

University of South Carolina

Columbia, South Carolina

Comprehensive Annual Financial Report
For the Year Ended June 30, 2021



A Component Unit of the State of South Carolina

ON THE COVER

The Gamecock sculpture stands approximately twenty feet tall and twenty feet wide and is located on The Springs Brooks Plaza outside of Williams Brice Stadium. Installed in September 2020, the sculpture was privately funded and was made possible through the generosity of alumni donors.

Photo provided by UofSC Athletics Communications



Comprehensive Annual Financial Report

For the Year Ended June 30, 2021

A Component Unit of the State of South Carolina

Prepared by the Controller's Office

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Introductory Section

(Unaudited)

UNIVERSITY OF SOUTH CAROLINA

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Harris Pastides
Interim President

September 30, 2021

Dear Carolina Community,

It has been a pleasure and an honor to be welcomed back into the heart of University of South Carolina life in my role as interim president over the last few months. My ties to Carolina run deep, so when I retired in 2019, after 11 years as president (and a decade as a dean, vice president and faculty member), I fully expected to stay connected to my university family as an advocate when needed. The call to return, however, was a complete surprise, and one I embrace with the devotion that is a hallmark of those who love Carolina.

My return to the fullness of university activities has coincided with a very different set of circumstances than those we knew in 2019. Across our university system, as well as our state, nation and globe, we have all been asked to rise to challenges we never expected. We can all be proud of how our students, faculty and staff members at the University of South Carolina have responded. The state's flagship university has held true to its educational mission throughout the COVID-19 pandemic through a combination of innovation, careful planning, and commitment in all parts of our community.

Carolina continues to be an economic driver for the state with a \$6.2 billion annual impact, contributing to local economies and supporting jobs statewide – about 1 in 35 S.C. jobs is tied to the university and its alumni. We are also enhancing the state's health care sector by awarding more than 5,000 degrees in health sciences each year. Last month, we were proud to learn that the university itself was ranked the 12th best employer in South Carolina in a national survey by Forbes.

For the third consecutive year, the university has not raised its tuition, thanks to increased appropriations from the General Assembly. About half of the graduates from our Columbia campus complete their education with no student-loan debt – lower than state and national averages. We're also grateful for more than \$51 million in private support to the university from South Carolina alumni, friends, businesses and foundations, who are helping us to create world-class educational experiences across all disciplines.

Because we know the difference a college degree can make – South Carolinians with a bachelor's degree earn, on average, 71 percent more than workers with only a high school education – we continue to focus on accessibility at our eight campuses across the state. We welcome about 2,000

first-generation students each year at system campuses, and our increasing enrollment of students from underrepresented groups reflects our intentional work to expand diversity on our campuses.

Beyond recognizing the value of accessibility and affordability, we also set our sights on the highest academic achievements. We boast more than 60 nationally ranked academic programs, more than any other university in the state (*U.S News*, 2021-22). We've been ranked by *U.S. News* as the state's top global university; 12 academic areas are rated among the best globally. Our health sciences offerings increasingly garner national recognition, as does our international business program, which has maintained a No. 1 ranking for 32 years. Our comprehensive campuses at Aiken, Beaufort and Upstate have earned recognition for excellence as regional public colleges. Likewise, our world-class faculty and high-achieving students win prestigious awards, scholarships and accolades in their fields.

This is just a sampling of successes; we can and will aim higher and work harder to deliver the finest educational outcomes possible for all our students. New challenges will undoubtedly arise, and we are confident that we have strategies, structure and talents to meet the needs of the future. Together, we will continue to ensure that the University of South Carolina merits the respect, support and pride of our Carolina family and the state that we serve and represent.

Sincerely,

A handwritten signature in cursive script that reads "H. Pastides".

Harris Pastides
Interim President

University of South Carolina Strategic Plan

While following the foundation set by the *Focus Carolina* Strategic Plan last updated in 2015, the University developed a new Vision Statement, Mission Statement and established new Strategic Priorities that did not abandon the foundation of *Focus Carolina*, but broadened the areas of important planning and evaluation for the University.

The new strategic plan ***For South Carolina: A Path To Excellence*** was finalized and presented and unanimously approved by the BOT on Friday, June 19, 2020.

The new priorities expand the inclusiveness of the plan and improve its ability to guide and evaluate a broader footprint of activity within the University.

Priority 1: Attract, Inspire, Challenge, and Enable our students to become innovative thinkers and transformative leaders.

As the state's flagship University, South Carolina will attract and retain a highly qualified, diverse student body commensurate with the demographics of the state. We will provide the highest quality of rigorous instruction and student-centric educational experiences and create innovative, transformative and collaborative lifelong learners.

Priority 2: Assemble and cultivate a world-class faculty and staff.

The University will recruit and develop the best faculty in the nation, one full of diverse faculty members who are excellent instructors and recognized scholars. We will actively attract, hire and retain a diverse and qualified staff and cultivate a shared culture of excellence.

Priority 3: Create new pathways to research excellence in order to become AAU eligible.

Research excellence will be defined as reaching the threshold standards to be among the best research universities in the nation by achieving Association of American Universities eligibility. We will be an innovative research University in areas such as federal research expenditures, faculty recognition on the University, national and international levels, and increasing our annual Ph.D. graduation numbers and number of postdoctoral appointees.

Priority 4: Cultivate a more diverse, equitable and inclusive campus culture, where every individual, regardless of background, has the full opportunity to flourish and thrive.

A diverse, inclusive, supportive and inspiring campus culture will be created by improving racial/ethnic and gender representation throughout our campus community, ensuring equity for all students, faculty, and staff members, and making every member of the community feel valued and affirmed by our institution regardless of their ethnicity or race, religious beliefs, gender or sexual orientation, or political leanings.

Priority 5: Harness the power, attributes and institutional diversity of an integrated and interoperative University of South Carolina system that enhances access, success and affordability for every South Carolina eligible student.

The University of South Carolina system will enhance access, success and affordability for every eligible student from South Carolina through an integrated and interoperative system, where every comprehensive University in the state desires to become a member of the University of South Carolina system. This will be achieved by improving the system's governance structure, increasing and improving our online program to become one of the most comprehensive and supportive online programs in the nation and leveraging our strengths to provide accelerated, lower cost multidegree options.

Priority 6: Spur innovation and economic development through impactful community partnerships.

Impactful community partnerships will spur innovation and economic development through newfound collaboration opportunities, serving as a catalyst for business development and emphasizing the links between the student experience and community relationships.

Priority 7: Provide a sustainable campus infrastructure – physical, virtual, fundraising and administrative – that supports academic excellence and preeminent student life.

Our campus infrastructure will support academic excellence and preeminent student life by providing an exemplary physical campus, a state-of-the-art virtual infrastructure, new fundraising and external funding activities and administrative activity that is focused on innovation, preparedness and transparency. We will create a new modality that enables every student to obtain education on demand through technologically enabled synchronized classrooms.

Priority 8: Build teams that win with excellence and character. University of South Carolina teams will compete at the upper level of their potential, with excellence, and our student-athletes will stand out on the court, in the classroom and in the community.

The campus environment will be one that expects success in all endeavors. We will win on the field, in the classroom and elsewhere, and we will win with honor and integrity in all aspects of student life as defined by our Carolinian Creed.

Simultaneous to the Board's approval of the plan's details was the development of the funding and evaluation portions of the plan. Building off the data from the *Focus Carolina* plan, the University will complete an interactive evaluation and reporting process to regularly inform senior leaders and Trustees on the University's progress toward its stated goals. Additionally, the University has set aside a measure of funding specific to supporting the plan's objectives and programs.



Letter of Transmittal

September 30, 2021

Interim President Pastides,
Members of the Board of Trustees, and
Friends of the University of South Carolina

We are pleased to present our Comprehensive Annual Financial Report of the University of South Carolina for the year ended June 30, 2021. This Comprehensive Annual Financial Report includes the financial statements for the year ended June 30, 2021, as well as other useful information that helps ensure the University's accountability to the public. Responsibility for the accuracy of the information and for the completeness and fairness of its presentation, including all disclosures, rests with the University's management. We believe the information is accurate in all material respects and fairly presents the University's financial position, revenues, expenses, and other changes in net position.

We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and the audit committee and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and to the Audit and Compliance Committee of the Board of Trustees and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition.

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. For the fiscal year ended June 30, 2021, the University contracted with the independent certified public accounting firm of Elliott Davis, LLC to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process. The University's internal auditors also perform fiscal, compliance, and performance audits. The reports resulting from these audits are shared with University administration. Internal and external audit reports are provided to the Audit, Compliance and Risk Committee of the Board of Trustees.

The Comprehensive Annual Financial Report includes Management's Discussion and Analysis and all disclosures necessary for the reader to gain a broad understanding of the University's financial position and results of operations for the fiscal year ended June 30, 2021.

As a lump sum agency of the State of South Carolina, the University is required to provide a complete set of audited financial statements by October of each year for incorporation into the statewide Comprehensive Annual Financial Report. This report fulfills that requirement for the fiscal year ending June 30, 2021. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The letter of transmittal complements the MD&A and should be read in conjunction with it.

Profile of the University

The University of South Carolina is a state-supported, coeducational institution of higher education. The University is home to more than 200 years of history and tradition, rising from a single building in 1805 on what would become the heart of the campus, the Horseshoe. The Palmetto State established South Carolina College, the precursor to the University of South Carolina, on December 19, 1801, as part of an effort to unite South Carolinians in the wake of the American Revolution. Located in the Capital City, the University was purposefully located and positioned to become the State's higher education leader. The University is one of only 32 public universities to receive both the top-tier research designation and the community engagement designation from the Carnegie Foundation. The University's mission is to educate the state's diverse citizens through teaching, research, creative activity, and service.

The University of South Carolina is governed by the Board of Trustees in accordance with Title 59 Chapter 117 of the State of South Carolina Code of Laws. The Board of the University of South Carolina is composed of 20 members including sixteen members elected by the General Assembly with one from each judicial circuit. Additionally, there are three *ex officio* members including the Governor (or designee), the State Superintendent of Education, and the President of the Greater University of South Carolina Alumni Association. The Governor also appoints one member at-large.

The accompanying financial statements present all funds belonging to the University and its component units. While the multi-campus University of South Carolina System's Board of Trustees has ultimate responsibility, the president and University management have both delegated and statutory responsibilities for financial accountability of the University's funds. The University prepares its financial statements and related disclosures in accordance with standards set by the Governmental Accounting Standards Board (GASB) and implements new GASB statements as they are required.

The financial reporting entity for the financial statements is comprised of the Columbia campus, including the School of Medicine with locations in Columbia and Greenville, and seven system campuses. The accompanying financial statements present all funds belonging to the University

and its component units. Ten separately chartered legal entities, whose activities are related to those of the University and whose primary purpose is to provide financial assistance and other support to the University and its education program, are discretely presented as component units of the University. These include the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust, the Beaufort-Jasper Higher Education Commission, the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the University of South Carolina Upstate Foundation; the Educational Foundation of the University of South Carolina – Lancaster and the Gamecock Club of the University of South Carolina. Because the activities and resources of these entities are significant, provide a direct benefit, and are accessible to the University, they are considered component units of the University and are discretely presented in the University's financial statements. All discretely presented component units are audited annually by a public accounting firm. All audit reports are available for public inspection.

The University conducts business under a comprehensive set of policies and procedures to improve communication, promote administrative consistency and efficiency and ensure compliance with pertinent state and federal laws as well as state and regional accreditation requirements. Financial policies are in place for University accounting to include revenue and expenditures, contract and grant accounting, tuition and fee assessment, payroll, and capital debt. Following the implementation of new administrative finance systems, policies have been updated to conform to revised practices.

The University is responsible for controlling its budget and using the funds to fulfill its educational, research and public service missions. It is also responsible for planning, developing, and controlling budgets and expenditures within authorized allocations in accordance with University, state and federal policies and procedures. The University maintains budgetary controls to ensure compliance with provisions embodied in the annual appropriated budget approved by the South Carolina General Assembly, and as further directed by the Board of Trustees.

Economic Condition

The economic position of the University remains robust evidenced by consistent operating revenue growth, strong increases in net tuition and fee revenue due to demand for enrollment, and stable, manageable changes in operating expenditures. As a state-supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State finished the 2021 fiscal year on a very positive note with full funding of the State's Rainy-Day Fund at 5 percent of the prior year's General Fund Revenues and fully funded the Capital Reserve Account at 2 percent of the prior year's General Fund Revenues.

COVID-19 continued as a public health crisis, and the damage grew as many lives were being lost to the disease. The impact from COVID-19 fiscal challenges of 2020 to the statewide economy improved dramatically over the 2021 fiscal year as actual revenue collections for the year were dramatically higher than revenue projections that were used at

the beginning of the year. The state experienced a revenue surplus of more than \$1.024 billion. Individual income taxes and sales tax revenues continue to be strong revenue sources for the state with 8.6% and 16.4% increases respectively.

For fiscal year 2022, the University anticipates additional funding to support academic initiatives that promote access and affordability through tuition mitigation for residents of South Carolina and continued support of maintenance and capital needs of our campuses.

The University's overall financial position remains strong. The University relies on tuition and fees to support the general operating budget and with added state support for fiscal year 2022 the University has been able to mitigate the tuition increase for 2022. For fiscal year 2022, the University of South Carolina did not have a tuition increase. An average increase of 2.8 percent in student housing and 3.1 percent in dining plans will be used to improve dining, housing, and student life facilities.

Demand for enrollment and interest in the University remains strong and continues to grow, with a record number 42,033 applications received for Fall 2021, an increase of over 20 percent from the prior year. Preliminary data indicates approximately 8,000 new students on the Columbia campus, of which 6,173 are new freshmen, an increase of 6.8% over Fall 2020 and the second largest freshman class in university history. After a challenging year due to the national pandemic when some students chose to delay their pursuit of higher education, new student enrollment has rebounded to pre-pandemic levels, making up for a drop of nearly 1,000 continuing students in the Fall 2021. The University attributes this decline in continuing student enrollment to the limitation of not providing full engagement experience within and beyond the classroom for students as a result of the global pandemic and has a coordinated student success strategy to ensure retention rates remain high overall as we emerge from the pandemic. Overall enrollment for the University is even with last year due to an increase in new undergraduate students and graduate students.

University of South Carolina students from the State are eligible for tuition assistance based on entrance exams, rank in class and GPA. The State funding commitment for merit scholarships remains strong with funding from the South Carolina Education Lottery. Students at the University campuses annually receive more than \$103.9 million across the different scholarship programs. Additionally, funding from lottery proceeds supports technology needs at the system comprehensive and Palmetto College campuses.

Research grant awards were \$225.1 million in the 2021 fiscal year. Awards in fiscal year 2022 are trending and are estimated to surpass fiscal year 2021 with many awards focusing on COVID-19. The University's Columbia campus makes up approximately 98.2 percent of total research awards or approximately \$221.1million. University researchers were particularly successful in competing for federal research funds, which totaled \$185.0 million in fiscal year 2021.

The University's total endowment is currently \$822.0 million, with \$693.5 million held by the University Foundations. The endowment is comprised of a mix of restricted and unrestricted funds, quasi endowed, term endowed and permanently endowed.

Awards and Acknowledgements

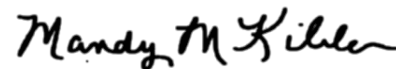
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the tenth consecutive year that the University has been honored with this prestigious award. To receive a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this Comprehensive Annual Financial Report in a timely manner would not have been possible without the efforts of the University Controller's Office and the coordinated efforts of the University community and all campuses, with special assistance from the Office of Research, Assessment and Analytics, Student Affairs, University Athletics, Sponsored Awards Management, Bursar's Office, Office of Financial Aid and University Communications. In addition, the Office of the State Auditor, the State Comptroller General's Office, and the Office of the State Treasurer provided invaluable assistance.

Sincerely,



Mr. Edward Walton
Executive Vice President for Administration
& Chief Financial Officer



Ms. Mandy M. Kibler
Associate Vice President &
University Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

University of South Carolina

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

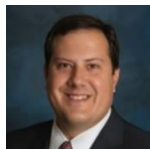
Christopher P. Morrill

Executive Director/CEO

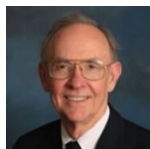
University of South Carolina Board of Trustees



C. Dorn Smith III, M.D.
Chairman
3rd Judicial Circuit
Physician
Term: 2018-2022



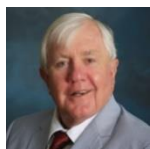
Thad H. Westbrook
Vice Chairman
11th Judicial Circuit
Attorney
Term: 2018-2022



John C. von Lehe Jr.
Chairman Emeritus
9th Judicial Circuit
Attorney
Term: 2018-2022



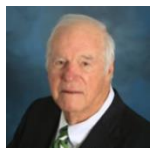
C. Dan Adams
Governor's Designee
Investment Banker
Term: Appointment



J. Egerton Burroughs
15th Judicial Circuit
Real Estate Developer
Term: 2020-2024



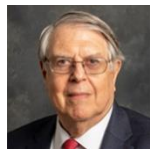
Alex English
5th Judicial Circuit
Retired
Term: 2020-2022



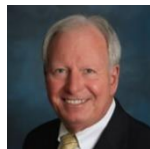
C. Edward Floyd, M.D.
12th Judicial Circuit
Surgeon
Term: 2018-2022



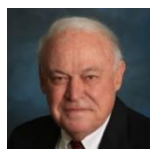
Brian C. Harlan
8th Judicial Circuit
Chief Executive Officer
Term: 2020-2024



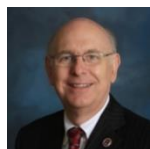
Richard A. Jones Jr.
Governor's Appointee
Attorney
Term: Appointment



Toney J. Lister
7th Judicial Circuit
Attorney
Term: 2018-2022



Miles Loadholt
2nd Judicial Circuit
Attorney
Term: 2020-2024



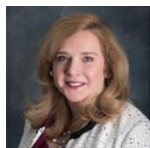
Hubert F. "Hugh" Mobley
6th Judicial Circuit
Pharmacist
Term: 2020-2024



Leah B. Moody
16th Judicial Circuit
Attorney
Term: 2020-2024



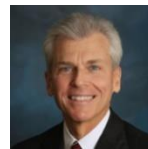
Emma W. Morris
10th Judicial Circuit
Attorney
Term: 2020-2024



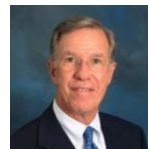
Rose Buyck Newton
14th Judicial Circuit
Banker
Term: 2020-2024



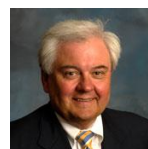
Robin D. Roberts
UofSC Alumni Association
Media Executive
Term: 2020-2022



Eugene P. Warr Jr.
4th Judicial Circuit
Attorney
Term: 2020-2024



Mack I. Whittle Jr.
13th Judicial Circuit
Retired Bank President
Term: 2018-2022



Charles H. Williams
1st Judicial Circuit
Attorney
Term: 2018-2022



Molly M. Spearman
State Superintendent of
Education



L. Cameron Howell, IV.
Secretary of the Board



Henry McMaster
Governor
State of South Carolina



Financial Section



Independent Auditor's Report

The Board of Trustees
University of South Carolina
Columbia, South Carolina

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of South Carolina (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Carolina Research Foundation; the University of South Carolina School of Medicine Educational Trust; the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the Greater University of South Carolina Alumni Association; the USC Upstate Foundation and Supporting Organization; and the Educational Foundation of the University of South Carolina - Lancaster, which represent approximately 83 percent, 82 percent, and 87 percent, respectively, of the assets, net position/assets, and revenues of the University's aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of South Carolina School of Medicine Educational Trust; the Beaufort-Jasper Higher Education Commission; the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the USC Upstate Foundation and Supporting Organization; the Educational Foundation of the University of South Carolina – Lancaster; and the Gamecock Club of the University of South Carolina were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the University as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the University's Proportionate Share of the Net Pension Liability, the Schedule of the University's Contributions Related to the Pension Liability, the Schedule of the University's Proportionate Share of the Net OPEB Liability, and the Schedule of the University's Contributions Related to the OPEB Liability, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Introductory Section, Columbia Campus Athletics Department Schedule of Funds Available for Debt Service, and Statistical Section, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the University'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 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 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 University's internal control over financial reporting and compliance.



Columbia, South Carolina
September 30, 2021

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

Management's Discussion and Analysis provides an overview and analysis of the University of South Carolina's (the University) financial activities for the fiscal year ended June 30, 2021, with comparative information for the fiscal year ended June 30, 2020. Management has prepared the discussion and analysis to be read in conjunction with the financial statements and accompanying notes to the financial statements. The financial reporting entity for the financial statements is comprised of the University and its component units. The emphasis of discussions about these statements will be on current year data and will not include the discretely presented component units.

The University's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. These statements are presented on a consolidated basis to focus on the University as a whole. The full scope of the University's activities is a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

The University's financial report includes seven financial statements and related notes:

1. The Statement of Net Position for the University of South Carolina
2. The Statement of Revenues, Expenses and Changes in Net Position for the University of South Carolina
3. The Statement of Cash Flows for the University of South Carolina
4. The Combined Statement of Net Position for the Governmental Component Units
5. The Combined Statement of Revenues, Expenses and Changes in Net Position for the Governmental Component Units
6. The Combined Statement of Financial Position for the Nongovernmental Component Units
7. The Combined Statement of Activities for the Nongovernmental Component Units

FINANCIAL OVERVIEW

The 2019 novel coronavirus (COVID-19) has impacted the physical and financial health of the University which required extensive planning to mitigate and respond to COVID-19. The University established a Future Planning Group (FPG) comprised of faculty and staff representing all facets of the University operations from public health, admissions and enrollment, academics and research, finance, and athletics. The FPG was charged with examining the potential impacts of COVID-19 on the University and making policy recommendations concerning the safe return of students and employees to campus, mitigating any ongoing public health and safety risks, and analyzing the financial implications for fall 2020 and beyond. All the planning was guided by four core principles: protecting the health, safety and welfare of our employees and students, limiting and mitigating the spread of the virus in our community, maintaining academic and research excellence and sustaining core University functions.

The COVID-19 fiscal impact during fiscal year 2021 was primarily in two areas: 1) lost revenues to the University in tuition and fees and auxiliaries due to enrollment changes and 2) costs for personal protective equipment (PPE), cleaning and sanitation and virus testing and vaccinations. The University addressed this impact by implementing travel restrictions, hiring freezes, furloughs, and renegotiating and eliminating contracts. Federal Higher Education Emergency Relief Funds (HEERF) and Coronavirus Relief Funds (CRF) through the State of South Carolina were available to mitigate some lost revenue and additional costs.

Despite COVID-19, the University maintained its solid financial position at June 30, 2021 reporting total assets and deferred outflows of resources at \$3.3 billion at June 30, 2021 compared to \$2.8 billion at June 30, 2020.

Total assets increased by 15.1 percent from the prior year, and total liabilities increased 17.3 percent for the same period. Total assets changes were largely due to the increase in cash and cash equivalents. Total liabilities increased largely due to increases in bonds and notes payable, net pension liability and net other postemployment benefit liability.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

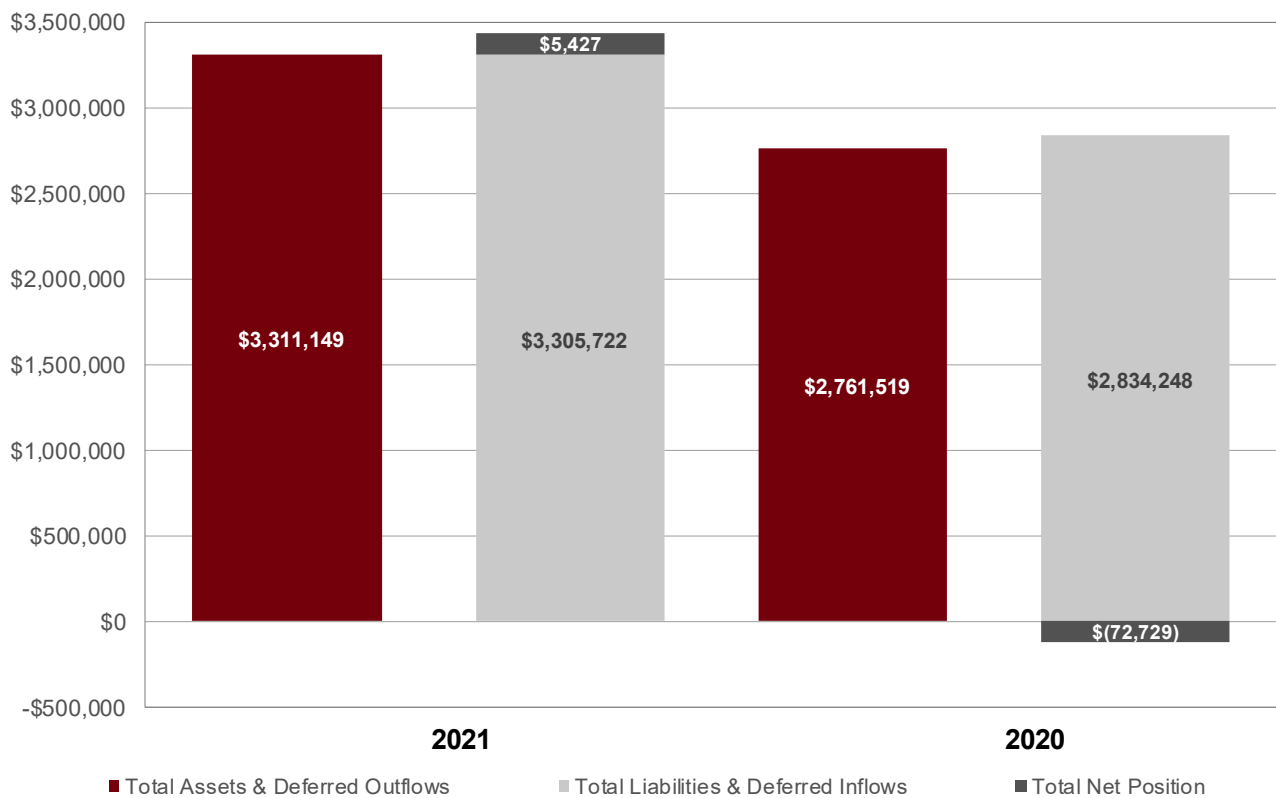
Operating revenues increased 9.0 percent as compared to the prior year due to increases in federal HEERF and CRF funds and additional funds from the Southeastern Conference for athletics which offset the decreases in tuition and fees revenue and sales and services revenue from auxiliary enterprises to include housing, dining, parking and athletics. Net nonoperating revenues decreased 8.9 percent over the prior year, due to decreases in gift revenues and decreases in investment and endowment revenues due primarily to the change in unrealized gains. State appropriations, tuition and fees, and sales and services along with campus auxiliary operations are important resources to the University. As a major research university, funding from grants and contracts is also of key importance to the University's success in fulfilling its mission.

Conversely, operating expenses increased 0.6 percent, due in part to the net of the increases in salaries and fringe benefits and scholarship expenses related to emergency grants to students provided through the HEERF and the decreases in services and supplies due to COVID-19 cost mitigation strategies in place for fiscal year 2021.

A comparison of the total assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position and the major components of the changes in net position at June 30, 2021, and June 30, 2020, respectively, is presented below. Net position increased \$78.2 million at June 30, 2021, from the prior year.

Net Position

Dollars in thousands



UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the University. The net position is an indicator of the prudent utilization of financial resources and the overall health of the University, while the change in net position reflects the current year's activities. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less an allowance for depreciation. Depreciation is a method of allocating the cost of an asset over its useful life to indicate how much of an asset's value has been consumed.

The following table summarizes the University's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position on June 30, 2021, and June 30, 2020:

Condensed Statement of Net Position

Dollars in thousands

	2021	2020	Increase (Decrease)	
			Amount	Percent
Assets:				
Current assets	\$ 1,323,101	\$ 934,334	\$ 388,767	41.6%
Noncurrent assets				
Endowment and investments	95,922	95,186	736	0.8%
Capital assets, net of depreciation	1,442,228	1,453,007	(10,779)	-0.7%
Other noncurrent assets	11,913	13,670	(1,757)	-12.9%
Total assets	2,873,164	2,496,197	376,967	15.1%
Deferred outflows of resources	437,985	265,322	172,663	65.1%
Liabilities:				
Current liabilities	183,508	171,888	11,620	6.8%
Noncurrent liabilities	3,005,796	2,547,886	457,910	18.0%
Total liabilities	3,189,304	2,719,774	469,530	17.3%
Deferred inflows of resources	116,418	114,474	1,944	1.7%
Net Position:				
Net investment in capital assets	807,689	869,496	(61,807)	-7.1%
Restricted	325,114	246,419	78,695	31.9%
Unrestricted	(1,127,376)	(1,188,644)	61,268	5.2%
Total net position	\$ 5,427	\$ (72,729)	\$ 78,156	107.5%

CURRENT ASSETS AND LIABILITIES

Current assets consist of current cash and cash equivalents, accounts receivable, and inventories. Current liabilities consist of accounts payable, unearned revenue and the current portion of long-term liabilities.

Current assets cover current liabilities 7.21 times, an indicator of good liquidity and the ability to weather short-term demands on working capital. Current assets, excluding restricted cash and cash equivalents, cover 8.4 months of total operating expenses, excluding depreciation. For fiscal year 2021, one month of operating expenses was approximately \$114.8 million.

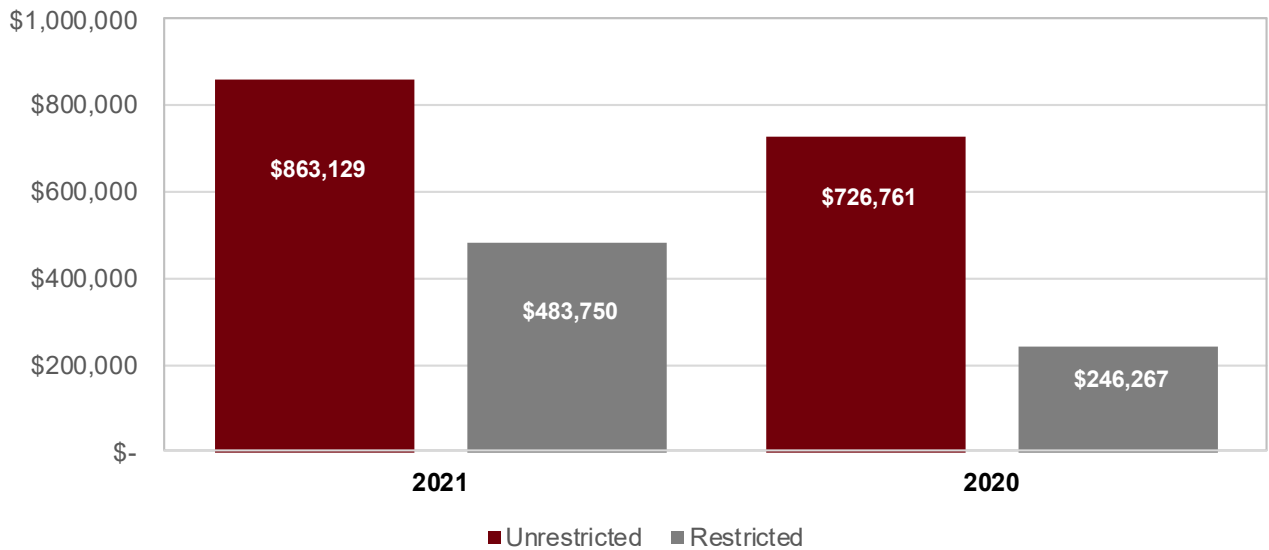
UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

CASH AND CASH EQUIVALENTS AND INVESTMENTS

The University's increase in cash and cash equivalents of \$373.9 million was due in part to the federal Higher Education Emergency Relief funds and the Coronavirus Relief Funds of \$106.3 million to offset COVID-19 mitigation efforts, bond proceeds from the issuance of Higher Education Revenue Bonds for Campus Village Residential Development Project at par of \$180.0 million and a premium at issuance of \$48.1 million and a one-time supplemental distribution from the Southeastern Conference (SEC) of \$29.6 million.

Unrestricted and Restricted Cash

Dollars in thousands



CAPITAL ASSETS AND DEBT MANAGEMENT

A critical factor in sustaining the quality of the University's academic and research programs and residential life is the development and maintenance of its capital assets. The University continues to invest in its capital assets to modernize its older teaching and research facilities, construct new facilities, and fund major maintenance obligations.

The University has \$1.44 billion invested in capital assets as of June 30, 2021, a decrease of \$10.8 million over June 30, 2020 due to depreciation expense exceeding capital asset additions. Due to reallocations of resources for COVID-19 mitigation, most capital projects and equipment purchases were deferred for fiscal year 2021. A summary of changes in capital assets is disclosed in Note 4.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

Capital assets, net of accumulated depreciation and amortization, at June 30, 2021, and June 30, 2020, were as follows:

Capital Assets

Dollars in thousands

	2021	2020	Percent Change
Land and Other Nondepreciable Assets	\$ 147,318	\$ 142,352	3.5%
Construction in Progress	36,481	26,461	37.9%
Land Improvements, <i>Net</i>	53,766	57,932	-7.2%
Buildings and Improvements, <i>Net</i>	1,105,973	1,116,057	-0.9%
Machinery, Equipment and Vehicles, <i>Net</i>	65,632	66,735	-1.7%
Intangibles, <i>Net</i>	33,057	43,470	-24.0%
Total	\$ 1,442,227	\$ 1,453,007	-0.7%

Capital projects consist of replacement, renovation, and new construction of academic and research facilities, purchase of land, as well as significant investments in equipment and information systems.

Completed construction or infrastructure projects totaling \$42.1 million were reclassified from construction in progress (CIP) to other asset categories during fiscal year 2021. These reclassifications included completion of the renovations of the Williams-Brice Stadium, replacement of HVAC systems at Aiken, land purchases at Columbia and Upstate and continued renovation of the Science and Laboratory Building at Columbia. Additions to buildings and land improvements were \$37.9 million during fiscal year 2021, offset by annual depreciation of \$52.1 million.

Construction activity — COVID-19 deferred many of the University's capital projects during fiscal year 2021. Several projects are in progress on the Columbia campus including the comprehensive renovation of the South Caroliniana Library and renovations at Leconte College and Jones Biology Lab. Upstate campus has renovation projects for the Smith Science Building and the Administration Building. Aiken campus has several projects for renovations to include the Scholars Academy Building and the Maintenance Building. Predevelopment work began on the Campus Village Residential Development Project with subsequent construction to begin in July 2021. Maintenance work and other renovations are ongoing in Columbia and at the system campuses to preserve the functionality of the campuses' physical assets.

Capital financing — During fiscal year 2021, the University's capital financing activity included a new issuance totaling \$180,045,000 and refunding issuance totaling \$11,840,000. The Series 2021A and Taxable Series 2021B issuance of \$180,045,000 in Higher Education Revenue Bonds was for the purpose of the Campus Village Residential Development Project for the redevelopment of nine acres of the University's main campus in Columbia to include the construction of five new structures: four residential buildings providing 1,808 new beds for student housing, and a transportation hub. The Series 2021C refunding of \$11,840,000 was to fully refund \$14,485,000 of 2011E State Institution Bonds. See Note 9 for additional details.

The University completed a comprehensive rating review with both Moody's Investors Service and with Fitch Ratings as a part of the new Campus Village issuance. Moody's and Fitch rated the 2021A and 2021B bonds at Aa2 and AA respectively and they affirmed Aa2 and AA ratings, respectively for the University's outstanding bonds.

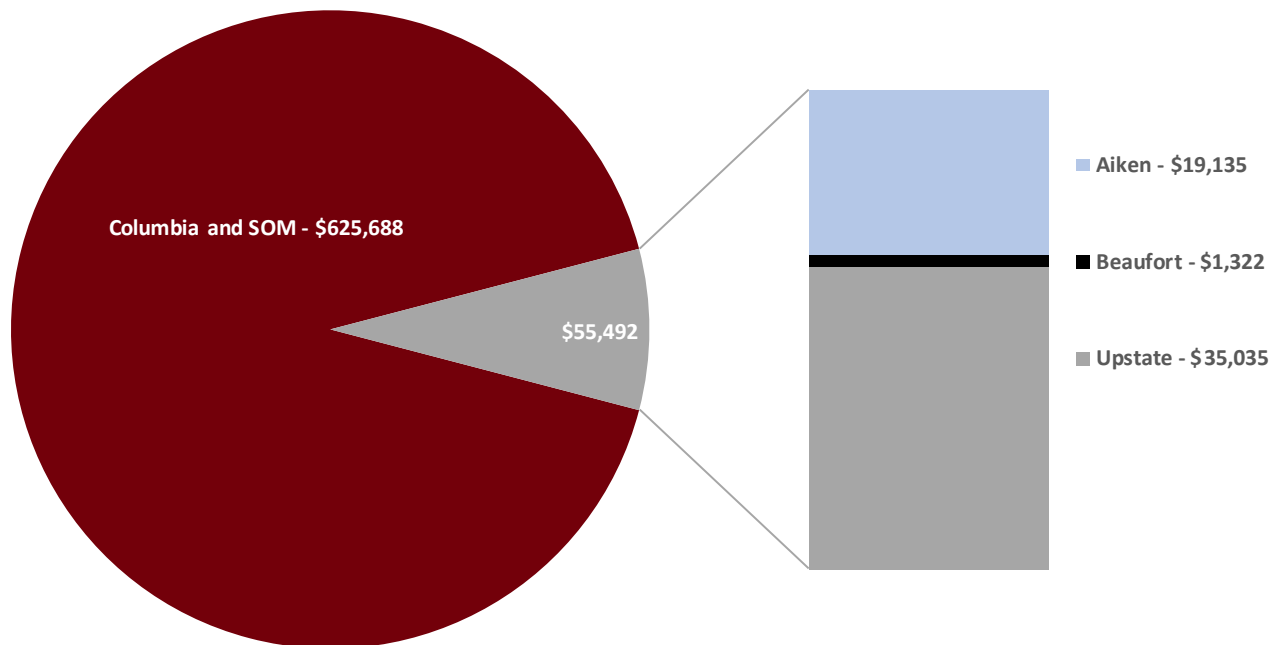
A comprehensive annual review of the University's current bond portfolio includes looking at current and future debt service and future bond maturities. The review includes looking for opportunities for refunding for all bond types, an analysis of the bond market and current interest rates, and a discussion on future bond issuances. This review of the University's portfolio helps identify and maximize future opportunities for savings.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

Debt management — The University's outstanding bond indebtedness on June 30, 2021 is \$681.2 million of which \$624.3 million or 91.6 percent of this debt is for the Columbia campus. The University's outstanding bond indebtedness increased \$180.0 million with the issuance of Higher Education Revenue Bonds for Campus Village Residential Development Project in June 2021.

Outstanding Bonds Payable by Campus

Dollars in thousands



OTHER NONCURRENT ASSETS AND LIABILITIES

Excluding capital assets discussed above, other noncurrent assets were \$107.8 million at June 30, 2021, and \$108.8 million at June 30, 2020, reflecting a 0.9 percent decrease. Other noncurrent assets include restricted cash and cash equivalents, federal loan receivables, investments and other assets. \$2.0 million of the decrease is federal student loans receivable related to the phase out of the Perkins Loan Program, offset by an increase in investments of \$1.2 million.

Total noncurrent liabilities were \$3.0 billion at June 30, 2021, and \$2.6 billion at June 30, 2020. These noncurrent liabilities for 2021 include net pension liability of \$1.1 billion, OPEB liability of \$1.1 billion and \$763.7 million in bonds and notes payable. The overall increase in noncurrent liabilities is due to the issuance of bonded debt and increases in net pension and net OPEB liabilities. For more information of the change in net pension and OPEB, refer to Notes 5 and 6.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

NET POSITION

Net position represents the value of the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The University implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions in fiscal year 2015 and GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB) in fiscal year 2018. These statements require participating employers to report their proportionate share of the plans' net pension and OPEB liabilities, pension and OPEB expense and the related deferred outflows and inflows. The University's net position was \$5.4 million at June 30, 2021, and (\$72.7) million at June 30, 2020.

Net Position Summary

Dollars in thousands

	2021	2020	Increase (Decrease)	
			Amount	Percent Change
Net investment in capital assets	\$ 807,689	\$ 869,496	\$ (61,807)	-7.1%
Restricted for:				
Nonexpendable	87,801	85,738	2,063	2.4%
Expendable	237,313	160,681	76,632	47.7%
Unrestricted	(1,127,376)	(1,188,644)	61,268	5.2%
Total Net Position	\$ 5,427	\$ (72,729)	\$ 78,156	107.5%

Net investment in capital assets represents the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The decrease in net investment in capital assets of \$61.8 million is primarily attributable to a \$46.9 million increase in debt used to finance those capital assets.

Restricted nonexpendable net position represents the historical value (corpus) of the University's permanent endowments, which cannot be expended due to donor restrictions. The increase in nonexpendable net position reflects an addition to permanent endowments of \$1.6 million.

Restricted expendable net position includes spendable earnings on permanent and quasi-endowments, gifts, capital project funds, and loan funds that are subject to externally imposed restrictions governing their use. Restricted expendable net position increased \$76.6 million primarily due to proceeds from the issuance of bonded debt at the end of the fiscal year offset by the bonded debt liability for capital projects not yet started including the Campus Village Residential Development project.

Unrestricted net position includes all other activities that are both spendable and not subject to externally imposed restrictions. The majority of the University's unrestricted net position has been internally designated for the core mission activities of instruction and research and associated programs and initiatives, and capital projects that align with the University's highest priorities. The unrestricted net position demonstrates the impact of the GASB 68 and GASB 75 through the noncurrent liabilities of net pension liability of \$1.1 billion and OPEB liability of \$1.1 billion.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

Excluding the impact of GASB 68 and GASB 75 on unrestricted net position, the University's unrestricted net position was \$795.7 million at June 30, 2021, and \$638.6 million at June 30, 2020 reflecting an increase of \$157.1 million or 24.6 percent.

Net Position Excluding GASB 68 and GASB 75

Dollars in thousands

	2021	2020	Increase (Decrease)	
			Amount	Percent Change
Net investment in capital assets	\$ 807,689	\$ 869,496	\$ (61,807)	-7.1%
Restricted for:				
Nonexpendable	87,801	85,738	2,063	2.4%
Expendable	237,313	160,681	76,632	47.7%
Unrestricted	795,739	638,623	157,116	24.6%
Total Net Position excluding GASB 68 and GASB 75	\$ 1,928,542	\$ 1,754,538	\$ 174,004	9.9%

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public university's dependency on state aid and gifts will result in operating deficits. GASB requires state appropriations, Pell grants and gifts to be classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Changes in net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. State capital appropriations and capital grants and gifts are revenue sources with restrictions to be used on capital projects and capital initiatives and are considered neither operating nor nonoperating revenues and are presented as standalone sources according to GASB.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of activities for the year. Presented below is a summarized condensed statement for the years ended June 30, 2021, and June 30, 2020:

Condensed Statement of Revenues, Expenses and Change in Net Position

Dollars in thousands

	2021	2020	Increase (Decrease)	
			Amount	Percent
<i>Operating Revenues:</i>				
Student Tuition and Fees, Net	\$ 571,615	\$ 584,675	\$ (13,060)	-2.2%
Grants and Contracts	451,739	324,470	127,269	39.2%
Sales and Services, Net	197,433	203,046	(5,613)	-2.8%
Other Operating Revenues	13,790	20,298	(6,508)	-32.1%
Total Operating Revenues	1,234,577	1,132,489	102,088	9.0%
Operating Expenses	1,456,672	1,447,664	9,008	0.6%
Operating Loss	(222,095)	(315,175)	93,080	29.5%
<i>Nonoperating Revenues (Expenses):</i>				
State Appropriations	204,191	201,725	2,466	1.2%
Federal Grants	54,321	56,030	(1,709)	-3.1%
Gifts	33,721	45,065	(11,344)	-25.2%
Investment and Endowment Income	4,870	26,555	(21,685)	-81.7%
Other Nonoperating Revenues	1,568	-	1,568	100.0%
Nonoperating Expenses	(12,871)	(15,787)	2,916	-18.5%
Net Nonoperating Revenues	285,800	313,588	(27,788)	-8.9%
Income before Other Revenues	63,705	(1,587)	65,292	4114.2%
Capital Appropriations	6,567	20,397	(13,830)	-67.8%
Capital Grants and Gifts	6,241	8,710	(2,469)	-28.3%
Additions to Permanent Endowments	1,643	53	1,590	3000.0%
Increase in Net Position	78,156	27,573	50,583	183.5%
Net Position - July 1	(72,729)	(100,302)	27,573	27.5%
Net Position - June 30	\$ 5,427	\$ (72,729)	\$ 78,156	107.5%

The prior year amounts for Student Tuition and Fees, Net and Operating Expenses has been adjusted to reflect a reclassification between Scholarship Allowance and Scholarship Expense for comparative purposes.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

OPERATING REVENUES

Operating revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions.

Student Tuition and Fees — Student tuition and fees (net) for fiscal year 2021 decreased 2.2 percent over the prior year. Student tuition and fees are reported net of scholarship discounts, which totaled \$571.6 million for fiscal year 2021 and \$584.7 million for the prior year. Tuition rates for fiscal year 2021 did not increase.

Sales and Services — Sales and services, net revenues decreased 2.8 percent or \$5.6 million in fiscal year 2021 and includes the revenues of campus auxiliary and educational operations (student housing, campus health services, parking and transportation, athletics, study abroad, campus events). While overall sales and services revenue decreased \$23.9 million those decreases were offset by an increase of SEC revenue of \$29.6 million.

Grants and Contracts —Federal Grants and contract revenues increased 39.2 percent in fiscal year 2021 due to \$112.5 million HEERF and CRF funds to assist with COVID-19 relief for lost revenue and mitigation of costs associated with COVID-19 and student emergency grants.

Revenues and expenditures from sponsored projects increased in fiscal year 2021 reflecting a continued upward trajectory with an increase in revenue of \$5.3 million or 3.9 percent. Sponsored project funding comes in the form of grants and contracts awarded by federal and state agencies, foundations, nonprofit organizations, corporations and associations, with the federal government providing the majority of the awards. Securing sponsored program funding has become increasingly more and more competitive. A key factor in dealing with such competitive pressures is diversifying funding sources and bringing in more awards from foundations and private industry.

The National Institutes of Health (NIH) remained the University's single largest funding source, with expenditures totaling \$38.0 million, which was down slightly from the fiscal year 2020 total of \$39.9 million. The NIH's strong and ongoing support reflects positively on the University's health-related professional schools (public health, medicine, nursing, and pharmacy), and basic and social science units in the College of Arts & Sciences.

The University's other top sponsored program expenditures were the National Science Foundation, \$16.4 million; the U.S. Department of Energy at \$12.1 million; the U.S. Department of Education at \$9.3 million; the U.S. Department of Defense at \$7.2 million; and the U.S. National Aeronautics and Space Administration at \$3.3 million.

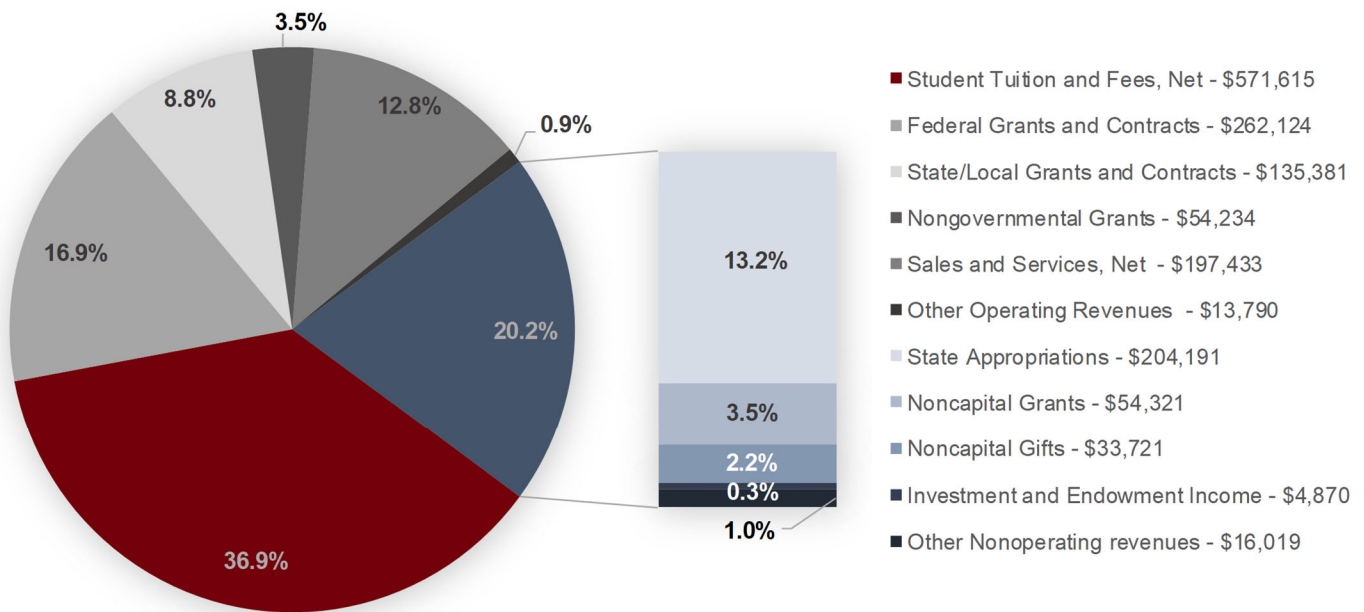
UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

REVENUES AND OTHER SOURCES OF OPERATIONAL FUNDING

Below is a chart of revenues by source (both operating and nonoperating). These revenues were used to fund the University's operating activities for the fiscal year ended June 30, 2021. As noted earlier, GASB requires state appropriations, current gifts and Pell grants to be treated as nonoperating revenues. Endowment spending is not current-year revenue but a distribution of previously recognized investment income. However, it is an important funding source for current operations and is included in the chart below to present a more accurate picture of the University's funding of current operations.

Revenues by Source

Dollars in thousands



Net student tuition and fees, and grants and contracts are the largest revenues providing 36.9 percent and 29.2 percent respectively. Sales and services, net revenue is 12.8 percent.

State appropriations, noncapital gifts and grants, Pell funds, and net investment income are considered nonoperating because they are not generated by the University's principal, ongoing operations. State appropriations are provided from the State of South Carolina annually to help fund education and general operating expenses. State appropriations revenue totaled \$204.2 million for fiscal year 2021, an increase of 1.2 percent from the \$201.7 million received during the prior year. The state operated under a continuing resolution for most of fiscal year 2021. The increase in state appropriations is due to the annual state health insurance allocation.

Noncapital gifts decreased \$11.4 million and nonoperating federal grants decreased \$1.7 million due to the number of students receiving Pell Grants. Investment and endowment income decreased \$21.7 million due to lower unrealized gains. The University's investments and endowments are held and invested by the South Carolina State Treasurer's Office. Investment income includes investment yield and realized and unrealized gains and losses, net of investment management fees.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

OPERATING EXPENSES

The University's operating expenses were \$1.5 billion for the fiscal year ended June 30, 2021, an increase of 0.6 percent from the prior year. The majority of the increase is primarily due to GASB 68 and GASB 75. The scholarship and fellowship increase of \$7.7 million is due to student emergency grants from HEERF. Conversely, services and supplies saw a significant decrease of 10.2 percent due to COVID-19 cost savings mitigation strategies that were in place in fiscal year 2021.

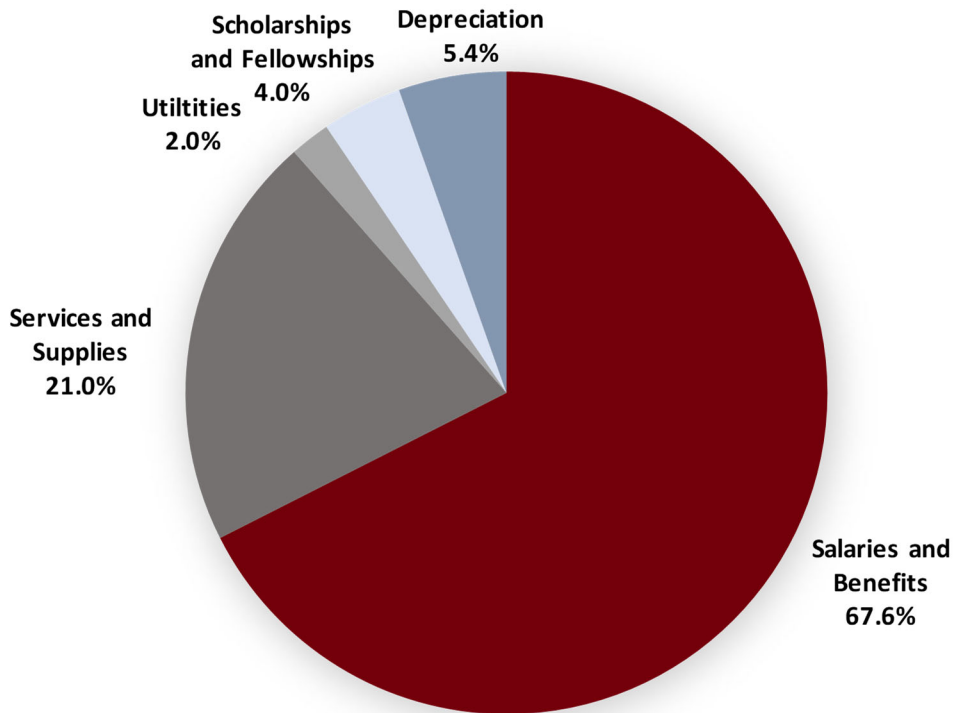
Operating Expenses by Natural Classification

Dollars in thousands

	2021	2020	Increase (Decrease)	
			Amount	Percent
Salaries and Benefits	\$ 983,888	\$ 949,028	\$ 34,860	3.7%
Services and Supplies	305,116	339,933	(34,817)	-10.2%
Utilities	29,561	29,955	(394)	-1.3%
Scholarships and Fellowships	58,983	51,310	7,673	15.0%
Depreciation	79,124	77,438	1,686	2.2%
Total Operating Expenses	\$ 1,456,672	\$ 1,447,664	\$ 9,008	0.6%

Nonoperating expenses of \$12,871 are excluded from the above schedule.

The prior year amount for Scholarships and Fellowships has been adjusted to reflect a reclassification for comparative purposes.



UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

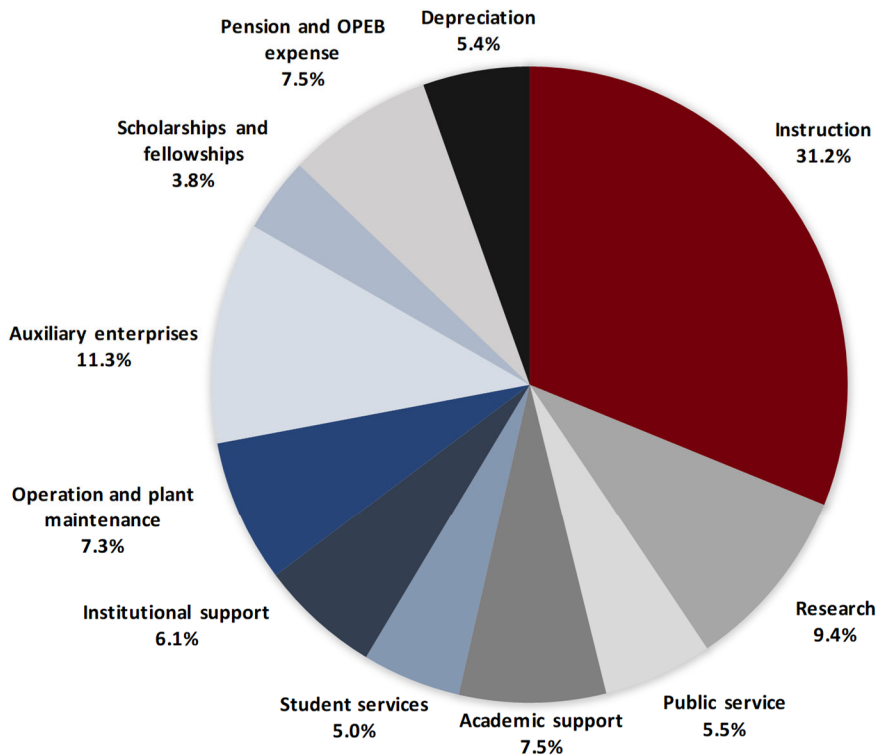
Instruction and research have historically represented the largest non-auxiliary functional categories: 40.6 percent of total operating expenses in fiscal year 2021 and 42.1 percent in fiscal year 2020. The next largest functional category, auxiliary expenses, represented 11.3 percent of total operating expenses in fiscal year 2021 and in fiscal year 2020. Across all functional categories, salaries and benefits represent the largest component followed by services.

Operating Expenses by Function

Dollars in thousands

	2021	2020	Increase (Decrease)	
			Amount	Percent
Instruction	\$ 454,054	\$ 466,159	\$ (12,105)	-2.6%
Research	137,096	137,550	(454)	-0.3%
Public service	80,820	72,951	7,869	10.8%
Academic support	108,678	114,668	(5,990)	-5.2%
Student services	73,130	81,230	(8,100)	-10.0%
Institutional support	89,269	93,853	(4,584)	-4.9%
Operation and plant maintenance	106,374	110,938	(4,564)	-4.1%
Auxiliary enterprises	163,930	163,825	105	0.1%
Scholarships and fellowships	55,531	48,087	7,444	15.5%
Pension and OPEB expense	108,666	80,965	27,701	34.2%
Depreciation	79,124	77,438	1,686	2.2%
Total Operating Expenses	\$ 1,456,672	\$ 1,447,664	\$ 9,008	0.6%

The prior year amount for Scholarships and fellowships has been adjusted to reflect a reclassification for comparative purposes.



UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

ECONOMIC OUTLOOK

The economic position of the University remains robust evidenced by consistent operating revenue growth, strong increases in net tuition and fee revenue due to demand for enrollment, and stable, manageable changes in operating expenditures. As a state-supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State finished the 2021 fiscal year on a very positive note with full funding of the State's Rainy-Day Fund at 5 percent of the prior year's General Fund Revenues and fully funded the Capital Reserve Account at 2 percent of the prior year's General Fund Revenues.

COVID-19 continues as a public health crisis as the University begins fiscal year 2022. The impact from COVID-19 fiscal challenges of 2020 to the statewide economy improved dramatically over the 2021 fiscal year as actual revenue collections for the year were dramatically higher than revenue projections that were used at the beginning of the year. The State experienced a revenue surplus of more than \$1.024 billion. Individual income taxes and sales tax revenues continue to be strong revenue sources for the state with 8.6 percent and 16.4 percent increases respectively.

For fiscal year 2022, the University has received additional state funding to support academic initiatives that promote access and affordability through tuition mitigation for residents of South Carolina and continued funding to support the maintenance and capital needs of our campuses.

The University's overall financial position remains strong. The University relies on tuition and fees to support the general operating budget, with added state support for tuition mitigation for fiscal year 2022. For fiscal year 2022, the University of South Carolina did not have a tuition increase. An average increase of 2.8 percent in student housing and 3.1 percent in dining plans will be used to improve dining, housing and student life facilities.

Demand for enrollment and interest in the University remains strong and continues to grow, with a record number 42,033 applications received for Fall 2020, an increase of over 20 percent from the prior year. Preliminary data indicates approximately 8,000 new students on the Columbia campus, of which 6,173 are new freshmen, an increase of 6.8 percent over Fall 2020 and the second largest freshman class in university history. After a challenging year due to the national pandemic when some students chose to delay their pursuit of higher education, new student enrollment has rebounded to pre-pandemic levels, making up for a drop of nearly 1,000 continuing students in the Fall 2021. The University attributes this decline in continuing student enrollment to the limitation of not providing full engagement experience within and beyond the classroom for students as a result of the global pandemic and has a coordinated student success strategy to ensure retention rates remain high overall as we emerge from the pandemic. Overall enrollment for the university is even with last year due to an increase in new undergraduate students and graduate students.

University of South Carolina students from the state are eligible for tuition assistance based on entrance exams, rank in class, and GPA. The State funding commitment for merit scholarships remains strong with funding from the South Carolina Education Lottery. Students at the University campuses annually receive more than \$103.9 million across the different scholarship programs. Additionally, funding from lottery proceeds supports technology needs at the system comprehensive and Palmetto College campuses.

Research grant awards were \$225.1 million in the 2021 fiscal year. Awards in fiscal year 2022 are trending higher and are estimated to surpass fiscal year 2021 with many awards focusing on COVID-19. The University's Columbia campus makes up approximately 98.2 percent of total research awards or approximately \$221.1 million. University researchers were particularly successful in competing for federal research funds, which totaled \$185.0 million in fiscal year 2021.

The University's total endowment is currently \$822.0 million, with \$693.5 million held by the University Foundations. The endowment is comprised of a mix of unrestricted funds, quasi endowed, term endowed and permanently endowed funds.

UNIVERSITY OF SOUTH CAROLINA
Statement of Net Position
As of June 30, 2021

ASSETS

Current assets:	
Cash and cash equivalents	\$ 863,129,439
Restricted - cash and cash equivalents	387,827,149
Accounts receivable, net	66,846,032
Inventories	3,295,099
Prepaid items	1,218,928
Funds due from others	<u>783,902</u>
Total current assets	<u>1,323,100,549</u>
Noncurrent assets:	
Restricted - cash and cash equivalents	89,707,129
Investments	6,215,291
Prepaid items	1,590,000
Restricted - federal student loans receivable	9,423,370
Capital assets, net of accumulated depreciation	1,442,227,727
Other assets	<u>900,000</u>
Total noncurrent assets	<u>1,550,063,517</u>
Total assets	<u>2,873,164,066</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on debt refunding	17,257,807
Deferred outflows related to net OPEB liability	243,566,556
Deferred outflows related to net pension liability	<u>177,160,620</u>
Total deferred outflows of resources	<u>437,984,983</u>

LIABILITIES

Current liabilities:	
Accounts payable	20,469,931
Retainage payable	729,544
Accrued interest payable	5,640,581
Accrued payroll and related liabilities	26,981,534
Accrued compensated absences - current portion	33,694,865
Capital lease obligations - current portion	536,215
Bonds and notes payable - current portion	34,451,391
Unearned revenues	41,590,729
Deposits	1,892,512
Other liabilities	771,118
Funds held for others	<u>16,749,639</u>
Total current liabilities	<u>183,508,059</u>
Noncurrent liabilities:	
Accrued compensated absences	2,536,175
Federal loan liability	10,797,395
Capital lease obligations	1,291,338
Bonds and notes payable	763,746,305
Net OPEB liability	1,117,472,077
Net pension liability	<u>1,109,952,782</u>
Total noncurrent liabilities	<u>3,005,796,072</u>
Total liabilities	<u>3,189,304,131</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to net OPEB liability	105,082,250
Deferred inflows related to net pension liability	<u>11,335,531</u>
Total deferred inflows of resources	<u>116,417,781</u>

NET POSITION

Net investment in capital assets	807,688,803
Restricted for:	
Nonexpendable	87,800,878
Expendable	
Scholarships, research, instruction, and other	52,714,651
Loans	1,940,452
Capital projects	176,412,296
Debt service	6,246,134
Unrestricted	<u>(1,127,376,077)</u>
Total net position	<u>\$ 5,427,137</u>

UNIVERSITY OF SOUTH CAROLINA
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2021

OPERATING REVENUES

Student tuition and fees (\$37,530,702 pledged for bonds)	\$ 910,793,133
Less: scholarship allowance	(339,178,759)
Federal grants and contracts	262,124,130
State grants and contracts	134,159,612
Local grants and contracts	1,221,204
Nongovernmental grants and contracts	54,234,299
Sales and services of educational and other activities	22,451,519
Sales and services of auxiliary enterprises (\$31,203,955 pledged for bonds)	179,596,997
Less: scholarship allowance	(4,615,728)
Interest collected on student loans	277,369
Other fees (\$768,517 pledged for bonds)	8,419,443
Other operating revenues	5,093,559
	<u>1,234,576,778</u>
Total operating revenues	<u>1,234,576,778</u>

OPERATING EXPENSES

Salaries and wages	645,736,977
Fringe benefits	338,151,085
Services and supplies	305,115,879
Utilities	29,560,458
Scholarships and fellowships	58,983,127
Depreciation expense	79,124,151
	<u>1,456,671,677</u>
Total operating expenses	<u>1,456,671,677</u>
Operating loss	<u>(222,094,899)</u>

NONOPERATING REVENUES (EXPENSES)

State appropriations	204,191,220
Federal grants	54,320,885
Gifts	33,720,452
Investment income (loss)	5,809,482
Endowment income (loss)	(939,041)
Gain on disposal of capital assets	1,568,132
Interest on capital asset related debt	(12,870,776)
	<u>285,800,354</u>
Net nonoperating revenues	<u>285,800,354</u>
Income before other revenues	63,705,455
State capital appropriations	6,566,831
Capital grants and gifts	6,241,134
Additions to permanent endowments	1,642,990
	<u>78,156,410</u>
Change in net position	<u>78,156,410</u>
NET POSITION, BEGINNING OF YEAR	<u>(72,729,273)</u>
NET POSITION, END OF YEAR	<u>\$ 5,427,137</u>

UNIVERSITY OF SOUTH CAROLINA
Statement of Cash Flows
For the year ended June 30, 2021

OPERATING ACTIVITIES

Student tuition and fees	\$ 572,324,095
Research grants and contracts	438,730,620
Sales and services of educational and other activities	23,044,299
Sales and services of auxiliary enterprises	170,235,820
Student loans disbursed	(597,320)
Student loans collected	2,351,422
Interest collected on student loans	277,369
Inflows from federal direct student loans	296,339,544
Outflows from federal direct student loans	(296,339,544)
Payments to employees for services	(642,135,619)
Payments to employees for benefits	(241,672,946)
Payments to suppliers	(338,605,032)
Payments to students for scholarships and fellowships	(58,983,127)
Other receipts	14,019,171
Inflows from agency funds	49,165,823
Outflows from agency funds	(47,943,685)
	<u>(59,789,110)</u>

Net cash used by operating activities

NONCAPITAL FINANCING ACTIVITIES

State appropriations	204,191,220
Federal grants	54,320,885
Gifts	33,849,563
Additions to permanent endowments	1,642,990
Federal loan liability	(1,970,251)
	<u>292,034,407</u>

Net cash provided by noncapital financing activities

CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt	242,410,933
State capital appropriations	6,566,831
Capital grants and gifts	2,188,514
Proceeds from sale of capital assets	3,388,008
Purchase and construction of capital assets	(50,205,204)
Principal paid on capital asset related debt	(43,041,641)
Interest paid on capital asset related debt	(24,622,367)
	<u>136,685,074</u>

Net cash provided by capital and related financing activities

INVESTING ACTIVITIES

Investment income (loss)	6,159,595
Endowment income (loss)	(2,451,604)
	<u>3,707,991</u>
Net increase (decrease) in cash and cash equivalents	<u>372,638,362</u>

Cash and cash equivalents, beginning of year

968,025,355

Cash and cash equivalents, end of year

\$ 1,340,663,717

Reconciliation of cash and cash equivalents

Cash and cash equivalents	\$ 863,129,439
Restricted - cash and cash equivalents, current	387,827,149
Restricted - cash and cash equivalents, noncurrent	89,707,129
	<u>\$ 1,340,663,717</u>

UNIVERSITY OF SOUTH CAROLINA
Statement of Cash Flows
For the year ended June 30, 2021

**Reconciliation of net operating loss to net cash
used by operating activities**

Operating loss	\$ (222,094,899)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	79,124,151
Accrued benefits related to net pension liability	95,847,975
Student loans cancelled	292,928
Change in current assets and liabilities:	
Accounts receivable, net	(15,999,466)
Student loans receivable	1,754,102
Inventories	(431,204)
Prepaid items	(440,128)
Accounts payable	(3,347,002)
Retainage payable - noncapital	(3,296)
Accrued payroll	3,366,063
Accrued benefits	630,162
Accrued compensated absences	144,754
Unearned revenues	4,458,601
Deposits	(1,499,575)
Other liabilities	(2,814,417)
Funds held for and due from others	1,222,141
Net cash used by operating activities	<u><u>\$ (59,789,110)</u></u>

NONCASH TRANSACTIONS

Gifts of capital assets reducing proceeds of capital grants and gifts	<u><u>\$ 4,222,039</u></u>
Net change in capital grants and gifts receivable and unearned revenues	<u><u>\$ (169,419)</u></u>
Gain (loss) on disposal of capital assets, net	<u><u>\$ 1,568,132</u></u>
Capital assets acquired through capital leases	<u><u>\$ 902,990</u></u>
Change in value of other assets for cash surrender value of life insurance recognized in endowment income	<u><u>\$ 300,000</u></u>
Change in value of investments recognized in endowment and investment income	<u><u>\$ 1,212,562</u></u>

UNIVERSITY OF SOUTH CAROLINA
Governmental Discretely Presented Component Units
Statements of Net Position
June 30, 2021

	South Carolina Research Foundation	School of Medicine Educational Trust	Beaufort- Jasper Higher Education Commission	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 394,021	\$ 13,274,733	\$ 5,033,608	\$ 18,702,362
Restricted cash and cash equivalents	31,953,920	9,199,297	3,500,000	44,653,217
Investments and security deposits	-	13,501,112	79,500	13,580,612
Patient and other accounts receivable, net	15,069,442	452,483	561,809	16,083,734
Prepaid items and deposits	23,837	-	242,105	265,942
Total current assets	<u>47,441,220</u>	<u>36,427,625</u>	<u>9,417,022</u>	<u>93,285,867</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	-	9,875,918	46,366,729	56,242,647
Total noncurrent assets	<u>-</u>	<u>9,875,918</u>	<u>46,366,729</u>	<u>56,242,647</u>
Total assets	<u>47,441,220</u>	<u>46,303,543</u>	<u>55,783,751</u>	<u>149,528,514</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt refunding	-	-	1,446,378	1,446,378
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	46,504,296	9,698,209	466,879	56,669,384
Accrued compensated balances	-	235,941	21,000	256,941
Unearned revenue	733,160	-	1,850	735,010
Current portion of long term debt	-	2,125,000	1,148,708	3,273,708
Total current liabilities	<u>47,237,456</u>	<u>12,059,150</u>	<u>1,638,437</u>	<u>60,935,043</u>
Noncurrent liabilities				
Noncurrent portion of long term debt	-	-	32,975,516	32,975,516
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>32,975,516</u>	<u>32,975,516</u>
Total liabilities	<u>47,237,456</u>	<u>12,059,150</u>	<u>34,613,953</u>	<u>93,910,559</u>
NET POSITION				
Net investment in capital assets	-	7,750,918	13,688,883	21,439,801
Restricted for capital projects and debt service	-	373,802	3,500,000	3,873,802
Unrestricted	203,764	26,119,673	5,427,293	31,750,730
Total net position	<u>\$ 203,764</u>	<u>\$ 34,244,393</u>	<u>\$ 22,616,176</u>	<u>\$ 57,064,333</u>

UNIVERSITY OF SOUTH CAROLINA
Governmental Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2021

	South Carolina Research Foundation	School of Medicine Educational Trust	Beaufort- Jasper Higher Education Commission	Total
REVENUES				
Operating revenues				
Contracts and grants	\$ 139,674,857	\$ 329,304	\$ -	\$ 140,004,161
Patient charges, net of allowances	-	104,619	-	104,619
Management fees and recoveries	3,337,546	-	-	3,337,546
Housing	-	-	5,868,809	5,868,809
Dining	-	-	2,539,619	2,539,619
Other operating revenues	337,885	36,899,508	211,570	37,448,963
Total operating revenues	<u>143,350,288</u>	<u>37,333,431</u>	<u>8,619,998</u>	<u>189,303,717</u>
EXPENSES				
Operating expenses				
Salaries and administrative expenses	1,259,474	30,979,831	794,992	33,034,297
Services and supplies	863,016	7,431,524	4,810,843	13,105,383
Research and development direct costs	141,334,370	-	-	141,334,370
Depreciation and amortization	-	400,913	1,668,111	2,069,024
Total operating expenses	<u>143,456,860</u>	<u>38,812,268</u>	<u>7,273,946</u>	<u>189,543,074</u>
Operating income (loss)	(106,572)	(1,478,837)	1,346,052	(239,357)
NONOPERATING REVENUES (EXPENSES)				
Private gifts and donations	-	-	(423,507)	(423,507)
Interest and investment income	51,122	562,547	14,135	627,804
Unrealized gain (loss) on investment holdings, net	-	2,209,452	-	2,209,452
County appropriations	-	-	2,318,016	2,318,016
Interest on capital asset debt	-	-	(602,334)	(602,334)
Debt issuance costs	-	-	(277,676)	(277,676)
Gain on sale of capital assets	-	-	211,130	211,130
Net nonoperating revenues (expenses)	<u>51,122</u>	<u>2,771,999</u>	<u>1,239,764</u>	<u>4,062,885</u>
Change in net position	(55,450)	1,293,162	2,585,816	3,823,528
NET POSITION, BEGINNING OF YEAR	259,214	32,951,231	20,030,360	53,240,805
NET POSITION, END OF YEAR	<u>\$ 203,764</u>	<u>\$ 34,244,393</u>	<u>\$ 22,616,176</u>	<u>\$ 57,064,333</u>

UNIVERSITY OF SOUTH CAROLINA
Nongovernmental Discretely Presented Component Units
Statements of Financial Position
June 30, 2021

	USC Development Foundation	USC Educational Foundation	USC Business Partnership Foundation	Greater USC Alumni Association	USC Upstate Foundation and Supporting Organization	Educational Foundation of USC Lancaster	Gamecock Club of USC	Total
ASSETS								
Cash and cash equivalents	\$ 11,043,444	\$ 10,422,460	\$ 8,095,161	\$ 1,710,326	\$ 966,713	\$ 87,466	\$ 5,000	\$ 32,330,570
Investments	26,689,556	642,182,254	140,866,094	2,299,244	16,523,929	11,762,236	-	840,323,313
Real estate held for investment	54,109,088	-	-	-	-	-	120,000	54,229,088
Assets held by others	-	4,625,857	-	-	325,661	556,530	10,532,994	16,041,042
Accounts receivable, net	1,050,352	19,718,704	299,377	1,662,888	210,287	-	54,818	22,996,426
Contributions receivable, net	1,093,199	40,786,297	554,259	-	62,500	16,820	-	42,513,075
Prepaid expenses	-	234,245	53,043	28,654	-	-	-	315,942
Other assets	3,253,261	251	78,717	41,355	-	-	3,297,057	6,670,641
Fixed assets, net of depreciation	127,207,494	645,994	-	17,682,259	-	6,808,516	-	152,344,263
Total assets	\$ 224,446,394	\$ 718,616,062	\$ 149,946,651	\$ 23,424,726	\$ 18,089,090	\$ 19,231,568	\$ 14,009,869	\$ 1,167,764,360
LIABILITIES								
Accounts payable and accrued expenses	\$ 935,647	\$ 4,090,076	\$ 808,850	\$ 408,779	\$ 64,356	\$ 25,091	\$ 3,638	\$ 6,336,437
Lines of credit	23,606,890	-	-	-	-	-	-	23,606,890
Deferred revenues	8,086,347	-	-	25,180	-	-	-	8,111,527
Bonds and notes payable	139,602,298	7,758,801	-	6,388,019	-	2,430,761	-	156,179,879
Interest rate swap	10,041,213	-	-	-	-	-	-	10,041,213
Other liabilities	32,392	12,429,630	-	14,304	436,930	-	22,741	12,935,997
Total liabilities	182,304,787	24,278,507	808,850	6,836,282	501,286	2,455,852	26,379	217,211,943
NET ASSETS								
Without donor restrictions	25,083,905	135,810,750	71,624,213	16,487,945	1,452,826	6,242,168	6,117,917	262,819,724
With donor restrictions	17,057,702	558,526,805	77,513,588	100,499	16,134,978	10,533,548	7,865,573	687,732,693
Total net assets	42,141,607	694,337,555	149,137,801	16,588,444	17,587,804	16,775,716	13,983,490	950,552,417
Total liabilities and net assets	\$ 224,446,394	\$ 718,616,062	\$ 149,946,651	\$ 23,424,726	\$ 18,089,090	\$ 19,231,568	\$ 14,009,869	\$ 1,167,764,360

See Notes to the Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Nongovernmental Discretely Presented Component Units
Statements of Activities
For the year ended June 30, 2021

	USC Development Foundation	USC Educational Foundation	USC Business Partnership Foundation	Greater USC Alumni Association	USC Upstate Foundation and Supporting Organization	Educational Foundation of USC Lancaster	Gamecock Club of USC	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Revenues, gains and other support								
Contributions	\$ 783,594	\$ 30,415,555	\$ 1,990,573	\$ 1,936,954	\$ 225,595	\$ 734,379	\$ 6,955,313	\$ 43,041,963
Investment returns (losses)	7,560,263	2,798,450	17,948,923	55,080	16,208	339,445	608,587	29,326,956
Net realized and unrealized gains (losses)	-	42,990,564	-	640,490	513,753	-	-	44,144,807
Earned income	15,313,933	-	3,992,880	910,171	-	-	-	20,216,984
Program service revenue	-	-	-	2,437,570	-	-	-	2,437,570
Other	136,542	913,082	-	3,632,645	163,292	35,112	4,265	4,884,938
Net assets released from restrictions:								
Transfers	-	-	671,515	-	-	-	-	671,515
Satisfaction of program restrictions	492,741	186,563	1,939,868	1,662,328	614,496	210,700	-	5,106,696
Expiration of time restrictions	-	13,217,875	-	-	-	-	1,217,282	14,435,157
Total revenues, gains and other support	<u>24,287,073</u>	<u>90,522,089</u>	<u>26,543,759</u>	<u>11,275,238</u>	<u>1,533,344</u>	<u>1,319,636</u>	<u>8,785,447</u>	<u>164,266,586</u>
Expenses								
Scholarships and student assistance	-	14,925,310	2,326,102	-	109,331	171,053	7,730,000	25,261,796
Program services	15,996,312	22,972,312	4,784,890	1,398,784	348,117	650,884	682,639	46,833,938
Supporting services	562,408	4,271,080	868,412	732,236	429,025	45,521	2,500	6,911,182
Other expenses	-	-	-	1,732,425	7,403	-	-	1,739,828
Total expenses	<u>16,558,720</u>	<u>42,168,702</u>	<u>7,979,404</u>	<u>3,863,445</u>	<u>893,876</u>	<u>867,458</u>	<u>8,415,139</u>	<u>80,746,744</u>
Excess revenues over (under) expenses	7,728,353	48,353,387	18,564,355	7,411,793	639,468	452,178	370,308	83,519,842
Interest rate swap fair value adjustment	6,710,114	-	-	-	-	-	-	6,710,114
Change in net assets without donor restrictions	<u>\$ 14,438,467</u>	<u>\$ 48,353,387</u>	<u>\$ 18,564,355</u>	<u>\$ 7,411,793</u>	<u>\$ 639,468</u>	<u>\$ 452,178</u>	<u>\$ 370,308</u>	<u>\$ 90,229,956</u>

UNIVERSITY OF SOUTH CAROLINA
Nongovernmental Discretely Presented Component Units
Statements of Activities
For the year ended June 30, 2021

	USC Development Foundation	USC Educational Foundation	USC Business Partnership Foundation	Greater USC Alumni Association	USC Upstate Foundation and Supporting Organization	Educational Foundation of USC Lancaster	Gamecock Club of USC	Total
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS								
Contributions	\$ (424,557)	\$ 11,763,831	\$ 2,085,106	\$ 30,475	\$ 771,175	\$ 148,688	\$ 1,149,486	\$ 15,524,204
Investment returns (losses)	424,447	5,920,683	19,112,108	1,457	151,965	2,676,773	-	28,287,433
Net realized and unrealized gains (losses)	-	112,365,173	-	-	2,551,960	-	107,518	115,024,651
Other	-	243,694	-	-	-	-	-	243,694
Net assets released from restrictions:								
Transfers	-	-	(671,515)	-	-	-	(1,217,282)	(1,888,797)
Satisfaction of program restrictions	(492,741)	(186,563)	(1,939,868)	(1,662,328)	(614,496)	(210,700)	-	(5,106,696)
Expiration of time restrictions	-	(13,217,875)	-	-	-	-	-	(13,217,875)
Change in net assets with donor restrictions	<u>(492,851)</u>	<u>116,888,943</u>	<u>18,585,831</u>	<u>(1,630,396)</u>	<u>2,860,604</u>	<u>2,614,761</u>	<u>39,722</u>	<u>138,866,614</u>
Change in net assets	13,945,616	165,242,330	37,150,186	5,781,397	3,500,072	3,066,939	410,030	229,096,570
Net change attributable to noncontrolling interest	(528)	-	-	-	-	-	-	(528)
NET ASSETS, BEGINNING OF YEAR	<u>28,196,519</u>	<u>529,095,225</u>	<u>111,987,615</u>	<u>10,807,047</u>	<u>14,087,732</u>	<u>13,708,777</u>	<u>13,573,460</u>	<u>721,456,375</u>
NET ASSETS, END OF YEAR	<u>\$ 42,141,607</u>	<u>\$ 694,337,555</u>	<u>\$ 149,137,801</u>	<u>\$ 16,588,444</u>	<u>\$ 17,587,804</u>	<u>\$ 16,775,716</u>	<u>\$ 13,983,490</u>	<u>\$ 950,552,417</u>

See Notes to the Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - The University of South Carolina (the University) is a State-supported, coeducational institution of higher education. The University's primary purpose is to provide undergraduate, graduate, and professional education to students and conduct research and other activities that advance fundamental knowledge.

Reporting Entity - The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for those organizations. Based on these criteria, the financial statements include the University as the primary government and other related entities as discretely presented component units. The University's discretely presented component units are discussed in Note 11.

The University is composed of the Columbia campus, including the Columbia School of Medicine, the Greenville School of Medicine, and seven system campuses. The University is a component unit of the State of South Carolina (the State). As a discretely presented component unit of the State, the University is financially accountable to and fiscally dependent on the State. Its Board of Trustees is appointed by the Governor and/or the General Assembly of the State.

Financial Statements - The financial statement presentation for the University meets the requirements of GASB Codification Sections 2100-2900, *Financial Reporting*, and Co5, *Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's net position, revenues, expenses and changes in net position and cash flows.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and affect disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates used include separation of accrued compensated absences between current and noncurrent and depreciation expense. Actual results could differ from those estimates.

Basis of Accounting - For financial reporting purposes, the University is considered to be engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The University participates in the State's internal cash management pool, administered by the State Treasurer. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. For credit risk information pertaining to the cash management pool, see the deposits disclosures in Note 2.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 University reports its deposits in the general deposit account at cost and its special deposit accounts at fair value. Interest earned, including interest income, by the University's special deposit accounts is posted at the end of each month based on the percentage of the University's accumulated daily income receivable to the total income receivable of the pool. Unrealized gains and losses are allocated at year end based on the percentage of ownership in the pool.

Investments - The University accounts for its investments at fair value in accordance with GASB Codification Section 150, *Investments*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment or endowment income in the statement of revenues, expenses and changes in net position.

Accounts Receivable - Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the Federal, State, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Student accounts receivable are recorded net of estimated uncollectible amounts.

Inventories - Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market.

Noncurrent Cash and Investments - Noncurrent cash and investments primarily consist of permanently endowed funds, debt service reserve funds and federal student loan funds. These funds are externally restricted and are classified as restricted noncurrent assets in the statement of net position.

Prepaid Items - Expenditures for services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. Amounts reported in this asset account consist primarily of maintenance, license and service agreements, and travel reservations and deposits.

Capital Assets - Capital assets are recorded at cost at the date of acquisition. Donated capital assets, donated works of art, historical treasures and similar assets are recorded at acquisition value. The University follows capitalization guidelines established by the State. 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 that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, 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 3 to 60 years for buildings and improvements and land improvements; 2 to 25 years for machinery, equipment, and vehicles; and 3 to 10 years for intangibles. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken in the month of disposition.

The University capitalizes as a component of construction in progress interest cost in excess of earnings on invested debt proceeds associated with the capital projects. Therefore, asset values in capital assets include such interest costs. Capitalized interest for fiscal year 2021 was \$8,456,148.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unearned Revenues and Deposits - Unearned revenues include amounts billed for tuition and fees and certain auxiliary activities (including, but not limited to, athletic ticket sales and parking revenues) prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent dormitory room deposits, security deposits for possible room damage and key loss, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Compensated Absences - Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

Noncurrent Liabilities - Noncurrent liabilities include (1) principal amounts of bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (3) net pension and net OPEB liabilities; and (4) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Deferred Outflows of Resources - The consumption of net position that is applicable to future reporting periods. The University's deferred outflows of resources consist of (1) deferred loss on debt refunding – the defeasance of previously outstanding bonds resulted in deferred refunding losses. These deferred losses are recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter; (2) net pension and net OPEB liabilities - decreases in net pension and net OPEB liabilities that were not included in expenses. Also, employer contributions subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources.

Deferred Inflows of Resources - The acquisition of net position that is applicable to future reporting periods. The University's deferred inflows of resources consist of increases in the net pension and net OPEB liabilities that were not included in expenses.

Net Position - Components of the University's net position are classified as follows:

Net investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted - nonexpendable: The restricted nonexpendable component of net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted - expendable: The restricted expendable component of net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted: The unrestricted component of net position represents resources derived from student tuition and fees, sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may also be used at the discretion of the governing board to meet current expenses for any purpose.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes - The University is a political subdivision of the State and, is therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of the University may be subject to taxation as unrelated business income.

Classification of Revenues - The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal ongoing operations.

These revenues include:

- (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students;
- (2) receipts for scholarships including federal grants and contract revenue where the governmental agency has identified the qualified student recipients;
- (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and
- (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Scholarship Discounts and Allowances - Student tuition and fee revenues, and certain other revenues from students, are reported with related scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements.

To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Rebatable Arbitrage - Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The University had no rebatable arbitrage liability at June 30, 2021.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donor-Restricted Endowments - Endowments are subject to restrictions requiring that the principal be invested and that only the income be used for specific purposes. If a donor has not provided specific timing instructions, state law permits the Board of Trustees to authorize for expenditure the endowment's net appreciation. Any net appreciation that is spent is required to be spent for the purpose for which the endowment was established. The University has a total return policy for authorizing and spending endowment income.

At June 30, 2021, \$18,454,152 of the amount reported as *net position, restricted expendable - scholarships, research, instruction and other*, represented cumulative net appreciation of donor-restricted endowments.

New Accounting Pronouncements – In May of 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief to governments and other stakeholders in light of COVID-19 by postponing the effective dates of certain provisions in Statements and Implementation Guides. The following information on each of these standards reflects these new implementation dates.

GASB Statement No. 84, *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The University implemented this Statement in fiscal year 2021 and there was no significant impact.

GASB Statement No. 87, *Leases*: This Statement requires recognition of assets and deferred outflows of resources and liabilities and deferred inflows of resources for leases previously classified as operating leases, based on the payment provisions of the contract. This Statement applies to all leases with a term greater than one year. This Statement will be effective for the University in fiscal year 2022. The University has completed the process of preparing for the implementation of GASB Statement No. 87.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement will be effective for the University in fiscal year 2022. The University will continue to evaluate GASB Statement No. 89 and believes the impact could be significant.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 2 - CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

Most deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority for investing State funds. Certain deposits and investments are deposited with or managed by financial institutions and brokers as restricted by donors.

The following schedule reconciles deposits and investments within the notes to the statement of net position amounts:

Statement of Net Position	
Cash and cash equivalents (current)	<u>\$ 863,129,439</u>
Restricted cash and cash equivalents (current) for:	
Debt service	9,372,340
Scholarship, research, instruction, and other	48,881,316
University administered loans	346,006
Capital projects	<u>329,227,487</u>
	<u>387,827,149</u>
Restricted cash and cash equivalents (noncurrent) for:	
Endowments	81,524,901
Federal student loans	2,978,580
Debt service reserves	<u>5,203,648</u>
	<u>89,707,129</u>
Investments (noncurrent)	<u>6,215,291</u>
Total	<u><u>\$1,346,879,008</u></u>
Notes	
Cash on hand	109,273
Deposits held by State Treasurer	1,340,192,580
Other deposits	361,864
Investments held by State Treasurer	4,757,259
Other investments	<u>1,458,032</u>
Total	<u><u>\$1,346,879,008</u></u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 2 - CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, 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. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to the 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 agents in the State's name. Information pertaining to the reported amounts, fair values, and the credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. For the fiscal year ending June 30, 2021, \$18,462,188 of the \$1,340,192,580 identified in the preceding schedule as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

The University has adopted applicable accounting standards for its financial assets and liabilities which clarify that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University utilizes market data or assumptions that market participants would use in pricing the asset or liability. The standards establish a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The University's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1: Investments reflect prices quoted in active markets for identical assets.

Level 2: Investments reflect prices that are based on similar significant observable assets either directly or indirectly, which may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-driven valuations.

Level 3: Investments reflect prices based upon significant unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The University's other investments consist of \$1,398,192 Level 1 assets, \$28,158 Level 2 assets, and \$31,682 Level 3 assets. The investment assets held in the State's cash management pool are all Level 2 assets.

Other Deposits - The University's other deposits at year-end were entirely covered by federal depository insurance or were fully collateralized by securities held by the pledging bank's trust department.

Investments Held by State Treasurer and Other Investments - The University's investments include common stock held by the State Treasurer for the University.

The University has other investments which are managed by financial institutions or brokers as specified by the donors. Purchased investments are valued at fair value. Investments received from donors are valued at the lesser of their fair value on the date promised or received or fair value as of fiscal year-end.

Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investments or collateral securities that are in possession of an outside party.

The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Other investments totaling \$1,458,032 were collateralized by securities held by the pledging bank's trust department but not in the University's name.

The net change in unrealized appreciation of investments for the current fiscal year was \$1,212,562.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 3 - RECEIVABLES

Accounts Receivable – Accounts receivable consisted of the following:

Student	\$ 11,362,108
Auxiliary enterprises	6,940,906
Federal grants and contracts	38,396,723
State grants and contracts	4,995,264
Local grants and contracts	124,484
Non-governmental grants and contracts	3,703,909
Accrued interest	3,154,268
	68,677,662
Less allowance for doubtful accounts	(1,831,630)
Accounts receivable, net	\$ 66,846,032

Allowances for doubtful accounts are based upon actual losses experienced in prior years and evaluations of the current accounts.

Student Loans Receivable and Federal Loan Liability - Student loans made through the Federal Perkins and the Federal Nursing and Health Professions loan programs comprise substantially all of the student loans receivable, and are restricted for such loans. The loan programs provide various repayment options: students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise.

The amount reported as a federal loan liability is the amount of federal contributions and net earnings on the loans that would have to be repaid to the federal government if the University ceased to participate in the programs.

As the University determines that loans are uncollectible, the loans can be assigned to the federal agency administering the loan programs.

Capital Improvement Bonds Proceeds Receivable - This amount represents outstanding state capital improvement and infrastructure bond fund proceeds, and capital reserve fund appropriations that have been expended but not yet drawn.

The State has authorized capital improvement bonds, research infrastructure bonds, university infrastructure bonds and capital reserve fund appropriations to fund improvements and expansion of state facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested once the State authorities have given approval to begin specific projects and project expenditures have been incurred.

At June 30, 2021 the University had no capital improvement bond proceeds receivable.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 4 - CAPITAL ASSETS

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 94,045,424	\$ 3,607,780	\$ 1,125,922	\$ 96,527,282
Construction in progress	26,460,516	52,146,009	42,125,426	36,481,099
Works of art and historical treasures	48,307,405	2,484,120	362	50,791,163
Total capital assets not being depreciated	<u>168,813,345</u>	<u>58,237,909</u>	<u>43,251,710</u>	<u>183,799,544</u>
Other capital assets				
Land improvements	110,487,776	-	-	110,487,776
Buildings and improvements	1,965,673,274	37,865,877	3,090,262	2,000,448,889
Machinery, equipment and other	222,721,611	13,745,887	11,435,966	225,031,532
Vehicles	15,764,193	1,348,735	573,574	16,539,354
Intangibles	91,953,818	1,132,681	-	93,086,499
Total capital assets at historical cost	<u>2,406,600,672</u>	<u>54,093,180</u>	<u>15,099,802</u>	<u>2,445,594,050</u>
Less accumulated depreciation for:				
Land improvements	52,556,053	4,166,011	-	56,722,064
Buildings and improvements	849,615,623	47,914,338	3,054,194	894,475,767
Machinery, equipment and other	159,312,943	14,332,117	10,737,419	162,907,641
Vehicles	12,437,892	1,166,365	573,574	13,030,683
Intangibles	48,484,392	11,545,320	-	60,029,712
Total accumulated depreciation	<u>1,122,406,903</u>	<u>79,124,151</u>	<u>14,365,187</u>	<u>1,187,165,867</u>
Other capital assets, net	<u>1,284,193,769</u>	<u>(25,030,971)</u>	<u>734,615</u>	<u>1,258,428,183</u>
Capital assets, net	<u>\$ 1,453,007,114</u>	<u>\$ 33,206,938</u>	<u>\$ 43,986,325</u>	<u>\$ 1,442,227,727</u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review.

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

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through the Retirement Benefits' link on 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 considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan Description

The South Carolina Retirement System (SCRS), a cost sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

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

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (9.00 percent) and a portion of the employer contribution (5.00 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (10.41 percent) and an incidental death benefit contribution (0.15 percent), if applicable, which is retained by SCRS.

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012 is a Class II member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class III member.

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

SCRS – A Class II 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 of credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class III member who has separated from service with at least eight 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 II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively.

The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. An incidental death benefit is also available to beneficiaries of active and retired members.

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 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 the age 60, or the second July 1 after the date they would have had 28 years of service credit had they not retired.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

PORS – A Class II member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of credited service regardless of age. A Class III member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of credited service regardless of age. Both Class II and Class III members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The 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.

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement.

Contributions - Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary. The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization period.

Required **employee** contribution rates for fiscal year 2020-2021 are as follows:

SCRS

Employee Class II	9.00% of earnable compensation
Employee Class III	9.00% of earnable compensation

ORP

9.00% of earnable compensation

PORS

Employee Class II	9.75% of earnable compensation
Employee Class III	9.75% of earnable compensation

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

Required **employer** contribution rates¹ for fiscal year 2020-2021 are as follows:

SCRS

Employer Class II	15.41% of earnable compensation
Employer Class III	15.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

ORP

Employer Contribution ²	15.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employer Class II	17.84% of earnable compensation
Employer Class III	17.84% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

² Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

For fiscal year 2021, total contributions requirements to the ORP were \$42,355,000 (excluding the surcharge) from the University as employer and approximately \$24,737,000 from its employees as plan members.

Net Pension Liability (NPL) - At June 30, 2021, the University reported liabilities of \$1,091,360,231 and \$18,592,551 for its proportionate share of the SCRS and PORS NPL, respectively. The NPLs were measured as of June 30, 2020, and the total pension liabilities (TPL) used to calculate the NPLs were determined by an actuarial valuation as of that date. The University's proportionate shares of the NPLs were based on the University's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the University's proportionate shares of the SCRS and PORS plans were 4.271173% and 0.560656%, respectively.

Pension Expense - For the year ended June 30, 2021, the University recognized pension expense of \$132,239,839 and \$2,867,199 for SCRS and PORS, respectively, for a total pension expense of \$135,107,038.

Non-employer Contributions - Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS and PORS contribution increases for fiscal year 2020. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2020 measurement period, PEBA provided non-employer contributions to the University in the amount of \$4,562,757 which is shown as a reduction to net pension liability and other grant revenue in the year ended June 30, 2021.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

Deferred Inflows of Resources and Deferred Outflows of Resources – At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the respective plans:

South Carolina Retirement System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,592,853	\$ 4,126,897
Changes of assumptions	1,337,090	-
Net difference between projected and actual earnings on pension plan investments	80,278,694	-
Changes in proportion and differences between University contributions and proportionate share of contributions	9,152,423	6,602,760
University contributions subsequent to the measurement date	69,466,008	-
Total	<u>\$ 172,827,068</u>	<u>\$ 10,729,657</u>

Police Officers Retirement System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 395,130	\$ 81,840
Changes of assumptions	226,890	-
Net difference between projected and actual earnings on pension plan investments	1,903,835	-
Changes in proportion and differences between University contributions and proportionate share of contributions	511,974	524,034
University contributions subsequent to the measurement date	1,295,723	-
Total	<u>\$ 4,333,552</u>	<u>\$ 605,874</u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

The \$69,466,008 and \$1,295,723 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2021 will be recognized as a reduction of the NPLs in the year ending June 30, 2022.

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

	SCRS
Year ended June 30:	
2022	\$ 21,649,626
2023	24,708,169
2024	25,788,225
2025	20,485,383
	\$ 92,631,403

	PORS
Year ended June 30:	
2022	\$ 886,079
2023	607,710
2024	475,470
2025	462,696
	\$ 2,431,955

Actuarial Assumptions and Methods - Actuarial valuations 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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

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

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

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

Actuarial cost method	SCRS	PORS
	Entry age normal	Entry age normal
Investment rate of return ¹	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

¹ Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the June 30, 2020 TPL are as follows.

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

Net Pension Liability - The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2020, NPL totals for SCRS and PORS are as follows (amounts expressed in thousands):

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the System's 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.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

Long Term Expected Rate of Return - The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 8.05 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.80 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity ^{1, 2}	35.0%	7.81%	2.73%
Private Equity ^{2,3}	9.0%	8.91%	0.80%
Equity Options Strategies ¹	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private) ^{2,3}	8.0%	5.55%	0.44%
Real Estate (REITs) ²	1.0%	7.78%	0.08%
Infrastructure (Private) ^{2, 3}	2.0%	4.88%	0.10%
Infrastructure (Public) ²	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation ¹	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans ^{1, 2}	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt ^{2, 3}	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income ¹	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	56.00%	0.01%
Total Expected Return ⁴	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
			8.05%

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

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

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

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

Discount Rate - The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers 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.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$1,352,607,190	\$1,091,360,231	\$873,215,880
PORS	24,613,412	18,592,551	13,758,193

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

Deferred Compensation Plans – Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual 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 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Description - In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The University contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare, and long-term disability plans administered by the Insurance Benefits Division (IB), a part of the South Carolina Public Employee Benefit Authority (PEBA). 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 through 24 years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued

Funding Policies - Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the Retiree Medical Plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 6.25% of annual covered payroll for 2021. The IB sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately \$35,760,000 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal year ended June 30, 2021. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal year ended June 30, 2021. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions. The SCLTDITF is considered immaterial and is not included in the University financial statements as well as the related notes and required supplementary information.

A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority – Insurance Benefits Division, P.O. Box 11960, Columbia, South Carolina 29211-1960.

Net OPEB Liability - At June 30, 2021, the University reported a liability of \$1,117,472,077 for its proportionate share of the SCRHITF net OPEB liability. The OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The University's proportionate share of the OPEB liability was based on the University's long-term share of contributions to the postemployment benefits plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the University's proportionate share of the SCRHITF plan was 6.190479%.

OPEB Expense - For the year ended June 30, 2021, the University recognized OPEB expense of \$81,738,044 for SCRHITF.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Post-Employment Benefits Other Than Pensions (OPEB) – At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

South Carolina Retiree Health Insurance Trust Fund

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,960,723	\$ 25,448,846
Changes of assumptions	166,293,796	44,503,453
Net difference between projected and actual earnings on OPEB plan investments	-	2,606,451
Changes in proportion and differences between University contributions and proportionate share of contributions	10,174,343	32,523,500
University contributions subsequent to the measurement date	35,137,694	-
Total	<u>\$ 243,566,556</u>	<u>\$ 105,082,250</u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued

The net amount of deferred outflows of resources and deferred inflows of resources related to retiree health benefits will be recognized in retiree health benefit expense as follows for the SCRHITF plan:

Year ended June 30:	SCRHITF
2022	\$ 12,707,537
2023	12,347,340
2024	11,776,579
2025	21,680,785
2026	22,625,257
Thereafter	22,209,114
	\$ 103,346,612

Actuarial Assumptions and Methods - Actuarial valuations 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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2019 actuarial valuation for SCRHITF:

Actuarial Methods and Assumptions:

Actuarial cost method	Individual Entry-Age Normal
Inflation	2.25%
Investment rate of return	2.75%, net of OPEB plan investment expense, including inflation
Single discount rate	2.45% as of June 30, 2020
Demographic assumptions	Based on the experience study performed for the SCRS for the 5-year period ending June 30, 2015
Mortality assumptions	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Healthcare trend rate	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Aging factors	Based on plan specific experience
Participation assumptions	79% participation for retirees who are eligible for Funded Premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes	The discount rate changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020. Updates were also made to the healthcare trend rate assumption, including an adjustment to reflect the repeal of the "Cadillac Tax".

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued

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

Long Term Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Allocation-Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.35%	0.07%
Total	<u>100.00%</u>		<u>0.55%</u>
Expected Inflation			<u>2.25%</u>
Total Return			<u><u>2.80%</u></u>
Investment Return Assumption			2.75%

For the SCRHITF, the annual money-weighted rate of return on the plan investments were 7.70%.

Sensitivity Analysis - The following table presents the University's proportionate share of the SCRHITF net other postemployment benefits (OPEB) liability calculated using the discount rate of 2.45 percent, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.45 percent) or 1 percentage point higher (3.45 percent) than the current rate:

Sensitivity of the SCRHITF Net OPEB Liability to Changes in the Discount Rate

<u>1% Decrease</u> <u>1.45%</u>	<u>Current Single Discount Rate Assumption</u> <u>2.45%</u>	<u>1% Increase</u> <u>3.45%</u>
<u>\$1,333,368,512</u>	<u>\$1,117,472,077</u>	<u>\$944,954,697</u>

Sensitivity of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
<u>\$904,486,396</u>	<u>\$1,117,472,077</u>	<u>\$1,397,183,596</u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The University is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, there are no material claims or lawsuits against the University that are not covered by insurance or whose settlement would materially affect the University's financial position.

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, would not be material.

The University had outstanding commitments of \$258,715,122 for capital and \$63,505,003 for noncapital projects as of June 30, 2021. The University anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds.

NOTE 8 - LEASE OBLIGATIONS

The future minimum lease payments for noncancelable operating leases are as follows:

2022	\$ 20,900,936
2023	11,786,143
2024	11,256,554
2025	4,048,832
2026	3,507,766
2027-2031	20,623,424
2032-2036	12,559,689
2037-2039	179,233
Total minimum lease payments	<u><u>\$ 84,862,577</u></u>

The preceding payment schedule relates to noncancelable operating leases having remaining terms of more than one year and expiring in various fiscal years from 2022-2039. These noncancelable operating leases include agreements between the University and third party vendors as well as other State agencies and related parties. Certain operating leases provide for renewal options at their fair rental value at the end of their lease term. Total real property operating lease payments were \$20,248,138 for fiscal year 2021. Of this amount, \$296,383 was paid to other State agencies. In the current fiscal year, the University incurred expenses of \$526,506 for office copier contingent rentals on a cost per copy basis.

The University also has a 35 year operating lease agreement for two city blocks of parking surrounding the Colonial Life Arena for \$100,000 per year. In accordance with the terms of the lease, in fiscal year 2003, the University paid \$3,500,000, representing rent due for the entire term. As of June 30, 2021, the remaining unamortized prepaid balance related to the parking lease agreement was \$1,600,000 with \$100,000 reflected as a current asset.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 8 - LEASE OBLIGATIONS, Continued

Capital Leases

Equipment held by the University under capital leases as of June 30, 2021:

	Cost	Accumulated Depreciation	Net
Equipment	\$ 2,732,598	\$ 942,870	\$ 1,789,728

The future minimum capital lease obligations and the net present value of the minimum capital lease payments are as follows:

2022	\$	633,129
2023		597,541
2024		461,780
2025		273,529
2026		66,822
Total minimum lease payments		2,032,801
Less amount representing interest		(205,248)
Present value of minimum lease payments by year	\$	1,827,553

Capital lease obligations consist of:

Agreements with Presidio for copiers payable in monthly installments ranging from \$13 to \$1,472 with fixed interest rates ranging from 5.76% to 7.52%. The agreements expire May 2026. 1,585,831

Agreement with Wells Fargo for a Hyundai Forklift, payable in monthly installments of \$495 with a fixed interest rate of 3.54%. The agreement expires December 2023. 15,129

Agreement with GE Healthcare for a Thermal Image Printer, payable in monthly installments of \$1,150. The agreement expires November 2024. 46,243

Agreement with Ingersoll Machine Tools for an Automated Fiber Placement machine, payable in annual installments of \$50,000 with a final year payment of \$45,000. The agreement expires June 2025. 180,350

Present value of minimum lease payments by lease	\$	1,827,553
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UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 9 - BONDS AND NOTES PAYABLE

Bonds Payable – Bonds payable consisted of the following:

	Original Debt	Interest Rates (Outstanding)	Maturity Dates	June 30, 2021 Balance	Debt Retired in Fiscal Year 2021
State Institution Bonds					
Series 2011A Refunding	\$ 20,085,000	3.5% to 5%	03/01/22	\$ 2,350,000	\$ 2,240,000
Series 2011E	23,955,000	4.125% to 5%	03/01/31	-	15,590,000
Series 2012A Refunding	21,254,000	2.5% to 5%	04/01/24	3,680,000	1,470,000
Series 2014A	15,190,000	3% to 5%	04/01/34	11,225,000	635,000
Series 2015A	56,725,000	2% to 5%	04/01/35	44,250,000	2,225,000
Series 2015B Refunding	30,625,000	5%	04/01/26	17,160,000	2,890,000
Series 2017B	39,450,000	2.625% to 5%	04/01/37	33,970,000	1,415,000
Series 2019B Refunding	4,290,000	5%	04/01/29	3,565,000	355,000
Series 2021C Refunding	11,840,000	5%	04/01/31	11,840,000	-
Total State Institution Bonds				128,040,000	26,820,000
Revenue Bonds					
Series 2010A Athletic	65,855,000	4% to 5%	05/01/40	8,660,000	270,000
Series 2012	61,945,000	3.5% to 5%	05/01/35	49,095,000	2,385,000
Series 2012 Refunding	28,110,000	4% to 5%	05/01/34	17,605,000	1,225,000
Series 2012A Athletic	13,580,000	2.5% to 4%	05/01/42	10,850,000	345,000
Series 2012B Refunding Athletic	6,350,000	3.5%	05/01/32	6,350,000	-
Series 2013	37,185,000	3% to 5%	05/01/43	30,395,000	1,050,000
Series 2015 Athletic	38,270,000	3% to 5%	05/01/45	34,065,000	790,000
Series 2015	47,605,000	3.5% to 5%	05/01/35	31,555,000	3,460,000
Series 2016A Refunding	67,820,000	4% to 5%	05/01/39	61,405,000	2,245,000
Series 2016A Refunding Athletic	22,400,000	4% to 5%	05/01/38	20,210,000	765,000
Series 2017A Athletic	40,325,000	4% to 5%	05/01/47	37,500,000	750,000
Series 2017B Refunding Athletic	46,990,000	5%	05/01/40	45,195,000	1,795,000
Series 2017A Refunding Housing	20,840,000	5%	05/01/40	20,210,000	630,000
Series 2021A	169,780,000	3% to 5%	05/01/51	169,780,000	-
Series 2021B	10,265,000	0.592% to 1.135%	05/01/26	10,265,000	-
Total Revenue Bonds				553,140,000	15,710,000
Subtotal bonds payable				681,180,000	42,530,000
Plus unamortized bond premiums				116,797,722	5,548,201
Less unamortized bond discounts				(141,900)	(12,900)
Total Bonds Payable				\$ 797,835,822	\$ 48,065,301

State institution bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged for the payment of principal and interest on state institution bonds. The legal debt margin for state institution bonds shall not exceed ninety percent of tuition and fees received from the preceding fiscal year for the University as a whole.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 9 - BONDS AND NOTES PAYABLE, Continued

Tuition and fees used to calculate the University's debt service limit on bond indebtedness for the preceding year were \$35,491,550, which results in a legal annual debt service limit at June 30, 2021 of \$31,942,395. The annual debt service payments for the fiscal year were \$18,213,047. Tuition revenue pledged in fiscal year 2021 was \$35,403,530 for state institution bonds.

General revenue bonds are payable from a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds. General revenue bonds may also be payable from a pledge of additional funds. Additional funds are all available funds and academic fees of the University which are not (i) otherwise designated or restricted; (ii) funds derived from appropriations; and (iii) tuition funds pledged to the repayment of state institution bonds. Pledged net revenues for general revenue bonds in fiscal year 2021 were \$21,719,038.

Athletic facilities revenue bonds are payable from a pledge of net revenues of the athletic department, gross receipts of a special admission fee to facilities and a special student fee as authorized by the governing board. Pledged revenues for athletic facilities revenue bonds in fiscal year 2021 were \$2,127,172 of special student fees, \$768,517 of special admission fees and \$9,484,917 of athletic department revenues.

The University believes it is in compliance with all related bond covenants of its issued debt.

On January 28, 2021, the University issued \$11,840,000 in State Institution Refunding Bond, Series 2021C to fully refund the Series 2011E State Institution Bonds with a final maturity of April 1, 2031. The refunding transaction resulted in an aggregate debt payment reduction of \$3,483,647 over the next ten years and a net present value savings or economic gain of \$3,391,731. The refunding bonds were used to retire \$14,485,000 of University State Institution bonds.

On June 29, 2021, the University issued \$169,780,000 in Higher Education Revenue Bonds, Series 2021A and \$10,265,000 Higher Education Revenue Bonds Taxable Series 2021B for the purpose of providing funds for the construction of Campus Village Housing Project and to pay interest on the Series 2021 Bonds through August 1, 2023. The bonds have coupons ranging from 0.592% to 5.0% with a maturity date of May 1, 2051 and callable on May 1, 2031.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 9 - BONDS AND NOTES PAYABLE, Continued

The scheduled maturities of the University bonds payable by type are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
State Institution Bonds			
2022	\$ 12,720,000	\$ 5,402,194	\$ 18,122,194
2023	10,935,000	4,766,194	15,701,194
2024	10,300,000	4,252,144	14,552,144
2025	10,355,000	3,749,393	14,104,393
2026	10,915,000	3,231,644	14,146,644
2027-2031	39,385,000	9,955,856	49,340,856
2032-2036	30,695,000	3,037,650	33,732,650
2037	2,735,000	82,050	2,817,050
Total	\$ 128,040,000	\$ 34,477,125	\$ 162,517,125

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Revenue Bonds			
2022	\$ 16,490,000	\$ 24,381,929	\$ 40,871,929
2023	17,295,000	24,868,593	42,163,593
2024	21,255,000	24,013,217	45,268,217
2025	22,155,000	23,112,307	45,267,307
2026	22,320,000	22,154,530	44,474,530
2027-2031	118,865,000	94,870,331	213,735,331
2032-2036	123,095,000	65,208,388	188,303,388
2037-2041	93,755,000	37,980,075	131,735,075
2042-2046	64,070,000	19,584,950	83,654,950
2047-2051	53,840,000	6,424,200	60,264,200
Total	\$ 553,140,000	\$ 342,598,520	\$ 895,738,520

Notes Payable – Notes payable consisted of the following:

Note payable to acquire energy savings equipment, dated April 2018, payable in annual installments of \$49,399 subject to amount drawn at any given time, matures February 2029, fixed interest rate of 2.00%.	\$ 361,874
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The scheduled maturities of the notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 42,162	\$ 7,237	\$ 49,399
2023	43,005	6,394	49,399
2024	43,865	5,534	49,399
2025	44,742	4,657	49,399
2026	45,637	3,762	49,399
2027-2029	142,463	5,736	148,199
Total	\$ 361,874	\$ 33,320	\$ 395,194

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 10 - LONG-TERM LIABILITIES

Long-term liability activity was as follows:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Bonds Payable:						
State Institution Bonds	\$ 143,020,000	\$ 11,840,000	\$ 26,820,000	\$ 128,040,000	\$ 12,720,000	\$ 115,320,000
Revenue Bonds	388,805,000	180,045,000	15,710,000	553,140,000	16,490,000	536,650,000
Subtotal Bonds Payable	<u>531,825,000</u>	<u>191,885,000</u>	<u>42,530,000</u>	<u>681,180,000</u>	<u>29,210,000</u>	<u>651,970,000</u>
Unamortized Bond Premiums	71,819,990	50,525,933	5,548,201	116,797,722	5,212,129	111,585,593
Unamortized Bond Discounts	(154,800)	-	(12,900)	(141,900)	(12,900)	(129,000)
Total Bonds Payable	<u>603,490,190</u>	<u>242,410,933</u>	<u>48,065,301</u>	<u>797,835,822</u>	<u>34,409,229</u>	<u>763,426,593</u>
Notes Payable	403,209	-	41,335	361,874	42,162	319,712
Total Bonds and Notes Payable	<u>\$ 603,893,399</u>	<u>\$ 242,410,933</u>	<u>\$ 48,106,636</u>	<u>\$ 798,197,696</u>	<u>\$ 34,451,391</u>	<u>\$ 763,746,305</u>
Capital Lease Obligations	\$ 1,394,869	\$ 902,990	\$ 470,306	\$ 1,827,553	\$ 536,215	\$ 1,291,338
Accrued Compensated Absences	\$ 36,086,285	\$ 33,712,539	\$ 33,567,784	\$ 36,231,040	\$ 33,694,865	\$ 2,536,175

Additional information regarding bonds and notes payable is included in Note 9.

NOTE 11 - COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the University exist primarily to provide financial assistance and other support to the University and its educational program. They include the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust (the Trust), and the Beaufort-Jasper Higher Education Commission, all of which are considered governmental component units. In addition, the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the University of South Carolina Upstate Foundation and Supporting Organization; the Educational Foundation of the University of South Carolina – Lancaster; and the Gamecock Club of the University of South Carolina are considered nongovernmental component units because they do not meet the definition of a governmental entity. Because the activities and resources of these entities are significant, provide a direct benefit, and are accessible to the University, they are considered component units of the University and are discretely presented in the University's financial statements accordingly as governmental or nongovernmental reporting entities.

Following is a more detailed discussion of each of these entities and a summary of significant transactions (if any) between these entities and the University.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 11 - COMPONENT UNITS, Continued

Governmental Discretely Presented Component Units

The South Carolina Research Foundation (the Foundation) operates as a supporting organization of the University of South Carolina's teaching, research, and public service missions. It will support research programs of clear relevance to the state and nation. The research areas focus on the environment, new technologies, economic development, health sciences and social issues. The University receives funds for reimbursement of personnel services and other administrative costs from the Foundation. The Foundation receives research funding from private sources. The University receives flow through funds for research from the Foundation. In 2013, University and Research Foundation management agreed to administrative process changes that allowed the University to resume its historic role of directly processing new federal grant and contract transactions. The University expects that over the next several years this decision will result in the University processing all federal grant and contract transactions and an equal reduction in the federal grant activities processed by the Research Foundation. Complete financial statements for the Foundation can be obtained at The South Carolina Research Foundation, 202 Osborne Building, USC, Columbia, SC 29208, Attention: Kelly Epting.

The University of South Carolina School of Medicine Educational Trust (the Trust) is organized and operates exclusively for the benefit of, and to carry out the purposes of, the University of South Carolina School of Medicine based in Columbia, South Carolina, in order to augment and aid education, service, research and development in the health sciences and in the fields of preventive and curative medicine. To perform these functions, the Trust operates clinical medical practices pursuant to the provisions of the Clinical Faculty Practice Plan of the School of Medicine. The purpose of the Trust is to provide high quality healthcare in conjunction with enhanced teaching opportunities and to provide additional financial resources in support of the School of Medicine. The Trust is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described under Section 501(c)(3). Complete financial statements for the Trust can be obtained at the University of South Carolina School of Medicine Educational Trust, Post Office Box 413, Columbia, South Carolina 29202, Attention: Jeff Perkins.

The Beaufort-Jasper Higher Education Commission (the Commission) was created in 1994 by the General Assembly of South Carolina. The Commission's primary purpose is to provide support and encouragement for all undertakings to improve the higher education opportunities for the benefit of the citizens and residents of Beaufort and Jasper Counties. The Commission serves as the liaison between the University of South Carolina Beaufort campus (USC Beaufort) and the Beaufort and Jasper communities as well as the oversight committee for campus residence halls and the student center including the construction and management of those facilities. Complete financial statements for the Commission can be obtained at 1 University Boulevard, Bluffton, SC 29909, Attention: Beth Patrick.

Nongovernmental Discretely Presented Component Units

The University of South Carolina Development Foundation (the Foundation) operates exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the University including, but not limited to, promoting, encouraging, and aiding scientific research and investigation at the University. The University receives funds for incidental administration and operational costs to include personnel provided by the University from the Foundation. The University also pays the Foundation for the lease of real property. As of June 30, 2021 the Foundation held \$27,882,244 in endowment funds for the University. Complete financial statements for the Foundation can be obtained at USC Foundations, 1027 Barnwell St. Columbia, SC 29208, Attention: Jason Caskey.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 11 - COMPONENT UNITS, Continued

The University of South Carolina Educational Foundation (the Foundation) operates for the benefit and support of the University of South Carolina. Its objectives include the establishment and implementation of long-range fundraising programs to assist in the expansion and improvement of the educational functions of the University. The University receives from the Foundation funds for scholarships, awards and stipends to students, faculty and administrative staff; library collections; incidental administration and operational costs to include personnel provided by the University. As of June 30, 2021 the Foundation held \$502,775,232 in endowment funds for the University. Complete financial statements for the Foundation can be obtained at USC Foundations, 1027 Barnwell St. Columbia, SC 29208, Attention: Jason Caskey.

The University of South Carolina Business Partnership Foundation (the Foundation) was formed to bring together representatives of business and government to assist in conducting conferences, seminars, and management programs to further the education, development and effectiveness of management personnel in the State and region. The University receives funds for scholarships, reimbursement of personnel services, and other administrative costs from the Foundation. As of June 30, 2021 the Foundation held \$134,027,846 in endowment funds for the University. Complete financial statements for the Foundation can be obtained at University of South Carolina Business Partnership Foundation 1014 Green Street, Columbia, SC 29208, Attention: Jean Duke.

The University of South Carolina Alumni Association (the Association) was formed to serve the students after they graduate. The Association's objectives are providing job placement and counseling, communicating the aspirations and needs of the University, helping graduates keep in touch with one another, and providing programs of continuing education. The University receives funds for scholarships, reimbursement of personnel services, and other administrative costs from the Association. The University also pays the Association to assist with recruitment and retention of students. Complete financial statements for the Association can be obtained at 900 Senate Street, Columbia, SC 29201, Attention: Wes Hickman.

The University of South Carolina Upstate Foundation (the Foundation) was established to accept gifts for charitable, benevolent, cultural, and education purposes and to provide student housing and other real property for the exclusive use and benefit of the University of South Carolina Upstate. The University of South Carolina Upstate Capital Development Foundation (CDF) was established to accept real property donated to the University of South Carolina Upstate, serve as the purchasing agent for property on behalf of Upstate that is integral to the growth of the campus, and to manage property under leasing agreements to the University. In fiscal year 2020, CDF became a supporting organization of the Foundation. The University receives funds from the Foundation for scholarships and reimbursement for personnel and student housing services provided by the University. As of June 30, 2021 the Foundation held \$13,442,830 in endowment funds for the University. Complete financial statements for the Foundation and its supporting organization can be obtained at the University of South Carolina Upstate Foundation, 800 University Way, Spartanburg, SC 29303, Attention: Kim Jolley.

The Educational Foundation of the University of South Carolina - Lancaster (the Foundation) operates for the benefit and support of the University of South Carolina at Lancaster. Its objectives include the establishment and implementation of long-range fundraising programs to assist in the expansion and improvement of the educational functions of the University. The University receives from the Foundation funds for scholarships, rent, and reimbursement for computer and personnel services provided by the University. As of June 30, 2021 the Foundation held \$11,743,877 in endowment funds for the University. Complete financial statements for the Foundation can be obtained at PO Box 809, Lancaster, SC 29721.

The Gamecock Club of the University of South Carolina (the Gamecock Club) was established exclusively to support University Athletics at the Columbia Campus. Its objectives include the establishment and implementation of long-range fundraising programs to support athletic scholarships. The University receives scholarship funds from the Gamecock Club for student athletes and other administrative costs. As of June 30, 2021 the Gamecock Club held \$3,625,442 in endowment funds for the University. Complete financial statements for the Gamecock Club can be obtained at 1304 Heyward St., Columbia, SC 29208, Attention: Jeff Tallant.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 11 - COMPONENT UNITS, Continued

Various transactions occur between the University and the component units. A summary of those transactions follows:

Funds Received from Component Units

South Carolina Research Foundation	\$	4,021,064
School of Medicine Educational Trust		2,122,698
Beaufort-Jasper Higher Education Commission		428,507
Development Foundation		37,212
Educational Foundation		22,730,403
Business Partnership Foundation		5,354,527
Alumni Association		572,208
Upstate Foundation		209,235
Gamecock Club		7,730,000
		7,730,000
Total	\$	<u><u>43,205,854</u></u>

The majority of the South Carolina Research Foundation revenues are recorded by the University as federal grants and contracts revenues and the majority of revenues from the other component units are recorded as nonoperating gifts revenue. Federal grants and contracts receivables include \$76,139 due from the South Carolina Research Foundation at June 30, 2021.

Funds Paid to Component Units

South Carolina Research Foundation	\$	256,471
Beaufort-Jasper Higher Education Commission		4,650,722
Development Foundation		1,284,785
Educational Foundation		1,475,860
Alumni Association		3,534,924
Upstate Foundation		384,748
		384,748
Total	\$	<u><u>11,587,510</u></u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 12 - RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 61 – Financial Reporting Entity: Omnibus an Amendment of GASB Statements No.14 and No. 34, to be treated as component units of the University. These entities are the local higher education commissions. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University system campuses and the educational programs. The activities of these entities are not included in the University’s financial statements. However, the University’s statements for the year ended June 30, 2021 include significant transactions between them and the University which are as follows:

Aiken County Commission for Higher Education Commission - The Aiken County Commission for Higher Education (the Commission) was created under Act 103 of the 1961 Session of the General Assembly of South Carolina. The Commission is composed of eight members who are appointed by the Governor on the recommendation of a majority of the Aiken County Legislative Delegation. In addition, the Superintendent of Education for Aiken County and the Chair of the Aiken Commission for Technical Education are ex-officio members of the Commission. The Commission’s purpose is the establishment and maintenance of an institution of higher education in Aiken County and it is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and generally, to take such actions in its name necessary to secure for Aiken County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Aiken County to accomplish these objectives. During the year ended June 30, 2021, the Commission made grants to the University of South Carolina Aiken (USC Aiken) totaling \$150,000 for campus maintenance and enhancements. USC Aiken provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. The Commission leases its land and buildings to USC Aiken for \$1 annually. At June 30, 2021, the Commission had a net position of \$3,316,212.

Lancaster County Commission for Higher Education - The Lancaster County Commission for Higher Education (the Commission) was created under Act 126 of the 1959 Session of the General Assembly of South Carolina. The Commission is composed of seven members who are appointed by the Governor on the recommendation of a majority of the Lancaster County Legislative Delegation, including the Senator. The Commission’s purpose is the encouragement of higher education in Lancaster and adjacent areas and, more specifically, the establishment in Lancaster County of facilities to offer standard freshman and sophomore University courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for Lancaster County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Lancaster County designated specifically for the University of South Carolina Lancaster (USC Lancaster). During the fiscal year ended June 30, 2021, the Commission received an annual appropriation of \$2,232,368 and \$604 in interest income. The Commission disbursed \$1,450,000 to USC Lancaster for operations and maintenance of the physical plant, information technology, campus security, student activities and discretionary support. An additional \$6,442 was disbursed to vendors for insurance, professional services, and banking fees. There was a \$480,000 disbursement to the Educational Foundation of USC Lancaster for Founders Hall. USC Lancaster provides accounting and cash management services to the Commission at no charge. At June 30, 2021, the Commission had a net position of \$2,089,279.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 12 - RELATED PARTIES, Continued

Mid-Carolina Commission for Higher Education, formerly known as Sumter County Commission for Higher Education - The Sumter County Commission for Higher Education was created under Act 50 of the 1965 Session of the General Assembly of South Carolina. In 1996, by an act of the state legislature, the Sumter County Commission for Higher Education was restructured as the Mid-Carolina Commission for Higher Education (the Commission) representing Sumter, Lee, and Clarendon Counties. The nine commission members are appointed by the Governor upon recommendation by the respective county legislative delegations, with one each from Lee and Clarendon Counties, and the remaining seven members from Sumter County. The purpose of the Commission is the encouragement of higher education in Sumter County and adjacent areas and, more specifically, the establishment in Sumter County of facilities to offer standard freshman and sophomore University courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The University of South Carolina Sumter (USC Sumter) operates the Sumter Campus under contract with the Commission at a cost of \$1 annually. During the fiscal year ended June 30, 2021, the Commission made payments to USC Sumter totaling \$60,000 for the operation and maintenance of the campus. At June 30, 2021, the Commission had a net position of \$1,297,510.

Spartanburg County Commission for Higher Education - The Spartanburg County Commission for Higher Education (the Commission) was created under Act 36 of the 1967 Session of the General Assembly of South Carolina. The Commission is composed of seventeen members who are appointed by the Governor on the recommendation of a majority of the Spartanburg County Legislative Delegation. The Commission is responsible for the encouragement of higher education in Spartanburg County and adjacent areas and, more specifically, the establishment in Spartanburg County of facilities necessary to provide for an institution of higher education. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for Spartanburg County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Spartanburg County. The Commission paid expenditures on behalf of USC Upstate of \$22,180 for the fiscal year ended June 30, 2021. USC Upstate provides accounting and record maintenance services to the Commission at no charge. The Commission owns six duplexes located adjacent to campus. These properties are managed by a rental company and are not considered student housing. The proceeds from these rentals are added to the \$341,363 endowment or the operating funds of the Commission. At June 30, 2021, the Commission had a net position of \$341,827.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 12 - RELATED PARTIES, Continued

Union Laurens Commission for Higher Education - The Union County Commission for Higher Education was created by Act 23 in the 1965 Session of the General Assembly of South Carolina and was repealed by Act 288 of the 1987 Session of the General Assembly of South Carolina which created the Union Laurens Commission for Higher Education (the Commission). The Commission is composed of nine members, with seven being residents of Union County and two being residents of Laurens County. The members are appointed by the Governor upon recommendation by the Union and Laurens County Legislative Delegations. The Commission is responsible for the encouragement of higher education in Union and Laurens Counties and adjacent areas and, more specifically, the establishment in Union and Laurens Counties of facilities to offer standard freshman and sophomore University courses and those other courses considered desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Union and Laurens counties of \$231,574 to accomplish these objectives. During fiscal year 2021 the Union Laurens Commission also received an additional \$100,000 from a private donor. During the year ended June 30, 2021, the Commission made grants to USC Union totaling \$306,827 for campus projects and maintenance, rental of facilities, community service and institutional support. The Commission provides its land and buildings to USC Union at no cost. USC Union provides clerical, accounting, and cash management services to the Commission at no charge. At June 30, 2021, the Commission had a net position of \$2,218,925.

Western Carolina Higher Education Commission - The Western Carolina Higher Education Commission (the Commission) was created under Act 270 in the 1984 Session of the General Assembly of South Carolina. The Commission is composed of ten members, two of whom are from each of the following counties: Allendale, Bamberg, Barnwell, Colleton, and Hampton. The members are appointed by the Governor upon the recommendation of a majority of the Legislative Delegations from the respective counties. The Commission's purpose is the encouragement of higher education in the respective counties and adjacent areas and, more specifically, the establishment of facilities to offer standard freshman and sophomore University courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Allendale, Bamberg, Barnwell, Colleton, and Hampton counties to accomplish these objectives. The Commission paid expenditures on behalf of the University of South Carolina Salkehatchie (USC Salkehatchie) of \$159,781 for the fiscal year ended June 30, 2021. The Commission allows the use of its land and buildings to USC Salkehatchie at no cost. USC Salkehatchie provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2021, the Commission had a net position of \$311,461.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 13 - RISK MANAGEMENT

The University has implemented a comprehensive Enterprise Risk Management (ERM) and Insurance program which incorporates the fundamentals of risk identification, risk assessment, risk treatment, risk monitoring and risk review. Currently, the Columbia campus has established an ERM process using the guidance of International Standards Organization (ISO) 3100-2018 "Risk Management - Guidelines". ISO provides principles, framework and process for managing any form of risk in a systematic, transparent and credible manner. The ERM and Insurance program is committed to: preventing adverse claim experience through training, education and inspection; advising and assisting University managers in identifying potential risks and losses; advising and assisting University managers in implementing controls to mitigate risks; and procuring appropriate insurance policies. The University mitigates the financial consequences of physical, human, and financial loss by purchasing insurance through the State Fiscal Accountability Authority Office of the Insurance Reserve Fund (IRF). As needed, the IRF policies are supplemented by the purchase of policies through the private insurance market. Several sections of the South Carolina Code of Laws authorize and require the State Fiscal Accountability Authority, through the IRF, to provide insurance to governmental entities. These statutes in turn require most state entities to purchase insurance through the IRF. These sections include:

Title 1 - Administration of Government, Section 1-11-140 - 141. Authority to provide tort liability insurance to governmental entities, their employees, and charitable medical facilities.

Title 1 - Administration of Government: Section 1-11-147. Automobile Liability Reinsurance.

Title 10 - Public Buildings and Property: Section 10-7-10 through 10-7-40. Authority to insure public buildings and contents.

Title 10 - Public Buildings and Property: Section 10-7-12. Authority to purchase reinsurance.

Title 10 - Public Buildings and Property: Section 10-7-130. Authority to hold monies paid as premiums for the purpose of paying Insured losses.

Title 11 - Public Finance: Section 11-9-75. Debt Collection Procedures.

Title 15 - Civil Remedies and Procedures: Section 15-78-10 through 15-78-150. S.C. Governmental Tort Claims Act. Authority to provide liability insurance.

Title 38 - Insurance: Section 38-13-190. Requires South Carolina Insurance Department Audits of Insurance Reserve Fund Finance.

Title 59 - Education: Section 59-67-710 & 59-67-790. Authority to insure school buses and pupils transported by school bus.

Title 59 - Education: Section 59-67-790. Pupil Injury Fund.

The IRF functions as a governmental insurance operation with the mission to provide insurance specifically designed to meet the needs of governmental entities at the lowest possible cost. The IRF operates like an insurance company, by issuing policies, collecting premiums (based on actuarially calculated rates), and by paying claims from the accumulated premiums in accordance with the terms and conditions of the insurance policies it has issued.

All premiums received by the IRF are deposited with the Office of the State Treasurer where the funds are maintained as the IRF Trust Account. By statutory requirement, these funds are to be used to pay claims and operating expenses of the fund. The Office of the State Treasurer is responsible for investing these funds. The costs of settled claims have not exceeded the University's insurance coverage in any of the past three years.

The IRF uses no agents, brokers, or advertising, and does not actively solicit accounts. The lack of a profit motive and the lack of acquisition expenses such as agents' commissions, along with the use of the investment income in rate determination allow the IRF to maintain the lowest possible rate structure. Not all governmental entities elect to purchase their insurance through the IRF. The South Carolina Tort Claims Act allows political subdivisions of the State access to other mechanisms to meet their insurance needs at their discretion. Some entities participate in other self-insurance pools, some purchase commercial insurance, and some elect to self-insure their insurance exposures.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 13 - RISK MANAGEMENT, Continued

The various types of insurance policies maintained by the University include: Building and Personal Property, Inland Marine, Ocean Marine, Data Processing Equipment, Business Interruption, Builders' Risk, Automobile, Aircraft, Directors and Officers Liability, General Tort Liability, Cyber Liability, Medical Professional Liability, Employee Crime, and Workers' Compensation.

NOTE 14 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification are summarized as follows:

	Salaries and Wages	Fringe Benefits	Services and Supplies	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 301,669,149	\$ 107,869,062	\$ 42,914,292	\$ 58,810	\$ 1,542,611	\$ -	\$ 454,053,924
Research	65,760,578	24,915,501	45,431,593	42,087	946,261	-	137,096,020
Public service	36,695,951	12,931,195	30,507,837	27,529	657,240	-	80,819,752
Academic support	48,888,598	17,722,200	42,033,118	6,933	27,180	-	108,678,029
Student services	39,369,945	14,228,870	18,056,448	1,197,914	276,674	-	73,129,851
Institutional support	53,077,282	19,863,265	16,297,601	5,823	25,372	-	89,269,343
Operation and plant maintenance	29,268,301	12,143,981	45,254,791	19,701,821	5,009	-	106,373,903
Auxiliary enterprises	70,942,271	18,102,284	64,548,917	8,519,541	1,816,773	-	163,929,786
Scholarships and fellowships	64,902	1,708,315	71,282	-	53,686,007	-	55,530,506
Depreciation	-	-	-	-	-	79,124,151	79,124,151
Pension and OPEB expense	-	108,666,412	-	-	-	-	108,666,412
Total operating expenses	\$ 645,736,977	\$ 338,151,085	\$ 305,115,879	\$ 29,560,458	\$ 58,983,127	\$ 79,124,151	\$ 1,456,671,677

NOTE 15 - ENDOWMENTS AND SIMILAR FUNDS

The University's endowment funds and type consist of the following:

Net Position Classification	True Endowment	Quasi Endowment	Total
Restricted - nonexpendable	\$ 87,800,878	\$ -	\$ 87,800,878
Unrestricted	-	40,669,617	40,669,617
Total	\$ 87,800,878	\$ 40,669,617	\$ 128,470,495

NOTE 16 - SIEMENS PRODUCT LIFESTYLE MANAGEMENT SOFTWARE

On July 7, 2017, the University of South Carolina was notified by Siemens Product Lifecycle Management Software that it was the recipient of an academic grant for site licenses valued at \$628,883,890. This will be considered a non-capitalized gift-in-kind. \$116,666,288 was awarded in the fiscal year ended June 30, 2021. The award for the final year is as follows:

2022	\$ 116,666,288
	\$ 116,666,288

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 17 – COVID-19 AND RELATED SUBSEQUENT EVENTS

COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally, and locally. It is unknown the extent to which COVID-19 may continue to spread, may have a destabilizing effect on financial and economic activity, may increasingly have the potential to negatively impact the University and student costs, and may affect the demand for University products and services. These conditions could adversely affect the University's operations and financial condition. Further, COVID-19 may result in health or other government authorities requiring the closure of the University which could significantly disrupt the University's operations for both academics and athletics. The extent of the adverse impact of COVID-19 on the University cannot be predicted at this time. The University continues to monitor and work with all partners to mitigate risks and respond responsibly to COVID-19.

The University began the Fall 2021 semester with a return to normal operations for both academics and athletics. The University had no tuition increases for 2021-2022 academic year as the state continued to provide support to higher education as a tuition mitigation strategy. After a challenging year due to the national pandemic when some students chose to delay their pursuit of higher education, new student enrollment has rebounded to pre-pandemic levels, making up for a slight drop of continuing students in the Fall 2021. Early indicators show overall enrollment for the University is even with last year due to an increase in new undergraduate students and graduate students.

In late 2021, the University was awarded \$101.5 million in Higher Education Emergency Relief Funds (HEERF) authorized by the American Rescue Plan. The award includes \$51.9 million to be used to provide emergency financial aid grants to students, \$48.0 million in institutional funds for COVID-19 related costs associated with the ongoing public health and safety risks to the campuses, and \$1.5 million in strengthening institutions funds to be used towards students or public health. The University will continue to examine the potential impacts of COVID-19 on the University and making policy recommendations concerning the safety of students and employees on campus and to surrounding communities and utilize institutional funds to defray any cost to mitigate any ongoing public health and safety risks. Since June 30, 2021, the University issued \$20.3 million in emergency financial aid grants to students and will continue to disburse funds in Fall 2021 and remaining funds in Spring 2022.

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Required Supplementary Information

to the Financial Statements

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UNIVERSITY OF SOUTH CAROLINA
Schedule of the University's Proportionate Share of the Net Pension Liability
As of June 30

South Carolina Retirement System (SCRS)					
For the Year	University's Proportion of the Net Pension Liability	University's Proportionate Share of the Net Pension Liability	University's Covered Payroll During the Measurement Period	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	4.271173%	\$ 1,091,360,231	\$ 290,807,945	375.29%	50.70%
2020	4.310566%	984,280,973	282,920,119	347.90%	54.40%
2019	4.290247%	961,307,644	282,488,211	340.30%	54.10%
2018	4.167883%	938,282,339	279,360,816	335.87%	53.30%
2017	4.057192%	866,637,424	266,242,277	325.51%	52.91%
2016	4.074340%	772,745,350	259,539,897	297.74%	56.99%
2015	4.086408%	703,562,633	254,916,138	276.00%	59.92%
2014	4.086408%	732,955,826	250,774,743	292.28%	56.39%

Police Officers Retirement System (PORS)					
For the Year	University's Proportion of the Net Pension Liability	University's Proportionate Share of the Net Pension Liability	University's Covered Payroll During the Measurement Period	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.560656%	\$ 18,592,551	\$ 8,427,441	220.62%	58.80%
2020	0.586371%	16,805,038	8,569,379	196.11%	62.70%
2019	0.565259%	16,016,847	7,928,895	202.01%	61.70%
2018	0.542530%	14,862,802	7,291,336	203.84%	60.90%
2017	0.516784%	13,108,096	6,589,396	198.93%	60.44%
2016	0.523020%	11,399,093	6,497,348	175.44%	64.57%
2015	0.527400%	10,102,838	6,360,804	158.83%	67.55%
2014	0.527400%	10,932,795	5,934,668	184.22%	62.98%

This schedule is intended to show ten years of comparative data. Additional years will be added to the schedule as they become available.

UNIVERSITY OF SOUTH CAROLINA
Schedule of the University's Contributions
Related to the Pension Liability
For the Years Ended June 30

South Carolina Retirement System (SCRS)						
For the Year	Contractually Required Contribution	Contributions Made to Pension Plan	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Portion of Covered Payroll	
2021	\$ 69,466,008	\$ 69,466,008	\$ -	\$ 289,811,289	23.97%	
2020	69,325,682	69,325,682	-	290,807,945	23.84%	
2019	61,758,365	61,758,365	-	282,920,119	21.83%	
2018	55,930,269	55,930,269	-	282,488,211	19.80%	
2017	48,557,480	48,557,480	-	279,360,816	17.38%	
2016	43,476,291	43,476,291	-	266,242,277	16.33%	
2015	41,640,003	41,640,003	-	259,539,897	16.04%	
2014	39,325,215	39,325,215	-	254,916,138	15.43%	

Police Officers Retirement System (PORS)						
For the Year	Contractually Required Contribution	Contributions Made to Pension Plan	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Portion of Covered Payroll	
2021	\$ 1,295,723	\$ 1,295,723	\$ -	\$ 7,495,728	17.29%	
2020	1,435,502	1,435,502	-	8,427,441	17.03%	
2019	1,397,134	1,397,134	-	8,569,379	16.30%	
2018	1,275,284	1,275,284	-	7,928,895	16.08%	
2017	1,038,286	1,038,286	-	7,291,336	14.24%	
2016	905,383	905,383	-	6,589,396	13.74%	
2015	868,899	868,899	-	6,497,348	13.37%	
2014	814,472	814,472	-	6,360,804	12.80%	

This schedule is intended to show ten years of comparative data. Additional years will be added to the schedule as they become available.

UNIVERSITY OF SOUTH CAROLINA
Schedule of the University's Proportionate Share of the Net OPEB Liability
As of June 30

South Carolina Retiree Health Insurance Trust Fund (SCRHITF)						
For the Year	University's Proportion of the Net OPEB Liability	University's Proportionate Share of the Net OPEB Liability	University's Covered Payroll During the Measurement Period	University's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	
2021	6.190479%	\$ 1,117,472,077	\$ 573,447,183	194.87%	8.39%	
2020	6.338839%	958,529,395	555,380,041	172.59%	8.44%	
2019	6.456708%	914,953,998	548,356,852	166.85%	7.91%	
2018	6.339136%	858,625,715	535,242,866	160.42%	7.60%	
2017	6.339136%	917,186,333	506,294,863	181.16%	7.60%	

This schedule is intended to show ten years of comparative data. Additional years will be added to the schedule as they become available. The SCLTDITF is considered immaterial and is not included in the university financial statements.

UNIVERSITY OF SOUTH CAROLINA
Schedule of the University's Contributions
Related to the OPEB Liability
For the Years Ended June 30

South Carolina Retiree Health Insurance Trust Fund (SCRHITF)						
For the Year	Contractually Required Contribution	Contributions Made to Plan	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll	
2021	\$ 35,137,694	\$ 35,137,694	\$ -	\$ 572,159,591	6.14%	
2020	33,341,800	33,341,800	-	573,447,183	5.81%	
2019	33,499,169	33,499,169	-	555,380,041	6.03%	
2018	29,477,021	29,477,021	-	548,356,852	5.38%	
2017	28,528,445	28,528,445	-	535,242,866	5.33%	

This schedule is intended to show ten years of comparative data. Additional years will be added to the schedule as they become available. The SCLTDITF is considered immaterial and is not included in the University financial statements.



Supplementary Information

to the Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Columbia Campus Athletics Department
Schedule of Funds Available for Debt Service
For Fiscal Year Ending June 30, 2021

REVENUES

Admissions/Ticket Sales ⁽¹⁾	\$ 4,181,152
Student Athletic Fees	2,900,296
Guarantees	21,850
Contributions	14,130,910
NCAA / SEC Conference Distribution	75,851,444
Media Rights	1,984,078
Direct Institutional Support	31,480,343
Program, Concession, Novelty, Parking	1,305,254
Royalties, Licensing, Advertising Sponsorship	13,507,732
Endowment and Investment Income	260,299
Other Operating	2,150,543
Total Revenues	147,773,901

EXPENSES

Athletics Student Aid - Grants/Scholarships	15,893,820
Guarantees	116,536
Personnel	64,953,280
Recruiting	372,977
Team Travel	4,840,281
Equipment, Uniforms and Supplies	3,576,564
Game Services	5,382,241
Fund Raising, Marketing, and Promotion	416,971
Sports Camps	99,824
Direct Facilities and Administrative Support	13,314,411
Spirit Groups	160,297
Medical and Insurance	3,516,694
Memberships and Dues	116,867
Student Athlete Meals	962,028
Other Services	4,120,929
Total Expenses	117,843,720

Net Revenues	29,930,181
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Mandatory Transfers	36,191
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Net Revenues after Mandatory Transfers	29,893,990
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Other Receipts:

Admissions Fees	768,517
Special Student Fees	2,127,173
Interest and Miscellaneous	141,284
Total Other Receipts	3,036,974

Total Funds Available for Debt Service	\$ 32,930,964
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⁽¹⁾ Excludes Admissions Fees



Statistical Section

(Unaudited)

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UNIVERSITY OF SOUTH CAROLINA Statistical Section

This section of the University of South Carolina Comprehensive Annual Financial Report presents detailed data as context for understanding and analyzing the information provided in the financial statements, note disclosures and required supplementary information. This supporting documentation conveys a broad perspective on the University's and State of South Carolina's financial condition.

Financial Trends

94-98

These schedules contain trend information to help the reader understand how the University's financial performance has changed over time.

- Schedule of Revenues By Source
- Schedule of Expenses By Use
- Schedule of Expenses By Function
- Schedule of Net Position and Changes in Net Position

Debt Capacity

99-101

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and its ability to issue additional debt in the future.

- Schedule of Ratios of Outstanding Debt
- Schedule of Bond Coverage

Operating Information

102-108

These schedules contain information about the University's operations and resources to help the reader understand how the University's financial information relates to the services it provides.

- Schedule of Capital Asset Information
- Schedule of Enrollment Statistics
- Schedule of Degree Data
- Schedule of Admissions Statistics
- Faculty and Staff Statistics
- Undergraduate Required Tuition and Fees – Resident
- Undergraduate Required Tuition and Fees – Nonresident

Demographic and Economic Information

109-110

These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place and to help make comparisons over time.

- State of South Carolina Demographic Statistics
- State of South Carolina Ten Largest Employers

Sources: Unless otherwise noted, the information in these schedules is derived from the Financial Statements for the relevant years.

UNIVERSITY OF SOUTH CAROLINA
Schedule of Revenues By Source

(amounts expressed in thousands)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Student tuition and fees (net of scholarship allowances)	\$ 571,615	\$ 584,675	\$ 572,919	\$ 552,222	\$ 520,904	\$ 481,768	\$ 448,058	\$ 407,914	\$ 383,366	\$ 359,234
Federal grants and contracts	262,124	155,869	140,512	126,683	107,649	136,661	138,914	128,485	128,745	135,957
State grants and contracts	134,160	127,858	123,753	119,391	123,775	93,079	87,638	88,354	85,610	80,832
Local grants and contracts	1,221	1,117	1,525	1,163	1,278	1,365	1,208	1,167	1,329	1,337
Nongovernmental grants and contracts	54,234	39,626	47,496	42,396	39,518	32,854	36,704	38,818	34,932	38,481
Sales and services of educational and other activities	22,452	32,717	33,955	30,077	33,535	32,837	30,902	29,609	27,263	26,500
Sales and services of auxiliary enterprises (net of scholarship allowances)	174,981	170,329	186,678	186,207	168,127	161,143	146,693	131,836	128,220	125,215
Interest collected on student loans	277	324	342	297	271	295	305	333	301	328
Other fees	8,419	14,264	13,441	11,569	10,946	9,778	9,850	9,143	5,982	5,967
Other operating revenues	5,094	5,710	7,481	3,098	2,466	5,240	3,980	3,629	5,450	5,465
Total Operating Revenues	1,234,577	1,132,489	1,128,102	1,073,103	1,008,469	955,020	904,252	839,288	801,198	779,316
State appropriations	204,191	201,725	175,649	163,371	158,735	149,059	147,512	144,295	136,401	118,333
Federal grants	54,321	56,030	57,831	57,365	50,127	52,293	52,452	52,113	52,618	53,320
Gifts	33,721	45,065	47,750	55,519	53,891	42,160	45,548	46,444	43,918	38,401
Investment income	5,809	11,944	11,260	4,184	2,533	3,641	2,630	2,342	2,465	7,823
Endowment income (loss)	(939)	14,611	13,550	(180)	2,897	6,862	3,144	6,250	3,392	6,679
Other nonoperating revenues	-	-	-	-	-	-	31,500	12,270	-	-
Gain on disposal of capital assets	1,568	-	587	-	-	-	-	-	-	-
Total Nonoperating Revenues	298,671	329,375	306,627	280,259	268,183	254,015	282,786	263,714	238,794	224,556
Total Revenues	\$ 1,533,248	\$ 1,461,864	\$ 1,434,729	\$ 1,353,362	\$ 1,276,652	\$ 1,209,035	\$ 1,187,038	\$ 1,103,002	\$ 1,039,992	\$ 1,003,872

UNIVERSITY OF SOUTH CAROLINA
Schedule of Revenues By Source

(percent of total revenues)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Student tuition and fees (net of scholarship allowances)	38%	39%	40%	41%	41%	40%	38%	37%	37%	36%
Federal grants and contracts	17%	11%	10%	9%	8%	11%	12%	12%	12%	13%
State grants and contracts	9%	9%	9%	9%	10%	8%	7%	8%	8%	8%
Local grants and contracts	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nongovernmental grants and contracts	4%	3%	3%	3%	3%	3%	3%	3%	3%	4%
Sales and services of educational and other activities	1%	2%	2%	2%	3%	3%	3%	3%	3%	3%
Sales and services of auxiliary enterprises (net of scholarship allowances)	11%	12%	13%	14%	13%	13%	12%	12%	12%	12%
Interest collected on student loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other fees	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Other operating revenues	0%	0%	1%	0%	1%	1%	0%	0%	1%	1%
Total Operating Revenues	81%	77%	79%	79%	80%	80%	76%	76%	77%	78%
State appropriations	13%	14%	12%	12%	12%	12%	13%	13%	14%	11%
Federal grants	4%	4%	4%	4%	4%	4%	4%	5%	5%	5%
Gifts	2%	3%	3%	4%	4%	3%	4%	4%	4%	4%
Investment income	0%	1%	1%	1%	0%	0%	0%	0%	0%	1%
Endowment income (loss)	0%	1%	1%	0%	0%	1%	0%	1%	0%	1%
Other nonoperating revenues	0%	0%	0%	0%	0%	0%	3%	1%	0%	0%
Gain on disposal of capital assets	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Nonoperating Revenues	19%	23%	21%	21%	20%	20%	24%	24%	23%	22%
Total Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

UNIVERSITY OF SOUTH CAROLINA
Schedule of Expenses By Use

(amounts expressed in thousands)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Salaries and fringe benefits	\$ 983,888	\$ 949,028	\$ 896,681	\$ 857,594	\$ 820,418	\$ 770,921	\$ 736,540	\$ 707,316	\$ 677,157	\$ 636,503
Services and supplies	305,116	339,933	344,703	311,223	292,965	278,641	269,855	248,900	235,707	223,142
Utilities	29,561	29,955	31,069	37,641	34,715	34,526	34,936	34,605	31,090	29,515
Scholarships and fellowships	58,983	51,310	34,130	29,604	28,177	21,756	17,952	18,946	19,960	20,206
Depreciation	79,124	77,438	71,611	68,990	65,473	60,566	66,354	62,340	53,334	51,253
Total Operating Expenses	1,456,672	1,447,664	1,378,194	1,305,052	1,241,748	1,166,410	1,125,637	1,072,107	1,017,248	960,619
Loss on disposal of capital assets	-	928	-	2,258	12,489	136	2,249	720	14,313	575
Interest on capital asset related debt	12,871	14,859	14,517	15,662	18,691	23,881	22,178	18,648	18,762	19,025
Total Nonoperating Expenses	12,871	15,787	14,517	17,920	31,180	24,017	24,427	19,368	33,075	19,600
Total Expenses	\$ 1,469,543	\$ 1,463,451	\$ 1,392,711	\$ 1,322,972	\$ 1,272,928	\$ 1,190,427	\$ 1,150,064	\$ 1,091,475	\$ 1,050,323	\$ 980,219

(percent of total expenses)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Salaries and fringe benefits	67%	65%	65%	65%	64%	65%	64%	65%	65%	65%
Services and supplies	21%	23%	25%	24%	23%	23%	23%	23%	22%	23%
Utilities	2%	2%	2%	3%	3%	3%	3%	3%	3%	3%
Scholarships and fellowships	4%	4%	2%	2%	2%	2%	2%	2%	2%	2%
Depreciation	5%	5%	5%	5%	5%	5%	6%	5%	5%	5%
Total Operating Expenses	99%	99%	99%	99%	97%	98%	98%	98%	97%	98%
Loss on disposal of capital assets	0%	0%	0%	0%	1%	0%	0%	0%	1%	0%
Interest on capital asset related debt	1%	1%	1%	1%	2%	2%	2%	2%	2%	2%
Other nonoperating expenses	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Nonoperating Expenses	1%	1%	1%	1%	3%	2%	2%	2%	3%	2%
Total Expenses	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

UNIVERSITY OF SOUTH CAROLINA
Schedule of Expenses By Function

(amounts expressed in thousands)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Instruction	\$ 454,054	\$ 466,159	\$ 458,854	\$ 450,545	\$ 433,832	\$ 390,960	\$ 371,938	\$ 361,122	\$ 338,336	\$ 315,093
Research	137,096	137,550	145,706	131,526	134,846	121,960	121,913	118,274	117,024	116,169
Public service	80,820	72,951	59,528	65,851	63,819	66,361	64,519	54,273	57,162	57,305
Academic support	108,678	114,668	100,798	92,241	89,217	88,993	96,061	91,081	82,072	71,975
Student services	73,130	81,230	81,363	76,840	75,956	70,329	72,617	69,469	67,066	58,241
Institutional support	89,269	93,853	87,384	99,244	94,108	85,436	71,061	64,981	65,870	70,397
Operation and plant maintenance	106,374	110,938	108,980	126,394	119,293	119,626	104,374	103,108	97,133	86,999
Auxiliary enterprises	163,930	163,825	167,468	166,188	139,660	142,146	138,552	128,388	119,908	114,216
Scholarships and fellowships	55,531	48,087	30,578	27,233	25,544	20,033	18,248	19,071	19,343	18,971
Depreciation	79,124	77,438	71,611	68,990	65,473	60,566	66,354	62,340	53,334	51,253
Loss on disposal of capital assets	-	928	-	2,258	12,489	136	2,249	720	14,313	575
Interest on capital debt	12,871	14,859	14,517	15,662	18,691	23,881	22,178	18,648	18,762	19,025
Pension and OPEB expense	108,666	80,965	65,924	-	-	-	-	-	-	-
Total Expenses	\$ 1,469,543	\$ 1,463,451	\$ 1,392,711	\$ 1,322,972	\$ 1,272,928	\$ 1,190,427	\$ 1,150,064	\$ 1,091,475	\$ 1,050,323	\$ 980,219

(percent of total expenses)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Instruction	31%	32%	34%	34%	34%	33%	32%	33%	32%	32%
Research	10%	9%	10%	10%	11%	10%	11%	11%	11%	12%
Public service	5%	5%	4%	5%	5%	6%	6%	5%	6%	6%
Academic support	8%	8%	7%	7%	7%	7%	8%	8%	8%	7%
Student services	5%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Institutional support	6%	6%	6%	7%	7%	7%	6%	6%	6%	7%
Operation and plant maintenance	7%	8%	8%	10%	9%	10%	9%	9%	9%	9%
Auxiliary enterprises	11%	11%	12%	13%	11%	12%	12%	12%	12%	12%
Scholarships and fellowships	4%	3%	2%	2%	3%	2%	2%	2%	2%	2%
Depreciation	5%	5%	5%	5%	5%	5%	6%	6%	5%	5%
Loss on disposal of capital assets	0%	0%	0%	0%	1%	0%	0%	0%	1%	0%
Interest on capital debt	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%
Pension and OPEB expense	7%	6%	5%	0%	0%	0%	0%	0%	0%	0%
Total Expenses	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

UNIVERSITY OF SOUTH CAROLINA
Schedule of Net Position and Changes in Net Position

(amounts expressed in thousands)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total revenues (from schedule of revenues by source)	\$ 1,533,248	\$ 1,461,864	\$ 1,434,729	\$ 1,353,362	\$ 1,276,652	\$ 1,209,035	\$ 1,187,038	\$ 1,103,002	\$ 1,039,992	\$ 1,003,872
Total expenses (from schedule of expenses by use and function)	(1,469,543)	(1,463,451)	(1,392,711)	(1,322,972)	(1,272,928)	(1,190,427)	(1,150,064)	(1,091,475)	(1,050,323)	(980,219)
Income (loss) before other revenues, and transfers	63,705	(1,587)	42,018	30,390	3,724	18,608	36,974	11,527	(10,331)	23,653
State capital appropriations	6,567	20,397	11,069	272	3,153	23,681	8,175	13,810	11,430	2,585
Capital grants and gifts	6,241	8,710	20,184	27,070	14,717	3,466	26,654	10,555	8,007	11,416
Additions to permanent endowments	1,643	53	477	3,567	2,000	361	2,970	4,725	1,674	5,384
Transfers to other state funds, net	-	-	-	-	-	-	-	-	-	(1,468)
Total changes in net position	78,156	27,573	73,748	61,299	23,594	46,116	74,773	40,617	10,780	41,570
Net position, beginning, as originally stated	(72,729)	(100,302)	(174,050)	695,371	671,777	625,661	1,254,637	1,214,020	1,203,240	1,161,670
Restatement	-	-	-	(930,720)	-	-	(703,749)	-	-	-
Net position, beginning, as restated	(72,729)	(100,302)	(174,050)	(235,349)	671,777	625,661	550,888	1,214,020	1,203,240	1,161,670
Net Position, Ending	5,427	\$ (72,729)	\$ (100,302)	\$ (174,050)	\$ 695,371	\$ 671,777	\$ 625,661	\$ 1,254,637	\$ 1,214,020	\$ 1,203,240
Net investment in capital assets	807,689	\$ 869,496	\$ 855,079	\$ 817,715	\$ 776,825	\$ 757,731	\$ 747,327	\$ 701,292	\$ 671,053	\$ 569,666
Restricted - nonexpendable	87,801	85,738	86,795	85,425	84,984	82,789	82,077	79,285	73,766	72,136
Restricted - expendable	237,313	160,681	168,324	135,216	132,300	140,036	129,704	137,629	121,396	200,308
Unrestricted	(1,127,376)	(1,188,644)	(1,210,500)	(1,212,406)	(298,738)	(308,779)	(333,447)	336,431	347,805	361,130
Total	\$ 5,427	\$ (72,729)	\$ (100,302)	\$ (174,050)	\$ 695,371	\$ 671,777	\$ 625,661	\$ 1,254,637	\$ 1,214,020	\$ 1,203,240

UNIVERSITY OF SOUTH CAROLINA
Schedule of Ratios of Outstanding Debt

(amounts expressed in thousands except for the FTE students and outstanding debt per student)

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
State institution bonds	\$ 128,040	\$ 143,020	\$ 154,920	\$ 166,955	\$ 138,660	\$ 147,990	\$ 159,830	\$ 116,035	\$ 109,355	\$ 117,715
Revenue bonds	390,310	221,260	232,150	242,540	254,820	272,520	280,065	288,140	295,415	264,725
Athletic facilities revenue bonds	162,830	167,545	173,600	178,200	186,280	151,270	154,750	119,250	121,915	124,450
Bond anticipation notes payable	-	-	-	-	-	-	-	-	-	-
Subtotal Bonds Payable	<u>681,180</u>	<u>531,825</u>	<u>560,670</u>	<u>587,695</u>	<u>579,760</u>	<u>571,780</u>	<u>594,645</u>	<u>523,425</u>	<u>526,685</u>	<u>506,890</u>
Unamortized bond premiums	116,798	71,820	76,579	80,114	67,828	48,022	43,472	33,459	33,906	31,725
Unamortized bond discounts	(142)	(155)	(168)	(180)	(542)	(571)	(600)	(628)	(657)	(685)
Unamortized loss on bond refunding ⁽¹⁾	-	-	-	-	-	-	-	-	(5,208)	(5,604)
Total Bonds Payable	<u>797,836</u>	<u>603,490</u>	<u>637,081</u>	<u>667,629</u>	<u>647,046</u>	<u>619,231</u>	<u>637,517</u>	<u>556,256</u>	<u>554,726</u>	<u>532,326</u>
Notes payable	362	403	493	98	144	190	265	399	604	1,467
Capital lease obligation	1,828	1,395	976	743	396	14,824	15,845	16,590	16,697	17,291
Total Outstanding Debt	<u>\$ 800,026</u>	<u>\$ 605,288</u>	<u>\$ 638,550</u>	<u>\$ 668,470</u>	<u>\$ 647,586</u>	<u>\$ 634,245</u>	<u>\$ 653,627</u>	<u>\$ 573,245</u>	<u>\$ 572,027</u>	<u>\$ 551,084</u>
Full Time Equivalent Students	46,568	46,727	46,067	45,641	44,646	44,229	43,167	42,065	41,097	40,475
Outstanding Debt per Student	\$ 17,180	\$ 12,954	\$ 13,861	\$ 14,646	\$ 14,505	\$ 14,340	\$ 15,142	\$ 13,628	\$ 13,919	\$ 13,615

Note: Outstanding debt per student calculated using Fall semester full-time equivalent student enrollment data for the last ten academic years.

Source: USC annual Bond Indebtedness Reports, annual Reports on Financial Statements, and Office of Institutional Research, Assessment and Analytics

⁽¹⁾ Due to the implementation of GASB 65, Unamortized Loss on Bond Refunding is no longer reported as part of the Bonds Payable liability. Beginning in fiscal year 2014, it is now classified as a Deferred Outflow of Resources on the Statement of Net Position.

UNIVERSITY OF SOUTH CAROLINA
Schedule of Bond Coverage
(amounts expressed in thousands)

State Institution Bonds

Fiscal Year Ended June 30,	Tuition and Matriculation Fees Available for Debt Service	Debt Service Requirements			Coverage Ratio
		Principal	Interest	Total	
2021	\$ 35,404	\$ 12,335	\$ 5,878	18,213	1.94
2020	35,492	11,900	6,588	18,488	1.92
2019	35,092	11,390	7,178	18,568	1.89
2018	34,643	11,155	7,296	18,451	1.88
2017	32,251	9,330	6,351	15,681	2.06
2016	31,865	11,840	6,525	18,365	1.74
2015	30,034	9,395	5,259	14,654	2.05
2014	28,810	8,510	4,600	13,110	2.20
2013	27,778	8,360	4,939	13,299	2.09
2012	26,111	8,255	4,955	13,210	1.98

Revenue Bonds

Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Annual Coverage Ratio	Additional Funds	Additional Funds Coverage Ratio ⁽¹⁾
				Principal	Interest	Total			
2021	\$ 69,135	\$ 50,489	\$ 18,646	\$ 8,610	\$ 8,150	16,760	1.11	\$ 868,546	52.94
2020	68,826	47,964	20,862	8,615	8,574	17,189	1.21	909,552	54.13
2019	77,112	48,166	28,946	8,225	8,964	17,189	1.68	883,920	53.11
2018	76,569	47,171	29,398	8,455	8,983	17,438	1.69	842,956	50.03
2017	66,662	41,752	24,910	7,560	9,146	16,706	1.49	792,355	48.92
2016	64,576	37,074	27,502	6,180	10,345	16,525	1.66	751,413	47.14
2015	62,249	36,441	25,808	8,075	10,451	18,526	1.39	699,171	39.13
2014	58,008	33,586	24,422	7,275	10,861	18,136	1.35	642,077	36.75
2013	54,711	31,895	22,816	6,495	9,398	15,893	1.44	610,187	39.83
2012	53,705	30,519	23,186	6,505	9,731	16,236	1.43	579,634	37.13

Special Revenue Bonds

Fiscal Year Ended June 30,	Revenue Available for Debt Service	Debt Service Requirements			Annual Coverage	Additional Funds	Additional Funds Coverage Ratio ⁽¹⁾
		Principal	Interest	Total			
2021	\$ 54,441	\$ 2,385	\$ 2,574	\$ 4,959	10.98	\$ 868,546	186.12
2020	69,205	2,275	2,688	4,963	13.94	909,552	197.21
2019	72,521	2,165	2,796	4,961	14.62	883,920	192.79
2018	76,196	2,080	2,865	4,945	15.41	842,956	185.88
2017	68,844	2,000	2,946	4,946	13.92	792,355	174.12
2016	68,807	1,945	3,008	4,953	13.89	751,413	165.60
2015	74,263	-	3,018	3,018	24.61	699,171	256.27
2014	73,562	-	3,018	3,018	24.37	642,077	237.12
2013	67,284	-	3,018	3,018	22.29	610,187	224.48
2012	70,425	-	159	159	442.92	579,634	4,088.42

Source: USC Annual Bond Indebtedness Reports and Annual Reports on Financial Statements.

⁽¹⁾ Additional funds coverage ratio has been added in fiscal year 2021 in accordance with the bond resolutions for Revenue and Special Revenue bonds.

UNIVERSITY OF SOUTH CAROLINA
Schedule of Bond Coverage
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Athletic Facilities Revenue Bonds		Net Athletic Revenues	Special Student Fee	Admissions Fees	Interest Earnings & Miscellaneous	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
	Athletic Revenues	Athletic Operating Expenses & Mandatory Transfers						Principal	Interest	Total	
2021	\$ 147,774	\$ 117,880	\$ 29,894	\$ 2,127	\$ 769	\$ 141	\$ 32,931	\$ 4,715	\$ 7,666	\$ 12,381	2.66
2020	127,854	119,804	8,050	2,173	6,557	197	16,977	4,810	7,953	12,763	1.33
2019	137,088	123,745	13,343	1,920	5,804	141	21,208	4,600	8,157	12,757	1.66
2018	137,383	122,376	15,007	1,862	3,929	219	21,016	4,475	7,665	12,140	1.73
2017	132,343	118,671	13,672	1,778	3,832	1,496	20,778	3,675	6,694	10,369	2.00
2016	120,086	105,948	14,138	1,765	3,516	195	19,614	3,480	7,269	10,749	1.82
2015	110,243	98,989	11,254	1,724	4,027	126	17,131	2,770	5,698	8,468	2.02
2014	98,620	89,014	9,606	1,691	4,072	161	15,530	2,665	5,639	8,304	1.87
2013	90,484	79,611	10,873	1,585	1,695	214	14,367	2,535	5,784	8,319	1.73
2012	87,608	79,628	7,980	1,551	1,709	262	11,502	2,195	5,436	7,631	1.51

UNIVERSITY OF SOUTH CAROLINA
Schedule of Capital Asset Information

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assignable Area By Room Use/Function Use Codes ⁽¹⁾										
Classrooms	418,397	422,597	422,677	437,814	438,912	432,238	485,392	433,447	468,616	418,613
Laboratories	1,215,833	1,208,067	1,157,861	1,117,807	1,107,059	1,078,722	1,034,664	950,490	982,770	983,826
Office, Support and Other	4,477,828	4,484,830	4,438,727	4,393,442	4,437,706	4,166,176	4,448,249	4,306,921	4,193,336	4,164,334
Auxiliary Services	3,786,353	3,829,258	3,823,662	3,784,269	4,158,803	4,172,001	3,872,022	3,865,428	3,627,060	3,589,702
Total Assignable Square Feet	9,898,411	9,944,752	9,842,927	9,733,332	10,142,480	9,849,137	9,840,327	9,556,286	9,271,782	9,156,475
Student Housing ⁽²⁾										
Traditional Residence Hall Beds	1,172	1,171	1,338	1,170	1,172	1,172	1,172	1,206	1,521	1,481
Suite-Style Hall Beds	3,113	3,110	3,015	3,122	3,111	3,295	3,295	3,299	2,982	2,972
Apartments and Apartment-Style Hall Beds	3,406	2,961	2,977	3,100	2,351	2,215	2,215	2,198	2,277	2,269
Units available	7,691	7,242	7,330	7,392	6,634	6,682	6,682	6,703	6,780	6,722
Units in use	6,093	7,206	7,283	7,302	6,573	6,643	6,593	6,539	6,739	6,658
Percent occupancy	79.2%	99.5%	99.4%	98.8%	99.1%	99.4%	98.7%	97.6%	99.4%	99.0%
Dining Facilities ⁽³⁾										
Locations	36	36	33	31	27	27	26	26	28	27
Average daily customers	9,117	19,481	19,476	18,719	18,664	18,664	18,557	12,776	15,667	13,902
Parking Facilities ⁽⁴⁾										
Parking spaces available	12,084	12,330	11,595	11,595	11,595	14,509	14,519	15,058	15,509	15,801
Parking permits issued to students	9,884	15,428	13,140	12,608	14,211	15,982	16,523	18,522	17,049	18,085
Parking permits issued to faculty/staff	5,473	7,602	5,897	5,925	6,192	7,211	7,283	6,594	6,112	6,244

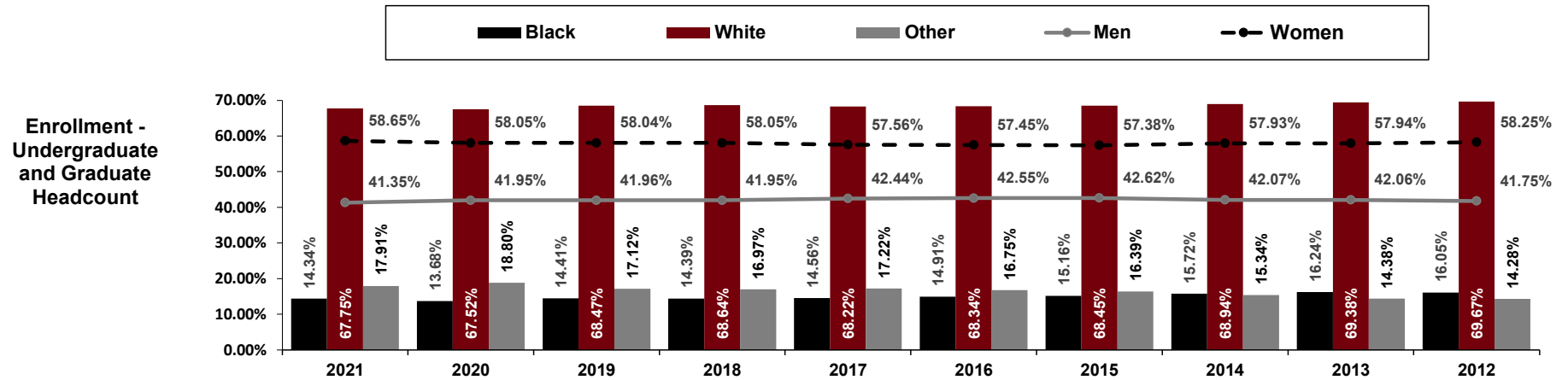
Notes:

- (1) Assignable Area by Room Use and Function Use Codes as annually reported to the South Carolina Commission on Higher Education. This is a combination of two reports.
- (2) Student Housing is available on the USC Columbia, USC Aiken, USC Beaufort and USC Upstate campuses. All of USC Beaufort and a portion of USC Upstate are outsourced. This reporting is USC Columbia only.
Columbia Student Housing bed count does not include 743 beds in the Greek Village. These facilities are on leased University land, but the facilities are not assets of the University.
Columbia Apartments and Apartment-Style Housing includes 767 beds leased from a private developer to accommodate the size of the freshman class.
- (3) Dining Facilities are available on the USC Columbia, USC Aiken, USC Beaufort, and USC Upstate campuses. All dining facilities are outsourced. This reporting is USC Columbia only.
- (4) Parking Facilities are available on all USC campuses. Only USC Columbia treats parking operations as an auxiliary enterprise. This reporting is USC Columbia only.
- (5) 2021 numbers reflect the impacts of the 2019 novel coronavirus (COVID-19).

UNIVERSITY OF SOUTH CAROLINA
Schedule of Enrollment Statistics
 Last Ten Academic Years

USC System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Undergraduate and Graduate FTE	46,568	46,727	46,067	45,641	44,646	44,229	43,167	42,065	41,097	40,475
Undergraduate and Graduate Head Count	52,604	52,633	51,439	51,130	50,099	49,449	48,167	46,672	46,264	45,774
Percentage of Men	41.35%	41.95%	41.96%	41.95%	42.44%	42.55%	42.62%	42.07%	42.06%	41.75%
Percentage of Women	58.65%	58.05%	58.04%	58.05%	57.56%	57.45%	57.38%	57.93%	57.94%	58.25%
Percentage of White	67.75%	67.52%	68.47%	68.64%	68.22%	68.34%	68.45%	68.94%	69.38%	69.67%
Percentage of African American or Black	14.34%	13.68%	14.41%	14.39%	14.56%	14.91%	15.16%	15.72%	16.24%	16.05%
Percentage of Other Race and Not Reported	17.91%	18.80%	17.12%	16.97%	17.22%	16.75%	16.39%	15.34%	14.38%	14.28%



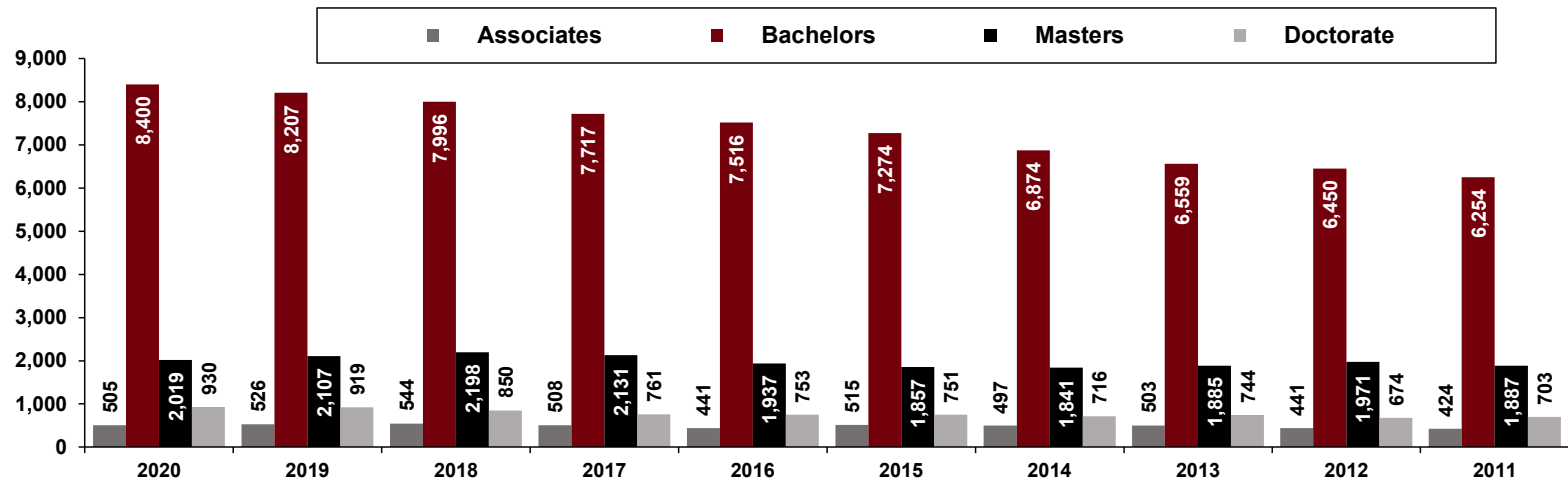
USC Columbia (including the SOMs)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Undergraduate and Graduate FTE	33,394	33,288	32,636	32,426	31,774	31,488	30,759	29,764	28,781	28,084
Undergraduate and Graduate Head Count	35,468	35,364	34,795	34,731	34,099	33,724	32,972	31,964	31,288	30,721
Percentage of Men	44.45%	44.88%	45.08%	44.58%	45.02%	44.80%	44.86%	44.79%	44.73%	44.70%
Percentage of Women	55.55%	55.12%	54.92%	55.42%	54.98%	55.20%	55.14%	55.21%	55.27%	55.30%
Percentage of White	72.04%	72.79%	73.39%	73.39%	73.84%	73.94%	73.92%	74.88%	74.89%	75.36%
Percentage of African American or Black	9.56%	8.81%	9.10%	9.40%	10.05%	10.43%	10.56%	11.08%	11.20%	10.95%
Percentage of Other Race and Not Reported	18.40%	18.40%	17.51%	17.21%	16.11%	15.63%	15.52%	14.04%	13.91%	13.69%

UNIVERSITY OF SOUTH CAROLINA
Schedule of Degree Data
 Last Ten Academic Years

USC System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Associates	505	526	544	508	441	515	497	503	441	424
Bachelors	8,400	8,207	7,996	7,717	7,516	7,274	6,874	6,559	6,450	6,254
Masters	2,019	2,107	2,198	2,131	1,937	1,857	1,841	1,885	1,971	1,887
Doctorate	930	919	850	761	753	751	716	744	674	703
Total Degrees Awarded	11,854	11,759	11,588	11,117	10,647	10,397	9,928	9,691	9,536	9,268



USC Columbia (including the SOMs)

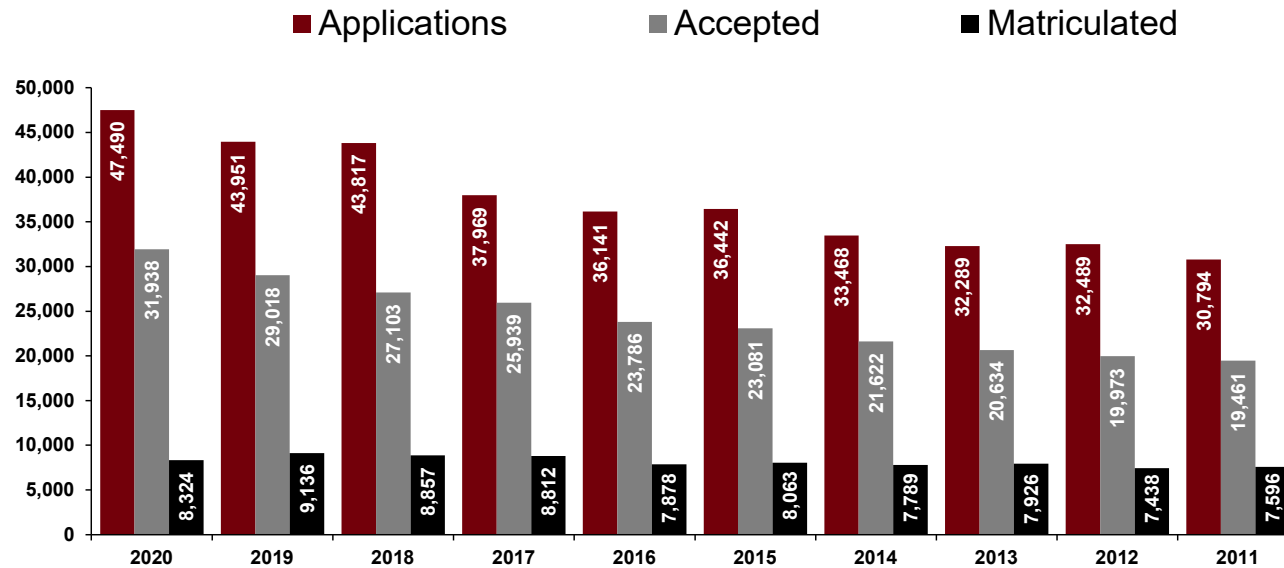
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Associates	4	-	2	6	3	4	4	4	7	6
Bachelors	6,154	6,039	5,868	5,675	5,529	5,427	4,948	4,629	4,577	4,462
Masters	1,927	2,048	2,158	2,094	1,910	1,827	1,809	1,855	1,941	1,870
Doctorate	930	919	850	761	753	751	716	744	674	703
Total Degrees Awarded	9,015	9,006	8,878	8,536	8,195	8,009	7,477	7,232	7,199	7,041

UNIVERSITY OF SOUTH CAROLINA COLUMBIA
Schedule of Admissions Statistics
 Last Ten Academic Years

USC System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of Applications Received	47,490	43,951	43,817	37,969	36,141	36,442	33,468	32,289	32,489	30,794
Number of Acceptances	31,938	29,018	27,103	25,939	23,786	23,081	21,622	20,634	19,973	19,461
Number of Students Matriculated	8,324	9,136	8,857	8,812	7,878	8,063	7,789	7,926	7,438	7,596
Accepted as a Percentage of Applicants	67.25%	66.02%	61.85%	68.32%	65.81%	63.34%	64.60%	63.90%	61.48%	63.20%
Enrolled as a Percentage of Accepted	26.06%	31.48%	32.68%	33.97%	33.12%	34.93%	36.02%	38.41%	37.24%	39.03%

**Admissions -
USC System
Applied,
Accepted and
Matriculated**



USC Columbia

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of Applications Received	34,995	31,268	30,889	26,019	25,057	25,736	23,341	23,035	23,429	21,311
Number of Acceptances	23,893	21,464	19,480	18,811	17,073	16,611	15,219	14,844	14,199	13,451
Number of Students Matriculated	5,742	6,286	5,854	5,880	5,110	5,156	4,980	5,046	4,625	4,636
Accepted as a Percentage of Applicants	68.28%	68.65%	63.06%	72.30%	68.14%	64.54%	65.20%	64.44%	60.60%	63.12%
Enrolled as a Percentage of Accepted	24.03%	29.29%	30.05%	31.26%	29.93%	31.04%	32.72%	33.99%	32.57%	34.47%
Median Combined SAT Score	1,241	1,270	1,275	1,254	1,215	1,210	1,210	1,207	1,199	1,190
South Carolina Average SAT Score	1,019	1,070	1,064	1,085	987	978	978	971	969	972

UNIVERSITY OF SOUTH CAROLINA
Faculty and Staff Statistics
Last Ten Academic Years

USC System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Faculty ⁽¹⁾										
Number of FTE Faculty	2,683	2,731	2,674	2,698	2,778	2,527	2,637	2,649	2,457	2,415
Number of Full-time Faculty	2,304	2,309	2,267	2,305	2,310	2,068	2,174	2,213	2,031	2,070
Number of Part-time Faculty	1,132	1,270	1,222	1,179	1,404	1,377	1,390	1,307	1,277	1,036
Number of Tenured Faculty	1,564	1,507	1,517	1,565	1,525	1,256	1,307	1,368	1,328	1,371
Tenure Ratio (%) Full-time	68%	65%	67%	68%	66%	61%	60%	62%	65%	66%
Total Employees ⁽²⁾										
Full-time FTE Position	6,286	6,411	6,285	6,263	6,267	6,084	6,106	6,053	5,914	5,789
Part-time FTE Position	65	68	71	73	71	82	86	101	107	107
Temporary	3,014	3,539	3,502	3,641	3,576	3,335	3,196	3,183	3,404	3,140
Research Grant	743	731	792	836	822	892	848	782	752	683
Students	5,699	7,702	7,902	7,462	7,256	7,345	7,147	7,337	6,990	6,907
Total Employees	15,807	18,451	18,552	18,275	17,992	17,738	17,383	17,456	17,167	16,626
Students per FTE										
Faculty	17.36	17.11	17.23	16.92	16.07	17.50	16.37	15.88	16.73	16.76
Full-time Employees	7.41	7.29	7.33	7.29	7.12	7.27	7.07	6.95	6.95	6.99

USC Columbia (including the SOMs)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Faculty ⁽¹⁾										
Number of FTE Faculty	1,903	1,911	1,886	1,914	1,999	1,869	1,974	1,948	1,767	1,719
Number of Full-time Faculty	1,693	1,689	1,667	1,701	1,707	1,581	1,666	1,689	1,520	1,525
Number of Part-time Faculty	631	665	658	640	877	864	923	776	742	581
Number of Tenured Faculty	1,126	1,111	1,092	1,113	1,105	944	982	1,035	992	1,004
Tenure Ratio (%) Full-time	67%	66%	66%	65%	65%	60%	59%	61%	65%	66%
Average Faculty Salary	\$98,857	\$96,362	\$97,074	\$96,576	\$95,825	\$93,074	\$89,967	\$88,005	\$86,552	\$83,236
Total Employees ⁽²⁾										
Full-time FTE Position	4,907	5,027	4,959	4,932	4,941	4,722	4,799	4,730	4,633	4,503
Part-time FTE Position	55	57	58	67	66	78	78	92	96	93
Temporary	2,089	2,451	2,450	2,619	2,573	2,366	2,275	2,242	2,445	2,206
Research Grant	720	706	763	802	787	864	819	753	720	646
Students	4,946	6,583	6,732	6,296	6,126	6,217	6,003	6,114	5,803	5,743
Total Employees	12,717	14,824	14,962	14,716	14,493	14,247	13,974	13,931	13,697	13,191
Students per FTE										
Faculty	17.55	17.42	17.30	16.94	15.89	16.85	15.58	15.28	16.29	16.34
Full-time Employees	6.81	6.62	6.58	6.57	6.43	6.67	6.41	6.29	6.21	6.24

Notes:

(1) USC Columbia Faculty Data and System Faculty Data compiled annually by the Office of Institutional Research, Assessment and Analytics in October of each year.

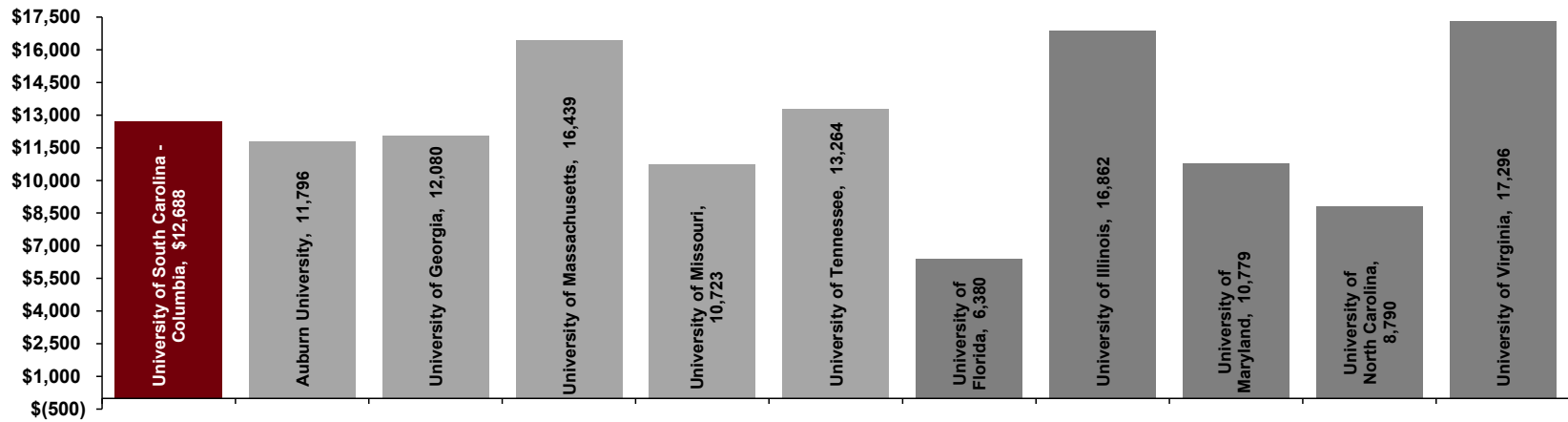
(2) Total USC Columbia Employees and Total System Employees compiled annually by Human Resources in October of each year.

(3) Average Faculty Salary is based on Full-Time, Non-Medical School Instructional Faculty

UNIVERSITY OF SOUTH CAROLINA
Undergraduate Required Tuition and Fees - Resident
 Comparison to Peer and Peer-Aspirant Institutions

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Undergraduate Resident										
University of South Carolina - Columbia	\$ 12,688	\$ 12,688	\$ 12,616	\$ 12,262	\$ 11,854	\$ 11,482	\$ 11,158	\$ 10,816	\$ 10,488	\$ 10,168
Peer Institutions										
Auburn University	11,796	11,492	11,276	10,968	10,696	10,424	10,200	9,852	9,446	8,698
University of Georgia	12,080	12,080	11,830	11,818	11,634	11,622	10,836	10,262	9,842	9,472
University of Massachusetts	16,439	16,389	15,887	15,411	14,971	14,171	13,443	13,443	13,415	12,797
University of Missouri	10,723	10,477	9,972	11,008	10,716	10,586	10,286	9,415	9,257	8,989
University of Tennessee	13,264	13,264	13,006	12,970	12,724	12,186	11,876	11,194	9,092	8,396
Peer-Aspirant Institutions										
University of Florida	6,380	6,380	6,380	6,380	6,380	6,310	6,310	6,263	6,143	5,657
University of Illinois	16,862	16,210	16,004	15,074	15,058	15,054	15,020	14,750	14,522	13,838
University of Maryland	10,779	10,779	10,595	10,399	10,181	9,996	9,427	9,162	8,908	8,655
University of North Carolina	8,790	8,750	8,987	8,989	8,834	8,591	8,336	8,340	7,693	7,008
University of Virginia	17,296	17,266	16,734	16,068	15,714	14,476	13,111	12,466	12,216	11,786

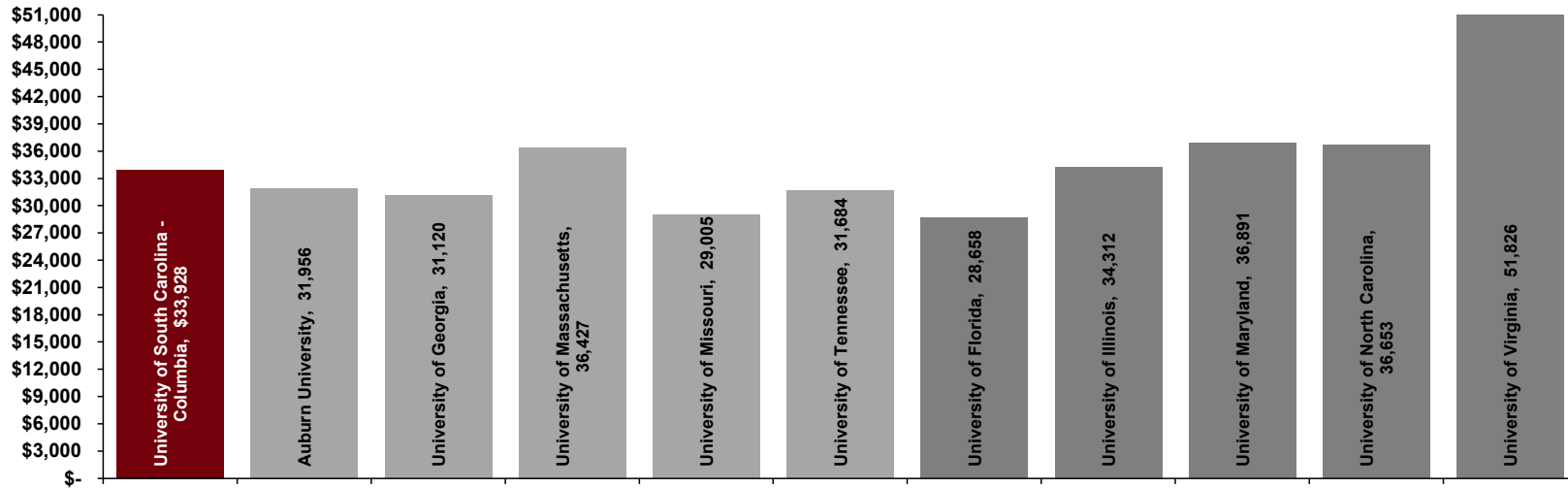
Undergraduate Tuition and Fees - Resident



UNIVERSITY OF SOUTH CAROLINA
Undergraduate Required Tuition and Fees - Nonresident
 Comparison to Peer Institutions

For the Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Undergraduate Nonresident										
University of South Carolina - Columbia	\$ 33,928	\$ 33,928	\$ 33,298	\$ 32,362	\$ 31,282	\$ 30,298	\$ 29,440	\$ 28,528	\$ 27,644	\$ 26,352
Peer Institutions										
Auburn University	31,956	31,124	30,524	29,640	28,840	28,040	27,384	26,364	25,190	23,920
University of Georgia	31,120	31,120	30,404	30,392	29,844	29,832	29,046	28,472	28,052	27,682
University of Massachusetts	36,427	35,710	34,570	33,477	32,204	30,504	28,998	28,159	26,830	25,585
University of Missouri	29,005	28,348	27,042	26,596	25,998	25,198	24,312	23,764	23,366	21,784
University of Tennessee	31,684	31,684	31,426	31,390	31,144	30,636	30,326	29,684	27,582	25,538
Peer-Aspirant Institutions										
University of Florida	28,658	28,658	28,658	28,658	28,658	28,588	28,588	28,540	28,420	27,934
University of Illinois	34,312	33,352	32,574	31,194	30,680	30,214	29,646	29,132	28,664	27,980
University of Maryland	36,891	36,891	35,216	33,606	32,045	31,144	29,720	28,348	27,287	26,026
University of North Carolina	36,653	35,929	35,170	34,588	33,916	33,673	33,418	30,122	28,445	26,834
University of Virginia	51,826	50,184	48,458	46,546	45,058	43,772	42,297	39,852	37,546	36,108

Undergraduate Tuition and Fees - Resident



UNIVERSITY OF SOUTH CAROLINA
State of South Carolina Demographic Statistics
 Last Ten Calendar Years

Year	Personal Income (In thousands) (a)	Population at at July 1 (a)	Per Capita Income (a)	Average Annual Unemployment Rate (b)
2020	\$ 247,868,500	5,218,040	\$ 47,502	6.2%
2019	233,308,300	5,148,714	45,314	2.8%
2018	217,275,600	5,084,127	42,736	3.4%
2017	203,088,000	5,024,369	40,421	4.3%
2016	198,762,651	4,987,575	39,852	4.8%
2015	187,532,342	4,896,143	38,302	6.0%
2014	177,242,275	4,832,482	36,677	6.4%
2013	171,088,428	4,774,839	35,831	7.6%
2012	165,595,079	4,723,723	35,056	9.1%
2011	159,747,330	4,673,348	34,183	10.4%

(a) Source: U.S. Department of Commerce, Bureau of Economic Analysis
 (b) Source: U.S. Department of Labor, Bureau of Labor Statistics

UNIVERSITY OF SOUTH CAROLINA
State of South Carolina Ten Largest Employers
Latest Completed Calendar Year and Nine Years Prior
Listed Alphabetically

2020

BMW Manufacturing Corp.
Lowe's Home Centers, Inc.
Medical University of South Carolina
PRISMA Health Midlands
Publix Super Markets, Inc.
School District of Greenville County
Spartanburg Regional Medical Center
Upstate Affiliate Organization
U.S. Department of Defense
Wal-Mart Associates, Inc.

2011

Bi-Lo, LLC
Blue Cross Blue Shield of South Carolina
Greenville Hospital System
Michelin North America, Inc.
Palmetto Health Alliance, Inc.
School District of Greenville County
University of South Carolina
U.S. Department of Defense
U.S. Postal Service
Wal-Mart Associates, Inc.

This Comprehensive Annual Report is also available on the University of South Carolina's Financial Reporting website located at:
https://sc.edu/about/offices_and_divisions/controller/financial_reporting/financial_statements/index.php



The University of South Carolina, founded in 1801, serves the state from its flagship Columbia campus, three senior campuses, and four regional campuses. The University is committed to serving the citizens of South Carolina through its academic excellence and outreach. It has forged a variety of cooperative relationships with other academic institutions and health systems throughout the state, and a number of international connections for academic exchange and collaborative research.

The University of South Carolina does not discriminate in educational or employment opportunities or decisions for qualified persons on the basis of race, color, religion, sex, national origin, age, disability, genetics, sexual orientation or veteran status.