

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

REPORT ON FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023



January 28, 2025

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, 2024 and 2023, 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,

Sue F. Moss, CPA
Director of Agency Relations

SFM/trb

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INDEPENDENT AUDITOR'S REPORT

Mrs. Sue F. Moss, CPA
Director of Agency Relations
South Carolina Office of the State Auditor
Columbia, South Carolina

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited 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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Network, as of June 30, 2024 and 2023, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Network's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America,

and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2024 and 2023, the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Also, as described in Note 2 to the financial statements, the Network determined that a number of Subscription-Based Information Technology Arrangements had not been included in the previous year, which resulted in the restatement of previously reported net position as of June 30, 2023. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules, schedule of the proportionate share of the net pension liability, schedule of pension contributions, schedule of proportionate share of the net OPEB liability, and schedule of OPEB contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were 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 pages 66 and 67 and the schedules of expenditures – radio and television on pages 68 and 69 (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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 January 28, 2025 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
January 28, 2025

The Halle 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, 2024 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 is 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.

The assets and deferred outflows of resources of the Network exceeded its liabilities and deferred inflows of resources by \$8.6 million at fiscal year ending June 30, 2024 (See Table 1 below for a summary of net position for fiscal years 2022-2023 and 2021-2022).

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

(Continued)

Table 1 – Condensed Statements of Net Position

	<u>2024</u>	<u>2023 (as restated)</u>	<u>Increase / (Decrease)</u>	<u>% Change</u>	<u>2022</u>
Assets					
Current assets	\$ 16,558,037	\$ 24,311,320	\$ (7,753,283)	-31.89%	\$27,857,713
Noncurrent assets	32,750,049	34,204,372	(1,454,323)	-4.25%	34,138,662
Total assets	<u>49,308,086</u>	<u>58,515,692</u>	<u>(9,207,606)</u>	-15.74%	<u>61,996,375</u>
Deferred outflows of resources	5,572,018	6,484,498	(912,480)	-14.07%	7,974,259
Liabilities					
Current liabilities	5,889,700	7,779,214	(1,889,514)	-24.29%	7,022,667
Noncurrent liabilities	26,857,779	29,282,048	(2,424,269)	-8.28%	33,007,242
Total liabilities	<u>32,747,479</u>	<u>37,061,262</u>	<u>(4,313,783)</u>	-11.64%	<u>40,029,909</u>
Deferred inflows of resources	13,580,073	13,105,782	474,291	3.62%	10,484,306
Net position					
Net investment in capital assets	24,615,946	25,718,257	(1,102,311)	-4.29%	26,351,966
Restricted	9,019,576	16,216,043	(7,196,467)	-44.38%	21,688,634
Unrestricted	<u>(25,082,970)</u>	<u>(27,101,154)</u>	<u>2,018,184</u>	-7.45%	<u>(28,584,181)</u>
Total net position	<u>\$ 8,552,552</u>	<u>\$ 14,833,146</u>	<u>\$ (6,280,594)</u>	-42.34%	<u>\$19,456,419</u>

Total assets and deferred outflows of resources of the Network decreased by approximately \$10.1 million. This decrease is attributed to both decreases in deferred outflows of resources related to the net OPEB and net pension liability along with decreases in cash and noncurrent assets. Cash and cash equivalents decreased approximately \$6.4 million over the previous year. The decrease in cash and cash equivalents can be largely attributed to decreases in contributions and increases in personal services and operating costs.

The decrease of approximately \$1.9 million in current liabilities is primarily attributable to a decrease in accounts payable of approximately \$1.9 million. Accounts payable decreased as a result of timing of expenses.

Net position of the Network decreased during the year by approximately \$6.3 million largely driven by the increases in personal services and operating costs as well as other factors described above. Total net position at June 30, 2024 was \$8.6 million, of which \$24.6 million was invested in capital assets, \$9.0 million was restricted for capital reserves, capital projects, and public broadcasting as well as a deficit of \$25.1 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, 2024.

(See Table 2 for a comparison of revenues, expenses and changes in net position for fiscal years 2022-2023 and 2021-2022).

Table 2 – Statements of Activities

	<u>2024</u>	<u>2023 (as restated)</u>	<u>Increase / (Decrease)</u>	<u>% Change</u>	<u>2022</u>
Revenue					
Program revenues:					
Charges for services	\$ 5,630,101	\$ 6,955,444	\$ (1,325,343)	-19.05%	\$ 6,479,137
Operating grants and contributions	<u>3,920,837</u>	<u>3,756,108</u>	<u>164,729</u>	4.39%	<u>3,825,367</u>
Total program revenues	<u>9,550,938</u>	<u>10,711,552</u>	<u>(1,160,614)</u>	-10.84%	<u>10,304,504</u>
General revenues:					
Contributions	9,578,343	10,777,197	(1,198,854)	-11.12%	13,726,795
Interest income on leases	336,953	270,863	66,090	24.40%	305,903
Interest and investment Income	215,200	185,292	29,908	16.14%	183,357
Intergovernmental	10,583,423	8,372,442	2,210,981	26.41%	8,043,044
Miscellaneous revenues	<u>81,873</u>	<u>116,753</u>	<u>(34,880)</u>	-29.88%	<u>48,706</u>
Total general revenues	<u>20,795,792</u>	<u>19,722,547</u>	<u>1,073,245</u>	5.44%	<u>22,307,805</u>
Total revenues	<u><u>30,346,730</u></u>	<u><u>30,434,099</u></u>	<u><u>(87,369)</u></u>	-0.29%	<u><u>32,612,309</u></u>
Expenses					
Educational broadcasting:					
Personal services	13,709,439	11,918,855	1,790,584	15.02%	11,166,086
Pension benefit	(165,410)	(173,424)	8,014	-4.62%	(52,334)
OPEB (benefit) expense	(356,719)	233,153	(589,872)	-253.00%	1,041,421
Other operating costs	18,405,966	17,745,388	660,578	3.72%	17,213,417
Interest on leases	65,842	12,216	53,626	438.98%	14,636
Interest on software based IT arrangements	53,013	12,623	40,390	319.97%	12,589
Depreciation and amortization	<u>4,915,193</u>	<u>5,308,561</u>	<u>(393,368)</u>	-7.41%	<u>6,032,898</u>
Total expenses	<u>36,627,324</u>	<u>35,057,372</u>	<u>1,569,952</u>	4.48%	<u>35,428,713</u>
Decrease in net position	(6,280,594)	(4,623,273)	(1,657,321)	35.85%	(2,816,404)
Net position – beginning of year	14,833,146	19,456,419	(4,623,273)	-23.76%	22,272,823
Net position – end of year	<u><u>\$ 8,552,552</u></u>	<u><u>\$ 14,833,146</u></u>	<u><u>\$ (6,280,594)</u></u>	-42.34%	<u><u>\$ 19,456,419</u></u>

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

(Continued)

General revenues for the 2024 fiscal year totaled approximately \$20.8 million which is an increase of approximately \$1.1 million which is largely driven by a \$2.2 million increase in intergovernmental revenues, mostly offset by a decrease of \$1.2 million in non-capital contributions.

The Network received a State General Fund Appropriation for fiscal year (“FY”) 2023-2024 of \$8,899,674. The Network was also funded through budget provisos and Education Improvement Act funds in the 2023-2024 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 \$9.6 million, which is a decrease of approximately \$1.2 million over the prior year. The decrease in program revenue during the year ended June 30, 2024, is attributed to the Network receiving more funds for closed projects in charges for services during the prior year.

Expenses for the Network are shown under the category of Educational Broadcasting and are classified as Personal Services, Pension Expense (Benefit), OPEB Expense (Benefit), Other Operating, Interest on Leases and Software-Based IT Arrangements, and Depreciation and Amortization. Personal Service costs were approximately \$13.7 million which increased \$1.8 million over the prior year primarily to an increased number of employees at the Network. Pension benefit costs were approximately \$(165,000) and OPEB benefit costs were approximately \$(357,000). These fluctuations from the prior year were due to underlying plan activities as well as changes in the Network’s proportionate share of these liabilities. Other operating costs totaled approximately \$18.4 million which was an increase of approximately \$661,000 due to the rising costs of programming and licensing fees, more community engagement and outreach activities, and the completion of projects supporting the network’s technical infrastructure. Depreciation and amortization expense totaled approximately \$4.9 million which was a slight decrease over the prior year due to more fully depreciated assets in the current year. The Statement of Activities reflects a decrease in net position for the current fiscal year of approximately \$6.3 million due to these factors.

Budgetary Highlights:

Changes between original and final budgeted amounts are associated with carryforwards of Spectrum Auction funds, and new appropriations for capital projects. The Network ended the year with a positive budget variance of approximately \$56.4 million based on actual budgetary basis figures. This significant variance is primarily due to a capital outlay variance of \$43.0 million. Capital outlay consists of infrastructure upgrades, new facility construction and technology initiatives. Significant delays were incurred on these projects in fiscal year 2023-2024 due to delays procuring goods and services.

Fund Financial Analysis:

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

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

(Continued)

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 \$11.9 million, a decrease of approximately \$5.6 million for the year ended June 30, 2024.

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 \$9.0 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 \$1.2 million of ending fund balance, and represents prepaid items and lessor obligations.

Capital Assets

The Network's Capital Assets net of depreciation were approximately \$24.5 million at June 30, 2024. 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, 2024, 2023, and 2022.

Table 3 – Network Capital Assets

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,137,969	\$ 1,137,867	\$ 905,269
Building and improvements	17,968,569	17,968,569	18,074,396
Equipment and furniture	76,247,579	74,595,151	97,615,134
Vehicles	2,208,312	2,117,499	2,132,710
Construction in progress	2,600,448	1,332,531	2,309,554
Total cost	<u>100,162,877</u>	<u>97,151,617</u>	<u>121,037,063</u>
Less: Accumulated depreciation	<u>75,686,235</u>	<u>71,654,471</u>	<u>94,650,379</u>
Net capital assets	<u>\$ 24,476,642</u>	<u>\$ 25,497,146</u>	<u>\$ 26,386,684</u>

The net decrease in the Network's investment in capital assets for the current fiscal year was approximately \$1.0 million and can be attributed to disposals of capital assets and depreciation expense.

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

(Continued)

Economic Outlook

During the fiscal year ending June 30, 2024, the Network experienced major staffing transitions, to include a change with executive leadership. Entering the second year of the agency’s strategic plan, the senior leadership team continued assessments of operational priorities and placed increased emphasis on revenue generation, personnel retention, security, and infrastructure. The Network submitted a state legislative funding request for the continuation of infrastructure maintenance and upgrades, technological equipment upgrades, security systems for physical assets, and employee recruitment and retention. These improvements are important to the Network plans for strategic change and continuity of expenditures related to external factor variations in funding, economic conditions and shifts in audience preferences. Additionally, the agency received increased funding through the SC K12 Technology Initiative to supporting the final phase of implementation for an education innovation lab that will facilitate user-generated content and engagement activities during field trips and other educational initiatives. Several revenue-generating initiatives will be implemented throughout the coming fiscal year including growth of the tower asset program and increased partnerships related to content creation and distribution, production and facility rentals.

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,**

	2024	2023
	Governmental	Governmental
	Activities	Activities
	Activities	(as restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,885,067	\$ 5,067,213
Restricted cash	9,019,576	16,216,043
Accounts receivable	448,562	1,876,008
Lease receivable	550,028	517,395
Prepaid expenses	654,804	634,661
Total current assets	16,558,037	24,311,320
Non-current assets		
Lease receivable, net of current portion	6,503,375	6,467,370
Right to use leased assets, net of accumulated amortization	1,161,583	1,393,859
Subscription information technology assets, net of accumulated amortization	608,449	845,997
Capital assets, net of accumulated depreciation	24,476,642	25,497,146
Total non-current assets	32,750,049	34,204,372
Total assets	49,308,086	58,515,692
Deferred outflows of resources related to net pension liability	2,240,402	2,348,995
Deferred outflows of resources related to net OPEB liability	3,331,616	4,135,503
Total deferred outflows of resources	5,572,018	6,484,498
Total assets and deferred outflows of resources	54,880,104	65,000,190
 LIABILITIES AND NET POSITION		
Liabilities:		
Current liabilities:		
Accounts payable	775,532	2,671,698
Accrued salaries and related benefits	1,108,583	1,019,269
Lease liability	212,786	200,956
Subscription information technology liability	228,308	205,437
Unearned revenue	2,770,767	2,977,193
Current portion of accrued compensated absences and related benefits	793,724	704,661
Total current liabilities	5,889,700	7,779,214
Noncurrent liabilities:		
Accrued compensated absences and related benefits, net of current portion	779,938	713,173
Lease liability, net of current portion	881,323	1,094,112
Subscription information technology liability, net of current portion	308,311	518,240
Net OPEB liability	10,018,522	11,863,106
Net pension liability	14,869,685	15,093,417
Total noncurrent liabilities	26,857,779	29,282,048
Total liabilities	32,747,479	37,061,262
Deferred inflows of resources related to net pension liability	604,755	717,753
Deferred inflows of resources related to net OPEB liability	6,438,095	5,755,935
Deferred inflows of resources related to leases	6,537,223	6,632,094
Total deferred inflows of resources	13,580,073	13,105,782
Total liabilities and deferred inflows of resources	46,327,552	50,167,044
 Net Position:		
Net investment in capital assets	24,615,946	25,718,257
Restricted:		
Capital projects	153,568	153,568
Capital reserve	6,864,605	12,459,267
Public broadcasting	2,001,403	3,603,208
Unrestricted	(25,082,970)	(27,101,154)
Total net position	\$ 8,552,552	\$ 14,833,146

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,**

	2024	2023
	Governmental Activities	Governmental Activities (as restated)
	<u> </u>	<u> </u>
Expenses:		
Educational broadcasting:		
Personal services	\$ 13,709,439	\$ 11,918,855
Pension benefit	(165,410)	(173,424)
OPEB (benefit) expense	(356,719)	233,153
Other operating costs	18,405,966	17,745,388
Interest on leases	65,842	12,216
Interest on subscription information technology arrangements	53,013	12,623
Depreciation and amortization	4,915,193	5,308,561
	<u>36,627,324</u>	<u>35,057,372</u>
Total program expenses	36,627,324	35,057,372
Program revenues:		
Charges for services	5,630,101	6,955,444
Capital grants and contributions	3,920,837	3,756,108
	<u>9,550,938</u>	<u>10,711,552</u>
Total program revenues	9,550,938	10,711,552
Net program expenses	<u>27,076,386</u>	<u>24,345,820</u>
	27,076,386	24,345,820
General revenues, special items and transfers:		
Contributions	9,578,343	10,777,197
Interest income on leases	336,953	270,863
Interest and other investment income	215,200	185,292
Intergovernmental - State Agencies	10,583,423	8,372,442
Miscellaneous revenues	81,873	116,753
Total general revenues, special items and transfers	<u>20,795,792</u>	<u>19,722,547</u>
	20,795,792	19,722,547
Decrease in net position	(6,280,594)	(4,623,273)
Net position - beginning of year	<u>14,833,146</u>	<u>19,456,419</u>
	14,833,146	19,456,419
Net position - end of year	<u>\$ 8,552,552</u>	<u>\$ 14,833,146</u>
	\$ 8,552,552	\$ 14,833,146

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Education Improvement Act	Non-Federal Grants	Capital Projects	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 4,488,556	\$ 527,797	\$ 868,714	\$ -	\$ 5,885,067
Restricted cash	8,866,008	-	-	153,568	9,019,576
Accounts receivable	448,562	-	-	-	448,562
Lease receivable	7,053,403	-	-	-	7,053,403
Prepaid expenses	648,604	6,200	-	-	654,804
TOTAL ASSETS	\$ 21,505,133	\$ 533,997	\$ 868,714	\$ 153,568	\$ 23,061,412
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 771,823	\$ 2,760	\$ 949	\$ -	\$ 775,532
Accrued salaries and related benefits	1,086,291	11,744	10,548	-	1,108,583
Unearned revenues	1,913,550	-	857,217	-	2,770,767
TOTAL LIABILITIES	3,771,664	14,504	868,714	-	4,654,882
DEFERRED INFLOWS OF RESOURCES:					
Leases	6,537,223	-	-	-	6,537,223
TOTAL DEFERRED INFLOWS OF RESOURCES	6,537,223	-	-	-	6,537,223
FUND BALANCES:					
Nonspendable					
Prepaid expenses	648,604	6,200	-	-	654,804
Leases	516,180	-	-	-	516,180
Restricted					
Capital reserve	6,864,605	-	-	-	6,864,605
Capital projects	-	-	-	153,568	153,568
Public broadcasting	2,001,403	-	-	-	2,001,403
Unassigned	1,165,454	513,293	-	-	1,678,747
TOTAL FUND BALANCES	11,196,246	519,493	-	153,568	11,869,307
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 21,505,133	\$ 533,997	\$ 868,714	\$ 153,568	\$ 23,061,412

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Education Improvement Act	Non-Federal Grants	Capital Projects	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 3,739,215	\$ 580,370	\$ 741,180	\$ 6,448	\$ 5,067,213
Restricted cash	16,062,475	-	-	153,568	16,216,043
Accounts receivable	1,876,008	-	-	-	1,876,008
Lease receivable	6,984,765	-	-	-	6,984,765
Prepaid expenses	634,661	-	-	-	634,661
TOTAL ASSETS	\$ 29,297,124	\$ 580,370	\$ 741,180	\$ 160,016	\$ 30,778,690
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 2,643,072	\$ 15,791	\$ 6,387	\$ 6,448	\$ 2,671,698
Accrued salaries and related benefits	1,008,496	-	10,773	-	1,019,269
Unearned revenues	2,253,173	-	724,020	-	2,977,193
TOTAL LIABILITIES	5,904,741	15,791	741,180	6,448	6,668,160
DEFERRED INFLOWS OF RESOURCES:					
Leases	6,632,094	-	-	-	6,632,094
TOTAL DEFERRED INFLOWS OF RESOURCES	6,632,094	-	-	-	6,632,094
FUND BALANCES:					
Nonspendable					
Prepaid expenses	634,661	-	-	-	634,661
Leases	352,671	-	-	-	352,671
Restricted					
Capital reserve	12,459,267	-	-	-	12,459,267
Capital projects	-	-	-	153,568	153,568
Public broadcasting	3,603,208	-	-	-	3,603,208
Unassigned	(289,518)	564,579	-	-	275,061
TOTAL FUND BALANCES	16,760,289	564,579	-	153,568	17,478,436
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 29,297,124	\$ 580,370	\$ 741,180	\$ 160,016	\$ 30,778,690

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

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
JUNE 30,**

	2024 Governmental Activities	2023 Governmental Activities
Reconciliations to the Statement of Net Position:		
Fund balances of governmental funds	\$ 11,869,307	\$ 17,478,436
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	(1,573,662)	(1,417,834)
Lease liability	(1,094,109)	(1,295,068)
Software based information technology liability	(536,619)	(723,677)
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	(14,869,685)	(15,093,417)
Net OPEB liability	(10,018,522)	(11,863,106)
Deferred outflows of resources related to net pension liability	2,240,402	2,348,995
Deferred outflows of resources related to net OPEB liability	3,331,616	4,135,503
Deferred inflows of resources related to net pension liability	(604,755)	(717,753)
Deferred inflows of resources related to net OPEB liability	(6,438,095)	(5,755,935)
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	24,476,642	25,497,146
Software based information technology assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Software based information technology assets, net of accumulated amortization	608,449	845,997
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Right to use assets, net of accumulated amortization	1,161,583	1,393,859
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 8,552,552</u>	<u>\$ 14,833,146</u>

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, 2024

	<u>General</u>	<u>Education Improvement Act</u>	<u>Non-Federal Grants</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES:					
Contributions	\$ 9,578,343	\$ -	\$ -	\$ -	\$ 9,578,343
Intergovernmental - State Agencies	10,583,423	-	-	-	10,583,423
Program sales	17,487	-	-	-	17,487
Corporation for Public Broadcasting, Inc. grant	3,066,703	-	-	-	3,066,703
Education Improvement Act	-	300,000	-	-	300,000
Private grants and contracts	467,613	-	21,976	-	489,589
Charges for services	525,820	-	165,327	-	691,147
Rental fees	4,853,577	-	-	-	4,853,577
Interest income on leases	336,953	-	-	-	336,953
Interest and other investment income	215,200	-	-	-	215,200
Royalties	67,890	-	-	-	67,890
Miscellaneous	81,873	-	-	-	81,873
TOTAL REVENUES	<u>29,794,882</u>	<u>300,000</u>	<u>187,303</u>	<u>-</u>	<u>30,282,185</u>
EXPENDITURES:					
Internal administration	9,090,272	-	-	-	9,090,272
Programs and services:					
Transmissions, communications and reception	5,318,242	424	12,690	-	5,331,356
Education	1,836,471	299,608	34,256	-	2,170,335
Content	12,421,872	-	4,635	-	12,426,507
Development, fundraising, underwriting and marketing	3,317,824	24,190	134,722	-	3,476,736
Capital outlay	3,375,244	20,864	-	-	3,396,108
TOTAL EXPENDITURES	<u>35,359,925</u>	<u>345,086</u>	<u>186,303</u>	<u>-</u>	<u>35,891,314</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,565,043)</u>	<u>(45,086)</u>	<u>1,000</u>	<u>-</u>	<u>(5,609,129)</u>
OTHER FINANCING SOURCES AND TRANSFERS:					
Transfers in	23,251,207	-	-	323,771	23,574,978
Transfers out	(23,250,207)	-	(1,000)	(323,771)	(23,574,978)
TOTAL OTHER FINANCING SOURCES AND TRANSFERS	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(5,564,043)	(45,086)	-	-	(5,609,129)
FUND BALANCES - BEGINNING OF YEAR	<u>16,760,289</u>	<u>564,579</u>	<u>-</u>	<u>153,568</u>	<u>17,478,436</u>
FUND BALANCES - END OF YEAR	<u>\$ 11,196,246</u>	<u>\$ 519,493</u>	<u>\$ -</u>	<u>\$ 153,568</u>	<u>\$ 11,869,307</u>

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, 2023

	<u>General</u>	<u>Education Improvement Act</u>	<u>Non-Federal Grants</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES:					
Contributions	\$ 10,777,197	\$ -	\$ -	\$ -	\$ 10,777,197
Intergovernmental - State Agencies	8,372,442	-	-	-	8,372,442
Program sales	15,120	-	-	-	15,120
Corporation for Public Broadcasting, Inc. grant	2,806,893	-	-	-	2,806,893
Education Improvement Act	-	400,000	-	-	400,000
Private grants and contracts	333,926	-	150,710	-	484,636
Charges for services	2,027,413	-	-	-	2,027,413
Rental fees	4,851,887	-	-	-	4,851,887
Interest income on leases	270,863	-	-	-	270,863
Interest and other investment income	185,292	-	-	-	185,292
Royalties	61,024	-	-	-	61,024
Miscellaneous	116,753	-	-	-	116,753
TOTAL REVENUES	<u>29,818,810</u>	<u>400,000</u>	<u>150,710</u>	<u>-</u>	<u>30,369,520</u>
EXPENDITURES:					
Internal administration	7,926,821	-	-	-	7,926,821
Programs and services:					
Transmissions, communications and reception	6,073,623	-	9,543	114,498	6,197,664
Education	1,329,692	34,513	1,098	-	1,365,303
Content	11,006,392	9,347	-	-	11,015,739
Development, fundraising, underwriting and marketing	3,137,065	-	140,069	-	3,277,134
Capital outlay	4,113,840	18,661	-	386,116	4,518,617
TOTAL EXPENDITURES	<u>33,587,433</u>	<u>62,521</u>	<u>150,710</u>	<u>500,614</u>	<u>34,301,278</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,768,623)</u>	<u>337,479</u>	<u>-</u>	<u>(500,614)</u>	<u>(3,931,758)</u>
OTHER FINANCING SOURCES AND TRANSFERS:					
Transfers in	8,737,493	-	-	502,214	9,239,707
Transfers out	(9,239,707)	-	-	-	(9,239,707)
TOTAL OTHER FINANCING SOURCES AND TRANSFERS	<u>(502,214)</u>	<u>-</u>	<u>-</u>	<u>502,214</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,270,837)	337,479	-	1,600	(3,931,758)
FUND BALANCES - BEGINNING OF YEAR	<u>21,031,126</u>	<u>227,100</u>	<u>-</u>	<u>151,968</u>	<u>21,410,194</u>
FUND BALANCES - END OF YEAR	<u>\$ 16,760,289</u>	<u>\$ 564,579</u>	<u>\$ -</u>	<u>\$ 153,568</u>	<u>\$ 17,478,436</u>

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

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

	2024	2023
Reconciliations to the Statement of Activities:		
Net change in fund balances - total government funds	\$ (5,609,129)	\$ (3,931,758)
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	3,396,108	4,518,617
Depreciation of capital assets is reported as an expense in the statement of activities	(4,416,611)	(5,041,574)
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	-	(366,582)
Amortization of right to use leased assets is reported as an expense in the statement of activities	(232,276)	(143,480)
Amortization of software based information technology assets is reported as an expense in the statement of activities	(266,305)	(123,507)
Nonemployer pension contribution revenue is reported as revenue in the statement of activities	62,727	62,727
Nonemployer OPEB contribution revenue is reported as revenue in the statement of activities	1,818	1,852
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Principal payments on long-term debt	416,774	522,816
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 benefit (expense)	165,410	173,424
Proportionate share of OPEB expense	356,719	(233,153)
Change in accrued compensated absences and related benefits	(155,829)	(62,655)
CHANGE IN NET POSITION	<u>\$ (6,280,594)</u>	<u>\$ (4,623,273)</u>

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

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 AND 2023

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, 2024 and 2023:

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.

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, 2024 and 2023:

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.

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, 2024 AND 2023

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 not considered available are reported as deferred inflows of resources.

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, 2024 AND 2023

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

Right to Use Leased Assets

The Network has implemented GASB Statement No. 87, *Leases*. The objective of GASB No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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 this 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 Network has recorded right to use leased assets as a result of implementing GASB No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

See Note 6 for further information.

Subscription-Based Information Technology Arrangements

The Network has implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Network is party to three subscription-based information technology arrangements ("SBITA"). The Network recognizes a subscription information technology liability and an intangible right-to-use subscription information technology asset ("subscription information technology asset") in the statements of net position. The Network recognizes subscription information technology liabilities with an initial term greater than twelve months and an individual value of \$5,000 or more. For SBITAs with a maximum possible term of twelve months or less at commencement, the Network recognizes operating expenses based on the provisions of the arrangement.

At the commencement of a SBITA, the Network initially measures the subscription information technology liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription information technology liability is reduced by the principal portion of subscription payments made. The subscription information technology asset is initially measured as the initial measurement of the subscription information technology liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription information technology asset is amortized on a straight-line basis over the shorter of the useful life of the subscription information technology asset or subscription term.

Key estimates and judgments related to SBITAs include how the Network determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) subscription payments.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Subscription-Based Information Technology Arrangements (continued)

If provided, the Network uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Network generally uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period during which the Network has a noncancellable right to use the underlying subscription information technology assets. The subscription term also includes periods covered by an option to extend if it is reasonably certain that the Network or the vendor will exercise that option, or to terminate if it is reasonably certain that the Network or the vendor will not exercise that option. Subscription payments included in the measurement of the subscription information technology liability are all composed of fixed payments.

The Network monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure the subscription information technology asset and subscription information technology liability if certain changes occur that are expected to significantly affect the amount of the subscription information technology liability.

Subscription information technology assets are reported with noncurrent assets and subscription information technology liabilities are reported with long-term obligations on the statements of net position.

The Network capitalizes qualifying initial implementation costs of \$5,000 or more as part of the subscription information technology asset. Preliminary project stage outlays are expensed as included. Operation and additional implementation stage activities are expensed as incurred unless they meet specific capitalization criteria.

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.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Cash and Cash Equivalents (continued)

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 4.

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.

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, 2024 and 2023.

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.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

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".

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.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

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. Additionally, the Network recognizes deferred inflows of resources related to lease revenue, which is recorded at the initiation of the lease in an amount equal to the initial lease receivable and amortized on a straight-line basis over the term of the lease.

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.

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 statement of net position date 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.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

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, 2023.

Implementation of New Accounting Standard

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, *Accounting Changes and Error Corrections*, which establishes accounting and financial reporting requirements for accounting changes, and the correction of an error in previously issued financial statements. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The Statement also addresses corrections of errors in previously issued financial statements. Additionally, the Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement also requires disclosure in notes to the financial statements of descriptive information about accounting changes and error corrections. The Network has implemented this guidance with the 2024 financial statements. Implementation of this Statement resulted in additional disclosures as a result of the correction of an error noted in previously issued financial statements. See Note 2.

New Accounting Pronouncement

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement enhances information for user of the financial statements by updating the recognition and measurement guidance for compensated absences. GASB Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of GASB Statement No. 101 are effective for fiscal years beginning after December 15, 2023. The adoption of GASB Statement No. 101 by the Network is not expected to have a significant effect on the Network's financial statements.

NOTE 2. CHANGES TO PREVIOUSLY ISSUED FINANCIAL STATEMENTS:

Correction of an Error in Previously Issued Financial Statements

During the year ended June 30, 2024, the Network determined that several right to use leases and one SBITA that were active in the prior year were not previously reported under GASBs No. 87 and 96, respectively. The correction of these errors resulted in restatement of certain balances for the government-wide financial statements on pages 11 and 12.

As a result of the correction of errors related to right to use leases, right to use leased assets, net of accumulated amortization, were understated by \$629,083 for the fiscal year ended June 30, 2023. Additionally, lease liability was understated by \$503,750 for the fiscal year ended June 30, 2023. Other operating costs related to leases were overstated by \$158,830 for the fiscal year ended June 30, 2023, and amortization expense related to leases was understated by \$33,497 for the fiscal year ended June 30, 2023.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2. CHANGES TO PREVIOUSLY ISSUED FINANCIAL STATEMENTS (continued):

As a result of the correction of errors related to SBITA, subscription information technology assets, net of accumulated amortization, were understated by \$676,750 for the fiscal year ended June 30, 2023. Additionally, subscription information technology liability was understated by \$554,874 for the fiscal year ended June 30, 2023. Other operating costs related to SBITA were overstated by \$167,528 for the fiscal year ended June 30, 2023, and amortization expense related to SBITA was understated by \$45,652 for the fiscal year ended June 30, 2023.

The effect of correcting these errors is shown in the table below.

	<u>Net position/fund balance 6/30/2023 as previously reported</u>	<u>Restatement – GASB 87 errors</u>	<u>Restatement – GASB 96 errors</u>	<u>Net position/fund balance 6/30/2023 as restated</u>
Government-wide				
Governmental activities	\$ 14,585,937	\$ 125,333	\$ 121,876	\$ 14,833,146
Governmental funds				
Major funds				
General	\$ 16,760,289			\$ 16,760,289
Education Improvement Act	564,579			564,579
Non-Federal Grants	-			-
Capital Projects	153,568			153,568
Total governmental funds	<u>\$ 17,478,436</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,478,436</u>

NOTE 3. STATE APPROPRIATION:

The Network received a State Appropriation in the 2023-2024 Appropriation Act of \$8,899,674 during the fiscal year ended June 30, 2024. In the 2022-2023 Appropriation Act, the Network received a State Appropriation of \$8,372,442 during the fiscal year ended June 30, 2023. These amounts are included in intergovernmental – state agencies on the statements of activities.

NOTE 4. 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 2024 reconciles deposits within the footnotes to the financial statement amounts:

<u>Financial Statements</u>		<u>Footnotes</u>	
Cash and Cash Equivalents	\$ 5,885,067		
Restricted Cash	9,019,576	Deposits Held by State Treasurer	\$ 14,904,643
Totals	<u>\$ 14,904,643</u>	Totals	<u>\$ 14,904,643</u>

The following schedule for fiscal year 2023 reconciles deposits within the footnotes to the financial statement amounts:

<u>Financial Statements</u>		<u>Footnotes</u>	
Cash and Cash Equivalents	\$ 5,067,213		
Restricted Cash	16,216,043	Deposits Held by State Treasurer	\$ 21,283,256
Totals	<u>\$ 21,283,256</u>	Totals	<u>\$ 21,283,256</u>

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4. DEPOSITS (continued):

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 5. CAPITAL ASSETS:

The following schedule summarizes capital assets activity for the Network for the fiscal year 2024:

	Beginning Balances July 1, 2023	Increases	Decreases	Ending Balances June 30, 2024
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,137,867	\$ 102	\$ -	\$ 1,137,969
Construction in progress	1,332,531	1,267,917	-	2,600,448
Total capital assets not being depreciated	<u>2,470,398</u>	<u>1,268,019</u>	<u>-</u>	<u>3,738,417</u>
Other capital assets:				
Buildings and improvements	17,968,569	-	-	17,968,569
Equipment and furniture	74,595,151	2,013,575	(361,147)	76,247,579
Vehicles	2,117,499	114,513	(23,700)	2,208,312
Total other capital assets	<u>94,681,219</u>	<u>2,128,088</u>	<u>(384,847)</u>	<u>96,424,460</u>
Less Accumulated depreciation for:				
Buildings and improvements	10,212,310	537,115	-	10,749,425
Equipment and furniture	58,643,810	3,038,851	(361,147)	61,321,514
Vehicles	2,798,351	840,645	(23,700)	3,615,296
Total accumulated depreciation	<u>71,654,471</u>	<u>4,416,611</u>	<u>(384,847)</u>	<u>75,686,235</u>
Other capital assets, net	23,026,748	(2,288,523)	-	20,738,225
Total capital assets, net	<u>\$ 25,497,146</u>	<u>\$ (1,020,504)</u>	<u>\$ -</u>	<u>\$ 24,476,642</u>

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5. CAPITAL ASSETS (continued):

The following schedule summarizes capital assets activity for the Network for the fiscal year 2023:

	Beginning Balances July 1, 2022	Increases	Decreases	Ending Balances June 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 905,269	\$ 232,598	\$ -	\$ 1,137,867
Construction in progress	2,309,554	2,847,870	(3,824,893)	1,332,531
Total capital assets not being depreciated	<u>3,214,823</u>	<u>3,080,468</u>	<u>(3,824,893)</u>	<u>2,470,398</u>
Other capital assets:				
Buildings and improvements	18,074,396	-	(105,827)	17,968,569
Equipment and furniture	97,615,134	5,195,784	(28,215,767)	74,595,151
Vehicles	<u>2,132,710</u>	<u>67,259</u>	<u>(82,470)</u>	<u>2,117,499</u>
Total other capital assets	<u>117,822,240</u>	<u>5,263,043</u>	<u>(28,404,064)</u>	<u>94,681,219</u>
Less Accumulated depreciation for:				
Buildings and improvements	9,723,482	539,513	(50,685)	10,212,310
Equipment and furniture	82,898,359	3,649,778	(27,904,327)	58,643,810
Vehicles	<u>2,028,538</u>	<u>852,283</u>	<u>(82,470)</u>	<u>2,798,351</u>
Total accumulated depreciation	<u>94,650,379</u>	<u>5,041,574</u>	<u>(28,037,482)</u>	<u>71,654,471</u>
Other capital assets, net	23,171,861	221,469	(366,582)	23,026,748
Total capital assets, net	<u>\$ 26,386,684</u>	<u>\$ 3,301,937</u>	<u>\$ (4,191,475)</u>	<u>\$ 25,497,146</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$4,416,611 and \$5,041,574, respectively. Construction in progress consisted of costs incurred related to the Network's repacking of the broadcast spectrum at June 30, 2024 and 2023.

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, 2024 AND 2023

NOTE 6. RIGHT TO USE LEASED ASSETS:

The following schedule summarizes right to use leased assets activity for the Network for the fiscal year 2024:

	<u>Beginning Balances July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances June 30, 2024</u>
Governmental activities:				
Right to use leased assets being amortized:				
Equipment and furniture	\$ 1,923,475	\$ -	\$ (124,318)	\$ 1,799,157
Total right to use leased assets being amortized	<u>1,923,475</u>	<u>-</u>	<u>(124,318)</u>	<u>1,799,157</u>
Less accumulated amortization for:				
Equipment and furniture	<u>529,616</u>	<u>232,276</u>	<u>(124,318)</u>	<u>637,574</u>
Total accumulated depreciation	<u>529,616</u>	<u>232,276</u>	<u>(124,318)</u>	<u>637,574</u>
Total right to use leased assets, net	<u>\$ 1,393,859</u>	<u>\$ (232,276)</u>	<u>\$ -</u>	<u>\$ 1,161,583</u>

The following schedule summarizes right to use leased assets activity for the Network for the fiscal year 2023 (as restated):

	<u>Beginning Balances July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances June 30, 2023 (as restated)</u>
Governmental activities:				
Right to use leased assets being amortized:				
Equipment and furniture	\$ 1,187,758	\$ 735,717	\$ -	\$ 1,923,475
Total right to use leased assets being amortized	<u>1,187,758</u>	<u>735,717</u>	<u>-</u>	<u>1,923,475</u>
Less accumulated amortization for:				
Equipment and furniture	<u>386,136</u>	<u>143,480</u>	<u>-</u>	<u>529,616</u>
Total accumulated depreciation	<u>386,136</u>	<u>143,480</u>	<u>-</u>	<u>529,616</u>
Total right to use leased assets, net	<u>\$ 801,622</u>	<u>\$ 592,237</u>	<u>\$ -</u>	<u>\$ 1,393,859</u>

Amortization expense for the years ended June 30, 2024 and 2023 was \$232,276 and \$143,480, respectively.

NOTE 7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, addresses how the costs and investments for subscription-based information technology arrangements (“SBITA”s) are accounted for and disclosed by governmental entities.

The Network is a party to three SBITAs as part of various third-party software information technology agreements.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (continued):

Amortization expense related to the SBITAs was approximately \$266,000 and \$124,000 for the years ending June 30, 2024 and 2023, respectively, and is included in depreciation and amortization on the statements of activities.

Subscription information technology asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances July 1, 2023	Increases	Decreases	Ending Balances June 30, 2024
Governmental activities:				
Subscription information technology assets	\$ 1,060,427	\$ 28,757	\$ -	\$ 1,089,184
Less, accumulated amortization	214,430	266,305	-	480,735
Total right to use leased assets, net	<u>\$ 845,997</u>	<u>\$ (237,548)</u>	<u>\$ -</u>	<u>\$ 608,449</u>

Subscription information technology asset activity for the year ended June 30, 2023 (as restated) was as follows:

	Beginning Balances July 1, 2022	Increases	Decreases	Ending Balances June 30, 2023 (as restated)
Governmental activities:				
Subscription information technology assets	\$ 338,025	\$ 722,402	\$ -	\$ 1,060,427
Less, accumulated amortization	90,923	123,507	-	214,430
Total right to use leased assets, net	<u>\$ 247,102</u>	<u>\$ 598,895</u>	<u>\$ -</u>	<u>\$ 845,997</u>

Future principal and interest SBITA payments as of June 30, 2024 are as follows:

Fiscal year ended June 30,:	Principal	Interest	Total
2025	\$ 228,308	\$ 40,520	\$ 268,828
2026	153,192	24,713	177,905
2027	155,119	12,409	167,528
	<u>\$ 536,619</u>	<u>\$ 77,642</u>	<u>\$ 614,261</u>

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8. LEASES AND LICENSES:

Lessee Agreements

The Network leases various photocopier and computer equipment from unrelated parties under several agreements. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payment as of the date of inception. The leases on all of the equipment expire in March 2027. The equipment leases all have annual rental rates totaling approximately \$176,000. The lease liabilities are measured at discount rates between 9.72% and 9.97%, which was the applicable rate as determined by the statewide contract with Presidio Technology Capital, LLC.

The Network also conducts part of its operations from tower space leased from unrelated parties. These lease agreements also qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The two tower space leases expire between June 2029 and February 2037. One of the leases stipulated quarterly payments of \$14,229 and \$13,681 during the years ended June 30, 2024 and 2023, respectively, and the other agreement stipulates \$2,500 monthly payments throughout the lease agreement. The lease liabilities are measured at a discount rate of 1.45%, which was the applicable federal rate for long-term mortgages at the time of both leases' commencements.

Future minimum lease obligations for other than short-term leases and the net present value of these minimum lease payments as of June 30, 2024 were as follows:

Fiscal year ended June 30,:	Principal	Interest	Total
2025	\$ 212,786	\$ 52,681	\$ 265,467
2026	229,533	38,302	267,835
2027	247,727	22,570	270,297
2028	91,250	5,332	96,582
2029	95,260	3,987	99,247
2030-2034	139,126	10,874	150,000
2035-2037	78,427	1,573	80,000
	<u>\$ 1,094,109</u>	<u>\$ 135,319</u>	<u>\$ 1,229,428</u>

The Network also leases office space under short-term leases from the South Carolina Department of Administration, a related party. Additionally, the Network leases some equipment on a month-to-month basis. These leases are also outside the scope of GASB Statement No. 87, Leases, and are expensed as incurred. In the normal course of business, these leases are generally renewed or replaced by other leases.

The Network is responsible for maintenance on most leased property. Rental payments under short-term and cancelable operating leases totaled \$454,393 and \$364,772 for the years ended June 30, 2024 and 2023, respectively.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8. LEASES AND LICENSES (continued):

Lessor Agreements

The Network has tower leases and licensing agreements with unrelated parties. Lease receivables and deferred inflows of resources are recorded based on the present value of the expected receipts over the terms of the leases. The expected receipts are discounted using the interest rate charged on the lease or using the Network's incremental borrowing rate. Total minimum lease payments to be received under lessor agreements are as follows:

Fiscal year ended June 30,:	Principal	Interest	Total
2025	\$ 550,028	\$ 335,498	\$ 885,526
2026	531,563	309,276	840,839
2027	572,516	278,613	851,129
2028	612,415	244,671	857,086
2029	458,888	217,854	676,742
2030-2034	2,599,231	765,469	3,364,700
2035-2039	1,345,050	294,672	1,639,722
2040-2044	383,712	79,237	462,949
	<u>\$ 7,053,403</u>	<u>\$ 2,525,290</u>	<u>\$ 9,578,693</u>

During the years ended June 30, 2024 and 2023, the Network recognized revenues related to these leases and licensing agreements totaling \$797,125 and \$811,950, respectively.

NOTE 9. LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Balances July 1, 2023	Additions	Reductions	Balances June 30, 2024	Due Within One Year
Accrued compensated absences and related benefits	\$1,417,834	\$ 1,055,566	\$ 899,738	\$ 1,573,662	\$ 793,724
Lease liability	\$1,295,068	\$ -	\$ 200,959	\$ 1,094,109	\$ 212,786
Subscription based information technology liability	\$ 723,677	\$ 28,757	\$ 215,815	\$ 536,619	\$ 228,308

Long-term liability activity for the year ended June 30, 2023 (as restated) was as follows:

	Balances July 1, 2022	GASB 96 Accounting Change	Additions	Reductions	Balances June 30, 2023	Due Within One Year
Accrued compensated absences and related benefits	\$1,355,178	\$ -	\$ 905,049	\$ 842,393	\$ 1,417,834	\$ 704,661
Lease liability	\$ 836,340	\$ -	\$ 576,887	\$ 118,159	\$ 1,295,068	\$ 200,956
Subscription based information technology liability	\$ -	\$ 247,102	\$ 554,874	\$ 78,299	\$ 723,677	\$ 205,437

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
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NOTE 10. 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 \$9,572,000 and \$8,870,000 during the years ended June 30, 2024 and 2023, respectively, from the Endowment and Communications.

NOTE 11. 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 \$53,000 and \$47,000 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, 2024 and 2023, respectively.

The Network provided no services free of charge to other State agencies during the fiscal years ended June 30, 2024 and 2023. Revenues of approximately \$481,000 and \$861,000 were received from various State agencies in 2024 and 2023, respectively.

During the fiscal years ended June 30, 2024 and 2023, the Network purchased services with a total cost of approximately \$802,000 and \$929,000, respectively from various State agencies. These expenditures are primarily for taxes, insurance, telecommunications and other contracted services.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN:

The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds’ assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues an ACFR containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The ACFR is publicly available through PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Descriptions

- The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

- The State Optional Retirement Program (“State ORP”) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as individuals first elected to the South Carolina 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 service providers. 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 first elected to the South Carolina General Assembly on or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP - As an alternative to membership in SCRS, newly hired state, public higher education institution and public school district employees, as well as individuals first elected to the South Carolina General Assembly on or after the general election in November 2012 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 ORP service provider 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.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

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

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

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

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

	SCRS Rates			ORP Rates		
	2024	2023	2022	2024	2023	2022
Employer Contribution Rate						
Retirement	18.41%	17.41%	16.41%	18.41%*	17.41%*	16.41%*
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 ORP service provider 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 ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2023, total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by a consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL of SCRS as of June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return*	7.00%	7.00%
Projected salary increases*	3.0% to 11.0% (varies by service)	3.0% to 11.0% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

*Includes inflation at 2.25%

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions used in the determination of the June 30, 2022 and 2021 TPL, the 2020 Public Retirees of South Carolina Mortality table (“2020 PRSC”), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2023 and 2022 TPL are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The 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, 2024 and 2023, the NPL totals for SCRS are presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers’ Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS– 2024	\$ 58,464,402,454	\$ 34,286,961,942	\$ 24,177,440,512	58.6%
SCRS– 2023	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%

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.

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, 2024 and 2023, the Network’s percentage of the SCRS net pension liability was 0.061502% and 0.062261%, 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.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

Long-term Expected Rate of Return

For the years ended June 30, 2023 and 2022, 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 2023 and 2022 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 for both the 2023 and 2022 fiscal year, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Discount Rate

The discount rate used to measure the TPL was 7.00 percent at both June 30, 2023 and 2022. 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, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

Expected returns at June 30, 2023 were as follows:

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0	0.31	0.08
Private Equity¹	9.0	10.91	0.98
Private Debt¹	7.0	6.16	0.43
Real Assets:	12.0		
Real Estate ¹	9.0	6.41	0.58
Infrastructure ¹	3.0	6.62	0.20
Total Expected Return ²	100.0%		5.31
Inflation for Actuarial Purposes			2.25
Total Expected Nominal Return			7.56%

¹ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30% of total plan assets.

² Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 15% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

Expected returns at June 30, 2022 were as follows:

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0	(0.35)	(0.09)
Private Equity¹	9.0	8.75	0.79
Private Debt¹	7.0	6.00	0.42
Real Assets:	12.0		
Real Estate ¹	9.0	4.12	0.37
Infrastructure ¹	3.0	5.88	0.18
Total Expected Return ²	100.0%		4.79
Inflation for Actuarial Purposes			2.25
Total Expected Nominal Return			7.04%

¹ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30% of total plan assets.

² Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Sensitivity Analysis

The following table presents the Network's proportional share as of June 30, 2023 and 2022 of the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate				
System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)	
SCRS- 2024	\$ 19,213,052	\$ 14,869,685	\$ 11,259,630	
SCRS- 2023	\$ 19,351,622	\$ 15,093,417	\$ 11,553,272	

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12. PENSION PLAN (continued):

Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2024, the Network recognized pension benefit of \$(165,410) which is included in the statement of activities. At June 30, 2024, 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	\$ 1,677,977	\$ -
Differences in expected and actual retirement plan experience	258,164	(41,236)
Changes in assumptions	227,825	-
Net differences between projected and actual earnings on plan investments	-	(20,353)
Change in proportionate share of net pension liability	76,436	(543,166)
	<u>\$ 2,240,402</u>	<u>\$ (604,755)</u>

For the year ended June 30, 2023, the Network recognized pension benefit of \$(173,424) which is included in the statement of activities. At June 30, 2023, 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	\$ 1,365,451	\$ -
Differences in expected and actual retirement plan experience	131,134	(65,777)
Changes in assumptions	484,081	-
Net differences between projected and actual earnings on plan investments	23,277	-
Change in proportionate share of net pension liability	345,052	(651,976)
	<u>\$ 2,348,995</u>	<u>\$ (717,753)</u>

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 12. PENSION PLAN (continued):

The Network reported \$1,677,977 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, 2025. 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, 2024. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2024 and 2023 was 3.678 and 3.767 years, respectively, for SCRS. The following schedule reflects the amortization of the Network’s proportional share of the net balance of remaining deferred outflows (inflows) at June 30, 2024:

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS
2024	2025	\$ 67,414
2025	2026	(505,199)
2026	2027	404,175
2027	2028	(8,720)
Net balance of deferred outflows (inflows) of resources		\$ (42,330)

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, 2023 and 2022 (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, 2023 and 2022.

NOTE 13. 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 12 for more details on PEBA and the SFAA.

PEBA issues audited financial statements and required supplementary information for the OPEB Trust Fund. This information is publicly available through PEBA’s website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, 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 annual comprehensive financial report of the state.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13. 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.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

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 years ended June 30, 2023 and 2022 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the 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 consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

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.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

Additional information as of the latest actuarial valuation for SCRHITF as of June 30, 2023 is as follows:

Valuation Date:	June 30, 2022
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:	3.86% as of June 30, 2023
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 13 years
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

Additional information as of the latest actuarial valuation for SCRHITF as of June 30, 2022 is as follows:

Valuation Date:	June 30, 2021
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:	3.69% as of June 30, 2022
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.00% 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 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

Rollforward Disclosures

The total OPEB liabilities were determined by actuarial valuations performed as of June 30, 2022 and 2021. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2023 and 2022.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

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– 2023	\$ 14,749,639,155	\$ 1,658,152,923	\$ 13,091,486,232	11.24%
SCRHITF– 2022	\$ 16,835,502,593	\$ 1,623,661,403	\$ 15,211,841,190	9.64%

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, 2024 and 2023, the Network’s proportion under SCRHITF was 0.076527% and 0.077986%, respectively. The Network’s NOL recorded for SCRHITF as of June 30, 2024 and 2023 is presented below:

<u>Measurement Period Ending June 30</u>	<u>Fiscal Year Ending June 30</u>	<u>SCRHITF</u>
2023	2024	\$ 10,018,522
2022	2023	\$ 11,863,106

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

Single Discount Rate

The Single Discount Rate of 3.86% and 3.69% was used to measure the total OPEB liability for the SCRHITF at June 30, 2023 and 2022, 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>
June 30, 2023			
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
Total Expected Real Return	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
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>
June 30, 2022			
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
Total Expected Real Return	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Invest Return Assumption			2.75%

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

Sensitivity Analysis

At June 30, 2023

The following table presents the Network's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.86% 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 (2.86%)</u>	<u>Current Discount Rate (3.86%)</u>	<u>1.00% Increase (4.86%)</u>
SCRHITF	\$ 11,826,459	\$ 10,018,522	\$ 8,560,406

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	\$ 8,318,785	\$ 10,018,522	\$ 12,202,315

At June 30, 2022

The following table presents the Network's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.69% 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 (2.69%)</u>	<u>Current Discount Rate (3.69%)</u>	<u>1.00% Increase (4.69%)</u>
SCRHITF	\$ 14,025,400	\$ 11,863,106	\$ 10,125,409

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	\$ 9,756,245	\$ 11,863,106	\$ 14,322,981

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

OPEB Expense and Deferred Outflows (Inflows) of Resources

For the years ended June 30, 2024 and 2023, the Network recognized OPEB (benefit) expense of \$(356,719) and \$233,153, respectively.

At June 30, 2024, 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	\$ 588,036	\$ -
Net differences between projected and actual experience	177,245	(2,282,993)
Changes in assumptions	2,009,832	(3,218,829)
Differences between projected and actual earnings on plan investments	100,615	-
Change in proportionate share	455,888	(936,273)
	<u>\$ 3,331,616</u>	<u>\$ (6,438,095)</u>

At June 30, 2023, 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	\$ 498,498	\$ -
Net differences between projected and actual experience	254,627	(1,043,101)
Changes in assumptions	2,674,825	(3,813,345)
Differences between projected and actual earnings on plan investments	93,279	-
Change in proportionate share	614,274	(899,489)
	<u>\$ 4,135,503</u>	<u>\$ (5,755,935)</u>

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 13. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

The Network reported \$588,036 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, 2025. 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, 2023 and 2022 measurement date was 6.8430 and 6.9150 years, respectively. The following schedule reflects the amortization of the Network's proportional share of the net balance of remaining deferred outflows (inflows) at June 30, 2024:

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRHITF
2024	2025	\$ (488,795)
2025	2026	(483,872)
2026	2027	(501,714)
2027	2028	(850,958)
2028	2029	(1,091,601)
Thereafter	Thereafter	(277,575)
Net balance of deferred outflows (inflows) of resources		\$ (3,694,515)

NOTE 14. 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 15. 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, 2024 AND 2023

NOTE 15. 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, 2024 and 2023.

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, 2024 AND 2023

NOTE 15. RISK MANAGEMENT (continued):

The Network has not reported an estimated claims loss expenditure, and the related liability at June 30, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 16. 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 spectrum lease is an intangible asset to the Network which carries no value on the financial statements. The Network received payments of \$3,920,284 during both the years ended June 30, 2024 and 2023, respectively, which is included in rental fees.

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

Year Ending June 30	Amount
2025	\$ 4,214,306
2026	4,508,327
2027	4,508,327
2028	4,508,327
2029	4,508,327
2030 – 2034	25,584,756
2035 – 2039	26,808,728
Total	\$ 74,641,098

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 17. SUBSEQUENT EVENTS:

Management of the Network has evaluated events subsequent to year end and through January 28, 2025, 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, 2024**

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Internal Administration	\$ 2,638,310	\$ 15,574,914	\$ 13,848,162	\$ 1,726,752
Programs and Services:				
Transmissions, Communications and Reception	8,179,207	7,885,452	3,273,662	4,611,790
Education	5,897,923	5,979,769	966,192	5,013,577
Content	12,367,652	4,038,461	3,382,966	655,495
Development, Fundraising, Underwriting, and Marketing	495,000	1,590,855	1,482,934	107,921
Employer Contributions	3,736,582	5,418,758	4,057,149	1,361,609
Capital Outlay	49,296,487	46,328,205	3,366,425	42,961,780
	<u>\$ 82,611,161</u>	<u>\$ 86,816,414</u>	<u>\$ 30,377,490</u>	<u>\$ 56,438,924</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS, UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Internal Administration	\$ 2,485,134	\$ 9,766,388	\$ 8,708,807	\$ 1,057,581
Programs and Services:				
Transmissions, Communications and Reception	7,999,207	7,612,448	4,031,749	3,580,699
Education	5,787,923	4,064,256	954,304	3,109,952
Content	12,129,429	8,153,387	7,171,097	982,290
Development, Fundraising, Underwriting, and Marketing	495,000	1,501,879	1,400,104	101,775
Employer Contributions	3,552,351	4,652,696	3,414,475	1,238,221
Capital Outlay	10,797,500	11,547,500	4,898,331	6,649,169
	\$ 43,246,544	\$ 47,298,554	\$ 30,578,867	\$ 16,719,687

See independent auditors' report.

SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES – UNAUDITED
JUNE 30, 2024

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, 2024

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:

	2024	2023
Total Expenditures, Budgetary Basis	\$ 30,377,490	\$ 30,578,867
Change in prepaid expenses	(20,143)	(397,763)
Change in accounts payable	(1,896,166)	162,216
Change in accrued expenses	89,314	81,101
Amounts paid by ETV Endowment on behalf of the Network and classified as expenditures	4,602,413	4,013,694
Other basis differences	2,738,406	(136,837)
Total Expenditures, GAAP Basis	\$ 35,891,314	\$ 34,301,278

**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, 2024
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
SCETV's proportion of the net pension liability	0.061502%	0.062261%	0.066047%	0.064637%	0.061287%
SCETV's proportionate share of the net pension liability	\$ 14,869,685	\$ 15,093,417	\$ 14,293,417	\$ 16,515,974	\$ 13,994,322
SCETV's covered employee payroll	\$ 7,775,917	\$ 7,413,829	\$ 6,973,284	\$ 7,497,307	\$ 6,471,717
SCETV's proportionate share of the net pension liability as a percentage of covered payroll	191.23%	203.58%	204.97%	220.29%	216.24%
Plan fiduciary net position as a percentage of the total pension liability	58.6%	57.1%	60.7%	50.7%	54.4%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SCETV's proportion of the net pension liability	0.064664%	0.063770%	0.061492%	0.063680%	0.0643510%
SCETV's proportionate share of the net pension liability	\$ 14,489,098	\$ 14,355,653	\$ 13,134,600	\$ 12,077,219	\$ 11,079,109
SCETV's covered employee payroll	\$ 6,700,966	\$ 6,434,178	\$ 5,954,702	\$ 5,970,789	\$ 5,842,255
SCETV's proportionate share of the net pension liability as a percentage of covered payroll	216.22%	223.12%	220.58%	202.27%	189.64%
Plan fiduciary net position as a percentage of the total pension liability	54.1%	53.3%	52.9%	57.0%	59.9%

Note: The amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
SCHEDULE OF THE SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION'S
CONTRIBUTIONS - UNAUDITED
SOUTH CAROLINA RETIREMENT SYSTEM
AS OF JUNE 30, 2024
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,677,977	\$ 1,365,451	\$ 1,227,730	\$ 1,085,043	\$ 1,166,581
Contributions in relation to the contractually required contribution	<u>1,677,977</u>	<u>1,365,451</u>	<u>1,227,730</u>	<u>1,085,043</u>	<u>1,166,581</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	9,040,824	7,775,917	7,413,829	6,973,284	7,497,307
Contributions as a percentage of the covered payroll	18.56%	17.56%	16.56%	15.56%	15.56%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 942,282	\$ 908,651	\$ 743,791	\$ 658,590	\$ 650,816
Contributions in relation to the contractually required contribution	<u>942,282</u>	<u>908,651</u>	<u>743,791</u>	<u>658,590</u>	<u>650,816</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	6,471,717	6,700,966	6,434,178	5,954,702	5,970,789
Contributions as a percentage of the covered payroll	14.56%	13.56%	11.56%	11.06%	10.90%

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 - UNAUDITED
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND
AS OF JUNE 30, 2024
LAST EIGHT FISCAL YEARS**

	2024	2023	2022	2021	2020
SCETV's proportion of the net OPEB liability	0.076527%	0.077986%	0.082739%	0.080917%	0.077270%
SCETV's proportionate share of the net OPEB liability	\$ 10,018,522	\$ 11,863,106	\$ 17,228,892	\$ 14,606,689	\$ 11,683,948
SCETV's covered payroll	\$ 7,975,968	\$ 7,622,272	\$ 6,973,285	\$ 7,497,312	\$ 6,757,653
SCETV's proportionate share of the net OPEB liability as a percentage of covered payroll	125.61%	155.64%	247.07%	194.83%	172.90%
Plan fiduciary net position as a percentage of the total OPEB liability	11.24%	9.64%	7.48%	8.39%	8.44%
	2019	2018	2017		
SCETV's proportion of the net OPEB liability	0.080275%	0.078410%	0.078410%		
SCETV's proportionate share of the net OPEB liability	\$ 11,375,437	\$ 10,620,506	\$ 11,344,854		
SCETV's covered payroll	\$ 6,922,694	\$ 6,142,871	\$ 6,149,410		
SCETV's proportionate share of the net OPEB liability as a percentage of covered payroll	164.32%	172.89%	184.49%		
Plan fiduciary net position as a percentage of the total OPEB liability	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 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 THE SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION'S
CONTRIBUTIONS - UNAUDITED
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND
AS OF JUNE 30, 2024
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 588,036	\$ 498,498	\$ 476,392	\$ 435,830	\$ 468,582
Contributions in relation to the contractually required contribution	<u>588,036</u>	<u>498,498</u>	<u>476,392</u>	<u>435,830</u>	<u>468,582</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	9,260,409	7,975,968	7,622,272	6,973,285	7,497,312
Contributions as a percentage of the covered payroll	6.35%	6.25%	6.25%	6.25%	6.25%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 407,578	\$ 380,748	\$ 327,415	\$ 327,764	\$ 284,073
Contributions in relation to the contractually required contribution	<u>407,578</u>	<u>380,748</u>	<u>327,415</u>	<u>327,764</u>	<u>284,073</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCETV covered payroll	6,757,653	6,922,694	6,142,871	6,149,410	5,681,459
Contributions as a percentage of the covered payroll	6.03%	5.50%	5.33%	5.33%	5.00%

See independent auditors' report.

SUPPLEMENTARY INFORMATION

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
SCHEDULE OF REVENUES - RADIO AND TELEVISION
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Revenues			
Contributions	\$ 4,338,860	\$ 4,615,137	\$ 8,953,997
Intergovernmental - State Agencies	1,193,995	9,389,428	10,583,423
Program sales	-	17,487	17,487
Corporation for Public Broadcasting, Inc. grant	314,044	2,752,659	3,066,703
Education Improvement Act	-	300,000	300,000
Underwriting	249,738	374,608	624,346
Private grants and contracts	-	489,589	489,589
Charges for services	8,055	683,092	691,147
Rental fees	-	4,853,577	4,853,577
Interest income on leases	-	336,953	336,953
Interest and other investment income	6,456	208,744	215,200
Royalties	-	67,890	67,890
Miscellaneous	2,283	79,590	81,873
	<u>\$ 6,113,431</u>	<u>\$ 24,168,754</u>	<u>\$ 30,282,185</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
SCHEDULE OF REVENUES - RADIO AND TELEVISION
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Revenues			
Contributions	\$ 3,900,986	\$ 6,876,211	\$ 10,777,197
Intergovernmental - State Agencies	905,288	7,467,154	8,372,442
Program sales	-	15,120	15,120
Corporation for Public Broadcasting, Inc. grant	219,816	2,587,077	2,806,893
Education Improvement Act	-	400,000	400,000
Underwriting	281,925	422,888	704,813
Private grants and contracts	-	484,636	484,636
Charges for services	100	1,322,500	1,322,600
Rental fees	92	4,851,795	4,851,887
Interest income on leases	-	270,863	270,863
Interest and other investment income	5,559	179,733	185,292
Royalties	-	61,024	61,024
Miscellaneous	1,013	115,740	116,753
	<u>\$ 5,314,779</u>	<u>\$ 25,054,741</u>	<u>\$ 30,369,520</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
SCHEDULE OF EXPENDITURES - RADIO AND TELEVISION
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Expenditures			
Internal administration	\$ 272,708	\$ 8,817,564	\$ 9,090,272
Programs and services:			
Transmissions, communications and receptions	-	5,331,356	5,331,356
Education	-	2,170,335	2,170,335
Content	1,344,061	11,082,446	12,426,507
Development, fundraising, underwriting and marketing	-	3,476,736	3,476,736
Capital outlay	38,097	3,358,011	3,396,108
	<u>\$ 1,654,866</u>	<u>\$ 34,236,448</u>	<u>\$ 35,891,314</u>

See independent auditors' report.

**SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
SCHEDULE OF EXPENDITURES - RADIO AND TELEVISION
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Expenditures			
Internal administration	\$ 243,205	\$ 7,683,616	\$ 7,926,821
Programs and services:			
Transmissions, communications and receptions	-	6,197,664	6,197,664
Education	-	1,365,303	1,365,303
Content	2,386,634	8,629,105	11,015,739
Development, fundraising, underwriting and marketing	-	3,277,134	3,277,134
Capital outlay	123,663	4,394,954	4,518,617
	<u>\$ 2,753,502</u>	<u>\$ 31,547,776</u>	<u>\$ 34,301,278</u>

See independent auditors' report.

GOVERNMENTAL AUDITING SECTION

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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*

Mrs. Sue F. Moss, CPA
Director of Agency Relations
South Carolina Office of the State Auditor
Columbia, South Carolina

We have audited, in accordance with the 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 (Government Auditing Standards), 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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated January 28, 2025.

REPORT ON 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 Network'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. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON 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*.

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 Network'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 Network's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Columbia, South Carolina
January 28, 2025

The Halle Group, P.A.

SCHEDULE OF FINDINGS AND RESPONSES
SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
For the Year Ended June 30, 2024

Financial Statement Findings:

None noted.

Compliance Findings:

None noted.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION
For the Year Ended June 30, 2024

Finding 2023-001: Significant deficiency in Internal Control over Financial Reporting: Lack of Internal Controls over Procurement Card Disbursements

Condition: The Network did not have a process in place to retain monthly purchasing cardholder statements from employees. Procurement staff were unable and unsure of where previous staff kept cardholder documentation due to staff turnover.

Recommendation: The Network's finance department should follow state guidelines in establishing and enforcing a process to retain employee cardholder statements and reconcile the monthly activity against the supporting documentation provided for purchases made by the employee in a timely manner, no later than one month after receiving the cardholders' statements via mail.

Status: This finding was resolved during the current audit.

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To the Members of the ETV Commission
South Carolina Educational Television Commission

We have audited the financial statements of South Carolina Educational Television Commission (the "Network") as of and for the year ended June 30, 2024, and have issued our report thereon dated January 28, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 29, 2024 our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Network solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

Auditing standards require a risk-based approach in which two risks are required to be addressed in every audit. Those risks are as follows:

- Improper revenue recognition was identified as a significant risk due to the nature of the Network's sources of revenue.
- Management override of internal controls was also considered a significant risk due to the unpredictable nature of the ways in which such an override could occur.

These risks were assessed during the audit of the Network. They were addressed and incorporated into testing and no exceptions were noted.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Network is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the estimated useful lives of capital assets is based on the average life expectancy of the asset. We evaluated the key factors and assumptions used to develop the estimated useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability is based on the audited schedules of employer allocations and pension amounts by employer of the South Carolina Retirement System (SCRS), as administered by the South Carolina Public Employee Benefit Authority, which quantifies the net pension liability, total deferred inflows of resources, total deferred outflows of resources, and total pension expense. We evaluated the key factors and assumptions used to develop the net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the other post-employment benefits liability is based on the actuary report, which quantifies the net OPEB liability, total deferred inflows of resources, total deferred outflows of resources, and total OPEB expense. We evaluated the key factors and assumptions used to develop the net OPEB liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the SBITA and lease liabilities are based on the discount rates determined by management. We evaluated the key factors and assumptions used to develop the SBITA and lease liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes the misstatements that we identified as a result of our audit procedures, brought to the attention of, and corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Network's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 28, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Network, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Network's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in documents containing the Network's audited financial statements, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Applied certain limited procedures to the required supplementary information (management discussion and analysis, budgetary comparison information, pension plan schedules and other post-employment benefits schedules) required by the Governmental Accounting Standards Board, who considers this information to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures 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 inquiries, the basic financial statements, and other knowledge we obtain 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 assurance.

Subjected the information in the schedules of revenues – radio and television and schedules of expenditures – radio and television 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.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the members of the Commission and management of the Network and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina
January 28, 2025

The Holla Group, P.A.

Adrienne Fairwell

President and CEO
South Carolina ETV and Public Radio
afairwell@scetv.org • (803) 737-3240

The Hobbs Group, P.A.
1704 Laurel Street
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This representation letter is provided in connection with your audits of the governmental activities, each major fund and the aggregate remaining fund information of the South Carolina Educational Television Commission (the “Network”) as of June 30, 2024 and 2023, and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Network in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 29, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.

Required Supplementary Information

With respect to the management’s discussion and analysis, budgetary comparison information, pension and OPEB schedules (“Required Supplementary Information”) accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with GASB 34.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with GASB 34.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Supplementary Information in Relation to the Financial Statements as a Whole


With respect to the schedules of revenues – radio and television and schedules of expenditures – radio and television (the “schedules”) accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the schedules in accordance with accounting principles generally accepted in the United States of America.
- b. We believe the schedules, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedules, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- e. When the schedules are not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedules no later than the date of issuance by the entity of the supplementary information and the auditor’s report thereon.
- f. We acknowledge our responsibility to include the auditor’s report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- g. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the Network of the supplementary information and the auditor’s report thereon.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Network has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Network is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Network has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We agree with the restatement of the previously issued financial statements discussed in Note 2. In that regard:
 - The restatement corrects errors in those financial statements.
 - We were not aware of the errors when those financial statements were issued.
 - We are not aware of any other errors in those financial statements.
 - We do not believe it is necessary to recall those financial statements and all users of those financial statements will receive a copy of the current year’s financial statements and independent auditor’s report.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- We agree with the findings of specialists in evaluating the net OPEB liability and the net pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.



Adrienne Fairwell (Jan 28, 2025 14:51 EST)

01/28/25

Adrienne Fairwell, President and CEO

DATE



01/28/25

Darlene Gathers, Chief Financial Officer

DATE

Client: 11017 - South Carolina Educational Television Commission
 Engagement: 11017 - South Carolina Educational Television Commission
 Period Ending: 6/30/2024
 Trial Balance: 3100.100 - Governmental Funds Trial Balance
 Workpaper: 3700.10 - Adjusting Journal Entries Report
 Fund Level: Fund Type
 Index: GOV

Account	Description	W/P Ref	Debit	Credit
Fund: 100	General Fund			
Adjusting Journal Entries JE # 2		4300.15		
to record prepaid expense for 2 additional invoices.				
1900000000.100	Prepaid Expenses		95,639.67	
H670F00010.100	Engineering			95,639.67
Total			<u><u>95,639.67</u></u>	<u><u>95,639.67</u></u>
Fund: 100	Adjusting Journal Entries		<u><u>95,639.67</u></u>	<u><u>95,639.67</u></u>
Fund: 100	Total All Journal Entries		<u><u>95,639.67</u></u>	<u><u>95,639.67</u></u>
All Funds	All Journal Entries		<u><u>95,639.67</u></u>	<u><u>95,639.67</u></u>

Client: **11017 - South Carolina Educational Television Commission**
 Engagement: **11017 - South Carolina Educational Television Commission**
 Period Ending: **6/30/2024**
 Trial Balance: **3100.100 - Governmental Funds Trial Balance**
 Workpaper: **3700.20 - Reclassifying Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1				
to reclass EIX prepaid portion that was not paid until 7/1/2024				
2000010000.100	ACCOUNTS PAYABLE AND VOUCHERS PAYABLE (VE	4300.15	124,800.00	
1900000000.100	Prepaid Expenses			124,800.00
Total			<u>124,800.00</u>	<u>124,800.00</u>
	Total Reclassifying Journal Entries		<u>124,800.00</u>	<u>124,800.00</u>
	Total All Journal Entries		<u>124,800.00</u>	<u>124,800.00</u>