2,492,479
Program sales	59,947	-	-	-	59,947
Corporation for Public Broadcasting, Inc. grant	3,000,066	-	-	-	3,000,066
Education Improvement Act	-	5,976,409	-	-	5,976,409
Private grants and contracts	225,037	-	11,500	-	236,537
Charges for services	955,445	-	125,486	-	1,080,931
Rental fees	4,886,971	-	-	-	4,886,971
Interest and other investment income	284,339	-	-	-	284,339
Royalties	336,650	-	-	-	336,650
Miscellaneous	212,312	-	-	-	212,312
<b>TOTAL REVENUES</b>	<b>\$ 22,494,632</b>	<b>\$ 5,984,835</b>	<b>\$ 136,986</b>	<b>\$ -</b>	<b>\$ 28,616,453</b>
<b>EXPENDITURES:</b>					
Internal administration	3,748,656	311,816	-	-	4,060,472
Programs and services:					
Engineering administration	2,048,917	534,876	-	-	2,583,793
Transmissions and reception	2,315,288	1,790,901	76,139	-	4,182,328
Communications	460,486	-	-	-	460,486
Education	1,248,069	1,392,370	1,082	-	2,641,521
Agency, local and other education services	3,888	287,836	-	-	291,724
Training and assessment	-	91,033	-	-	91,033
Radio content	2,211,798	406,646	-	-	2,618,444
National content	2,306,479	8,129	-	-	2,314,608
Local and transparency	5,646,725	620,206	20,721	-	6,287,652
Development/Fundraising	450,423	10,527	-	-	460,950
Underwriting	371,890	414	-	-	372,304
Marketing	524,165	12,799	24,120	-	561,084
Capital outlay	4,421,715	476,067	-	-	4,897,782
<b>TOTAL EXPENDITURES</b>	<b>25,758,499</b>	<b>5,943,620</b>	<b>122,062</b>	<b>-</b>	<b>31,824,181</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,263,867)</b>	<b>41,215</b>	<b>14,924</b>	<b>-</b>	<b>(3,207,728)</b>
<b>OTHER FINANCING SOURCES AND TRANSFERS:</b>					
Transfers in	4,762,661	-	-	-	4,762,661
Transfers out	(4,743,934)	(3,803)	(14,924)	-	(4,762,661)
<b>TOTAL OTHER FINANCING SOURCES AND TRANSFERS</b>	<b>18,727</b>	<b>(3,803)</b>	<b>(14,924)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,245,140)</b>	<b>37,412</b>	<b>-</b>	<b>-</b>	<b>(3,207,728)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>23,401,885</b>	<b>26,907</b>	<b>-</b>	<b>171,741</b>	<b>23,600,533</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 20,156,745</b>	<b>\$ 64,319</b>	<b>\$ -</b>	<b>\$ 171,741</b>	<b>\$ 20,392,805</b>

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>General</b>	<b>Education Improvement Act</b>	<b>Non-Federal Grants</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Contributions	\$ 7,106,546	\$ -	\$ -	\$ -	\$ 7,106,546
Intergovernmental - State Agencies	1,827,139	-	-	-	1,827,139
Program sales	47,237	-	-	-	47,237
Corporation for Public Broadcasting, Inc. grant	2,656,492	-	-	-	2,656,492
Education Improvement Act	-	10,588,588	-	-	10,588,588
Private grants and contracts	24,138	-	33,924	-	58,062
Charges for services	1,413,172	-	94,683	-	1,507,855
Rental fees	4,921,051	-	-	-	4,921,051
Interest and other investment income	398,713	-	-	-	398,713
Royalties	59,486	-	-	-	59,486
Miscellaneous	381,081	-	-	-	381,081
<b>TOTAL REVENUES</b>	<b>\$ 18,835,055</b>	<b>\$ 10,588,588</b>	<b>\$ 128,607</b>	<b>\$ -</b>	<b>\$ 29,552,250</b>
<b>EXPENDITURES:</b>					
Internal administration	2,115,969	694,457	-	-	2,810,426
Programs and services:					
Engineering administration	1,651,238	777,072	-	-	2,428,310
Transmissions and reception	2,378,925	2,091,537	106,110	-	4,576,572
Communications	744,094	-	-	-	744,094
Education	834,227	1,098,134	20,136	-	1,952,497
Agency, local and other education services	63,319	1,317,277	-	-	1,380,596
Training and assessment	-	102,782	-	-	102,782
Radio content	1,263,194	1,230,273	-	-	2,493,467
National content	1,696,856	1,130,329	-	-	2,827,185
Local and transparency	4,675,585	1,256,794	2,361	-	5,934,740
Development/Fundraising	119,740	269,228	-	-	388,968
Underwriting	403,575	96,313	-	-	499,888
Marketing	29,491	49,026	-	-	78,517
Capital outlay	6,043,311	957,978	-	200,000	7,201,289
<b>TOTAL EXPENDITURES</b>	<b>22,019,524</b>	<b>11,071,200</b>	<b>128,607</b>	<b>200,000</b>	<b>33,419,331</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,184,469)</b>	<b>(482,612)</b>	<b>-</b>	<b>(200,000)</b>	<b>(3,867,081)</b>
<b>OTHER FINANCING SOURCES AND TRANSFERS:</b>					
Proceeds from sale of capital assets	8,000	-	-	-	8,000
Transfers in	-	-	-	86,817	86,817
Transfers out	(86,817)	-	-	-	(86,817)
<b>TOTAL OTHER FINANCING SOURCES AND TRANSFERS</b>	<b>(78,817)</b>	<b>-</b>	<b>-</b>	<b>86,817</b>	<b>8,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,263,286)</b>	<b>(482,612)</b>	<b>-</b>	<b>(113,183)</b>	<b>(3,859,081)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>26,665,171</b>	<b>509,519</b>	<b>-</b>	<b>284,924</b>	<b>27,459,614</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 23,401,885</b>	<b>\$ 26,907</b>	<b>\$ -</b>	<b>\$ 171,741</b>	<b>\$ 23,600,533</b>

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,**

	<b>2021</b>	<b>2020</b>
<b>Reconciliations to the Statement of Activities:</b>		
Net change in fund balances - total government funds	<b>\$ (3,207,728)</b>	\$ (3,859,081)
Amounts reported for governmental activities in the statement of activities are different because:		
Costs of capital assets are reported as expenditures in the governmental funds, but are recorded as capital asset additions in the statement of net position	<b>4,897,782</b>	7,201,289
Depreciation of capital assets is reported as an expense in the statement of activities	<b>(5,641,472)</b>	(4,834,281)
The disposal of capital assets removes the gross value and accumulated depreciation of the asset from the statement of net position resulting in a loss on disposal on the statement of activities	<b>(31,682)</b>	(153,842)
Nonemployer OPEB contribution revenue is reported as revenue in the statement of activities	<b>107,912</b>	79,723
Some expenses reported into the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds:		
Proportionate share of pension expense	<b>(958,047)</b>	(301,142)
Proportionate share of OPEB expense	<b>(736,294)</b>	(221,320)
Change in accrued compensated absences and related benefits	<b>91,374</b>	(250,336)
<b>CHANGE IN NET POSITION</b>	<b><u><u>\$ (5,478,155)</u></u></b>	<b><u><u>\$ (2,338,990)</u></u></b>

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the South Carolina Educational Television Commission (the "Network") conform to accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The Network's significant accounting principles are described below.

**Reporting Entity**

The Network is responsible for the administration of the South Carolina Educational Television ("ETV") Commission systems. The Network is an agency of the State of South Carolina established by Section 59-7-10 of the Code of Laws of South Carolina.

The ETV Commission members are the governing body of the Network. There are nine members of the ETV Commission. The Governor appoints a member to the ETV Commission from each Congressional District and a member at-large who serves as Chairman. The State Superintendent of Education serves as an ex-officio member of the Commission.

The funds and account groups of the Network are included in the Annual Comprehensive Financial Report ("ACFR") of the State of South Carolina, the primary government. The core of the financial reporting entity is the primary government, which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units. The Network has determined it has no component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity.

The primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally dependent on the primary entity that holds one or more of the following powers:

- (1) Determines its budget without another government having the authority to approve and modify that budget;
- (2) Levies taxes or set rates or charges without approval by another government; or,
- (3) Issues bonded debt without approval by another government.

The accompanying financial statements present the financial position and the results of operations of only that portion of the funds of the State of South Carolina that is attributable to the transactions of the Network.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed and are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; the difference between the assets and liabilities is fund balance.

The Network reports the following major funds at June 30, 2021 and 2020:

**General Fund** - The general fund accounts for all activities except those required to be accounted for in another fund. Revenues include the annual state appropriation as approved by the General Assembly, Corporation for Public Broadcasting, Inc. ("CPB") grant funds, program sales, royalties, charges for services, contributions and cost reimbursements. The revenues are used for general ongoing governmental services such as administration, maintenance, program development and production, transmission and reception of programs, and debt service. Program sales revenues report amounts received from State agencies, the ETV Endowment and others for services related to and for support of programming, production and broadcasting of programs. The Network reports as charges for services revenue income from the ETV Endowment primarily for reimbursement of administrative services and other costs and income from State agencies and other entities for services not related to production of programs and for certain equipment.

**Educational Improvement Act ("EIA") Fund** – This fund is a special revenue fund that generally records the expenditure of revenues and contributions that are restricted to specific programs or projects. Revenues are restricted for certain purposes. The fund recognizes revenue when the expenditure is incurred.

**Non-Federal Grants Fund** – This fund accounts for private grants for purposes other than capital projects.

The Network reports the following nonmajor funds at June 30, 2021 and 2020:

**Capital Projects Fund** – This fund accounts for federal grants, private grants and contracts, funds received from the State from capital improvement bonds and capital reserve fund appropriations and expenditures made from these resources.

**Government-wide and Fund Financial Statements**

The Government-wide financial statements are prepared on the accrual basis of accounting and include a statement of net position, which disclosed the financial position of the Network. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Measurement Focus, Basis of accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Network uses different availability periods for recognizing these revenues. Grant revenues are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues from sales of goods and services are recognized if received within one month after fiscal year-end. Other revenues are recognized if expected to be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Network, available means expected to be received within one year of the fiscal year-end.

Non-exchange transactions, in which the Network receives value without directly giving value in return, include grants and contributions. On an accrual basis, revenue from grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Network must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Network on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition and acquisition value at the date of donation in the case of gifts. The Network follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements costing \$100,000 or more that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The Network capitalized movable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year and buildings and improvements and intangible assets costing in excess of \$100,000. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Budget Policy**

The Network is granted an annual appropriation for operating purposes by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the Department. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total funds.

The Total Funds column in the Appropriation Act for each individual budgetary unit authorizes expenditures from all budgeted resources. A revenue budget is not adopted for individual budgetary units. The South Carolina General Assembly enacts the budget through passage of line-item appropriations by program within budgetary unit within budgetary fund category, State General Fund or other budgeted funds. Budgetary control is maintained at the line-item level of the budgetary entity. Agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriation authorization exist.

**Cash and Cash Equivalents**

The amounts shown in the financial statements as "cash and cash equivalents" represent petty cash, cash on hand with the State Treasurer, and cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool.

Most State agencies, including the Network, participate in the State's internal cash management 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 and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. For credit risk information pertaining to the cash management pool, see the deposits disclosure in Note 3.

The State's internal 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; however, all earnings on that account are credited to the General Fund of the State. The Network records and reports its deposits in the general deposit accounts at cost and records and reports its deposits in the special deposit accounts at fair value. Investments held by the pool are recorded at fair value. Interest earned by the Network's special deposit accounts is posted to the Network's account at the end of each month and is retained. Interest earnings are allocated based on the percentage of the Network's accumulated daily interest receivable to the total income receivable of the pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in the fair value of investments in the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year-end based on the percentage ownership in the pool.

Some State Treasurer accounts are not included in the State's internal cash management pool because of restrictions on the use of the funds. For those accounts, cash equivalents include investments in short-term highly liquid securities having an initial maturity of three months or less at the time of acquisition.

**Restricted Cash**

The Network's restricted cash consists mostly of amounts restricted for capital projects namely the renovation of the Telecommunication Center and repacking of broadcast spectrum.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Accounts Receivable**

Accounts receivable consists primarily of amounts due for sales, services and rentals. The Network establishes an allowance for doubtful accounts based on historical data and an analysis of the aged receivables at year-end. The Network determined that an allowance for doubtful accounts was not necessary at June 30, 2021 and 2020.

**Prepaid Expenses**

Prepaid expenses are accounted for using the consumption method. Prepaid expenses consist primarily of payments for programming and maintenance contracts. For financial statement purposes, prepaid expenses are offset by a nonspendable fund balance account because the asset does not represent resources available for expenditures.

**Compensated Absences**

Generally, all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the agency's working days of the month are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave and compensatory general and holiday leave earned for which the employees are entitled to paid time off or payment at termination. The Network calculates the gross compensated absences liability based on recorded balances of unused leave. The entire unpaid liability for which the employer expects to compensate employees through paid time off or cash payments, inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments, is recorded as a liability in the statements of net position. For governmental activities, compensated absences are generally liquidated by the general fund.

**Net Position / Fund Balances**

On the government-wide financial statements, the Network reports its net position as investment in capital, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is all resources that do not meet the definition of "net investment in capital assets" or "restricted net position".

The Network reports fund balance as restricted as defined above. Other constraints in its fund balance in the governmental funds as reported as committed or assigned. Fund balance is reported as committed if the ETV Commission constrains the use of resources. Fund balance is reported as assigned if the fund balance is constrained by the ETV Commission's intent to use the funds for a specific purpose. Committed constraints can be removed only through similar action that created the constraint. Non-spendable fund balance in the governmental funds reflects the lack of availability in form or substance of the assets and liabilities reported in the fund to meet obligations of the fund. Unassigned fund balances are all fund balances that do not meet the definition of "restricted", "assigned", "non-spendable" or "committed".

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Net Position / Fund Balances (continued)**

When both restricted and unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Network's policy to use restricted resources first, then unrestricted resources as they are needed.

**Unearned Revenues**

Unearned revenues consist primarily of certain private grant contract revenues received before services required by the grantor or donor have been rendered.

**Deferred Outflows and Inflows of Resources**

Changes in the net pension liability and net OPEB liability not included in pension expense or OPEB expense, respectively, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions made subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources. Deferred outflows of resources and deferred inflows of resources are also determined by the difference in actual and expected liability experience, projected and actual returns on investments, deferred amounts from changes in the Network's proportionate share, changes in assumptions, and differences between the Network's contributions and its proportionate share of the total employer contributions to the plans.

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement System ("SCRS"), as well as additions to and deductions from SCRS' fiduciary net position, have been determined on the same basis as they are reported by SCRS. 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.

**Other Post-Employment Benefits ("OPEB")**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") as well as additions to and deductions from SCRHITF's fiduciary net position, have been determined on the same basis as they are reported by these OPEB plans. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

**CPB Grants**

The Network annually receives a grant from the CPB. The CPB is a non-federal, non-governmental, not-for-profit organization that receives grants from the federal government, the private sector, and other sources. The CPB then allocates grants to public television stations nationwide for community service and these funds are unrestricted for broadcasting operations.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues and expenses/expenditures and affect disclosure of contingent assets and liabilities at the balance sheet date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. The most significant estimates included in these financial statements are the estimated useful lives of property and equipment and the actuarially calculated net pension and OPEB liabilities. Actual results could differ from those estimates.

**Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported change in net position or the change in fund balance for the year ended June 30, 2020.

**New Accounting Pronouncement**

In June 2017, GASB issued Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Network is currently evaluating the impact of GASB Statement No. 87.

**NOTE 2. STATE APPROPRIATION:**

The Network received a State Appropriation in the 2020-2021 Appropriation Act of \$1,738,759 during the fiscal year ended June 30, 2021. In the 2019-2020 Appropriation Act, the Network received a State Appropriation of \$1,776,139 during the fiscal year ended June 30, 2020. These amounts are included in intergovernmental – state agencies on the statements of activities.

**NOTE 3. DEPOSITS:**

All deposits of the Network are under the control of the State Treasurer, who, by law, has sole authority for investing State funds.

The following schedule for fiscal year 2021 reconciles deposits within the footnotes to the financial statement amounts:

<u>Financial Statements</u>		<u>Footnotes</u>	
Cash and Cash Equivalents	\$ 6,048,506		
Restricted Cash	18,384,912	Deposits Held by State Treasurer	\$ 24,433,418
Totals	<u>\$ 24,433,418</u>	Totals	<u>\$ 24,433,418</u>

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3. DEPOSITS (continued):**

The following schedule for fiscal year 2020 reconciles deposits within the footnotes to the financial statement amounts:

<u>Financial Statements</u>		<u>Footnotes</u>	
Cash and Cash Equivalents	\$ 4,830,386		
Restricted Cash	<u>20,413,642</u>	Deposits Held by State Treasurer	<u>\$ 25,244,028</u>
Totals	<u>\$ 25,244,028</u>	Totals	<u>\$ 25,244,028</u>

**Deposits Held by State Treasurer**

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina.

**NOTE 4. CAPITAL ASSETS:**

The following schedule summarizes capital assets activity for the Network for the fiscal year 2021:

	<u>Beginning Balances July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 783,269	\$ -	\$ -	\$ 783,269
Construction in progress	401,712	821,218	-	1,222,930
Total capital assets not being depreciated	<u>1,184,981</u>	<u>821,218</u>	<u>-</u>	<u>2,006,199</u>
Other capital assets:				
Buildings and improvements	17,894,848	201,432	(31,859)	18,064,421
Equipment and furniture	85,168,695	3,624,859	-	88,793,554
Vehicles	2,204,368	250,273	(86,749)	2,367,892
Total other capital assets	<u>105,267,911</u>	<u>4,076,564</u>	<u>(118,608)</u>	<u>109,225,867</u>
Less Accumulated depreciation for:				
Buildings and improvements	8,648,961	535,244	(177)	9,184,028
Equipment and furniture	66,534,394	4,891,633	-	71,426,027
Vehicles	1,267,089	214,595	(86,749)	1,394,935
Total accumulated depreciation	<u>76,450,444</u>	<u>5,641,472</u>	<u>(86,926)</u>	<u>82,004,990</u>
Other capital assets, net	28,817,467	(1,564,908)	(31,682)	27,220,877
Total capital assets, net	<u>\$ 30,002,448</u>	<u>\$ (743,690)</u>	<u>\$ (31,682)</u>	<u>\$ 29,227,076</u>

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4. CAPITAL ASSETS (continued):**

The following schedule summarizes capital assets activity for the Network for the fiscal year 2020:

	<u>Beginning Balances July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances June 30, 2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 583,269	\$ 200,000	\$ -	\$ 783,269
Construction in progress	7,113,510	-	(6,711,798)	401,712
Total capital assets not being depreciated	<u>7,696,779</u>	<u>200,000</u>	<u>(6,711,798)</u>	<u>1,184,981</u>
Other capital assets:				
Buildings and improvements	19,401,592	-	(1,506,744)	17,894,848
Equipment and furniture	78,716,086	12,969,979	(6,517,370)	85,168,695
Vehicles	1,605,165	743,108	(143,905)	2,204,368
Total other capital assets	<u>99,722,843</u>	<u>13,713,087</u>	<u>(8,168,019)</u>	<u>105,267,911</u>
Less Accumulated depreciation for:				
Buildings and improvements	9,486,804	528,693	(1,366,536)	8,648,961
Equipment and furniture	68,954,962	4,083,167	(6,503,735)	66,534,394
Vehicles	1,188,574	222,421	(143,906)	1,267,089
Total accumulated depreciation	<u>79,630,340</u>	<u>4,834,281</u>	<u>(8,014,177)</u>	<u>76,450,444</u>
Other capital assets, net	20,092,503	8,878,806	(153,842)	28,817,467
Total capital assets, net	<u>\$ 27,789,282</u>	<u>\$ 9,078,806</u>	<u>\$ (6,865,640)</u>	<u>\$ 30,002,448</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$5,641,472 and \$4,834,281, respectively. Construction in progress consisted of costs incurred related to the Network's repacking of the broadcast spectrum at June 30, 2021 and 2020.

Pursuant to Proviso 73.18 of the 2004-05 Appropriations Act, the Network transferred ownership of land and buildings to the State under the control of the Department of Administration effective July 1, 2004. The State considers these assets to be owned by the Network for reporting purposes. The Network is responsible for all costs of maintaining the properties including the costs of insurance.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5. LEASES AND LICENSES:**

**Operating Leases**

The Network conducts part of its operations from leased facilities which include towers and office space. The Network also leases mailroom equipment and copiers. All leases are with third or unrelated parties. These leases begin expiring with fiscal year 2021 and continue through fiscal year 2037. The Network has the option to renew the tower leases upon the expiration of the lease term under conditions agreeable to both parties which primarily is an increase in the lease payment based on the Consumer Price Index (CPI). All leases with terms of more than twelve months are cancelable without penalty to the Network should the General Assembly not provide funding for these leases. The Network also leases equipment on a month-to-month basis. In the normal course of business, operating leases are generally renewed or replaced by other leases.

The Network is responsible for maintenance on most leased property. Rental payments under all operating leases totaled \$398,195 and \$436,581 for the years ended June 30, 2021 and 2020, respectively.

At June 30, 2021, the Network's obligations under non-cancelable operating leases having remaining terms in excess of one year are as follows for fiscal years ending June 30:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 372,100
2023	182,852
2024	124,677
2025	121,876
2026	125,772
Thereafter	526,847
Total	\$ 1,454,124

The Network subleases various properties to third parties. Under these lease agreements for the fiscal years ended June 30, 2021 and 2020 the Network received rent of \$173,352 and \$172,504, respectively.

The minimum rentals to be received under non-cancelable leases with remaining terms in excess of one year are as follows for fiscal years ending June 30:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 196,226
2023	199,403
2024	209,005
2025	215,665
2026	217,951
Total	\$ 1,038,250



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5. LEASES AND LICENSES (continued):**

**Licensing Agreements**

The Network manages licensing contracts for all State towers. Under these license agreements, the Network received rent of \$793,335 and \$762,464 for the years ended June 30, 2021 and 2020, respectively.

The minimum rentals to be received under non-cancelable leases with remaining terms in excess of one year are as follows for fiscal years ending June 30:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 788,004
2023	739,588
2024	605,607
2025	611,063
2026	552,577
Thereafter	541,166
Total	\$ 3,838,005

**NOTE 6. LONG-TERM LIABILITIES:**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<b>Balances July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances June 20, 2021</b>	<b>Due Within One Year</b>
Accrued compensated absences and related benefits	\$ 1,386,517	\$ 756,738	\$ 848,112	\$ 1,295,143	\$ 561,242

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<b>Balances July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances June 20, 2020</b>	<b>Due Within One Year</b>
Accrued compensated absences and related benefits	\$ 1,136,181	\$ 962,962	\$ 712,626	\$ 1,386,517	\$ 655,703

**NOTE 7. RELATED PARTY:**

A significant portion of the funding of the Network is provided by the ETV Endowment of South Carolina, Inc. (the "Endowment") and South Carolina Educational Communications, Inc. ("Communications"), separately chartered eleemosynary corporations governed by independent boards of trustees over whom the Network exercises no control. The Endowment and Communications provide support services for the Network through the purchasing and underwriting of various programming. The Network recorded contribution revenue of approximately \$7,941,000 and \$7,177,000 during the years ended June 30, 2021 and 2020, respectively, from the Endowment and Communications.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8. TRANSACTIONS WITH OTHER STATE AGENCIES:**

The Network has significant transactions with the State and various State agencies. Services received at no cost from State agencies include maintenance of certain accounting records and payroll and disbursement processing from the Comptroller General; debt assistance services, check preparation and banking from the State Treasurer; legal services from the Attorney General; and records storage from the Department of Archives and History. Other services received at no cost from the various divisions of the Department of Administration, State Fiscal Accountability Authority, and the South Carolina Public Employee Benefit Authority (“PEBA”) include retirement plan administration, insurance plan administration, procurement services, grant services, personnel management, assistance in the preparation of the State Budget, property management and record keeping, review and approval of certain budget amendments and other centralized functions.

Significant payments were made to divisions of the Department of Administration, the State Fiscal Accountability Authority, and PEBA for retirement and insurance plan contributions, insurance coverage, printing, and telephone. Approximately \$56,000 and \$50,000 was paid to the State Accident Fund and the Department of Employment and Workforce for worker’s compensation and unemployment insurance during the years ended June 30, 2021 and 2020, respectively.

The Network provided no services free of charge to other State agencies during the fiscal years ended June 30, 2021 and 2020. Revenues of approximately \$356,000 and \$493,000 were received from various State agencies in 2021 and 2020, respectively.

During the fiscal years ended June 30, 2021 and 2020, the Network purchased services with a total cost of approximately \$571,000 and \$812,000, respectively from various State agencies. These expenditures are primarily for taxes, insurance, telecommunications and other contracted service.

**NOTE 9. PENSION PLAN:**

PEBA is the state agency responsible for the administration and management of the various Retirement Systems (the “Systems”) and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (“Commission” as the governing body, “RSIC” as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds’ assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a ACFR containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the annual comprehensive financial report of the state.

**Plan Descriptions**

- The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers. The PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers, for this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The Network does not participate in the Police Officers Retirement System ("PORS").

**Membership**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

- State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the State ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**Benefits**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. 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.

**Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

However, the General assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			ORP Rates		
	2021	2020	2019	2021	2020	2019
Employer Contribution Rate						
Retirement	15.41%	15.41%	14.41%	15.41%*	15.41%*	14.41%*
Incidental Death Benefit	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Employee Contribution Rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

\* Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the State ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

**Actuarial Assumptions and Methods**

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2019, total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020 and 2019.

	<b>SCRS</b>
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	3.0% to 12.5% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually

\*Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2020 and 2019 TPL are as follows:

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators	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 and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

**Net Pension Liability**

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2021 and 2020, the NPL totals for SCRS are presented below:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS- 2021	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
SCRS- 2020	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

The Network's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the years ending June 30, 2021 and 2020, the Network's percentage of the SCRS net pension liability was 0.064637% and 0.061287% respectively. The Network's proportionate share is determined by its percentage of total contributions to SCRS during the respective fiscal year. The change in percentage resulted in the Network recognizing a change in its proportionate share of the SCRS net pension liability at related deferred outflows and inflows of resources

**Long-term Expected Rate of Return**

For the years ended June 30, 2020 and 2019, the long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of both the 2020 and 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

**Discount Rate**

The discount rate used to measure the TPL was 7.25 percent at June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

Expected returns at June 30, 2020 were as follows

<u>Asset Class</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity <sup>1,2</sup>	35.0%	7.81%	2.73%
Private Equity <sup>2,3</sup>	9.0%	8.91%	0.80%
Equity Options Strategies <sup>1</sup>	7.0%	5.09%	0.36%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private) <sup>2,3</sup>	8.0%	5.55%	0.44%
Real Estate (REITs) <sup>2</sup>	1.0%	7.78%	0.08%
Infrastructure (Private) <sup>2,3</sup>	2.0%	4.88%	0.10%
Infrastructure (Public) <sup>2</sup>	1.0%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation <sup>1</sup>	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High-Yield Bonds/Bank Loans <sup>1,2</sup>	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt <sup>2,3</sup>	7.0%	5.79%	0.40%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income <sup>1</sup>	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return <sup>4</sup>	<u>100.0%</u>		<u>5.80%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>8.05%</u>

<sup>1</sup> Portable Alpha Strategies will be capped at 12% of total assets; Hedge funds (including all hedge funds used in portable alpha implementation) capped at 20% of total assets.

<sup>2</sup> The target weights to Private Equity, Private Debt, Private Infrastructure and Private Real Estate will be equal to their actual weights as of prior month end. Private Equity and Public Equity combine for 44 percent of entire portfolio. Private Debt and High Yield/Bank Loans combine for 11 percent of the entire portfolio. Private Infrastructure and Public Infrastructure combine for 3 percent of the entire portfolio. Private Real Estate and Real Estate (REITs) combine for 9 percent of entire portfolio.

<sup>3</sup> RSIC staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

<sup>4</sup> The expected return for each of the Portable Alpha asset classes includes the expected return attributed to the Overlay Program. For benchmarking purposes there is a 10% weight assigned to Portable Alpha Hedge Funds in the Policy Benchmark.



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

Expected returns at June 30, 2019 were as follows

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity <sup>1,2</sup>	35.0%	7.29%	2.55%
Private Equity <sup>2,3</sup>	9.0%	7.67%	0.69%
Equity Options Strategies <sup>1</sup>	7.0%	5.23%	0.37%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private) <sup>2,3</sup>	8.0%	5.59%	0.45%
Real Estate (REITs) <sup>2</sup>	1.0%	8.16%	0.08%
Infrastructure (Private) <sup>2,3</sup>	2.0%	5.03%	0.10%
Infrastructure (Public) <sup>2</sup>	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocations <sup>1</sup>	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High-Yield Bonds/Bank Loans <sup>1,2</sup>	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt <sup>2,3</sup>	7.0%	5.49%	0.38%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income <sup>2</sup>	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return <sup>4</sup>	<u>100.0%</u>		<u>5.41%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>7.66%</u>

<sup>1</sup> Portable Alpha Strategies will be capped at 12% of total assets; Hedge funds (including all hedge funds used in portable alpha implementation) capped at 20% of total assets.

<sup>2</sup> The target weights to Private Equity, Private Debt, Private Infrastructure and Private Real Estate will be equal to their actual weights as of prior month end. Private Equity and Public Equity combine for 44 percent of entire portfolio. Private Debt and High Yield/Bank Loans combine for 11 percent of the entire portfolio. Private Infrastructure and Public Infrastructure combine for 3 percent of the entire portfolio. Private Real Estate and Real Estate (REITs) combine for 9 percent of entire portfolio.

<sup>3</sup> RSIC staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

<sup>4</sup> The expected return for each of the Portable Alpha asset classes includes the expected return attributed to the Overlay Program. For benchmarking purposes there is a 10% weight assigned to Portable Alpha Hedge Funds in the Policy Benchmark.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

**Sensitivity Analysis**

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

<u>System</u>	<u>1.00% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.00% Increase (8.25%)</u>
SCRS- 2021	\$ 20,469,525	\$ 16,515,974	\$ 13,214,712
SCRS- 2020	\$ 17,629,918	\$ 13,994,322	\$ 10,960,207

**Deferred Outflows (Inflows) of Resources**

For the year ended June 30, 2021, the Network recognized pension expense of \$958,047 which is included in the statement of activities. At June 30, 2021, the Network reported deferred outflows (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,085,043	\$ -
Differences in expected and actual retirement plan experience	190,572	(62,654)
Changes in assumptions	20,235	-
Net differences between projected and actual earnings on plan investments	1,214,888	-
Change in proportionate share of net pension liability	616,148	(361,645)
	<u>\$ 3,126,886</u>	<u>\$ (424,299)</u>

For the year ended June 30, 2020, the Network recognized pension expense of \$301,142 which is included in the statement of activities. At June 30, 2020, the Network reported deferred outflows (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,166,581	\$ -
Differences in expected and actual retirement plan experience	9,620	(100,533)
Changes in assumptions	282,006	-
Net differences between projected and actual earnings on plan investments	123,896	-
Change in proportionate share of net pension liability	209,018	(551,606)
	<u>\$ 1,791,121</u>	<u>\$ (652,139)</u>

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9. PENSION PLAN (continued):**

The Network reported \$1,085,043 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Network’s proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2021. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2021 and 2020 was 3.984 and 4.026 years, respectively, for SCRS.

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS
2021	2022	\$ 308,263
2022	2023	396,691
2023	2024	602,777
2024	2025	309,813
Net balance of deferred outflows (inflows) of resources		\$ 1,617,544

**Additional Financial and Actuarial Information**

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems’ audited financial statements for the fiscal year ended June 30, 2020 and 2019 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2020 and 2019.

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

PEBA is a state agency responsible for the administration and management of the state’s employee insurance programs, other post-employment benefits trusts. By law, the SFFA, which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (“OPEB”). See Note 9 for more details on PEBA and the SFAA.

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Fund. This information is publicly available through the Insurance Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

**Plan Description**

The Other Post-Employment Benefits Trust Fund (“OPEB Trust”), refers to the South Carolina Retiree Health Insurance Trust Fund (“SCRHITF”) established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State’s retiree health and dental plans.

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

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

**Benefits**

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

**Contributions and Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2020 and 2019 was 6.25 and 6.05 percent, respectively. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer’s active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer’s contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits’ reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

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

**Actuarial Assumptions and Methods**

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

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

Additional information as of the latest actuarial valuation for SCRHITF as of June 30, 2020 is as follows:

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Individual Entry-Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	2.45% as of June 30, 2020
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

Health Care Trend Rate:	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020; updates were also made to the healthcare trend rate assumption, including an adjustment to reflect the repeal of the “Cadillac Tax”.

Additional information as of the latest actuarial valuation for SCRHITF as of June 30, 2019 is as follows:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.13% as of June 30, 2019
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	There were no benefit changes during the current year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

**Rollforward Disclosures**

The total OPEB liabilities were determined by actuarial valuations performed as of June 30, 2019 and 2018. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2020 and 2019.

**Net OPEB Liability**

The Net OPEB Liability (“NOL”) is calculated separately for each OPEB Trust Fund and represents that particular Trust’s Total OPEB Liability (“TOL”) determined in accordance with GASB No. 74 less that Trust’s fiduciary net position. The Network’s proportionate share of the Net OPEB liability was calculated using its payroll-related contributions over the measurement period. This method is expected to be reflective of the employer’s long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability:

<u>OPEB Trust</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
SCRHITF– 2020	\$ 19,703,745,672	\$ 1,652,299,185	\$ 18,051,446,487	8.39%
SCRHITF– 2019	\$ 16,516,264,617	\$ 1,394,740,049	\$ 15,121,524,568	8.44%

The TOL is calculated by the Trusts’ actuary, and each Trust’s fiduciary net position is reported in the Trust’s financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts’ notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts’ actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts’ funding requirements.

The Network’s proportionate share of the NOL was based on a projection of the Network’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021 and 2020, the Network’s proportion under SCRHITF was 0.080917% and 0.07727%, respectively. The Network’s NOL recorded for SCRHITF as of June 30, 2021 and 2020 is presented below:

<u>Measurement Period Ending June 30</u>	<u>Fiscal Year Ending June 30</u>	<u>SCRHITF</u>
2020	2021	\$ 14,606,689
2019	2020	\$ 11,683,948

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

**Single Discount Rate**

The Single Discount Rate of 2.45% and 3.13% was used to measure the total OPEB liability for the SCRHITF at June 30, 2020 and 2019, respectively. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

**Long-term Expected Rate of Return**

The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following tables:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
<b>June 30, 2020</b>			
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash equivalents	20.00%	0.35%	0.07%
Total Expected Real Return	100.00%		0.55%
Expected Inflation			2.25%
Total Return			2.80%
Invest Return Assumption			2.75%

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
<b>June 30, 2019</b>			
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.10%	0.02%
Total Expected Real Return	100.00%		0.50%
Expected Inflation			2.25%
Total Return			2.75%
Invest Return Assumption			2.75%



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

**Sensitivity Analysis**

At June 30, 2020

The following table presents the Network's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 2.45% as well as what the Network's proportionate share of the net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

<u>OPEB Trust</u>	<u>1.00% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1.00% Increase (3.45%)</u>
SCRHITF	\$ 17,428,712	\$ 14,606,689	\$ 12,351,682

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

<u>OPEB Trust</u>	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
SCRHITF	\$ 11,822,713	\$ 14,606,689	\$ 18,262,851

At June 30, 2019

The following table presents the Network's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.13% as well as what the Network's proportionate share of the net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

<u>OPEB Trust</u>	<u>1.00% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1.00% Increase (4.13%)</u>
SCRHITF	\$ 13,851,178	\$ 11,683,948	\$ 9,944,657

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

<u>OPEB Trust</u>	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
SCRHITF	\$ 9,535,350	\$ 11,683,948	\$ 14,482,058

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

**OPEB Expense and Deferred Outflows (Inflows) of Resources**

For the years ended June 30, 2021 and 2020, the Network recognized OPEB expense of \$736,294 and \$221,320, respectively.

At June 30, 2021, the Network reported deferred outflows (inflows) of resources related to OPEB from the following sources:

SCRHITF	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 435,830	\$ -
Net differences between projected and actual experience	417,765	(332,647)
Changes in assumptions	2,173,658	(581,713)
Differences between projected and actual earnings on plan investments	-	(34,070)
Change in proportionate share	641,313	(326,228)
	<u>\$ 3,668,566</u>	<u>\$ (1,274,658)</u>

At June 30, 2020, the Network reported deferred outflows (inflows) of resources related to OPEB from the following sources:

SCRHITF	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 468,582	\$ -
Net differences between projected and actual experience	137,581	(379,791)
Changes in assumptions	773,137	(723,534)
Differences between projected and actual earnings on plan investments	13,668	-
Change in proportionate share	199,701	(389,795)
	<u>\$ 1,592,669</u>	<u>\$ (1,493,120)</u>

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):**

The Network reported \$435,830 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. The difference between projected and actual earnings on OPEB plan investments are reported as deferred outflows (inflows) of resources and will be amortized over a closed five-year period and recognized in pension expense in future years. The difference between expected and actual experience, changes in assumptions, and changes in proportionate share are reported as deferred outflows (inflows) of resources and will be amortized over the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period. Average remaining service lives of all employees that are provided OPEB through the OPEB plan at the June 30, 2020 measurement date was 7.139 years. The following schedule reflects the amortization of the Network's proportional share of the net balance of remaining deferred outflows (inflows) at June 30, 2021:

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRHITF
2021	2022	\$ 262,061
2022	2023	257,353
2023	2024	249,894
2024	2025	379,358
2025	2026	386,319
Thereafter	Thereafter	423,093

**NOTE 11. DEFERRED COMPENSATION PLANS:**

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the Network have elected to participate. The multiple-employer plans, created under Internal Revenue Code Section 457, 401(k), and 403(b), are administered by third parties and are not included in the Annual Comprehensive Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee.

The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

**NOTE 12. RISK MANAGEMENT:**

The Network is exposed to various risks of loss and maintains State or commercial insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded this coverage in any of the past three years. The Network pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits except for the deductibles.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 12. RISK MANAGEMENT (continued):**

State management believes it is more economical to manage certain risks internally and to set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of State employees for unemployment compensation benefits. This type of claim is handled through the South Carolina Department of Employment and Workforce.
2. Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries. This type of claim is handled by the State Accident Fund.
3. Claims of covered public employees for health and dental insurance benefits. This type of claim is handled by the South Carolina Public Employee Benefit Authority – Insurance Benefits.
4. Claims of covered public employees for long-term disability and group-life insurance benefits. This type of claim is handled through the South Carolina Public Employee Benefit Authority – Insurance Benefits.

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverage listed above are through the applicable State self-insurance plan except dependent and optional life premiums which are remitted to commercial carriers.

The Network and other entities pay premiums to the State's Insurance Reserve Fund ("IRF") which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities, and/or events:

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles;
4. Torts; and
5. Natural disasters.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, and automobile liability. The IRF's rates are determined actuarially.

The Network obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation. The limit is \$100,000 per incident with a \$1,000 deductible. The Network self-insures above this amount because it feels the likelihood of loss is remote. No payments for uninsured losses were made during fiscal years ended June 30, 2021 and 2020.

The Network obtains broadcaster liability insurance through a commercial carrier covering media liability. The policy has a limit of \$1,000,000 with a \$10,000 deductible.

The Network has recorded insurance premium expenses in the applicable program expenditure category. These expenses do not include estimated claim losses and estimable premium adjustments.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 12. RISK MANAGEMENT (continued):**

The Network has not reported an estimated claims loss expenditure, and the related liability at June 30, 2021 and 2020, based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which states that a liability for claims must be reported if information prior to issuance of the financial statements indicates that it is probable and estimable for accrual that an asset has been impaired or liability has been incurred on or before June 30, 2021 and 2020, and the amount of the loss is reasonably estimable have not been satisfied.

The Network is unable to estimate lost revenues, the costs of relocation and temporary facilities for continuing operations, and the cost of replacement facilities for uninsured losses. During the fiscal years ended June 30, 2021 and 2020, the Network did not experience any losses as a result of business interruption.

In management's opinion, claim losses in excess of insurance coverage, if any, is unlikely and if it occurred, would not be significant. Therefore, no loss accrual has been made in these financial statements. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expense and liability should be accrued at year-end.

**NOTE 13. BROADBAND SPECTRUM LEASE:**

In November 2009, the State and the Network entered into a 30-year lease for excess spectrum capacity of broadband licenses managed by the Network and licensed from the FCC. For the first six months of the agreement, the funds went to the General Fund of South Carolina.

Beginning in July of 2011, the Network began to receive broadband spectrum lease funding that was collected and transferred by the Budget and Control Board (which subsequently became the Department of Administration). Beginning February 2013, the payments were made directly to the Network. The Network received payments of \$3,920,284 and \$3,690,725 during the years ended June 30, 2021 and 2020, respectively, which is included in rental fees.

Rental payments pursuant to budget provision to be received in the future are as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 3,920,284
2023	3,920,284
2024	3,920,284
2025	4,238,807
2026	4,508,327
2027 – 2031	23,584,186
2032 – 2036	27,263,412
2037 – 2041	21,189,385
Total	\$ 92,544,969

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 14. SUBSEQUENT EVENTS:**

Management of the Network has evaluated events subsequent to year end and through February 11, 2022, which is the date these financial statements were available to be issued. There were no subsequent events required to be disclosed in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS, UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures				
Internal Administration	\$ 1,883,500	\$ 4,278,852	\$ 4,102,707	\$ 176,145
Programs and Services:				
Engineering Administration	737,665	2,838,013	2,720,713	117,300
Transmissions and Reception	4,249,683	3,712,287	3,486,364	225,923
Communications	260,000	400,193	389,339	10,854
Education	1,846,000	2,271,919	1,827,909	444,010
Agency, Local and Other Education Services	1,005,000	652,599	636,692	15,907
Training and Assessment	185,000	290,388	289,713	675
Radio Content	1,513,377	2,144,233	2,092,041	52,192
National Content	2,092,000	3,224,408	1,970,251	1,254,157
Local and Transparency	3,748,934	2,592,956	2,171,906	421,050
Development/Fundraising	235,000	229,392	206,340	23,052
Underwriting	200,000	184,651	178,660	5,991
Marketing	60,000	501	452	49
Employer Contributions	2,637,600	3,291,880	3,181,032	110,848
Capital Outlay	-	21,174,345	7,053,410	14,120,935
	<u>\$ 20,653,759</u>	<u>\$ 47,286,617</u>	<u>\$ 30,307,529</u>	<u>\$ 16,979,088</u>

See independent auditors' report.



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS, UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures				
Internal Administration	\$ 1,883,500	\$ 5,363,000	\$ 4,796,574	\$ 566,426
Programs and Services:				
Engineering Administration	732,150	2,250,725	2,134,761	115,964
Transmissions and Reception	4,246,989	4,111,867	3,647,625	464,242
Communications	260,000	698,426	261,356	437,070
Education	1,846,000	1,451,498	1,356,180	95,318
Agency, Local and Other Education Services	1,005,000	652,817	648,774	4,043
Training and Assessment	185,000	241,961	241,961	-
Radio Content	1,495,000	2,492,647	2,139,996	352,651
National Content	2,092,000	2,468,675	2,144,820	323,855
Local and Transparency	3,748,934	5,091,417	2,295,874	2,795,543
Development/Fundraising	235,000	271,240	167,466	103,774
Underwriting	200,000	247,469	244,574	2,895
Marketing	60,000	41,982	41,982	-
Employer Contributions	2,623,863	3,761,510	3,107,990	653,520
Capital Outlay	17,000,000	15,264,710	7,548,929	7,715,781
	<u>\$ 37,613,436</u>	<u>\$ 44,409,944</u>	<u>\$ 30,778,862</u>	<u>\$ 13,631,082</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES – UNAUDITED  
JUNE 30, 2021**

**NOTE 1. BUDGETARY FUNDS**

South Carolina’s Annual Appropriation Act, the State’s legally adopted budget, does not present budgets by GAAP fund. Instead, it presents program-level budgets for the following two funds:

*General Funds.* These funds are general operating funds. The resources in the funds are primarily taxes. The State expends General Funds to provide traditional State government services.

*Total Funds.* The Total Funds column in the Appropriations Act includes all budgeted resources. Amounts in this column include General Funds as well as most, but not all, federal and department - generated resources. Total funds include portions of certain proprietary and capital project fund activities as well as most special revenue activities but exclude the pension trust funds and some other fiduciary fund activities.

The Network’s legally adopted budget is part of the Total Funds budget for the State.

**NOTE 2. ORIGINAL AND FINAL BUDGETED AMOUNTS; BASIS OF PRESENTATION**

The original appropriations presented in the accompanying schedule for the Network include amounts in the Appropriations Act as well as any appropriation reductions specifically authorized by law to prevent duplicate appropriations. The terminology, classification, and format of the appropriations section of the accompanying schedule for the Network’s governmental funds are substantively the same as for the legally enacted budget.

The State’s General Assembly does not approve estimated revenue or fund balance amounts for Other Budgeted Funds which include the Network’s Funds. However, Section 115 (Recapitulations) of the Appropriation Act includes net source of funds amounts (i.e. estimated cash brought forward from the previous fiscal year plus estimated revenue for the current fiscal year minus estimated cash to be carried forward to the following fiscal year) for three categories of Other Budgeted Funds: EIA, Non-Federal and Capital Projects. A budget versus actual comparison for all funds is presented as required supplementary information.

As operating conditions change, the Network may move appropriations between programs and classifications within programs. However, limits are placed on increasing/decreasing authorizations for personal services without SFAA approval. Also, a revision of budgeted amounts over and above the total revenues appropriated requires approval of the SFAA.

**NOTE 3. LEGAL LEVEL OF BUDGETARY CONTROL**

The Network maintains budgetary control at the level of summary objective category of expenditure within each program of each department or agency which is the level of detail presented in the accompanying schedule.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES – UNAUDITED  
JUNE 30, 2021**

**NOTE 4. BASIS OF BUDGETING**

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is used. State law does not precisely define the State’s basis of budgeting. In practice, however, it is the cash basis with the following exceptions:

- Departments and agencies shall charge certain vendor and inter-fund payments against the preceding fiscal year’s appropriations through July 14.
- All other revenues are recorded only when the Network receives the related cash.
- The accrual basis is used for other expenditures.

**NOTE 5. RECONCILIATION OF BUDGET TO GAAP REPORTING DIFFERENCES**

Budgetary accounting principles differ significantly from GAAP accounting principles. Basis differences arise because the basis of budgeting differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balance. While the Statement of Revenues, Expenditures, and Changes in Fund Balance report several funds, the Network’s legally adopted budget covers the Network as a whole. In addition, there are basis differences between the budgetary comparison schedules for Network as compared to the Statement of Revenues, Expenditures, and Changes in Fund Balance are related to the modified accrual basis of accounting which include accounts receivable and accounts payable as revenues and expenditures in the current year while the budgetary basis would include those amounts in the year that payments were actually received or paid. Additionally, certain expenses paid on behalf of or reimbursed to the Network by the Endowment have reduced expenditures on a budgetary basis but are reported gross under the modified accrual basis of accounting. A reconciliation of the budgetary basis expenditures to the GAAP basis expenditures is below:

	<b>2021</b>	<b>2020</b>
Total Expenditures, Budgetary Basis	\$ 30,307,529	\$ 30,778,862
Change in accounts payable	1,170,441	303,747
Change in accrued expenses	(17,646)	(103,071)
Amounts paid by ETV Endowment on behalf of the Network and classified as expenditures	3,571,425	2,662,368
Other basis differences	(3,207,568)	(222,575)
Total Expenditures, GAAP Basis	\$ 31,824,181	\$ 33,419,331

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION**  
**SCHEDULE OF THE SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION'S**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - UNAUDITED**  
**SOUTH CAROLINA RETIREMENT SYSTEM**  
**AS OF JUNE 30, 2021**  
**LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
SCETV's proportion of the net pension liability	0.064637%	0.061287%	0.064664%	0.063770%	0.061492%
SCETV's proportionate share of the net pension liability	\$ 16,515,974	\$ 13,994,322	\$ 14,489,098	\$ 14,355,653	\$ 13,134,600
SCETV's covered employee payroll	\$ 7,497,307	\$ 6,471,717	\$ 6,700,966	\$ 6,434,178	\$ 5,954,702
SCETV's proportionate share of the net pension liability as a percentage of covered payroll	220.29%	216.24%	216.22%	223.12%	220.58%
Plan fiduciary net position as a percentage of the total pension liability	50.7%	54.4%	54.1%	53.3%	52.9%
	<u>2016</u>	<u>2015</u>	<u>2014</u>		
SCETV's proportion of the net pension liability	0.063680%	0.0643510%	0.0643510%		
SCETV's proportionate share of the net pension liability	\$ 12,077,219	\$ 11,079,109	\$ 11,542,274		
SCETV's covered employee payroll	\$ 5,970,789	\$ 5,842,255	\$ 5,961,321		
SCETV's proportionate share of the net pension liability as a percentage of covered payroll	202.27%	189.64%	193.62%		
Plan fiduciary net position as a percentage of the total pension liability	57.0%	59.9%	56.4%		

Note: The amounts presented for each fiscal year were determined as of June 30 of the preceding year. Only eight years of information are presented as only eight years of data were available. The Network will add an additional year of data until a total of ten years is presented.

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
SCHEDULE OF SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION'S  
CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM - UNAUDITED  
AS OF JUNE 30, 2021  
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,085,043	\$ 1,166,581	\$ 942,282	\$ 908,651	\$ 743,791
Contributions in relation to the contractually required contribution	<u>1,085,043</u>	<u>1,166,581</u>	<u>942,282</u>	<u>908,651</u>	<u>743,791</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	6,973,284	7,497,307	6,471,717	6,700,966	6,434,178
Contributions as a percentage of the covered payroll	15.56%	15.56%	14.56%	13.56%	11.56%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 658,590	\$ 650,816	\$ 619,279	\$ 631,900	\$ 716,000
Contributions in relation to the contractually required contribution	<u>658,590</u>	<u>650,816</u>	<u>619,279</u>	<u>631,900</u>	<u>716,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	5,954,702	5,970,789	5,842,255	5,961,321	7,505,241
Contributions as a percentage of the covered payroll	11.06%	10.90%	10.60%	10.60%	9.54%

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
SCHEDULE OF THE SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION'S  
PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY  
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND - UNAUDITED  
AS OF JUNE 30, 2021  
LAST FIVE FISCAL YEARS**

	2021	2020	2019	2018	2017
SCETV's proportion of the net OPEB liability	0.080917%	0.077270%	0.080275%	0.078410%	0.078410%
SCETV's proportionate share of the net OPEB liability	\$ 14,606,689	\$ 11,683,948	\$ 11,375,437	\$ 10,620,506	\$ 11,344,854
SCETV's covered payroll	7,497,312	6,757,653	6,922,694	6,142,871	6,149,410
SCETV's proportionate share of the net OPEB liability as a percentage of covered payroll	194.83%	172.90%	164.32%	172.89%	184.49%
Plan fiduciary net position as a percentage of the total OPEB liability	8.39%	8.44%	7.91%	7.60%	6.62%

Note: The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only five years of information are presented as only five years of data were available. The Network will add an additional year of data until a total of ten years is presented.

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
SCHEDULE OF THE SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION'S  
CONTRIBUTIONS  
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND - UNAUDITED  
AS OF JUNE 30, 2021  
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 435,830	\$ 468,582	\$ 407,578	\$ 380,748	\$ 327,415
Contributions in relation to the contractually required contribution	<u>435,830</u>	<u>468,582</u>	<u>407,578</u>	<u>380,748</u>	<u>327,415</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	6,973,285	7,497,312	6,757,653	6,922,694	6,142,871
Contributions as a percentage of the covered payroll	6.25%	6.25%	6.03%	5.50%	5.33%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 327,764	\$ 284,073	\$ 293,297	\$ 307,340	\$ 322,725
Contributions in relation to the contractually required contribution	<u>327,764</u>	<u>284,073</u>	<u>293,297</u>	<u>307,340</u>	<u>322,725</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	6,149,410	5,681,459	5,961,321	6,754,717	7,505,241
Contributions as a percentage of the covered payroll	5.33%	5.00%	4.92%	4.55%	4.30%

See independent auditors' report.

## **SUPPLEMENTARY INFORMATION**



**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
SCHEDULE OF REVENUES - RADIO AND TELEVISION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Revenues			
Contributions	\$ 3,236,999	\$ 6,812,813	\$ 10,049,812
Intergovernmental - State Agencies	92,600	2,399,879	2,492,479
Program sales	23,979	35,968	59,947
Corporation for Public Broadcasting, Inc. grant	363,642	2,636,424	3,000,066
Education Improvement Act	-	5,976,409	5,976,409
Private grants and contracts	2,960	233,577	236,537
Charges for services	200,129	880,802	1,080,931
Rental fees	484,654	4,402,317	4,886,971
Interest and other investment income	8,530	275,809	284,339
Royalties	-	336,650	336,650
Miscellaneous	4,657	207,655	212,312
	<u>\$ 4,418,150</u>	<u>\$ 24,198,303</u>	<u>\$ 28,616,453</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
SCHEDULE OF REVENUES - RADIO AND TELEVISION  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Revenues			
Contributions	\$ 2,028,311	\$ 5,078,235	\$ 7,106,546
Intergovernmental - State Agencies	54,814	1,772,325	1,827,139
Program sales	18,895	28,342	47,237
Corporation for Public Broadcasting, Inc. grant	279,092	2,377,400	2,656,492
Education Improvement Act	-	10,588,588	10,588,588
Private grants and contracts	10,055	48,007	58,062
Charges for services	408,183	1,099,672	1,507,855
Rental fees	478,646	4,442,405	4,921,051
Interest and other investment income	11,961	386,752	398,713
Royalties	-	59,486	59,486
Miscellaneous	179,074	202,007	381,081
	<u>\$ 3,469,031</u>	<u>\$ 26,083,219</u>	<u>\$ 29,552,250</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
SCHEDULE OF EXPENDITURES - RADIO AND TELEVISION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Expenditures			
Internal administration	\$ 126,129	\$ 3,934,343	\$ 4,060,472
Programs and services:			
Engineering administration	-	2,583,793	2,583,793
Transmissions and reception	202,334	3,979,994	4,182,328
Communications	-	460,486	460,486
Education	-	2,641,521	2,641,521
Agency, local and other education services	-	291,724	291,724
Training and assessment	-	91,033	91,033
Radio content	2,430,678	187,766	2,618,444
National content	-	2,314,608	2,314,608
Local and transparency	29,514	6,258,138	6,287,652
Development/Fundraising	13,829	447,121	460,950
Underwriting	148,922	223,382	372,304
Marketing	-	561,084	561,084
Capital outlay	63,427	4,834,355	4,897,782
	<u>\$ 3,014,833</u>	<u>\$ 28,809,348</u>	<u>\$ 31,824,181</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
SCHEDULE OF EXPENDITURES - RADIO AND TELEVISION  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Expenditures			
Internal administration	\$ 84,313	\$ 2,726,113	\$ 2,810,426
Programs and services:			
Engineering administration	-	2,428,310	2,428,310
Transmissions and reception	457,657	4,118,915	4,576,572
Communications	22,323	721,771	744,094
Education	-	1,952,497	1,952,497
Agency, local and other education services	41,418	1,339,178	1,380,596
Training and assessment	-	102,782	102,782
Radio content	2,493,467	-	2,493,467
National content	-	2,827,185	2,827,185
Local and transparency	178,042	5,756,698	5,934,740
Development/Fundraising	11,669	377,299	388,968
Underwriting	199,955	299,933	499,888
Marketing	-	78,517	78,517
Capital outlay	-	7,201,289	7,201,289
	<u>\$ 3,488,844</u>	<u>\$ 29,930,487</u>	<u>\$ 33,419,331</u>

See independent auditors' report

**GOVERNMENTAL AUDITING SECTION**

1704 Laurel Street  
Columbia, SC 29201

P.O. Box 2411  
Columbia, SC 29202

Phone (803) 799-0555  
Fax (803) 799-4212



**TheHobbsGroup**

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

Mr. George L. Kennedy III, CPA  
State Auditor  
South Carolina Office of the State Auditor  
Columbia, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South Carolina Educational Television Commission (the "Network") as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated February 11, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## NETWORK'S RESPONSE TO FINDINGS

The Network's response to the finding identified in our audit is described in the accompanying schedule of findings. The Network's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Columbia, South Carolina  
February 11, 2022

*The Hall Group, P.A.*

SCHEDULE OF FINDINGS  
SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION  
For the Year Ended June 30, 2021

SECTION I -- SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

SECTION II -- FINANCIAL STATEMENT FINDINGS

Condition Considered to be a Material Weakness

*2021-001: Original Trial Balance Needed Adjustments*

*Condition:* During the audit, we determined the Network's original trial balance provided to us needed material adjustments.

*Context:* Material adjustments were required as a result of certain standard audit procedures relating to cash, accounts payable, and depreciation expense.

*Criteria:* Generally accepted accounting principles require that amounts be properly reported in the financial statements and note disclosures.

*Cause:* The adjustments noted above appear to be caused by turnover in the Network's accounting department, which resulted in staff that did not have the necessary knowledge of the activities that occurred in the year being audited.

*Effect:* Material misstatements of cash, accounts payable and depreciation were noted.

*Recommendation:* We recommend the Network provide the accounting department with training necessary to be able to complete year end financial procedures.

SECTION III -- COMPLIANCE FINDINGS

None



SCHEDULE OF FINDINGS – Continued  
*SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION*  
For the Year Ended June 30, 2021

SECTION IV -- SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

During our current audit, we reviewed the status of corrective action taken on the finding reported on the Network's financial statements for the year ended June 30, 2020, dated December 23, 2021. The following finding was reported:

*2020-001 Project Expenses Not Properly Capitalized*

We found that corrective action was taken on the above finding for fiscal year 2021 and therefore, the finding has since been resolved.

**South Carolina Educational Television Commission  
Management Response**

February 8, 2022

The South Carolina Educational Television Commission (SCETV) respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

The Hobbs Group, P.A.  
1704 Laurel Street  
Columbia, South Carolina 29201

Audit Period: July 1, 2020 – June 30, 2021

The finding is discussed below:

2021-001: Original Trial Balance Needed Adjustments

Recommendation:

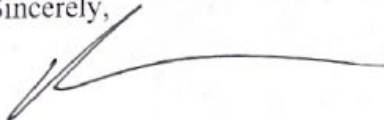
We recommend the Network provide the Accounting Department with training necessary to be able to complete year-end financial procedures.

Action Taken:

We have partnered with the Department of Administration to assist with compliance measures and assist with accounting procedures and labor for the Network. We have also hired a Chief Business Officer to lead the department in efforts related to audit findings, etc. In addition, staff will be trained by the Department of Administration to follow state policies and principles related to record keeping and financial data preparation.

If you have any questions or if additional information is needed, please contact Anthony Padgett at (803) 737-3240.

Sincerely,



Anthony Padgett  
President and CEO