

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)**

**COLUMBIA, SOUTH CAROLINA**

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**REPORT ON FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED JUNE 30, 2022**



October 7, 2022

Members of the Board of Commissioners  
South Carolina State Housing Finance and Development Authority  
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina State Housing Finance and Development Authority for the fiscal year ended June 30, 2022, was issued by CliftonLarsonAllen LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,

George L. Kennedy, III, CPA  
State Auditor

GLKIII/trb

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**COLUMBIA, SOUTH CAROLINA**

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**REPORT ON FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED JUNE 30, 2022**

**TABLE OF CONTENTS**

Independent Auditor's Report .....	1
Management's Discussion and Analysis (Required Supplementary Information).....	5
<b>Financial Statements</b>	
Entity - Wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds .....	14
Statement of Net Position - Proprietary Funds .....	15
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	17
Statement of Cash Flows - Proprietary Funds .....	18
Notes to Financial Statements.....	21
<b>Required Supplementary Information</b>	
Schedule of the Employer's Proportionate Share of the Net Pension Liability.....	75
Schedule of the Employer's Pension Contributions .....	76
Schedule of the Employer's Proportionate Share of the Net OPEB Liability .....	77
Schedule of the Employer's OPEB Contributions.....	78



## INDEPENDENT AUDITORS' REPORT

Mr. George L. Kennedy, III, CPA, State Auditor and  
Members of the Board of Commissioners  
South Carolina State Housing Finance and Development Authority  
Columbia, South Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development Authority, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Carolina State Housing Finance and Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the South Carolina State Housing Finance and Development Authority, as of June 30, 2022, 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

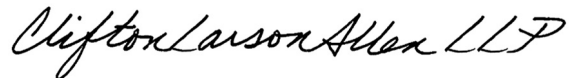
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the employer's proportionate share of the net pension liability, the schedule of the employer's pension contributions, the schedule of the employer's proportionate share of the net OPEB liability, and the schedule of the employer's OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2022, on our consideration of the South Carolina State Housing Finance and Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Carolina State Housing Finance and Development Authority's 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 South Carolina State Housing Finance and Development Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
October 7, 2022

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# South Carolina State Housing Finance and Development Authority

## Management's Discussion and Analysis

As management of the South Carolina State Housing Finance and Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022.

### Financial Highlights

- Net position of the Authority's business-type activities increased by \$2,030,795 to \$431,934,231. This increase is primarily attributable to the increase in the Authority's single-family mortgage portfolio and non-operating revenues in the General Operating Fund.
- The governmental activities net position increased by \$23,447,796 to \$97,255,131. This increase is primarily the result of an increase in documentary stamp fees in the Housing Trust Fund.
- Federal grant revenue increased by \$204,088,378 to \$373,915,243. Federal assistance received by the Authority during the current fiscal year was from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Treasury. The increase in federal assistance is due primarily to Treasury's Emergency Rental Assistance Programs and Homeowners Assistance Fund.
- The Authority made principal payments on mortgage revenue bonds of \$133,095,000 during the fiscal year. Of that total, \$126,180,000 of bonds were redeemed prior to maturity.
- For the fiscal year ended June 30, 2022, the Authority purchased \$237,795,892 of single family first mortgages, down payment assistance loans, and multifamily mortgages in its proprietary funds. The majority of single family production was funded through the Mortgage Revenue Bond indenture and is recorded as loans.
- Bonds outstanding, net of unamortized premiums, increased by \$129,421,442 to \$805,271,557.
- In the spring of 2021, the Authority received awards from the U.S. Department of Treasury to provide Emergency Rental and Homeowners Assistance services related to COVID-19. The Emergency Rental Assistance Program awards came in two tranches, ERA1 of \$271,774,744 and ERA2 of \$245,841,770. The Homeowners Assistance (HAP) funding was \$144,650,807. During the fiscal year ended June 30, 2022, the Authority has expended \$132,676,823 of ERA1 funds and returned \$53,250,000 to be re-allocated to local governments within South Carolina, and the Authority has expended \$98,029,317 of ERA2 funds and \$13,203,017 for HAP.

## Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two types of statements presenting different views of the Authority's finances.

- The first two statements are entity-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Most of the Authority's activities are business-type activities and are reported in proprietary funds.
- The remaining statements are fund financial statements of the Authority's proprietary funds which operate similar to business activities and for which the Authority follows an accrual basis of accounting, and the governmental funds, which are special revenue funds that follow the modified accrual basis of accounting.
- The basic financial statements also include a "Notes to Financial Statements" section that explains the information in the entity-wide and fund financial statements. The notes also provide a more detailed explanation of data and significant accounting procedures and policies.

The remainder of this overview section explains the structure and contents of each of these statements. Prior year results referred to throughout this section are for comparison purposes only.

## Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant funds and not the Authority as a whole. The Authority has two kinds of funds:

**Governmental Funds** - Governmental funds finance the Authority's governmental functions, including the disbursement of restricted monies. The Authority's governmental fund type is a special revenue fund. Expendable assets are assigned to the applicable governmental fund according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

As such, in accordance with governmental accounting standards, the portions of net position/fund balances that are not available for appropriation and expenditure and/or are legally segregated for a specified use are presented as restricted in the fund entity-wide statements.

**Proprietary Funds** - The Authority's primary activities are accounted for in its proprietary funds. These activities are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily provided through the issuance of bonds, the proceeds of which are used to make various types of loans to finance low and moderate-income housing. HUD contracts are accounted for in the proprietary funds since the Authority receives fees to administer various HUD programs. The net positions of these programs represent accumulated earnings since their inception and are generally restricted for program purposes.

## Financial Analysis of the Authority as a Whole

**Net Position:** The combined net position of the Authority increased by \$25,478,591. The following table summarizes the financial position for the Authority as of and for the fiscal years ended June 30, 2022 and 2021.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Total current assets	\$ 93,016,833	\$ 69,137,767	\$ 562,010,959	\$ 622,446,049	\$ 655,027,792	\$ 691,583,816
Total non-current assets	4,334,417	4,673,654	1,017,439,253	924,331,649	1,021,773,670	929,005,303
Total assets	<u>97,351,250</u>	<u>73,811,421</u>	<u>1,579,450,212</u>	<u>1,546,777,698</u>	<u>1,676,801,462</u>	<u>1,620,589,119</u>
<b>Deferred outflows of resources:</b>						
Total deferred outflows of resources	-	-	6,600,843	5,453,424	6,600,843	5,453,424
<b>Liabilities:</b>						
Total current liabilities	96,119	4,086	329,048,673	423,738,701	329,144,792	423,742,787
Total non-current liabilities	-	-	818,694,235	693,268,688	818,694,235	693,268,688
Total liabilities	<u>96,119</u>	<u>4,086</u>	<u>1,147,742,908</u>	<u>1,117,007,389</u>	<u>1,147,839,027</u>	<u>1,117,011,475</u>
<b>Deferred inflows of resources:</b>						
Total deferred inflows of resources	-	-	6,373,916	5,320,297	6,373,916	5,320,297
<b>Net position:</b>						
Nonspendable	6,162,661	-	-	-	6,162,661	-
Net investment in capital assets	-	-	1,107,313	1,238,061	1,107,313	1,238,061
Net position-restricted	91,092,470	73,807,335	416,903,244	418,089,118	507,995,714	491,896,453
Net position-unrestricted	-	-	13,923,674	10,576,257	13,923,674	10,576,257
Total net position	<u>\$ 97,255,131</u>	<u>\$ 73,807,335</u>	<u>\$ 431,934,231</u>	<u>\$ 429,903,436</u>	<u>\$ 529,189,362</u>	<u>\$ 503,710,771</u>

Certain prior year amounts have been reclassified to conform to the current year presentation. There was no effect on previously reported net position or change in net position as a result of these reclassifications.

Total net position of the Authority's governmental activities increased by \$23,447,796 to \$97,255,131. The Housing Trust Fund Act enacted by the General Assembly during 1992 restricts fund balance of the Housing Trust Fund. The Authority receives funding from a percentage of the documentary stamp tax on the instruments conveying real property to finance in whole or in part, affordable housing projects, and/or developments eligible under the Housing Trust Fund Act.

Net position of the Authority's business-type activities increased by \$2,030,795 to \$431,934,231.

**Statement of Activities:** The Statement of Activities shows the sources of the Authority’s changes in net position as they progress through the various programs and functions. The Housing Trust Fund is shown as governmental activities, and all other programs are shown as business-type activities. The business-type activities include the Single Family Loan Programs, federal housing assistance, tax credits allocations, compliance monitoring, and other activities that are part of the Authority’s administrative functions.

A condensed Statement of Activities for the last two fiscal years is shown below.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Charges for services	\$ 378,200	\$ 2,880,001	\$ 112,755,008	\$ 52,035,045	\$ 113,133,208	\$ 54,915,046
General revenues	27,607,934	23,748,827	(13,846,302)	-	13,761,632	23,748,827
Operating grants and contributions	-	4,427	379,441,036	174,585,464	379,441,036	174,589,891
Total revenues	<u>27,986,134</u>	<u>26,633,255</u>	<u>478,349,742</u>	<u>226,620,509</u>	<u>506,335,876</u>	<u>253,253,764</u>
Expenses	<u>4,538,338</u>	<u>8,105,217</u>	<u>476,301,834</u>	<u>221,379,172</u>	<u>480,840,172</u>	<u>229,484,389</u>
Changes in net position	<u>23,447,796</u>	<u>18,528,038</u>	<u>2,047,908</u>	<u>5,241,337</u>	<u>25,495,704</u>	<u>23,769,375</u>
Net position, beginning of year, as originally reported	<u>73,807,335</u>	<u>35,218,513</u>	<u>429,886,323</u>	<u>394,393,191</u>	<u>503,693,658</u>	<u>429,611,704</u>
Net position, end of year	<u>\$ 97,255,131</u>	<u>\$ 73,807,335</u>	<u>\$ 431,934,231</u>	<u>\$ 429,903,436</u>	<u>\$ 529,189,362</u>	<u>\$ 503,710,771</u>

Revenues of the Authority’s governmental activities were derived from a documentary stamp tax, a federal grant, interest payments on loans, and investment income. Revenues of the Authority’s business-type activities were primarily from federal program revenue \$373,915,243, charges for services \$112,673,127, and net program investment loss of \$8,238,628 which included a fair value adjustment of \$13,846,302 . Charges for services consist primarily of interest income on loans, HUD administrative fees, tax credit application fees, and various other fees, such as monitoring and servicing. Program investment income came primarily from the bond programs, and the income is restricted to those programs.

Direct expenses of the Authority’s business-type activities consist of two major types-housing assistance payments and bond interest. All administrative expenses were incurred in the Authority’s General Operating Fund. Program revenue adequately covers all expenses of the Authority. Total revenues exceeded expenses by \$2,047,908 for the business-type activities.

Total net position of the Authority increased from the previous year by \$25,478,591 to \$529,189,362.

## **Debt Administration**

The Authority's total liabilities increased by \$30,735,519 to \$1,147,742,908. Non-current liabilities increased by \$125,425,547 to \$818,694,235. Refunding debt and optional bond redemptions are based on mortgage pre-payments received and an economic analysis of calling debt vs. making loans vs. investing funds. In recent years, calling debt has been the best financial alternative. The Authority's long-term debt, including amounts due within the next fiscal year, consists of bonds payable, net of unamortized premiums, of \$805,271,557, net pension liability of \$13,557,459, net OPEB liability of \$16,384,720, accrued compensated absences of \$878,823, and \$445,601 of other noncurrent liabilities from the implementation of GASB 87. See Notes 5, 6, 12 and 13 to the financial statements for more information on the Authority's long-term liabilities.

## **Economic Factors**

The Authority's financial condition remained strong at June 30, 2022. The South Carolina economy continued to experience steady growth through the third fiscal quarter, with the current economic expansion having entered its thirteenth year during 2022.

Data from the Authority's Mortgage Servicing and Investor Services divisions indicate that the number of customers in forbearance and/or seriously delinquent are starting to decrease. The Authority will continue to focus its efforts on loan servicing and loss mitigation in order to prevent foreclosure and preserve assets. South Carolina was allocated \$144 million from the federal Homeowner Assistance Fund to assist homeowners with delinquent payments. The Authority is administering this program and expects many of our customers to take advantage of the program to bring their loans current.

Interest rates have begun to increase. The Authority was able to remain in the bond market based on the strength of the Statement of Net Position. The Authority will continue to monitor all economic factors impacting its financial stability.

## **Requests for Information**

This financial report provides a general overview of the South Carolina State Housing Finance and Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

South Carolina State Housing Finance and Development Authority  
Finance Division  
300-C Outlet Pointe Boulevard  
Columbia, South Carolina 29210

## FINANCIAL STATEMENTS

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 16,866,494	\$ 16,866,494
Restricted assets:			
Cash and cash equivalents	2,700,243	358,126,337	360,826,580
Investments	85,650,866	143,025,538	228,676,404
Loans receivable	-	28,733,333	28,733,333
Accounts receivable - other	-	105,763	105,763
Accrued interest receivable:			
Loans	-	3,133,906	3,133,906
Deposits and investments	-	272,204	272,204
Accounts receivable:			
Due from grantor	-	1,779,859	1,779,859
Due from primary government	2,914,691	-	2,914,691
Other	-	31,364	31,364
Loans receivable	1,737,244	-	1,737,244
Accrued interest receivable:			
Loans	13,789	99,551	113,340
Deposits and investments	-	161	161
Prepays	-	9,836,449	9,836,449
Total current assets	<u>93,016,833</u>	<u>562,010,959</u>	<u>655,027,792</u>
Noncurrent assets:			
Loans receivable, net of current portion	4,425,417	5,132,837	9,558,254
Allowance for doubtful loans	(91,000)	-	(91,000)
Restricted assets:			
Investments	-	49,828,595	49,828,595
Loans receivable, net of current portion	-	963,306,907	963,306,907
Allowance for doubtful loans	-	(2,382,000)	(2,382,000)
Capital assets, net of accumulated depreciation			
	-	1,552,914	1,552,914
Total noncurrent assets	<u>4,334,417</u>	<u>1,017,439,253</u>	<u>1,021,773,670</u>
Total assets	<u>97,351,250</u>	<u>1,579,450,212</u>	<u>1,676,801,462</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pension plan			
	-	2,376,620	2,376,620
Deferred outflows of resources related to OPEB plan			
	-	4,224,223	4,224,223
Total deferred outflows of resources	<u>-</u>	<u>6,600,843</u>	<u>6,600,843</u>

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>
<b>Liabilities</b>			
Current liabilities:			
Liabilities payable from restricted assets:			
Bonds payable, net of unamortized premiums	-	16,871,601	16,871,601
Accrued interest payable on bonds	-	11,630,697	11,630,697
Other liabilities	-	1,951,168	1,951,168
Mortgage escrows	-	7,538,796	7,538,796
Total liabilities payable from restricted assets	-	37,992,262	37,992,262
Accrued compensated absences	-	638,123	638,123
Accrued salaries and related payroll expenses	-	1,054,924	1,054,924
Accounts payable and accrued expenses	96,119	5,617,883	5,714,002
Unearned revenue	-	283,745,481	283,745,481
Total current liabilities	96,119	329,048,673	329,144,792
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	-	240,700	240,700
Bonds payable, net of current portion and unamortized premiums	-	788,399,956	788,399,956
Other noncurrent liabilities	-	111,400	111,400
Net pension liability	-	13,557,459	13,557,459
Net OPEB liability	-	16,384,720	16,384,720
Total noncurrent liabilities	-	818,694,235	818,694,235
Total liabilities	96,119	1,147,742,908	1,147,839,027
<b>Deferred Inflows of Resources</b>			
Deferred gain on refunding	-	2,402,839	2,402,839
Deferred inflows of resources related to pension plan	-	2,378,060	2,378,060
Deferred inflows of resources related to OPEB plan	-	1,593,017	1,593,017
Total deferred inflows of resources	-	6,373,916	6,373,916
<b>Net Position</b>			
Net investment in capital assets	-	1,107,313	1,107,313
Nonspendable	6,162,661		6,162,661
Restricted for:			
Debt service	-	62,567,962	62,567,962
Bond reserves	-	25,003,779	25,003,779
Housing projects and development	91,092,470	329,331,503	420,423,973
Unrestricted	-	13,923,674	13,923,674
Total net position	\$ 97,255,131	\$ 431,934,231	\$ 529,189,362

*See accompanying notes to financial statements.*

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Revenue</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
<b>Functions/Programs</b>						
Governmental activities:						
General government	\$ 331,668	\$ 1,000	\$ -	\$ (330,668)	\$ -	\$ (330,668)
Housing development	4,206,670	377,200	-	(3,829,470)	-	(3,829,470)
Total governmental activities	<u>4,538,338</u>	<u>378,200</u>	<u>-</u>	<u>(4,160,138)</u>	<u>-</u>	<u>(4,160,138)</u>
Business-type activities:						
Administrative	68,286,474	72,522,019	-	-	4,235,545	4,235,545
Single-family mortgage loan programs	34,534,759	40,109,730	5,435,678	-	11,010,649	11,010,649
Federal programs	371,104,001	-	373,915,243	-	2,811,242	2,811,242
Reinvested program income	2,376,600	123,259	90,115	-	(2,163,226)	(2,163,226)
Total business-type activities	<u>476,301,834</u>	<u>112,755,008</u>	<u>379,441,036</u>	<u>-</u>	<u>15,894,210</u>	<u>15,894,210</u>
Total functions/programs	<u>\$ 480,840,172</u>	<u>\$ 113,133,208</u>	<u>\$ 379,441,036</u>	<u>(4,160,138)</u>	<u>15,894,210</u>	<u>11,734,072</u>
General revenue:						
Documentary stamp taxes				31,466,934	-	31,466,934
Investment loss				(3,859,000)	(13,846,302)	(17,705,302)
Total general revenue				<u>27,607,934</u>	<u>(13,846,302)</u>	<u>13,761,632</u>
Change in net position				23,447,796	2,047,908	25,495,704
Net position, beginning of year				<u>73,807,335</u>	<u>429,886,323</u>	<u>503,693,658</u>
Net position, end of year				<u>\$ 97,255,131</u>	<u>\$ 431,934,231</u>	<u>\$ 529,189,362</u>

*See accompanying notes to financial statements.*

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**BALANCE SHEET - GOVERNMENT FUNDS**

**JUNE 30, 2022**

	<u><b>Housing Trust Fund</b></u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,700,243
Investments	85,650,866
Accounts receivable:	
Due from primary government	2,914,691
Loans receivable	1,737,244
Accrued interest receivable:	
Loans	13,789
Total current assets	<u>93,016,833</u>
Noncurrent assets:	
Loans receivable, net of current portion	4,425,417
Allowance for doubtful loans	<u>(91,000)</u>
Total noncurrent assets	4,334,417
Total assets	<u><u>\$ 97,351,250</u></u>
<b>Liabilities and Fund Balance</b>	
Current liabilities:	
Accounts payable and accrued expenses	<u>\$ 96,119</u>
Total current liabilities	<u>96,119</u>
Fund balance:	
Nonspendable	6,162,661
Restricted for:	
Housing projects and development	<u>91,092,470</u>
Total fund balance	<u>97,255,131</u>
Total liabilities and fund balance	<u><u>\$ 97,351,250</u></u>

*See accompanying notes to financial statements.*

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Housing Trust Fund</u>
<b>Revenue</b>	
Documentary stamp taxes	\$ 31,466,934
Operating program revenue	1,000
Interest on loans	68,547
Interest on deposits and investments	308,653
Net increase (decrease) in the fair value of investments	<u>(3,859,000)</u>
Total revenue	<u>27,986,134</u>
<b>Expenditures</b>	
General government	331,668
Housing development	<u>4,206,670</u>
Total expenditures	<u>4,538,338</u>
Excess of revenue over expenditures	<u>23,447,796</u>
Net changes in fund balance	23,447,796
Fund balance, beginning of year	<u>73,807,335</u>
Fund balance, end of year	<u><u>\$ 97,255,131</u></u>

*See accompanying notes to financial statements.*

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

**JUNE 30, 2022**

	<b>General Operating</b>	<b>Single-Family Finance Programs</b>	<b>Program</b>	<b>Totals</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 16,852,680	\$ -	\$ 13,814	\$ 16,866,494
Restricted assets:				
Cash and cash equivalents	305,448,320	52,678,017	-	358,126,337
Investments	2,521,022	129,673,794	10,830,722	143,025,538
Loans receivable	1,958,008	26,020,906	754,419	28,733,333
Accounts receivable - other	-	105,763	-	105,763
Accrued interest receivable:				
Loans	-	3,133,906	-	3,133,906
Deposits and investments	-	272,204	-	272,204
Accounts receivable:				
Due from grantor	1,779,859	-	-	1,779,859
Other	31,364	-	-	31,364
Accrued interest receivable:				
Loans	80,767	-	18,784	99,551
Deposits and investments	161	-	-	161
Prepays	9,836,449	-	-	9,836,449
Total current assets	<u>338,508,630</u>	<u>211,884,590</u>	<u>11,617,739</u>	<u>562,010,959</u>
Noncurrent assets:				
Loans receivable, net of current portion	5,132,837	-	-	5,132,837
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	49,828,595	-	49,828,595
Loans receivable, net of current portion	81,441,115	878,255,049	3,610,743	963,306,907
Allowance for doubtful loans	(294,000)	(1,203,000)	(885,000)	(2,382,000)
Capital assets, net of accumulated depreciation				
	1,552,914	-	-	1,552,914
Total noncurrent assets	<u>87,832,866</u>	<u>926,880,644</u>	<u>2,725,743</u>	<u>1,017,439,253</u>
Total assets	<u>426,341,496</u>	<u>1,138,765,234</u>	<u>14,343,482</u>	<u>1,579,450,212</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to pension plan				
	2,376,620	-	-	2,376,620
Deferred outflows of resources related to OPEB plan				
	4,224,223	-	-	4,224,223
Total deferred outflows of resources	<u>6,600,843</u>	<u>-</u>	<u>-</u>	<u>6,600,843</u>

(Continued)

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

**JUNE 30, 2022**

	<b>General Operating</b>	<b>Single-Family Finance Programs</b>	<b>Program</b>	<b>Totals</b>
<b>Liabilities</b>				
Current liabilities:				
Liabilities payable from restricted assets:				
Bonds payable, net of unamortized premiums	\$ -	\$ 16,871,601	\$ -	\$ 16,871,601
Accrued interest payable on bonds	-	11,630,697	-	11,630,697
Other liabilities	1,901,474	47,412	2,282	1,951,168
Mortgage escrows	7,538,796	-	-	7,538,796
Total liabilities payable from restricted assets	9,440,270	28,549,710	2,282	37,992,262
Accrued compensated absences	638,123	-	-	638,123
Accrued salaries and related payroll expenses	1,054,924	-	-	1,054,924
Accounts payable and accrued expenses	5,617,883	-	-	5,617,883
Unearned revenue	283,745,481	-	-	283,745,481
Total current liabilities	300,496,681	28,549,710	2,282	329,048,673
Noncurrent liabilities:				
Accrued compensated absences, net of current portion	240,700	-	-	240,700
Bonds payable, net of current portion and unamortized premiums	-	788,399,956	-	788,399,956
Other noncurrent liabilities	111,400	-	-	111,400
Net pension liability	13,557,459	-	-	13,557,459
Net OPEB liability	16,384,720	-	-	16,384,720
Total noncurrent liabilities	30,294,279	788,399,956	-	818,694,235
Total liabilities	330,790,960	816,949,666	2,282	1,147,742,908
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	-	2,402,839	-	2,402,839
Deferred inflows of resources related to pension plan	2,378,060	-	-	2,378,060
Deferred inflows of resources related to OPEB plan	1,593,017	-	-	1,593,017
Total deferred inflows of resources	3,971,077	2,402,839	-	6,373,916
<b>Net Position</b>				
Net investment in capital assets	1,107,313	-	-	1,107,313
Restricted for:				
Debt service	-	62,567,962	-	62,567,962
Bond reserves	-	25,003,779	-	25,003,779
Housing projects and development	97,490,515	231,840,988	-	329,331,503
Unrestricted	(417,526)	-	14,341,200	13,923,674
Total net position	\$ 98,180,302	\$ 319,412,729	\$ 14,341,200	\$ 431,934,231

See accompanying notes to financial statements.

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>General Operating</b>	<b>Single-Family Finance Programs</b>	<b>Program</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Operating Revenues</b>					
Interest and other charges on loans	\$ 923,350	\$ 40,109,730	\$ 123,259	\$ -	\$ 41,156,339
Interest on deposits and investments	89,658	5,427,901	90,115	-	5,607,674
Net decrease in the fair value of investments	(195,417)	(13,162,907)	(487,978)	-	(13,846,302)
Gain on bond extinguishment	-	-	-	-	-
Administrative fees and other	72,223,997	7,777	-	(714,986)	71,516,788
Total operating revenues	<u>73,041,588</u>	<u>32,382,501</u>	<u>(274,604)</u>	<u>(714,986)</u>	<u>104,434,499</u>
<b>Operating Expenses</b>					
Bond interest	-	22,467,694	-	-	22,467,694
Program services	-	9,760,892	-	-	9,760,892
General and administrative	67,755,515	-	524,219	(714,986)	67,564,748
Bond issuance expense	-	2,306,173	-	-	2,306,173
Depreciation and amortization	721,726	-	-	-	721,726
Total operating expenses	<u>68,477,241</u>	<u>34,534,759</u>	<u>524,219</u>	<u>(714,986)</u>	<u>102,821,233</u>
<b>Operating Income (Loss)</b>	<u>4,564,347</u>	<u>(2,152,258)</u>	<u>(798,823)</u>	<u>-</u>	<u>1,613,266</u>
<b>Non-operating Revenues (Expenses)</b>					
Federal grant and contract revenue	373,915,243	-	-	-	373,915,243
Housing assistance payments and grant awards disbursed	(371,104,001)	-	(2,376,600)	-	(373,480,601)
Total non-operating revenues (expenses)	<u>2,811,242</u>	<u>-</u>	<u>(2,376,600)</u>	<u>-</u>	<u>434,642</u>
<b>Income (Loss) Before Transfers</b>	<u>7,375,589</u>	<u>(2,152,258)</u>	<u>(3,175,423)</u>	<u>-</u>	<u>2,047,908</u>
<b>Transfers</b>					
Transfers in	4,277,599	-	-	(4,277,599)	-
Transfers out	(122,366)	(3,489,131)	(666,102)	4,277,599	-
Total transfers, net	<u>4,155,233</u>	<u>(3,489,131)</u>	<u>(666,102)</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>11,530,822</u>	<u>(5,641,389)</u>	<u>(3,841,525)</u>	<u>-</u>	<u>2,047,908</u>
Net position, beginning of year	86,649,480	325,054,118	18,182,725	-	429,886,323
Net position, end of year	<u>\$ 98,180,302</u>	<u>\$ 319,412,729</u>	<u>\$ 14,341,200</u>	<u>\$ -</u>	<u>\$ 431,934,231</u>

*See accompanying notes to financial statements.*

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>General Operating</b>	<b>Single Family Finance Programs</b>	<b>Program</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Cash Flows From Operating Activities</b>					
Receipt of loan principal payments	\$ 1,879,184	\$ 77,580,521	\$ 2,415,209	\$ -	\$ 81,874,914
Receipt of loan interest payments	944,199	36,079,003	129,900	-	37,153,102
Purchases of new loans	(2,903,813)	(195,543,049)	-	-	(198,446,862)
Administrative fees and other	(28,423,463)	7,776	-	(714,986)	(29,130,673)
Payments to employees	(11,434,080)	-	-	-	(11,434,080)
Payments to vendors	(59,368,204)	(5,053,590)	(8,475)	714,986	(63,715,283)
Net cash flows provided by (used for) operating activities	(99,306,177)	(86,929,339)	2,536,634	-	(183,698,882)
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchases of equipment	(248,913)	-	-	-	(248,913)
Net cash flows used for capital and related financing activities	(248,913)	-	-	-	(248,913)
<b>Cash Flows From Non-capital Financing Activities</b>					
Transfers from other programs	4,277,599	-	-	(4,277,599)	-
Transfers to other programs	(122,366)	(3,489,131)	(666,102)	4,277,599	-
Housing assistance payments	-	(7,220,750)	-	-	(7,220,750)
Proceeds from the sale of bonds	-	250,000,000	-	-	250,000,000
Receipts from federal grants	373,915,244	-	-	-	373,915,244
Payments of housing assistance grants	(370,769,799)	-	(2,376,600)	-	(373,146,399)
Premium received from the sale of bonds	-	15,171,877	-	-	15,171,877
Principal payments on bonds payable	-	(133,095,000)	-	-	(133,095,000)
Interest payments on bonds payable	-	(22,006,810)	-	-	(22,006,810)
Net cash flows provided by (used for) non-capital financing activities	7,300,678	99,360,186	(3,042,702)	-	103,618,162
<b>Cash Flows From Investing Activities</b>					
Sales of investments	12,600,562	4,915,499	696,178	-	18,212,239
Purchase of investments	-	(28,372,920)	-	-	(28,372,920)
Income on deposits and investments	(104,582)	(8,131,845)	(397,864)	-	(8,634,291)
Net cash flows provided by (used for) investing activities	12,495,980	(31,589,266)	298,314	-	(18,794,972)
Net decrease in cash and cash equivalents	(79,758,432)	(19,158,419)	(207,754)	-	(99,124,605)
Cash and cash equivalents, beginning of year	402,059,432	71,836,436	221,568	-	474,117,436
Cash and cash equivalents, end of year	<u>\$ 322,301,000</u>	<u>\$ 52,678,017</u>	<u>\$ 13,814</u>	<u>\$ -</u>	<u>\$ 374,992,831</u>

(Continued)

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>General Operating</b>	<b>Single-Family Finance Programs</b>	<b>Program</b>	<b>Totals</b>
<b>Reconciliation of operating income to net cash flows provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 4,564,347	\$ (2,152,258)	\$ (798,823)	\$ 1,613,266
Adjustments to reconcile operating income to net cash flows provided by (used for) operating activities:				
Depreciation expense	721,726	-	-	721,726
Loan loss expense	(496,000)	(616,036)	478,281	(633,755)
Net increase in the fair value of investments	195,417	13,162,907	487,978	13,846,302
Housing assistance payments	-	7,220,750	-	7,220,750
Loss on bond extinguishment	-	495,328	-	495,328
Deferral of pension contributions subsequent to the measurement date	(1,403,593)	-	-	(1,403,593)
Pension expense related to the recognition of the net pension liability	3,039,375	-	-	3,039,375
Deferral of OPEB contributions subsequent to the measurement date	(529,738)	-	-	(529,738)
OPEB expense related to the recognition of the net OPEB liability	(1,038,318)	-	-	(1,038,318)
Bonds interest expense reclassified to noncapital financing activities	-	22,467,694	-	22,467,694
Income on deposits and investments reclassified to investing activities	(89,658)	(5,427,901)	(90,115)	(5,607,674)
Changes in operating assets and liabilities:				
Loans receivable	1,756,791	(119,631,021)	2,453,073	(115,421,157)
Accrued interest receivable - loans	15,298	46,036	6,642	67,976
Accounts receivable	(3,054,341)	-	-	(3,054,341)
Due from other funds	7,057	-	-	7,057
Prepays	(2,216,022)	-	-	(2,216,022)
Deferred Revenue	(99,598,407)	(2,494,838)	-	(102,093,245)
Mortgage escrows	1,173,667	-	-	1,173,667
Accrued compensated absences	39,505	-	-	39,505
Accrued salaries and related payroll expenses	130,815	-	-	130,815
Due to other funds	(7,057)	-	-	(7,057)
Accounts payable and accrued expenses	(2,517,041)	-	(402)	(2,517,443)
Total adjustments	<u>(103,870,524)</u>	<u>(84,777,081)</u>	<u>3,335,457</u>	<u>(185,312,148)</u>
Net cash flows provided by (used for) operating activities	<u>\$ (99,306,177)</u>	<u>\$ (86,929,339)</u>	<u>\$ 2,536,634</u>	<u>\$ (183,698,882)</u>

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

**Noncash Noncapital Financing Activities**

- a. Interest payments on bonds do not include \$2,325,904 of amortization of bond premiums, \$87,107 of amortization of deferred losses on refundings of debt, and \$572,517 of amortization of deferred gains on refunding of debt that were included in operating revenues and expenses in the Single Family Finance Program Funds.
- b. The Authority recorded a decrease in the fair value of investments in the amount of \$13,846,302 for the fiscal year ended June 30, 2022.
- c. The Authority recorded \$1,333,476 of amortization of servicing release premiums and \$205,508 of amortization of deferred fee revenue in the General Operating Fund.

	General Operating	Single Family Finance Program	Program	Total
Cash is Reported on the Statement of Net Position as:				
Cash and cash equivalents	\$ 16,852,680	\$ -	\$ 13,814	\$ 16,866,494
Restricted cash and cash equivalents	305,448,320	52,678,017	-	358,126,337
Total cash and cash equivalents	<u>\$ 322,301,000</u>	<u>\$ 52,678,017</u>	<u>\$ 13,814</u>	<u>\$ 374,992,831</u>

*See accompanying notes to financial statements.*

## NOTES TO FINANCIAL STATEMENTS

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies**

The financial statements of South Carolina State Housing Finance and Development Authority (the “Authority”) were prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Authority are described hereafter.

**1.A Reporting Entity**

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the officials of the primary government are financially accountable. In turn, component units may also have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The Authority, a primary entity, is a public body, corporate and politic, and is a discretely presented component unit of the State of South Carolina. As such, its funds are included in the Annual Comprehensive Financial Report of the State of South Carolina as a discretely presented component unit.

The Authority was established during 1971 pursuant to Section 31-13-20 of the South Carolina Code of Laws. The laws of the State of South Carolina and policies and procedures specified by the State of South Carolina for State agencies are applicable to the Authority. The powers of the Authority were expanded through the passage of the South Carolina State Housing Act of 1977 (31-13-10 through 330 and 31-3-1510), and as amended during 1982 (31-13-70), 1983 (31-13-80), 1986 (31-1-340), 1988 (31-13-50) and 1990 (31-13-200).

The South Carolina State Housing Act empowers the Authority to enter into grants and contracts with the federal government and to issue bonds and notes. During 1992, the General Assembly amended Chapter 13, Title 13 by adding Article 4 which enacts the Housing Trust Fund Act of 1992.

The Authority's Board of Commissioners (the “Board”), whose members are appointed by the Governor, is the governing body of the Authority. The Board administers, has jurisdiction over, and is responsible for the management of the Authority.

SC Housing Corp. was formed in 2010 to administer and distribute funds from the U.S. Department of Treasury’s Hardest Hit Fund, through the SC HELP Program. SC Housing Corp. is governed by a Board of Directors, whose members are appointed by the Authority’s Board of Commissioners.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.A Reporting Entity (Continued)**

The SC HELP Program closed in October, 2020 and all unused funds were returned to Treasury. The entity remains open only for the purpose of releasing liens on downpayment assistance loans as they mature or are forgiven.

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the officials of the primary government are financially accountable. In turn, component units may also have component units.

The Authority follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, GASB Statement No. 80, *Blending Requirement For Certain Component Units*, and GASB Statement No. 90 *Majority Equity interests – An Amendment Of GASB Statements No. 14 and No. 61*.

GASB Statement No. 61 clarified previous statements by requiring a financial benefit or burden criteria to be present in order for a separate entity to be dependent on a primary government and included as a component unit of the primary entity, regardless of whether the primary government appoints a voting majority of the organization's governing body. The financial benefit or burden exists if the primary government is (a) legally entitled or can access the organization's resources, or (b) legally obligated or has assumed the obligation to finance deficits or provide financial support to the organization or (c) obligated in some manner for the debt of the organization. In addition, the relationship to the primary government can also be determined by the services provided by the component unit to the citizens, such that separate reporting as a major component unit is considered essential to the financial statement users.

Based on these criteria, the Authority has been determined to be classified as a discretely presented component unit of the state of South Carolina and that SC Housing Corp. is a blended component unit of the Authority.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.A Reporting Entity (Continued)**

The accompanying financial statements present the financial position, results of operations, and cash flows of only that portion of the funds of the State of South Carolina that is attributable to the transactions of the Authority and SC Housing Corp. The mortgage revenue bonds are special obligations of the Authority and are not a debt, grant or loan of the State of South Carolina nor any political subdivision of the State of South Carolina, and neither the State of South Carolina nor any political subdivision thereof is liable. The bonds are secured by and payable solely from the monies, income, and receipts of the Authority pledged for the payment thereof under the bond indentures. Payment of the principal or redemption price of, and interest on, all bonds is secured ratably and equally by the proceeds of the bonds, revenue (including scheduled payments of principal and interest on mortgages and repayments of mortgage loans and interest and income received on investments of money held in the funds and accounts), and the right, title, and interest of the Authority in and to the mortgage loans.

**1.B Fund Accounting**

While separate governmentwide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business type activities incorporate data from the Authority's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. The Authority reports no fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives, in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Authority's funds are classified into two categories - governmental and proprietary.

**1.B.1 Governmental Funds**

Governmental funds finance the Authority's governmental functions including the disbursement of restricted monies. Within the Authority's governmental funds, expendable assets are assigned to the applicable governmental fund according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

As such, in accordance with governmental accounting standards, the portions of net position/fund balance that are not available for appropriation and are legally segregated for a specified use are presented as restricted in the entity-wide and fund statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.B Fund Accounting (Continued)**

**1.B.1.a** The **Housing Trust Fund**, a special revenue fund, was established during May 1992 pursuant to South Carolina Code of Laws, Chapter 31, Article 4. The Authority receives funding from a percentage of the documentary stamp tax on instruments conveying real property under Title 12. Under this legislation, the Housing Trust Fund is to be used to “increase the supply of safe, decent and affordable housing for members of the very low and lower income individuals and households.”

**1.B.2 Proprietary Funds**

The proprietary funds are used to account for activities similar to those found in the private sector, where the determination of operating income is necessary or useful for sound financial administration. Goods or services from activities of the Authority are provided to outside parties, and such activities are accounted for in an enterprise fund type. An enterprise fund accounts for activities that are self-sustaining, primarily through user charges or are used when management wants to control or measure costs of services.

The Authority's proprietary fund category includes the following enterprise funds:

**1.B.2.a** The **General Operating Fund** records administrative fees from the U.S. Department of Housing and Urban Development (HUD), loan servicing fees, other fee type income, and interest earned on loans and investments. These sources of funds as well as operating transfers from other programs are used to defray the general and administrative expenses of the Authority. The General Operating Fund also accounts for HUD funds that are used to provide rental assistance to qualified recipients as well as fund loans and grants for various other rental, homeownership, rehabilitation and development activities. The General Operating Fund also accounts for funds from the U.S. Department of the Treasury to administer both the Emergency Rental and Homeownership Assistance Funds.

**1.B.2.b** The **Single Family Finance Programs Fund** accounts for the financing activities of the Authority's Single Family Mortgage Purchase Bond Indenture, the Mortgage Revenue Bonds Indenture and the Homeownership Revenue Bond Indenture. The proceeds of each series of bonds issued under these three programs are used to purchase mortgage loans made to the State of South Carolina's moderate-to-low income citizens who meet federal and Authority eligibility requirements. The three indentures generate income to cover the costs of administration and debt service on the bonds. Excess funds as determined by cash flow analysis and certification may be transferred to the other programs at the discretion of the Authority.

**1.B.2.c** The **Program Fund** was established in accordance with Section 31-13-340 of the South Carolina Code of Laws. Monies not required to be accounted for elsewhere can be deposited into the Program Fund. This fund is used by the Authority to finance special initiatives and down payment assistance loans (both forgivable and repayable) as authorized by the Authority's Board.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.C Measurement Focus, Basis of Accounting and Reporting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

All governmental funds are accounted for using the current financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Authority also reports the non-current portion of outstanding loans receivable on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

Governmental fund revenues and expenditures are recognized on the modified accrual basis of accounting. Revenues and other fund financial resources are recognized during the accounting period in which they become both measurable and available to finance expenditures. For this purpose, the Authority considers funds to be available if they are collected within sixty days of the end of the current fiscal year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recognized during the accounting period in which the fund liability is incurred, if measurable.

Proprietary funds are accounted for via the flow of economic resources measurement focus. With the government-wide and this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position.

The Authority recognizes revenues and expenses and the recording of depreciation expense for the enterprise fund-type using the accrual basis of accounting. Revenues and federal reimbursement type grants are recognized during the accounting period in which they are earned and become measurable; expenses are recognized during the period incurred, if measurable.

Transfers of financial resources among funds are recognized in all affected funds during the period in which the related interfund receivables and payables arise.

The Authority has elected to treat all funds as major and present them in separate columns.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.D Restricted Assets and Liabilities Payable from Restricted Assets under Revenue Bond Resolutions**

Generally, under the applicable bond indentures, the earnings and receipts of loan payments related to investment and mortgage loan assets in the Single Family Finance Programs Fund are required to be used to purchase mortgages or for the related debt service payments. Because these assets are generally restricted for this purpose, they have been reflected as current and noncurrent restricted assets in the accompanying statements of net position. Net restricted position for bond reserves are computed July 1 of each year by a percentage of the then outstanding bond principal in accordance with the bond indenture (see *Note 2E*).

**1.E Discounts, Premiums, and Deferred Gains and Losses on Refundings of Debt**

Under provisions of applicable bond indentures, net restricted position not restricted for the respective bond reserves of the Single Family Finance Programs Fund are reflected as either restricted for debt service or for special programs in the accompanying statements.

Bond discounts and premiums are amortized over the terms of the bonds. The deferred gains and losses on refundings of debt include the call premiums and the unamortized premiums or discounts attributable to the bonds refunded and are amortized over the term of the refunded issues or the new issues whichever is shorter, using the bonds outstanding method. The deferred gains on refundings of debt represent a deferred inflow of resources, which is reported separately on the Statement of Net Position. The deferred losses on refundings of debt represent a deferred outflow of resources, which is reported separately on the Statement of Net Position. Amortization of bond discounts and premiums and deferred losses and gains on refunding of debt are included in interest expense.

**1.F Federally Assisted Program Advances and Fees**

In accordance with the terms of contracts between the Authority and HUD, the Authority administers Section 8 Housing Assistance Payments Programs, Contract Administration, and the Housing Choice Voucher Program, the Mainstream 5 Voucher Program and the Emergency Voucher Program in certain areas of South Carolina. Under these programs, housing assistance payments are made to eligible individuals or to owners of rental housing on behalf of persons of limited income who meet the eligibility requirements.

Generally, HUD advances the Authority sufficient funds to cover the current month's housing assistance payments before such disbursements are made by the Authority. Additionally, HUD advances funds on a monthly basis for the Authority's costs of administering the subsidy contracts. These administrative fees are recognized as operating revenues when earned in the General Operating Fund. Because such funds are generally restricted as to purpose, they have been reflected in the restricted portion of the accompanying statements where appropriate.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.F Federally Assisted Program Advances and Fees (Continued)**

The Authority also administers the Home Investments Partnership Program and Neighborhood Stabilization Program. The Home Investments Partnership Program provides loans and grants to local governments and nonprofit entities to assist private property owners in building new and rehabilitating existing rental housing for low-income tenants. The Home Investments Partnership Program also provides forgivable and repayable down payment assistance loans to qualified first time homebuyers. The Neighborhood Stabilization Program provides grants to other entities, primarily local governments and nonprofit entities, to purchase foreclosed or abandoned properties and to rehabilitate, resell, or redevelop these properties in order to stabilize neighborhoods and stem the decline of value for other homes in the neighborhood. Under both of these programs, an administrative fee is drawn from HUD to reimburse the Authority, as well as the entity that has been awarded funds under the program, for administrative costs. These administrative fees are recognized as operating revenues when earned.

Funds granted and passed through by the Authority are included in the accompanying financial statements in the General Operating Fund as non-operating revenues and expenses.

The Authority is also currently administering the Emergency Rental Assistance Program and the Homeowners Assistance Fund Program, both funded by the US Department of Treasury. Unlike the HUD pass-through programs, the Treasury programs were funded to the state in full, via several tranches of payments. The programs allow for 10 -15% of the funds to be used for administrative expenses. The programs have varying sunset dates, with the last being September 30, 2025. Funds for these programs are expected to be fully expended by the sunset date for each program.

**1.G Cash and Cash Equivalents**

Amounts denoted in the financial statements as "cash and cash equivalents" represent cash on deposit in banks and cash on deposit with the State Treasurer's Office.

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Most State agencies, including the Authority, participate in the State of South Carolina's cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The cash management pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements and certain corporate bonds.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.G Cash and Cash Equivalents (Continued)**

The State of South Carolina's cash management pool consists of a general deposit account and several special deposit accounts. The State of South Carolina 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 of South Carolina.

Interest earned by the Authority on amounts held in special deposit accounts is posted to the Authority's accounts at the end of each month and is retained by the Authority. Interest earnings are allocated based on the percentage of the Authority's accumulated daily interest income receivable to the total income receivable of the cash management pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in fair value on investments held by the cash management pool. Realized gains and losses are allocated daily and are included in the receivable. Unrealized gains and losses are allocated at year-end based on the Authority's percentage ownership in the cash management pool.

Although the cash management pool may include some long-term investments, it operates as a demand deposit account. Credit risk information pertaining to the cash management pool is contained in *Note 2D*.

The Authority has funds in State Treasurer accounts not included in the State's cash management pool and at other institutions. For these accounts, cash equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less at the time of acquisition.

The Authority records and reports its deposits in the general deposit account at cost but reports its deposits in the special deposit accounts at fair value.

**1.H Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, Government National Mortgage Association (GNMA) and Federal National Mortgage Association, (FNMA) Mortgage Backed Securities (MBS), and the State of South Carolina's cash management pool are recorded at fair value and unrealized gains or losses are reported in the Statement of Revenues, Expenses and Changes in Net Position.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Authority uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value of investments.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.I Loans Receivable**

Loans receivable consist of mortgage loans, which are carried at par. Most mortgage loans in the Single Family Finance Programs Fund as well as the single family mortgage loans of approximately \$9 million in the General Operating and Program Fund are insured with various governmental agencies and private mortgage insurance carriers at specified percentages of the original loan amount varying from 18% to 100%. Loans closed after July 29, 1999 are covered by the Homeowners Protection Act. Private mortgage insurance is cancelled after the loan-to-value ratio reaches 78% as provided by federal law. The Authority considers the mortgaged property as adequate collateral against significant potential loan losses for such uninsured properties. Most loans made from the Housing Trust Fund and a portion of the loans in the General Operating Fund are not single family mortgage loans and are not insured.

Management is of the opinion that the mortgage insurance coverage, in addition to over-collateralization, is adequate to cover any significant potential loan losses under the Single Family Finance Programs should they occur. Loans determined to be uncollectible and unrecoverable from mortgage insurance carriers are charged off against program income. The Authority has recorded allowances for doubtful loans which are considered adequate.

**1.J Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods. Servicing Release Premium (SRP) means the fee included with the Purchase Price as compensation to the Originator for release of the right to service the Mortgage Loan, which shall be based on an amount equal to **1.50%** of the principal amount of the Mortgage Loan (FHA Insured, Rural Development Guaranty, Veterans Administration, or Conventional Mortgage Loans) purchased by the Authority. The Housing Authority records these payments as prepaid items in both the government-wide and fund financial statements. The State's policy is to reflect consumption of the future benefit under the consumption method.

**1.K Capital Assets**

Capital assets are recorded at cost at the date of acquisition. The Authority follows capitalization guidelines established by the State of South Carolina. The Authority capitalizes furniture and equipment with a unit value exceeding \$5,000 and an estimated useful life of more than two years. Routine repairs and maintenance are charged to operating expenses during the year in which the expense was incurred.

Depreciation is computed using the straight-line method over estimated useful lives of three to ten years for furniture and equipment. Currently, the Authority owns personal property only and owns no real property (land, buildings, attachments, etc.).

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.K Capital Assets (Continued)**

The Authority is a lessee for noncancelable leases of office space. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the Statement of Net Position. The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with accounts payable and accrued expenses for current and long-term liabilities for non-current on the Statement of Net Position.

**1.L Mortgage Escrows**

Under provisions of certain mortgage loan agreements, the Authority is responsible for collecting deposits from homeowners for payment of property taxes and insurance. This is recorded as a current liability and paid from restricted assets.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.M Compensated Absences**

Generally, all permanent full-time State employees and certain part-time employees (those scheduled to work at least one-half of the month) are entitled to accrue and carry forward calendar year-end maximums of 180 days sick and 45 days of vacation leave. Upon termination of State employment, qualified employees are entitled to payment for accumulated unused vacation leave not exceeding the maximum carry forward balance at calendar year-end. Employees are not entitled to payment for unused sick leave balances at termination. Annually, at fiscal year-end, the Authority calculates and records a liability for compensated absences based on the total eligible balance of unused employee vacation leave. The liability is calculated using the current employee salary and related benefits data and is reported in the General Operating Fund on the Statement of Net Fund Position under current and noncurrent liabilities as appropriate.

**1.N Unearned Revenue**

Unearned revenue are funds received in advance of the period in which they are earned and are recorded as a liability in the Statement of Net Position. As of June 30, 2022, unearned revenue of \$283,745,481 consisted of the following:

	Unearned Revenue
Compliance Monitoring	\$ 2,085,137
Neighborhood Stabilization Program - Program Income	3,723,931
Emergency Rental Assistance #1 - Unspent Funds	82,701,887
Emergency Rental Assistance #2 - Unspent Funds	64,349,128
Homeowners Assistance Fund - Unspent Funds	130,123,755
Emergency Housing Vouchers - Unspent Service Fees	407,674
Loan Servicing and Miscellaneous Prepaid	353,969
Total Unearned Revenue	\$ 283,745,481

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.O Rebatable Arbitrage**

Arbitrage involves the investment of proceeds from the sale of tax-exempt debt in a taxable investment that yields a higher rate than the rate of the obligation. This results 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 those earnings exceeds the effective yield on the related tax-exempt debt issued. Governmental units may avoid the requirement to rebate the "excess" earnings to the Federal government under certain circumstances if they issue no more than \$5 million in total of all such debt in a calendar year and if they meet specified targets for expenses of the proceeds and interest earnings thereon. For this purpose, tax-exempt indebtedness includes bonds, notes, and certain capital leases and installment purchases. The Federal government only requires arbitrage to be calculated, reported, and paid every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. At June 30, 2022, the Authority had no arbitrage rebate liability associated with the Authority's Mortgage Revenue Bonds outstanding.

**1.P Budget Policy**

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

Under GASBS No. 34, budgetary comparison information is required to be presented for each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for the Housing Trust Fund. Therefore, budget comparison information is not included in the Authority's financial statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.Q Operating and Non-operating Revenues and Expenses**

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations including granting and collecting loans. The Authority's primary operating revenues are from administrative fees for the administration of HUD programs and interest and other charges on loans. Operating expenses include the Authority's administrative expenses and depreciation on capital assets. All revenues and expenses (excluding bond interest expense) not meeting this definition are reported as non-operating revenues and expenses.

**1.R Net Position and Fund Balance**

Net position or fund balance is presented in the following components or classifications:

Net investment in capital assets - Consists of capital assets, right to use assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and the lease liability associated with the right to use asset.

Restricted - Net position or fund balance, for enterprise or governmental fund types, respectively, are reported as restricted when constraints placed on resource use are restricted by legal and/or contractual requirements. Generally, such assets have use restrictions placed on them by (1) external parties such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) laws of the enabling government. The Authority's restrictions are primarily due to requirements of bond indentures, South Carolina law and Federal program requirements. Amounts restricted for housing projects and development include funds that have been set aside for projects approved by the Board of Commissioners and unspent bond proceeds for single family housing.

Unrestricted - For business-type activities, all assets not meeting the definition of "restricted" or "net investment in capital assets" are classified as unrestricted.

Other governmental fund balance classifications - The Authority follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under GASB Statement No. 54, all governmental fund assets of the Authority not meeting the definition of "restricted" are classified as "non-spendable," "committed", "assigned", or "unassigned" as appropriate. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balance includes long-term loan receivables.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.R Net Position and Fund Balance (Continued)**

For governmental funds, it is the policy of the Authority to spend unassigned fund balances first followed thereafter by restricted, committed, and assigned resources as needed.

For business-type activities, when both restricted and unrestricted resources are available, it is the policy of the Authority to spend restricted resources first followed thereafter by unrestricted resources as needed.

**1.S Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions at the date of financial statement preparation that affect certain reported amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities, for the reporting period. Actual results may differ from those estimates.

**1.T Pension Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS), as well as additions to and deductions from SCRS' fiduciary net position, have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**1.U Other Post-Employment Benefits (OPEB)**

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

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (Continued)**

**1.V Deferred Outflows of Resources and Deferred Inflows of Resources**

Changes in the net pension liability, net OPEB liability included in pension expense or OPEB expense, respectively reported as deferred outflows of resources or deferred inflows of resources. Employer contributions made subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources. Deferred outflows of resources and deferred inflows of resources are also determined by the difference in actual and expected liability experience, projected and actual returns on investments, deferred amounts from changes in the Authority's proportionate share, changes in assumptions, and differences between the Authority's contributions and its proportionate share of the total employer contributions to the plans. Deferred outflows of resources and deferred inflows of resources also include deferred losses and deferred gains on bond refundings, respectively.

**1.W Adoption of New Accounting Standard**

During June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Authority adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

**1.X Subsequent Events**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through October 7, 2022, the date these financial statements were available to be issued. See Note 16 for additional information regarding subsequent events.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**2. Deposits and Investments**

<b>Financial Statements</b>	<b>Footnotes</b>
Current assets:	Deposits:
Cash and cash equivalents:	Deposits held by State
Unrestricted           \$   16,866,494	Treasurer                 \$   308,185,172
Restricted               360,826,580	Deposits with banks       69,507,902
Investments:	Total deposits <u>377,693,074</u>
Restricted               228,676,404	Investments:
Non-current assets:	State Treasurer           228,676,404
Investments:	Other investments         49,828,595
Restricted               49,828,595	Total investments <u>278,504,999</u>
Total <u>\$ 656,198,073</u>	Total <u>\$ 656,198,073</u>

**2.A Deposits**

All deposits of the Authority are insured or collateralized by using the dedicated method. Under the dedicated method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by each of the depository banks. At June 30, 2022, the Authority's cash had a carrying amount of \$69,507,902 and a bank balance of \$68,913,759. Of that balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

**2.B Deposits Held by State Treasurer**

State law requires full collateralization of all deposits and investments of State funds. The depository institution must correct any deficiencies in collateral within seven days. With respect to investments in the State's 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 credit risk of the State Treasurer's investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**2. Deposits and Investments (Continued)**

**2.C Investments**

At June 30, 2022, the Authority's investment balances were as follows:

	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>Greater Than 1 Year</b>
SC State Treasurer Pool	\$ 228,676,404	\$ 228,676,404	\$ -
Government National Mortgage Association Insured Mortgage Backed Securities (GNMAs)	38,637,093	-	38,637,093
Federal National Mortgage Association Mortgage Backed Securities (FNMA)s	11,191,502	-	11,191,502
<b>Totals</b>	<b>\$ 278,504,999</b>	<b>\$ 228,676,404</b>	<b>\$ 49,828,595</b>

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. GNMAs and FNMA)s are backed by HUD and have a credit rating of AAA.

The Authority has the following recurring fair value measurements as of June 30, 2022: The South Carolina Treasurer's Pool of \$228,676,404 is valued using quoted prices for similar assets or liabilities in active markets (Level 2 inputs). GNMAs of \$38,637,093 and FNMA)s of \$11,191,502 are valued using a matrix pricing model (Level 2 inputs).

**2.D Investment Risk Factors**

There are a number of variables that affect the value of investments. These risks are discussed below.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**2. Deposits and Investments (Continued)**

**2.D.1 Interest Rate Risk**

Interest rate risk is the risk that the value of fixed income securities will decline because of changes in interest rates. It is the Authority's policy to limit interest rate risk by calling debt as quickly as allowed. During the fiscal year ended June 30, 2022, the Authority called over \$126 million in debt prior to maturity.

**2.D.2 Custodial Credit Risk**

For a deposit, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits, investments, or collateral securities held by an outside party. The Authority has no policy on custodial credit risk.

**2.D.3 Credit Risk**

The Authority follows Section 11-9-660 of the South Carolina Code of Laws regarding credit risk. The Authority places a portion of its funds on deposit in the State's cash management pool. Although the State's cash management pool itself is unrated, it is invested according to the requirements of State law, which allows only limited investments in instruments subject to credit risk. State law further requires that investments in obligations of corporations and in state or political subdivisions of the United States have an investment grade rating from at least two nationally recognized rating agencies.

**2.D.4 Concentration of Credit Risk**

The Authority places no limit on the amount it may invest in any one issuer. The Authority's investments are as follows: State Treasurer Investment Pools (82.1%), GNMA's (13.9%), and FNMA's (4.0%).

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**2. Deposits and Investments (Continued)**

**2.E Restricted Deposits and Investments**

Under provisions of applicable bond indentures, the Authority is required to restrict sufficient assets with an independent trustee (The Bank of New York/Mellon) in the Single Family Finance Program Funds in order to meet reserve requirements for payment of debt service on bonds. The required and actual reserve amounts for each program at June 30, 2022 are as follows:

	<u>Reserve Requirements</u>	<u>Actual Funding</u>	<u>Over (Under)</u>
Single Family Indenture Bond Reserve Funds	\$ 548,100	\$ 552,568	\$ 4,468
Mortgage Revenue Indenture Bond Reserve Funds	<u>22,420,500</u>	<u>24,451,211</u>	<u>2,030,711</u>
Totals	<u>\$ 22,968,600</u>	<u>\$ 25,003,779</u>	<u>\$2,035,179</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**3. Loans Receivable**

Loans receivable consist of the following:

**Governmental Funds**

Housing Trust Fund notes maturing on various dates from 2022-2050 plus interest ranging from 0.000%-4.000% per annum, payable in monthly installments of principal and interest, as provided in the notes, reported net of allowance for doubtful accounts of \$91,000.

\$ 6,071,661  
\$ 6,071,661

Total governmental funds

**Proprietary Funds**

General Operating Fund notes maturing on various dates from 2022-2058 plus interest ranging from 0.000%-6.250% per annum, payable in installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of \$294,000.

\$ 88,237,960

Program Fund notes maturing on various dates from 2022- 2030 plus interest ranging from 0.000%-5.000% per annum, payable in monthly installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of \$885,000.

3,480,162

Single Family Finance Programs notes maturing on various dates from 2022-2051 plus interest ranging from 0.000%-8.500% per annum, payable in monthly installments of principal and interest, reported net of allowance for doubtful accounts of \$1,203,000.

903,072,955  
\$ 994,791,077

Total proprietary funds

The Authority issues various loans that will be forgiven once certain criteria are met. Due to the nature of these loans, they are recorded as grants and expensed in the year issued. If the borrower fails to satisfy the conditions of the underlying agreement, and the loan becomes due, the Authority will recognize a recovery equal to the amount repaid. For the fiscal year ending June 30, 2022, the Authority recovered \$2,491,200 of previously expensed loans and issued \$8,576,000 in forgivable loans. As of June 30, 2022, the balance of forgivable loans issued is \$38,571,609.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**4. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<u>June 30, 2021*</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
Right to use asset - building	\$ 2,360,188	\$ -	\$ -	\$ 2,360,188
Equipment and furniture	2,815,656	248,913	-	3,064,569
Accumulated amortization of right to use asset	(1,572,522)	(337,170)	-	(1,909,692)
Accumulated depreciation	<u>(1,577,595)</u>	<u>(384,556)</u>	<u>-</u>	<u>(1,962,151)</u>
Capital assets, net of accumulated depreciation	<u>\$ 2,025,727</u>	<u>\$ (472,813)</u>	<u>\$ -</u>	<u>\$ 1,552,914</u>

\* Adjusted for the implementation of GASB 87 Leases.

The lease for office space was renewed for seven years from November 1, 2016 to October 31, 2023. The first year of the renewal reflects an initial decrease of 6.7% in lease payments; however, the lease escalates 2.5% annually for each subsequent year.

Future minimum annual lease payments under non-cancelable leases with remaining terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	Principal	Interest	Total
2023	\$ 334,322	\$ 44,115	\$ 378,437
2024	111,279	15,901	127,180
Leases with external entities	<u>\$ 445,601</u>	<u>\$ 60,016</u>	<u>\$ 505,617</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5. Changes in Long-Term Liabilities**

Long-term liabilities activity for the fiscal year ended June 30, 2022 was as follows:

	<b>June 30, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2022</b>	<b>Due within One Year</b>
Bonds payable	\$ 648,715,000	\$ 250,000,000	\$ (133,095,000)	\$ 765,620,000	\$ 14,615,000
Unamortized premiums	27,135,115	15,171,877	(2,655,435)	39,651,557	2,256,601
Total bonds payable	<u>675,850,115</u>	<u>265,171,877</u>	<u>(135,750,435)</u>	<u>805,271,557</u>	<u>16,871,601</u>
Net pension liability	16,021,889	-	(2,464,430)	13,557,459	-
Net OPEB liability	14,159,555	2,225,165	-	16,384,720	-
Accrued compensated absences	839,318	878,823	(839,318)	878,823	638,123
Other noncurrent liabilities	<u>804,779</u>	<u>-</u>	<u>(359,178)</u>	<u>445,601</u>	<u>334,201</u>
Total other long-term liabilities	<u>31,825,541</u>	<u>3,103,988</u>	<u>(3,662,926)</u>	<u>31,266,603</u>	<u>972,324</u>
Total long-term liabilities	<u>\$ 707,675,656</u>	<u>\$ 268,275,865</u>	<u>\$ (139,413,361)</u>	<u>\$ 836,538,160</u>	<u>\$ 17,843,925</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**6. Bonds Payable**

At June 30, 2022, bonds payable, including unamortized premiums, consisted of the following:

	<b>Date Issued</b>	<b>Issue Amount</b>	<b>Outstanding Balance</b>
Single Family Mortgage Purchase Bonds			
(5.00% to 5.50%) due 2022-2035	09/11/98	\$ 106,975,000	\$ 18,270,000
Plus: Unamortized premium			<u>308,879</u>
			<u>18,578,879</u>
Mortgage Revenue Bonds			
2014A (2.30% to 4.00%) due 2022-2041	12/16/14	87,115,000	11,770,000
2015A (3.00% to 4.00%) due 2022-2037	07/07/15	39,595,000	6,145,000
2016A (1.45% to 4.00%) due 2022-2036	02/23/16	30,000,000	5,085,000
2016B (1.25% to 4.00%) due 2022-2043	08/02/16	67,000,000	30,545,000
2017A (1.90% to 4.00%) due 2022-2047	01/19/17	50,000,000	9,395,000
2017B (1.25% to 4.00%) due 2022-2047	09/07/17	55,000,000	32,405,000
2018A (1.90% to 4.50%) due 2022-2049	08/14/18	70,000,000	34,965,000
2019A (1.50% to 4.00%) due 2022-2050	07/02/19	74,000,000	52,300,000
2019B (1.25% to 3.75%) due 2022-2050	11/14/19	111,800,000	93,255,000
2020A (1.20% to 4.00%) due 2022-2050	04/30/20	115,000,000	102,575,000
2020B (0.25% to 3.25%) due 2022-2052	10/08/20	123,280,000	119,575,000
2021A (0.10% to 5.00%) due 2022-2052	09/09/21	166,000,000	165,335,000
2022A (1.15% to 5.00%) due 2022-2052	04/26/22	84,000,000	<u>84,000,000</u>
			747,350,000
Plus: Unamortized premium			<u>39,342,678</u>
			<u>786,692,678</u>
Less: Unamortized deferred losses on refundings of debt			<u>-</u>
Total bonds payable, including unamortized premiums			<u>\$ 805,271,557</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**6. Bonds Payable (Continued)**

Amounts, including interest, required to complete payment of the bond obligations as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 14,615,000	\$ 24,339,181	\$ 38,954,181
2024	23,485,000	23,569,541	47,054,541
2025	23,655,000	23,010,971	46,665,971
2026	24,205,000	22,367,364	46,572,364
2027	19,330,000	21,626,166	40,956,166
2027-2032	109,345,000	97,004,279	206,349,279
2032-2037	94,695,000	81,184,965	175,879,965
2037-2042	102,175,000	67,306,544	169,481,544
2042-2047	118,690,000	52,133,499	170,823,499
2047-2052	235,425,000	31,439,852	266,864,852
Total	<u>\$ 765,620,000</u>	<u>\$ 443,982,362</u>	<u>\$ 1,209,602,362</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**6. Bonds Payable (Continued)**

The Authority has the option to redeem most of its bonds prior to maturity as specified under each bond issue. These early redemptions are funded by mortgage pre-payments and other income. The mortgage pre-payment rate varies from year to year and determines the amount of funds available to call bonds prior to maturity. Below is a listing of the Single Family Finance Program bonds redeemed prior to their maturity during the fiscal year ended June 30, 2022:

Single Family Finance Programs:

Single Family Mortgage Purchase Bonds

Series 1998 A	\$ 3,860,000
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Mortgage Revenue Bonds

Series 2014 A	\$ 12,975,000
Series 2015 A	2,650,000
Series 2016A	4,945,000
Series 2016B	7,050,000
Series 2017A	20,285,000
Series 2017B	8,300,000
Series 2018A	15,040,000
Series 2019A	13,675,000
Series 2019B	8,670,000
Series 2020A	8,795,000
Series 2020B	2,955,000
Series 2021A	665,000

Homeownership Revenue Bonds

Series 2011-1	16,315,000
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Total	<u>\$126,180,000</u>
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**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**6. Bonds Payable (Continued)**

During the reporting period, the Authority issued in Mortgage Revenue Bonds, Series 2021A and 2022A, with fixed interest rates ranging from 0.10% to 5.00%. The proceeds will purchase first-time homeowner mortgages. The Bonds were issued at a premium of \$15,171,877 with underwriters fees of \$1,729,909.

Bond Series	Issue Date	Issued Amount	Interest rate range		Premium	Underwriters Fees
			From	To		
2021A	9/9/2021	\$166,000,000	0.10%	5.00%	\$10,700,730	\$1,156,052
2022A	4/26/2022	<u>84,000,000</u>	1.15%	5.00%	<u>4,471,147</u>	<u>573,857</u>
		<u>\$250,000,000</u>			<u>\$15,171,877</u>	<u>\$1,729,909</u>

Bond premium amortized for the fiscal year ended June 30, 2022 and attributable to the Single Family Finance Programs Fund bonds totaled \$2,294,996 and was reported as interest expense in the fund.

Amortization of net deferred gains on refundings of debt of \$161,526 for the fiscal year ended June 30, 2022 was attributable to the Single Family Finance Programs Fund bonds and was included in interest expense in the fund.

All bonds are secured by all mortgage loans, the documents evidencing and securing such mortgage loans, the mortgage purchase agreements and servicing agreements, and any other assets acquired with the bond proceeds. Terms of the Authority’s bond resolutions include certain events of default, which upon occurrence, could result in the bonds becoming immediately due and payable. Such events include (but are not limited to) failure to pay any principal or interest installment, or failure to perform or observe any other covenant, agreement, or condition contained in the bond resolutions.

**7. Transactions with State Agencies**

These financial statements include the following related party transactions between the Authority and the State of South Carolina and various State agencies:

- The South Carolina Department of Revenue collects documentary stamp taxes and remits \$0.20 of every \$1.30 collected to the State Treasurer’s Office, the Trustee. The Authority administers the Housing Trust Fund for the State Treasurer’s Office.
- The employee insurance plans and retirement plan are administered by PEBA. PEBA was created July 1, 2012, by the South Carolina General Assembly as a State agency responsible for the administration and management of the State’s employee insurance programs and retirement systems.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**7. Transactions with State Agencies (Continued)**

- Services received at no cost from State agencies include maintenance of certain accounting records and payroll and disbursement processing from the Comptroller General; check preparation, banking and investment functions from the State Treasurer; and legal services from the Attorney General.
- The Authority receives services from both the Department of Administration and the State Fiscal Accountability Authority (SFAA) to include grant services, personnel management, review, and approval of certain budget amendments, procurement services, and other centralized functions. The Authority accrued \$186,522 for the Statewide Cost Allocation Plan during the fiscal year ended June 30, 2022.
- Financial transactions include payments to the Department of Administration and the SFAA for vehicle rental, insurance coverage, office supplies, printing, and telephone. Payments were also made for the workers' compensation insurance coverage and unemployment compensation. The amounts for such items applicable to fiscal year 2022 expenditures were not readily available.

**8. Fund Transfers**

Fund transfers to and from other funds, which are legally allowable and in accordance with the terms of the respective bond indentures, as applicable, during the fiscal year ended June 30, 2022 are as follows:

- \$122,366 from the General Operating Fund to the Mortgage Revenue Bond Fund to fund a portion of the Series 2022A cost of issuance.
- \$3,489,131 from the Single Family Finance Programs Fund to the General Operating Fund to pay loan purchase fees and fund escrows.
- \$666,102 from Program Funds to General Operating Fund to reallocate down payment assistance back to the program income fund.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**9. Risk Management**

The Authority is exposed to various risks of loss and maintains State or commercial insurance coverage for such risks except business interruption insurance. The Authority has arranged for backup facilities for its information technology needs. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims have not exceeded this coverage in any of the past three years. The Authority pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits except for deductibles.

Several State funds accumulate assets and the State assumes substantially all risks for the following:

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

Employees elect health coverage through the State's self-insured plan. All other coverage listed above is through the applicable State self-insured plan except that dependent and optional life premiums are remitted to commercial carriers.

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

1. Theft of, damage to, or destruction of assets
2. Torts

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property and equipment. IRF rates are determined actuarially.

The Authority obtains coverage through a commercial insurer for employee fidelity bond insurance for potential losses arising from theft or misappropriation by employees.

The Authority obtains coverage through a commercial insurer for cyber insurance for potential losses arising from a breach of the Authority's electronic data.

The Authority records expenses for insurance premiums in the general and administrative expense category of the General Operating Fund.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**10. Conduit Debt**

The Authority has issued bonds to provide financing for multifamily housing. These bonds are special limited obligations of the Authority, payable solely from and secured by mortgages to be received from mortgage loans with various mortgagees. The bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of South Carolina, and accordingly, have not been reported in the accompanying financial statements.

<b>Issue Date</b>	<b>Bond/Note Title</b>	<b>Original Issue Amount</b>	<b>Amount Outstanding</b>
<b>Fiscal Year 2005 (04/05)</b>			
12/04	Multifamily Rental Housing Revenue Bonds (Wyndham Pointe Apartments Project)	\$9,400,000	\$6,424,732
12/04	Multifamily Rental Housing Revenue Bonds (Planters Retreat Apartments Project)	11,850,000	9,513,856
<b>Fiscal Year 2006 (05/06)</b>			
09/05	Multifamily Rental Housing Revenue Bonds (Hallmark Homes Apartments Project)	12,840,000	9,069,462
09/05	Multifamily Rental Housing Revenue Bonds (Appian Way Apartments Project)	11,600,000	9,611,628
09/05	Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project)	8,850,000	7,687,255
<b>Fiscal Year 2008 (07/08)</b>			
01/08	Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments)	7,885,000	-
<b>Fiscal Year 2009 (08/09)</b>			
11/08	Multifamily Rental Housing Revenue Bonds (Franklin Square Apartments)	9,800,000	9,800,000
12/08	Multifamily Rental Housing Revenue Bonds (Brookside Crossing)	9,900,000	-
<b>Fiscal Year 2011 (10/11)</b>			
5/11	Multifamily Rental Housing Revenue Bonds (North Augusta Gardens Apartments)	4,975,000	4,975,000
5/11	Multifamily Rental Housing Revenue Bonds (Pickens Gardens Apartments)	850,000	290,000

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**10. Conduit Debt (Continued)**

<b>Issue Date</b>	<b>Bond/Note Title</b>	<b>Original Issue Amount</b>	<b>Amount Outstanding</b>
	Fiscal Year 2015 (14/15)		
11/14	Multifamily Rental Housing Revenue Bonds (Ashley Arms Apartments)	\$6,600,000	\$6,285,000
11/14	<b>Multifamily Rental Housing Revenue Bonds</b> (Palmilla Apartments)	14,385,000	11,045,000
5/15	Multifamily Rental Housing Revenue Bonds (Village at River's Edge)	11,000,000	9,689,596
	Fiscal Year 2016 (15/16)		
12/15	<b>Multifamily Rental Housing Revenue Bonds</b> (Columbia Gardens)	15,000,000	12,539,000
12/15	Multifamily Rental Housing Revenue Bonds (Willow Run)	15,000,000	12,364,000
	Fiscal Year 2017 (16/17)		
07/16	Multifamily Rental Housing Revenue Loan (Waters at St James)	31,597,000	30,026,129
08/16	<b>Multifamily Rental Housing Revenue Bonds</b> (The Colony)	7,900,000	7,478,540
	Fiscal Year 2019 (18/19)		
3/19	Multifamily Rental Housing Revenue Bonds (Killian Terrace)	23,398,000	23,398,000
6/19	<b>Multifamily Rental Housing Revenue Bonds</b> (Belle Meade)	10,950,000	9,290,000
	Fiscal Year 2020 (19/20)		
5/20	Multifamily Rental Housing Revenue Bonds (Northside Apartments)	8,600,000	8,439,553

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**10. Conduit Debt (Continued)**

<b>Issue Date</b>	<b>Bond/Note Title</b>	<b>Original Issue Amount</b>	<b>Amount Outstanding</b>
	Fiscal Year 2021 (20/21)		
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> Assembly II SC, LLC	\$13,500,000	\$13,500,000
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> (Broad River Village)	21,850,000	21,850,000
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> (Clinton Manor)	4,200,000	4,098,134
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> Friendship Court A	6,800,000	6,144,675
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> Friendship Court B	500,000	500,000
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> Newberry Arms	4,000,000	3,902,984
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> Bridgeview	65,900,000	65,900,000
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> (Palmetto Towers)	8,133,000	8,133,000
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> (John G Felder )	2,118,000	2,118,000
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> (Redemption Towers)	12,150,000	12,150,000
12/20	<b>Multifamily Rental Housing Revenue Bonds</b> (Garden Oaks Apartments )	33,000,000	33,000,000
6/21	<b>Multifamily Rental Housing Revenue Bonds</b> (Osprey Place )	10,000,000	-
6/21	<b>Multifamily Rental Housing Revenue Bonds</b> (The Sullivan f/k/a Commons at Sulphur Springs )	13,805,000	13,805,000

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**10. Conduit Debt (Continued)**

<u>Issue Date</u>	<u>Bond/Note Title</u>	<u>Issue Amount</u>	<u>Amount Outstanding</u>
6/21	<b>Multifamily Rental Housing Revenue Bonds</b> (The Sullivan f/k/a Commons at Sulpher Springs )	\$8,195,000	\$8,195,000
	Fiscal Year 2022 (21/22)		
8/21	<b>Multifamily Rental Housing Revenue Bonds</b> (James Lewis Jr. Eastside Series A )	4,800,000	4,800,000
8/21	<b>Multifamily Rental Housing Revenue Bonds</b> (James Lewis Jr. Eastside Series B )	6,950,000	6,950,000
8/21	<b>Multifamily Rental Housing Revenue Bonds</b> (James Lewis Jr. Eastside Series C )	2,219,000	-
8/21	<b>Multifamily Rental Housing Revenue Bonds</b> (Commons at Sulpher Springs )	22,000,000	22,000,000
12/21	<b>Multifamily Rental Housing Revenue Bonds</b> (Villages at Congaree Pointe)	27,865,000	27,865,000
Total		<u>\$ 500,365,000</u>	<u>\$ 442,838,544</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan**

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 custodian, co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board of Directors decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

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

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

**11.A Plan Descriptions**

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

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative 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.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.B Membership**

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

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

- State ORP - As an alternative to membership in SCRS, newly hired State, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, 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 and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**11.C Benefits**

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

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.C Benefits (Continued)**

Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

**11.D Contributions**

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.D Contributions (Continued)**

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.

	<u><b>Fiscal Year 2022</b></u>	<u><b>Fiscal Year 2021</b></u>
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>State ORP</b>		
Employee	9.00%	9.00%

Required employer contribution rates<sup>1</sup> are as follows:

	<u><b>Fiscal Year 2022</b></u>	<u><b>Fiscal Year 2021</b></u>
<b>SCRS</b>		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of laws.

<sup>2</sup> 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.

The Authority has contributed \$1,403,593 to the retirement and incidental death benefit programs, during the year ended June 30, 2022.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.E 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 was most recently issued as of July 1, 2019.

The June 30, 2021, total pension liability, the net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2021.

	<b>SCRS</b>
Actuarial cost method	Entry age normal
Investment rate of return <sup>1</sup>	7.00%
Projected salary increases <sup>1</sup>	3.0% to 11.0% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually
<sup>1</sup> <i>Includes inflation at 2.25%</i>	

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80 percent of Scale UMP projected from the year 2020.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.E Actuarial Assumptions and Methods (Continued)**

Assumptions used in the determination of the June 30, 2021 total pension liability are as follows.

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

**11.F Net Pension Liability**

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. The net pension liability amounts for SCRS are presented below:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS	\$55,131,579,363	\$33,490,305,970	\$21,641,273,393	60.7%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Statement Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.F Net Pension Liability (Continued)**

The Authority's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB Statement No. 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the year ending June 30, 2021, the Authority's percentage of the SCRS net pension liability was 0.062704%. For the year ending June 30, 2022, the Authority's percentage of the SCRS net pension liability was 0.062646% which is a decrease of 0.000058%. The Authority's proportionate share is determined by its percentage of total contributions to SCRS during the respective fiscal year.

The change in percentage resulted in the Authority's recognizing a change in its proportionate share of the SCRS net pension liability at related deferred outflows and inflows of resources.

**11.G Discount Rate**

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**11.H Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. 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 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.H Long-term Expected Rate of Return (Continued)**

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Public Equity</b>	<b>46.00%</b>	6.87%	3.16%
<b>Bonds</b>	<b>26.00%</b>	0.27%	0.07%
<b>Private Equity</b>	<b>9.00%</b>	9.68%	0.87%
<b>Private Debt</b>	<b>7.00%</b>	5.47%	0.39%
<b>Real Assets</b>	<b>12.00%</b>		
Real Estate	9.00%	6.01%	0.54%
Infrastructure	3.00%	5.08%	0.15%
Total Expected Real Return	<u>100.00%</u>		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			<u>7.43%</u>

**11.I Sensitivity Analysis**

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

<b>Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
SCRS	\$17,758,584	\$13,557,459	\$10,065,456

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**11. Pension Plan (Continued)**

**11.J Deferred Outflows (Inflows) of Resources**

For the year ended June 30, 2022, the Authority recognized pension expense of \$567,719. At June 30, 2022, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources and will be amortized to pension expense as noted in following schedules. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2021 was 3.91 years for SCRS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,403,593	\$ -
Differences in actual and expected plan experience	230,936	18,298
Change in proportionate share and differences between the Authority's contributions and proportionate share of contributions	-	390,363
Changes in assumptions	742,091	-
Net differences between projected and actual earnings on plan investments	-	1,969,399
	\$ 2,376,620	\$ 2,378,060

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS
2022	2023	\$ (387,179)
2023	2024	(106,893)
2024	2025	(174,037)
2025	2026	(736,924)

The Authority reported \$1,403,593 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**12. Post-Employment Benefits Other Than Pensions**

**12.A General Information**

As previously described, PEBA is a State agency responsible for the administration and management of the State's employee insurance programs, other post-employment benefits trusts (OPEB Trusts) and retirement systems and is part of the State's primary government. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board of Director decisions in administering the State Health Plan and other post-employment benefits.

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

**12.B Plan Descriptions**

The OPEB Trusts, collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's Retiree Health and Dental Plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan. In accordance with Act 195, the OPEB Trusts are administered by PEBA, Insurance Benefits. The State Treasurer is the custodian of the funds held in trust. The PEBA Board of Directors has been designated as the Trustee.

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

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**12. Post-Employment Benefits Other Than Pensions (Continued)**

**12.C Benefits**

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees.

Management of the Authority evaluated the net OPEB liability, OPEB expense, and related deferred outflows and inflows of resources associated with the SCLTDITF, and has concluded that these financial statement items are immaterial to the Authority's financial statements as of and for the fiscal year ended June 30, 2021. Accordingly, no adjustments were made to the Authority's financial statements pursuant to the provisions of GASB Statement No. 75 for the SCLTDITF.

**12.D Contributions**

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

The SCRHITF is funded through participating employers that are mandated by the State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2022 was 6.25 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**12. Post-Employment Benefits Other Than Pensions (Continued)**

**12.D Contributions (Continued)**

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA, Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

The Authority's contributions to the SCRHITF plan were \$11,141 for the fiscal year ended June 30, 2022.

**12.E Net OPEB Liability and OPEB Expense**

At June 30, 2022, the Authority reported a liability of \$16,384,720 for its proportionate shares of the SCRHITF's net OPEB liability, measured at June 30, 2021. The SCRHITF's net OPEB liability represents its total OPEB liability determined in accordance with GASB Statement No. 74, less its fiduciary net position. The net OPEB liability was determined based upon actuarial valuations performed on June 30, 2020 which were then rolled forward to the June 30, 2021 measurement date. This method is expected to be reflective of the Authority's long-term contribution effort, as well as, be transparent to individual employers and their external auditors. At June 30, 2022, the Authority's proportionate share of the SCRHITF plan's net OPEB liability was 0.078685%, which represents an increase of 0.000245% from its proportionate share measured as of June 30, 2021.

For the year ended June 30, 2022, the Authority recognized OPEB expense of \$704,590.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**12. Post-Employment Benefits Other Than Pensions (Continued)**

**12.F Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB**

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 331,575	\$ 419,966
Changes of assumptions	3,331,091	394,522
Net difference between projected and actual earnings on OPEB plan investments	-	4,430
Changes in proportion and differences between Authority contributions and proportionate share of contributions	31,819	774,099
Authority contributions subsequent to the measurement date	529,738	-
Total	<u>\$ 4,224,223</u>	<u>\$ 1,593,017</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$529,738 resulting from contributions made subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

	<u>SCRHITF</u>
Years ending June 30:	
2023	\$ 257,617
2024	250,362
2025	376,253
2026	453,646
2027	499,376
Thereafter	264,214

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**12. Post-Employment Benefits Other Than Pensions (Continued)**

**12.G Actuarial Assumptions**

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

The total OPEB liabilities were determined by actuarial valuations performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2021. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Additional information as of the latest actuarial valuations for the SCRHITF Plan is as follows:

**SCRHITF GASB 75:**

Valuation Date:	June 30, 2021 census data; rolled forward to June 30, 2022
Actuarial Cost Method:	Individual Entry - Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	1.92% as of June 30, 2019
Mortality Assumptions	For healthy retirees, The gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Participation Assumption:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partially Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021. In addition, the demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the health care trend rates were reset to better reflect the plan's anticipated experience.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**12. Post-Employment Benefits Other Than Pensions (Continued)**

**12.G Actuarial Assumptions (Continued)**

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

This information is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic 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 and Equivalents	20.00%	0.35%	0.07%
<b>Total</b>	<u>100.00%</u>		<u>0.55%</u>
Expected Inflation			<u>2.25%</u>
<b>Total Return</b>			<u>2.80%</u>
<b>Investment Return Assumption</b>			<u>2.75%</u>

**12.H 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).

**12.I Sensitivity Analysis**

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 2.45%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table 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 were calculated using a trend rate that is one percent lower or one percent higher.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**12. Post-Employment Benefits Other Than Pensions (Continued)**

**12.I Sensitivity Analysis (Continued)**

<u>System</u>	<u>1% Decrease (0.92%)</u>	<u>Current Discount Rate (1.92%)</u>	<u>1% Increase (2.92%)</u>
SCRHITF Net OPEB Liability	\$19,747,640	\$16,384,720	\$13,733,472

<u>System</u>	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
SCRHITF Net OPEB Liability	\$13,144,955	\$16,384,720	\$20,701,599

**12.J OPEB Plan Fiduciary Net Position**

Detailed information about the SCRHITF’s fiduciary net position is available in the separately issued PEBA financial report which can be obtained as noted above.

**13. Deferred Compensation Plans**

The South Carolina Deferred Compensation Program (Deferred Comp) provides participants with a supplemental retirement savings strategy through its 401(k) and 457(b) retirement savings plans. The minimum amount that can be contributed to each plan is \$10 per pay period. Participants can change the amount they are deferring to Deferred Comp at any time. The IRS sets annual contribution limits for both 401(k) and 457(b) Plans. Traditional contributions to the 401(k) and 457(b) plans are made on a before-tax basis and taxes are paid only when there is a distribution. Roth contributions are made with after-tax dollars, which means taxes have already been paid on the money before it enters any account(s). Deferred Comp offers valuable benefits to its participants. In an effort to maximize this value, the South Carolina Public Employee Benefit Authority (PEBA) has contracted with Empower Retirement to provide recordkeeping, administration and communication services related to Deferred Comp. With a dedicated local Deferred Comp office in the Columbia area, Empower focuses on providing high-quality retirement plan services to employers and their employees. Empower Retirement is a leading services provider of employer-sponsored deferred compensation retirement programs, primarily for government, healthcare and nonprofit entities. Employees who retire or separate from service have a variety of payment choices and can also choose to leave the account balance in Deferred Comp.

The State of South Carolina has no liability for losses under the Deferred Comp plans and does not allow employer matching.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**14. Commitments and Contingencies**

*Financial Award Commitments*

As of June 30, 2022, the Authority has financial award commitments outstanding totaling \$6,928,539 under the Housing Trust Fund programs.

The Authority receives significant federal grant and entitlement revenues. Compliance audits of federal programs may identify disallowed expenditures. Disallowances by federal program officials as a result of these audits may become liabilities of the Authority. The Authority records a liability for pending disallowances if settlement is probable and the settlement amount is reasonably estimable. Otherwise, the liability is recorded only when the Authority and the federal government agree on reimbursement terms.

Based on an analysis of historical data, the Authority believes that any such disallowances relating to the fiscal year ended June 30, 2022, or earlier years will not have a material impact on the Authority's financial statements.

**15. Subsequent Events**

On August 23, 2022, the Authority issued Mortgage Revenue Bonds, Series 2022B, in the amount of \$160,000,000. Proceeds in the amount of \$168,601,651 were received on September 15, 2022, which includes a premium of \$4,334,420, and are being used to purchase first-time homebuyer mortgages.

On August 30, 2022, the Authority issued Mortgage Revenue Notes, Series 2022C, in the amount of \$206,190,000. Proceeds in the amount of \$207,005,000 were received on September 15, 2022, and will remain invested until released as a result of the refunding of all or a portion of the Notes.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**16. Segment Financial Information**

Segment financial information, as required by the bond trustees for each indenture of the Authority's Single Family Finance Programs as of and for the fiscal year ended June 30, 2022, is presented on the following pages.

**Statement of Fund Net Position as of June 30, 2022**

	<b>Single Family</b>	<b>Mortgage Revenue</b>	<b>Homeownership Bond</b>	<b>Revenue Reserve</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Assets</b>						
Current assets:						
Restricted assets:						
Cash and cash equivalents	\$ 5,078,152	\$ 41,121,950	\$ 4,440,792	\$ 2,037,123	\$ -	\$ 52,678,017
Investments	28,856,310	83,844,326	-	16,973,158	-	129,673,794
Loans receivable	3,693,867	22,163,445	-	163,594	-	26,020,906
Accounts receivable - other	-	-	-	105,763	-	105,763
Due from other funds	-	-	-	110,000	(110,000)	-
Accrued interest receivable:						
Loans	350,159	2,763,805	-	19,942	-	3,133,906
Deposits and investments	44,102	171,724	24,648	31,730	-	272,204
<b>Total current assets</b>	<b>38,022,590</b>	<b>150,065,250</b>	<b>4,465,440</b>	<b>19,441,310</b>	<b>(110,000)</b>	<b>211,884,590</b>
Noncurrent assets:						
Restricted assets:						
Investments	3,545,829	26,918,293	13,587,872	5,776,601	-	49,828,595
Loans receivable, net of						
current portion	72,810,407	799,585,158	-	5,859,484	-	878,255,049
Allowance for doubtful loans	(46,000)	(1,156,000)	-	(1,000)	-	(1,203,000)
<b>Total noncurrent assets</b>	<b>76,310,236</b>	<b>825,347,451</b>	<b>13,587,872</b>	<b>11,635,085</b>	<b>-</b>	<b>926,880,644</b>
<b>Total assets</b>	<b>114,332,826</b>	<b>975,412,701</b>	<b>18,053,312</b>	<b>31,076,395</b>	<b>(110,000)</b>	<b>1,138,765,234</b>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**16. Segment Financial Information (Continued)**

**Statement of Fund Net Position as of June 30, 2022**

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Eliminations	Totals
<b>Liabilities</b>						
Current liabilities:						
Liabilities payable from restricted assets:						
Bonds payable, net of unamortized premiums	\$ 4,112,411	\$ 12,232,212	\$ -	\$ -	\$ -	\$ 16,344,623
Accrued interest payable on bonds	500,925	11,129,772	-	-	-	11,630,697
Other liabilities	(9,928)	7,323	-	50,017	-	47,412
<b>Total liabilities payable from restricted assets</b>	<b>4,603,408</b>	<b>23,369,307</b>	<b>-</b>	<b>50,017</b>	<b>-</b>	<b>28,022,732</b>
Due to other funds	-	110,000	-	-	(110,000)	-
<b>Total current liabilities</b>	<b>4,603,408</b>	<b>23,479,307</b>	<b>-</b>	<b>50,017</b>	<b>(110,000)</b>	<b>28,022,732</b>
Noncurrent liabilities:						
Bonds payable, net of current portion and unamortized premiums	14,466,468	774,460,466	-	-	-	788,926,934
<b>Total noncurrent liabilities</b>	<b>14,466,468</b>	<b>774,460,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>788,926,934</b>
<b>Total liabilities</b>	<b>19,069,876</b>	<b>797,939,773</b>	<b>-</b>	<b>50,017</b>	<b>(110,000)</b>	<b>816,949,666</b>
<b>Deferred Inflows of Resources</b>						
Deferred gain on refunding	-	2,422,647	(19,808)	-	-	2,402,839
Total deferred inflows of resources	-	2,422,647	(19,808)	-	-	2,402,839
<b>Net Position</b>						
Restricted for:						
Debt service	4,959,925	57,608,037	-	-	-	62,567,962
Bond reserves	552,568	24,451,211	-	-	-	25,003,779
Housing projects and development	89,750,457	92,991,033	18,073,120	31,026,378	-	231,840,988
<b>Total net position</b>	<b>\$ 95,262,950</b>	<b>\$ 175,050,281</b>	<b>\$ 18,073,120</b>	<b>\$ 31,026,378</b>	<b>\$ -</b>	<b>\$ 319,412,729</b>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**16. Segment Financial Information (Continued)**

**Statement of Revenues, Expenses and Changes in Fund Net Position for the Year Ended June 30, 2022**

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Eliminations	Totals
<b>Operating revenues</b>						
Interest and other charges on loans	\$ 4,704,131	\$ 33,635,754	\$ -	\$ 1,769,845	\$ -	\$ 40,109,730
Income on deposits and investments	560,945	3,424,463	870,194	572,299	-	5,427,901
Net increase (decrease) in the fair value of investments	(2,068,970)	(8,141,235)	(1,358,019)	(1,594,683)	-	(13,162,907)
Administrative fees and other	599	7,178	-	-	-	7,777
<b>Total operating revenues</b>	<b>3,196,705</b>	<b>28,926,160</b>	<b>(487,825)</b>	<b>747,461</b>	<b>-</b>	<b>32,382,501</b>
<b>Operating expenses</b>						
Bond interest	1,001,850	21,459,989	5,855	-	-	22,467,694
Program services	78,111	9,191,131	2,839	488,811	-	9,760,892
Bond issuance expense	-	2,306,173	-	-	-	2,306,173
Other expenses	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>1,079,961</b>	<b>32,957,293</b>	<b>8,694</b>	<b>488,811</b>	<b>-</b>	<b>34,534,759</b>
<b>Operating income (loss)</b>	<b>2,116,744</b>	<b>(4,031,133)</b>	<b>(496,519)</b>	<b>258,650</b>	<b>-</b>	<b>(2,152,258)</b>
<b>Transfers</b>						
Transfers in	62,118	26,530,000	-	27,390,581	(53,982,699)	-
Transfers out	-	(30,685,773)	-	(26,786,057)	53,982,699	(3,489,131)
<b>Total transfers</b>	<b>62,118</b>	<b>(4,155,773)</b>	<b>-</b>	<b>604,524</b>	<b>-</b>	<b>(3,489,131)</b>
<b>Changes in net position</b>	<b>2,178,862</b>	<b>(8,186,906)</b>	<b>(496,519)</b>	<b>863,174</b>	<b>-</b>	<b>(5,641,389)</b>
Net position, beginning of year	93,084,088	183,237,187	18,569,639	30,163,204	-	325,054,118
Net position, end of year	\$ 95,262,950	\$ 175,050,281	\$ 18,073,120	\$ 31,026,378	\$ -	\$ 319,412,729

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**16. Segment Financial Information (Continued)**

<b>Statement of Cash Flows for the Year Ended June 30, 2022</b>						
	<b>Single Family</b>	<b>Mortgage Revenue</b>	<b>Homeownership Bond</b>	<b>Revenue Reserve</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Cash Flows From Operating Activities</b>						
Receipt of loan principal payments	\$ 12,383,663	\$ 63,003,895	\$ -	\$ 2,192,963	\$ -	\$ 77,580,521
Receipt of loan interest payments	4,790,281	31,251,280	-	37,442	-	36,079,003
Purchases of new loans	-	(195,543,049)	-	-	-	(195,543,049)
Administrative fees and other	598	7,178	-	-	-	7,776
Payments to vendors	(201,395)	(4,825,368)	330,963	(357,790)	-	(5,053,590)
Net cash flows provided by (used for) operating activities	<u>16,973,147</u>	<u>(106,106,064)</u>	<u>330,963</u>	<u>1,872,615</u>	<u>-</u>	<u>(86,929,339)</u>
<b>Cash Flows From Non-capital Financing Activities</b>						
Transfers from other programs	62,118	26,530,000	-	27,390,581	(53,982,699)	-
Transfers to other programs	-	(30,685,773)	-	(26,786,057)	53,982,699	(3,489,131)
Housing assistance payments	-	(7,082,500)	-	(138,250)	-	(7,220,750)
Proceeds from the sale of bonds	-	250,000,000	-	-	-	250,000,000
Premium received from the sale of bonds	-	15,171,877	-	-	-	15,171,877
Principal payments on bonds payable	(3,860,000)	(112,650,000)	(16,585,000)	-	-	(133,095,000)
Interest payments on bonds payable	(1,108,000)	(20,307,973)	(590,837)	-	-	(22,006,810)
Net cash flows provided by (used for) non-capital financing activities	<u>(4,905,882)</u>	<u>120,975,631</u>	<u>(17,175,837)</u>	<u>466,274</u>	<u>-</u>	<u>99,360,186</u>
<b>Cash Flows From Investing Activities</b>						
Sales of investments	-	-	4,915,499	-	-	4,915,499
Purchase of investments	(10,518,765)	(16,483,553)	-	(1,370,602)	-	(28,372,920)
Income (loss) on deposits and investments	(1,527,958)	(4,759,915)	(811,947)	(1,032,025)	-	(8,131,845)
Net cash flows provided by (used for) investing activities	<u>(12,046,723)</u>	<u>(21,243,468)</u>	<u>4,103,552</u>	<u>(2,402,627)</u>	<u>-</u>	<u>(31,589,266)</u>
Net increase (decrease) in cash and cash equivalents	20,542	(6,373,901)	(12,741,322)	(63,738)	-	(19,158,419)
Cash and cash equivalents, beginning of year	5,057,610	47,495,851	17,182,114	2,100,861	-	71,836,436
Cash and cash equivalents, end of year	<u>\$ 5,078,152</u>	<u>\$ 41,121,950</u>	<u>\$ 4,440,792</u>	<u>\$ 2,037,123</u>	<u>\$ -</u>	<u>\$ 52,678,017</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**16. Segment Financial Information (Continued)**

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Totals
<b>Reconciliation of operating income/(loss) to net cash flows provided by (used for) operating activities:</b>					
Operating income (loss)	\$ 2,116,744	\$ (4,031,133)	\$ (496,519)	\$ 258,650	\$ (2,152,258)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used for) operating activities:					
Loan loss expense	(126,398)	(483,322)	-	(6,316)	(616,036)
Net (increase) decrease in the fair value of investments	2,068,970	8,141,235	1,358,019	1,594,683	13,162,907
Gain (Loss) on bond extinguishment	-	161,526	333,802	-	495,328
Housing assistance payments	-	7,082,500	-	138,250	7,220,750
Bonds interest expense reclassified to non-capital financing activities	1,001,850	21,459,989	5,855	-	22,467,694
Income on deposits and investments reclassified to investing activities	(560,945)	(3,424,463)	(870,194)	(572,299)	(5,427,901)
Change in operating assets and liabilities:					
Loans receivable	12,468,698	(132,556,104)	-	456,385	(119,631,021)
Accrued interest receivable - loans	105,818	(63,957)	-	4,175	46,036
Accounts payable, accrued expenses and unearned revenue	(101,590)	(2,392,335)	-	(913)	(2,494,838)
Total adjustments	14,856,403	(102,074,931)	827,482	1,613,965	\$ (84,777,081)
Net cash flows provided by (used for) operating activities	\$ 16,973,147	\$ (106,106,064)	\$ 330,963	\$ 1,872,615	\$ (86,929,339)

## REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS \***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>SCRS</u> <u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.062646%	0.062704%	0.063826%	0.068320%	0.070898%	0.067562%	0.070607%	0.072075%	0.072075%
Authority's proportionate share of the net pension liability	<u>\$13,557,459</u>	<u>\$16,021,889</u>	<u>\$14,574,077</u>	<u>\$15,308,300</u>	<u>\$15,960,280</u>	<u>\$14,431,143</u>	<u>\$13,390,958</u>	<u>\$12,408,926</u>	<u>\$12,927,684</u>
Authority's covered payroll during the measurement period	<u>\$6,368,841</u>	<u>\$6,307,929</u>	<u>\$ 5,999,910</u>	<u>\$ 5,863,935</u>	<u>\$ 5,718,578</u>	<u>\$ 5,169,442</u>	<u>\$ 5,144,169</u>	<u>\$ 5,481,134</u>	<u>\$ 5,390,921</u>
Authority's proportions share of the net pension liability as a percentage of it's covered payroll during the measurement period	212.87%	254.00%	242.90%	261.06%	279.10%	279.16%	260.31%	226.39%	239.80%
Plan fiduciary net position as a percentage of the total pension liability	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%	59.9%	54.1%

Note 1: The amounts presented above were determined as of June 30th of the preceding year

Note 2 \*: Only nine years of data are available, thus only nine years are presented.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTION  
LAST TEN FISCAL YEARS \***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>SCRS 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$1,403,593	\$1,109,122	\$1,182,801	\$972,451	\$907,016	\$791,248	\$694,073	\$694,228	\$693,610
Contributions in relation to the contractually required contribution	1,403,593	1,109,122	1,182,801	972,451	907,016	791,248	694,073	694,228	693,610
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	<u>\$6,965,567</u>	<u>\$6,368,841</u>	<u>\$6,307,929</u>	<u>\$ 5,999,910</u>	<u>\$ 5,863,935</u>	<u>\$ 5,718,578</u>	<u>\$ 5,169,442</u>	<u>\$ 5,144,169</u>	<u>\$ 5,481,134</u>
Contributions as a percentage of covered payroll	20.15%	17.41%	18.75%	16.21%	15.47%	13.84%	13.43%	13.50%	12.65%

\* This schedule is presented to illustrate the requirements to show information for ten (10) years.  
However, information for fiscal year 2013 is not readily available.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S SHARE OF THE NET OPEB LIABILITY  
LAST TEN FISCAL YEARS \***

	<b>SCRHIF</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Authority's proportion of the net OPEB liability	0.078685%	0.078440%	0.079531%	0.085118%	0.087616%	0.087616%
Authority's proportionate share of the net OPEB liability	<u>\$16,384,720</u>	<u>\$14,159,555</u>	<u>\$12,026,302</u>	<u>\$12,061,720</u>	<u>\$11,867,444</u>	<u>\$12,676,836</u>
Authority's covered payroll during the measurement period	<u>\$6,368,841</u>	<u>\$6,307,929</u>	<u>\$ 5,999,910</u>	<u>\$ 5,863,935</u>	<u>\$ 5,718,578</u>	<u>\$ 5,169,442</u>
Authority's proportions share of the net OPEB liability as a percentage of it's covered-employee payroll during the measurement period	257.26%	224.47%	200.44%	205.69%	207.52%	245.23%
Plan fiduciary net position as a percentage of the total OPEB liability	7.48%	8.39%	8.44%	7.91%	7.60%	6.60%

Note 1: The amounts presented above were determined as of June 30th of the preceding year

Note 2 \*: Only six years of data are available, thus only six years are presented.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S OPEB CONTRIBUTIONS  
LAST TEN FISCAL YEARS \***

	<b>SCRHITF</b>					
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$529,738	\$437,617	\$475,097	\$404,112	\$342,999	\$360,607
Contributions in relation to the contractually required contribution	529,738	437,617	475,097	404,112	342,999	360,607
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	<u>\$6,965,567</u>	<u>\$6,368,841</u>	<u>\$6,307,929</u>	<u>\$ 5,999,910</u>	<u>\$ 5,863,935</u>	<u>\$ 5,718,578</u>
Contributions as a percentage of covered payroll	7.61%	6.87%	7.53%	6.74%	5.85%	6.31%

\* This schedule is presented to illustrate the requirements to show information for ten (10) years.  
However, information for fiscal years 2013 through 2015 is not readily available.