



Ways and Means Constitutional Subcommittee Budget Hearing

State Treasurer's Office Overview

The mission of the State Treasurer's Office (**STO**) is to serve the citizens of South Carolina by providing transparent, accountable and efficient banking, investment, and financial management services for South Carolina State Government. Our commitment is to safeguard our State's financial resources and to maximize return on our State's investments.

The STO manages approximately \$60.8 billion on behalf of the State and local governments. By focusing on the modernization and optimization of business operations, South Carolina Treasurer Curtis Loftis works to ensure that the STO provides the best in efficient banking, investment, and financial management services. In January of 2023, Treasurer Loftis was inaugurated for his fourth term in office. He continues to promote a progress-driven environment of openness, transparency, and accountability in government.

The STO has four major program areas: Banking & Investments, Treasury Management, Debt Management and Programs, which includes Unclaimed Property, College Savings, and the Palmetto ABLE Savings programs.

Summary of the FY24 Budget Requests

- **3% Base Pay Increase and 2023 Health Insurance Plan Increases in Employer Contributions and 1% Retirement rate increase** (housekeeping item) \$313,000 (recurring other funds authorization) for the employee 3% base pay increase authorized in the 2022-23 Appropriation Act and the associated employer fringe cost. Also included in this request are the associated costs for the SCRS and PORS 1% rate increase, as well as the employer health insurance increase effective 1/1/23.
- **Agency Head Base Pay Adjustment and Associated Employer Fringe Cost** \$102,000 (recurring general funds appropriation) to correspond with the base pay increase and fringe costs associated with the new Constitutional Officer salary, initiated by the legislature and approved by the SC Agency Head Salary Commission.

Summary of FY24 Proviso Requests

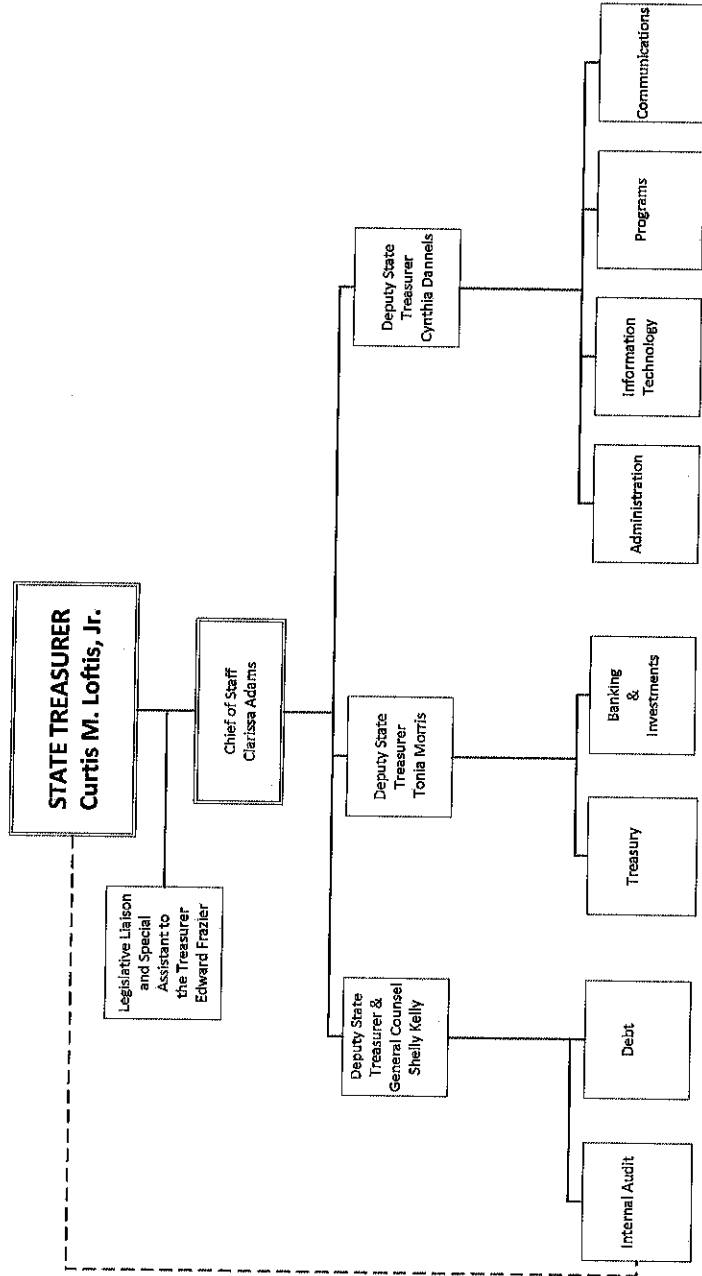
- Proviso 98.9 had verbiage added in FY2021-2022 that carried forward into FY2022-2023. This language suspended the penalty provisions requiring the State Treasurer to withhold all or a portion of state payments from municipalities not meeting the audit and reporting requirements within the proviso. This request is to simply revert to the previous language.



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

House Ways & Means Subcommittee Budget Hearing Document Requests

- 1) List of key officials attending the hearing, including contact information
- 2) Organizational Chart
- 3) One-Page Summary of Budget Requests
- 4) Budget Request Summary in Priority Order
- 5) Proviso Request Summary
- 6) Agency Provisos
- 7) Carry Forward Information
- 8) FTE Breakdown
- 9) Additional Information



Office of the State Treasurer

Agency Provisos

98.1. (TREAS: Nat'l. Forest Fund - Local Govt. Compliance) In order to conform to federal requirements local governments receiving distributions of National Forest Fund revenues are required to report annually to the State Treasurer indicating compliance with authorized purposes. [Keep]

98.2. (TREAS: STARS Approval) Decisions relating to the Statewide Accounting and Reporting System (STARS) and the South Carolina Enterprise Information System (SCEIS) which involve the State Treasurer's Banking Operations and other functions of the State Treasurer's Office shall require the approval of the State Treasurer. [Keep]

98.3. (TREAS: Investments) The State Treasurer may pool funds from accounts for investment purposes and may invest all monies in the same types of investments as set forth in Section 11-9-660. [Keep]

98.4. (TREAS: Management Fees) The State Treasurer is authorized to charge a fee for the operating and management costs associated with the Local Government Investment Pool, the Deferred Compensation Program, the Tuition Prepayment Program, and the College Investment Program and is further authorized to retain and expend the fees to provide these services. The fees assessed may not exceed the cost of the provision of such services. [Keep]

98.5. (TREAS: Investment Management Fees) Unless otherwise prohibited by law, the State Treasurer may charge a fee for the operating and management costs associated with the investment management and support operations of various state funds and programs, and further, may retain and expend the fees to provide these services. The fees assessed may not exceed the actual cost of the provision of these services or the earnings on these investments. [Keep]

98.6. (TREAS: Debt Management Cost Allocation) Unless otherwise prohibited by law, the State Treasurer may charge actual costs associated with the administration and management of the indebtedness of the State, its agencies and institutions, and further, may retain and expend any amounts so allocated to provide these services. Costs associated with the original issuance of bonds and other indebtedness must be assessed on an hourly basis, must be taken from the costs of issuance of any bond issue or other indebtedness, and must not exceed the actual cost of providing these services. Ongoing costs of administration and maintenance must be assessed against expenses of debt service, and must not exceed the actual costs of providing these services. [Keep]

98.7. (TREAS: Withheld Accommodations Tax Revenues) Before noncompliant expenditures and penalties withheld pursuant to Sections 6-4-35(B)(1)(a) and (b) are reallocated, the Tourism Expenditure Review Committee must certify to the Office of State Treasurer that the time period for an appeal of the committee's action to the Administrative Law Court has expired or that the action of the committee has been upheld or overturned by the Administrative Law Court. Noncompliant expenditures and penalties withheld must be reallocated annually after August

incorporated in South Carolina, when there is a reason to believe that those companies being audited are holding funds belonging to South Carolina citizens. The Office of State Treasurer shall retain \$200,000 from the Unclaimed Property Program for the sole purpose of employing internal compliance auditors to enforce the Unclaimed Property Act. [Keep]

98.12. (TREAS: Municipality Accommodations Tax Withholdings) If the State Treasurer is withholding accommodations tax revenue distributions to a municipality due to an expenditure the Tourism Expenditure Review Committee determined to be in noncompliance, then the municipality may refund an amount equivalent to the amount determined to be in noncompliance to the municipality's accommodations tax fund from the municipality's general fund. If the municipality certifies to the Tourism Expenditure Review Committee that the amount has been refunded, the State Treasurer shall refund the withheld funds to the municipality's general fund. The expenditure of funds refunded to the municipality's accommodations tax fund and any subsequent expenditures are subject to review by the Tourism Expenditure Review Committee. Prior to notification to the State Treasurer of noncompliance by a municipality, the Tourism Expenditure Review Committee must notify the municipality if an expenditure is found to be in noncompliance. If the committee informs the municipality of an expenditure determined to be in noncompliance and the municipality does not refund the noncompliant amount, the committee shall certify the noncompliance to the State Treasurer. If the committee determines an expenditure of any refunded amount to be in noncompliance, the municipality may not refund an equivalent amount in order to avoid future withholdings. [Keep]

98.13. (TREAS: Investment Earnings and Interest) In accordance with the requirements of Section 11-13-125 of the 1976 Code, the State Treasurer shall remit earnings and interest from investments of general deposit funds into the General Fund of the State. Nothing in this provision shall be construed to limit the State Treasurer from incurring and paying fees, expenses, losses, statutory commitments, salaries, and other costs associated with the routine investment of funds pursuant to Section 11-9-660 of the 1976 Code. [Keep]



South Carolina Office of
the State Treasurer

FTEs

Authorized FTEs	
State	19.00
Other	64.00
Federal	0.00
Total	83.00



**SOUTH CAROLINA STATE
TREASURER'S OFFICE**

**SOUTH CAROLINA LOCAL GOVERNMENT
INVESTMENT POOL**

COLUMBIA, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2022

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
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FOR THE YEAR ENDED JUNE 30, 2022**

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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 Pool's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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, 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 Pool'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 Pool's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the South Carolina Local Government Investment Pool, an investment trust fund of the State of South Carolina and do not purport to, and do not, present fairly the financial position of the South Carolina State Treasurer's Office, or the State of South Carolina, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

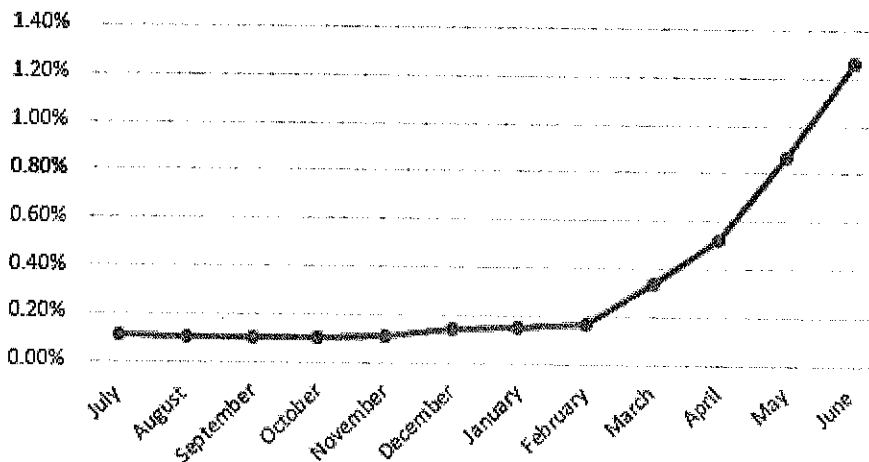
Management's Discussion and Analysis

The South Carolina Local Government Investment Pool (the "Pool") is an investment option for local governments of the State of South Carolina provided by the State Treasurer's Office as established by statute. The Pool invests in fixed income securities as provided by statute and is managed in a manner to preserve capital and provide needed liquidity while earning a prudent daily variable rate of return. The attached financial statements present a financial "snapshot" of the Pool. The Statement of Fiduciary Net Position presents information on the Pool's assets and liabilities at June 30, 2022 with the difference between the two reported as net position. The Statement of Changes in Fiduciary Net Position during the period from July 1, 2021 to June 30, 2022 (fiscal year or FY) presents information showing how the Pool's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

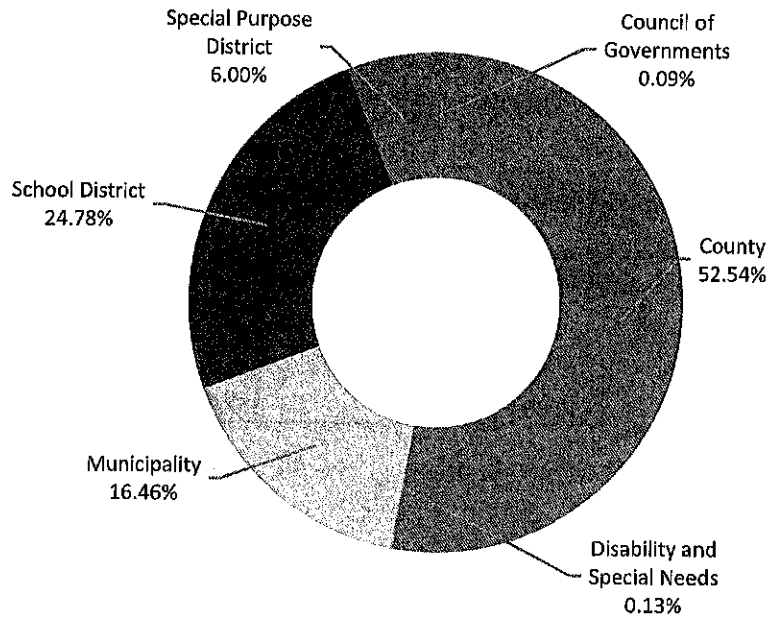
Overview of the Pool

Cash flows of participants fluctuated during the fiscal year 2022 primarily due to federal aid to states and local governments. This aid was provided through the American Rescue Plan Act in response to the economic impact of COVID-19. During 2022, the Federal Reserve increased the target federal funds rate on March 16, May 4, and June 15 from 0.00% – 0.25% to 0.75% – 1.00% and 1.50% – 1.75%, respectively. Our internal policy to control risk insulated the portfolio from many of the market pitfalls by maintaining a high degree of liquidity and well diversified profile of credit risk. The Federal Reserve is expected to increase interest rates through 2023. Commercial paper and LIBOR rates are expected to remain volatile. The following two graphs indicate the Pool's net earnings for the year ended June 30, 2022 along with the Pool's portfolio maturities:

Pool Net Earnings for FY 2021-2022



Account Holders Distribution of Dollars



Financial Analysis

Table 1: Summary Statement of Fiduciary Net Position

	June 30, 2022	June 30, 2021	Change
Assets			
Cash and cash equivalents	\$ 6,141,030,414	\$ 4,483,581,573	\$ 1,657,448,841
Accrued interest receivable	2,238,029	136,051	2,101,978
Investments, at fair value	3,931,686,910	4,317,284,873	(385,597,963)
Total assets	10,074,955,353	8,801,002,497	1,273,952,856
Liabilities			
Investment trades pending payable	-	-	-
Total liabilities	-	-	-
Total Net Position - Held in Trust	\$ 10,074,955,353	\$ 8,801,002,497	\$ 1,273,952,856

The Statement of Fiduciary Net Position shows that the assets of the Pool are the cash and investments made by the State Treasurer as Custodian of the Pool plus accrued income receivable on those investments at June 30, 2022. The growth in total assets is due to substantial deposits from participants. Due to uncertainty in the market, the Pool has invested in securities with shorter maturities which has increased the amount of cash and cash equivalents as compared to investments. Accrued interest receivable has increased due to increasing interest rates as well as more significant investment balances.

Table 3: LGIP Participant distribution rate comparison for last two fiscal years

	<u>FY 21-22</u>	<u>FY 20-21</u>
July	0.11%	0.50%
August	0.10%	0.34%
September	0.10%	0.28%
October	0.10%	0.21%
November	0.11%	0.17%
December	0.14%	0.16%
January	0.15%	0.16%
February	0.17%	0.14%
March	0.34%	0.13%
April	0.52%	0.13%
May	0.87%	0.11%
June	1.26%	0.09%
Average	0.33%	0.20%

Participant funds remain available for withdrawal with a one business day notice.

The expenses of the Pool are limited to the actual expenses incurred by the State Treasurer's Office to operate the Pool. These costs are paid by interest earnings generated by the Pool rather than State appropriations.

Contacting the Pool

Persons needing additional information concerning this report or otherwise needing to contact the Pool should address requests to:

SC Office of the Treasurer
1200 Senate Street, Suite 214
Wade Hampton Office Building
Columbia, SC 29201

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	Investment Trust Fund
ADDITIONS:	
Investment income	\$ 29,737,034
Securities lending income	6,205
Total revenue	29,743,239
DEDUCTIONS:	
Administrative expenses	5,311,012
Net increase in net position resulting from operations	24,432,227
INCOME DISTRIBUTED TO PARTICIPANTS	(33,572,977)
PARTICIPANT TRANSACTIONS:	
Deposits and income reinvested	17,298,324,053
Less withdrawals	(16,015,230,447)
Net increase in net position resulting from participant transactions	1,283,093,606
Total increase in net position	1,273,952,856
NET POSITION:	
Beginning of year	8,801,002,497
End of year	\$ 10,074,955,353

The Notes to Financial Statements are an integral part of these financial statements

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Cash and Cash Equivalents

For purposes of the financial statements, the Pool considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents.

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and as amended by GASB Statement No. 72, Fair Value Measurement and Application, investments are carried at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than forced liquidation. Fair value for all investments of the Pool is determined on a recurring basis based upon quoted market prices. See Note 2 for further information on fair value measurements.

Section 11-9-660 of the State of South Carolina Code of Laws authorizes the Treasurer's Office to invest and reinvest the monies of the Pool in the following types of investments:

- (1) Obligations of the United States, its agencies and instrumentalities;
- (2) Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
- (3) Obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally recognized rating services;
- (4) Certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;
- (5) Repurchase agreements, if collateralized by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and
- (6) Guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Participant Unit Issues, Redemptions, and Distributions (Continued)

Interest earnings are accrued daily based on participation units valued at \$1.00 and distributed to the participants at the end of each month.

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 that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS

All deposits, investments, and securities lending transactions of the Pool are under the control of the Treasurer's Office who, by law, has sole authority for the investment of such funds.

The following schedule reconciles the amounts reported in the Statement of Fiduciary Net Position to the notes.

	Statements		Notes
Cash and cash equivalents	\$ 6,141,030,414	Cash Deposits	\$ 304,969,719
Investments	3,931,686,910	Investments	9,767,747,605
 Totals	 \$ 10,072,717,324		 \$ 10,072,717,324

Deposits

Deposits include amounts held by banks. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Pool's deposits may not be recovered. As prescribed by statute, the State Treasurer is the Custodian of all deposits and is responsible for securing all deposits held by banks or savings and loan associations. These deposits must be secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the Pool against loss in the event of insolvency or liquidation of the institution or for any other cause. All deposits are required to be and were insured by the Federal Deposit Insurance Corporation up to \$250,000 or were fully collateralized with securities held by the State or its agent in the State Treasurer's name as Custodian.

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2. DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS (Continued):

Investments (Continued)

Debt and equity securities classified in Level 2 are valued using observable inputs other than quoted market prices. Level 2 inputs are based primarily on prices from several third-party vendors. At the time of acquisition, each security is automatically assigned a primary pricing source, based on its characteristics. The price received from a primary source is used in portfolio valuation reports, unless a tolerance check, or price challenge results in the use of a price from a secondary vendor.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Pool will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. At June 30, 2022, all of the Pool's investments were insured and registered.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using effective duration. Effective duration is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 50-basis point change in interest rates. It takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates. The Pool's investment policy requires that the weighted average maturity and weighted average duration of the actively managed fixed income portfolio should be consistent with the liquidity requirements of the Pool. The following schedule presents the Pool's interest rate risk.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Option Adjusted Duration</u>
<u>Certificates of Deposit</u>		
Certificates of Deposit - U.S.	\$ 269,915,550	0.62
Certificates of Deposit - Yankee	14,918,250	0.93
<u>Short Term Investments</u>		
Commercial Paper - Discount	6,581,545,546	0.10
Commercial Paper - Interest Bearing	1,306,826,856	0.65
Commercial Paper - Interest Bearing	600,230,403	No Duration Available
Dreyfus Government Cash Management	1,000	0.08
Repurchase Agreements	994,310,000	0.00
Total	<u>\$ 9,767,747,605</u>	

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2. DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS (Continued):

Investments (Continued)

Credit Risk (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pool's investment in a single issuer. The Pool's policy for reducing this risk states that "Except for United States Treasury and Agency obligations, the fixed income portfolio shall contain no more than 5% exposure to any single issuer." At June 30, 2022, the Pool had approximately 10.18% of its investments invested in in repurchase agreements. The amounts invested in the repurchase agreements are collateralized solely by United States Treasury securities and cash.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. At June 30, 2022, the Pool did not have any investments denominated in foreign currencies.

Market and Environment Risk

The COVID-19 public health crisis has become a pandemic that has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over impacts to come, of COVID-19 – and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future – could negatively affect global economies and markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illness outbreaks and epidemics in emerging market countries may be greater due to generally less established healthcare systems, governments and financial markets. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent the Pool from executing advantageous investment decisions in a timely manner and negatively impact the Pool's ability to achieve its investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the Pool's investments.

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3. NET POSITION RESTRICTED FOR POOL PARTICIPANTS:

Monies are accumulated to meet administrative expenses related to the management of the Pool. The administrative fee is set and reviewed quarterly by the Treasurer's Office and may be increased or decreased, as needed, to maintain this account. These accounts are considered held on behalf of the participants but are not considered distributed to their accounts. Other undistributed amounts held on behalf of the participants include the differences between the fair value of the investment and the amortized cost of the investments.

NOTE 4. RELATED PARTY TRANSACTIONS:

The Pool reimbursed the Treasurer's Office \$1,450,000 for various expenses including banking and investment functions which are included with administrative expenses in the financial statements.

The Pool provided no services to other state agencies during the fiscal year.

NOTE 5. SUBSEQUENT EVENTS:

Management has evaluated all events subsequent to the statement of net position date of June 30, 2022 through the date of issuance of these financials, September 26, 2022.

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Columbia, South Carolina
September 26, 2022

The Hall Group, P.A.



SOUTH CAROLINA STATE TREASURER'S OFFICE

STATE TREASURER CURTIS M. LOFTIS JR.
FY 2021-2022

As the State's banker, State Treasurer Curtis Loftis manages, invests and retains custody of more than \$60 billion in public funds. Treasurer Loftis works to ensure that the State Treasurer's Office (STO) provides the best in efficient banking, investment, and financial management services by focusing on modernization and optimization of business processes.



The STO has four major Divisions: Banking & Investments, Treasury Management, Debt Management and Programs.

BANKING & INVESTMENTS

Manages relationships with the qualified institutions that provide banking services to the State's agencies, colleges and universities.



**\$34.8
BILLION**
in assets under
management

**\$291.5
MILLION**
in gross earnings on General
Deposit Accounts and local
government (LEOP) investments

TREASURY MANAGEMENT

Manages Statewide Accounting including payroll processing and other disbursements on behalf of the State.

disbursed
\$41.3 BILLION



**3.4
MILLION**
electronic payments

DEBT MANAGEMENT

Oversees the debt for the State and its agencies, institutions, and authorities, while optimizing the debt structure and ensuring timely repayment of debt.

**\$966.5
MILLION**
issued in general
obligation and revenue
debt



**\$41.3
MILLION**
saved from refunded
debt issuances

Aaa
Moody's

AA+
S&P

AAA
Fitch

PROGRAMS

Administers the consumer facing programs of the STO.

UNCLAIMED PROPERTY PROGRAM

**\$804.1
MILLION**
available to claim
and more than
**\$41.2
MILLION**
returned to
South Carolinians



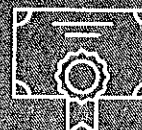
FUTURE SCHOLAR COLLEGE SAVINGS PLAN

\$5.2 BILLION
in assets under
management
&
213,900
savings accounts



SC TUITION PREPAYMENT PROGRAM

1,806
contracts are still
in force with
tuition benefits
available



PALMETTO ABLE SAVINGS PROGRAM

**\$22.2
MILLION**
in assets under
management
more than
2,613
accounts
opened

