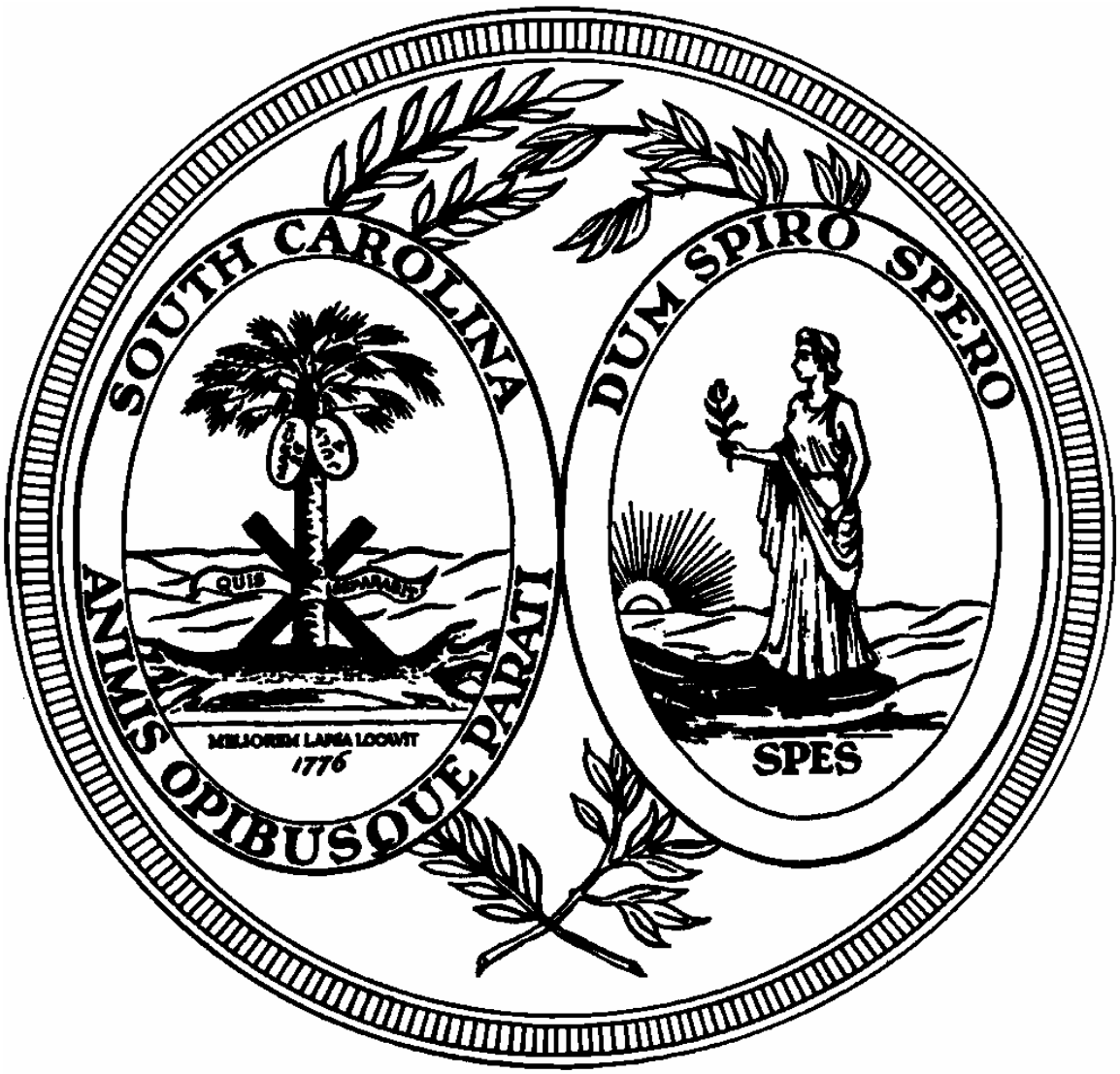
See Note 15 of the 2022 ACFR, which describes the correction of a multi-year error that required restatement in the 2022 ACFR of beginning fund balance of the General Fund. See also Tables 1 - 4 in the Statistical Section of the 2022 ACFR. The tables include summarized financial statements for 2022 and the previous nine fiscal years that reflect the impact of the restatement by fiscal year. The ACFRs of those previous years have not been restated. Additionally, see Note 15 of the 2024 ACFR for additional clarification of the 2022 ACFR restatement (which did not change in total) and revised Statistical Tables 1 - 4, which reflect a different methodology of allocating the restatement over the previous nine years.



Prepared by the Comptroller General's Office


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
QUIS SEPARABIT
MELIOREM LAPSA LOCAVIT
1776
SPES

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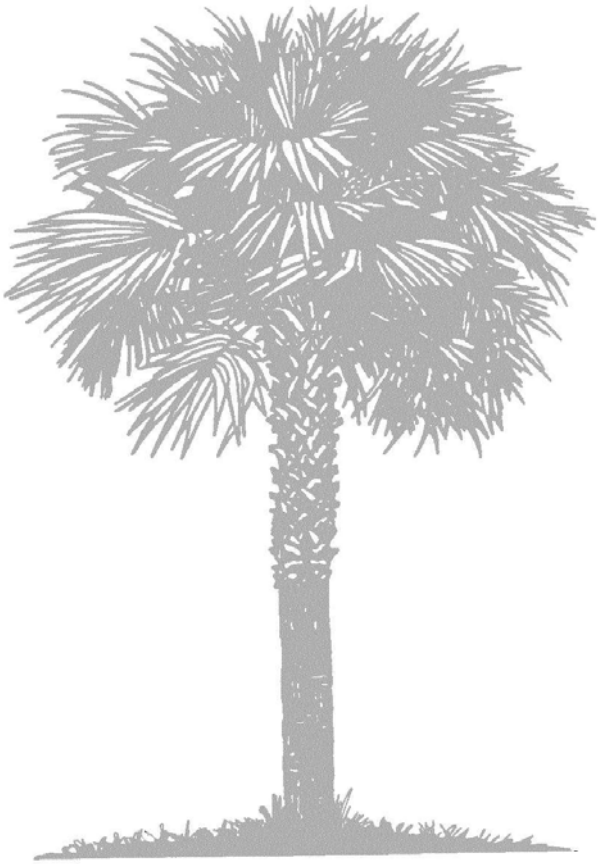
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Introductory Section



Letter of Transmittal
Certificate of Achievement
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State of South Carolina
Office of Comptroller General

1200 Senate Street
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RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

November 14, 2019

To the Citizens, Governor and Members of the South Carolina General Assembly

I am pleased to present to the citizens of South Carolina this Comprehensive Annual Financial Report for the State of South Carolina for the fiscal year ended June 30, 2019. The report provides financial information about the State's operations during the year and describes its financial position at the end of the year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that was established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State Auditor and CliftonLarsonAllen LLP, an independent certified public accounting firm, jointly performed an independent audit of the State's basic financial statements for the fiscal year ended June 30, 2019. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process.

This letter of transmittal is designed to complement management's discussion and analysis that immediately follows the report of the independent auditors.

PROFILE OF THE GOVERNMENT

South Carolina extends from the Atlantic Ocean westward to the Blue Ridge Mountains, containing over 30,000 square miles. Fortieth in geographic area among the fifty states, South Carolina ranks twenty-third in population with approximately 5.1 million citizens. According to the U.S. Census Bureau, the State's rate of population growth is presently the tenth fastest in the nation.

As shown in the organizational chart on page 15, State government is divided into three separate branches: legislative, executive, and judicial. The State's citizens elect the legislative and executive branch officials. The General Assembly elects certain members of the judicial branch, including the Supreme Court. The principal State officials currently in office are listed on page 14.

State government provides a full range of services to South Carolina's citizens including educational, health, social/human, transportation, public safety, regulatory, and conservation/natural resources services. In addition, the State provides funds, grants, and loans to assist local governments, including school districts.

The State's reporting entity includes the primary government and its component units. The primary government includes all funds, departments, and agencies. The State's component units are legally separate organizations for which the State is accountable for purposes of financial reporting. The Management's Discussion and Analysis (MD&A) and the Basic Financial Statements focus on the activities of the primary government and the State's major component units.

Additional information on the State's nonmajor component units can be found on pages 257 – 263 and in the separately issued financial statements of those component units.

South Carolina's annual Appropriations Act includes legally adopted budgets by agency for the Budgetary General Fund and for Total Funds. After the budget year begins, the Executive Budget Office (EBO) may order spending cuts if revenue collections fall short of predicted levels. A department or agency may request transfers of appropriations between programs if its transfer request does not exceed 20% of its program budget. The EBO has the authority to approve additional requested transfers of appropriations between personal services and other operating expenditure accounts. For additional information, see the notes to the required supplementary information - budgetary.

STATE ECONOMY

South Carolina has a diversified economic base, including manufacturing, trade, healthcare, services, and leisure/hospitality. Businesses have relocated here from all over the world taking advantage of the State's skilled labor force, competitive wages, lower-priced land, excellent port facilities and accessibility to markets, and, in recent years, substantial tax and other economic incentives.

Businesses continue to choose South Carolina as a place to locate or expand, and the State of South Carolina is committed to working with employers to meet their workforce needs through state-supported workforce development initiatives.

During the year ended June 30, 2019, total non-farm employment in the state increased by 54,100 to 2,179,800. Industry sectors reflecting gains were Professional and Business Services (+17,800); Manufacturing (+10,500); Trade, Transportation, and Utilities (+6,800); Government (+6,100); Construction (+4,000); Leisure and Hospitality (+3,600); Education and Health Services (+3,500); and Financial Activities (+3,200). Declines were experienced in the Mining, Logging, Information, and Other Services sectors (-1,400).

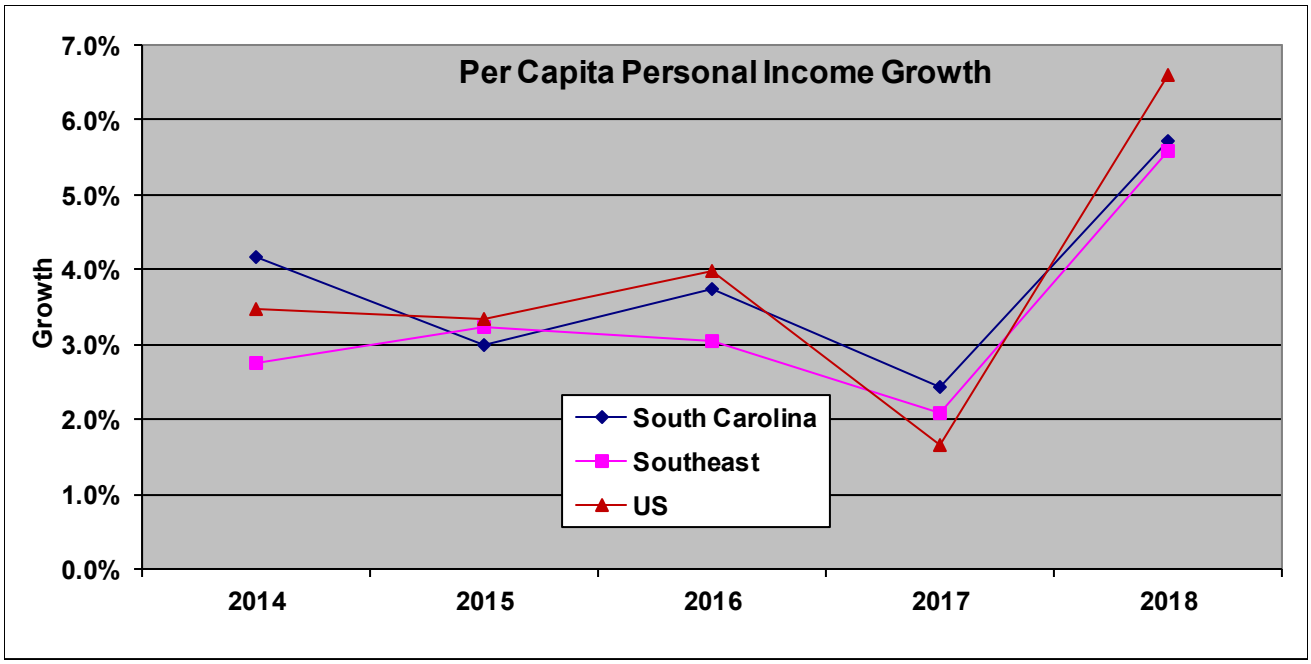
South Carolina's unemployment rate was 3.5% in June 2019, which improved from the June 2018 rate of 3.8%. It further improved to 2.9% in September 2019. In comparison, the U.S. unemployment rate was 3.7% in June 2019 and 3.5% in September 2019.

The South Carolina Leading Index (SCLI) decreased by 0.11 points from June 2018 to June 2019 to 102.44. Above the 100 mark, the SCLI forecasts improving economic conditions for South Carolina over the upcoming three to six months. The SCLI closed the month of August 2019 at 102.52, the most current month available.

The number of real estate closings remained virtually the same when comparing June 2019 and June 2018. But, with the declining number of foreclosures in the state, down 12.5% in June 2019 compared to June 2018, the supply of available homes on the market remains low. As inventory tightens, real estate values in South Carolina have gained ground. In addition, the number of residential building permits remained virtually the same compared to a year ago, but the value of those permits decreased 8.8% when comparing June 2019 and June 2018.

The South Carolina housing market remained strong, with the Charleston housing market experiencing strong home sales in the first half of calendar year 2019. This growth was also complemented by median prices of homes sold increasing 5.1% when comparing June 2019 to June 2018.

The following compares South Carolina, the southeastern United States, and the entire United States in per capita personal income growth over the last five years.



LONG-TERM FINANCIAL PLANNING

State law requires agencies that receive 1% or more of the State government's total annual General Fund appropriations to provide an estimate of their projected General Fund expenditures for the next three fiscal years. The Executive Budget Office (EBO) combines these expenditure estimates with long-term revenue estimates made by the State's Board of Economic Advisors (BEA) to create a three-year financial plan. The three-year financial plan assists the State in strategically assessing its future financial commitments. The plan is updated annually and provided to the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate during the second quarter of each fiscal year.

Significant financial challenges facing state government include anticipated future spending increases for Medicaid, State retirement and post-retirement health benefits, and elementary and secondary education.

The State's long-term financial management practices include a five–year comprehensive capital improvement plan that requires funding to be in place before beginning construction on any capital improvement projects.

RELEVANT FINANCIAL POLICIES

The State's legislature is required to adopt a balanced budget annually based on revenue projections provided by the BEA. State law requires the BEA to meet at least quarterly to compare actual revenue collections with its earlier projections and to adjust its projections if necessary. The State legislature and EBO are responsible for taking appropriate action to keep the State's budget in balance. If at the end of the first, second, or third quarter of any fiscal year the BEA reduces revenue by more than 3% below the amount projected for the fiscal year, the President Pro Tempore of the Senate and the Speaker of the House of Representatives may call each respective house into session to take action to avoid a year-end deficit. If the houses do not come into session within twenty days of the BEA determination, the Director of the EBO must reduce most agency appropriations evenly across-the-board to avoid a year-end deficit. The State is also required to maintain a General Reserve Fund amounting to 5% of total General Fund revenues for the latest completed fiscal year that can be used only for eliminating a year-end operating deficit. Additionally, the State is required to annually fund a 2% Capital Reserve to be used for capital improvements, debt retirement, or other nonrecurring purposes appropriated by the General Assembly.

Legislation also directs that in closing the books each year the Comptroller General shall suspend, to the extent necessary, any budgetary surplus appropriations in a general or supplemental act or Capital Reserve Fund appropriations if the State's General Fund has a negative unrestricted, unassigned fund balance when reported on a Generally Accepted Accounting Principles-basis.

The State ended fiscal year 2019 with a positive budgetary General Fund balance after reservation of $1.709 billion, which was made up of legislatively approved agency carryover appropriations of $431.998 million, the General Reserve of $379.123 million, the Capital Reserve of $151.649 million, and unassigned surplus of $745.985 million. See the Required Supplementary Information – Other than Management's Discussion and Analysis (Unaudited) section for further information.

MAJOR INITIATIVES

The State continues to fund programs related to job creation. In calendar year 2018 the State committed $19.9 million to the South Carolina Coordinating Council on Economic Development's Set-Aside Fund, which is dedicated to improving the economic well-being of the State by providing funds to local government to develop the infrastructure necessary for new and expanding business. Programs like this helped to attract ServiceMac to Lancaster County and W International to Berkeley County in fiscal year 2019. ServiceMac is expected to create 1,000 jobs and W International is expected to create 600 in the coming years. Additionally, Charles River Labs announced that it will expand its facilities in Charleston County in fiscal year 2019, which will create an additional 180 jobs in the coming years as well.

South Carolina's job creation and capital investment from manufacturers have experienced steady growth since the end of the 2007 - 2009 Recession. In 2018 alone, the State attracted more than $4.17 billion in new capital investment from manufacturing companies, which resulted in the creation of more than 14,071 jobs.

Area Development Magazine recently ranked South Carolina third in its 2019 "Top States for Business" analysis. It also ranked South Carolina first in business incentive programs and second in leading workforce development programs in its analysis.

South Carolina's Growing Economic Environment

Over the last several years, South Carolina has continued to demonstrate its ability to attract expanded economic opportunities for citizens. Manufacturing has grown substantially. South Carolina has also experienced a state-wide decrease in its unemployment rate, which has shown that, even in the midst of challenging national economic conditions, our state's business-friendly climate and committed workforce continue to attract investment that creates well-paying jobs.

We have seen an emerging trend of companies investing and expanding in South Carolina. Many of South Carolina's major employers have expanded and created high-quality jobs within the State. In 2012, the State established an Aerospace Task Force to position the State for future growth. The task force is focused on growing the aerospace supply chain for companies like Boeing and GE Turbine and supporting initiatives to assure that South Carolina has a workforce ready for the aerospace industry.

South Carolina's exports reached record levels in 2018 with exports increasing by 7.5% to $34.6 billion from 2017 to 2018. In 2018, South Carolina ranked 14th in the United States in exports. These export figures were bolstered by the fact that the State is the nation's top exporter of completed passenger vehicles and tires, in which the State accounted for approximately 16% of the entire U.S. passenger vehicles market and approximately 32% of the total U.S. tire export market. The State also recently established a Transportation, Distribution and Logistics (TDL) Council that includes strong private sector participation. Part of the mission of this council is to prepare South Carolina for the Panama Canal expansion, providing South Carolina with a world-class port that will have the capacity to support the expected increase in merchant shipping. The Port of Charleston is deepening its shipping channel from forty-five to fifty-two feet. Once the project is completed by 2020, Charleston will be the deepest port on the east coast.

Due in part to the State's economic outreach initiatives, South Carolina's total economic output or gross domestic product (GDP) was $230.354 billion in 2018. Between 2017 and 2018, real GDP grew 1.6%, compared to the southeast states' average growth of 1.8%.

With our cost of living 11% below the national average, South Carolina offers exceptionally productive employees at one of the lowest labor costs in the nation. South Carolina is a right-to-work state and in 2018 was tied with North Carolina for the lowest unionization rate in the nation, at 2.7% of the workforce. As a result of this, *Governing Magazine* recently highlighted South Carolina as tied with Hawaii at sixteenth in states that have gained the most jobs in 2018 with an employment increase of 1.7%.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina for its Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended June 30, 2018. This was the thirty-first consecutive year that the State of South Carolina achieved this recognition. In order to be awarded a Certificate of Achievement, a government must publish a timely, easily readable, and efficiently organized CAFR. The CAFR must comply with both generally accepted accounting principles and applicable legal requirements.

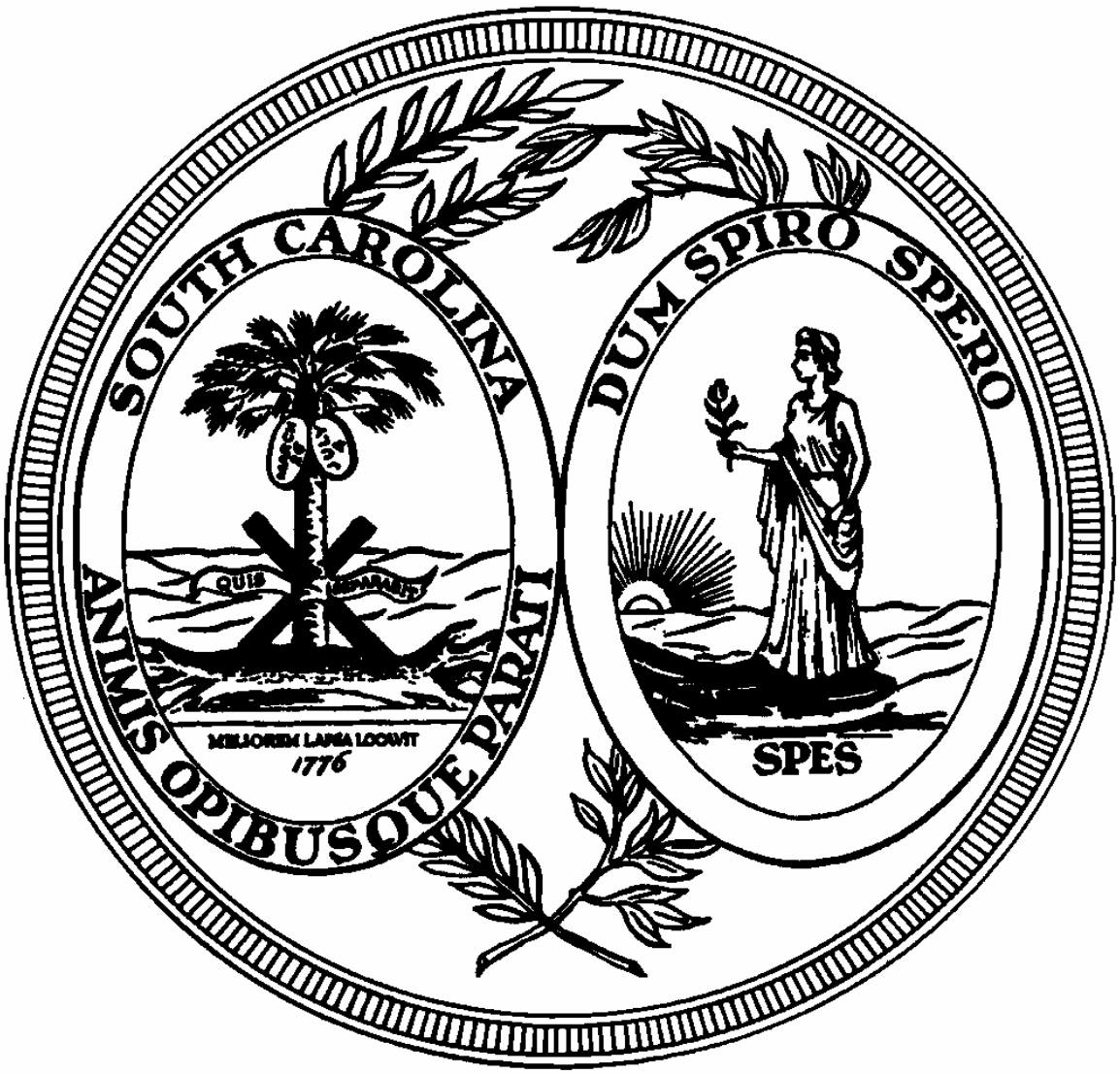
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility to be awarded a Certificate of Achievement.

Production of the CAFR was made possible only by the support of all State agencies and component units that supplied financial data to our office on a timely basis. I extend special appreciation for the members of my staff who devoted many of their nights and weekends over the past few months working as a team to produce this comprehensive document. I also express special appreciation for the generous sacrifices made by their families who endured the many extra hours they devoted to successfully complete this project.

Sincerely,



Richard Eckstrom, CPA
Comptroller General


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CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Principal State Officials

LEGISLATIVE—THE GENERAL ASSEMBLY

Harvey S. Peeler, Jr., President of the Senate
Hugh K. Leatherman, Sr., President Pro Tempore of the Senate
James H. Lucas, Speaker, House of Representatives

EXECUTIVE

STATE FISCAL ACCOUNTABILITY AUTHORITY
Henry D. McMaster, Chairman, Governor (1)
Curtis M. Loftis, State Treasurer
Richard Eckstrom, Comptroller General
Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee
George Murrell Smith, Jr., Chairman, House Ways and Means Committee

Pamela Evette, Lieutenant Governor (1)
Mark Hammond, Secretary of State
Alan Wilson, Attorney General
Molly Spearman, State Superintendent of Education
Hugh E. Weathers, Commissioner of Agriculture

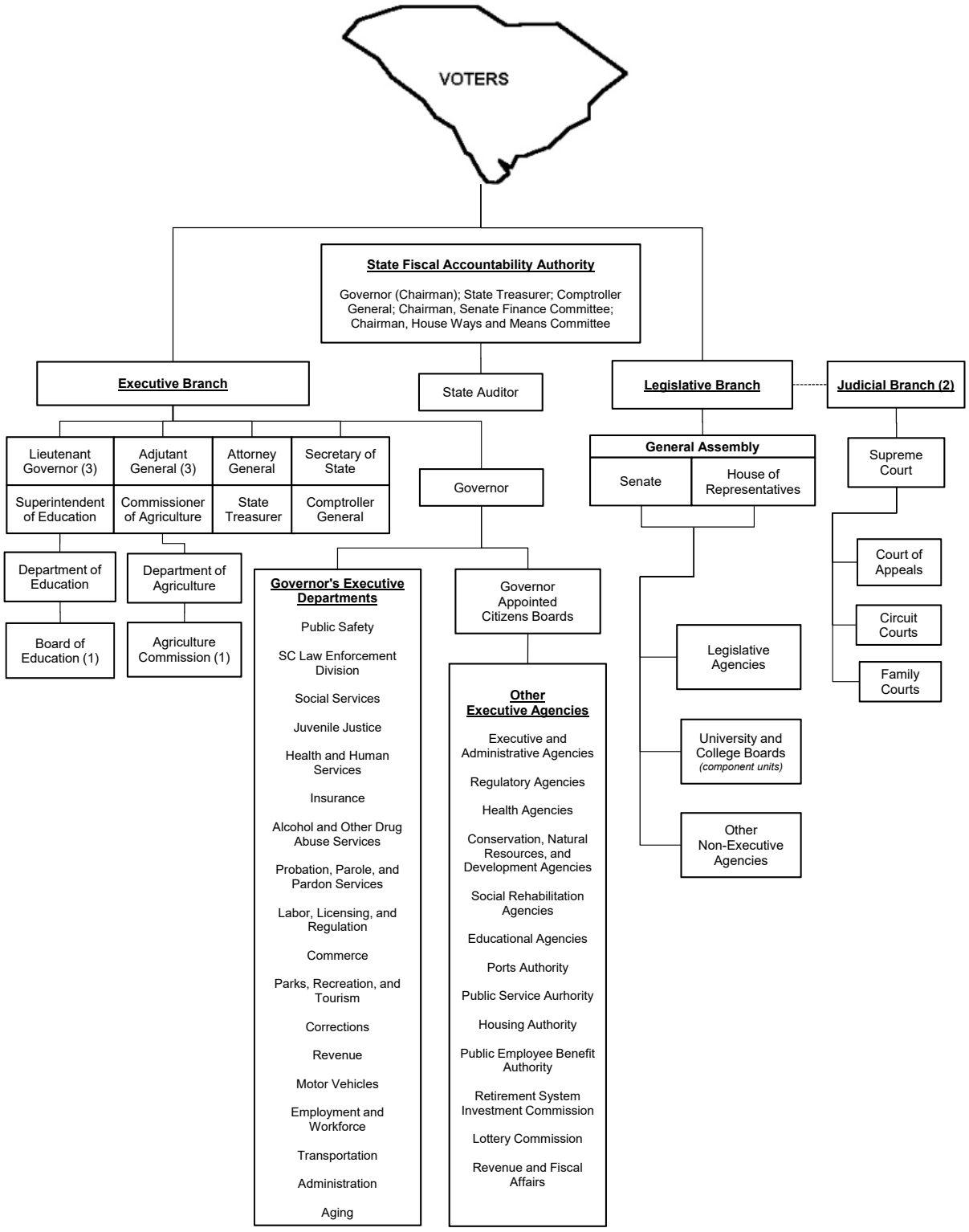
JUDICIAL

Donald W. Beatty, Chief Justice, Supreme Court

The State's citizens elect the legislative and executive branch officials named above.

(1) The Governor and Lieutenant Governor are elected on the same ticket.

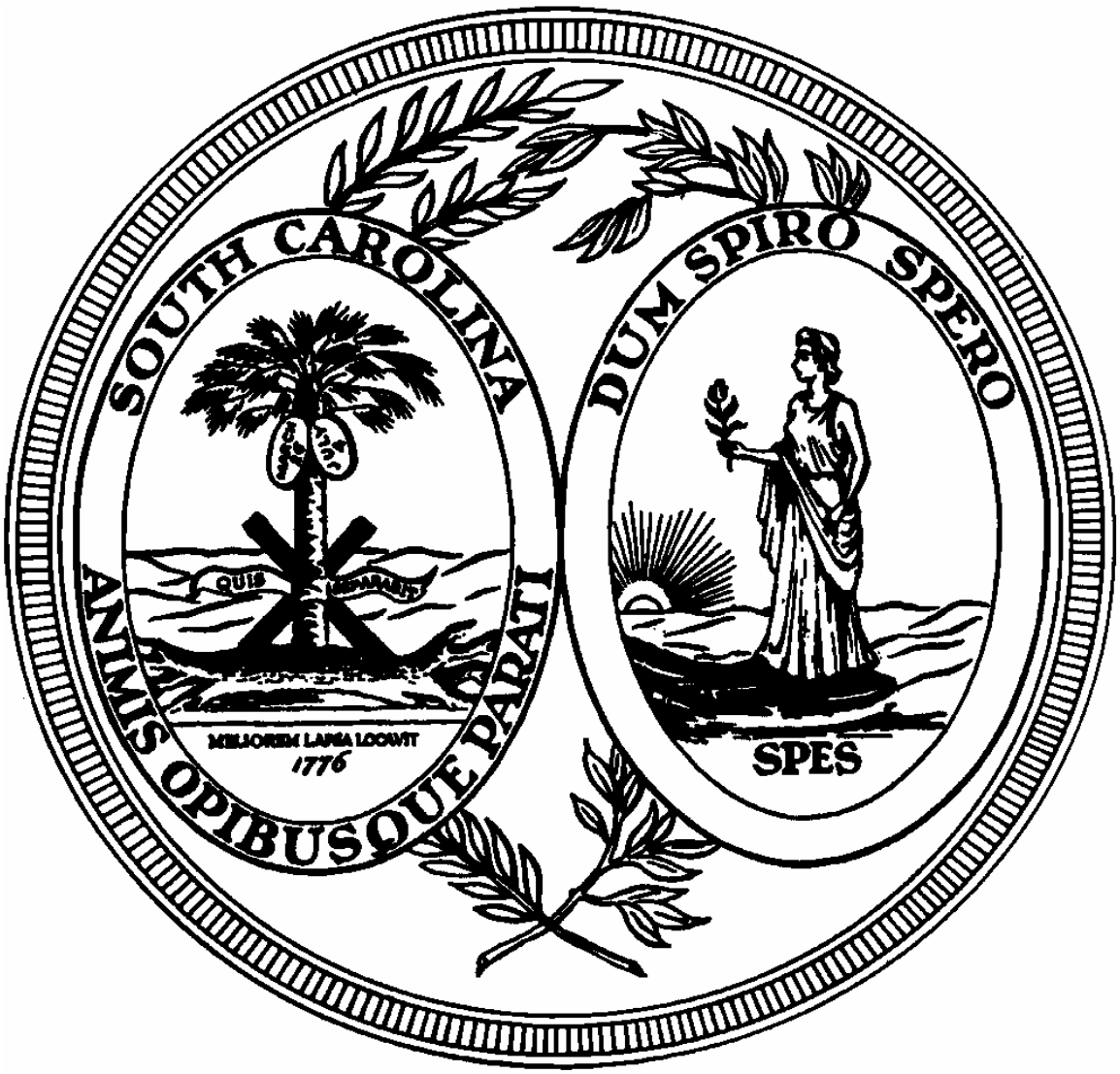
Organizational Chart



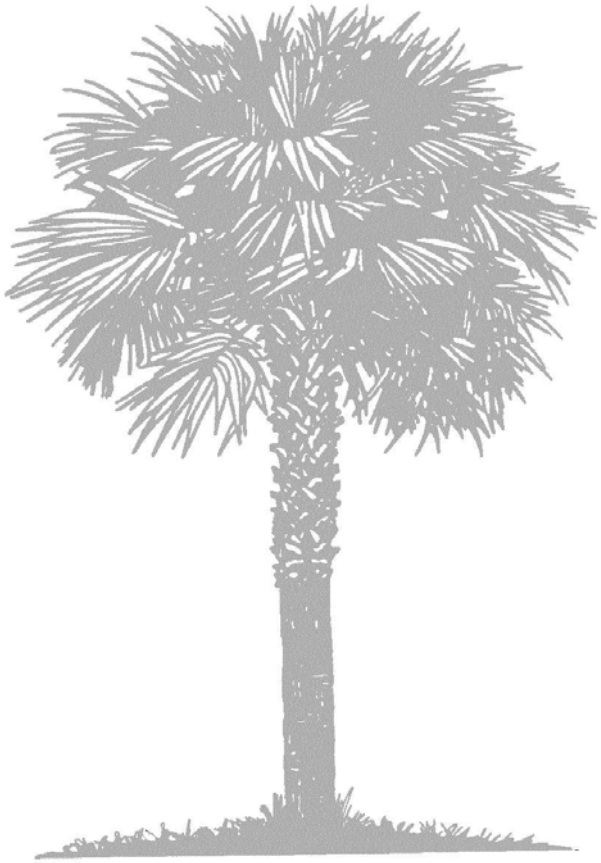
(1) Board of Education and Agriculture Commission are comprised of 16 members elected by the legislative delegation of each judicial district, one member at large appointed by the Governor and the Superintendent of Education or Commissioner of Agriculture, respectively.

(2) The General Assembly elects certain members of the judicial branch, including the Supreme Court.

(3) The Lieutenant Governor and the Adjutant General report directly to the Governor.


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Financial Section



Independent Auditors' Report
Management's Discussion and Analysis (Unaudited)
Basic Financial Statements
Required Supplementary Information (Unaudited)
Supplementary Information

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Honorable Henry D. McMaster, Governor
and
Members of the General Assembly
State of South Carolina
Columbia, South Carolina

Report on the Financial Statements

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Carolina (the State), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to jointly express opinions on these financial statements based on our audit.

We did not jointly audit the financial statements of certain agencies and component units of the State, which represent the indicated percent of total assets and deferred outflows of resources and total revenues as presented in the table below. Those financial statements were audited by other auditors, including CliftonLarsonAllen, LLP acting separately, whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those agencies and component units, is based solely on the reports of the other auditors.

	Percentage Audited by CliftonLarsonAllen LLP Separately		Percentage Audited by Other Auditors	
	Total Assets and Deferred Outflows of Resources	Total Revenue	Total Assets and Deferred Outflows of Resources	Total Revenue
Government-wide				
Governmental activities	2%	11%	58%	10%
Business-type activities	-	-	84%	92%
Component units	-	-	100%	99%
Fund Statements				
Governmental Funds	-	-	20%	10%
Enterprise Funds	-	-	84%	92%
Internal Service Funds	38%	89%	52%	7%
Fiduciary Funds	75%	29%	24%	70%
Discretely Presented Component Units	-	-	100%	99%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Connector 2000 Association, Inc., South Carolina Research Authority, InvestSC, Inc. and South Carolina Medical Malpractice Liability Joint Underwriting Association, were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2019, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 15 to the financial statements, the State restated beginning balances resulting from a change in accounting principle for the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* for certain component units and the discounting of claims. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

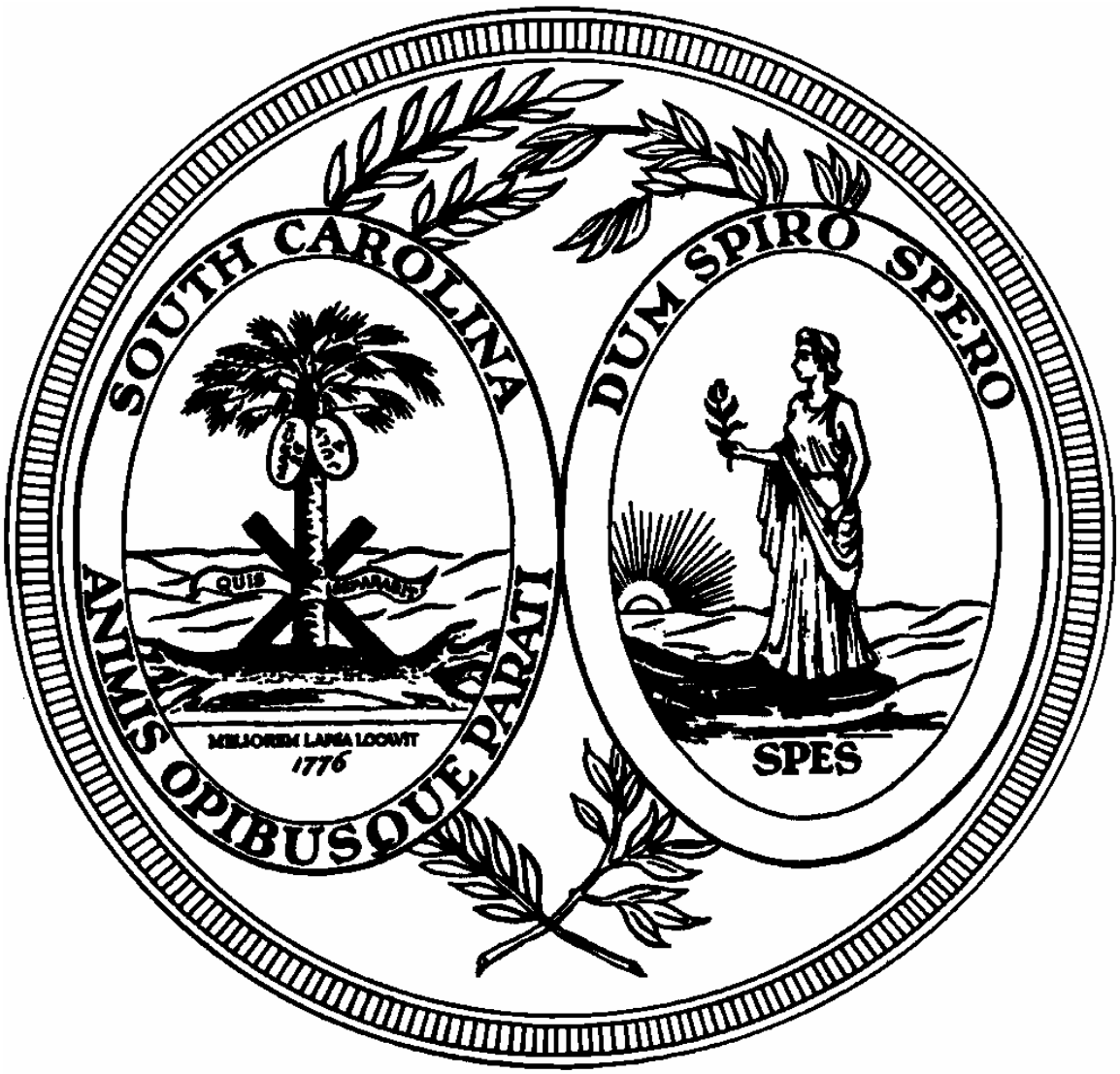
Other Reporting Required by *Government Auditing Standards*

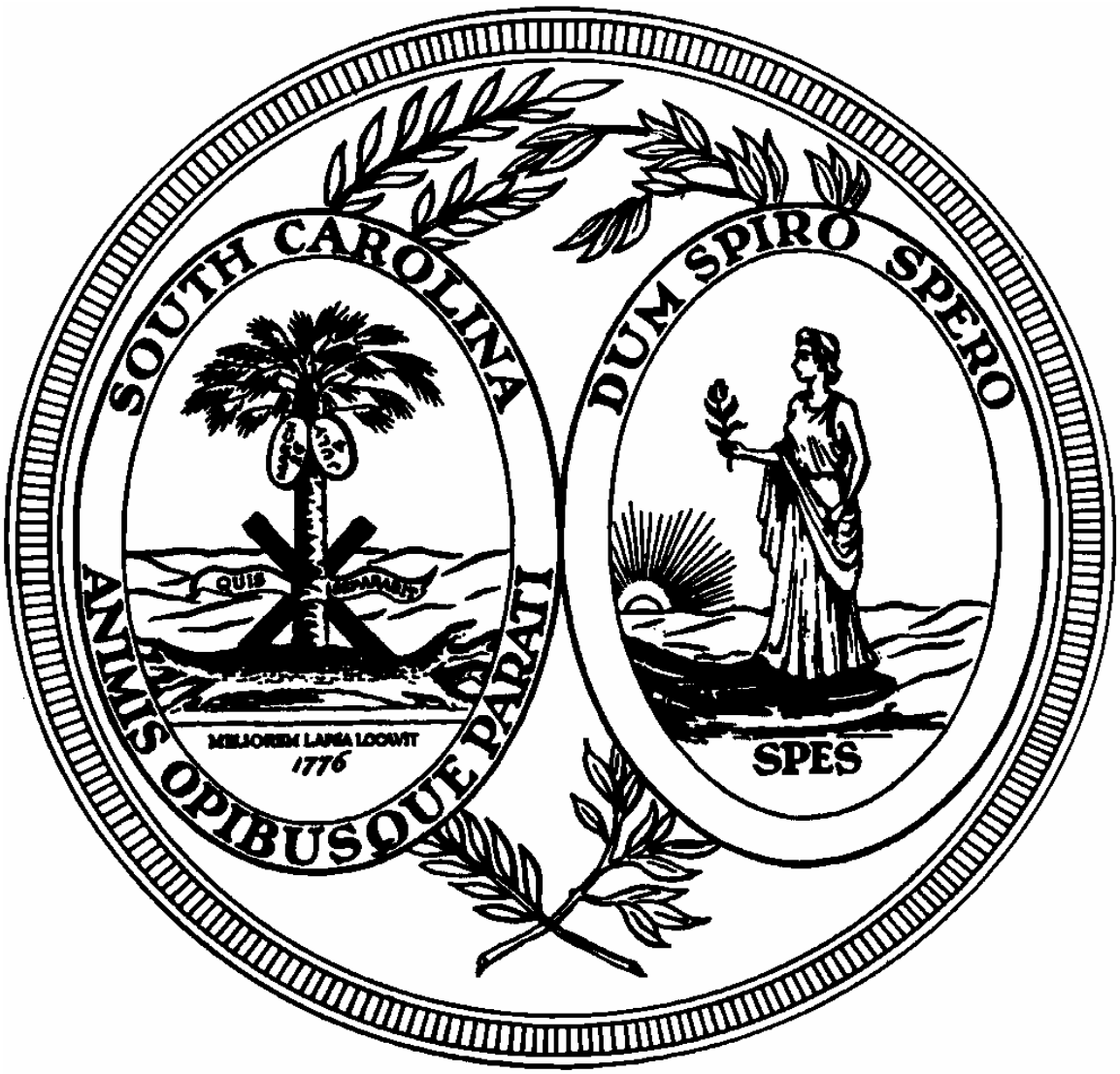
In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other 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 State'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 the State's internal control over financial reporting and compliance.

George L Kennedy, III — Clifton Larson Allen LLP

Columbia, South Carolina
November 14, 2019

Baltimore, Maryland
November 14, 2019


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
QUIS SEPARABIT
MELIOREM LAPSA LOCAVIT
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MANAGEMENT'S DISCUSSION AND ANALYSIS—

Required Supplementary Information
(Unaudited)

Management's Discussion and Analysis

In this section of the State of South Carolina's annual report, we provide a narrative overview and analysis of the State's financial performance for its accounting year (*fiscal year*) that ended June 30, 2019. Please read it in conjunction with the Comptroller's *Letter of Transmittal* at the front of this report and the financial statements that follow this section.

Overview of the Financial Statements

This discussion and analysis provides an introduction to the State of South Carolina's basic financial statements, which include the following parts: (1) *government-wide financial statements,* (2) *fund financial statements,* (3) *major discretely presented component unit financial statements,* and (4) *notes to the financial statements*. This annual report also contains certain *required supplementary information* and other *supplementary information* to aid in understanding the operations of the State.

Government-wide Financial Statements

The government-wide statements present a long-term view of the State's finances *as a whole,* using *accrual-basis accounting*—the same accounting basis that most businesses use. The basic government-wide financial statements are presented on pages 38 through 41 of this report.

There are two government-wide financial statements:

Statement of net position: This statement presents information on *all* of the State's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether its financial position is improving or deteriorating. However, the statement of net position does not tell the whole story. To assess the State's overall financial health, other factors need to be considered such as the State's economy and the condition of its *capital assets* such as its buildings and infrastructure (roads and bridges).

Statement of activities: This statement presents information showing how the State's overall net position changed during the year. The State reports a change in its net position as soon as an underlying event occurs that causes a change. The statement of activities accounts for all current-year revenues and expenses, regardless of when the State received or paid cash. Although governments compile the statement of activities using accounting methods similar to businesses, the format of this statement is quite different from the format of a business's profit and loss statement. The statement of activities helps to show how much it costs for the State to provide various services. It also indicates the extent to which each government function covers its own costs through user fees, charges, or grants. The *net revenues (expenses)* column on the far right of this statement on page 40 shows how much a particular function relies on taxes and other general revenues as opposed to program revenues to support its programs.

The government-wide statements present three different kinds of *activities*:

Governmental activities: Most of the State's basic services are included here, such as general government, education, health and environment, social services, administration of justice, and transportation. Taxes (primarily income and sales taxes) and federal grants provide resources to support most of these services.

Business-type activities: These activities usually recover all, or a significant portion, of the costs of their services or goods by charging fees to customers. The Unemployment Compensation Benefits Fund and Second Injury Fund are the most significant of South Carolina's business-type activities.

Component units: Although component units are legally separate from the State, the State's elected officials are financially accountable for them. The Public Service Authority (Santee-Cooper, an electric utility company), the State Ports Authority, the State Housing Authority, the State Lottery Commission, Clemson University, the Medical University of South Carolina, and the University of South Carolina are the State's major component units. Some financial information for these component units is included in this report. Complete financial statements for these component units can also be obtained from their respective administrative offices (see Note 1a of the notes to the financial statements on page 67).

Fund Financial Statements

The fund financial statements on pages 42 through 59 of this report provide detailed information about the State's most significant funds—not the State as a whole. Funds are accounting designations that the State uses to track specific funding sources and spending for particular purposes. South Carolina, like other governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

The State reports three types of *funds*:

Governmental funds: The State reports most of its basic services in governmental funds. Governmental funds account for activities that the State reports as *governmental activities* in its government-wide statements. These funds focus on *short-term* inflows and outflows of expendable resources. The balances remaining at the end of the year help determine whether a fund has more or less financial resources available to spend in the near future. Because the governmental fund statements lack the additional long-term focus of the government-wide statements, a reconciliation that explains the relationship (or differences) between the two kinds of statements is provided. By comparing the two kinds of statements and examining the reconciliation, a better understanding of the long-term impact of the State's near-term funding decisions is available.

The basic governmental fund statements are on pages 42 through 49 of this report.

Proprietary funds: Proprietary funds charge customers for the services they provide—whether they are provided to outside customers (*enterprise funds)* or other State agencies and other governments (*internal service funds)*. Proprietary funds use the *accrual basis of accounting* like businesses use. The State reports all of its enterprise funds as *business-type activities* in the government-wide statements. However, because the internal service fund operations primarily benefit other State agencies or other governments, these proprietary funds are included as *governmental activities* in the government-wide financial statements.

The basic proprietary fund statements are on pages 50 through 56 of this report.

Fiduciary funds: The State is the trustee, or *fiduciary*, for its employees' retirement and other post-employment benefit plans. The State also is responsible for other assets that, because of a trust agreement, it is to use only for trust beneficiaries such as an investment pool operated on behalf of local governments. These activities are *excluded* from the State's government-wide financial statements because the State is not to use these assets to benefit its operations. The State has an obligation to ensure that the net position it reports in fiduciary funds are used for the intended purposes.

The basic fiduciary fund statements are on pages 58 and 59 of this report.

Component Unit Financial Statements

The *Government-wide Financial Statements* section on the preceding page identifies the State's major component units under the *Component units* subheading. More detailed financial statements which include these component units are on pages 60 through 63 of this report.

Notes to the Financial Statements

Immediately following the financial statements are *notes* that provide additional and pertinent information to the financial statement amounts. The notes on pages 64 through 181 are necessary to fully understand the financial statements.

Required Supplementary Information

This section addresses budgetary matters and provides certain *required* reporting information that supplements the basic financial statements. Included in this section is a schedule that compares the State's legally adopted General Fund budget with actual revenues collected and expenditures paid for the year. On page 190, Note 5 to the required supplementary information is a reconciliation that provides and explains differences between the changes in fund balance of certain funds when presented on the budgetary-basis and the changes in fund balance of these funds when presented on the GAAP-basis as reported in the governmental fund statements. Additionally, the required supplementary information section includes information on the State's five pension programs: The South Carolina Retirement System, the Police Officers' Retirement System, the General Assembly Retirement System, the Judges' and Solicitors' Retirement System, and the National Guard Retirement System. This required supplementary information is on pages 183 through 215 of this report.

Supplementary Information

Nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units are presented immediately following the required supplementary information. Combining and individual fund statements and a schedule of General Reserve Activity are found on pages 217 through 263 of this report.

Government-wide Financial Analysis

Exhibits 1 and *2* summarize the overall financial position and results of operations of the primary government for the past two years based on information included in the government-wide financial statements.

Exhibit 1
Government-wide Net Position
As of June 30 for the Years Indicated
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Totals— Primary Government		Total Percent Change
	2019	2018	2019	2018 (as restated)	2019	2018 (as restated)	2019-2018
Assets							
Current and other assets	$ 15,240,640	$ 13,017,399	$ 1,495,905	$ 1,318,890	$ 16,736,545	$ 14,336,289	16.7%
Capital assets	18,177,586	17,521,033	284,717	281,212	18,462,303	17,802,245	3.7%
Total assets	**33,418,226**	**30,538,432**	**1,780,622**	**1,600,102**	**35,198,848**	**32,138,534**	**9.5%**
Deferred Outflows of Resources	**974,312**	**989,170**	**3,038**	**3,836**	**977,350**	**993,006**	**(1.6%)**
Liabilities							
Long-term liabilities	10,165,698	10,247,203	304,594	312,819	10,470,292	10,560,022	(0.8%)
Other liabilities	3,749,575	3,310,805	117,589	135,624	3,867,164	3,446,429	12.2%
Total liabilities	**13,915,273**	**13,558,008**	**422,183**	**448,443**	**14,337,456**	**14,006,451**	**2.4%**
Deferred Inflows of Resources	**422,581**	**400,609**	**1,357**	**509**	**423,938**	**401,118**	**5.7%**
Net Position							
Net investment in capital assets	16,039,329	15,079,318	221,494	218,157	16,260,823	15,297,475	6.3%
Restricted	6,064,521	6,068,437	1,226,011	1,023,083	7,290,532	7,091,520	2.8%
Unrestricted	(2,049,166)	(3,578,770)	(87,385)	(86,254)	(2,136,551)	(3,665,024)	41.7%
Total net position	**$ 20,054,684**	**$ 17,568,985**	**$ 1,360,120**	**$ 1,154,986**	**$ 21,414,804**	**$ 18,723,971**	**14.4%**

Net Position

The comparison of net position to liabilities may serve, over time, as a useful indicator of the State's financial strength. At the end of the 2019 fiscal year, the State's net position totaled $21.415 billion.

The largest portion of the State's net position reflects its *net investment in capital assets* (for example, buildings, roads, and bridges) less any related debt used to acquire those assets that is still outstanding. The State uses capital assets to provide services to citizens; consequently, they are *not* available for future spending. Further, the State cannot sell the capital assets to repay the related debt because it needs the assets for its operations; so it must find other resources to repay the debt.

Restricted net position generally is available for future spending but is subject to external restrictions, such as bond covenants, federal government grant restrictions, or restrictions imposed by enabling State legislation or through State constitutional provisions. The State's largest restricted balances include capital improvement bond proceeds (restricted for various capital projects) and debt service.

Unrestricted net position—resources normally available for future spending without restrictions—reported a deficit balance of ($2.137) billion at June 30, 2019. This represents an increase in the deficit net position of $1.528 billion over the prior year. The primary government's unrestricted deficit net position partially consists of the $3.957 billion net pension liability and the $2.965 billion other post-employment benefits other than pensions (OPEB) liability, which are required to be recognized by GASB 68 (see Note 7 starting on page 104) and GASB 75 (see Note 8 starting on page 113), respectively. It should be noted that the deficit unrestricted net position was also offset by increases in restricted net position and net investment in capital assets, resulting in overall increases in the net positions of the State's *governmental activities* and *business-type activities*.

The State's *business-type activities* reported an $87.385 million deficit unrestricted net position. This balance was mostly comprised of a $48.722 million deficit unrestricted net position in the State-run Patients' Compensation Fund and a $36.908 million deficit unrestricted net position in the State-run college Tuition Prepayment Program. The negative unrestricted net position in the Patient Compensation Fund and the Tuition Prepayment Program was the result of projected claims exceeding assets on hand on June 30, 2019.

Exhibit 2
Government-wide Changes in Net Position
For the Fiscal Years Ended June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Totals— Primary Government		Total Percentage Change
	2019	2018	2019	2018 (as restated)	2019	2018 (as restated)	2019-2018
Revenues							
Program revenues:							
Charges for services	$ 3,855,126	$ 3,727,978	$ 394,187	$ 458,601	$ 4,249,313	$ 4,186,579	1.5%
Operating grants and contributions	8,711,747	9,253,825	5,497	5,660	8,717,244	9,259,485	(5.9%)
Capital grants and contributions	673,255	977,834	—	—	673,255	977,834	(31.1%)
General revenues:							
Individual income tax	4,835,821	4,408,772	—	—	4,835,821	4,408,772	9.7%
Retail sales and use tax	5,004,470	4,688,789	—	—	5,004,470	4,688,789	6.7%
Other tax	2,791,906	2,652,027	—	—	2,791,906	2,652,027	5.3%
Unrestricted grants and contributions	14	38	—	—	14	38	(63.2%)
Unrestricted investment income	365,453	160,636	48,530	34,132	413,983	194,768	112.6%
Tobacco legal settlement	80,723	81,605	—	—	80,723	81,605	(1.1%)
Other	723,194	150,635	4,510	4,545	727,704	155,180	368.9%
Total revenues	**27,041,709**	**26,102,139**	**452,724**	**502,938**	**27,494,433**	**26,605,077**	**3.3%**
Expenses							
Governmental activities:							
General government	6,661,431	6,819,685	—	—	6,661,431	6,819,685	(2.3%)
Education	4,893,190	4,745,126	—	—	4,893,190	4,745,126	3.1%
Health and environment	8,388,809	8,156,138	—	—	8,388,809	8,156,138	2.9%
Social services	1,602,776	1,695,379	—	—	1,602,776	1,695,379	(5.5%)
Administration of justice	1,013,459	986,839	—	—	1,013,459	986,839	2.7%
Resources and economic development	472,696	393,575	—	—	472,696	393,575	20.1%
Transportation	1,526,454	1,620,126	—	—	1,526,454	1,620,126	(5.8%)
Other	18,211	18,335	—	—	18,211	18,335	(0.7%)
Business-type activities:							
Unemployment compensation benefits	—	—	149,581	182,537	149,581	182,537	(18.1%)
Second Injury Fund	—	—	12,085	285	12,085	285	4,140.4%
Other	—	—	64,908	60,142	64,908	60,142	7.9%
Total expenses	**24,577,026**	**24,435,203**	**226,574**	**242,964**	**24,803,600**	**24,678,167**	**0.5%**
Excess before transfers	**2,464,683**	**1,666,936**	**226,150**	**259,974**	**2,690,833**	**1,926,910**	**39.6%**
Net transfers	21,016	9,201	(21,016)	(9,201)	—	—	—
Increase in net position	**2,485,699**	**1,676,137**	**205,134**	**250,773**	**2,690,833**	**1,926,910**	**39.6%**
Net position at beginning of year	17,568,985	15,892,848	1,154,986	914,995	18,723,971	16,807,843	11.4%
Restatements [a]	—	—	—	(10,782)	—	(10,782)	
Net position at beginning of year, restated [a]	**17,568,985**	**15,892,848**	**1,154,986**	**904,213**	**18,723,971**	**16,797,061**	**11.5%**
Net position, end of year	**$ 20,054,684**	**$ 17,568,985**	**$ 1,360,120**	**$ 1,154,986**	**$ 21,414,804**	**$ 18,723,971**	**14.4%**

a - See Note 15, Fund Equity Reclassifications and Restatements, on pages 145 - 146 of the financial statements.

Changes in Net Position

The State's total net position of its governmental activities and its business-type activities increased by $2.691 billion, or 14.4%, over the prior year. This overall improvement in the financial position of the State was experienced primarily through increased tax revenues of the State's governmental activities.

Governmental Activities

The net position of the State's governmental activities increased by $2.486 billion, or 14.1%. Revenue increased from last year by $939.570 million, or 3.6%, which was comprised of an increase of $1.659 billion, or 13.7%, in general revenue offset by a decrease of $719.509 million, or 5.2%, in program revenue. Revenues that support governmental activities are derived

mostly from taxes; grants and contributions, including federal aid; and charges for goods and services. *Exhibit 3* illustrates the sources of revenues that support governmental activities.

Expenses associated with governmental activities increased by $141.823 million, or 0.6%, for the fiscal year ended June 30, 2019. These expenses were mostly associated with services provided for health and environment, education, general government, social services, and transportation. *Exhibit 4* compares the cost of these services with their *program revenues*—revenues derived directly from the program itself or from parties outside the State's taxpayers or citizenry. The difference between the two represents the *net cost* of these services that taxes and other general revenues financed. For the fiscal year ended June 30, 2019, the State used $11.337 billion in tax and other general revenues to offset the net cost of all services that the State's governmental activities provided. Governmental activities received $21.016 million in net transfers from the State's business-type activities.

The following paragraphs highlight the most significant changes in revenues and expenses for governmental activities during the 2019 fiscal year:

- Individual income tax revenues increased by $427.049 million, or 9.7%, retail sales and use tax revenues increased by $315.681 million, or 6.7%, and other taxes revenues increased by $139.879 million, or 5.3%. Overall tax collections increased during fiscal year 2019 due to increased enforcement and improvements in consumer spending within the state and national economies.
- Capital grants and contributions decreased by $304.579 million or 31.1% from last year. This was primarily a result of reduced federal transportation reimbursements tied to delayed execution of certain State infrastructure projects and weather-related delays.
- Unrestricted investment income increased by $204.817 million or 127.5% from the previous fiscal year. This increase was attributed to the availability of higher investable cash balances and increased interest rates during the 2019 fiscal year. Additionally, there was an increase in securities lending investing, which yields higher rates than the other investments the State Treasurer is permitted to invest in by State constitutional limits.
- Resources and economic development expenses increased by $79.121 million or 20.1% from last year. The reason for this was mostly due to a capital asset donation of $120.832 million in the 2018 fiscal year that offset the previous year's expenses compared to only $2.067 million in similar donations in the fiscal year ended June 30, 2019.
- Transportation expenses decreased by $93.672 million, or 5.8%, from last year. As stated above, the decrease is primarily the result of delayed execution of projects and weather-related delays.

Exhibit 3
Sources of Revenues Supporting Governmental Activities
For the Fiscal Year Ended June 30, 2019

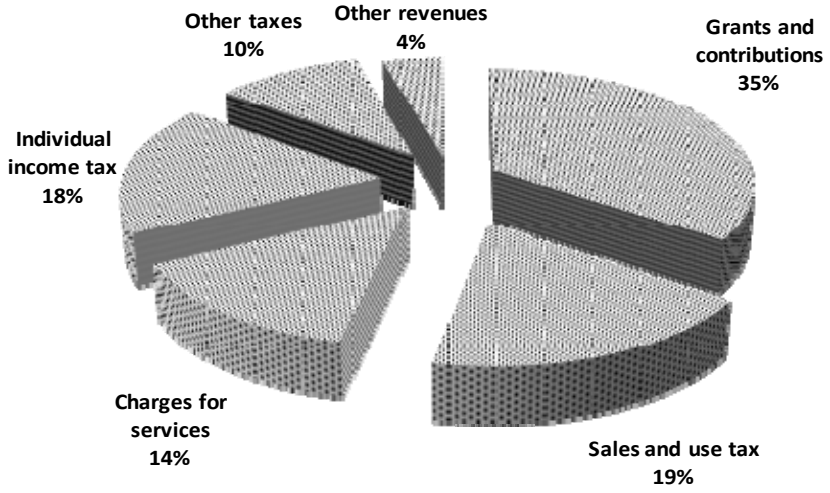
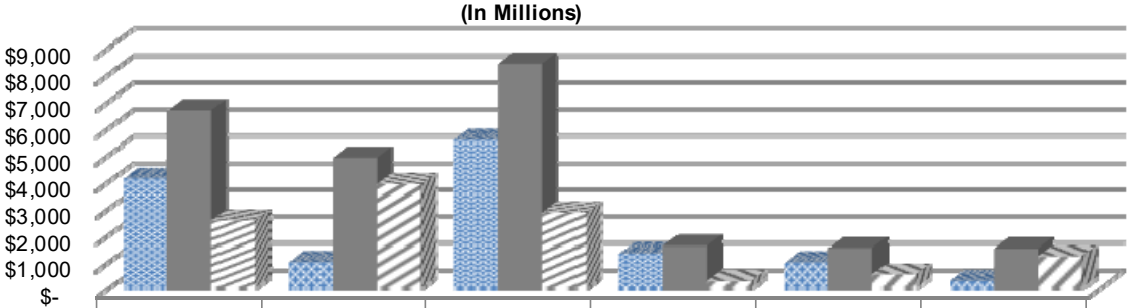


Exhibit 4
Governmental Activities - Net Cost of Services
For the Fiscal Year Ended June 30, 2019
(In Millions)



	General Government	Education	Health and Environment	Social Services	Transportation	Other
Revenues	$4,110	$994	$5,545	$1,321	$985	$285
Expenses	$6,661	$4,894	$8,389	$1,603	$1,527	$1,503
Net Cost (1)	$2,551	$3,900	$2,844	$282	$542	$1,218

(1) - These net costs were funded by taxes and other general revenues.

Business-type Activities

The net position of the State's business-type activities increased by $205.134 million, or 17.8%.

Most business-type activities are self-supporting. The Unemployment Compensation Fund accounts for the State's unemployment compensation benefits in which federal grants and assessments on employers are obtained to pay for the services that the Unemployment Compensation Fund provides. The Unemployment Compensation Fund's net position as of June 30, 2019 was $1.180 billion, which was an increase of $203.036 million, or 20.8% , from last year. The Second Injury Fund serves as a claims processor for insurance carriers, self-insurers, and the State Accident Fund. The Second Injury Fund's net position as of June 30, 2019 was $45.998 million, which was a decrease of $108 thousand, or 0.2%, from last year.

Operating revenues of the Unemployment Compensation Fund increased by $3.412 million, or 0.9%, and operating expenses for the payment of unemployment compensation benefits decreased by $32.956 million, or 18.1%, during the 2019 fiscal year. The decreases in operating revenues and expenses resulted from the general decline in unemployment rates throughout the country. Additionally, operating revenues for the Second Injury Fund have decreased by $50.399 million, or 80.9%, and operating expenses for the payment of Second Injury Fund claims remained at a low level during the 2019 fiscal year due to the Second Injury Fund's closure plan that took effect in fiscal year 2019.

Financial Analysis of the State's Funds

The State of South Carolina uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. Within the fund financial statements, the focus is on reporting major funds.

Governmental Funds

Exhibit 5 shows the components of fund balance for the State's various governmental funds as of June 30, 2019.

Exhibit 5

Governmental Fund Balances
As of June 30 for the Years Indicated
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 125,746	$ 15,552	$ 701,015	$ 11,681	$ 11,394	$ 865,388
Restricted	1,194,858	997,196	1,504,036	509,083	555,724	4,760,897
Committed	520,128	18,990	—	341,716	198,801	1,079,635
Assigned	187,427	22,308	—	—	133,349	343,084
Unassigned	3,620,911	(560,631)	—	—	—	3,060,280
Totals	**$ 5,649,070**	**$ 493,415**	**$ 2,205,051**	**$ 862,480**	**$ 899,268**	**$ 10,109,284**
Change from prior year	**$ 1,441,492**	**$ 47,724**	**$ 81,977**	**$ 100,242**	**$ 103,457**	**$ 1,774,892**
Percentage change	**34.3%**	**10.7%**	**3.9%**	**13.2%**	**13.0%**	**21.3%**

At June 30, 2019, total ending fund balance for the State's governmental funds was $10.109 billion, which represents an increase of $1.775 billion, or 21.3%, from the prior year. This total contains an *unassigned* fund balance of $3.060 billion. The total also includes $3.621 billion reported by the General Fund as unrestricted, unassigned and available with no constraints for spending in the coming year. In addition, governmental funds that are *restricted* by external parties or enabling legislation which includes creation through state law or constitutional provision constitute 47.1% of the total fund balance. The majority of remaining fund balance is *nonspendable, committed, or assigned* and is *not* available for future appropriation because it is not in a spendable form or is accessible only for specific purposes.

The *General Fund* is the State's operating fund. This fund includes resources, such as taxes, that pay for the services that the State traditionally has provided to its citizens. Activity is accounted for in the General Fund unless constraints established by State law or external parties require them to be accounted for in another fund. Increases in the current fiscal year were experienced in individual income tax of $416.601 million, 9.5%; retail sales and use tax of $232.862 million, 6.2%; insurance tax of $13.502 million, 7.1%; other taxes of $25.121 million, 4.2%; and $9.323 million, 3.0%, in other revenues from the prior year. General Fund expenditures, which decreased by $125.428 million, 1.2%, were also below the total General Fund revenues indicating a continued controlling of costs and spending reductions previously mandated by State officials.

The *Departmental Program Services* is a major special revenue fund in which agencies account for primarily restricted resources used to fund program services. These resources provide a supplement for the payment of the services that the State traditionally has provided to its citizens, thus expanding services when possible. During the 2019 fiscal year, the total fund balance increased by $47.724 million, or 10.7%, from the prior year. The primary source of revenue for the fund is federal revenues, which account for $7.976 billion, or 92.0%, of the total revenue reported. These grants are reimbursement-based, which generally results in a negative unassigned fund balance until the funds are received.

The *Local Government Infrastructure Fund* accounts for grants, loans and other financial assistance to local governments for infrastructure projects. Certain motor fuel taxes, federal funds, and bond proceeds are the fund's primary resources. The fund balance increased by $81.977 million, or 3.9%, during the 2019 fiscal year, leaving a balance of $2.205 billion at the end of the fiscal year. The increase in fund balance was a result of decreased project expenditures.

The *Department of Transportation (DOT) Special Revenue Fund* accounts for various gasoline taxes, fees, fines, and federal grant resources. DOT uses these resources to pay for its general operations, which include maintenance, regulation, and construction of public highways and bridges. The fund balance increased by $100.242 million, or 13.2%, during the 2019 fiscal year, leaving a balance of $862.480 million at the end of the fiscal year. The increase in fund balance was primarily a result of the 2-cent per year gas tax increase for road projects and maintenance. DOT is in the process of contracting with vendors to undertake these road projects.

Nonmajor Governmental Funds are used to account for funds that are restricted for specific purposes, including education, healthcare, and local governments. The $103.457 million, or 13.0%, increase in fund balance during the 2019 fiscal year was primarily the result of increases in Education Lottery revenues and less transfers out to the General Fund.

Proprietary Funds

Exhibit 6 shows the components of the net position for the State's various proprietary funds at June 30, 2019.

Exhibit 6
Proprietary Fund Net Position
As of June 30 for the Years Indicated
(Expressed in Thousands)

	Enterprise Funds				Internal
Fund Net Position	**Unemployment Compensation**	**Second Injury**	**Nonmajor Enterprise**	**Total Enterprise**	**Service Funds**
Net investment in capital assets	$ —	$ —	$ 221,494	$ 221,494	$ 102,064
Restricted, expendable	1,180,013	45,998	—	1,226,011	398,445
Unrestricted	—	—	(87,385)	(87,385)	226,099
Totals	**$ 1,180,013**	**$ 45,998**	**$ 134,109**	**$ 1,360,120**	**$ 726,608**
Change from prior year	**$ 203,036**	**$ (108)**	**$ 2,206**	**$ 205,134**	**$ 109,394**
Percentage change	**20.8%**	**(0.2%)**	**1.7%**	**17.8%**	**17.7%**

The State has two kinds of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are reported as business-type activities in the government-wide financial statements. Enterprise funds sell goods or services primarily to parties outside of State government.

The net position of the *Unemployment Compensation Benefits Fund*, a major enterprise fund, increased by $203.036 million, or 20.8%, over the prior year. Decreases in the number of individuals eligible for and claiming State unemployment insurance benefits resulted in the improved net position and enabled the Fund to operate without obtaining additional advances from the Federal government since May 2011.

The net position of the *Second Injury Fund*, a major enterprise fund, decreased by $108 thousand, or 0.2%, over the prior year. As stated on page 29, the Second Injury Fund's closure plan started to take effect in fiscal year 2019. The last assessment for this plan was made in fiscal year 2018.

The net position of the State's *nonmajor enterprise funds* increased by $2.206 million, or 1.7%, over the prior year. The increase in the State's *nonmajor enterprise funds'* net position was primarily due to an increase of $1.982 million in charges for services and a decrease of $773 thousand within general operations and administration expenses within the *Palmetto Railways Fund*.

South Carolina's *internal service funds* provide certain services (including maintenance, insurance, printing, information technology, and motor pool services) to other State funds but sometimes to local governments as well. Internal Service Funds experienced an increase to their net position of $109.394 million, or 17.7%, in the 2019 fiscal year. The objective of an internal service fund is to charge its customers for the costs of the services or goods that it provides. Because internal service funds benefit primarily State government, South Carolina reports them as governmental activities in the government-wide financial statements.

Budgetary General Fund Highlights

Estimated revenues for the 2019 fiscal year were $8.236 billion. Actual revenues at June 30, 2019, were $568.148 million, or 6.9%, over the estimated revenue used in the fiscal year 2019 budget appropriations act. This also represented an increase in collections over the prior year of $680.487 million, or 8.4%. Individual income and sales tax collections are the fund's major revenue sources. Individual income tax collections ended the year over the adjusted estimate by $298.656 million and sales tax collections ended the year over the adjusted estimate by $40.156 million.

Actual expenditures were $662.590 million less than actual revenues. Also, expenditures were kept $432.182 million under fiscal year 2019 adjusted appropriations. In addition, $8.144 million of unbudgeted spending occurred through "open-ended" appropriations.

Based on the above results of operations, fiscal year 2019 ended with a budgetary surplus, which resulted in a budgetary General Fund balance after reservation of $1.709 billion.

See the *Required Supplementary Information* section on pages 183 through 190 of this report for a detailed budgetary comparison schedule.

Capital Assets and Debt Administration

Capital Assets

At the end of the 2019 fiscal year, the State had $18.462 billion invested in capital assets, net of depreciation. This represented a net increase (including additions and deductions) of $660.058 million, or 3.7%, over the previous fiscal year (see *Exhibit 7*).

Exhibit 7
Capital Assets, Net of Depreciation
As of June 30 for the Years Indicated
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Totals—Primary Government		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2019-2018
Land and improvements	$ 2,202,040	$ 2,158,958	$ 170,104	$ 177,050	$ 2,372,144	$ 2,336,008	1.5%
Infrastructure	10,958,223	10,466,504	—	—	10,958,223	10,466,504	4.7%
Buildings and improvements	1,043,605	1,092,507	16,027	10,915	1,059,632	1,103,422	(4.0%)
Vehicles	242,268	228,442	325	475	242,593	228,917	6.0%
Machinery and equipment	201,194	184,469	3,362	3,385	204,556	187,854	8.9%
Works of art and historical treasures	6,642	9,519	—	—	6,642	9,519	(30.2%)
Construction in progress	3,438,744	3,320,255	94,110	88,470	3,532,854	3,408,725	3.6%
Intangible assets	84,870	60,379	789	917	85,659	61,296	39.7%
Total	**$ 18,177,586**	**$ 17,521,033**	**$ 284,717**	**$ 281,212**	**$ 18,462,303**	**$ 17,802,245**	**3.7%**

Growth in capital asset investment occurred mostly in infrastructure (roads and bridges), construction in progress, and intangible assets. The Department of Transportation recognized a net $139.954 million increase in construction in progress and land and improvements. Also, the Department of Transportation converted $715.982 million of previous year construction in progress into mostly infrastructure. These additions are part of new and on-going infrastructure projects within the Department of Revenue Special Revenue Fund. Additionally, intangible asset growth primarily relates to new software systems coming online within the Department of Employment and Workforce, which totaled $30.113 million.

See Note 6 in the notes to the financial statements on page 102 of this report for additional information on the State's capital assets.

Debt Outstanding

At June 30, 2019, the State had $2.249 billion in bonds and notes outstanding—a decrease of $203.240 million, or a 8.3%, from the previous year (see *Exhibit 8*).

Exhibit 8
Outstanding Bonds and Notes
As of June 30 for the Years Indicated
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Totals—Primary Government		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2019-2018
Backed by the State:							
General obligation bonds	$ 457,555	$ 564,811	$ —	$ —	$ 457,555	$ 564,811	(19.0%)
Backed by Specific Revenues:							
Revenue bonds and notes	134,348	146,154	11,875	12,055	146,223	158,209	(7.6%)
Infrastructure Bank bonds	1,645,007	1,729,005	—	—	1,645,007	1,729,005	(4.9%)
Total	**$2,236,910**	**$ 2,439,970**	**$ 11,875**	**$ 12,055**	**$2,248,785**	**$ 2,452,025**	**(8.3%)**

The repayment of principal on outstanding debt exceeded issuances of debt, resulting in a decrease in debt outstanding for governmental activities of $203.060 million, or 8.3%. Contributing to this decline was a major refunding of Infrastructure Bank bonds.

Three bond rating services assign ratings to bonds backed by the State with its own taxing authority (*general obligation bonds*). Fitch Ratings rated these bonds as "AAA" and Moody's Investors Service rated them as "Aaa" during the fiscal year ended June 30, 2019, the highest rating that these services assign. The State's bond rating from Standard & Poor's was "AA+" during the same period, its second highest rating.

The State limits the amount of annual payments for principal and interest (or annual debt service) on general obligation bonds and notes rather than directly limiting the amount of those bonds and notes that the State may have outstanding. At June 30, 2019, the State had the legal capacity to issue additional bonds as long as the new debt would not increase annual principal and interest payments by more than the following amounts: $68.809 million for highway bonds, $442.009 million for general obligation bonds (excluding institution and highway bonds), $36.077 million for economic development bonds, and $21.191 million for research university infrastructure bonds.

See Note 12 in the notes to the financial statements on page 136 of this report for additional information about the State's long-term debt.

Economic Factors and Next Year's Budget

The "Rainy Day Account"

At June 30, 2019, the General Reserve Fund, also called the rainy day account, which was appropriated by the 2018-2019 Appropriations Act, had a balance of $379.123 million, which increased from the prior year by $15.571 million. The State's rainy day account is fully funded in accordance with the State's Constitution. In any year that funds are withdrawn from this account, the State's Constitution requires restoration of the reserve to full funding within three fiscal years. State law defines full funding for the reserve as 5.0% of the Budgetary General Fund's revenues of the prior fiscal year.

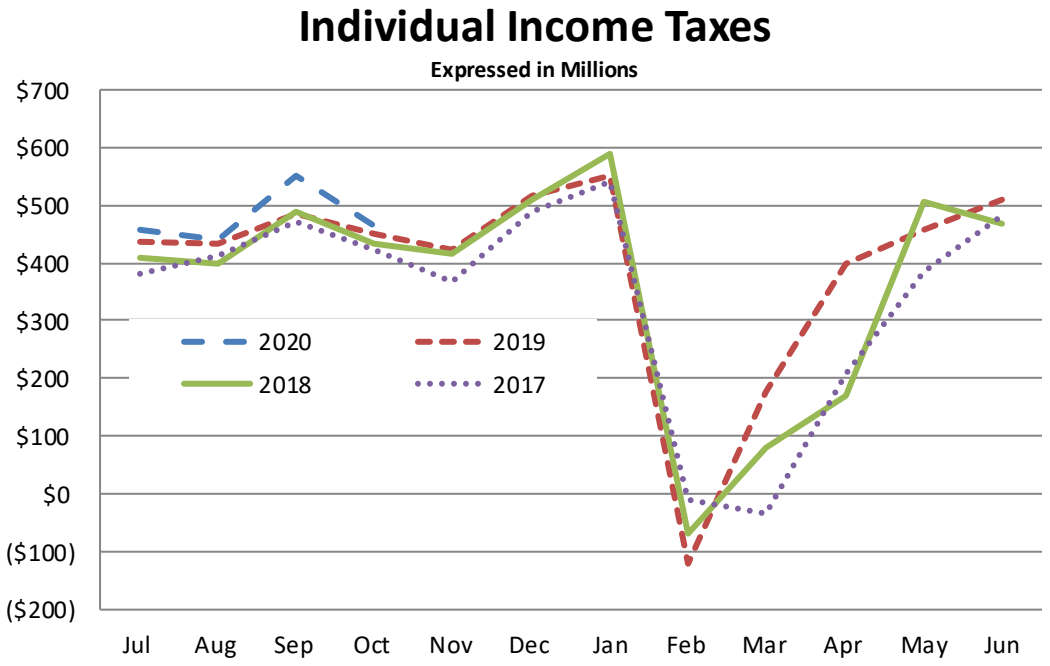
Budgetary General Fund for the 2019-2020 Fiscal Year

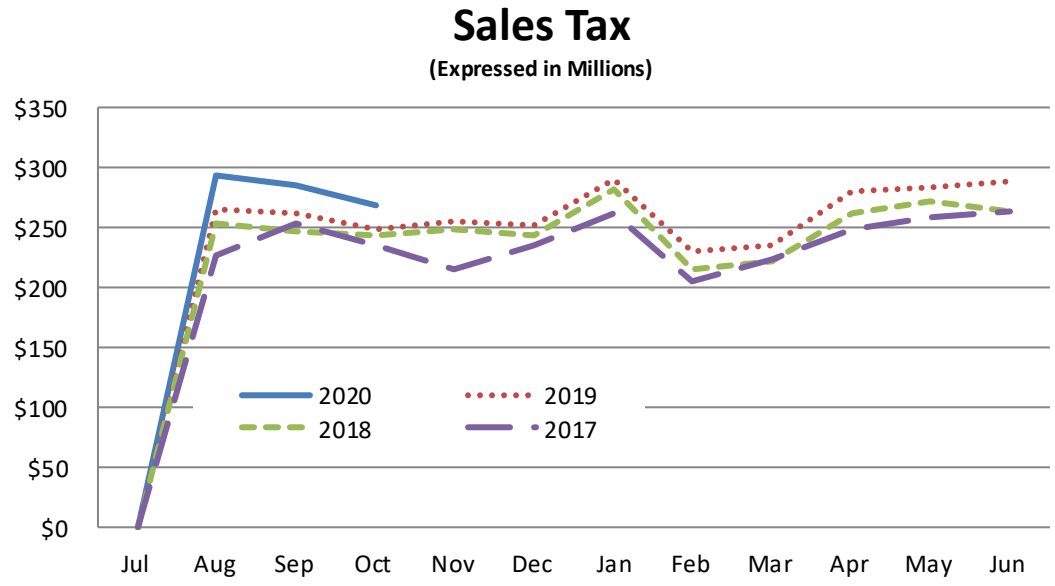
For fiscal year 2020, the Board of Economic Advisors estimated General Fund cash basis revenue of $8.737 billion, which is $67.740 million, or 0.7%, less than fiscal year 2019 actual revenue collections. In November 2019, the State's Board of Economic Advisors changed their fiscal year 2020 estimate to reflect an additional increase of $487.110 million, or 5.6%, over its original revenue estimate.

Economic Conditions

Budgetary General Fund revenues for the first four months of fiscal year 2020 were $3.158 billion, an increase of $196.397 million, or 6.6%, over the same period for fiscal year 2019. Total individual income taxes collected have increased by $106.493

million, or 5.9%, over the same period in the prior year. Sales taxes have increased by $72.227 million, or 9.3%, from the first four months of fiscal year 2019.

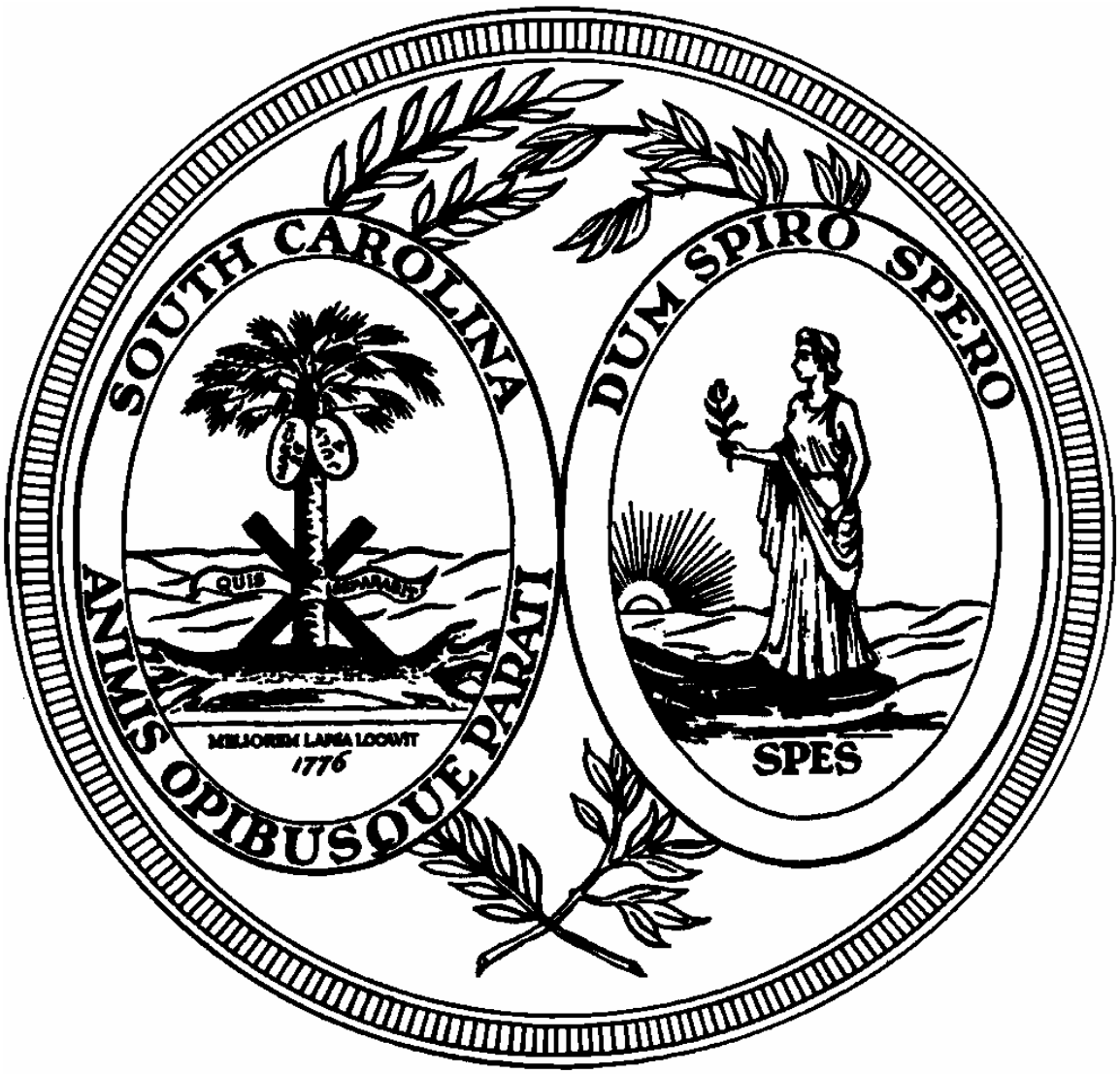




Requests for Information

The primary purpose of this financial report is to provide South Carolina's citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Please address any questions concerning information in this report to:

Office of the Comptroller General
ATTN: Chief of Staff
1200 Senate Street
305 Wade Hampton Office Building
Columbia, South Carolina 29201


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
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BASIC
FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2019
(Expressed in Thousands)

	PRIMARY GOVERNMENT			COMPONENT
	Governmental Activities	Business-type Activities	Totals	UNITS
ASSETS				
Cash and cash equivalents	$ 4,573,287	$ 1,119,539	$ 5,692,826	$ 3,230,967
Investments	5,261,264	284,854	5,546,118	1,729,201
Invested securities lending collateral	374,472	4,907	379,379	26,956
Receivables, net:				
Accounts	503,054	14,863	517,917	468,653
Contributions	4,564	—	4,564	143,974
Participants	—	612	612	—
Accrued interest	57,058	2,098	59,156	12,057
Income taxes	695,933	—	695,933	—
Sales and other taxes	764,647	—	764,647	—
Student accounts	529	—	529	55,976
Patient accounts	21,632	—	21,632	332,977
Loans and notes	786,382	—	786,382	86,892
Assessments	—	119,693	119,693	—
Due from Federal government and other grantors	1,013,617	778	1,014,395	109,358
Internal balances	53,608	(53,608)	—	—
Due from component units	101,054	—	101,054	—
Due from primary government	—	—	—	51,084
Inventories	51,670	1,370	53,040	441,009
Restricted assets:				
Cash and cash equivalents	793,391	260	793,651	1,409,107
Investments	—	—	—	1,878,710
Accounts receivable	70,199	—	70,199	106
Loans receivable	—	—	—	699,634
Other	74,037	—	74,037	31,198
Prepaid items	39,787	539	40,326	83,948
Other assets	455	—	455	385,077
Regulatory assets	—	—	—	4,401,713
Other assets- asset retirement obligation	—	—	—	935,916
Investment in joint venture	—	—	—	7,162
Capital assets-nondepreciable	5,597,614	264,047	5,861,661	3,297,938
Capital assets-depreciable, net	12,579,972	20,670	12,600,642	9,839,605
Total assets	$ 33,418,226	$ 1,780,622	$ 35,198,848	$ 29,659,218
DEFERRED OUTFLOWS OF RESOURCES	$ 974,312	$ 3,038	$ 977,350	$ 1,208,237
LIABILITIES				
Accounts payable	$ 864,772	$ 2,448	$ 867,220	$ 537,628
Accrued salaries and related expenses	164,293	1,219	165,512	267,549
Accrued interest payable	24	77	101	82,854
Retainages payable	1,436	—	1,436	33,827
Tax refunds payable	908,781	20,347	929,128	—
Payables-aid to individuals/families	10,211	—	10,211	—
Prizes payable	—	—	—	38,096
Unemployment benefits payable	—	1,513	1,513	—
Intergovernmental payables	464,718	5,073	469,791	560
Tuition benefits payable	—	78,272	78,272	—
Due to component units	51,084	—	51,084	—
Due to primary government	—	—	—	101,054
Due to fiduciary funds	14,448	—	14,448	—
Unearned revenues and asset retirement obligation	474,950	3,287	478,237	946,355
Deposits	9	300	309	11,545
Amounts held in custody for others	—	—	—	28,279
Securities lending collateral	374,472	4,907	379,379	26,956
Liabilities payable from restricted assets:				
Accrued interest payable	18,114	—	18,114	—
Other	—	126	126	15,651
Other liabilities	402,263	20	402,283	778,648
Long-term liabilities:				
Due within one year	943,337	35,007	978,344	444,692
Due in more than one year	9,222,361	269,587	9,491,948	20,500,415
Total liabilities	$ 13,915,273	$ 422,183	$ 14,337,456	$ 23,814,109
DEFERRED INFLOWS OF RESOURCES	$ 422,581	$ 1,357	$ 423,938	$ 1,390,780

Exhibit A-1

	PRIMARY GOVERNMENT			COMPONENT UNITS
	Governmental Activities	Business-type Activities	Totals	
NET POSITION				
Net investment in capital assets	$ 16,039,329	$ 221,494	$ 16,260,823	$ 6,400,503
Restricted:				
Expendable:				
General government	931,224	—	931,224	—
Education	309,232	—	309,232	1,047,231
Health	1,306,719	—	1,306,719	—
Transportation	1,209,339	—	1,209,339	2,078
Capital projects	—	—	—	765,594
Debt service	841,232	—	841,232	142,908
Loan programs	217	—	217	480,564
Waste management	180,351	—	180,351	—
Insurance programs	398,228	45,998	444,226	—
Administration of justice	22,591	—	22,591	—
Unemployment compensation benefits	—	1,180,013	1,180,013	—
Other	—	—	—	19,497
Nonexpendable:				
Education	11,373	—	11,373	1,181,388
Other	854,015	—	854,015	—
Unrestricted	(2,049,166)	(87,385)	(2,136,551)	(4,377,197)
Total net position	**$ 20,054,684**	**$ 1,360,120**	**$ 21,414,804**	**$ 5,662,566**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses)
Primary government:					
Governmental activities:					
General government	$ 6,661,431	$ 3,227,055	$ 856,108	$ 26,739	$ (2,551,529)
Education	4,893,190	44,653	949,568	—	(3,898,969)
Health and environment	8,388,809	197,662	5,338,239	8,902	(2,844,006)
Social services	1,602,776	8,566	1,302,984	9,511	(281,715)
Administration of justice	1,013,459	60,146	25,503	18	(927,792)
Resources and economic development	472,696	74,079	124,278	965	(273,374)
Transportation	1,526,454	242,965	115,067	627,120	(541,302)
Unallocated interest expense	18,211	—	—	—	(18,211)
Total governmental activities	**24,577,026**	**3,855,126**	**8,711,747**	**673,255**	**(11,336,898)**
Business-type activities:					
Unemployment compensation benefits	149,581	342,263	5,143	—	197,825
Second Injury	12,085	16	—	—	(12,069)
Other enterprise activities	64,908	51,908	354	—	(12,646)
Total business-type activities	**226,574**	**394,187**	**5,497**	**—**	**173,110**
Total primary government	**$ 24,803,600**	**$ 4,249,313**	**$ 8,717,244**	**$ 673,255**	**$ (11,163,788)**
Component units:					
Public Service Authority	1,646,680	1,806,620	19,844	—	179,784
Medical University of South Carolina	2,741,610	2,502,277	135,213	22,081	(82,039)
University of South Carolina	1,410,653	1,120,261	156,772	31,245	(102,375)
Clemson University	1,103,140	819,750	218,099	32,507	(32,784)
State Ports Authority	269,823	294,326	11,688	5,898	42,089
Housing Authority	205,390	47,596	186,085	—	28,291
Lottery Commission	1,984,775	1,984,650	32	—	(93)
Nonmajor component units	1,928,579	1,160,498	431,124	123,490	(213,467)
Total component units	**$ 11,290,650**	**$ 9,735,978**	**$ 1,158,857**	**$ 215,221**	**$ (180,594)**

Exhibit A-2

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net revenues (expenses)	$ (11,336,898)	$ 173,110	$ (11,163,788)	$ (180,594)
General revenues:				
Taxes:				
Individual income	4,835,821	—	4,835,821	—
Retail sales and use	5,004,470	—	5,004,470	—
Corporate income	396,207	—	396,207	—
Gas and motor vehicle	1,198,220	—	1,198,220	—
Insurance	204,755	—	204,755	—
Hospital	261,448	—	261,448	—
Other	731,276	—	731,276	—
Total taxes	12,632,197	—	12,632,197	—
Unrestricted grants and contributions	14	—	14	—
Unrestricted investment income	365,453	48,530	413,983	—
State Appropriations	—	—	—	747,809
Tobacco legal settlement	80,723	—	80,723	—
Other revenues	723,194	4,510	727,704	—
Additions to endowments	—	—	—	58,996
Transfers–internal activities	21,016	(21,016)	—	—
Total general revenues, additions to endowments, and transfers	**13,822,597**	**32,024**	**13,854,621**	**806,805**
Change in net position	**2,485,699**	**205,134**	**2,690,833**	**626,211**
Net position at beginning of year, as restated	**17,568,985**	**1,154,986**	**18,723,971**	**5,036,355**
Net position at end of year	**$ 20,054,684**	**$ 1,360,120**	**$ 21,414,804**	**$ 5,662,566**

The Notes to the Financial Statements are an integral part of this statement.

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2019
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue
ASSETS				
Cash and cash equivalents	$ 1,876,462	$ —	$ 134,339	$ 1,118,691
Investments	3,751,469	162,819	374,804	—
Invested securities lending collateral	297,519	3,230	21,644	17,577
Receivables, net:				
Accounts	91,749	188,146	—	3,167
Contributions	1,342	3,222	—	—
Accrued interest	31,989	1,239	6,754	7,166
Income taxes	695,933	—	—	—
Sales and other taxes	646,647	—	—	7,601
Student accounts	529	—	—	—
Patient accounts	19,156	2,476	—	—
Loans and notes	38,799	375	746,276	932
Due from Federal government and other grantors	5,174	891,838	379	116,114
Due from other funds	67,455	6,444	23,964	104,029
Due from component units	57,196	4,677	—	45
Interfund receivables	51,142	1,550	152,057	—
Inventories	30,365	13,383	—	5,427
Restricted assets:				
Cash and cash equivalents	11,013	—	781,160	1,218
Accounts receivable, net	—	—	70,199	—
Other	—	—	36,537	—
Prepaid items	9,612	1,794	—	5,692
Other assets	102	—	—	203
Total assets	**$ 7,683,653**	**$ 1,281,193**	**$ 2,348,113**	**$ 1,387,862**
LIABILITIES				
Accounts payable	224,708	365,635	10,705	205,100
Accrued salaries and related expenditures	105,710	31,672	96	23,161
Retainages payable	28	801	—	—
Tax refunds payable	908,768	—	—	—
Payable–aid to individuals/families	1,742	8,469	—	—
Intergovernmental payables	90,614	172,952	15,847	—
Due to other funds	146,795	62,252	36	17,974
Due to component units	18,791	24,540	—	—
Interfund payables	1,550	—	—	152,057
Unearned revenues	23,803	111,338	55,945	109,260
Securities lending collateral	297,519	3,230	21,644	17,577
Other liabilities	197,876	6,819	—	—
Total liabilities	**2,017,904**	**787,708**	**104,273**	**525,129**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	3,906	70	38,789	253
Deferred nonexchange revenues	12,773	—	—	—
Total deferred inflows of resources	**16,679**	**70**	**38,789**	**253**
FUND BALANCES				
Nonspendable	125,746	15,552	701,015	11,681
Restricted	1,194,858	997,196	1,504,036	509,083
Committed	520,128	18,990	—	341,716
Assigned	187,427	22,308	—	—
Unassigned	3,620,911	(560,631)	—	—
Total fund balances	**5,649,070**	**493,415**	**2,205,051**	**862,480**
Total liabilities, deferred inflows and fund balances	**$ 7,683,653**	**$ 1,281,193**	**$ 2,348,113**	**$ 1,387,862**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

Nonmajor Governmental Funds	Totals
$ 456,574	$ 3,586,066
490,027	4,779,119
9,997	349,967
24,323	307,385
—	4,564
4,006	51,154
—	695,933
110,399	764,647
—	529
—	21,632
—	786,382
112	1,013,617
—	201,892
22,736	84,654
—	204,749
—	49,175
—	793,391
—	70,199
37,500	74,037
21	17,119
—	305
$ 1,155,695	**$ 13,856,516**
$ 52,635	$ 858,783
248	160,887
607	1,436
13	908,781
—	10,211
185,300	464,713
89	227,146
7,538	50,869
—	153,607
—	300,346
9,997	349,967
—	204,695
256,427	**3,691,441**
—	43,018
—	12,773
—	**55,791**
11,394	865,388
555,724	4,760,897
198,801	1,079,635
133,349	343,084
—	3,060,280
899,268	**10,109,284**
$ 1,155,695	**$ 13,856,516**

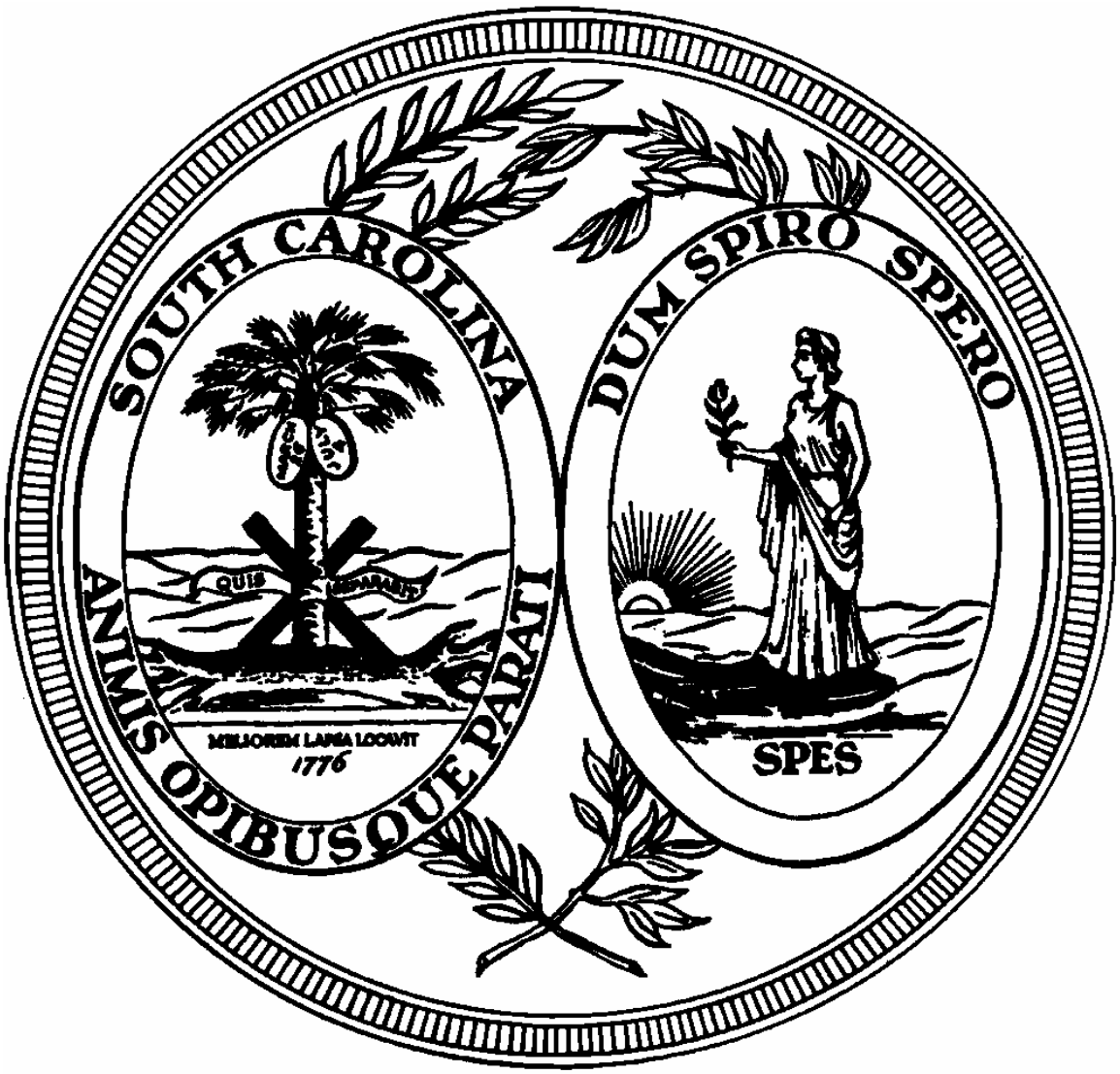
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Exhibit B-1a

June 30, 2019
(Expressed in Thousands)

Total fund balances–governmental funds		**$ 10,109,284**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not considered current financial resources and therefore are not reported in the funds:		
Non-depreciable capital assets	$ 5,591,275	
Depreciable capital assets	19,052,490	
Accumulated depreciation	(6,571,614)	
Total capital assets		18,072,151
Deferred outflows of resources are recognized in the Statement of Net Position, but are not reported in governmental funds:		
Hedging portion of derivative instruments		32,816
Deferred loss on refunding bonds		87,881
Pension and OPEB contributions made after the measurement date		379,801
Difference between expected and actual retirement plan experience		74,297
Net difference between projected and actual earnings on investments		76,360
Changes in proportion and differences between contributions and proportionate share of plan contributions		131,875
Changes in assumptions		177,776
Deferred inflows of resources are recognized in the Statement of Net Position, but are not reported in governmental funds:		
Difference between expected and actual retirement plan experience		(24,448)
Changes in proportion and differences between contributions and proportionate share of plan contributions		(142,847)
Changes in assumptions		(236,748)
Certain State revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures, and therefore are considered deferred inflows of resources		43,018
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position		726,608
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(2,142,526)	
Notes payable	(77,807)	
Accrued interest on bonds	(18,114)	
Capital leases	(2,434)	
Net pension liability	(3,884,552)	
Net OPEB liability	(2,907,710)	
Compensated absences	(200,657)	
Policy claims	(22,470)	
Other	(196,870)	
Total long-term liabilities		(9,453,140)
Net position of governmental activities		**$ 20,054,684**

The Notes to the Financial Statements are an integral part of this statement.


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
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Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure
Revenues:			
Taxes:			
Individual income	$ 4,801,707	$ 11,182	$ 22,932
Retail sales and use	3,968,934	2,948	—
Corporate Income	396,207	—	—
Gas and motor vehicle	—	—	—
Insurance	202,481	2,274	—
Hospital	261,448	—	—
Other	616,269	111,624	—
Licenses, fees, and permits	204,569	51,040	135,128
Interest and other investment income	157,129	7,348	82,427
Federal	45,649	7,976,463	27,372
Local and private grants	8,164	55,366	—
Departmental services	767,500	72,294	388
Contributions	17,196	83,363	65,112
Fines and penalties	67,593	4,616	—
Tobacco legal settlement	—	—	—
Other	319,423	291,349	306
Total revenues	**11,834,269**	**8,669,867**	**333,665**
Expenditures:			
Current:			
General government	1,211,617	126,201	—
Education	617,339	135,149	—
Health and environment	3,091,832	5,890,073	—
Social services	244,320	1,317,156	—
Administration of justice	881,512	32,331	—
Resources and economic development	162,421	92,161	1,802
Transportation	1,979	2,687	1,848
Capital outlay	69,780	16,485	—
Debt service:			
Principal retirement	56,471	117	78,135
Interest and fiscal charges	21,956	17	69,362
Intergovernmental	4,038,020	1,012,393	105,183
Total expenditures	**10,397,247**	**8,624,770**	**256,330**
Excess of revenues over (under) expenditures	**1,437,022**	**45,097**	**77,335**
Other financing sources (uses):			
Bonds and notes issued	2,183	—	—
Refunding bonds issued	—	—	350,375
Capital leases	1,846	8	—
Payment to refunded bond escrow agent	—	—	(350,375)
Transfers in	44,621	15,175	4,642
Transfers out	(44,180)	(12,556)	—
Total other financing sources (uses)	**4,470**	**2,627**	**4,642**
Net change in fund balances	**1,441,492**	**47,724**	**81,977**
Fund balances at beginning of year	**4,207,578**	**445,691**	**2,123,074**
Fund balances at end of year	**$ 5,649,070**	**$ 493,415**	**$ 2,205,051**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

Department of Transportation Special Revenue	Nonmajor Governmental Funds	Totals
$ —	$ —	$ 4,835,821
—	1,032,588	5,004,470
—	—	396,207
1,198,220	—	1,198,220
—	—	204,755
—	—	261,448
—	3,383	731,276
—	77,211	467,948
40,753	24,801	312,458
739,391	214	8,789,089
—	—	63,530
141,724	72,294	1,054,200
—	487,760	653,431
—	8,682	80,891
—	80,723	80,723
20,838	1,135	633,051
2,140,926	**1,788,791**	**24,767,518**
—	108,837	1,446,655
—	411,999	1,164,487
—	41,414	9,023,319
—	12	1,561,488
—	9	913,852
—	184	256,568
1,066,539	—	1,073,053
815,469	101,660	1,003,394
46,595	1	181,319
11,129	—	102,464
97,445	1,048,952	6,301,993
2,037,177	**1,713,068**	**23,028,592**
103,749	**75,723**	**1,738,926**
—	674	2,857
—	—	350,375
—	—	1,854
—	—	(350,375)
57	113,621	178,116
(3,564)	(86,561)	(146,861)
(3,507)	**27,734**	**35,966**
100,242	**103,457**	**1,774,892**
762,238	**795,811**	**8,334,392**
$ 862,480	**$ 899,268**	**$ 10,109,284**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

Net change in fund balances–total governmental funds		**$ 1,774,892**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:		
Capital outlay	$ 1,003,394	
Depreciation expense	(383,661)	
Excess of capital outlay over depreciation expense		619,733
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources		82,765
Loss on disposals of capital assets are reported as an expense in the Statement of Activities		(37,342)
Bond, note, and capital lease proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, proceeds were received from:		
Bonds, notes, and capital leases issued		(355,086)
Losses on bond refundings and hedging portion of derivatives are considered deferred outflows of resources in the Statement of Net Position		9,071
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:		
Bond, note, and capital lease retirement	181,319	
Payment to refunded bond escrow agent	350,375	
Total long-term debt repayment		531,694
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is included in governmental activities in the Statement of Activities, net of restatements		109,394
Because certain receivables will not be collected soon enough after the State's fiscal year ends, the related revenues are not considered "available" and are deferred in the governmental funds.		
Decrease in unearned revenues		(83,550)

Exhibit B-2a

Decrease in general operating expense due to the increase in pension expense for the amortization of deferred outflows and inflows of resources related to the net pension liability		(42,623)
Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These consist of changes in the following assets and liabilities:		
Accrued interest payable	$ 309	
Unamortized bond premiums and discounts	19,855	
Net pension liability	(15,771)	
Net OPEB liability	(120,130)	
Compensated absences payable	(17,164)	
Policy claims payable	11,736	
Other long-term liabilities	(2,084)	
Total additional expenses		(123,249)
Change in net position of governmental activities		**$ 2,485,699**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Net Position

PROPRIETARY FUNDS

June 30, 2019
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,065,960	$ 32,060	$ 21,519	$ 1,119,539	$ 987,221
Investments	12,237	224,998	47,619	284,854	2,286
Invested securities lending collateral	252	4,635	20	4,907	24,505
Receivables, net:					
Accounts	10,708	1	4,154	14,863	195,594
Participants	—	—	242	242	—
Accrued interest	108	1,935	55	2,098	5,904
Assessments	119,693	—	—	119,693	—
Due from Federal government and other grantors	778	—	—	778	—
Due from other funds	—	—	—	—	14,057
Due from component units	—	—	—	—	16,400
Inventories	—	—	1,370	1,370	2,495
Restricted assets:					
Cash and cash equivalents	—	—	239	239	—
Prepaid items	—	—	539	539	22,664
Total current assets	1,209,736	263,629	75,757	1,549,122	1,271,126
Long-term assets:					
Investments	—	—	—	—	479,859
Receivables, net:					
Accounts	—	—	—	—	75
Participants	—	—	370	370	—
Restricted assets:					
Cash and cash equivalents	—	—	21	21	—
Prepaid items	—	—	—	—	4
Other long-term assets	—	—	—	—	150
Non-depreciable capital assets	—	—	264,047	264,047	6,339
Depreciable capital assets, net	—	—	20,670	20,670	99,096
Total long-term assets	—	—	285,108	285,108	585,523
Total assets	**1,209,736**	**263,629**	**360,865**	**1,834,230**	**1,856,649**
DEFERRED OUTFLOWS OF RESOURCES	**$ —**	**$ —**	**$ 3,038**	**$ 3,038**	**$ 13,506**

Exhibit B-3

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
LIABILITIES					
Current liabilities:					
Accounts payable	$ 126	$ 910	$ 1,412	$ 2,448	$ 5,990
Accrued salaries and related expenses	—	—	1,219	1,219	3,406
Accrued interest payable	—	—	77	77	24
Tax refunds payable	20,347	—	—	20,347	—
Unemployment benefits payable	1,513	—	—	1,513	—
Intergovernmental payables	4,960	—	113	5,073	5
Tuition benefits payable	—	—	13,659	13,659	—
Policy claims	—	22,102	12,342	34,444	633,491
Due to other funds	2,525	—	83	2,608	643
Due to component units	—	—	—	—	215
Unearned revenues	—	—	3,287	3,287	174,604
Deposits	—	—	300	300	9
Securities lending collateral	252	4,635	20	4,907	24,505
Liabilities payable from restricted assets:					
Notes payable	—	—	—	—	5,934
Revenue bonds payable	—	—	190	190	—
Capital leases payable	—	—	—	—	26
Compensated absences payable	—	—	373	373	2,205
Other current liabilities	—	—	20	20	2,061
Total current liabilities	29,723	27,647	33,095	90,465	853,118
Long-term liabilities:					
Tuition benefits payable	—	—	64,613	64,613	—
Policy claims	—	189,984	40,690	230,674	169,490
Interfund payables	—	—	51,000	51,000	142
Other liabilities payable from restricted assets	—	—	126	126	—
Notes payable	—	—	6,500	6,500	10,643
Revenue bonds payable	—	—	5,185	5,185	—
Capital leases payable	—	—	—	—	28
Compensated absences payable	—	—	200	200	1,234
Other long-term liabilities	—	—	—	—	159
Net pension liability	—	—	15,033	15,033	57,421
Net OPEB liability	—	—	11,995	11,995	45,547
Total long-term liabilities	—	189,984	195,342	385,326	284,664
Total liabilities	**29,723**	**217,631**	**228,437**	**475,791**	**1,137,782**
DEFERRED INFLOWS OF RESOURCES	**$ —**	**$ —**	**$ 1,357**	**$ 1,357**	**$ 5,765**

The Notes to the Financial Statements are an integral part of this statement.

Continued on Next Page

Statement of Net Position

Exhibit B-3

PROPRIETARY FUNDS (Continued)

June 30, 2019
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
NET POSITION					
Net investment in capital assets	$ —	$ —	$ 221,494	$ 221,494	$ 102,064
Restricted:					
Expendable:					
Loan programs	—	—	—	—	217
Unemployment compensation benefits	1,180,013	—	—	1,180,013	—
Insurance programs	—	45,998	—	45,998	398,228
Unrestricted	—	—	(87,385)	(87,385)	226,099
Total net position	**$ 1,180,013**	**$ 45,998**	**$ 134,109**	**$ 1,360,120**	**$ 726,608**

Statement of Revenues, Expenses, and Changes in Fund Net Position

Exhibit B-4

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Operating revenues:					
Assessments	$ 326,985	$ 16	$ —	$ 327,001	$ —
Charges for services	—	—	51,787	51,787	2,972,592
Contributions	—	—	354	354	—
Interest and other investment income	22,821	11,875	13,428	48,124	—
Federal operating grants and contracts	5,143	—	—	5,143	—
Other operating revenues	15,278	—	121	15,399	390,268
Total operating revenues	**370,227**	**11,891**	**65,690**	**447,808**	**3,362,860**
Operating expenses:					
General operations and administration	—	5	35,683	35,688	496,487
Benefits and claims	149,581	12,080	13,309	174,970	2,781,748
Tuition plan disbursements	—	—	14,487	14,487	—
Depreciation and amortization	—	—	1,405	1,405	20,309
Other operating expenses	—	—	24	24	269
Total operating expenses	**149,581**	**12,085**	**64,908**	**226,574**	**3,298,813**
Operating income	**220,646**	**(194)**	**782**	**221,234**	**64,047**
Nonoperating revenues (expenses):					
Interest income	—	—	483	483	52,995
Contributions	—	—	—	—	14
Interest expense	—	—	(77)	(77)	(3,110)
Net other nonoperating revenues (expenses)	—	429	4,081	4,510	5,787
Losses on sale of capital assets	—	—	—	—	(100)
Total nonoperating revenues (expenses)	**—**	**429**	**4,487**	**4,916**	**55,586**
Income before transfers	**220,646**	**235**	**5,269**	**226,150**	**119,633**
Transfers in	609	—	—	609	530
Transfers out	(18,219)	(343)	(3,063)	(21,625)	(10,769)
Change in net position	**203,036**	**(108)**	**2,206**	**205,134**	**109,394**
Net position (deficit), beginning, as restated	976,977	46,106	131,903	1,154,986	617,214
Net position at end of year	**$ 1,180,013**	**$ 45,998**	**$ 134,109**	**$ 1,360,120**	**$ 726,608**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Cash flows from operating activities:					
Receipts from customers, patients, and third-party payers	$ 15,267	$ —	$ 50,088	$ 65,355	$ 2,757,603
Assessments received	321,544	16	—	321,560	—
Grants received	4,365	—	—	4,365	—
Tuition plan contributions received	—	—	734	734	—
Internal activity–payments from other funds	—	—	—	—	222,258
Other operating cash receipts	—	—	1,646	1,646	383,464
Claims and benefits paid	(160,659)	(33,782)	(34,807)	(229,248)	(242,649)
Payments to suppliers for goods and services	—	—	(26,735)	(26,735)	(2,987,296)
Payments to employees	—	—	(9,226)	(9,226)	(54,454)
Other operating cash payments	—	882	(6)	876	—
Net cash provided by (used in) operating activities	**180,517**	**(32,884)**	**(18,306)**	**129,327**	**78,926**
Cash flows from noncapital financing activities:					
Payment of bond issuance costs for other funds	—	—	—	—	(2,760)
Miscellaneous revenue cash receipts	—	—	43	43	3,813
Other noncapital financing cash payments	—	—	(576)	(576)	(7)
Transfers in	609	—	—	609	530
Transfers out	(18,219)	(343)	(3,063)	(21,625)	(10,769)
Net cash used in noncapital financing activities	**(17,610)**	**(343)**	**(3,596)**	**(21,549)**	**(9,193)**

Exhibit B-5

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Cash flows from capital and related financing activities:					
Acquisition of capital assets	$ —	$ —	$ (4,953)	$ (4,953)	$ (11,710)
Principal payments on capital debt	—	—	(180)	(180)	(5,855)
Interest payments on capital debt	—	—	(97)	(97)	(341)
Proceeds from sale or disposal of capital assets	—	—	2,954	2,954	1,838
Net cash used in capital and related financing activities	**—**	**—**	**(2,276)**	**(2,276)**	**(16,068)**
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	—	6,262	14,713	20,975	91,371
Purchase of investments	(381)	—	(2,825)	(3,206)	(103,383)
Interest and dividends on investments	22,791	11,293	13,909	47,993	39,388
Net cash provided by (used in) investing activities	**22,410**	**17,555**	**25,797**	**65,762**	**27,376**
Net increase (decrease) in cash and cash equivalents	**185,317**	**(15,672)**	**1,619**	**171,264**	**81,041**
Cash and cash equivalents at beginning of year	**880,643**	**47,732**	**20,160**	**948,535**	**906,180**
Cash and cash equivalents at end of year	**$ 1,065,960**	**$ 32,060**	**$ 21,779**	**$ 1,119,799**	**$ 987,221**
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	$ 220,646	$ (194)	$ 782	$ 221,234	$ 64,047
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	—	1,405	1,405	20,309
Provision for bad debts	11,603	—	—	11,603	—
Realized gains (losses) on sale of assets	—	—	2,910	2,910	(100)
Interest and dividends on investments and interfund loans	(22,791)	(11,293)	(13,505)	(47,589)	104
Other nonoperating revenues	—	—	55	55	72
Other nonoperating expenses	—	(10,851)	(576)	(11,427)	—

The Notes to the Financial Statements are an integral part of this statement.

Continued on Next Page

Statement of Cash Flows

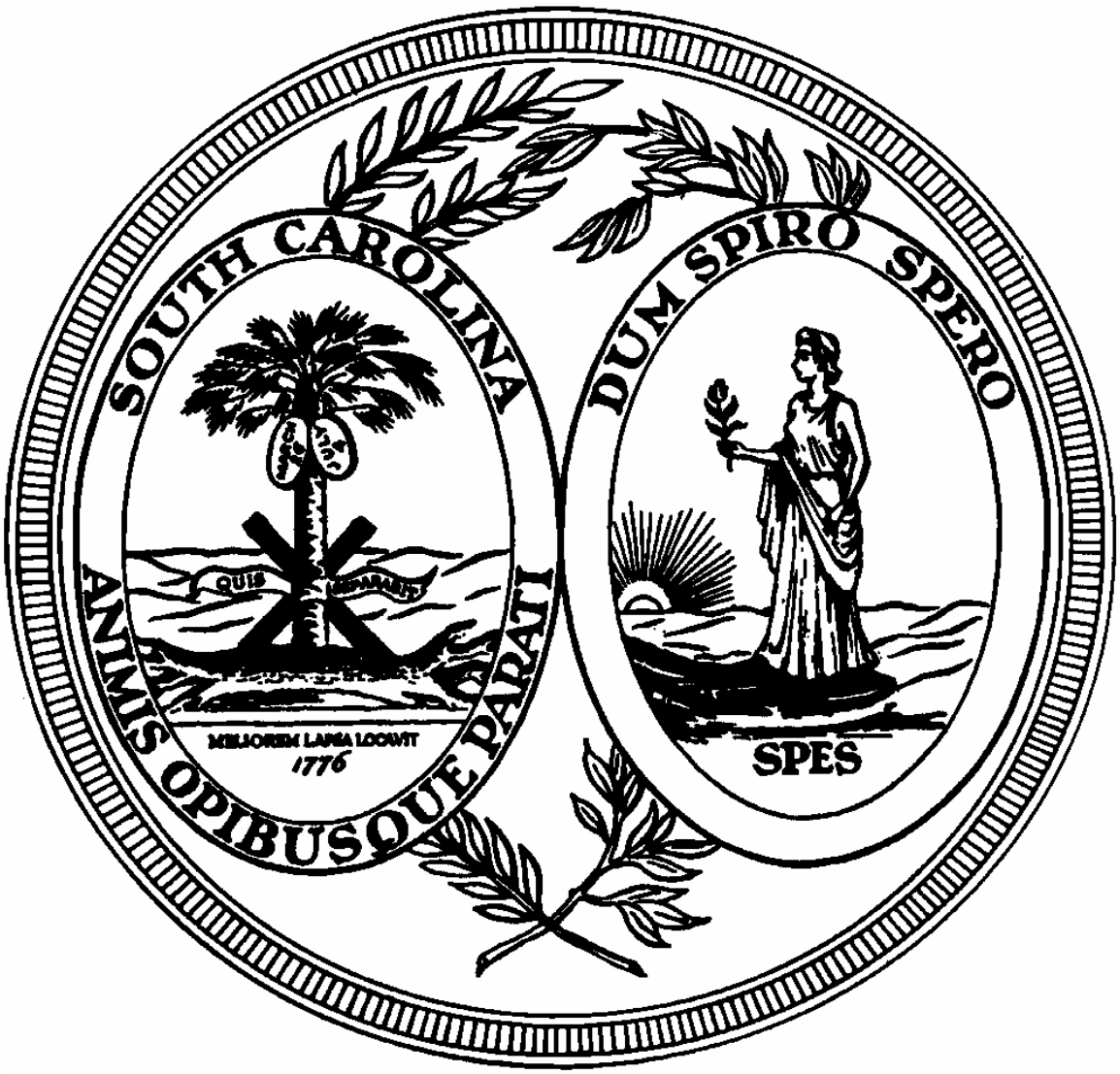
Exhibit B-5

PROPRIETARY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Effect of changes in operating assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable, net	$ (928)	$ —	$ (547)	$ (1,475)	$ (5,389)
Accrued interest	(30)	(583)	—	(613)	—
Assessments receivable, net	(16,127)	—	—	(16,127)	—
Due from Federal government and other grantors	(778)	—	—	(778)	—
Due from other funds	—	—	(2)	(2)	(3,011)
Inventories	—	—	761	761	334
Other assets	—	—	(581)	(581)	(2,853)
Deferred outflows	—	—	1,237	1,237	7,945
Accounts payable	116	888	(1,719)	(715)	688
Accrued salaries and related expenses	—	—	199	199	(340)
Tax refunds payable	(8,198)	—	—	(8,198)	—
Unemployment benefits payable	(2,529)	—	—	(2,529)	—
Tuition benefits payable	—	—	(11,220)	(11,220)	—
Policy claims	—	(10,851)	4,209	(6,642)	12,228
Due to other funds	(467)	—	110	(357)	(613)
Unearned revenues	—	—	(209)	(209)	9,844
Compensated absences payable	—	—	49	49	78
Other liabilities	—	—	(1,672)	(1,672)	(22,209)
Deferred inflows	—	—	8	8	(2,208)
Net cash provided by (used in) operating activities	**$ 180,517**	**$ (32,884)**	**$ (18,306)**	**$ 129,327**	**$ 78,926**
Noncash capital, investing, and financing activities:					
Disposal of capital assets	$ —	—	$ —	$ —	$ 10,726
Increase (decrease) in fair value of investments	—	—	1,827	1,827	12,558
Total noncash capital, investing, and financing activities	**$ —**	**$ —**	**$ 1,827**	**$ 1,827**	**$ 23,284**

The Notes to the Financial Statements are an integral part of this statement.


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
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1776
SPES

Statement of Fiduciary Net Position

Exhibit B-6

FIDUCIARY FUNDS

June 30, 2019
(Expressed in Thousands)

	Pension and Other Post-Employment Benefit Trust	Investment Trust Local Government Investment Pool	Private-Purpose Trust	Agency
ASSETS				
Cash and cash equivalents	$ 2,599,154	$ 4,115,788	$ 16,907	$ 291,791
Receivables, net:				
Accounts	—	—	—	10,865
Contributions	337,077	—	—	—
Accrued interest	57,270	496	4,073	13,908
Unsettled investment sales	1,411,101	—	5,974	—
Other investment receivables	4,510	—	—	—
Total receivables	1,809,958	496	10,047	24,773
Due from other funds	74,020	—	—	—
Due from governmental funds	—	—	—	14,448
Investments, at fair value:				
Short term investments	402,848	—	—	18,067
Debt-domestic	5,783,054	574,517	—	—
Equity-international	14,366,890	—	—	—
Alternatives	10,158,256	—	—	—
Financial and other	108,004	2,699,696	3,978,740	—
Total investments	30,819,052	3,274,213	3,978,740	18,067
Invested securities lending collateral	70,722	76,500	102	3,426
Capital assets, net	2,232	—	—	—
Prepaid items	3,875	—	—	—
Other assets	—	—	4,398	—
Total assets	**35,379,013**	**7,466,997**	**4,010,194**	**352,505**
LIABILITIES				
Accounts payable	11,558	—	3,277	29,744
Accounts payable–unsettled investment purchases	1,281,247	—	6,147	—
Policy claims	542	—	—	—
Due to other funds	74,020	—	—	—
Intergovernmental payables	—	—	—	32,727
Deposits	—	—	—	5,851
Amounts held in custody for others	—	—	—	280,755
Deferred retirement benefits	70	—	—	—
Securities lending collateral	116,647	76,500	102	3,426
Due to participants	—	—	—	2
Other liabilities	175,453	—	—	—
Total liabilities	**1,659,537**	**76,500**	**9,526**	**352,505**
NET POSITION				
Restricted for pension and other post-employment benefits	33,719,476	—	—	—
Held in trust for:				
External investment pool participants	—	7,390,497	—	—
Other purposes	—	—	4,000,668	—
Total net position	**$ 33,719,476**	**$ 7,390,497**	**$ 4,000,668**	**$ —**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position

Exhibit B-7

FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Pension and Other Post-Employment Benefit Trust	Investment Trust Local Government Investment Pool	Private-Purpose Trust
Additions:			
Licenses, fees, and permits	$ —	$ —	$ 49
Contributions:			
Employer	2,252,147	—	—
Employee	1,028,413	—	—
Non-employer	204,354	—	—
Deposits from pool participants	—	12,559,307	—
Tuition plan deposits	—	—	3
Other	—	—	234,945
Total contributions	3,484,914	12,559,307	234,948
Investment income:			
Interest income and net appreciation in investments	2,185,517	165,974	206,091
Securities lending income	3,080	17	—
Total investment income	2,188,597	165,991	206,091
Less investment expense:			
Investment expense	331,539	—	—
Securities lending expense	3	—	—
Net investment income	1,857,055	165,991	206,091
Assets moved between pension trust funds	1,244	—	—
Total additions	**5,343,213**	**12,725,298**	**441,088**
Deductions:			
Regular retirement benefits	3,354,605	—	—
Supplemental retirement benefits	333	—	—
Refunds of retirement contributions to members	139,692	—	—
Death benefit claims	23,717	—	—
Accidental death benefits	1,809	—	—
Other post-employment benefits	542,986	—	—
Withdrawals, pool participants	—	11,660,260	—
Distributions to pool participants	—	162,706	—
Depreciation	171	—	—
Administrative expense	19,015	5,282	13,366
Other expenses	—	—	809
Assets moved between pension trust funds	1,244	—	—
Total deductions	**4,083,572**	**11,828,248**	**14,175**
Change in net position	**1,259,641**	**897,050**	**426,913**
Net position, beginning	**32,459,835**	**6,493,447**	**3,573,755**
Net position at end of year	**$ 33,719,476**	**$ 7,390,497**	**$ 4,000,668**

The Notes to the Financial Statements are an integral part of this statement.

Statement of Net Position

DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2019

(Expressed in Thousands)

	Public Service Authority	Medical University of South Carolina	University of South Carolina	Clemson University
ASSETS				
Cash and cash equivalents	$ 475,601	$ 813,086	$ 689,695	$ 360,143
Investments	474,269	290,943	473,557	3,448
Invested securities lending collateral	—	1,825	5,698	6,459
Receivables, net:				
Accounts	225,636	33,015	13,781	16,165
Contributions	—	31,633	48,660	29,091
Accrued interest	2,308	1,697	3,352	2,837
Student accounts	—	1,453	8,651	6,871
Patient accounts	—	332,977	—	—
Loans and notes	—	262	10,236	3
Due from Federal government and other grantors	—	21,136	31,161	25,498
Due from primary government	—	16,524	5,810	11,073
Inventories	372,556	39,892	2,122	3,065
Restricted assets:				
Cash and cash equivalents	58,847	122,561	205,785	268,763
Investments	149,380	466,052	16,002	812,161
Accounts receivable	—	—	—	—
Loans receivable	—	11,988	14,064	6,171
Other	—	4,958	—	8,228
Prepaid items	14,068	35,754	2,506	12,140
Other assets	216,458	21,802	2,209	7,180
Regulatory asset	4,401,713	—	—	—
Other regulatory assets- asset retirement obligation	935,916	—	—	—
Investment in joint venture	7,162	—	—	—
Capital assets-nondepreciable	1,200,946	500,376	181,601	152,471
Capital assets-depreciable, net	3,855,938	1,014,234	1,281,455	1,258,378
Total assets	$ 12,390,798	$ 3,762,168	$ 2,996,345	$ 2,990,145
DEFERRED OUTFLOWS OF RESOURCES	$ 228,116	$ 303,423	$ 236,271	$ 145,750
LIABILITIES				
Accounts payable	$ 220,554	$ 181,457	$ 12,267	$ 30,072
Accrued salaries and related expenses	10,416	157,191	22,753	24,085
Accrued interest payable	46,383	3,622	4,971	4,546
Retainages payable	21,504	45	1,921	2,288
Prizes payable	—	—	—	—
Intergovernmental payables	—	—	—	—
Due to primary government	—	4,677	5,673	4,656
Unearned revenues and asset retirement obligation	716,666	28,002	46,383	56,789
Deposits	—	—	3,441	1,019
Amounts held in custody for others	—	—	11,960	1,159
Securities lending collateral	—	1,825	5,698	6,459
Liabilities payable from restricted assets:				
Other	—	—	—	—
Other liabilities	437,042	179,887	34,326	89,426
Long-term liabilities:				
Due within one year	46,980	197,527	57,343	36,897
Due in more than one year	7,901,945	3,248,284	2,508,121	1,894,851
Total liabilities	$ 9,401,490	$ 4,002,517	$ 2,714,857	$ 2,152,247
DEFERRED INFLOWS OF RESOURCES	$ 954,984	$ 100,671	$ 81,521	$ 52,304
NET POSITION				
Net investment in capital assets	$ 1,955,185	$ 522,562	$ 856,433	$ 823,621
Restricted:				
Expendable:				
Education	—	242,978	182,589	301,672
Transportation	—	—	—	—
Capital projects	280	250,623	117,724	133,639
Debt service	7,322	2,945	9,539	11,729
Loan programs	—	—	—	—
Other	—	—	—	—
Nonexpendable:				
Education	—	191,397	391,714	380,328
Unrestricted	299,653	(1,248,102)	(1,121,761)	(719,645)
Total net position (deficit)	**$ 2,262,440**	**$ (37,597)**	**$ 436,238**	**$ 931,344**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

State Ports Authority	Housing Authority	Lottery Commission	Nonmajor Component Units	Total
$ 218,884	$ 14,663	$ 24,723	$ 634,172	$ 3,230,967
34,160	—	—	452,824	1,729,201
6,225	272	—	6,477	26,956
53,438	356	48,273	77,989	468,653
—	—	—	34,590	143,974
—	120	—	1,743	12,057
—	—	—	39,001	55,976
—	—	—	—	332,977
—	24,784	—	51,607	86,892
—	690	—	30,873	109,358
—	111	—	17,566	51,084
9,634	—	4,491	9,249	441,009
298,310	102,885	492	351,464	1,409,107
—	123,860	—	311,255	1,878,710
—	106	—	—	106
—	657,560	—	9,851	699,634
—	3,395	—	14,617	31,198
4,257	—	—	15,223	83,948
5,277	3,952	8,884	119,315	385,077
—	—	—	—	4,401,713
—	—	—	—	935,916
—	—	—	—	7,162
894,802	—	—	367,742	3,297,938
493,220	624	383	1,935,373	9,839,605
$ 2,018,207	$ 933,378	$ 87,246	$ 4,480,931	$ 29,659,218
$ 25,450	$ 2,810	$ 2,652	$ 263,765	$ 1,208,237
$ 36,206	$ —	$ 4,173	$ 52,899	$ 537,628
5,578	846	—	46,680	267,549
17,899	—	—	5,433	82,854
4,501	—	—	3,568	33,827
—	—	38,096	—	38,096
—	—	—	560	560
50,000	—	14,404	21,644	101,054
—	6,855	601	91,059	946,355
—	—	—	7,085	11,545
—	—	—	15,160	28,279
6,225	272	—	6,477	26,956
—	13,866	—	1,785	15,651
4,280	980	1,953	30,754	778,648
14,636	11,007	581	79,721	444,692
1,042,411	415,477	27,675	3,461,651	20,500,415
$ 1,181,736	$ 449,303	$ 87,483	$ 3,824,476	$ 23,814,109
$ 5,420	$ 28,983	$ 1,540	$ 165,357	$ 1,390,780
$ 712,008	$ 624	$ 383	$ 1,529,687	$ 6,400,503
—	—	—	319,992	1,047,231
—	—	—	2,078	2,078
—	—	—	263,328	765,594
34,161	20,892	—	56,320	142,908
—	418,015	—	62,549	480,564
—	—	492	19,005	19,497
—	—	—	217,949	1,181,388
110,332	18,371	—	(1,716,045)	(4,377,197)
$ 856,501	**$ 457,902**	**$ 875**	**$ 754,863**	**$ 5,662,566**

Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Service Authority	$ 1,646,680	$ 1,806,620	$ 19,844	$ —
Medical University of South Carolina	2,741,610	2,502,277	135,213	22,081
University of South Carolina	1,410,653	1,120,261	156,772	31,245
Clemson University	1,103,140	819,750	218,099	32,507
State Ports Authority	269,823	294,326	11,688	5,898
Housing Authority	205,390	47,596	186,085	—
Lottery Commission	1,984,775	1,984,650	32	—
Nonmajor component units	1,928,579	1,160,498	431,124	123,490
Totals	**$ 11,290,650**	**$ 9,735,978**	**$ 1,158,857**	**$ 215,221**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

Net Revenue (Expenses)	Additions to Endowments	State Appropriations	Net Position (Deficit) Beginning	Net Position (Deficit) Ending
$ 179,784	$ —	$ —	$ 2,082,656	$ 2,262,440
(82,039)	15,945	134,173	(105,676)	(37,597)
(102,375)	11,608	175,649	351,356	436,238
(32,784)	10,459	136,487	817,182	931,344
42,089	—	—	814,412	856,501
28,291	—	—	429,611	457,902
(93)	—	—	968	875
(213,467)	20,984	301,500	645,846	754,863
$ (180,594)	**$ 58,996**	**$ 747,809**	**$ 5,036,355**	**$ 5,662,566**

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Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

The South Carolina General Assembly (an elected legislative body) and several elected executives govern the State of South Carolina. The accompanying financial statements present the activities of the State of South Carolina's primary government and its component units.

Component units are legally separate organizations for which the State is accountable for purposes of financial reporting. Blended component units, although legally separate from the State, are part of the State's operations in substance. Accordingly, the State includes blended component units within applicable funds in its fund financial statements and within applicable activities in its government-wide financial statements. In contrast, the State excludes its discretely presented component units from the fund financial statements included within its basic financial statements and it reports the discretely presented component units separately in its government-wide financial statements.

As explained more fully below, the State's primary government and its component units include various State funds, agencies, departments, institutions, authorities, and other organizations.

Primary Government

The State's primary government includes all constitutional offices, departments, agencies, commissions, and authorities unless otherwise noted below.

The State's five defined benefit retirement systems and two post-employment benefit trust funds are part of the State's primary government. The Board of Directors of the South Carolina Public Employee Benefit Authority (PEBA), which consists of eleven members appointed by the Governor and General Assembly leadership and the Retirement Systems Investment Commission (RSIC), which consists of eight members appointed by the Governor, the other four members of the State Fiscal Accountability Authority, a retired member of one of the five systems appointed by the other RSIC directors, and the ex-officio Executive director of PEBA, are co-trustees of the assets of the retirement system. PEBA also serves as the custodian of the assets of the retirement system.

Blended Component Units

Unless otherwise indicated below, the following blended component units have fiscal years ended June 30, and the accompanying financial statements include component unit financial information for the fiscal year ended June 30, 2019.

Tobacco Settlement Revenue Management Authority

The Tobacco Settlement Revenue Management Authority, a blended component unit accounted for as a governmental fund, was created in accordance with an act of the General Assembly that resulted from South Carolina's participation in a settlement (the Master Settlement Agreement or MSA) that arose out of litigation that a group of state governments brought against the tobacco industry. The legally separate Authority's primary purposes are (a) to receive all receipts due to South Carolina under the MSA after June 30, 2001, and (b) to issue the Authority's revenue bonds payable solely from, and secured solely by, those receipts. The Authority's governing board is composed of the Governor or his designee, the State Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. The State receives the funding from the bond issuances, except in the event that the Authority issues bonds expressly to refund its outstanding bonds.

Palmetto Railways Division

The Palmetto Railways Division of the Department of Commerce, a blended component unit accounted for as an enterprise fund, has a fiscal year ended December 31, 2018. The Palmetto Railways Division is governed by the Secretary of the Department of Commerce which operates as a cabinet agency under the Governor and is subject to state laws and regulations as well maintaining operational responsibility for the blended component unit.

Obtaining More Information about Blended Component Units

One may obtain complete financial statements for the above blended component units from the following administrative offices:

South Carolina Tobacco Settlement
Revenue Management Authority
http://osa.sc.gov

Palmetto Railways Division
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201-3200
http://osa.sc.gov

Major Discretely Presented Component Units

Unless otherwise indicated below, the following discretely presented component units have fiscal years ended June 30, and the accompanying financial statements include component unit financial information for the fiscal year ended June 30, 2019. In determining which discretely presented component units are major, the State considered the significance of each component unit's relationship to the primary government. The following have been identified as the State's major discretely presented component units:

South Carolina Public Service Authority

The State General Assembly created the South Carolina Public Service Authority (Santee Cooper), a public utility company. Its primary purpose is to provide electric power and wholesale water to the people of South Carolina. The Governor appoints its Board of Directors and has the ability to remove the appointed members at will. By law, the Authority must annually transfer to the State's General Fund any net earnings not necessary for prudent business operations. The financial information presented is for the Authority's fiscal year ended December 31, 2018. A financial benefit/burden relationship exists between the State and the Public Service Authority.

South Carolina State Ports Authority

The State General Assembly created the South Carolina State Ports Authority to develop and improve the State's harbors and seaports. The State Ports Authority owns and operates six ocean terminals that handle import and export cargo. The Governor appoints the members of the Authority's governing board, except for the Secretary of Transportation and the Secretary of Commerce. A financial benefit/burden relationship exists between the State and the State Ports Authority.

South Carolina State Housing Finance and Development Authority

The South Carolina State Housing Finance and Development Authority is a legally separate entity that facilitates medium-income and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers federal grants and contracts. Mortgage interest is a primary resource for the Authority. The Governor appoints, with the advice and consent of the Senate, seven persons to be commissioners of the South Carolina State Housing Finance and Development Authority. The State has the ability to impose its will on the Housing Finance and Development Authority.

South Carolina Lottery Commission

The South Carolina Lottery Commission was created through an act of the General Assembly to generate entertainment for citizens and visitors of the state while providing revenue for educational purposes. The Commission is legally separate and is governed by a nine-member board with three members appointed by the Governor, three appointed by the President Pro Tempore of the Senate, and three appointed by the Speaker of the House of Representatives. State law requires, as nearly practical, that at least 45% of sales must be returned to the public in the form of prizes to achieve its entertainment value and that the Commission must transfer its net proceeds to the State to support improvements and enhancements for educational purposes and programs. A benefit/burden relationship exists between the State and the Lottery.

Clemson University

Clemson University is a legally separate State-supported, institution of higher education. The University is granted an annual appropriation for operating purposes as authorized by the General Assembly. The University is governed by a board of thirteen members, including six elected by the General Assembly and seven self-perpetuating life members. A benefit/burden relationship exists between the State and Clemson University.

Medical University of South Carolina

The Medical University of South Carolina (MUSC) is a legally separate State-supported institution of higher education. MUSC is granted an annual appropriation for operating purposes as authorized by the General Assembly. The management and control of the University is vested in a board of trustees, composed as follows: the Governor or designee, ex officio, fourteen members elected by the General Assembly in joint assembly, and one member appointed by the Governor. A financial benefit/burden relationship exists between the State and MUSC.

University of South Carolina

The University of South Carolina (USC) is a legally separate State-supported institution of higher education. USC is granted an annual appropriation for operating purposes as authorized by the General Assembly. The board of trustees is composed of the Governor (or designee), the State Superintendent of Education, and the President of the Greater University of South Carolina Alumni Association, which three are members ex officio of the board, and seventeen other members including one member from each of the sixteen judicial circuits elected by the general vote of the General Assembly, and one at-large member appointed by the Governor. A financial benefit/burden relationship exists between the State and USC.

Nonmajor Discretely Presented Component Units

The State's government-wide financial statements also include the following nonmajor discretely presented component units in the aggregate:

The Children's Trust Fund of South Carolina, Inc. is a non-profit, tax-exempt public charity with a purpose to stimulate innovative prevention and treatment programming to meet critical needs of South Carolina's children by awarding grants to private non-profit organizations. The Governor appoints the Board of Directors' seventeen members and has the ability to remove the appointed members at will. The financial information presented is for the Fund's fiscal year ended September 30, 2018.

Connector 2000 Association, Inc. is a legally separate entity created to contract with the State Department of Transportation (DOT) in financing, acquiring, constructing, and operating turnpikes and other transportation projects, primarily the project known as the Southern Connector in Greenville County. The leasing and operational agreements with the DOT provide the DOT with certain managerial oversight authority. The financial information presented in the accompanying financial statements is for the Association's fiscal year ended December 31, 2018. The Association is fiscally dependent on DOT for the maintenance of the Southern Connector highway. A benefit/burden relationship exists between the State and the Association.

The South Carolina Education Assistance Authority is a legally separate entity that issues bonds to make loans to individuals to enable students to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, loan repayments, and investment earnings. The State has the ability to impose its will on the Education Assistance Authority.

The South Carolina First Steps to School Readiness is a legally separate non-profit, tax-exempt public charity created specifically to carry out the objectives of The South Carolina First Steps to School Readiness Act and to lessen the burdens on government by overseeing the initiative for improving early childhood development of the Act. The corporation's governing board is composed of two classes of members, voting and nonvoting. The Board's voting members include the Governor, State Superintendent of Education, ten Governor appointees, four members appointed by the President Pro Tempore of the Senate, four members appointed by the Speaker of the House of Representatives, the Chairman of the Senate Education Committee, and the Chairman of the House Education and Public Works Committee. The State has the ability to impose its will on First Steps to School Readiness.

The South Carolina Jobs-Economic Development Authority is a legally separate entity that promotes and develops business and economic welfare in the state. The Authority is governed by a Board of Directors which consists of ten members all appointed by the Governor. The State has the ability to impose its will on the Jobs-Economic Development Authority.

The South Carolina Research Authority was created through an act of the General Assembly, as a legally separate entity, for the development and marketing of a statewide system of research and technology-based infrastructure and to conduct applied research and commercialization services on a contractual basis. The Research Authority is governed by twenty-four board members, of which an executive committee of nine members holds all voting ability. All nine of the executive committee members are State appointees. The State has the ability to impose its will on the Research Authority.

The South Carolina Medical Malpractice Liability Joint Underwriting Association was established to provide medical malpractice insurance on a self-supporting basis. The Association is legally separate and is governed by a board of thirteen directors, all of whom are appointed by the Governor. The Governor has the ability to remove the appointed members at will. The financial information presented is for the Association's fiscal year ended December 31, 2018. In May 2019, the State decided to combine The South Carolina Medical Malpractice Liability Joint Underwriting Association and the Patients' Compensation Fund (a nonmajor enterprise fund), which will take effect on January 1, 2020. The new combined entity will be named The South Carolina Medical Malpractice Association.

The Patriots Point Development Authority is a legally separate entity, established to develop and maintain a naval and maritime museum on Charleston Harbor, and to provide a place of education and recreation. The Patriots Point Development Authority Board also oversees the stewardship of over 350 acres of property on Charleston Harbor. Members of the Authority are appointed by the Governor as follows: one upon the joint recommendation of the Chairman of the House Ways and Means Committee and the Speaker of the House, one upon the joint recommendation of the Chairman of the Senate Finance Committee and the President Pro Tempore of the Senate, and three appointed by the Governor. The Governor appoints the chairman. In addition, there are three additional members of the board appointed by the Governor, one appointed upon recommendation of the President Pro Tempore of the Senate, one appointed upon recommendation of the Speaker of the House of Representatives, and one appointed upon recommendation of the State Adjutant General. A financial benefit/burden relationship exists between the State and the Authority.

The following universities are nonmajor component units: *The Citadel, Coastal Carolina University, College of Charleston, Francis Marion University, Lander University, South Carolina State University*, and *Winthrop University*. The universities are legally separate entities, with boards appointed by the State. A benefit/burden relationship exists between the State and each individual university because the State provides significant funding to these institutions.

The following technical colleges are nonmajor component units: *Aiken Technical College, Central Carolina Technical College, Denmark Technical College, Florence-Darlington Technical College, Greenville Technical College, Horry-*

Georgetown Technical College, Midlands Technical College, Northeastern Technical College, Orangeburg-Calhoun Technical College, Piedmont Technical College, Spartanburg Community College, Technical College of the Lowcountry, Tri-county Technical College, Trident Technical College, Williamsburg Technical College, and *York Technical College*. The colleges are legally separate entities, with boards appointed by the State. A benefit/burden relationship exists between the State and each individual college because the State provides significant funding to these institutions.

Obtaining More Information about Discretely Presented Component Units

One may obtain stand-alone financial statements for discretely presented component units from the following administrative offices:

South Carolina Public Service Authority
(Santee Cooper)
http://santeecooper.com

South Carolina State Ports Authority
http://scspa.com

South Carolina State Housing Finance and Development Authority
http://osa.sc.gov

South Carolina Lottery Commission
http://osa.sc.gov

Universities:
Medical University of South Carolina
University of South Carolina
Clemson University
The Citadel
Coastal Carolina University
College of Charleston
Francis Marion University
Lander University
South Carolina State University
Winthrop University
http://osa.sc.gov

Technical Colleges:
Aiken Technical College
Central Carolina Technical College
Denmark Technical College
Florence-Darlington Technical College
Greenville Technical College
Horry-Georgetown Technical College
Technical College of the Lowcountry
Midlands Technical College
Northeastern Technical College
Orangeburg-Calhoun Technical College
Piedmont Technical College
Spartanburg Community College
Tri-county Technical College
Trident Technical College
Williamsburg Technical College
York Technical College
http://sctechsystem.com

Children's Trust Fund of South Carolina
1205 Pendleton Street, Suite 506
Columbia, South Carolina 29201
http://scchildren.org

Connector 2000 Association, Inc.
Post Office Box 408
Piedmont, South Carolina 29673
http://southernconnector.com

South Carolina Education Assistance Authority
http://osa.sc.gov

South Carolina First Steps to School Readiness
1300 Sumter Street, Suite 100
Columbia, SC 29201
http://osa.sc.gov

South Carolina Jobs-Economic Development Authority
1201 Main Street, Suite 1600
Columbia, SC 29201
http://osa.sc.gov

South Carolina Research Authority
315 Sigma Drive
Summerville, SC 29486
http://scra.org

South Carolina Medical Malpractice Liability Joint Underwriting Association
c/o Patient's Compensation Fund
121 Executive Center Drive
Suite 110
Columbia, South Carolina 29210
http://scpcf.com

Patriots Point Development Authority
40 Patriots Point Road
Mount Pleasant, SC 29464
http://osa.sc.gov

Related Organizations

A related organization is one for which the primary government is accountable but not *financially accountable.* The South Carolina Reinsurance Facility, the Associated Auto Insurers Plan, regional housing authorities, and the Rural Crossroads Institute are related organizations because the State is not financially accountable for them despite the fact that the Governor appoints a voting majority of their governing boards. County boards of disabilities and special needs and redevelopment authorities are related organizations if the Governor appoints a voting majority of the members.

Jointly Governed Organizations

The Governor, in conjunction with officials of certain local governments, appoints the board members of three military-defense facility redevelopment authorities. The three authorities include the Charleston Naval Complex Redevelopment

Authority, the Myrtle Beach Air Force Base Redevelopment Authority and the Savannah River Site Redevelopment Authority. The State does not have an ongoing financial interest in these authorities.

The State of South Carolina is a member state within the Atlantic Interstate Low-Level Radioactive Waste Management Compact, a voluntary association of states that, by federal law, is legally separate from each of the member states. South Carolina does not have an ongoing financial interest in the Compact.

b. Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government and its component units, except for fiduciary activities. These statements distinguish between the State's *governmental* and *business-type activities.* Taxes, federal revenues, and nonexchange transactions primarily finance the governmental activities whereas fees charged to external parties finance, in whole or in part, the business-type activities. All of the State's governmental and internal service funds are reported in the government-wide financial statements as governmental activities, and all of its enterprise funds are reported as business-type activities. (See the *Fund Financial Statements* subsection for more information about fund types.)

Statement of Activities and Eliminations

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the State and for each function of the State's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The State does not eliminate direct expenses and does not allocate indirect expenses to functions in the statement of activities. In the statement of activities, reimbursements under indirect cost plans for federal reimbursement purposes are reported as program revenues of the function that includes the reimbursed expenses.

Eliminations have been made to minimize the double-counting of internal activities. For example, the State eliminates payments the Department of Health and Human Services makes to the Department of Mental Health for providing Medicaid services because it reports both departments in its health and environment function. An exception to this general rule is that interfund services provided or used between functions have not been eliminated in the statement of activities because to do so would distort the net cost for functional activities as reported in the total column of that statement. The State treats these internal payments as program revenues and treats interfund reimbursements in the statement of activities in the same manner as described below for fund financial statements.

Program revenues include: (a) fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs; (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and (c) investment earnings that are legally restricted for a specific program. The State classifies as *general revenues* all revenues that are not program revenues, including all taxes.

Fund Financial Statements

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. The State presents separate statements for each fund category—governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. The State aggregates and reports as nonmajor funds all remaining governmental and enterprise funds.

The State eliminates material intrafund activity. It also treats interfund reimbursements (repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them) as reductions of expenditure/expense in the initial fund. For example, the Department of Motor Vehicles (reported within the general government function) used office supplies and postage provided by the Department of Public Safety (reported within the administration of justice function). The Department of Public Safety initially recorded expenditures for the office supplies and postage in the General Fund. The Department of Motor Vehicles later reimbursed the Department of Public Safety with monies from a Special Revenue Fund. That is, the Department of Motor Vehicles recorded Special Revenue Fund expenditures while the Department of Public Safety reduced its General Fund expenditures by the same amount.

Governmental Funds

Governmental funds focus primarily on the sources, uses, and balances of current financial resources. The governmental fund category includes the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Funds. The State reports the following major governmental funds:

The *General Fund* is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

The *Departmental Program Services Fund* accounts for restricted resources that State agencies use for continued programmatic accomplishments. These resources include significant amounts of federal grant receipts.

The *Local Governmental Infrastructure Fund* accounts for grants, loans, and other financial assistance to local governments for infrastructure purposes. Certain motor fuel taxes, federal funds, and transfers from other funds are the fund's primary resources. This fund includes operations of the South Carolina Transportation Infrastructure Bank.

The *Department of Transportation Special Revenue Fund* accounts for the various gasoline taxes, fees, fines, and federal grant resources that the Department of Transportation uses in its general operations. Those operations include highway maintenance and repair as well as most of the Department's administrative activities.

The State aggregates other nonmajor governmental funds in a single column in its fund financial statements.

Enterprise Funds

Enterprise funds (which are reported as business-type activities in the government-wide financial statements) report activities that charge fees to external users for goods or services. The State reports the following major enterprise funds:

The *Unemployment Compensation Fund* accounts for the State's unemployment compensation benefits. Revenues consist of federal grants and assessments on employers to pay benefits to qualified unemployed persons.

The *Second Injury Fund* serves as a claims processor for insurance carriers, self-insurers, and the State Accident Fund. The fund processes claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment. With the ratification of the Workers' Compensation Reform Act the Second Injury Fund was placed in "run-off" and terminated effective July 1, 2013. The Act provided for an orderly termination of the Fund by decreasing the assessment calculation factor, closing the acceptance of new claims, and transferring any remaining claims as of July 1, 2013 to the State Accident Fund and remaining assets or operational liabilities to the State Fiscal Accountability Authority (SFAA).

The State aggregates other nonmajor enterprise funds in a single column in its fund financial statements.

Other Fund Types

The State reports the following fund types in addition to governmental and enterprise funds:

Internal service funds account for various goods and services provided to other State departments or agencies (primarily to governmental funds), or to other governments, on a cost-reimbursement basis. Services provided by these funds include several risk management activities for which the State is the primary participant, including underwriting related to the following risks: public buildings and their contents, torts, medical malpractice, automobile use by public employees in the performance of their official duties, employee health and disability, and workers' compensation benefits. Other services include those relating to telecommunications, computer operations, office rental, janitorial, building maintenance, lease and repair of fleet vehicles, procurement, and employee training. The internal service funds also sell goods produced with prison inmate labor. In addition, the internal service funds purchase selected supplies and equipment in bulk and sell these items to other State funds (primarily governmental funds) and to local governmental units. The State's internal service funds are considered to be governmental activities because they primarily serve governmental funds.

Pension and post-employment benefit trust funds account for the pension benefits of the South Carolina Retirement System, the Police Officers' Retirement System, the General Assembly Retirement System, the Judges' and Solicitors' Retirement System, and the National Guard Supplemental Retirement Plan, and the post-employment health, dental, and long-term disability insurance benefits provided by the State to its retirees.

The State's *investment trust fund* acts as a local government investment pool that the State Treasurer operates.

Private-purpose trust funds include a tuition savings plan benefiting college students and miscellaneous other trust agreements holding assets that benefit non-State parties.

Agency funds account for assets that the State holds as an agent. These assets include amounts held for prisoners, patients of State institutions, and other external parties.

Operating and Nonoperating Revenues and Expenses in Proprietary Fund Financial Statements

Enterprise and internal service funds distinguish *operating* revenues and expenses from *nonoperating* revenues and expenses. Operating revenues and expenses are items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The State classifies revenues and expenses as operating if the substance of the transaction is an exchange transaction. Accordingly, grants and grant-like transactions are reportable as operating revenues only if they are essentially contracts for services whereby they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the State classifies nonexchange transactions as nonoperating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The State reports as operating expenses those paid from operating revenues except financing related expenses such as interest expense, which is reported as nonoperating.

For the *Unemployment Compensation Fund,* principal operating revenues include amounts received from covered employers and from federal agencies. The amounts received from federal agencies are classified as operating revenues because they are provided to the State primarily to provide unemployment benefits, although amounts not needed for that purpose may be used for other purposes. This fund's operating expenses consist primarily of unemployment compensation benefits paid.

Component Unit Financial Statements

The State presents a statement of net position and a statement of activities for each of its major discretely presented component units and for the aggregate of its nonmajor discretely presented component units.

c. Measurement Focus and Basis of Accounting

A particular measurement focus determines *what* resources are measured. The State reports its government-wide, proprietary, and fiduciary fund (other than agency fund) financial statements using the *economic resources* measurement focus. Agency funds report only assets and liabilities and therefore cannot be said to have a measurement focus. Private sector business enterprises also use the economic resources measurement focus. The State reports its governmental funds using the *current financial resources* measurement focus.

The basis of accounting determines *when* the State recognizes revenues and expenditures/expenses as well as the related assets and liabilities, regardless of measurement focus. Generally accepted accounting principles for governments require the use of the accrual and the modified accrual basis of accounting as described below.

Accrual Basis

The State uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary and fiduciary fund financial statements and its component unit financial statements. Under the accrual basis, the State generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows.

Significant nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. On the accrual basis, the State recognizes taxes (income, sales, and similar) in the period when the underlying income or sales transactions occur, net of estimated overpayments or refunds. Grants, donations, and similar items are recognized as revenue as soon as the State meets all eligibility requirements. Pledges are recognized as receivables and revenues, net of estimated uncollectible amounts, if all eligibility requirements are met, the promise is verifiable, and the resources are measurable and probable of collection.

Modified Accrual Basis

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within one month of the end of the current fiscal period with the following exceptions: tax and grant revenues are considered available if collected within one year; interest on investments is recorded as earned because it is deemed available when earned. Revenues not considered available are reported as deferred inflows of resources. Generally, the State considers revenues reported in the governmental funds to be available if they are collected within 31 days after year-end. Exceptions are individual income tax revenues and federal and county funds accrued for the matching share of medicaid claims payable, which the State considers to be available if they are collected within 12 months after year-end. Furthermore, in the circumstance where underpayments exceed overpayments, individual income tax revenues are recognized to the extent of estimated overpayments (i.e., refunds payable and applied refunds). Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds, and investment earnings.

Recognition of Specific Grant and Shared Revenue Transactions

The State reports the receipt of food commodities and vaccines as revenue and the distribution of commodities and vaccines as expenditure or expense. The fair values of the donated commodities and vaccines are recognized as revenues when all eligibility requirements are met.

The State recognizes the face value of food stamp benefits distributed as revenue and expenditure or expense under both the accrual and modified accrual bases of accounting.

The State shares certain of its revenues with municipalities, counties, and districts within its borders, recognizing expenditure or expense when the recipient government has met all eligibility requirements.

d. Cash and Cash Equivalents

The amounts shown in the accompanying financial statements as *cash and cash equivalents* represent cash on hand, cash on deposit in banks and savings associations, and cash invested in various instruments as a part of the State's cash management pool, an internal investment pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States, government sponsored entities, and domestic corporations, certificates of deposit, and collateralized repurchase agreements. *Restricted cash and cash equivalents* represents cash on deposit with external parties held for compliance with laws, regulations, and contractual obligations.

Most entities in the primary government and the discretely presented governmental component units participate in the cash management pool. Significant exceptions include: retirement plans, the Local Government Investment Pool (an external investment pool), and the Tobacco Settlement Revenue Management Authority (a blended component unit and a nonmajor governmental fund). For activities excluded from the pool, cash equivalents include investments in short-term, highly liquid securities having a maturity at the time of purchase of three months or less.

e. Cash Management Pool–Allocation of Interest

The State's cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account. All earnings on that account are recorded in the General Fund. In contrast, each special deposit account retains its own earnings.

f. Investments

The State Treasurer is authorized by statute to invest all State funds. The State Treasurer's investment objectives are preservation of capital, maintenance of adequate liquidity, and obtaining the best yield possible within prescribed parameters. To meet those objectives, the State Treasurer uses various resources including an investment advisory service, electronic financial quotation and information services, various economic reports, and daily communication with brokers and financial institution investment officers.

To insure safety of principal, the State Treasurer's policy is to limit liquid investments (i.e., those with maturities not exceeding one year) to cash, repurchase agreements (when collateralized by United States Treasury or federal agency obligations with a market value in excess of 100.0% of funds advanced), United States Treasury bills, federal agency discount notes, and commercial paper. The State Treasurer further preserves principal by investing mostly in the highest investment grade securities. In order to diversify investment holdings, asset allocation policies are utilized for investments having more than one year to maturity. Overall credit exposure is managed by asset allocation policies and by additional constraints controlling risk exposure to individual corporate issuers.

Certain agencies and component units have specific authority to manage deposits and investments under their control. The investment policies of these entities may differ from those of the State Treasurer.

State law has established an eight-member Investment Commission with fiduciary responsibility for investment of all of the State Retirement Systems' investments. The Commission may invest no more than 70.0% of the Systems' investment portfolio in equity securities.

Substantially all of the State's investments are presented at fair value.

The State sponsors the Local Government Investment Pool (LGIP), an external investment pool reported as an investment trust fund. The LGIP's complete financial statements may be obtained at: http://osa.sc.gov.

g. Receivables and Payables

The State records amounts receivable from parties outside the primary government net of allowances for uncollectible amounts and contractual adjustments. It estimates uncollectible amounts based on past collection experience. The State discloses the allowances for uncollectible receivables and the net receivables not expected to be collected within one year in Note 5. Further, the State disaggregates its receivable balances in Note 5 if any significant components thereof have been obscured in the financial statements by aggregation or if different components of receivables have significantly different liquidity characteristics.

The State presents balances outstanding at the end of the fiscal year that relate to lending/borrowing arrangements between funds as interfund receivables and payables and reports all other outstanding balances between funds as due to/from other funds. The government-wide statement of net position displays internal balances that involve fiduciary funds as accounts receivable and accounts payable. The State reports as internal balances any residual balances outstanding between the governmental and business-type activities in the government-wide financial statements.

h. Inventories

The State values its inventories at the lower of cost or market, predominantly using the first-in, first-out methodology for its proprietary funds and its business-type activities and predominantly using the average cost methodology for its other funds and activities and its discretely presented component units. The State records expenditures in governmental funds when it consumes inventory items rather than when it purchases them.

i. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods. The State 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.

j. Capital Assets

The State reports its capital assets in the following categories in the applicable governmental or business-type activities in the government-wide financial statements: land and land improvements, infrastructure (i.e., highways and bridges), buildings and improvements, construction in progress, vehicles, machinery and equipment, works of art and historical treasures, and intangible assets.

Capital assets are valued at historical cost or at estimated historical cost if actual historical cost data is not available. Donated capital assets are recorded at estimated acquisition value on the donation date. Infrastructure assets acquired prior to

fiscal year ended June 30, 1980, are reported at cost beginning with fiscal year 1917. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend an asset's useful life are not capitalized. Cumulative costs incurred on major capital assets under construction but not yet placed in service are capitalized and reported as construction in progress. Net interest incurred by a proprietary fund during the construction phase of a major capital asset is included as part of the capitalized value of such asset.

The State reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The factors considered by management in performing this assessment include current operating results, trends and the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based upon this assessment there were no material impairments as of June 30, 2019.

An individual asset is capitalized and reported if it has an estimated useful life of at least two years and a historical cost as follows: more than $5 thousand for vehicles, machinery and equipment, and works of art and historical treasures; more than $100 thousand for buildings and improvements, depreciable land improvements, and intangible assets; and more than $500 thousand for roads and bridges. All land and non-depreciable land improvements are capitalized and reported, regardless of cost.

Once the State or one of its discretely presented component units places a depreciable capital asset in service, depreciation is recorded using the straight-line method over the following estimated useful lives:

Asset Category	Years
Land Improvements	3 - 60
Infrastructure--highways	75
Infrastructure--bridges	50
Buildings and Improvements	5 - 55
Vehicles	3 - 20
Machinery and equipment	2 - 25
Works of art; historical treasures	10 - 25
Intangible assets	3 - 38

The State does not depreciate land, non-depreciable land improvements, and construction in progress. The State does not depreciate capitalized individual works of art and historical treasures determined to have inexhaustible useful lives and does not capitalize collections of works of art and historical treasures that are held for public use, are protected and preserved, and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. These non-capitalized collections include historical relics, antiques, fossils, works of art, and other South Carolina artifacts.

In the government-wide statement of activities, the State reports losses on disposal of capital assets as expense of its General Government function and gains on such disposal as general revenue.

k. Regulatory Assets and Regulatory Assets-Asset Retirement Obligation

These costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility reported as a major discretely presented component unit) are recorded as regulatory assets and regulatory asset retirement obligations. The Authority's rates are based upon debt service and operating fund requirements. The Authority recognizes differences between debt principal maturities and straight-line depreciation as costs to be recovered from future revenue. The recovery of outstanding amounts recorded as costs to be recovered from future revenue will coincide with the repayment of the outstanding long-term debt of the Authority. The abandoned V.C. Summers 2 and 3 projects encompass the majority of the South Carolina Public Service Authority's $4.402 billion regulatory asset. These regulatory assets are also continuously monitored for impairment.

l. Tax Refunds Payable

Most of the tax refunds payable balance in the General Fund relates to individual income tax. During the calendar year, the State collects employee withholdings and taxpayers' payments. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. The State records this estimated payable as tax refunds payable and a reduction of tax revenues.

m. Long-Term Obligations

The State records general long-term debt and other long-term obligations of the primary government's governmental funds in the governmental activities reported in its government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are recorded as liabilities in the appropriate funds.

The State defers and amortizes bond premiums and discounts, as well as losses on bond refundings, over the life of the bonds predominantly using the effective interest method. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is also deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt and are recognized as deferred outflows or inflows of resources. The State reports bonds payable net of the applicable bond premium or discount.

Losses and gains on bond refundings are reported as deferred outflows or inflows of resources, respectively.

n. Compensated Absences

During their first ten years of service, most full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, most employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Sick leave earnings remain at 15 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for accumulated sick leave when they terminate. However, at retirement, employees hired prior to July 1, 2012 participating in the South Carolina Retirement System and the South Carolina Police Officers' Retirement System may receive additional service credit for up to 90 days of accumulated unused sick leave.

The government-wide and proprietary fund statements record an expense and a liability when employees earn compensated absence credits. Governmental fund financial statements record a liability for compensated absences payable at June 30 only if the liability for accumulated vacation leave has matured but has not yet been paid at that date (for example, as a result of employee resignations and retirements). The State does not record a liability for unpaid accumulated sick leave.

o. Net Position and Fund Balance

The State reports a portion of its net position or fund balance in its government-wide and fund financial statements as restricted. Net position or fund balance, for enterprise or governmental fund types respectively, are reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. At June 30, 2019, $850.853 million was reported as restricted net position because of restrictions imposed by enabling legislation.

The State reports other constraints in its fund balance in the governmental funds as committed or assigned. Fund balance is reported as committed if either a state statute or constitutional provision constrains the use of resources of the state. Committed constraints can be removed only through similar action that created the constraint, either legislation amending or repealing the statute or ratification of a constitutional change by the electorate. Assigned fund balance is constrained through appropriation actions of the legislature. The removal of constraints for assigned funds occurs through the budgetary process. Non-spendable fund balance in the governmental funds reflects the lack of availability in form or substance of the assets and liabilities reported in the fund to meet obligations of the fund in the near future.

p. Flow Assumption, Net Position or Fund Balance

The State's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used. Unassigned fund balance is the residual classification for the General Fund. Other governmental funds cannot report positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

q. Deferred Outflows/Inflows of Resources

A deferred outflow/inflow of resources is a consumption/acquisition of net position that is applicable to a future reporting period. The State has recorded deferred outflows/inflows in connection with the change in fair value of hedging derivatives, deferred amounts on bond refundings, nuclear decommissioning costs, non-exchange revenues, service concession arrangements, pension and other post-employment benefit (OPEB) contributions subsequent to the measurement date, difference between actual and expected experience on investments, net difference between projected and actual earnings on pension and OPEB plan investments, and changes in proportion and differences between contributions and proportionate share

of contributions. See Note 9, Deferred Outflows of Resources and Deferred Inflows of Resources, on page 118 for further detail.

r. Pension and Other Post-Employment Benefit (OPEB) Obligations

The South Carolina Retirement Systems' financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The State's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet date. Securities without an established market value are reported at estimated fair value.

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and expenses, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from the pension and OPEB fiduciary net positions have been determined on the same basis as they are reported by the pension and OPEB plans. For this purpose, the pension and OPEB plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2: ACCOUNTING AND REPORTING CHANGES

Adoption of New Accounting Standards

For the fiscal year ended June 30, 2019, the State implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, is intended to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

NOTE 3: DEFICITS OF INDIVIDUAL FUNDS

The accompanying fund financial statements display deficit fund balances and deficit net position balances for individual major funds. Nonmajor funds had the following deficit net position balances (expressed in thousands) at June 30, 2019:

Patients' Compensation	$ 47,932
Canteen	95
Tuition Prepayment Program	36,908
Prison Industries	2,341

Actions taken to eliminate deficits include increase of existing fees, assessment of additional fees, purchase of excess loss reinsurance, General Fund appropriations, and implementation of cost containment programs.

NOTE 4: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those that, by specific authority, are under the control of other agencies or component units. The deposit and investment policies of those entities may differ from those of the State Treasurer. Typically, those agencies follow the deposit and investment policies of the State Treasurer in an effort to minimize deposit and investment risks.

a. Deposits

The following deposits disclosure excludes the primary government's Pension Trust Funds of the South Carolina Retirement Systems (the Systems) which are described in section d of this note and the primary government's Other Post-Employment Benefit Trust Funds which are described in section e of this note.

Deposit Policy

The State's deposit policy, by law, requires all banks or savings and loan associations that receive State funds deposited by the State Treasurer, to secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss. Agencies, with specific authority to manage their deposits outside of the State Treasurer, may have custodial credit risk policies that differ from that of the State Treasurer. Therefore, some deposits presented below have custodial credit risk. See Note 1, sections d and e for additional information on deposits.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a depository financial institution's failure, the State will not be able to recover the value of the deposits with the collateral securities that are in the possession of an outside party. Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. All deposits under the control of the State Treasurer are fully insured or collateralized. The reported amount of the State Treasurer's deposits as of June 30, 2019 was $721.802 million and the bank balance was $1.198 billion. As of June 30, 2019, the reported amount of the primary government's deposits outside of the State Treasurer was $387.049 million and the bank balance was $389.533 million. Of the $6.812 million bank balance exposed to custodial credit risk, $704.120 thousand was uninsured and collateralized with securities held by the pledging financial institution and $6.108 million was uninsured and collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

b. Investments

The following investment disclosure excludes the primary government's Pension Trust Funds of the South Carolina Retirement Systems which are described in section d of this note and the primary government's Other Post-Employment Benefit Trust Funds which are described in section e of this note.

Investment Policy

The State's investment policy, by law, authorizes investments that vary by fund, but generally include obligations of the United States and government sponsored entities, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, certain corporate bonds, and commercial paper. Substantially all of the State's investments are presented at fair value. Securities are valued at the last reported sales price as provided by an independent pricing service. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest income earned. Agencies with specific authority to manage their own investments

may have custodial credit risk policies that differ from that of the State Treasurer. Other investment policies for the State and its component units are explained in Note 1, section f.

Fair Value

The State categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs that are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-drivel valuations.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, the State performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments not having a readily determinable fair value is established using net asset value (or amortized cost) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Investments classified according to the fair value hierarchy are valued according to pricing policy established by the State's custodian bank. Pricing is based primarily on prices from third-party vendors or other specified alternative sources which are considered to be reliable. Where available, the custodian bank uses more than one vendor for securities of each asset type, class or issue. The price received from a primary source is used in valuation unless a tolerance check, or price challenge, results in the use of a price from a secondary vendor. The State may override prices provided by the custodian bank if it is deemed necessary or appropriate. The following table is expressed in thousands:

Investments by Fair Value Level	At 6/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments			
U.S. treasuries	$ 114,978	$ —	$ 114,978
U.S. agencies	7,717,464	7,717,464	—
Mortgage backed obligations	86,395	—	86,395
Common stock	44,348	44,348	—
Other equity securities	2,105,514	2,105,514	—
Corporate bonds	2,336,959	—	2,336,959
Municipal bonds	5,280	—	5,280
Asset backed securities	632,866	—	632,866
Commercial paper	6,624,132	—	6,624,132
Money market mutual funds	608,747	608,747	—
Bond mutual funds	1,285,702	1,285,702	—
Other	78,135	—	78,135
Total investments at fair value level	21,640,520	$ 11,761,775	$ 9,878,745
Investments measured at amortized cost			
Repurchase agreements	1,701,408		
Total investments measured at fair value	$ 23,341,928		

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of investments or collateral securities that are in possession of an outside party. The primary government's investments that are exposed to custodial credit risk include investment securities that are uninsured, not registered in the name of the State, and are held by a counterparty.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State. Credit risk exposure is primarily limited to debt instruments and other hybrid equity securities. The State Treasurer's credit risk policy mitigates potential for loss of principal by purchasing only high investment grade debt securities. In the event that the rating of a security falls below investment grade, that security may continue to be held contingent upon an evaluation of the longer term investment merits of the security. Agencies with specific authority to manage their own investments may have credit risk policies that differ from that of the State Treasurer. Debt instruments held for investment for the primary government were rated as of June 30, 2019 using the Standard and Poor's rating scale, Moody's rating scale, or other rating scale when no other rating was available, as follows (expressed in thousands):

Investment Type and Fair Value	AAA	AA	A / A1/ A2	BBB	BB	B	Alternative Rating Agency	Not Rated
U.S. agencies	$ 560,598	$ 7,078,833	$ 52,358	$ 10,383	$ —	$ —	$ —	$ 15,292
Mortgage backed obligations	40,264	46,131	—	—	—	—	—	—
Corporate bonds	36,751	143,860	980,378	1,122,988	52,698	197	—	87
Municipal bonds	—	—	5,280	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—	1,701,408
Asset backed securities	11,289	619,616	—	—	1,961	—	—	—
Commercial paper	—	5,561,030	43,143	836,314	—	—	—	183,645
Money market mutual funds	831	—	—	—	—	—	428	607,488
Bond mutual funds	—	810	—	—	—	—	—	1,284,892
Other	—	—	—	—	—	—	—	78,135
Totals	**$ 649,733**	**$ 13,450,280**	**$ 1,081,159**	**$ 1,969,685**	**$ 54,659**	**$ 197**	**$ 428**	**$ 3,870,947**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The State's policy for reducing this risk is to diversify and limit exposure to any single issuer to no more than 5%, except for United States Treasury and agency obligations. The State sponsors the Local Government Investment Pool (LGIP), an external investment pool reported as an investment trust fund. As of June 30, 2019, the State Treasurer had 6.76% of the LGIP investment portfolio in Federal Home Loan Bank securities. In addition, LGIP had investments with Landesbank Hessen-Thueringen Girozentrale that represented 5.16% of total investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer's policy does not specifically address interest rate risk. Its objectives for preservation of capital and maintenance of adequate liquidity focus the management of interest rate sensitivity on investing in securities with a range of maturities from one day to thirty years. At June 30, 2019, the maturities of the securities that will mature were limited according to the following segmented time distribution (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
U.S. agencies	$ 6,916,019	$ 1,646,705	$ 4,912,148	$ 325,748	$ 31,418
Mortgage backed obligations	86,395	—	—	—	86,395
Corporate bonds	2,116,574	647,596	1,300,620	150,224	18,134
Municipal bonds	5,280	—	5,280	—	—
Repurchase agreements	1,448,593	1,448,593	—	—	—
Asset backed securities	632,866	—	—	11,289	621,577
Commercial paper	61,464	58,964	2,500	—	—
Other	76,217	63,000	13,217	—	—
Totals	**$ 11,343,408**	**$ 3,864,858**	**$6,233,765**	**$ 487,261**	**$ 757,524**

Agencies that manage their own investments may have interest rate risk policies that differ from that of the State Treasurer. Some of these agencies may not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. At June 30, 2019, agencies within the State's primary government that manage their own investments limited the maturities of their interest-earning securities according to the following segmented time distribution (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 114,978	$ 105,934	$ 8,722	$ 322	$ —
U.S. agencies	796,239	499,545	195,522	292	100,880
Corporate bonds	220,385	782	218,803	713	87
Repurchase agreements	252,815	252,815	—	—	—
Commercial paper	6,562,668	6,562,668	—	—	—
Bond mutual funds	1,285,702	—	1,269,952	—	15,750
Totals	**$ 9,232,787**	**$ 7,421,744**	**$ 1,692,999**	**$ 1,327**	**$ 116,717**

Market Risk

The diversification of the State's investment portfolio exposes it to various risks as discussed in previous sections of this note. These risks result from market fluctuations. It is at least reasonably possible that these market fluctuations may result in material changes to the values of the investments reported in the State's financial statements.

c. Securities Lending Program

The following securities lending disclosures exclude the primary government's Pension Trust Funds of the South Carolina Retirement Systems which are described in section d of this note. The following disclosures, with the exception of the amounts reported in the table below, also apply to the primary government's Other Post-Employment Benefit Trust Funds reported in section e of this note.

By law, the State Treasurer may lend securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions, with a simultaneous agreement to return the collateral for the same securities in the future. The State may lend United States government securities, corporate bonds, other securities and equities for collateral in the form of cash or other securities. The contracts with the State's custodians require them to indemnify the State if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the State for income distributions by the securities' issuers while the securities are on loan.

The weighted average maturity of the State's collateral investments generally matched the maturity of the securities loaned during the fiscal year and at June 30, 2019. At June 30, 2019, the State had no credit risk exposure to borrowers because the amounts the State owed the borrowers exceeded the amounts the borrowers owed the State. Either the State or the borrower can terminate all securities loans on demand. There are no restrictions on the amount of the loans that can be made. For the fiscal year ended June 30, 2019, the State experienced no losses on its securities lending transactions because of borrower defaults.

The State receives primarily cash as collateral for its loaned securities. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. During the fiscal year ended June 30, 2019, the State met the 102.0% requirement. The State cannot pledge or sell collateral securities unless the borrower defaults. The lending agent, on behalf of the State, invests cash collateral received. Accordingly, at June 30, 2019, the State recorded these investments of cash collateral as assets in the accompanying financial

statements. Corresponding liability amounts also have been recorded because the State must return the cash collateral to the borrower upon expiration of the loan. The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2019:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 450,931
Total securities lent for cash collateral	**$ 450,931**
Cash collateral invested as follows:	
Repurchase agreements	$ 459,950
Total for cash collateral invested	**$ 459,950**

At June 30, 2019, the fair value of securities on loan was $455.458 million. The fair value of the invested cash collateral was $459.950 million. Securities lending obligations were $459.950 million.

d. South Carolina Retirement Systems

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Systems' deposits may not be recovered. These deposits are secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against loss in the event of insolvency or liquidation of the institution or for any other cause. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250 thousand or collateralized with securities held by the State or its agent.

As of June 30, 2019, the carrying amount of the Systems' deposits was $72.671 million and the bank balance was $63.380 million.

Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investing for the Systems is governed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310(B) and Title 9 Section 16 of the South Carolina Code of Laws. Funds held in trust for the Retirement Systems may be invested and reinvested in a variety of instruments including, but not limited to, fixed income instruments of the United States, foreign fixed income obligations, swaps, forward contracts, futures and options, domestic and international equity securities, private equity, real estate, and fund of funds.

Fair Value Measurements

The Systems categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. 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 inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly; Level 3 inputs are significant unobservable inputs.

The Systems have the following recurring fair value measurements as of June 30, 2019 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2019	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)	Fair Value Measurements Using: Significant Unobservable Inputs (Level 3)
Short Term Investments				
Short Term Investment Funds (U. S. Regulated)	$ 1,318,934	$ 1,318,934	$ —	$ —
Certificates of Deposit	5,403	—	5,403	—
Commercial Paper	940,969	—	940,969	—
U. S. Government Agency	35,005	—	35,005	—
U. S. Treasury Bills	312,704	312,704	—	—
Non U. S. Government Short Term Investments	19,824	—	19,824	—
Corporate Bonds	5,078	—	5,078	—
Total Short Term Investments	$ 2,637,917	$ 1,631,638	$ 1,006,279	$ —
Equity Allocation				
Global Public Equity				
Common Stocks	$ 5,221,350	$ 5,221,350	$ —	$ —
Real Estate Investment Trusts	705,442	705,442	—	—
Preferred	7,160	2,780	4,380	—
Total Equity	$ 5,933,952	$ 5,929,572	$ 4,380	$ —
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	$ 338,406	$ 338,406	$ —	$ —
U.S. Government Agencies	645,479	—	645,479	—
Mortgage Backed				
Government National Mortgage Association	31,266	—	31,266	—
Federal National Mortgage Association	19,986	—	19,986	—
Federal Home Loan Mortgage Association (Multiclass)	4,069	—	4,069	—
Collateralized Mortgage Obligations	1,914	—	1,914	—
Municipals	44,516	—	44,516	—
Corporate				
Corporate Bonds	1,741,863	—	1,491,262	250,601
Asset Backed Securities	264,993	—	264,993	—
Private Placements	667,831	—	667,831	—
Yankee Bonds	636	—	636	—
Total Fixed Income	$ 3,760,959	$ 338,406	$ 3,171,952	$ 250,601
Total Investments by Fair Value Level	$ 12,332,828	$ 7,899,616	$ 4,182,611	$ 250,601

(continued)

Recurring fair value measurements as of June 30, 2019, continued (amounts in thousands):

Investments measured at net asset value (NAV)	
Strategic Partnership Short Duration	$ 13,298
Global Equity	5,686,544
Global Tactical Asset Allocation	2,404,366
Other Opportunistic	320,905
High Yield/Bank Loans	12,467
Emerging Debt	838,500
Hedge Funds	3,197,690
Private Equity	2,323,786
Private Debt	2,036,401
Private Real Estate	2,456,239
Private Infrastructure	144,140
Total investments measured at NAV	19,434,336
Total investments measured at fair value	$ 31,767,164

		Fair Value Measurements Using	
Investment derivative instruments	**At 6/30/2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Short Term Investments			
Options - Cash	$ (20)	$ —	$ (20)
Futures - Cash	0	0	—
Equity Investments			
Options - Equity	(17,734)	781	(18,515)
Futures - Equity	23,225	23,225	—
Swaps - Equity	15,632	—	15,632
Fixed Income Investments			
Options - Fixed Income	2	—	2
Futures - Fixed Income	2,709	2,709	—
Swaps - Fixed Income	4,841	—	4,841
Total investment derivative instruments	$ 28,655	$ 26,715	$ 1,940
Total Invested Assets	$ 31,795,819		

For investments measured at net asset value (NAV) (amounts in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Strategic Partnership Short Duration	$ 13,298	$ -	Monthly	5 - 10 days
Global Equity	5,686,544	-	Daily/Monthly	5 - 30 days
Global Tactical Asset Allocation	2,404,366	-	Monthly	5 - 14 days
Other Opportunistic	320,905	35,979	Monthly	5 - 30 days
High Yield/Bank Loans	12,467	-	Monthly	5 - 30 days
Emerging Debt	838,500	-	Daily/Monthly	10 - 15 days
Hedge Funds	3,197,690	-	Monthly/Quarterly	2 - 90 days
Private Equity	2,323,786	2,083,579	Illiquid	Illiquid
Private Debt	2,036,401	1,936,090	Illiquid	Illiquid
Private Real Estate	2,456,239	975,512	Illiquid	Illiquid
Private Infrastructure	144,140	274,308	Illiquid	Illiquid
Total investments measured at the NAV	$ 19,434,336	$ 5,305,468		

Strategic Partnership Short Duration Funds. This investment type contains one fund that invests primarily in short duration debt instruments which generally have a one to three-year maturity. The fair values of the investments have been determined

using the percent ownership of the NAV of the fund and reported by the Investment Manager. Redemptions are generally allowed monthly, provided adequate notice.

Global Equity Funds. This investment type includes 14 funds that invest primarily in global developed and emerging equity public markets instruments with one of the funds invested in an equity options strategy. One of the funds is held in a strategic partnership. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice.

Global Tactical Asset Allocation Funds. This investment type includes three funds that may be invested in liquid securities and instruments, including but not limited to equities, fixed income securities, bank loans, commodities, futures, swaps, forwards, options and currencies. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are allowed monthly, provided adequate notice.

Other Opportunistic Funds. This investment type includes four funds all of which are strategic partnership investments. The objective of this asset class is to identify investments that, while they may not fit into other asset classes, still offer compelling opportunities for the Portfolio. These investments may offer either high returns, diversifying returns, or both. Examples of potential investments include, but are not limited to, commodities, CTAs, TIPS, and insurance strategies. This allocation also includes risk parity investments. The fair values of three investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The fair value of one investment in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Manager. Redemptions are generally allowed monthly, provided adequate notice.

High Yield/Bank Loan Funds. This investment type includes one fund that generally invests in high yield, bank loan and structured credit instruments. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Manager. Redemptions are generally allowed monthly, provided adequate notice.

Emerging Debt Funds. This investment type includes three funds that generally invest in debt securities issued in any currency and may hold foreign currency. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice, and one fund charges a redemption fee.

Hedge Funds. This investment type includes 22 funds that generally invest in hedge fund strategies that seek alpha in equity or credit markets or seek to minimize embedded market beta. There are 15 of these funds invested through strategic partnership investments which may consist of underlying investments in more than one hedge fund. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice; however, it is common that funds have authority to require longer redemption timeframes and/or make the redemption subject to gates to mitigate any detrimental impact to the fund.

Private Equity Funds. This investment type includes 55 funds that consist of investments in limited partnerships or co-investments and five funds within strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private equity investments span the venture capital, growth equity, fund of funds, secondaries, energy and buyout strategies. Private equity is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Debt Funds. This investment type includes 26 funds that consist of investments in limited partnerships and 4 funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private debt investments span the direct lending, distressed, energy, mezzanine, mortgages, opportunistic and other strategies. Private Debt is considered an illiquid investment strategy as funds generally have

a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Real Estate Funds. This investment type includes 28 funds that consist of investments in limited partnerships or co-investments and four funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The real estate investments span the core, diversified, real estate debt, timber, value add and opportunistic strategies. Real Estate is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Infrastructure Funds. This investment type includes three funds that consist of investments in limited partnerships. Common types of infrastructure investments are in transportation, energy, telecommunications, water supply, sewage, or hospitals. These assets tend to benefit from a rising inflation environment. Infrastructure is considered an illiquid investment strategy as funds generally have a life span of 20 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the Retirement System Investment Commission (Commission) has no formal interest rate risk policy, interest rate risk is observed within the portfolio using effective duration (option adjusted duration), which is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 100 basis point change in interest rates. Effective duration takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that change proportionately with market rates. Investment guidelines may specify the degree of interest rate risk taken versus the benchmark within each fixed income portfolio. Disclosures for interest rate risk at June 30, 2019, are noted below (amounts in thousands):

Investment Type	Fair Value Total	Fair Value Duration Not Available	Fair Value Duration Available	Effective Duration (option adjusted duration)
Short Term Investments				
Short Term Investment Funds (U.S. Regulated)	$ 1,318,934	$ —	$ 1,318,934	0.08
Invested Securities Lending Collateral	41,327	41,327	—	0.00
Certificates of Deposit	5,403	—	5,403	0.31
Commercial Paper	940,969	—	940,969	0.07
U. S. Government Agency	35,005	—	35,005	0.34
U. S. Treasury Bills	312,704	—	312,704	0.32
Non U. S. Government Short Term	19,824	—	19,824	0.22
Corporate Bonds	5,078	—	5,078	0.24
Strategic Partnership Short Duration	13,298	13,298	—	0.00
Options - Cash	(20)	(20)	—	0.00
Total Short Term Investments	2,692,522	54,605	2,637,917	
Equity Allocation				
Preferred	$ 7,160	$ 7,160	$ —	0.00
Total Equity Investments	7,160	7,160	0	
Fixed Income Allocation				
U.S. Government:				
U.S. Government Treasuries	338,406	—	338,406	6.97
U.S. Government Agencies	645,479	5,124	640,355	1.05
Mortgage Backed:				
Government National Mortgage Association	31,266	5,362	25,904	2.50
Federal National Mortgage Association	19,986	—	19,986	2.63
Federal Home Loan Mortgage Association (FHLMC Multiclass)	4,069	—	4,069	2.30
Collateralized Mortgage Obligations	1,914	—	1,914	2.50
Municipals	44,516	—	44,516	0.25
Corporate:				
Corporate Bonds	1,741,863	23,844	1,718,019	2.06
High Yield/Bank Loans	12,467	—	12,467	2.00
Asset Backed Securities	264,993	22,796	242,197	1.27
Private Placements	667,831	63,773	604,058	1.36
Yankee Bonds	636	—	636	1.24
Emerging Debt	838,500	—	838,500	6.13
Options - Fixed Income	2	—	2	(56.95)
Futures - Fixed Income	2,709	—	2,709	3.86
Swaps - Fixed Income	4,841	8,729	(3,888)	4.69
Total Fixed Income	4,619,478	129,628	4,489,850	
Mixed Credit Hedge Fund Allocation				
Mixed Credit Hedge Funds	33,629	3,429	30,200	0.01
Total Mixed Credit Hedge Funds	33,629	3,429	30,200	
Total Invested Assets	**$ 7,352,789**	**$ 194,822**	**$ 7,157,967**	
Total Portfolio Effective Duration (option adjusted duration)				**1.86**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Systems. Each individual portfolio within fixed income is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and average credit quality. Within high yield portfolios, a quality rating of lower than C is not permissible in any of the fixed income guidelines except in those circumstances of downgrades subsequent to purchase, in which case the investment manager is responsible for communicating the downgrade to the Systems' staff. The Systems' fixed income investments at June 30, 2019 were rated by Moody's and are presented below (expressed in thousands):

Investment Type and Fair Value	AAA	AA	A	BAA	BA	B	CAA	CA	C	NR[1]
Short Term Investments										
Short Term Investment Funds (U. S. Regulated)	$ 1,318,934	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Invested Securities Lending Collateral	—	—	—	—	—	—	—	—	—	41,327
Certificates of Deposit	—	—	—	—	—	—	—	—	—	5,403
Commercial Paper	—	275,779	—	656,599	—	—	—	—	—	8,591
Non U. S. Government Short Term	—	—	—	—	—	—	—	—	—	19,824
Corporate Bonds	—	—	—	201	1,777	—	—	—	—	3,100
Strategic Partnership Short Duration	—	—	—	—	—	—	—	—	—	13,298
Options - Cash	—	—	—	—	—	—	—	—	—	(20)
Equity Investments										
Preferred	—	—	—	—	—	—	—	—	—	7,160
Fixed Income Allocation[2]										
Mortgage Backed:										
Federal National Mortgage Association	19,986	—	—	—	—	—	—	—	—	—
Federal Home Loan Mortgage Association (Multiclass)	4,069	—	—	—	—	—	—	—	—	—
Collateralized Mortgage Association	1,914	—		—	—	—	—	—	—	—
Municipals	—	4,800	7,165	—	—	—	—	—	—	32,551
Corporate:										
Corporate Bonds	45,325	214,454	454,028	290,827	190,500	225,327	29,737	4,864	1,515	285,286
High Yield/Bank Loans	—	—	—	—	—	—	—	—	—	12,467
Asset Backed Securities	95,118	1,704	5,901	27,935	60,845	15,544	5,862	6,857	—	45,227
Private Placements	35,289	79,559	185,859	57,942	57,117	52,864	27,291	2,609	—	169,301
Yankee Bonds	—	—	—	636	—	—	—	—	—	—
Emerging Debt	—	—	—	—	—	—	—	—	—	838,500
Options - Fixed Income	—	—	—	—	—	—	—	—	—	2
Futures - Fixed Income	—	—	—	—	—	—	—	—	—	2,709
Swaps - Fixed Income	—	—	—	—	—	—	—	—	—	4,841
Totals	**$1,520,635**	**$576,296**	**$652,953**	**$1,034,140**	**$310,239**	**$293,735**	**$ 62,890**	**$14,330**	**$ 1,515**	**$1,489,567**

[1] *NR represents securities that were either not rated or had a withdrawn rating.*

[2] *U.S. Treasury Bills, Notes and Bonds, Agencies and Government National Mortgage Association securities with a fair value of $1.13 billion are not included in the above table because they are not subject to credit risk.*

Concentration of Credit Risk –Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Systems' policy for reducing this risk is to comply with the Statement of Investment Objectives and Policies as amended and adopted by the Commission which states that "except that no limitations on issues and issuers shall apply to obligations of the U.S. Government and Federal Agencies, the domestic fixed income portfolio shall contain no more than 6.0% exposure to any single issuer." As of June 30, 2019, there is no single issuer exposure within the portfolio that comprises 5.0% or more of the overall portfolio. Therefore, there is no concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Systems participates in foreign markets to diversify assets, reduce risk and enhance returns. Currency forwards are used to manage currency fluctuations and are permitted by investment policy. Policy forbids speculating in forwards and other derivatives.

The table below presents the Systems' exposure to foreign currency risk in U.S. dollars as of June 30, 2019 (amounts in thousands):

Currency	Cash & Cash Equivalents	Forward Contracts	Futures Contracts	Private Equity	Private Infrastructure	Preferred Securities	Fixed Income	Equity	Total
Australian Dollar	$ 1,685	$ 13,215	$ (87)	$ 22,667	$ —	$ —	$ 2,442	$ 131,742	$ 171,664
Brazil Real	—	(10,970)	—	—	—	—	10,849	—	(121)
Canadian Dollar	1,990	26,270	113	—	—	—	41	253,938	282,352
Danish Krone	182	(742)	—	—	—	—	—	49,274	48,714
Euro Currency	9,850	(61,893)	464	192,228	85,663	2,780	186,588	595,269	1,010,949
Hong Kong Dollar	950	10,078	59	—	—	—	—	99,673	110,760
Israeli Shekel	540	(1,775)	—	—	—	—	1,293	9,257	9,315
Japanese Yen	23,385	69,426	(100)	—	—	—	(2,367)	393,557	483,901
Mexican Peso	327	138	—	—	—	—	—	—	465
New Zealand Dollar	71	(248)	—	—	—	—	—	11,422	11,245
Norwegian Krone	63	798	—	—	—	—	—	26,044	26,905
Pound Sterling	3,419	32,293	193	—	—	—	11,126	302,159	349,190
Singapore Dollar	836	274	—	—	—	—	—	18,132	19,242
South African Rand	2	—	—	—	—	—	—	—	2
Swedish Krona	(76)	7,096	54	—	—	—	—	60,279	67,353
Swiss Franc	387	(2,908)	—	—	—	—	—	114,058	111,537
Totals	**$ 43,611**	**$ 81,052**	**$ 696**	**$214,895**	**$ 85,663**	**$ 2,780**	**$ 209,972**	**$2,064,804**	**$2,703,473**

Derivatives

Derivatives are financial instruments for which the value is derived from underlying assets or data. All of the Systems' derivatives are considered investments. Excluding futures, derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. Through certain collective trust funds, the Systems may invest in various derivative financial instruments such as futures and options thereon; forward foreign currency contracts; options; interest rate, currency, equity, index, credit default, total return swaps, interest-only strips, and CMOs to enhance the performance and reduce volatility. To comply with the requirements of multiple exchanges, cash and securities in the amount of $95.9 and $244.1 million, respectively, were held in trust by the clearing brokers on June 30, 2019. The Systems' derivatives, consisting of futures, options, forward contracts and swaps are presented in the tables on the following pages. Investments in limited partnerships and commingled funds may include derivatives that are not shown in the derivative totals.

Derivatives directly managed by the Commission are used primarily to facilitate changes to the asset allocation of the total plan and for their low cost of implementation. The Commission uses derivatives for several reasons:

- Asset Allocation: In many cases, synthetic exposures (using derivatives) are placeholders until managers are hired and funded. In time, the Commission may substitute traditional managers for much of the synthetic exposure currently in the portfolio. Efficient Market Theory dictates that in some asset classes, synthetics are the best way to achieve exposure.
- Risk Management: Derivatives allow investors the ability to swiftly and efficiently increase or decrease exposures in order to manage portfolio risk.
- Cost: A synthetic (derivative) solution is often the least expensive way to gain exposure to an asset class or to manage portfolio risk. Derivatives are more beneficial in each of the three major measures of cost: commission costs, market impact of trading, and opportunity costs.

Futures

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and trade on an organized exchange with gains and losses settled daily thereby significantly reducing credit and default risk. Gains and losses are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. The tables below present classification information on the Systems' derivatives at June 30, 2019 (amounts in thousands):

	Changes in Fair Value	
	Classification	Gain/(Loss)
Futures Contracts	Net appreciation	$ 56,266
Forward Contracts	Net appreciation	7,569
Swaps	Net appreciation	48,916
Options	Net appreciation	42,069

	Fair Value			
	Forward Contracts	Futures	Options	Swaps
Cash & Cash Equivalents	$ (492)	$ —	$ (20)	$ —
Fixed Income	—	2,709	2	4,841
Global Public Equity	—	23,225	839,383	15,632
Totals	**$ (492)**	**$ 25,934**	**$839,365**	**$ 20,473**

At June 30, 2019, the Systems had the following exposure via futures contracts (amounts in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value*	Fair Value
SPI 200 Future (SFE)	September 19	Long	84	$ 9,666	$ 111
S&P/TSX 60 Index Future (MSE)	September 19	Long	89	13,318	121
DAX Index Future (EUX)	September 19	Long	39	13,755	256
EURO STOXX 50 Future (EUX)	September 19	Long	370	14,604	443
IBEX 35 Index Future (MFM)	July 19	Long	40	4,178	27
CAC40 10 EURO Future (EOP)	July 19	Long	258	16,256	420
FTSE/MIB Index Future (MIL)	September 19	Long	32	3,855	80
AMSTERDAM Index Future (EOE)	July 19	Long	38	4,855	60
HANG SENG Index Future (HKG)	July 19	Long	31	5,655	59
TOPIX Index Future (OSE)	September 19	Long	214	30,807	(100)
FTSE 100 Index Future (ICF)	September 19	Long	244	22,884	252
OMXS30 Index Future (SSE)	July 19	Long	198	3,459	54
S&P500 EMINI Future (CME)	September 19	Long	9,758	1,436,475	23,596
E-MINI RUSS 2000 Future (CME)	September 19	Short	(1,264)	(99,041)	(2,154)
Total Equity				1,480,726	23,225
US Long Bond Future (CBT)	September 19	Short	(9)	(1,400)	(47)
US 10YR Note Future (CBT)	September 19	Long	1,280	163,800	2,984
US 5YR Note Future (CBT)	September 19	Long	625	73,847	942
US 5YR Note Future (CBT)	September 19	Short	(24)	(2,836)	(36)
AUST 10YR Bond Future (SFE)	September 19	Short	(321)	(32,359)	(194)
AUST 3YR Bond Future (SFE)	September 19	Short	(35)	(2,824)	(4)
CAN 10YR Bond Future (MSE)	September 19	Short	(5)	(547)	(8)
EURO BUXL 30Y Bond Future (EUX)	September 19	Short	(20)	(4,621)	(158)
EURO-OAT Future (EUX)	September 19	Short	(191)	(35,861)	(710)
Long GILT Future (ICF)	September 19	Short	(46)	(7,628)	(60)
Total Fixed Income				149,571	2,709
Totals				**$ 1,630,297**	**$ 25,934**

**Notional value is the nominal or face amount that is used to calculate payments made on derivative instruments (futures, forwards, swaps, and options). This amount generally does not change hands and is thus referred to as notional. The notional amount represents the economic equivalent to an investment in the physical securities represented by the derivative contract.*

Forwards

Forwards are contractual obligations that require the delivery of assets at a fixed price on a predetermined date. These contracts are "over-the-counter" (OTC) instruments, meaning they are not traded on an organized exchange. Currency forwards gains and losses are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. As of June 30, 2019, the Systems had the following forward exposures, listed by counterparty (amounts in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Bank of America	$ 15,316	$ 232	1.96%
Bank of Montreal	46,165	167	5.92%
Bank of New York Mellon	194,397	(1,309)	24.91%
Barclays Bank PLC	10,612	(91)	1.36%
BNP Paribas Securities Corporation	45,963	108	5.88%
Citibank	74,541	201	9.55%
Citigroup Global Markets	9,961	(103)	1.28%
Commonwealth Bank of Australia	36,427	144	4.67%
Deutsche Bank AG	8,796	(14)	1.13%
Goldman Sachs	117,251	99	15.03%
HSBC Bank	7,154	203	0.92%
Instinet Europe Ltd	8,878	(1)	1.14%
JPMorgan Chase Bank	83,021	(225)	10.64%
Morgan Stanley & Company	2,476	(15)	0.32%
Royal Bank of Canada	46,743	139	5.99%
Standard Chartered Bank	9,011	50	1.15%
State Street Corporation	41,448	143	5.31%
UBS AG/Stamford CT	22,133	(220)	2.84%
Totals	**$ 780,293**	**$ (492)**	**100.00%**

Swaps

The Systems has entered into various swap agreements to manage plan exposure. Swaps are OTC agreements to exchange a series of cash flows according to specified terms. The underlying asset can be an interest rate, an exchange rate, a commodity price or any other index.

Total return swaps are primarily used to efficiently achieve a target asset allocation. Exposures to an asset class are typically gained by paying a reference rate such as LIBOR, plus or minus a spread, in exchange for the risk and returns of a desired market index. Similarly, exposures can be reduced by receiving a reference rate in exchange for the economic risks and returns of an index.

Counterparty risk, or default risk, is the risk that a party will not honor its contractual obligations. The Systems seeks to actively manage its counterparty risk by thorough analysis and evaluation of all potential counterparties by investment staff and the independent overlay manager. Risk is further minimized through diversification among counterparties with high credit ratings and collateralizing unrealized gains and losses. The Systems currently does not participate in a master netting agreement. Unrealized gains and losses are not netted across instrument types and are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

The table below reflects the counterparty credit ratings at June 30, 2019, for currency forwards, swap agreements, options and corresponding amounts subject to credit risk (amounts in thousands):

Quality Rating	Forwards	Swaps	Options	Total
Aa2	$ (932)	$ (12,873)	$ 298	$ (13,507)
Aa3	375	404	—	779
A1	(18)	27,961	316	28,259
A2	98	9,191	—	9,289
A3	(14)	—	—	(14)
Baa2	(1)	—	—	(1)
Total subject to credit risk	$ (492)	$ 24,683	$ 614	$ 24,805
Centrally cleared:				
Chicago Board Options Exchange	$ —	$ —	$ (18,366)	$ (18,366)
Chicago Mercantile Exchange	—	(3,087)	—	(3,087)
Intercontinental Exchange	—	(151)	—	(151)
LCH Ltd	—	(972)	—	(972)
Total not subject to credit risk	$ —	$ (4,210)	$ (18,366)	$ (22,576)
Total	**$ (492)**	**$ 20,473**	**$(17,752)**	**$ 2,229**

At June 30, 2019, the Systems held swaps as shown in the tables below (amounts in thousands):

Counterparty	Total Return Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value*	Gain (Loss) Since Trade
Bank of America	S&P 600 Swap	Fixed Rate	Fixed Rate	3/31/2020	$ 101,867	$ 1,202	$ 1,210
Bank of America	Russell 2000 Growth Swap	Fixed Rate	Variable Rate	9/30/2019	(141,455)	(2,943)	10,999
Bank of America	Russell 2000 Proxy	Fixed Rate	Variable Rate	9/30/2019	(140,024)	(2,001)	12,536
BNP Paribas	MSCI World Swap Proxy	Variable Rate	Fixed Rate	7/31/2019	576,572	404	6,226
Barclays Bank	Barclays US Securitized Proxy	Variable Rate	Fixed Rate	4/30/2020	51,040	174	808
Barclays Bank	Barclays US Securitized Proxy	Fixed Rate	Fixed Rate	4/1/2020	306,133	1,672	4,057
Barclays Bank	Barclays US Securitized Proxy	Variable Rate	Fixed Rate	7/31/2019	137,825	733	5,286
Barclays Bank	Barclays US Corporate Proxy	Variable Rate	Fixed Rate	7/31/2019	109,004	2,377	7,724
Barclays Bank	Barclays US Agg Proxy	Variable Rate	Fixed Rate	9/30/2019	319,610	3,159	17,325
Barclays Bank	TIPS Proxy	Variable Rate	Fixed Rate	9/30/2019	158,556	1,077	5,594
Goldman Sachs	Russell 1000 Value Proxy	Variable Rate	Fixed Rate	8/30/2019	359,726	25,066	2,114
Goldman Sachs	Russell 2500 Growth Proxy	Variable Rate	Fixed Rate	6/30/2020	140,003	3,097	3,068
Merrill Lynch	CSI 500 Net TR Proxy	Variable Rate	Fixed Rate	6/30/2020	24,997	(398)	(320)
Merrill Lynch	Shenzhen Comp Index TR proxy	Variable Rate	Fixed Rate	1/15/2020	86,665	(8,796)	13,939
Societe Generale	TIPS Proxy	Variable Rate	Fixed Rate	6/30/2020	457,077	—	—
					$ 2,547,596	**$ 24,823**	**$ 90,566**

Counterparty	Fixed Income Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value*
Bank of America	Credit Default Swaps	Variable Rate	Fixed Rate	6/20/2021	$ 2,000	$ 25
Credit Suisse	Credit Default Swaps	Variable Rate	Fixed Rate	9/17/58	12,500	127
Goldman Sachs	Credit Default Swaps	Fixed/Variable	Fixed/Variable	various	12,630	(248)
HSBC Securities	Credit Default Swaps	Variable Rate	Fixed Rate	6/20/21	1,200	15
JP Morgan Chase Bank	Credit Default Swaps	Variable Rate	Fixed Rate	9/17/58	2,200	22
Morgan Stanley Capital	Credit Default Swaps	Fixed Rate	Variable Rate	12/20/23	4,000	(81)
					$ 34,530	**$ (140)**
Chicago Mercantile Exchange	Cleared Interest Rate Swaps	Fixed/Variable	Fixed/Variable	various	175,976	(3,087)
Intercontinental Exchange	Cleared Credit Default Swaps	Fixed/Variable	Fixed/Variable	various	92,670	(151)
LCH.Ltd	Cleared Interest Rate Swaps	Fixed/Variable	Fixed/Variable	various	221,737	(972)
					$ 490,383	**$ (4,210)**

**Fair value is the amount reasonably expected to be received if the underlying positions were liquidated on the following business day.*

Options

Options are exchange traded agreements between two parties for a future transaction on an underlying asset at a reference or strike price. The buyer of an option has the right, but not the obligation, to transact. The seller of an option has the obligation to transact if forced by the buyer. The price of an option is derived by taking the difference in the underlying asset and the strike price plus a premium for the remaining time until expiration. As of June 30, 2019, the Systems had the following option positions (amounts in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
Call Aug 19 020.410	MXN/USD Spot Option 2019	August 2019	(7,400,000)	$ (10)
Call Jul 19 019.640	MXN/USD Spot Option 2019	July 2019	(1,750,000)	(3)
Call Aug 19 019.800	MXN/USD Spot Option 2019	August 2019	(1,750,000)	(7)
Total Cash & Cash Equivalents				(20)
Put Dec 19 002.750	IRS P US0003M R 2.75% 12/11/24	December 2019	(9,900,000)	$ (2)
Put Dec 19 002.945	IRS P US0003M R 2.945% 12/11/49	December 2019	2,200,000	4
Total Fixed Income				2
Call Jun 20 6618.800	ASX S&P/ASX 200 Index (OTC)	June 2020	3,728	$ 624
Put Jun 20 6618.800	ASX S&P/ASX 200 Index (OTC)	June 2020	(2,146)	(643)
Put Jun 20 21275.920	NIKKEI 225 (OTC)	June 2020	(182,106)	(2,752)
Call Jun 20 21275.920	NIKKEI 225 (OTC)	June 2020	259,810	2,701
Call Jun 20 7425.630	FTSE 100 Index (OTC)	June 2020	5,229	1,648
Put Jun 20 7425.630	FTSE 100 Index (OTC)	June 2020	(2,653)	(1,728)
Put Jul 19 2870.000	S & P 500 Index (SPX)	July 2019	(368)	(221)
Put Jul 19 2530.000	S & P 500 Index (SPX)	July 2019	(64)	(6)
Put Jul 19 2755.000	S & P 500 Index (SPX)	July 2019	64	37
Put Jul 19 2885.000	S & P 500 Index (SPX)	July 2019	(369)	(568)
Put Jul 19 2950.000	S & P 500 Index (SPX)	July 2019	(1,101)	(4,349)
Put Aug 19 2935.000	S & P 500 Index (SPX)	August 2019	(1,095)	(6,756)
Put Jul 19 2940.000	S & P 500 Index (SPX)	July 2019	(1,452)	(5,038)
Put Jul 19 2935.000	S & P 500 Index (SPX)	July 2019	(365)	(1,464)
Call May 21 000.355	2Y-10 CMS CAP	May 2021	630,000	146
Call May 21 000.365	2Y-10 CMS CAP	May 2021	655,000	148
Call May 21 000.455	2Y-10 CMS CAP	May 2021	783,000	142
Call May 21 000.355	2Y-10 CMS CAP	May 2021	787,000	182
Call May 21 000.365	2Y-10 CMS CAP	May 2021	249,000	56
Call May 21 000.605	2Y-10 CMS CAP	May 2021	492,000	60
Call Jun 20 3473.690	EURO STOXX 50 Future (OTC)	June 2020	39,558	5,988
Put Jun 20 3473.690	EURO STOXX 50 Future (OTC)	June 2020	(19,979)	(5,941)
Total Equity				(17,734)
Total				**$ (17,752)**

Alternative Investments

The Alternative Investment category includes the following asset classes: private equity, hedge funds, private debt, real estate, and infrastructure.

Private equity, private debt, and real estate investments are normally structured as limited partnerships. In this structure, the Systems is one of several limited partners, while the investment manager serves as the general partner. Investing in such limited partnerships legally obligates the Systems to invest the committed amount until the investment is fully funded or contractual investment period has expired. Hedge fund and commodities investments are typically on subscription basis with a single, initial investment with no further commitment.

The Systems established several strategic partnerships to gain access to the best ideas of the investment manager, to receive favorable economics, and to efficiently take advantage of market opportunities. Investments within the strategic partnership accounts may include allocations to any asset class including those considered alternative investments. Assets of Strategic Partnerships are reported within their respective asset class totals.

The Investment Commission's intent is to access superior risk-adjusted returns through investing in alternative investment asset classes. Due to their low correlation to traditional asset classes, alternative investments diversify the portfolio and help reduce the risk associated with volatility of returns.

Commitments

The Investment Commission, on behalf of the Systems, has entered into contractual agreements with numerous alternative investment managers and is committed for future funding of private equity, private debt, real estate and private infrastructure investments. As of June 30, 2019, the Systems' commitments, including commitments within Strategic Partnerships, are shown in the following table (amounts in thousands):

Limited Partnerships USD	Total Commitment	Amount Funded To Date	Remaining Unfunded Commitment
Private Equity	$ 5,251,815	$ 3,334,040	$ 1,917,775
Private Debt	5,856,766	3,920,676	1,936,090
Private Real Estate	3,780,331	2,804,819	975,512
Private Infrastructure	275,000	61,013	213,987
Other Opportunistic	105,249	69,270	35,979
Totals	$ 15,269,161	$ 10,189,818	$ 5,079,343
Limited Partnerships Euros			
Private Equity	€ 359,080	€ 253,965	€ 105,115
Private Infrastructure	125,000	72,031	52,969
Totals	€ 484,080	€ 325,996	€ 158,084
Limited Partnerships AUD			
Private Equity	$ 100,000	$ 34,304	$ 65,696
Totals	$ 100,000	$ 34,304	$ 65,696

Securities Lending

The Retirement Systems' investment portfolio currently participates in a securities lending program, managed by BNY Mellon ("Securities Lending Program"), whereby securities are loaned for the purpose of generating additional income. BNY Mellon is responsible for making loans of securities on a collateralized basis from the Systems' investment portfolio to various third party broker-dealers and financial institutions. The market value of the required cash collateral must initially meet or exceed 102% of the fair value of the securities loaned for U.S. Securities, 105% for cross currency securities and 107% for equity securities, providing a margin against a decline in the market value of collateral. If the collateral value falls below 102%, the borrower must post additional collateral. In conjunction with generating revenue, the collateral pool seeks to maintain a net asset value (NAV) of $1.00, which is determined by dividing the market value of the assets by the cost of those assets.

There are no restrictions on the amount of securities that may be loaned and conservative investment guidelines continue to be maintained within the Securities Lending Program. The re-investment of the cash collateral is restricted to short duration, very low risk securities and is monitored by RSIC on an ongoing basis. The types of securities available for loan during the year ended June 30, 2019 included U.S. Government securities, U.S. Government agencies, corporate bonds, non U.S. sovereign debt and global equities. The contractual agreement between the RSIC and BNY Mellon provides indemnification

in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan. Cash, U. S. Government securities, corporate securities, asset-backed securities and global equities are received as collateral for these loans. Collateral securities cannot be pledged or sold without a borrower default. Cash collateral received is invested; and accordingly, investments made with cash collateral are reported as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan.

At June 30, 2019, the fair value of securities on loan was $83.247 million. The fair value of the invested cash collateral was $41.327 million. Securities lending obligations were $86.644 million with an unrealized loss in invested cash collateral of $45.317 million. The unrealized loss from securities lending activity was determined based on the settlement agreement between BNY Mellon and the State.

Under the agreement with BNY Mellon, the $45.317 million in unrealized loss is being gradually offset by a portion of securities lending earnings over a period of years. The gross securities lending revenue for the fiscal year was $3.047 million, an increase from $2.0 million in the prior year. Since November 2008, gains and losses from the Securities Lending Program have been excluded from the Total Plan performance calculations.

With regard to counterparty credit risk, the Systems' cash collateral invested is held by the counterparty and is uninsured. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding was one day. The average weighted maturity of investments made with cash collateral was one day. At June 30, 2019, there had been no losses resulting from borrower defaults and the Systems had no credit risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2019:

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS
Securities lent for cash collateral:						
U.S Government Securities	$ 839	$ 148	$ 1	$ 5	$ 1	$ 994
Corporate bonds	6,086	1,075	7	36	6	7,210
Global Public Equity	63,346	11,182	75	377	63	75,043
Total securities lent for cash collateral	**$ 70,271**	**$ 12,405**	**$ 83**	**$ 418**	**$ 70**	**$ 83,247**
Securities lent for non-cash collateral:						
U.S Government Securities	$ 232,719	$ 41,080	$ 275	$ 1,383	$ 232	$ 275,689
Corporate bonds	1,767	312	2	10	2	2,093
Global Public Equity	637,379	112,511	752	3,789	637	755,068
Total securities lent for non-cash collateral	**$ 871,865**	**$153,903**	**$ 1,029**	**$ 5,182**	**$ 871**	**$1,032,850**
Cash collateral invested as follows:						
Repurchase agreements	$ 34,886	$ 6,158	$ 41	$ 207	$ 35	$ 41,327
Total cash collateral invested	**$ 34,886**	**$ 6,158**	**$ 41**	**$ 207**	**$ 35**	**$ 41,327**
Securities received as collateral:						
U.S. Government securities	$ 246,806	$ 43,566	$ 292	$ 1,467	$ 247	$ 292,378
Global Public Equity	666,478	117,648	786	3,962	666	789,540
Global Fixed Income	27,448	4,845	32	163	28	32,516
Total securities received as collateral	**$ 940,732**	**$166,059**	**$ 1,110**	**$ 5,592**	**$ 941**	**$1,114,434**

e. Other Post-Employment Benefit Trust Funds

The State Treasurer is the custodian and investment manager of all deposits and investments of the South Carolina Retiree Health Insurance Trust Fund and the Long-term Disability Insurance Trust Fund (the Trusts).

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a depository financial institution's failure, the Trusts' deposits may not be recovered. As prescribed by law, 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 State against loss in the event of insolvency or liquidation of the institution, or for any other cause. As of June 30, 2019, the Trusts had no cash on deposit with banks. All cash reported was held in the cash management pool by the State Treasurer's Office.

Investments

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of investments or collateral securities that are in possession of an outside party. All of the State Treasurer's investments are fully insured or collateralized.

In accordance with State Law, the Trusts may invest in a variety of instruments including obligations of the United States and its agencies and securities fully guaranteed by the United States, certain corporate obligations, certain shares of Federal savings and loan associations and State chartered savings and loan associations, and collateralized repurchase agreements. All investments are required to be insured or registered, or held by the State or its agent in the name of the State Treasurer, as custodian.

With respect to the Trust's investments in the State internal cash management pool, all of the Trust'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.

Fair Value Measurements

The Trusts categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. 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. The Trusts have the following recurring fair value measurements as of June 30, 2019 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments			
U.S. agencies	$ 748,800	$ 595,443	$ 153,357
Collateralized mortgage-backed obligations	87,793	—	87,793
Repurchase agreements	77,450	77,450	—
Corporate bonds	326,983	—	326,983
Financial paper	108,005	—	108,005
Total Investments at Fair Value	$ 1,349,031	$ 672,893	$ 676,138

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State. The State Treasurer's credit risk policy mitigates potential for loss of principal by purchasing only high investment grade fixed-income securities. In the event that the rating of a security falls below investment grade, that security may continue to be held contingent upon an evaluation of the longer term investment merits of the security. As of June 30, 2019, the Trusts' investments were rated by Moody's as follows (expressed in thousands):

Investment Type and Fair Value	AAA / AA	A / A1 / A2	BAA/BA	B/1/B/2/B/3	Not Rated
U.S. agencies	$ 748,800	$ —	$ —	$ —	$ —
Collateralized mortgage-backed obligations	87,793	—	—	—	—
Repurchase Agreements	—	—	—	77,450	—
Corporate Bonds	15,694	86,423	215,032	2,231	7,603
Financial Paper	13,393	60,394	34,218	—	—
Totals	**$ 865,680**	**$ 146,817**	**$ 249,250**	**$ 79,681**	**$ 7,603**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer's policy does not specifically address interest rate risk. Its objectives for preservation of capital and maintenance of adequate liquidity focus the management of interest rate sensitivity on investing in securities with a range of maturities from one day to thirty years. At June 30, 2019, the maturities of the investments for the Trusts that will mature were limited according to the following segmented time distribution (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. agencies	$ 748,800	$ 84,076	$ 280,345	$ 241,441	$ 142,938
Collateralized mortgage-backed obligations	87,793	—	48	1	87,744
Repurchase Agreements	77,450	77,450	—	—	—
Corporate bonds	326,983	30,744	224,075	70,017	2,147
Financial paper	108,005	13,441	56,323	35,001	3,240
Totals	**$ 1,349,031**	**$ 205,711**	**$ 560,791**	**$ 346,460**	**$ 236,069**

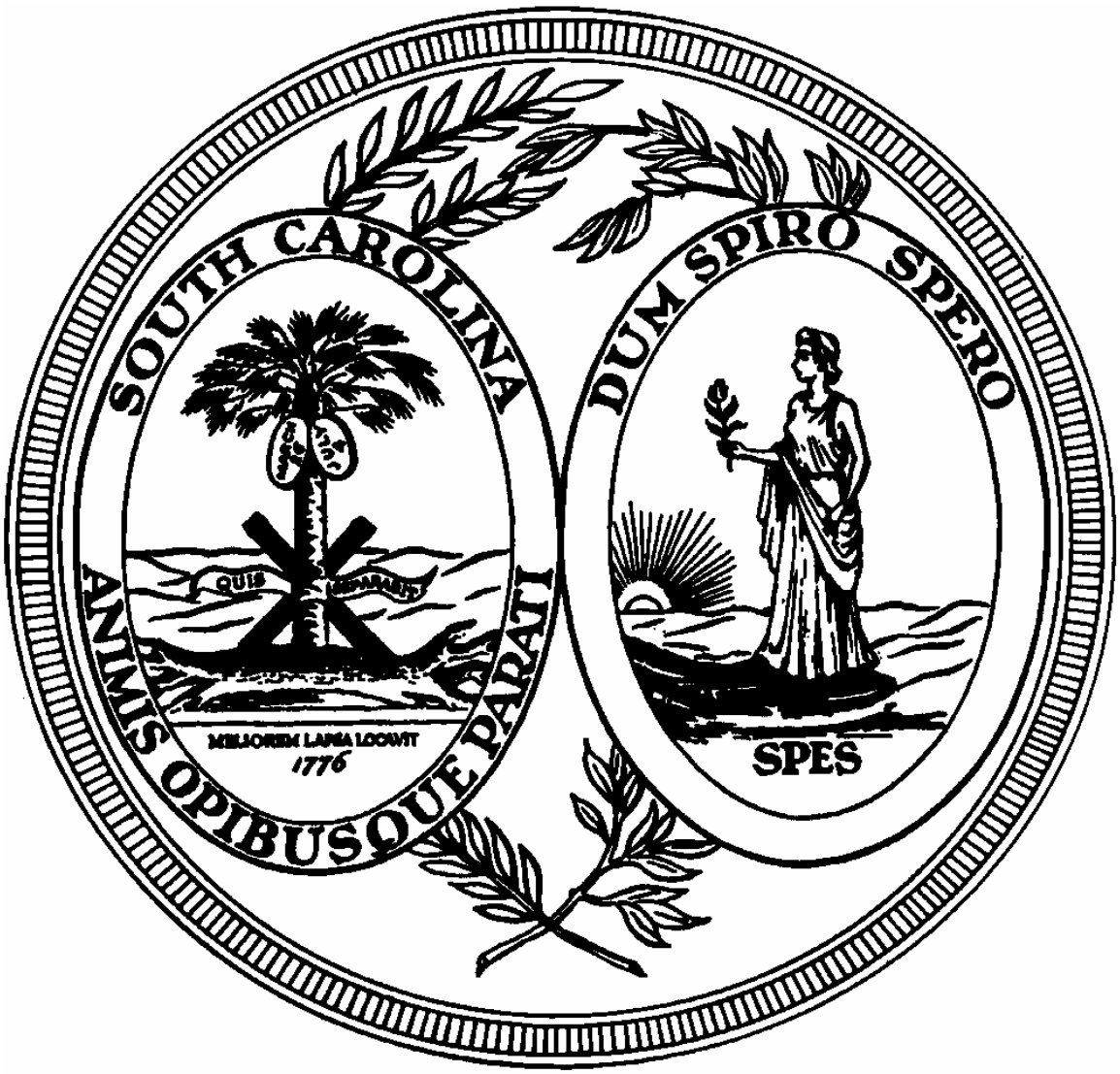
Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The State's policy for reducing the risk is to diversify and limit exposure to any single issuer to no more than 5%, except for United States Treasury and agency obligations. As of June 30, 2019, the Trusts did not have any single issuers of debt that were not fully collateralized by U.S. Government obligations.

Securities Lending

The Trusts participate in the Securities Lending Program as described in section c of this note. The Trusts have no securities lending losses as of June 30, 2019. The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2019:

	Amount
Securities lent for cash collateral:	
U.S. Government Securities	$ 25,429
Corporate Bonds	3,966
Total securities lent for cash collateral	**$ 29,395**
Cash collateral invested as follows:	
Repurchase agreements	$ 30,003
Total for cash collateral invested	**$ 30,003**


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NOTE 5: RECEIVABLES

Receivable balances are disaggregated by type according to their liquidity characteristics and are presented separately in the financial statements, net of applicable allowances. Allowances for governmental activities uncollectible receivables (expressed in thousands) at June 30, 2019, for the primary government were as follows:

	Governmental Activities					
	Governmental Funds					
Allowances related to	General	Departmental Program Services	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Income taxes	$ 365,989	$ —	$ —	$ —	$ —	$ 365,989
Sales and other taxes	218,655	—	—	26,574	—	245,229
Patient accounts	2,933	—	—	—	—	2,933
Other	20,506	10,986	337	—	30	31,859
Total allowances for uncollectibles	**$ 608,083**	**$ 10,986**	**$ 337**	**$ 26,574**	**$ 30**	**$ 646,010**

The enterprise fund financial statements separately present long-term receivables (net receivable balances not expected to be collected within one year). Allowances for business-type activities uncollectible receivables (expressed in thousands) at June 30, 2019 were as follows:

	Business-type Activities (Enterprise Funds)
Allowances related to	Unemployment Compensation Benefits
Assessments	$ 41,432
Other	7,630
Total allowances for uncollectibles	**$ 49,062**

Net receivables not expected to be collected within one year in governmental and internal service funds (expressed in thousands) at June 30, 2019, were as follows:

	Governmental Activities					
	Governmental Funds					
Net Long-term Receivables	General	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Internal Service Funds	Total Governmental Activities
Accounts	$ 29,740	$ 66,953	$ —	$ —	$ 75	$ 96,768
Patient accounts	3,302	1,599	—	—	—	4,901
Loans and notes	34,525	375	701,015	359	—	736,274
Accounts receivable—restricted	—	—	70,199	—	—	70,199
Total long-term receivables, net	**$ 67,567**	**$ 68,927**	**$ 771,214**	**$ 359**	**$ 75**	**$ 908,142**

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. The components of unavailable and unearned revenue in the governmental funds (expressed in thousands) at June 30, 2019, were as follows:

	Unavailable	Unearned	Total Governmental Funds
Taxes	$ 3,906	$ —	$ 3,906
Federal grants	70	118,446	118,516
Contributions	39,042	165,131	204,173
Departmental services	—	16,769	16,769
Total unearned revenues	$ 43,018	300,346	$ 343,364
Internal service funds		174,604	
Total governmental activities		$ 474,950	

NOTE 6: CAPITAL ASSETS

Capital asset activity (expressed in thousands) for the fiscal year ended June 30, 2019, for the primary government was as follows:

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	$ 2,108,891	$ 45,552	$ (1,381)	$ 2,153,062
Construction in progress	3,320,255	973,703	(855,214)	3,438,744
Works of art and historical treasures	8,612	463	(3,278)	5,797
Intangibles	12	—	(1)	11
Total capital assets not being depreciated	5,437,770	1,019,718	(859,874)	5,597,614
Capital assets being depreciated:				
Land improvements	114,805	1,700	—	116,505
Infrastructure (road and bridge network)	14,528,713	707,730	(13,943)	15,222,500
Buildings and improvements	2,248,616	25,518	(26,630)	2,247,504
Vehicles	840,232	91,582	(29,388)	902,426
Machinery and equipment	635,581	67,493	(23,383)	679,691
Works of art and historical treasures	1,508	—	(1)	1,507
Intangibles	168,734	39,438	(8,431)	199,741
Total capital assets being depreciated	18,538,189	933,461	(101,776)	19,369,874
Less accumulated depreciation for:				
Land improvements	(64,738)	(2,789)	—	(67,527)
Infrastructure (road and bridge network)	(4,062,209)	(210,042)	7,974	(4,264,277)
Buildings and improvements	(1,156,109)	(60,089)	12,299	(1,203,899)
Vehicles	(611,790)	(75,365)	26,997	(660,158)
Machinery and equipment	(451,112)	(43,735)	16,350	(478,497)
Works of art and historical treasures	(601)	(61)	—	(662)
Intangibles	(108,367)	(11,889)	5,374	(114,882)
Total accumulated depreciation	(6,454,926)	(403,970)	68,994	(6,789,902)
Total capital assets being depreciated, net	12,083,263	529,491	(32,782)	12,579,972
Capital assets for governmental activities, net	**$ 17,521,033**	**$ 1,549,209**	**$ (892,656)**	**$ 18,177,586**

During the fiscal year ended June 30, 2019, depreciation expense was charged to functions of the primary government (expressed in thousands):

	Governmental Funds	Internal Service Funds	Total Governmental Activities
General government	$ 31,755	$ 20,088	$ 51,843
Education	39,486	—	39,486
Health and environment	13,985	—	13,985
Social services	861	—	861
Administration of justice	27,573	221	27,794
Resources and economic development	38,549	—	38,549
Transportation	231,452	—	231,452
Total depreciation expense, governmental activities	**$ 383,661**	**$ 20,309**	**$ 403,970**

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	$ 176,886	$ 129	$ (7,078)	$ 169,937
Construction in progress	88,470	9,968	(4,328)	94,110
Total capital assets not being depreciated	265,356	10,097	(11,406)	264,047
Capital assets being depreciated:				
Land improvements	1,244	59	—	1,303
Buildings and improvements	16,588	8,742	(3,689)	21,641
Vehicles	1,290	—	(20)	1,270
Machinery and equipment	8,328	488	(501)	8,315
Intangibles	1,274	—	—	1,274
Total capital assets being depreciated	28,724	9,289	(4,210)	33,803
Less accumulated depreciation for:				
Land improvements	(1,080)	(56)	—	(1,136)
Buildings and improvements	(5,673)	(560)	619	(5,614)
Vehicles	(815)	(150)	20	(945)
Machinery and equipment	(4,943)	(511)	501	(4,953)
Intangibles	(357)	(128)	—	(485)
Total accumulated depreciation	(12,868)	(1,405)	1,140	(13,133)
Total capital assets being depreciated, net	15,856	7,884	(3,070)	20,670
Capital assets for business-type activities, net	**$ 281,212**	**$ 17,981**	**$ (14,476)**	**$ 284,717**

Capital assets for the State's fiduciary funds were comprised of land totaling $582 thousand, a building totaling $4.749 million and equipment totaling $2.134 million with accumulated depreciation of $5.233 million. Depreciation expense for fiscal year 2019 was $171 thousand. There were additions of $41 thousand for equipment during the year.

At June 30, 2019, the primary government had outstanding construction commitments totaling $51.749 million for capital projects in progress. In addition, outstanding construction commitments at that date totaled $22.068 million for significant permanent improvement projects. Projects that will not be capitalized as State assets upon completion include projects for replacements, repairs, and renovations to existing facilities. In addition, the primary government had outstanding commitments totaling $37.008 million at June 30, 2019, related to information technology projects.

NOTE 7: RETIREMENT PLANS

a. Plan Descriptions

The South Carolina Retirement Systems (the Systems) represents the collective retirement funds that are held in a group trust for the plans and are protected by the state's constitution. The South Carolina Public Employee Benefit Authority (PEBA) was created effective July 1, 2012 and administers the various retirement systems and retirement programs managed by the Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as trustee of the systems and the trust funds. By law, the South Carolina Retirement System Investment Commission, which consists of eight members appointed by mostly elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Retirement Systems in conducting that review. The Systems' financial statements may be obtained by writing to:

Retirement Systems Finance
South Carolina Public Employee Benefit Authority
202 Arbor Lake Drive
Columbia, South Carolina 29223
http://www.peba.sc.gov

The **South Carolina Retirement System** (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for public school districts and employees of the State and political subdivisions thereof. 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. A member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class III member.

A Class II member who has separated from service with at least five 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 III member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Beginning July 1, 2012, and annually thereafter, the annual retirement allowance received by retirees or their surviving annuitants must be increased by the lesser of one percent or five hundred dollars. 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.

Class II Members (members hired prior to July 1, 2012)

Average Final Compensation (AFC) is based on the highest 12 consecutive quarters of earnable compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit amount is equal to the 1.82% of the member's AFC times the member's credited service (years). Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 28 years of credited service or (ii) attained age 65 with 5 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

Class III Members (members hired after June 30, 2012)

Average Final Compensation (AFC) is based on the highest twenty (20) consecutive quarters of earnable compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 1.82% of the member's AFC times the member's credited service (years). Credited service will not include unused sick leave.

Members are eligible to commence a retirement benefit after they have (i) attained age 60 with eight years of earned service or (ii) the combination of the member's age and years of credited service equals or exceeds 90 (i.e. the rule of 90). At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

The **South Carolina Police Officers Retirement System** (PORS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the State and its political subdivisions. To be eligible for PORS membership, an employee must be required by the terms of his or her employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class III member. A Class II member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class III member who has separated from service with at least eight years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class II and Class III members are eligible to receive a deferred annuity at age 55 with five or eight years earned service, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program. An additional accidental death benefit is also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

Class II Members (members hired prior to July 1, 2012)

Average Final Compensation (AFC) is based on the highest twelve (12) consecutive quarters of earnable compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 2.14% of the member's AFC times the member's credited service (years). Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 25 years of credited service or (ii) attained age 55 with 5 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

Class III Members (members hired after June 30, 2012)

Average Final Compensation (AFC) is based on the highest twenty (20) consecutive quarters of earnable compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 2.14% of the member's AFC times the member's credited service (years). Credited service will not include unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 27 years of credited service or (ii) attained age 55 with 8 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

The **Retirement System for Members of the General Assembly of the State of South Carolina** (GARS), a single-employer defined benefit pension plan, was created effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the South Carolina Code of Laws to provide retirement allowances and other benefits for members of the General Assembly. Retirement reform legislation closed the plan to individuals newly elected to the Senate or House of Representatives after the general election of 2012. Members of the Senate and the House of Representatives who were first elected to office prior to November 2012 are required to participate in and contribute to the system upon taking office as a member of the S.C. General Assembly; however, persons elected to the General Assembly in November 2012 or after must elect membership in SCRS, the State Optional Retirement Program (State ORP), or may elect non-membership. A member is eligible for a monthly pension at age 60 or with 30 years credited service. A member who has attained age 70 or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. An incidental death benefit is also provided to members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions.

Earnable compensation is comprised of $10,400 annually plus 40 times the daily rate of remuneration (i.e. $22,400 in total earnable compensation annually). Certain line-item additional compensation for specified offices is also included. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit amount is equal to the 4.82% of the member's earnable compensation times the member's credited service (years).

The **Retirement System for Judges and Solicitors of the State of South Carolina** (JSRS), a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges, solicitors, and circuit public defenders of the State. All solicitors, circuit public defenders, judges of a Circuit or Family Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the system upon taking office.

Members are eligible for retirement after they have (i) attained age 70 with 15 years of service, or (ii) attained age 65 with 20 years of service or (iii) completed 25 years of creditable service for judges and 24 years for solicitors and public defenders regardless of age. Members who have accrued a retirement allowance that is 90% of salary may elect to "retire in place" and begin to receive their accrued retirement benefits while remaining employed. Members who have retired in place but have not attained age 60 will have their retirement benefit paid into a deferred retirement option program (DROP) and receive the balance of their DROP account upon attaining age 60. The mandatory retirement age is 72.

A retirement benefit equal to 71.3% of the current active salary of the position from which the member retired plus an additional 2.67% of compensation for each year of service beyond 25 years for judges and 24 years for solicitors and public defenders (subject to a maximum retirement allowance that does not exceed 90% of the current active salary). The normal form of payment for a married member is a 33.3% joint and survivor annuity. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions.

The **South Carolina National Guard Supplemental Retirement Plan** (SCNG), a single-employer defined benefit pension plan, was created effective July 1, 1975, and is governed by the provisions of Section 9-10-30 of the South Carolina Code of Laws for the purpose of providing supplemental retirement benefits to certain members who served in the South Carolina National Guard. National Guard members are considered to be federal government employees. The federal government pays Guard members' drill pay and summer camp pay. In accordance with State law, the State's General Fund pays Guard members' salaries only if the Governor activates the National Guard for service to the State. A monthly pension is payable at age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of the 20 years total creditable military service, at least 15 must have been served in the South Carolina National Guard. Additionally, the last 10 years of service must have been served in the South Carolina National Guard. No cost-of-living increases are provided to SCNG retirees.

The pension benefit that the State provides is intended only to supplement the retirement benefit that Guard members receive from the federal government. Members who retire at age sixty with twenty years of military service, including at least fifteen years of South Carolina National Guard duty, ten of which immediately precede retirement, and who have received an honorable discharge, are entitled to monthly pension benefits. The pension amount is equal to $50 per month for twenty years of creditable service with an additional $5 per month for each additional year of service, provided that the total pension shall not exceed $100 per month.

Each plan is independent. Assets of each plan may be used only to benefit participants of that plan. PEBA does not have the authority to establish or amend the benefit terms of SCRS, PORS, GARS, JSRS, and SCNG without a legislative change in the code of laws. Additionally, the plans provide retirement, death, and disability benefits to State employees; public school employees; and employees of counties, municipalities, and certain other State political subdivisions.

A summary of information related to members of the five plans is as follows at June 30, 2019:

	SCRS	PORS	GARS	JSRS	SCNG
Active Contributing Members	196,184	27,093	83	160	11,853
Retirees and Beneficiaries Currently Receiving Benefits	142,278	18,491	343	213	4,821
Terminated Members Entitled to But Not Yet Receiving Benefits	182,933	17,277	37	4	1,895
Total Membership	521,395	62,861	463	377	18,569

b. Summary of Significant Accounting Policies—Basis of Accounting and Valuation of Investments

The financial statements of the previously-described plans are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Retirement benefits and refunded expenses are recognized when due and payable in accordance with the terms of each 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), the South Carolina Police Officers Retirement Systems (PORS), the Retirement System for Members of the General Assembly of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG) and additions to/deductions from SCRS', PORS', GARS', JSRS', and SCNG's fiduciary net position have been determined on the same basis as they are reported by SCRS, PORS, GARS, JSRS, and SCNG. 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.

See Note 4d for more information on pension trust fund investments.

c. Funding Policies

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws prescribes requirements relating to membership, benefits, and employee/employer contributions for each plan. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. 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.

By law, employee contribution requirements for the fiscal year ended June 30, 2019, were as follows:

Plan	Rate
SCRS	9.00% of earnable compensation
PORS	9.75% of earnable compensation
GARS	11.00% of earnable compensation
JSRS	10.00% of earnable compensation
SCNG	Non-contributory by employees

Actuarially-determined employer contribution rates, expressed as percentages of compensation, for the fiscal year ended June 30, 2019, were as follows:

Plan	Rate
SCRS	14.56%
PORS	17.24%
JSRS	52.49%

Contributions to SCRS, PORS, and JSRS from the State were $186.054 million, $66.834 million, and $11.730 million, respectively, for the year ended June 30, 2019. The GARS employer contribution of $5.804 million was actuarily determined and included incidental death benefits. The State contributed $5.290 million to fund the SCNG actuarially-determined employer contribution for the year ended June 30, 2019. Additionally, the State contributed $88.706 million to SCRS and $12.470 million to PORS above its proportionate employer contributions.

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the State reported $2.905 billion and $826.612 million for its proportionate shares of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of each defined benefit pension plan was determined based on the July 1, 2017 actuarial valuations, using membership data as of July 1, 2017, projected forward to June 30, 2018, and financial information of the pension trust funds as of June 30, 2017, using generally accepted actuarial procedures. The State's proportion of the net pension liability was based on the State's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2018, the State's SCRS proportion was 12.96%, which was a decrease of 0.09% from its proportion measured as of June 30, 2017. The State's PORS proportion of the net pension liability at June 30, 2018 was 29.17%, which was an increase of 0.20% from its proportion measured as of June 30, 2017.

The State's JSRS, GARS, and SCNG net pension liabilities were also measured by actuarial valuations as of July 1, 2017, using membership data as of July 1, 2017, projected forward to June 30, 2018, and financial information of the pension trust funds as of June 30, 2018, using generally accepted actuarial procedures. The State assumes 100% of the JSRS, GARS, and SCNG liabilities.

For the year ended June 30, 2019, the State recognized pension expenses of $282.800 million for SCRS, $107.984 million for PORS, $15.268 million for JSRS, $4.164 million for GARS, and $4.067 million for SCNG.

According to South Carolina Code of Laws 9-1-1180, the State is responsible for contributing the employer contributions related to all publicly funded teachers and the employees of the State's technical colleges. However, as these employer contributions related to the State's teachers and technical college employees are not paid by the State directly to SCRS and PORS, but remitted instead to each school district and technical college for their contribution payments, GASB 68 requires that the school districts and technical colleges recognize the portions of the SCRS and PORS net pension liabilities that relate to their respective employees. As the State is actually responsible for these net pension liabilities, the State's effective share of the SCRS net pension liability was approximately $12.895 billion (or 57.55% of the total net SCRS pension liability) at June 30, 2019, with related pension expenses of approximately $1.255 billion for the year ended June 30, 2019. Likewise, the State's

effective share of the PORS net pension liability was approximately $843.771 million at June 30, 2019 (or 29.78% of the total net PORS pension liability), with related pension expenses of approximately $110.226 million for the year ended June 30, 2019. As prescribed by GASB 68, the teachers and technical college employee-related net pension liabilities and corresponding pension expenses are not included in the State's net pension liability or in the State's pension expense.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions (expressed in thousands) from the following sources:

	SCRS	PORS	JSRS	GARS	SCNG	Total
Deferred Outflows of Resources						
State Contributions Subsequent to the Measurement Date	$ 186,054	$ 66,834	$ 11,730	$ 5,804	$ 5,290	$ 275,712
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	80,192	18,273	—	—	—	98,465
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	46,147	16,530	2,128	688	561	66,054
Differences Between Expected and Actual Experience	5,244	25,469	—	23	386	31,122
Changes in Assumptions	115,256	54,503	7,716	—	3,397	180,872
Total	$ 432,893	$ 181,609	$ 21,574	$ 6,515	$ 9,634	$ 652,225
Deferred Inflows of Resources						
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	$ 80,324	$ 23,491	$ —	$ —	$ —	$ 103,815
Differences Between Expected and Actual Experience	17,097	—	4,472	—	2,246	23,815
Total	$ 97,421	$ 23,491	$ 4,472	$ —	$ 2,246	$ 127,630

$275.712 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2020. Other amounts reported as net deferred outflows of resources and net deferred inflows of resources related to pensions (expressed in thousands) will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	JSRS	GARS	SCNG
2020	$ 113,515	$ 48,280	$ 3,810	$ 697	$ 675
2021	73,079	34,634	2,411	280	397
2022	(32,369)	7,363	(683)	(246)	22
2023	(4,807)	1,007	(166)	(20)	177
2024	—	—	—	—	178
Thereafter	—	—	—	—	649
	$ 149,418	$ 91,284	$ 5,372	$ 711	$ 2,098

The total pension liabilities in the July 1, 2017 actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement:

	SCRS	PORS	GARS	JSRS	SCNG
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions:					
Investment Rate of Return	7.25%	7.25%	7.25%	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5% (Varies by Service)	3.5% to 9.5% (Varies by Service)	None	2.75%	None
Inflation Rate	2.25%	2.25%	2.25%	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or $500	Lesser of 1% or $500	None	2.75%	None

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the June 30, 2018 valuations for SCRS and PORS are as follows:

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2017. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**47.0%**		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	**10.0%**		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Commodities	2.0%	5.09%	0.10%
Opportunistic	**13.0%**		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	**18.0%**		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	**12.0%**		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	**100.0%**		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			**7.28%**

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all SCRS and PORS participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all 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.

Changes in the Net Pension Liability (expressed in thousands)

	GARS	JSRS	SCNG
Total Pension Liability			
Service Cost	$ 464	$ 6,521	$ 804
Interest	5,200	21,271	4,743
Difference Between Actual and Expected Experience	138	(3,548)	(767)
Benefit Payments	(6,468)	(17,811)	(4,411)
Net Change in Total Pension Liability	(666)	6,433	369
Total Pension Liability at June 30, 2017	74,728	299,039	67,222
Total Pension Liability at June 30, 2018 (a)	$ 74,062	$ 305,472	$ 67,591
Plan Fiduciary Net Position			
Contributions - Employer	$ 5,428	$ 11,043	$ 4,814
Contributions - Member	287	3,016	—
Retirement Benefits	(6,452)	(17,655)	(4,411)
Death Benefits	(16)	(156)	—
Net Investment Income (Loss)	2,376	11,723	1,902
Administrative Expense	(18)	(86)	(14)
Net Change in Plan Fiduciary Net Position	1,605	7,885	2,291
Plan Fiduciary Net Position at June 30, 2017	31,789	152,151	26,036
Plan Fiduciary Net Position at June 30, 2018 (b)	$ 33,394	$ 160,036	$ 28,327
Net Pension Liability at June 30, 2018 (a) - (b)	$ 40,668	$ 145,436	$ 39,264

The following table presents the State's proportionate share of the SCRS and PORS net pension liabilities and the GARS, JSRS, and SCNG net pension liabilities calculated using the discount rate of 7.25%, as well as what the State's respective net pension liabilities (expressed in thousands) would be if it were calculated using a discount rate of 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate.

Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	$ 3,712,086	$ 2,905,026	$ 2,328,058
PORS	1,114,378	826,612	590,910
GARS	47,113	40,668	35,116
JSRS	178,963	145,436	117,750
SCNG	47,778	39,264	32,287

e. Receivables and Investments

The principal components of receivables and investments (expressed in thousands) at June 30, 2019, for the plans administered by the South Carolina Retirement Systems were as follows:

	SCRS	PORS	GARS	JSRS	SCNG	Totals
Receivables:						
Contributions	$ 306,674	$ 29,547	$ 25	$ 830	$ 1	$ 337,077
Accrued interest	41,341	7,320	54	251	49	49,015
Unsettled investment sales	1,191,159	210,265	1,406	7,081	1,190	1,411,101
Other investment receivables	3,807	672	5	22	4	4,510
Total receivables	**$ 1,542,981**	**$ 247,804**	**$ 1,490**	**$ 8,184**	**$ 1,244**	**$ 1,801,703**
Due from other funds	**$ —**	**$ 50**	**$ —**	**$ 69**	**$ —**	**$ 119**
Investments and invested securities lending collateral:						
Short-term securities	$ 340,059	$ 60,027	$ 401	$ 2,021	$ 340	$ 402,848
Fixed income	3,899,462	688,338	4,601	23,181	3,896	4,619,478
Equity-international	12,127,591	2,140,779	14,309	72,095	12,116	14,366,890
Alternatives	8,574,936	1,513,660	10,118	50,975	8,567	10,158,256
Invested securities lending collateral	34,886	6,158	41	207	35	41,327
Total investments	**$ 24,976,934**	**$ 4,408,962**	**$ 29,470**	**$ 148,479**	**$ 24,954**	**$ 29,588,799**

f. Deferred Retirement Option Plans

The Teacher and Employee Retention Incentive (TERI) program, established by State law, became effective January 1, 2001. The program is a deferred retirement option available to SCRS members eligible for service retirement. Upon entering the TERI program, a member's status changes from active to retired. A TERI participant agrees to continue employment with an employer participating in the system for a specified period, not to exceed five years.

TERI participants retain the same status and employment rights they held upon entering the program but are not considered active employees for purposes of the disability retirement programs. A TERI retiree's monthly benefits are accrued and remain in the SCRS trust account during the TERI participation period, but no interest is accrued or paid thereon. Upon termination of employment or at the end of the TERI participation period (whichever is earlier), a retiree may roll over some or all of the accumulated TERI balance into a qualified, tax-sheltered retirement plan and/or receive a lump-sum distribution. The TERI program was closed effective June 30, 2018. Any member entering the TERI program after July 1, 2015 was only be able to participate in the program until June 30, 2018.

The financial activity of the program (expressed in thousands) during the fiscal year ended June 30, 2019, was as follows:

Beginning balance of TERI trust accounts	$ 377,263
Additions	—
TERI distributions at termination	(377,193)
Ending balance of TERI trust accounts	**$ 70**

A deferred retirement option program also exists under the Retirement System for JSRS. A member who has not yet reached the age of 60 years, but who is eligible to retire and receive the maximum monthly benefit, may retire and continue to serve as a judge, a solicitor, or a circuit public defender. The member's normal monthly retirement benefit is deferred and placed in the system's trust fund on behalf of the member. Upon reaching the age of 60 years, the balance of the member's deferred retirement benefit is distributed to the member. As of June 30, 2019, there was $456 thousand held in this trust.

g. Optional Retirement Program

As an alternative to membership in SCRS, certain 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 Optional Retirement Program. Participants in the State ORP direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts that those providers issue. Accordingly, balances of the State ORP are not reported in the accompanying financial statements.

Under State law, contributions to the State ORP are at the same rates as for the SCRS (see Subsection c, Funding Policies). A direct remittance is required from the employers to the investment providers for the employee contribution (9.00%) and a

portion of the employer contribution (5.00%), which is immediately vested to the employee. A direct remittance is also required to the SCRS for a portion of the employer contribution (9.41%) and a group life contribution (0.15%), which is retained by the SCRS. The activity for the State ORP is as follows (expressed in thousands):

Covered payroll	$ 1,604,026
Employee contributions to providers	144,362
Employer contributions to providers	80,201

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

a. Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits through the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (LTDITF), collectively referred to as the OPEB plans, to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Insurance Benefits Division (IBD), a part of South Carolina Public Employee Benefit Authority (PEBA). Article 5 of the State Code of Laws defines the two plans and authorizes PEBA to at any time adjust the plans, including its benefits and contributions, as necessary to ensure the fiscal stability of the plans. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires on May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

b. Funding Policies

Sections 1-11-705 through 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees and participating retirees except the portion funded through the pension surcharge and provided from other applicable sources for active employees who are not funded by State General Fund appropriations.

Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the Executive Budget, 6.05% of annual covered payroll for fiscal year 2019. The IBD sets the employer contribution rate based on a pay-as-you-go basis. The State paid $533.328 million applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal year ended June 30, 2019. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee was $3.22 for the fiscal year ended June 30, 2019.

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. SCRHITF is funded primarily through the payroll surcharge. Other sources of funding include additional State appropriated dollars ($2.375 million), accumulated PEBA-Insurance Benefits cash reserves ($100.803 million). LTDITF is funded primarily through investment income and employer contributions.

c. OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the State reported a liability of $2.965 billion for its proportionate share of the SCRHITF net OPEB liability and reported a liability of $673 thousand for its proportionate share of the LTDITF net OPEB liability. The net OPEB liabilities were measured as of June 30, 2018, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2017. At June 30, 2017, the State's proportion of the SCRHITF net OPEB liability was 20.92% and the State's proportion of the LTDITF net OPEB liability was 21.98%, based on its statutory contribution requirements. These proportions decreased by 0.03% and increased by 0.27%, respectively from the prior year.

As with SCRS and PORS, the State is responsible for contributing the OPEB employer contributions related to all publicly funded teachers and the employees of the State's technical colleges. However, as these employer contributions related to the State's teachers and technical college employees are not paid by the State directly to SCRHITF and LTDITF, but remitted instead to each school district and technical college for their contribution payments, GASB 75 requires that the school districts and technical colleges recognize the portions of the SCRHITF and LTDITF net OPEB liabilities that relate to their respective employees. As the State is actually responsible for these net OPEB liabilities, the State's effective share of the SCRHITF net OPEB liability was approximately $10.880 billion (or 76.78% of the total net SCRHITF pension liability) at June 30, 2019, with related OPEB expenses of approximately $632.246 million for the year ended June 30, 2019. Likewise, the State's effective share of the LTDITF net OPEB liability was approximately $2.140 million at June 30, 2019 (or 69.91% of the total net LTDITF OPEB liability), with related pension expenses of approximately $5.608 million for the year ended June 30, 2019. As prescribed by GASB 75, the teachers and technical college employee-related net OPEB liabilities and corresponding OPEB expenses are not included in the State's net OPEB liability or in the State's OPEB expense.

As a result of its requirement to contribute to the SCRHITF and LTDITF, the State recognized expenses of $172.747 million for SCRHITF and $1.763 million for LTDITF for the year ended June 30, 2019. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to SCRHITF and LTDITF (expressed in thousands):

	SCRHITF	LTDITF	Total
Deferred Outflows of Resources			
State Contributions Subsequent to the Measurement Date	$ 109,268	$ 1,362	$ 110,630
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	37,671	—	37,671
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	11,718	—	11,718
Differences Between Expected and Actual Experience	44,018	391	44,409
Total	$ 202,675	$ 1,753	$ 204,428
Deferred Inflows of Resources			
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	$ 41,006	$ 49	$ 41,055
Differences Between Expected and Actual Experience	992	41	1,033
Changes in Assumptions	241,403	44	241,447
Total	$ 283,401	$ 134	$ 283,535

$110.630 million reported as deferred outflows resulting from State contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liabilities in the year ended June 30, 2020. Other amounts reported as deferred

(inflows)/outflows of resources and deferred inflows of resources as a result of the State's requirement to contribute to SCRHITF and LTDITF will be recognized as expense as follows (expressed in thousands):

Year Ended June 30,	SCRHITF	LTDITF
2020	$ (35,387)	$ 95
2021	(35,387)	95
2022	(35,387)	95
2023	(36,604)	47
2024	(38,533)	(15)
Thereafter	(8,696)	(60)
	$ (189,994)	$ 257

The total OPEB liabilities in the June 30, 2017 valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	SCRHITF	LTDITF
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Inflation Rate	2.25%	2.25%
Investment Rate of Return	4.00%, net of OPEB plan expense, including inflation	4.00%, net of OPEB plan expense, including inflation
Healthcare Cost Trend Rates	Initial trend starting at 6.75% and gradually decreasing to an ultimate rate of 4.15% over 14 years	N/A

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period for both OPEB plans. The last experience study was performed on data through June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class for both OPEB plans are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	2.09%	1.67%
Cash	20.0%	0.84%	0.17%
Total	**100.0%**		1.84%
Expected Inflation			2.25%
Total Return			**4.09%**
Investment Return Assumption			**4.00%**

The single discount rate used to measure the total SCRHITF liability is 3.62% (updated from 3.56% in the 2018 fiscal year). This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate 3.62%. (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index").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).

The single discount rate used to measure the total LTDITFF liability is 3.91% (updated from 3.87% in the 2018 fiscal year). This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate 3.62%. (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index") and the resulting Single Discount Rate is 3.91%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain $38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2040. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2040, and the municipal bond rate was applied to all benefit payments after that date.

The following table presents the State's proportionate share of the SCRHITF and LTDITF net OPEB liabilities, as well as what the State's proportionate share of the net OPEB liabilities would be if it were calculated using a discount rate of 1.00% lower (2.62% for SCRHITF and 2.91% for LTDITF) or 1.00% higher (4.62% for SCRHITF and 4.91% for LTDITF) than the current discount rates:

Plan	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
SCRHITF	$ 3,492,571	$ 2,964,579	$ 2,538,865

Plan	1% Decrease (2.91%)	Current Discount Rate (3.91%)	1% Increase (4.91%)
LTDITF	$ 1,006	$ 673	$ 348

In addition, the following table presents SCRHITF's net OPEB liability, calculated using the assumed healthcare cost trend rates as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower (6.00%) and one percent higher (8.00%):

Plan	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
SCRHITF	$ 2,439,256	$ 2,964,579	$ 3,643,468

Complete financial statements for the OPEB plans and the trust funds may be obtained by writing to:

Insurance Benefits Division
South Carolina Public Employee Benefit Authority
202 Arbor Lake Drive
Columbia, SC 29223
http://www.peba.sc.gov

d. Receivables and Investments

The principal components of receivables and investments (expressed in thousands) at June 30, 2019, for the OPEB plans administered by the Insurance Benefits Division were as follows:

	SCRHI	LTDI	Totals
Receivables:			
Accrued interest	**$ 7,953**	**$ 302**	**$ 8,255**
Due from other funds	**$ 73,901**	**$ —**	**$ 73,901**
Investments and invested securities lending collateral:			
Debt domestic instruments	$ 1,132,322	$ 31,254	$ 1,163,576
Financial paper	102,834	5,170	108,004
Invested securities lending collateral	29,395	—	29,395
Total investments	**$1,264,551**	**$ 36,424**	**$1,300,975**

NOTE 9: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Details of all deferred outflows of resources and deferred inflows of resources at June 30, 2019 are as follows (expressed in thousands):

	Governmental Activities less Internal Service	Internal Service	Total Governmental Activities	Business-Type Activities	Totals	Component Units
Deferred Outflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ 32,816	$ —	$ 32,816	$ —	$ 32,816	$ 39,842
Deferred amount on refunding	87,881	—	87,881	—	87,881	194,677
Pensions:						
State contributions subsequent to the measurement date	271,144	3,887	275,031	681	275,712	303,402
Change in proportion and differences between employer contributions and proportionate share of plan contributions	94,630	2,952	97,582	883	98,465	125,651
Net Differences between projected and actual earnings on pension plan investments	64,868	944	65,812	242	66,054	74,592
Differences between expected and actual experience	30,751	318	31,069	53	31,122	12,024
Changes in assumptions	177,776	2,476	180,252	620	180,872	184,464
OPEB:						
State contributions subsequent to the measurement date	108,657	1,679	110,336	294	110,630	167,397
Change in proportion and differences between employer contributions and proportionate share of plan contributions	37,245	387	37,632	39	37,671	32,714
Net Differences between projected and actual earnings on OPEB plan investments	11,492	179	11,671	47	11,718	17,146
Differences between expected and actual experience	43,546	684	44,230	179	44,409	56,328
Total	$ 960,806	$ 13,506	$ 974,312	$ 3,038	$ 977,350	$ 1,208,237
Deferred Inflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ —	$ —	$ 1,414
Deferred gain on refunding	—	—	—	—	—	2,925
Deferred nuclear decommissioning costs	—	—	—	—	—	215,551
Deferred service concession arrangement receipts	—	—	—	—	—	1,774
Deferred nonexchange revenues	12,773	—	12,773	—	12,773	24,425
Toshiba Settlement	—	—	—	—	—	732,325
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	102,445	1,161	103,606	209	103,815	44,134
Differences between expected and actual experience	23,435	296	23,731	84	23,815	28,520
Changes in Assumptions	—	—	—	—	—	274
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	40,402	568	40,970	85	41,055	30,322
Differences between expected and actual experience	1,013	16	1,029	4	1,033	2,026
Changes in assumptions	236,748	3,724	240,472	975	241,447	307,090
Total	$ 416,816	$ 5,765	$ 422,581	$ 1,357	$ 423,938	$ 1,390,780

Details of all enterprise fund deferred outflows of resources and deferred inflows of resources at June 30, 2019 are as follows (expressed in thousands):

	Patient's Compensation	Canteen	Palmetto Railways	Other Enterprise	Total
Deferred Outflows of Resources					
Pensions:					
State contributions subsequent to the measurement date	$ 37	$ 219	$ 385	$ 40	$ 681
Change in proportion and differences between employer contributions and proportionate share of plan contributions	3	84	781	15	883
Net Differences between projected and actual earnings on pension plan investments	9	54	169	10	242
Differences between expected and actual experience	1	27	20	5	53
Changes in assumptions	20	147	425	28	620
OPEB:					
State contributions subsequent to the measurement date	14	96	166	18	294
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	33	—	6	39
Net Differences between projected and actual earnings on OPEB plan investments	2	10	33	2	47
Differences between expected and actual experience	6	38	128	7	179
Total	$ 92	$ 708	$ 2,107	$ 131	$ 3,038
Deferred Inflows of Resources					
Pensions:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	$ 45	$ 90	$ 57	$ 17	$ 209
Differences between expected and actual experience	3	15	63	3	84
OPEB:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	39	36	3	7	85
Differences between expected and actual experience	—	1	3	—	4
Changes in assumptions	34	209	694	38	975
Total	$ 121	$ 351	$ 820	$ 65	$ 1,357

Details of all internal service fund deferred outflows of resources and deferred inflows of resources at June 30, 2019 are as follows (expressed in thousands):

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Deferred Outflows of Resources				
Pensions:				
State contributions subsequent to the measurement date	$ 287	$ 993	$ 364	$ 1,662
Change in proportion and differences between employer contributions and proportionate share of plan contributions	1,212	873	13	633
Net Differences between projected and actual earnings on pension plan investments	79	224	86	411
Differences between expected and actual experience	9	25	10	203
Changes in assumptions	198	559	214	1,115
OPEB:				
State contributions subsequent to the measurement date	123	418	157	727
Change in proportion and differences between employer contributions and proportionate share of plan contributions	51	—	—	249
Net Differences between projected and actual earnings on OPEB plan investments	15	43	17	77
Differences between expected and actual experience	60	167	65	291
Total	$ 2,034	$ 3,302	$ 926	$ 5,368
Deferred Inflows of Resources				
Pensions:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	$ —	$ —	$ 237	$ 685
Differences between expected and actual experience	29	83	33	112
OPEB:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	87	117	270
Differences between expected and actual experience	1	4	1	7
Changes in assumptions	325	909	352	1,585
Total	$ 355	$ 1,083	$ 740	$ 2,659

Motor Pool	Prison Industries	Other Internal Service	Total
$ 132	$ 435	$ 14	$ 3,887
50	166	5	2,952
32	108	4	944
16	53	2	318
89	292	9	2,476
58	190	6	1,679
20	65	2	387
6	20	1	179
23	76	2	684
$ 426	$ 1,405	$ 45	$ 13,506
$ 54	$ 179	$ 6	$ 1,161
9	29	1	296
21	71	2	568
1	2	—	16
126	414	13	3,724
$ 211	$ 695	$ 22	$ 5,765

Details of all major discretely presented component units' deferred outflows of resources and deferred inflows of resources at June 30, 2019 are as follows (expressed in thousands):

	Public Service Authority	Medical University of South Carolina	University of South Carolina	Clemson University	State Ports Authority
Deferred Outflows of Resources					
Accumulated increase in fair value of hedging derivatives	$ 39,440	$ —	$ —	$ —	$ —
Deferred amount on refunding	134,937	32,071	19,878	4,585	—
Pensions:					
State contributions subsequent to the measurement date	8,829	94,259	63,155	42,480	7,973
Change in proportion and differences between employer contributions and proportionate share of plan contributions	513	31,673	30,494	22,937	8,843
Net Differences between projected and actual earnings on pension plan investments	5,544	19,735	15,591	10,182	1,676
Differences between expected and actual experience	2,547	2,669	2,229	1,392	198
Changes in assumptions	13,131	51,014	39,195	25,561	4,190
OPEB:					
State contributions subsequent to the measurement date	21,046	45,375	33,499	22,793	1,944
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	5,323	15,016	4,712	—
Net Differences between projected and actual earnings on OPEB plan investments	2,129	4,254	3,508	2,298	626
Differences between expected and actual experience	—	17,050	13,706	8,810	—
Total	$ 228,116	$ 303,423	$ 236,271	$ 145,750	$ 25,450
Deferred Inflows of Resources					
Accumulated increase in fair value of hedging derivatives	$ 1,414	$ —	$ —	$ —	$ —
Deferred gain on refunding	—	—	—	—	—
Deferred nuclear decommissioning costs	215,551	—	—	—	—
Deferred service concession arrangement receipts	—	—	—	—	—
Deferred nonexchange revenues	—	—	—	—	—
Toshiba Settlement	732,325	—	—	—	—
Pensions:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	1,638	627	1,030	479	7
Differences between expected and actual experience	3,533	7,444	5,657	3,711	618
Changes in Assumptions	274	—	—	—	—
OPEB:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	24	10	12	—
Differences between expected and actual experience	249	404	319	209	—
Changes in assumptions	—	92,172	74,505	47,893	4,795
Total	$ 954,984	$ 100,671	$ 81,521	$ 52,304	$ 5,420

Housing Authority	Lottery Commission	Nonmajor Component Units	Total
$ —	$ —	$ 402	$ 39,842
—	—	3,206	194,677
972	1,069	84,665	303,402
328	5	30,858	125,651
243	243	21,378	74,592
28	31	2,930	12,024
608	608	50,157	184,464
404	467	41,869	167,397
—	—	7,663	32,714
46	47	4,238	17,146
181	182	16,399	56,328
$ 2,810	$ 2,652	$ 263,765	$ 1,208,237
$ —	$ —	$ —	$ 1,414
2,925	—	—	2,925
—	—	—	215,551
—	—	1,774	1,774
24,059	—	366	24,425
—	—	—	732,325
563	353	39,437	44,134
90	89	7,378	28,520
—	—	—	274
360	105	29,811	30,322
4	4	837	2,026
982	989	85,754	307,090
$ 28,983	$ 1,540	$ 165,357	$ 1,390,780

Details of all nonmajor discretely presented component units' deferred outflows of resources and deferred inflows of resources at June 30, 2019 are as follows (expressed in thousands):

	The Citadel	Coastal Carolina University	College of Charleston	Francis Marion University	Lander University
Deferred Outflows of Resources					
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ —	$ —
Deferred amount on refunding	—	400	699	—	—
Pensions:					
State contributions subsequent to the measurement date	3,708	10,989	12,194	4,047	2,923
Change in proportion and differences between employer contributions and proportionate share of plan contributions	3,257	10,239	1,914	379	913
Net Differences between projected and actual earnings on pension plan investments	1,409	2,673	2,742	940	664
Differences between expected and actual experience	200	450	415	134	108
Changes in assumptions	3,541	6,756	6,907	2,363	1,678
OPEB:					
State contributions subsequent to the measurement date	2,967	5,843	6,254	1,961	1,382
Change in proportion and differences between employer contributions and proportionate share of plan contributions	1,634	1,601	—	—	—
Net Differences between projected and actual earnings on OPEB plan investments	306	584	641	205	142
Differences between expected and actual experience	1,175	2,295	2,455	784	540
Total	$ 18,197	$ 41,830	$ 34,221	$ 10,813	$ 8,350
Deferred Inflows of Resources					
Deferred service concession arrangement receipts	$ —	$ 60	$ 1,714	$ —	$ —
Deferred nonexchange revenues	—	345	—	—	—
Pensions:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	294	140	2,953	784	104
Differences between expected and actual experience	511	952	989	341	237
Changes in assumptions	—	—	—	—	—
OPEB:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	2	3	3,232	843	2,937
Differences between expected and actual experience	27	54	58	19	83
Changes in assumptions	6,390	12,407	13,348	4,261	1
Total	$ 7,224	$ 13,961	$ 22,294	$ 6,248	$ 3,362

South Carolina State University	Winthrop University	Aiken Technical College	Central Carolina Technical College	Denmark Technical College
$ —	$ —	$ —	$ —	$ —
—	1,610	—	—	—
3,667	5,586	1,093	1,944	427
4,230	1,861	233	243	21
931	1,489	263	447	127
148	204	30	58	18
2,350	3,739	655	1,122	317
1,684	3,012	443	837	204
2,538	—	—	—	—
175	335	52	86	24
684	1,281	204	328	92
$ 16,407	$ 19,117	$ 2,973	$ 5,065	$ 1,230
$ —	$ —	$ —	$ —	$ —
—	21	—	—	—
5,075	3,251	550	602	2,264
334	542	97	164	46
—	—	—	—	—
—	3,903	563	346	1,424
16	31	5	8	2
3,717	6,962	1,108	1,786	499
$ 9,142	$ 14,710	$ 2,323	$ 2,906	$ 4,235

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	Florence-Darlington Technical College	Greenville Technical College	Horry-Georgetown Technical College	Technical College of the Lowcountry	Midlands Technical College
Deferred Outflows of Resources					
Accumulated increase in fair value of hedging derivatives	$ —	$ 402	$ —	$ —	$ —
Deferred amount on refunding	295	—	—	—	202
Pensions:					
State contributions subsequent to the measurement date	2,245	5,832	2,821	1,235	6,187
Change in proportion and differences between employer contributions and proportionate share of plan contributions	84	64	254	8	789
Net Differences between projected and actual earnings on pension plan investments	620	1,428	1,716	300	1,521
Differences between expected and actual experience	71	178	79	34	199
Changes in assumptions	1,546	3,576	690	748	3,814
OPEB:					
State contributions subsequent to the measurement date	1,077	2,637	1,375	538	2,688
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	—	113	—	—
Net Differences between projected and actual earnings on OPEB plan investments	123	291	140	57	290
Differences between expected and actual experience	470	1,112	533	223	1,135
Total	$ 6,531	$ 15,520	$ 7,721	$ 3,143	$ 16,825
Deferred Inflows of Resources					
Deferred service concession arrangement receipts	$ —	$ —	$ —	$ —	$ —
Deferred nonexchange revenues	—	—	—	—	—
Pensions:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	2,048	1,847	241	251	2,945
Differences between expected and actual experience	230	525	254	111	557
Changes in assumptions	—	—	—	—	—
OPEB:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	1,718	700	—	42	3,275
Differences between expected and actual experience	11	27	13	5	26
Changes in assumptions	2,553	6,045	2,901	1,211	6,167
Total	$ 6,560	$ 9,144	$ 3,409	$ 1,620	$ 12,970

Northeastern Technical College	Orangeburg-Calhoun Technical College	Piedmont Technical College	Spartanburg Community College	Tri-County Technical College
$ —	$ —	$ —	$ —	$ —
—	—	—	—	—
555	1,529	2,421	2,753	2,885
1	43	18	2,530	1,223
130	374	549	—	663
16	58	77	—	99
338	943	1,379	—	1,671
262	645	1,040	1,329	1,297
—	—	—	1,190	257
26	70	94	—	133
100	272	404	—	508
$ 1,428	$ 3,934	$ 5,982	$ 7,802	$ 8,736
$ —	$ —	$ —	$ —	$ —
—	—	—	—	—
613	1,389	2,432	634	58
50	135	199	—	239
—	—	—	—	—
229	958	822	2,570	1
2	6	—	—	12
543	1,480	2,197	—	2,764
$ 1,437	$ 3,968	$ 5,650	$ 3,204	$ 3,074

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	Trident Technical College	Williamsburg Technical College	York Technical College	South Carolina Jobs-Economic Development Authority	Patriot's Point Development Authority
Deferred Outflows of Resources					
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ —	$ —
Deferred amount on refunding	—	—	—	—	—
Pensions:					
State contributions subsequent to the measurement date	6,171	464	2,024	38	576
Change in proportion and differences between employer contributions and proportionate share of plan contributions	15	92	599	111	220
Net Differences between projected and actual earnings on pension plan investments	1,442	108	591	9	130
Differences between expected and actual experience	235	13	77	1	15
Changes in assumptions	3,641	271	1,482	24	325
OPEB:					
State contributions subsequent to the measurement date	2,696	207	1,077	16	252
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	93	161	76	—
Net Differences between projected and actual earnings on OPEB plan investments	281	20	119	2	24
Differences between expected and actual experience	1,096	79	455	7	95
Total	$ 15,577	$ 1,347	$ 6,585	$ 284	$ 1,637
Deferred Inflows of Resources					
Deferred service concession arrangement receipts	$ —	$ —	$ —	$ —	$ —
Deferred nonexchange revenues	—	—	—	—	—
Pensions:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	7,186	172	377	—	303
Differences between expected and actual experience	516	40	216	3	48
Changes in assumptions	—	—	—	—	—
OPEB:					
Change in proportion and differences between employer contributions and proportionate share of plan contributions	3,094	—	1	—	289
Differences between expected and actual experience	25	2	11	—	2
Changes in assumptions	5,958	428	2,471	37	519
Total	$ 16,779	$ 642	$ 3,076	$ 40	$ 1,161

South Carolina First Steps to School Readiness Board of Trustees	Total
$ —	$ 402
—	3,206
351	84,665
1,517	30,858
112	21,378
13	2,930
281	50,157
146	41,869
—	7,663
18	4,238
72	16,399
$ 2,510	$ 263,765
$ —	$ 1,774
—	366
2,924	39,437
42	7,378
—	—
2,859	29,811
392	837
1	85,754
$ 6,218	$ 165,357

NOTE 10: INSURANCE ACTIVITIES

a. Insurance Reserve Fund

The State generally does not purchase commercial insurance for the risks of losses for property damage, including theft of, damage to, and destruction of assets; automobile liability; tort liability; and medical professional liability. Instead, State management believes it is more economical to manage its risks internally and set aside assets for claim settlement in its Insurance Reserve Fund (IRF), within the internal service funds. The IRF services claims for risk of loss to which the State is exposed, including the following: property insurance on government-owned buildings, the contents of such buildings, equipment, and automobiles; automobile liability insurance on government owned vehicles and school buses; tort liability insurance for government premises and operations; and medical professional liability for hospitals. Although the State is the predominant participant in the IRF, county and municipal governments, school districts and special purpose political subdivisions also participate. The IRF allocates the cost of providing claims servicing and claims payment by charging each participant an actuarially determined premium for the coverage provided.

The IRF reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Amounts for allocated and unallocated claims adjustment expenses have been included in the calculation of the unpaid claims liability. The liability is reported net of receivables for salvage, subrogation, and reinsurance. The unpaid policy claims liability includes a provision for reported claims and claims incurred but not reported. The liability for claims incurred but not reported is an actuarial estimate based on the most current historical claims experience. This process does not necessarily result in an exact amount. The IRF continually reviews estimates of liabilities for incurred claims and revises those estimates as changes occur. The current year's operating statement reflects the revisions.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	$ 292,050	$ 121,560	$ (92,969)	$ 320,641
2018	282,735	106,839	(97,524)	292,050

The IRF purchases aircraft and ocean marine insurance, areas in which the IRF has limited expertise. The IRF also purchases reinsurance to limit losses in the areas of property, boiler and machinery, and automobile liability. The IRF purchases reinsurance for catastrophic losses in the area of property insurance for losses above $10.000 million per occurrence. Reinsurance permits partial recovery of losses from reinsurers; however, the IRF, as the direct insurer of the risks, remains primarily liable. Within the last three years there have been no claims in excess of coverage.

At June 30, 2019 the IRF had no reinsurance recoverable receivables, but had expenses of $40.259 million in reinsurance premiums for the 2019 fiscal year.

b. Employee Insurance Programs Fund

State law established the Employee Insurance Programs Fund, part of the State's internal service funds, to provide health and dental insurance coverage for eligible employees and retirees of State agencies and school districts and to provide group life and long-term disability insurance coverage to eligible active State and public school employees. The State, the predominant participant, retains the risk of loss. Under the health insurance program, participants elect coverage through a State Health Plan or a fully funded health plan if available. All dental, group life, and long-term disability coverages are provided through the State's self-insured plans. State funds and payroll deductions pay health and dental premiums for eligible State and public school employees. Agencies and school districts pay the employer share of premiums for retirees. Retirees directly pay their own share of premiums. Agencies and school districts pay the premiums for group life and long-term disability for their employees.

The Employee Insurance Programs Fund serves as the third party administrator for the Long-Term Disability Insurance Trust and the South Carolina Retiree Health Insurance Trust Fund collecting monthly premiums, processing claims, and providing other managerial and administrative responsibilities. Transfers to the LTDITF occur monthly for the Basic Long-Term Disability premiums. Likewise, monthly transfers are made from the Trust to cover the cost of claims. Refer to Note 8 for more information on the outstanding liability for Basic Long-Term Disability. Similar transactions occur monthly for the SCRHITF for which claims liability information is also available in Note 8.

The Employee Insurance Programs Fund establishes claims liabilities when information before the issuance of the financial statements indicates that a liability is probable and estimable at the date of the financial statements. The calculation of the unpaid claims liability includes amounts for allocated and unallocated claims adjustment expenses. The unpaid policy claims liability includes a provision for reported claims and for claims incurred but not reported. The Fund actuarially estimates the liability for claims incurred but not reported based on the most current historical claims experience including factors for changes

in number of members and participants, inflation, award trends, and estimates of health care trend changes (cost, utilization, and intensity of services). This process does not necessarily result in an exact amount. The Fund continually reviews estimates of liabilities for incurred claims and revises those estimates as changes occur. The current year's operating statement reflects the revisions. The State does not discount its claims liabilities for health and dental insurance coverage to present value.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	$ 246,713	$ 2,650,592	$ (2,625,955)	$ 271,350
2018	222,617	2,486,691	(2,462,595)	246,713

c. State Accident Fund

State law established the State Accident Fund, an internal service fund, to provide workers' compensation insurance coverage to State entities. Although the State is the Fund's predominant participant, counties, municipalities, and other political subdivisions of the State may also elect to participate. The State assumes the full risk for workers' compensation claims.

The Fund investigates, adjusts, and pays workers' compensation claims as awarded by the Workers' Compensation Commission for job-related accidental injury, disease, or death to covered individuals. The Fund annually bills participating entities for estimated premiums based on the entity's estimated payroll modified for claims experience. After the policy period ends, policyholders submit the details of the actual salaries paid. The Fund then adjusts the premium using the actual payroll data.

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The claims liabilities include specific incremental claims adjustment expenses but not administrative expenses. The Fund deducts reasonably estimable amounts of salvage and subrogation and reinsurance recoverable, if any, on both settled and unsettled claims from the liability for unpaid claims. The Fund periodically recomputes claims liabilities using a variety of actuarial and statistical techniques to produce current estimates. The Fund charges or credits expense in the period when it adjusts claims liabilities. Policy claims in the financial statements include the liabilities for claims reported but not yet paid and for claims incurred but not reported. Because actual claims costs depend on such complex factors as inflation, changes in legal doctrines, and damage awards, computation of the claims liability does not necessarily result in an exact amount.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	$ 251,990	$ 9,377	$ (50,377)	$ 210,990
2018	254,014	46,502	(48,526)	251,990

The Fund has entered into a reinsurance agreement to reduce its exposure to catastrophic losses on insured events. Losses in excess of $1.000 million are covered up to limits of statutory liability; the Fund retains the risk for the first $1.000 million of loss. Reinsurance reduces the Fund's exposure to losses on insured events related to State-owned aircraft in excess of $1.000 million per occurrence up to a limit of $9.000 million. Reinsurance permits partial recovery of losses from reinsurers; however, the Fund, as the direct insurer of the risks, remains primarily liable. Within the last three years there have been no claims in excess of coverage.

At June 30, 2019 the Fund had a balance of $1.267 million in reinsurance recoverable receivables and had expenses of $2.757 million in reinsurance premiums for the 2019 fiscal year.

d. Uninsured Employers' Fund

The Uninsured Employers' Fund was established by Section 42-7-200. Effective July 1, 2013 the powers, duties, obligations and responsibilities of the Second Injury Fund that relate to the South Carolina Workers' Compensation Uninsured Employers' Fund were devolved upon the South Carolina Workers' Compensation Uninsured Employers' Fund within the State Accident Fund. This long term liability is included in the Governmental Activities located in Exhibit A-1.

Per Section 42-7-200(a) of the South Carolina Code of Laws of 1976, as amended, the Uninsured Employers' Fund issues payment of awards of workers' compensation benefits, which are unpaid because of employers who fail to acquire necessary coverage for employees. Funding for payment of awards is provided from collections of the tax on insurance carriers and self-insured persons in an amount sufficient to maintain the fund.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	$ 34,207	$ -	$ (11,737)	$ 22,470
2018	35,505	3,560	(4,858)	34,207

e. Patients' Compensation Fund

The South Carolina Medical Malpractice Patients' Compensation Fund (PCF) was created by State law. The PCF is accounted for as a nonmajor enterprise fund. The State accounts for the PCF as an insurance enterprise because it primarily covers non-governmental entities. Accordingly, the PCF follows the guidance of FASB ASC 944, *Financial Services - Insurance*, and collectively are referred to below as "the insurance enterprises."

The Medical Malpractice Liability Insurance Joint Underwriting Association (JUA), a discretely presented component unit, is responsible for payment of that portion of any covered entity's medical malpractice claim, settlement, or judgment up to $200 thousand per incident or $600 thousand in the aggregate for one year. The PCF is responsible for payments exceeding these thresholds.

Licensed health care providers include physicians and surgeons, directors, officers and trustees of hospitals, nurses, oral surgeons, dentists, pharmacists, chiropractors, hospitals, nursing homes, and any similar category of health care providers required to obtain a license to practice in the state. All providers licensed in South Carolina are eligible to participate upon remittance of the annual assessment fees.

The State actuarially establishes claims liabilities for the insurance enterprises based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The policy claims liabilities for the PCF includes a provision for claims reported but not settled and for claims incurred but not reported. Amounts for claims adjustment expenses, when applicable, have been included in the calculation of the unpaid claims liabilities of the insurance enterprises. The enterprises charge or credit expense, as appropriate, in the period when they adjust claims liabilities. The length of time for which claims costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as medical technology, changes in doctrines of legal liability, and damage awards, the process for computing claims liabilities does not necessarily result in an exact amount. The insurance enterprises and their actuaries recompute claims liabilities annually, using a variety of actuarial and statistical techniques, to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit because the insurance enterprises and their actuaries rely both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience.

Changes in the balances of claims liabilities for the PCF during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability (as Restated)	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	$ 48,824	$ 13,309	$ (9,101)	$ 53,032
2018	48,362	9,144	(8,682)	48,824

f. Second Injury Fund

The Second Injury Fund, a major enterprise fund, was created by Code of Laws Section 42-7-310. It established the guidelines by which to pay compensation claims in those cases where an individual having an existing permanent physical impairment incurs a subsequent disability from injury by accident arising out of and in the course of employment. Funding for payment of compensation awards and for Fund operating costs is provided by equitable assessments upon all workmen's compensation insurance carriers, self-insurers, and the South Carolina State Accident Fund (approximately 360 entities). Participation is mandatory as required by State law. Participants of the fund are responsible for the fund's liabilities. Payments of claims and awards are made directly to the carriers and self-insurers. The State of South Carolina will not be responsible for any expense or liabilities of the fund, except the State Accident Fund, who is a participant in the fund.

Changes in the balances of claims liabilities during the past two years were as follows (expressed in thousands):

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	$ 222,937	$ 12,080	$ (22,931)	$ 212,086
2018	249,886	(185)	(26,764)	222,937

With the ratification of the Workers' Compensation Reform Act the Second Injury Fund has been placed in "run-off" and was terminated effective July 1, 2013. The Act provides for an orderly termination of the Fund through decreasing the assessment calculation factor, closing the acceptance of new claims, and transferring any remaining claims as of July 1, 2013 to the State Accident Fund and any remaining assets or operational liabilities to the State Fiscal Accountability Authority.

NOTE 11: LEASES

The State leases land, office facilities, equipment, and other assets under both capital and operating leases.

a. Capital Leases

The present value of future minimum capital lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net position at June 30, 2019 for the primary government were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities
2020	$ 1,257
2021	1,017
2022	286
2023	76
2024	21
Total minimum payments	**2,657**
Less: interest and executory costs	(169)
Net minimum payments	**$ 2,488**

Assets under capital leases recorded in the accompanying government-wide statement of net position at June 30, 2019, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Governmental Activities
Machinery and equipment	$ 11,617
Assets acquired under capital leases before accumulated amortization	**11,617**
Less: accumulated amortization	(9,387)
Assets acquired under capital leases, net	**$ 2,230**

b. Operating Leases

For the primary government's fiscal year ended June 30, 2019, minimum rental payments under operating leases were $54.375 million and contingent rental payments were $6.346 million. The State's contingent rental payments are primarily for copiers, with expense being determined on a cost-per-copy basis.

At June 30, 2019, future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities	Totals
2020	$ 29,654	$ 33	$ 29,687
2021	23,120	—	23,120
2022	19,177	—	19,177
2023	14,188	—	14,188
2024	7,174	—	7,174
2025-2029	14,466	—	14,466
2030-2034	1,461	—	1,461
2035-2039	80	—	80
Net minimum payments	**$ 109,320**	**$ 33**	**$ 109,353**

c. Facilities and Equipment Leased to Others

At June 30, 2019, State agencies within the primary government had leased to non-State parties certain land, facilities, or equipment having a cost of approximately $83.905 million and related accumulated depreciation of $30.387 million. Future minimum rental payments to be received at June 30, 2019, under these operating leases were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities
2020	$ 8,687
2021	8,482
2022	8,435
2023	7,625
2024	6,041
2025-2029	27,546
2030-2034	30,178
2035-2039	34,552
Total	**$ 131,546**

NOTE 12: BONDS AND NOTES PAYABLE

a. General Obligation Bonds

General obligation bonds are backed by the full faith, credit, and taxing power of the State. General obligation bonds outstanding at June 30, 2019, were (net of unamortized premiums/discounts, expressed in thousands):

Governmental Activities:		
State highway bonds, 4.00% to 5.00%, maturing serially through 2023	$	109,839
Infrastructure Bank bonds, 2.50% to 5.00%, maturing serially through 2028		30,746
State economic development bonds, 2.00% to 5.00%, maturing serially through 2029		230,095
Research university infrastructure bonds, 3.00% to 5.00%, maturing serially through 2029		63,654
Air carrier hub terminal facilities bonds, 1.00% to 4.00%, maturing serially through 2025		23,221
Totals—primary government	**$**	**457,555**

At June 30, 2019, $6.344 million of capital improvement bonds, $106.000 million of State highway bonds, $121.125 million of State economic development bonds, and $13.680 million of State research university infrastructure bonds were authorized by the General Assembly but unissued.

At June 30, 2019, future debt service requirements for general obligation bonds for the primary government were (expressed in thousands):

	Governmental Activities	
Year Ending June 30	**Principal**	**Interest**
2020	$ 78,590	$ 16,064
2021	91,690	12,230
2022	64,975	8,206
2023	46,080	5,314
2024	57,255	3,533
2025-2029	66,905	4,477
Total debt service requirements	**405,495**	**$ 49,824**
Unamortized premiums	52,060	
Total principal outstanding	**$ 457,555**	

The Department of Transportation Special Revenue Fund, a major governmental fund, pays the debt service for the State highway bonds. The Local Government Infrastructure Fund, a major governmental fund, pays the debt service for the Infrastructure Bank bonds. The General Fund pays the debt service for the other general obligation bonds recorded for governmental activities.

Rather than directly limiting the amount of outstanding general obligation debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 2019, was $68.809 million for highway bonds, $442.009 million for general obligation bonds excluding institution and highway bonds, $36.077 million for economic development bonds, and $21.191 million for research university infrastructure bonds. Excluded from the debt service limit calculations are a $170.000 million 2010 issue, an $85.000 million 2013 issue, and an $18.110 million 2015 issue of economic development bonds and a $50.000 million 2010 issue of air carrier hub terminal facilities bonds which by State Law are not subject to the limitation on maximum annual debt service.

b. Revenue, Infrastructure Bank, and Other Bonds and Notes

Revenue debt is not backed by the full faith, credit, and taxing power of the State. Revenue, Infrastructure Bank, and other bonds and notes outstanding at June 30, 2019, were (net of unamortized premiums/discounts, expressed in thousands):

	Bonds	Notes
Primary Government:		
Governmental Activities:		
Infrastructure Bank bonds, 0.40% to 5.50%, maturing serially through 2041	$ 1,645,007	$ —
Department of Mental Health bonds, 3.25% to 5.00%, maturing through 2038	39,964	—
Department of Transportation note, 3.04%, maturing through 2032	—	4,535
Department of Administration notes, 1.66% to 2.80%, maturing through 2023	—	16,577
Department of Education notes, 1.44% to 1.72%, maturing through 2023	—	16,213
Judicial Department note, 2.02%, maturing through 2021	—	2,017
Department of Corrections notes, 2.62% to 5.25%, maturing through 2024	—	2,413
Department of Probation, Parole and Pardon note, 1.81%, maturing through 2022	—	650
Department of Social Services note, 2.94%, maturing through 2024	—	1,979
InvestSC, Inc. notes, 7.25%, maturing through 2023	—	50,000
Totals—governmental activities	**1,684,971**	**94,384**
Business-Type Activities:		
Nonmajor enterprise fund bonds, 0.43%, maturing through 2038	$ 5,375	$ —
Palmetto Railways note, 4.28%, maturing through 2047	—	6,500
Totals—business-type activities	**5,375**	**6,500**
Totals—primary government	**$ 1,690,346**	**$ 100,884**

Debt Derivatives

Transportation Infrastructure Bank

The Transportation Infrastructure Bank, reported in the Local Government Infrastructure Fund, a major governmental fund, is a party to interest rate exchange agreements with a termination date of October 1, 2031, to enhance the interest cost savings and offset changes in tax-exempt variable interest rates on certain revenue bonds. Under these variable-to-fixed interest rate exchanges, for the 2003B-1 and 2003B-3 agreements, the Bank pays a 3.859% fixed rate on a notional amount, having an amortization schedule equal to that of the revenue bonds. For the 2003B-2 agreement, the Bank pays a 3.932% fixed rate on a notional amount, having an amortization schedule equal to that of the revenue bond. In return, the counterparties of the agreement pay the Bank a variable rate equal to 67.0% of the one-month London Interbank Offered Rate (LIBOR), plus 0.40%, on such notional amount. For the fiscal year ended June 30, 2019, the Bank made variable bond interest payments of $6.956 million and fixed rate payments on the exchange agreement of $13.626 million. The Bank received variable swap payments on the exchange agreement of $5.521 million. The June 30, 2019 mark to market value of this swap was negative $1.434 million, representing an increase in fair value of $13.302 million from prior year. The deferred outflow of the interest rate swap and the derivative instrument liability are shown on the statement of net position.

Pledged Revenues for Payment of Debt

Certain revenue bonds require the individual business-type activities to provide sufficient revenue to pay debt service and to fund all necessary expenses of the activities. The funds that receive the proceeds of revenue, Infrastructure Bank, and other bonds and notes have pledged revenues for payment of debt service as follows:

Primary Government:

Governmental Activities:

	Infrastructure Bank Bonds
Specific revenue pledged	Truck and vehicle registration fees; One-cent motor fuel user fee; contributions receivable and intergovernmental loans
Approximate amount of pledge	$283.777 million
General purpose for the debt	Provide financial assistance for major transportation projects for DOT
Term of commitment	FY 2041
% of revenue stream pledged	70.47%
Pledged revenue recognized	$205.310 million
Principal & interest paid	$131.080 million

Debt Service Requirements

At June 30, 2019, future debt service requirements for revenue, Infrastructure Bank, and other bonds and notes of the primary government were as follows (expressed in thousands):

	Primary Government			
	Governmental Activities		Business-Type Activities	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2020	$ 102,587	$ 67,708	$ 190	$ 8
2021	103,750	65,995	195	8
2022	105,159	60,365	205	7
2023	76,764	55,773	215	7
2024	65,205	51,737	225	7
2025-2029	400,363	207,693	1,275	29
2030-2034	526,191	111,665	1,560	19
2035-2039	177,440	40,558	1,510	6
2040-2044	81,326	4,115	—	—
2045-2047	—	—	6,500	5,163
Total debt service requirements	**1,638,785**	**$ 665,609**	**11,875**	**$ 5,254**
Net unamortized premiums	140,570		—	
Total principal outstanding	**$ 1,779,355**		**$ 11,875**	

On May 5, 2017, the Palmetto Railways purchased the assets of the Hampton and Branchville Railroad Company (H&B) for $6.500 million. Financing for the acquisition was provided to the Division by the Colleton County Intermodal Corporation (CCIC), which obtained the funds from its issuance of taxable economic development revenue bonds.

Payments on the loan are payable only from the revenues and net income generated from the operation of H&B. Payments are limited to 10% of annual revenues of H&B and 25% of net income generated by H&B.

The loan matures on May 12, 2047 and may be extended in four increments of five years each, if certain conditions are met and the loan has not been paid in full by the maturity date. The loan has a put option beginning at the end of five years under which Palmetto Railways may relinquish its rights to the H&B in exchange for the loan being considered paid in full. The loan also contains a call option exercisable after five years under which CCIC can demand payment in full or repossess the H&B if the loan payments in the preceding fiscal year are less than CCIC's payment obligations on its taxable economic development revenue bonds for that year.

The loan requires total payments of $11.663 million, which includes $6.500 million of principal that was borrowed to fund the acquisition of H&B. This leaves the remaining $5.163 million allocated to interest expense. Because of the variable nature of the payments, the effective interest rate will vary depending on the timing and amount of the loan repayments. Assuming a level stream of payments over the life of the loan, the effective interest rate is calculated to be 4.28%.

Interest Expense

Borrowing is essential to the continuation of programs associated with certain entities reported within the primary government's governmental activities. The primary government reported interest expense during the fiscal year ended June 30, 2019, in governmental functions for these entities as follows (expressed in thousands):

	Amount
Transportation	$ 78,963
Total allocated interest expense	**$ 78,963**

c. Defeased Bonds

For all defeasances involving advance refundings in the current and prior years, the securities purchased were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the State has removed the defeased bonds from the accompanying financial statements. At June 30, 2019, the following outstanding bonds of the primary government were considered defeased (expressed in thousands):

	Governmental Activities
Economic Development bonds	$ 92,007
Infrastructure Bank bonds	206,894
Tobacco Authority bonds	73,458
Totals	**$ 372,359**

d. Arbitrage Rebate Payable

The Internal Revenue Code and arbitrage regulations issued by the Internal Revenue Service require rebate to the federal government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued. At June 30, 2019, there was no arbitrage rebate liability associated with the State's General Obligation Debt and with the Local Government Infrastructure Fund (a major governmental fund).

e. Conduit Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds do not appear as liabilities in the accompanying financial statements.

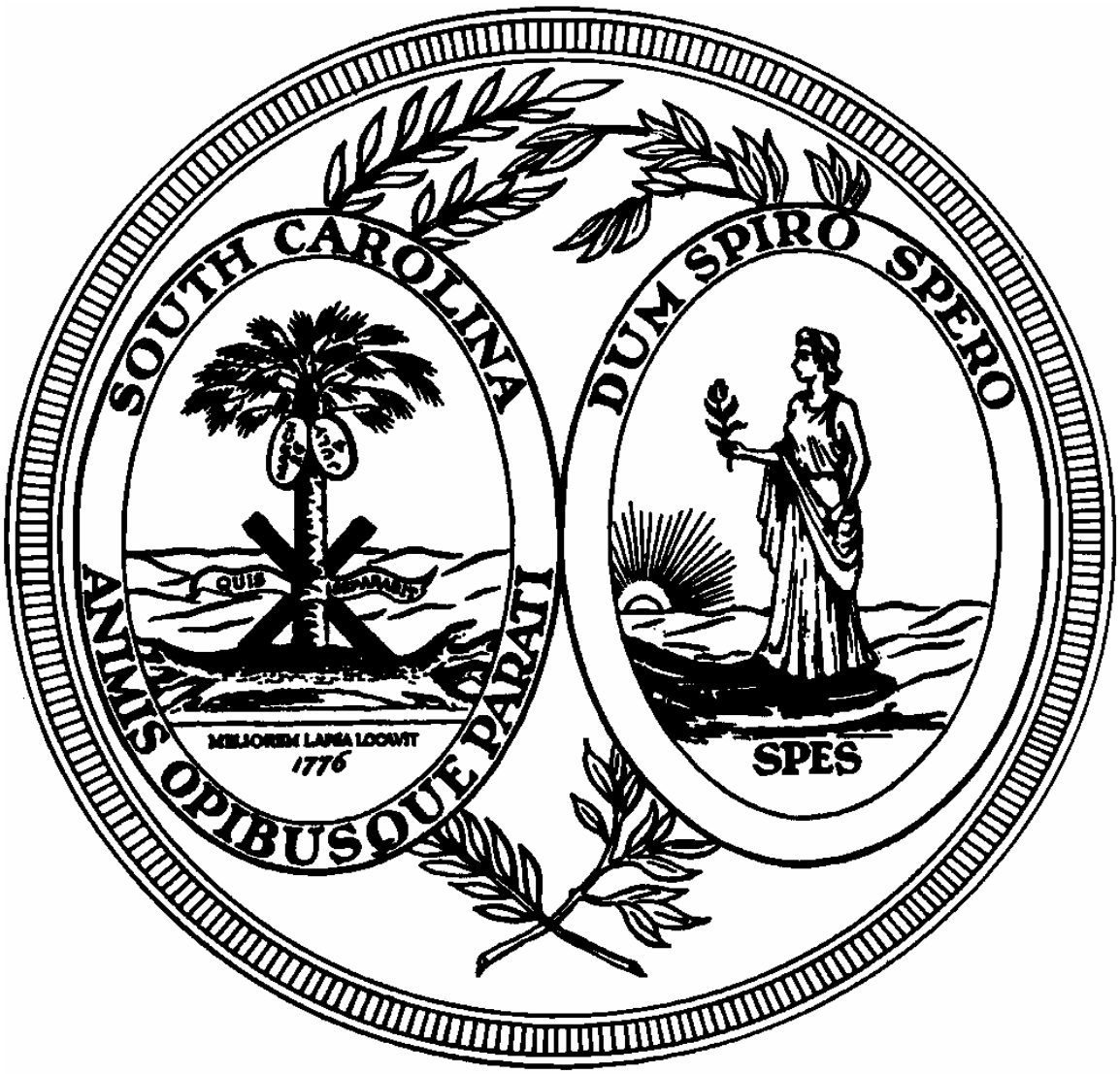
The Educational Facilities Authority, reported in the General Fund, issues bonds to assist nonprofit educational institutions that do not receive State appropriations in the acquisition, construction, and financing of facilities for educational programs. The bonds are payable solely from, and secured by, a lease agreement on the facilities between the Authority and the institution. When the bonds have been fully paid, the Authority conveys the title for the facility to the institution. At June 30, 2019, the outstanding balance of bonds issued was $189.716 million.

NOTE 13: CHANGES IN LIABILITIES

Changes in major classes of long-term liabilities for the fiscal year ended June 30, 2019, were (expressed in thousands):

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
Primary Government:					
Governmental Activities					
Policy claims	$ 824,960	$ 2,781,529	$ (2,781,038)	$ 825,451	$ 637,258
Notes payable	105,045	2,857	(13,518)	94,384	26,847
General obligation bonds payable	501,305	—	(95,810)	405,495	78,590
Unamortized discounts and premiums	63,506	—	(11,446)	52,060	—
Total general obligation bonds payable	564,811	—	(107,256)	457,555	78,590
Infrastructure Bank bonds payable	1,584,930	350,375	(426,014)	1,509,291	74,590
Unamortized discounts and premiums	144,075	—	(8,359)	135,716	—
Total Infrastructure Bank bonds	1,729,005	350,375	(434,373)	1,645,007	74,590
Revenue bonds payable	36,205	—	(1,095)	35,110	1,150
Unamortized discounts and premiums	4,904	—	(50)	4,854	—
Total revenue bonds payable	41,109	—	(1,145)	39,964	1,150
Capital leases payable	1,745	1,854	(1,111)	2,488	1,142
Compensated absences payable	186,856	145,326	(128,086)	204,096	122,237
Net pension liability	3,946,686	—	(4,713)	3,941,973	—
Net other post-employment benefit liability	2,834,077	119,180	—	2,953,257	—
Judgments and contingencies payable	12,909	1,523	(12,909)	1,523	1,523
Total long-term liabilities	$ 10,247,203	$ 3,402,644	$ (3,484,149)	$ 10,165,698	$ 943,337

	Balances at July 1, 2018 (As Restated)	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
Primary Government:					
Business-type Activities					
Policy claims	$ 271,761	$ 25,390	$ (32,033)	$ 265,118	$ 34,444
Notes payable	6,500	—	—	6,500	—
Revenue bonds payable	5,555	—	(180)	5,375	190
Compensated absences payable	525	459	(411)	573	373
Net pension liability	16,111	—	(1,078)	15,033	—
Net other post-employment benefit liability	3,589	8,406	—	11,995	—
Total long-term liabilities	$ 304,041	$ 34,255	$ (33,702)	$ 304,594	$ 35,007


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NOTE 14: FUND BALANCES IN GOVERNMENTAL FUNDS

Fund balance classifications in governmental funds represent levels of constraints on the use of the resources received and reported in each fund. At June 30, 2019, the amounts constrained within the fund balance in governmental funds (expressed in thousands) were as follows:

	General	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable:						
Interfund receivables	$ 51,142	$ —	$ —	$ —	$ —	$ 51,142
Inventories	30,365	13,383	—	5,427	—	49,175
Prepaid items	9,612	1,794	—	5,692	21	17,119
Other assets	102	—	—	203	—	305
Long-term loans and notes receivable	34,525	375	701,015	359	—	736,274
Endowments	—	—	—	—	11,373	11,373
Total Non-spendable	125,746	15,552	701,015	11,681	11,394	865,388
Restricted:						
Primary and Secondary Education	90,980	49,604	—	—	168,648	309,232
Health, Human Services and Environment	584,608	636,587	—	—	85,524	1,306,719
Transportation	—	7,363	662,804	499,381	—	1,169,548
Capital Projects	—	—	—	—	—	—
Debt Service	—	—	841,232	—	—	841,232
Administration of Justice	—	22,591	—	—	—	22,591
Waste management	—	—	—	—	180,351	180,351
General Government	519,270	281,051	—	9,702	121,201	931,224
Total Restricted	1,194,858	997,196	1,504,036	509,083	555,724	4,760,897
Committed:						
General Government	501,414	18,990	—	341,716	195,589	1,057,709
Capital reserve fund	—	—	—	—	—	—
Primary and Secondary Education	2,459	—	—	—	—	2,459
Health, Human Services and Environment	16,255	—	—	—	3,207	19,462
Waste Management	—	—	—	—	5	5
Total Committed	520,128	18,990	—	341,716	198,801	1,079,635
Assigned:						
Capital reserve fund	—	—	—	—	129,777	129,777
Primary and Secondary Education	12,918	941	—	—	—	13,859
Health, Human Services and Environment	46,311	8,426	—	—	—	54,737
General Government	81,928	7,044	—	—	3,572	92,544
Administration of Justice	13,820	1,026	—	—	—	14,846
Economic Development	9,724	560	—	—	—	10,284
Transportation	341	—	—	—	—	341
Social Programs	22,385	4,311	—	—	—	26,696
Total Assigned	187,427	22,308	—	—	133,349	343,084
Total Unassigned	3,620,911	(560,631)	—	—	—	3,060,280
Total Fund Balances	**$ 5,649,070**	**$ 493,415**	**$ 2,205,051**	**$ 862,480**	**$ 899,268**	**$ 10,109,284**

The following subsections contain further descriptive information regarding the constraints of fund balance.

a. Non-spendable

This portion of fund balance is not available for appropriation because it is either in a form that cannot be spent or is legally or contractually required to be maintained intact (endowments).

b. Restricted

Primary and Secondary Education

The balance represents resources received from external parties or through enabling legislation which creates resources and narrowly defines the use of the resources for the continuation and improvement of educational programs in the State. The programs include formative education, higher education, and skills training for job creation.

Health, Human Services and Environment

These are restricted resources for the continuation and enhancement of programs to improve the health and safety of the citizens and visitors of the State of South Carolina. Programs promote environment, physical, and mental health of the State, its resources, citizens, and travelers.

Transportation

Restricted resources for transportation are imposed by external parties or enabling legislation for use in the maintenance and improvement of highway systems and access to commercial markets through rail, air, and transoceanic.

Capital Projects

The balance represents resources received from external parties or through enabling legislation which requires the use of the resources for the construction or acquisition and installation of a capitalizable asset. The resources will be expended over the life of the construction. As of June 30, 2019, the Capital Projects restricted fund balance was $0.

Debt Service

The balance represents resources received from external parties or through enabling legislation which requires the use of the resources for the repayment of outstanding debt, including principal and interest.

Administration of Justice

These are restricted resources for the continuation and enhancement of programs to improve the safety of the citizens and visitors of the State of South Carolina. Programs promote law enforcement agencies, judicial agencies and corrections of the State, its resources, citizens, and travelers.

Waste Management

The balance represents resources received from external parties which requires the use of the resources for governmental actions involving uncontrolled hazardous waste sites.

General Government

General Government includes resources restricted to individual programs undertaken by the agencies to provide services and resources to the constituents of the State of South Carolina and visitors to it.

c. Committed

General Government

This represents the portion of the fund balance, which is constrained through enabling legislation for programs within the established missions of the agencies in its directives for service to the citizens of the State of South Carolina.

Capital Reserve Fund

The South Carolina Constitution requires that two percent of the General Fund revenue of the latest completed fiscal year be used to fund this reserve for future appropriations for capital acquisitions, retirement of capital improvement bonds, or other nonrecurring purposes. This reserve is reduced to cover year-end operating deficits prior to withdrawal of funds from the General Reserve Fund. As of June 30, 2019, the Capital Reserve committed fund balance was $0.

Primary and Secondary Education

This portion of fund balance has been committed through various sections of the State's Code of Law which stipulate the utilization of resources for the continuation and improvement of educational programs in the State. The programs include formative education, higher education, and skills training for job creation.

Health, Human Services and Environment

This represents the portion of the fund balance, which has been committed through various sections of the State's Code of Law, for purposes of promoting and safeguarding the health of the citizens and visitors of the State. The programs include enforcement of regulations, access to services, and education in the risks faced by the citizens of the State.

d. Assigned

Primary and Secondary Education

Amounts reported in this category arise from programmatic requirements for use in educational purposes. The assignment may be by contract with other state agencies or through budgetary action of the legislation in the form of a proviso.

Health, Human Services and Environment

The fund balance reported in this category arises primarily from contracts between state agencies for services provided in connection with public health and the safety of the citizens and visitors to the State.

General Government

The fund balance reported in this category is created through budgetary proviso actions and agency contractual obligations between parties within the reporting entity relating to a variety of other services provided to the citizens of the State and its visitors.

Administration of Justice

The fund balance reported in this category arises primarily from budgetary proviso actions which provide a certain level of funding to the courts to ensure the safety of its citizens and visitors.

Economic Development

The fund balance reported in this category arises primarily from budgetary proviso actions which provide a certain level of funding to assist in bringing businesses to South Carolina or expanding current businesses within South Carolina as it relates to infrastructure.

Transportation

The fund balance reported in this category arises primarily from budgetary proviso actions which provide a certain level of funding for use in the maintenance and improvement of highway systems and access to commercial markets through rail, air, and transoceanic.

Social Programs

Amounts reported in this category primarily arise through contractual agreements between state agencies that cooperate in the provision of social programs to the citizens of the State.

e. Unassigned

Included in the unassigned fund balance classification is the General Reserve Fund (the Reserve). The South Carolina Constitution requires that the State maintain this reserve aids in preventing deficits in the Budgetary General Fund. The Reserve is fully funded for the June 30, 2019 fiscal year if it equals 5 percent of the Budgetary General Fund's revenue (budgetary basis) of the previous fiscal year.

If the State withdraws funds from the Reserve to cover a year-end deficit, it must replace the funds within five years. The Constitution requires that at least one percent of the Budgetary General Fund revenue (budgetary basis) of the latest completed fiscal year, if so much is necessary, be restored each year following the deficit until full funding is achieved.

At June 30, 2019, the Reserve met the legally-required fully funded amount.

NOTE 15: FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

The following table reconciles the beginning fund equity as previously reported to the beginning fund equity as restated (dollars in thousands). The amounts in the "Implementation of GASB 75" column reflect restatements related to GASB Statement No. 75 as explained on the page that follows. The State is now required to record a liability for future pension benefits in excess of accumulated plan contributions. The amounts in the "Other Adjustments" column are due to the correction of errors related to prior periods, as described on the page that follows.

	7/1/2018 Fund Equity as Previously Reported	Implementation of GASB 75	Adjustments	7/1/2018 Fund Equity as Restated
Primary Government				
Governmental Funds:				
General Fund	$ 4,207,578	$ —	$ —	$ 4,207,578
Departmental Program Services	445,691	—	—	445,691
Local Government Infrastructure	2,123,074	—	—	2,123,074
Department of Transportation Special Revenue	762,238	—	—	762,238
Other Nonmajor Governmental Funds	795,811	—	—	795,811
Total Governmental Funds	8,334,392	—	—	8,334,392
Internal Service Funds	617,214	—	—	617,214
Government-Wide Adjustments:				
Capital assets	17,406,995	—	—	17,406,995
Net deferred outflows and inflows	716,883	—	—	716,883
Long-term liabilities	(9,506,499)	—	—	(9,506,499)
Total Government-Wide Adjustments	8,617,379	—	—	8,617,379
Total Governmental Activities	17,568,985	—	—	17,568,985
Business-Type Activities - Enterprise Funds:				
Unemployment Compensation Fund	976,977	—	—	976,977
Second Injury Fund	46,106	—	—	46,106
Other nonmajor enterprise funds	142,685	(8,778)	(2,004)	131,903
Total Business-Type Activities - Enterprise Funds	1,165,768	(8,778)	(2,004)	1,154,986
Total Primary Government	$ 18,734,753	$ (8,778)	$ (2,004)	$ 18,723,971
Component Units				
Public Service Authority	$ 2,082,656	$ —	$ —	$ 2,082,656
MUSC	(105,676)	—	—	(105,676)
USC	351,356	—	—	351,356
Clemson University	817,182	—	—	817,182
State Ports Authority	814,412	—	—	814,412
Housing Authority	429,611	—	—	429,611
Lottery Commission	968	—	—	968
Nonmajor component units	645,846	—	—	645,846
Total Component Units	$ 5,036,355	$ —	$ —	$ 5,036,355

The State implemented GASB 75 during its fiscal year ended June 30, 2018. However, it has two component units, one blended and the other discretely presented, with fiscal years ending December 31. In the State's financial statements, it uses financial information from the December 31 year ends of these entities. Both entities properly implemented GASB 75 during their fiscal years ended December 31, 2018, which occurred during the State's 2019 fiscal year. To provide accounting and reporting consistency in the State's financial statements, the impact of implementing GASB 75 by the blended component unit is shown as a restatement of July 1, 2018 fund equity, while the discretely presented component unit chose to implement GASB 75 through regulatory accounting.

During fiscal year 2019, the following prior year restatements occurred: (1) During the year ended June 30, 2019, the management of the South Carolina Medical Malpractice Patient's Compensation Fund decided no longer to discount claims. This caused a change in accounting principle.

NOTE 16: INTERFUND AND INTRAFUND BALANCES AND TRANSFERS

The following tables summarize interfund balances at June 30, 2019 (expressed in thousands):

Funds	Due From	Due To
General Fund		
Departmental Program Services	$ 62,174	$ 6,317
Department of Transportation Special Revenue	1,905	104,029
Local Government Infrastructure	36	22,470
Nonmajor governmental funds	89	—
Internal service	643	13,979
Unemployment Compensation	2,525	—
Nonmajor enterprise funds	83	—
	67,455	146,795
Departmental Program Services		
General Fund	6,317	62,174
Department of Transportation Special Revenue	127	—
Internal service	—	78
	6,444	62,252
Department of Transportation Special Revenue Fund		
General Fund	104,029	1,905
Departmental Program Services	—	127
Local Government Infrastructure	—	1,494
Fiduciary	—	14,448
	104,029	17,974
Local Government Infrastructure		
General Fund	22,470	36
Department of Transportation Special Revenue Fund	1,494	—
	23,964	36
Nonmajor Governmental Funds		
General Fund	—	89
Internal Service		
General Fund	13,979	643
Departmental Program Services	78	—
	14,057	643
Unemployment Compensation		
General Fund	—	2,525
Nonmajor Enterprise Funds		
General Fund	—	83
Fiduciary		
Department of Transportation Special Revenue	14,448	—
Fiduciary	74,020	74,020
	88,468	74,020
Totals	**$ 304,417**	**$ 304,417**

Amounts due from/to funds resulting from interfund goods and services provided or reimbursable expenditures/expenses incurred on or before June 30 for which payment was received/made after June 30.

Funds	Interfund Receivables	Interfund Payables	Receivables Long-term Portion
General Fund			
Departmental Program Services	$ —	$ 1,550	$ —
Nonmajor enterprise funds	51,000	—	—
Internal service	142	—	142
	51,142	1,550	142
Departmental Program Services			
General Fund	1,550	—	—
Local Government Infrastructure			
Department of Transportation Special Revenue	152,057	—	132,927
Department of Transportation Special Revenue Fund			
Local Government Infrastructure	—	152,057	—
Nonmajor Enterprise Funds			
General Fund	—	51,000	—
Internal Service			
General Fund	—	142	—
Totals	**$ 204,749**	**$ 204,749**	**$ 133,069**

The preceding interfund receivables and payables generally include loans for building improvements, economic development initiatives, and initial funding for new programs. Also included are the following:

- $152.057 million owed by the Department of Transportation Special Revenue Fund, a major governmental fund, to the Local Government Infrastructure Fund, a major governmental fund. The Department of Transportation has entered into various agreements to provide assistance for highway and transportation facilities projects being constructed by the Local Government Infrastructure Fund.
- $51.000 million owed by the Palmetto Railways Fund, a nonmajor enterprise fund, to the General Fund. The $51.000 million is an interest free loan from the Department of Commerce to the Palmetto Railways Fund that matured on October 31, 2019.

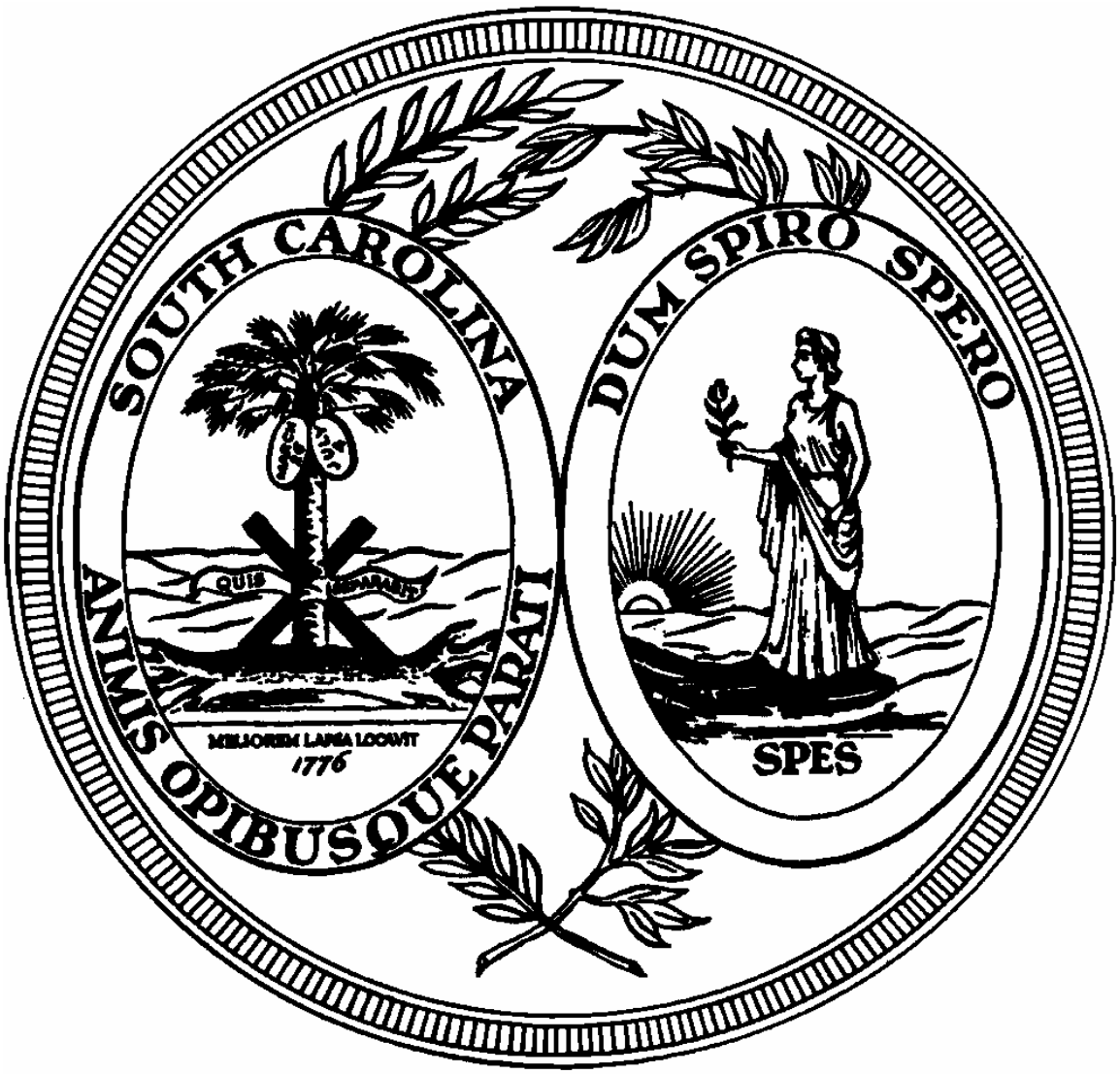
The following table summarizes interfund transfers during the fiscal year ended June 30, 2019 (expressed in thousands):

Funds	Transfers In	Transfers Out
General Fund		
Departmental Program Services	$ 12,377	$ 4,481
Local Government Infrastructure	—	4,642
Department of Transportation	3,564	57
Nonmajor governmental funds	9,370	33,932
Unemployment Compensation Benefits	18,219	609
Nonmajor enterprise funds	579	—
Internal service	512	459
	44,621	44,180
Departmental Program Services		
General Fund	4,481	12,377
Second Injury	343	—
Nonmajor governmental funds	200	179
Internal service	10,151	—
	15,175	12,556
Local Government Infrastructure		
General Fund	4,642	—
	4,642	—
Department of Transportation		
Local Government Infrastructure	57	3,564
	57	3,564
Nonmajor Governmental Funds		
General Fund	33,932	9,370
Departmental Program Services	179	200
Nonmajor governmental funds	76,920	76,920
Nonmajor enterprise funds	2,484	—
Internal Service	106	71
	113,621	86,561
Unemployment Compensation Benefits		
General Fund	609	18,219
Second Injury Fund		
General Fund	—	343
Nonmajor Enterprise Funds		
General Fund	—	579
Nonmajor governmental funds	—	2,484
	—	3,063
Internal Service		
General Fund	459	512
Department Program Services	—	10,151
Nonmajor governmental funds	71	106
	530	10,769
Totals	**$ 179,255**	**$ 179,255**

The State routinely uses transfers to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move State grant monies from grantor funds to grantee funds, and (3) transfer bond proceeds from the original fund to other funds authorized to receive portions of the proceeds.

The following tables summarize intra-entity balances between the primary government and its discretely presented component units at June 30, 2019 (expressed in thousands):

Funds	Due From	Due To
General Fund		
MUSC	$ —	$ 3,370
USC	49	1,094
Clemson University	—	6,615
Housing Authority	—	111
Ports Authority	50,000	—
Nonmajor discretely presented component units	7,147	7,601
	57,196	18,791
Departmental Program Services		
MUSC	4,677	13,045
USC	—	4,604
Clemson University	—	4,350
Nonmajor discretely presented component units	—	2,541
	4,677	24,540
Department of Transportation Special Revenue Fund		
Nonmajor discretely presented component units	45	—
Nonmajor Governmental Funds		
MUSC	—	18
USC	—	98
Lottery Commission	14,404	—
Nonmajor discretely presented component units	8,332	7,422
	22,736	7,538
Internal Service		
MUSC	—	91
USC	5,624	14
Clemson University	4,656	108
Nonmajor discretely presented component units	6,120	2
	16,400	215
Governmental activities total	**101,054**	**51,084**
MUSC		
General Fund	3,370	—
Departmental Program Services	13,045	4,677
Nonmajor governmental funds	18	—
Internal service	91	—
	16,524	4,677
USC		
General Fund	1,094	49
Departmental Program Services	4,604	—
Nonmajor governmental funds	98	—
Internal service	14	5,624
	5,810	5,673
Clemson University		
General Fund	6,615	—
Departmental Program Services	4,350	—
Internal service	108	4,656
	11,073	4,656
Housing Authority		
General Fund	111	—
Ports Authority		
General Fund	—	50,000
Lottery Commission		
Departmental Program Services	—	14,404
Nonmajor Discretely Presented Component Units		
General Fund	7,601	7,147
Departmental Program Services	2,541	—
Department of Transportation Special Revenue Fund	—	45
Nonmajor governmental funds	7,422	8,332
Internal service	2	6,120
	17,566	21,644
Discretely presented component units total	**51,084**	**101,054**
Totals	**$ 152,138**	**$ 152,138**


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NOTE 17: RELATED PARTY TRANSACTIONS

These financial statements exclude certain related foundations and other organizations, including those discussed below. (See also Note 1a, Scope of Reporting Entity.)

During the fiscal year ended June 30, 2019, the Educational Television Endowment of South Carolina, Inc., disbursed $6.265 million on behalf of the Departmental Program Services Fund, a major governmental fund, for programs, development, advertising, and other costs and had accounts payable to the Departmental Program Services Fund of $435 thousand at June 30, 2019.

The Education Assistance Authority, a discretely presented component unit, has designated the South Carolina Student Loan Corporation (SLC) as the entity to administer the enterprise fund's student loan program. During the fiscal year ended June 30, 2019, the Authority entered into various transactions with SLC. Approximate amounts within the Authority that represent these transactions include: accounts receivable from SLC $81.824 million; program revenue from SLC $2.701 million; reimbursements to SLC for administrative costs $421 thousand; and payable to SLC $608 thousand.

NOTE 18: CONTINGENCIES AND COMMITMENTS

a. Litigation

Primary Government

The State is involved in a number of cases in which the amounts of potential losses, if any, are not presently determinable. These cases include **Kiawah Development Partners II vs SCDHEC-OCRM (Office of Ocean and Coastal Resource Management) and State**, which alleges an unconstitutional taking/inverse condemnation of developer's Kiawah property on a spit of land above mean high-water. The plaintiff claims that the taking is due to the SCDHEC-OCRM's alleged delay and denial of most of its request for a permit to build a revetment in the related State critical area to protect Kiawah's spit from further erosion. The plaintiff seeks not less than $100 million in damages. The parties agreed to a stay of this suit while the Administrative Law Court (ALC) determined Kiawah's appeal of the permitting decision. The ALC ruled in favor of Kiawah and OCRM appealed. On December 10, 2014, the State Supreme Court reversed the ALC decision and remanded the case to that court for further consideration. The ALC issued rulings on remand in March and April of 2016, which were appealed. In April 2018, the Supreme Court affirmed the decision of the ALC as modified, the effect of which was to eliminate the ALC's approval of an erosion control structure for over 2,400 feet of shoreline. At the end of 2018, the ALC decided on an appeal of a Stormwater permit including an in-ground steel sheet pile wall. A final decision regarding that permit may have a significant bearing on the issues in this case. The takings suit remains under a stay that will last until 30 days after the final disposition of the stormwater permit appeal. Assessing the likelihood of a loss and the amount of any loss is somewhat speculative in that the permit proceeding must be resolved before the underlying takings action proceeds. Therefore, no determination has yet been made as to a risk of loss.

The State is involved in other legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving claims asserted against the State arising from alleged torts, breach of contract, and possible violations of State laws. In the event of unfavorable outcomes in all of these matters, the State's estimated liability would be approximately $21.1 million and $101.5 million in lost future revenues. While the State is uncertain as to the ultimate outcome of any of the individual lawsuits, it believes its positions are meritorious and it is vigorously defending its position in each case.

Generally, liabilities recorded by the State's Insurance Reserve Fund (see Note 10a), an internal service fund, are sufficient to cover claims arising from alleged torts, up to the liability limits established by the South Carolina Tort Claims Act. Currently, except as described above, no tort claims are pending that are expected to result in any significant liability in excess of the provision for policy claims recorded by the Insurance Reserve Fund.

b. Federal Grants

The State 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 State. The State 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 State and the federal government agree on reimbursement terms. Based on an analysis of historical data, the State believes that any disallowances without an established agreement of reimbursement terms relating to the fiscal year ended June 30, 2019, or earlier years will not have a material impact on the State's financial statements.

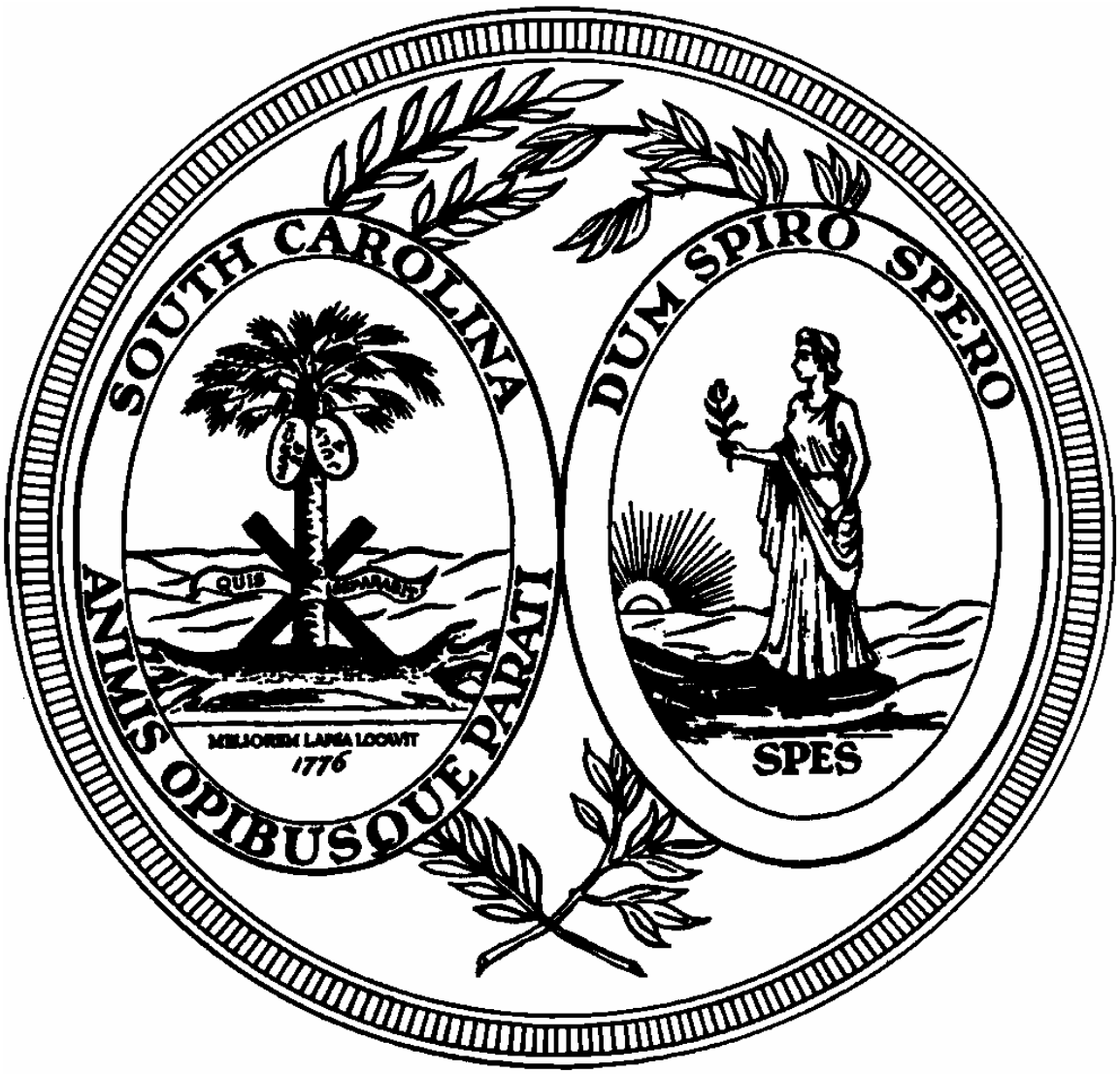
c. Commitments to Provide Grants and Other Financial Assistance

As of June 30, 2019, the following agencies had outstanding commitments for the identified programs:

- The South Carolina Transportation Infrastructure Bank, reported within the Local Government Infrastructure Fund (a major governmental fund), has $953.000 million remaining on agreements with various counties to provide financial assistance for highway and transportation facilities projects.
- The Department of Commerce has $241.959 million to provide funds to local governmental entities including grants for water and wastewater infrastructure projects, airport construction projects, and rural infrastructure projects. Of the outstanding commitment, $40.347 million will be funded by federal grants.
- The Office of Regulatory Staff has $3.853 million for energy efficiency improvement projects. Federal grants will fund $3.853 million of this commitment.
- The Division of Aeronautics has $2.859 million for grants made to municipal and county airports for capital improvements.
- The State Board for Technical and Comprehensive Education has $21.945 million to provide training for new and expanding business and industry in the State.
- The Department of Public Safety has $23.065 million for pass-through grants to various State agencies, local governments, and not-for-profit entities, of which $23.065 million will be funded by federal grants.
- The South Carolina Law Enforcement Division has $9.321 million for grant program activities and pass-through grants to subrecipients, of which $9.321 million will be funded by federal grants.
- The South Carolina Judicial Department has $5.051 million outstanding commitments related to vendor service contracts.
- The South Carolina Attorney General's Office has $5.136 million for pass-through grants to subrecipients, of which $5.085 million will be funded by federal grants.
- The South Carolina Department of Revenue has $17.491 million outstanding commitments for vendor contracts related to services for the new tax reporting and processing software.
- The Rural Infrastructure Authority has $240.241 million for loans to municipalities, counties, special purpose and public service districts and public works commissions for constructing and improving rural infrastructure facilities, of which $25.876 million will be funded by federal grants.
- The Department of Health and Environmental Control has $2.636 million in outstanding commitments for interim remediation at the Brewer Gold Mine Site of which $452 thousand will be funded by a federal credit.

d. DHEC Remedial Activities

DHEC has four sites where remediation activity is currently occurring. These sites are: The Palmetto Wood National Priority List Site, The Frank Elmore National Priority List Site, The Brewer Gold Mine Site and The Pinewood Site. The estimated future loss expected in fiscal year 2020 in maintaining these sites is $7.993 million. The Pinewood Site is $3.910 million of this total. This estimated loss is based upon the current budgetary request of the department and the annual operating costs less capital expenditures for the Pinewood Site. On September 13, 2016 the court approved the establishment of Pinewood Trustee, Inc. to be the new trustee for the Pinewood Site. During fiscal year 2017, $5.200 million in capital budgeted funds were deposited with the trustee to continue site improvements that will result in lower operating costs once they are completed. In fiscal year 2019, the budgeted $3.910 million operating funds have been placed in care of the trustee. The balances in these two accounts at June 30, 2019 were $3.558 million for capital improvements and $2.928 million for operating expenditures.


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NOTE 19: DISCRETELY PRESENTED COMPONENT UNITS

a. Deposits and Investments

Deposits

As of June 30, 2019, the reported amount of the major discretely presented component units' deposits was $946.661 million and the bank balance was $953.826 million. Of the $854.438 million bank balance exposed to custodial credit risk, $70.682 million was uninsured and uncollateralized, $58.925 million was uninsured and collateralized with securities held by the pledging financial institution, and $724.831 million was uninsured and collateralized with securities held by the counterparty's trust department or agent, but not in the State's name.

Investments

The major discretely presented component units categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs that are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-drivel valuations.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, each major discretely presented component unit performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Investments classified according to the fair value hierarchy are valued according to pricing policy established by each major discretely presented component units custodian bank. Pricing is based primarily on prices from third-party vendors or other specified alternative sources which are considered to be reliable. Where available, the custodian bank uses more than one vendor for securities of each asset type, class or issue. The price received from a primary source is used in valuation unless a tolerance check, or price challenge, results in the use of a price from a secondary vendor. Each major discretely presented component unit may override prices provided by the custodian bank if it is deemed necessary or appropriate.

The major discretely presented component units have the following recurring fair value measurements as of June 30, 2019 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments			
U.S. treasuries	$ 148,002	$ —	$ 148,002
U.S. agencies	1,077,182	—	1,077,182
Mortgage backed obligations	15,553	15,553	
Common stock	137,776	137,776	
Other equity securities	794,998	794,998	—
Corporate bonds	57,561	—	57,561
Asset backed securities	15,772	15,772	
Commercial paper	29,889	29,889	
Money market mutual funds	74,166	74,166	
Bond mutual funds	225,669	225,669	—
Other	37,458	37,458	—
Total Investments at Fair Value	$ 2,614,026	$ 1,331,281	$ 1,282,745

Investments measured at the net asset value (NAV)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private partnership - equity (1)	$ 72,722	$ 50,904	N/A	N/A
Private partnership - real assets (1)	15,994	19,185	N/A	N/A
Hedge funds (1)	117,376	0	Monthly to Annually	33-95 days
Hedge funds (2)	44,353	0	Monthly to Annually	30-90 days
Private Equity Partnerships (3)	6,716	2,807	0	0
Equity long/short hedge funds (4)	3,803	0	Quarterly	5 days
Multi-strategy hedge funds (5)	27,869	0	Monthly	30 days
Partnerships (6)	110,411	21,600	Monthly - No Liquidity	7 days
Hedge Funds (7)	97,966	600	Monthly - No Liquidity	3 days
Total investments measured at the NAV	$ 497,210	$ 95,096		
Total investments measured at fair value	$ 3,111,236	$ 1,426,377		

Investments measured at amortized cost	
Repurchase agreements	100,000
Total investments measured at amortized cost	$ 100,000

Investment derivative instruments			
Alternative Investments			
Interest rate swaps	(4,348)	—	(4,348)
Total investment derivative instruments	$ (4,348)	$ —	$ (4,348)

Total Invested Assets	$ 3,206,888

(1) Private partnership – equity, Private partnership - real assets and Hedge Funds. This category includes investments in private equity, buyout, real assets, and venture capital funds. These funds invest primarily in domestic companies across a broad spectrum of industries. Fair value of the partnerships is determined by the Fund Manager using the NAV reported by the underlying partnerships. For real assets, fair value is estimated by the general partner based on an internal valuation of the underlying projects. Generally these funds cannot be redeemed; instead, the nature of the investments is that distributions will be received as the underlying investments of the fund are liquidated.

(2) Hedge funds. The USC Foundation holds ownership shares in several hedge funds with investment strategies including fund to fund long/short equity managers. Management believes that the investment strategies employed and availability of other USC Foundation resources allow the USC Foundation to be unaffected by the liquidity restrictions.

(3) Private Equity Partnerships. The USC Foundation holds ownership positions in four partnerships with investment strategies of investing in private equity (distressed companies) and private energy funds. The USC Foundation cannot redeem its investment in these funds until the final liquidation of the partnerships.

(4) Equity long/short hedge funds. This hedge fund is a multiple-manager investment fund that specializes primarily in classic long/short hedged equity strategies. The hedge fund invests globally, with a majority of the exposure in liquid, developed markets, and invests primarily in private investment partnerships or limited liability companies and in separately managed accounts, each of which are managed by independent managers.

(5) Multi-strategy hedge funds. This hedge fund uses multiple investing strategies in order to diversify risks and reduce volatility. The hedge fund's composite portfolio includes investments in US index funds.

(6) Partnerships. The MUSC Foundation holds ownership positions in several partnerships with investment strategies including private equity partnerships, energy and natural resources, fund of fund hedge funds investing primarily in equity and fixed income securities, real estate and real estate related securities. For the majority of these partnerships, the MUSC Foundation is subject to redemption restrictions and cannot redeem from its investment in the fund. The manager has discretion on the timing of distributing the capital.

(7) Hedge Funds. The MUSC Foundation holds ownership shares in several hedge funds with investment strategies including fund of fund long/short equity managers. Management believes that the investment strategies employed and availability of other MUSC Foundation resources allow the MUSC Foundation to be unaffected by lock-ups.

The major discretely presented component unit's investments that are exposed to custodial credit risk include investment securities that are uninsured, not registered in the name of the State, and are held by a counterparty's trust department or agent but not in a State entity's name. The portion of the State's major discretely presented component units investments with custodial credit risk is detailed (expressed in thousands) at June 30, 2019, as follows:

Investment Type	Reported Amount
U.S. treasuries	$ 148,002
U.S. agencies	1,077,182
Mortgage backed obligations	15,553
Common stock	137,776
Other equity securities	867,720
Corporate bonds	57,561
Repurchase agreements	100,000
Asset backed securities	15,772
Commercial paper	29,889
Money market mutual funds	74,166
Bond mutual funds	257,340
Other	430,274
Totals	**$ 3,211,235**

At fiscal year end, Clemson University, the Medical University of South Carolina, the State Ports Authority, and the Public Service Authority, all major discretely presented component units, held investments in U.S. Government securities which do not require disclosure of credit quality. In addition to U.S. Government securities, Clemson University, the State Housing Authority, the Medical University of South Carolina, the State Ports Authority, Public Service Authority, and the University of South Carolina held investments as listed below with Standard and Poor's rating scale (expressed in thousands):

Investment Type and Fair Value	AAA	AA	A	BBB	Alternative Rating	Not Rated
U.S. agencies	$ 1,044,359	$ 30,539	$ —	$ —	$ —	$ 2,284
Mortgage backed obligations	—	—	—	—	—	15,553
Corporate bonds	—	562	28,918	9,900	—	18,181
Repurchase agreements	100,000	—	—	—	—	—
Asset backed securities	—	—	—	—	—	15,772
Commercial paper	—	—	29,889	—	—	—
Money market mutual funds	3,480	—	—	—	—	70,544
Bond mutual funds	—	811	—	—	445	256,226
Other	—	899	—	—	266	367,840
Totals	**$ 1,147,839**	**$ 32,811**	**$ 58,807**	**$ 9,900**	**$ 711**	**$ 746,400**

The State's major discretely presented component units may have interest rate risk policies that differ from that of the State Treasurer. At June 30, 2019, these major discretely presented component units had the following fixed income investments with maturities disclosed by investment category and segmented time distribution stated with fair value (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 148,002	$ 76,185	$ 48,213	$ —	$ 23,604
U.S. agencies	1,077,182	713,070	173,477	69,207	121,428
Mortgage backed obligations	15,554	—	14,827	73	654
Corporate bonds	57,561	3,514	42,968	1,179	9,900
Repurchase agreements	100,000	100,000	—	—	—
Asset backed securities	15,772	—	15,772	—	—
Commercial paper	29,889	29,889	—	—	—
Money market mutual funds	19,211	19,211	—	—	—
Bond mutual funds	1,399	811	—	434	154
Other	157,313	—	157,313	—	—
Totals	**$ 1,621,883**	**$ 942,680**	**$ 452,570**	**$ 70,893**	**$ 155,740**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a component unit's investments in a single issuer. As of June 30, 2019, the Medical University Hospital Authority has 28.3% of the Authority's investments were in notes issued by the Federal Farm Credit Bank. The CHS Development Company of MUSC has 100% of debt securities with Santander UK PLC. The Public Service Authority has 88.38% of the US Agencies investments with two issuers. 53.43% of the investments are with the Federal Home Loan Bank, and 34.95% are with the Federal Farm Credit Bank.

Securities Lending Program

The following securities lending disclosures apply to the State's discretely presented component units. By law, the State Treasurer may lend securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions, with a simultaneous agreement to return the collateral for the same securities in the future. The State may lend United States government securities, corporate bonds, other securities and equities for collateral in the form of cash or other securities. The contracts with the State's custodians require them to indemnify the State if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the State for income distributions by the securities' issuers while the securities are on loan.

The weighted average maturity of the State's collateral investments generally matched the maturity of the securities loaned during the fiscal year and at June 30, 2019. At June 30, 2019, the State had no credit risk exposure to borrowers because the amounts the State owed the borrowers exceeded the amounts the borrowers owed the State. Either the State or the borrower can terminate all securities loans on demand. There are no restrictions on the amount of the loans that can be made. For the fiscal year ended June 30, 2019, the State experienced no losses on its securities lending transactions because of borrower defaults.

The State receives primarily cash as collateral for its loaned securities. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. During the fiscal year ended June 30, 2019, the State met the 102% requirement. The State cannot pledge or sell collateral securities unless the borrower defaults. The lending agent, on behalf of the State, invests cash collateral received. Accordingly, at June 30, 2019, the State recorded these investments of cash collateral as assets in the accompanying financial statements. Corresponding liability amounts also have been recorded because the State must return the cash collateral to the borrower upon expiration of the loan. The following table presents the fair value (expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2019:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 21,212
Total securities lent for cash collateral	**$ 21,212**
Cash collateral invested as follows:	
Repurchase agreements	$ 26,956
Total for cash collateral invested	**$ 26,956**

At June 30, 2019, the fair value of securities on loan was $21.212 million. The fair value of the invested cash collateral was $26.956 million. Securities lending obligations were $26.956 million.

b. Capital Assets

Capital asset activity (expressed in thousands) for the following State major discretely presented component units was as follows:

	Beginning Balances January 1, 2018	Increases	Decreases	Ending Balances December 31, 2018
Public Service Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 182,787	$ 2,743	$ (1,754)	$ 183,776
Construction in progress	763,490	415,667	(161,987)	1,017,170
Total capital assets not being depreciated	946,277	418,410	(163,741)	1,200,946
Capital assets being depreciated:				
Buildings and improvements (utility plant)	7,470,867	139,224	(19,413)	7,590,678
Vehicles	65,139	4,532	—	69,671
Machinery and equipment	46,919	3,733	(209)	50,443
Intangibles	81,699	2,242	—	83,941
Total capital assets being depreciated	7,664,624	149,731	(19,622)	7,794,733
Less accumulated depreciation for:				
Buildings and improvements (utility plant)	(3,647,394)	(175,475)	26,802	(3,796,067)
Vehicles	(30,495)	(4,042)	—	(34,537)
Machinery and equipment	(26,684)	(5,077)	168	(31,593)
Intangibles	(74,306)	(2,356)	64	(76,598)
Total accumulated depreciation	(3,778,879)	(186,950)	27,034	(3,938,795)
Total capital assets being depreciated, net	3,885,745	(37,219)	7,412	3,855,938
Public Service Authority, net	**$ 4,832,022**	**$ 381,191**	**$ (156,329)**	**$ 5,056,884**

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
State Ports Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 352,532	$ 26,212	$ (4,530)	$ 374,214
Construction in progress	404,047	215,661	(99,120)	520,588
Total capital assets not being depreciated	756,579	241,873	(103,650)	894,802
Capital assets being depreciated:				
Land improvements	427,897	17,128	(23,374)	421,651
Buildings and improvements	413,221	68,031	(31,476)	449,776
Machinery and equipment	226,403	10,753	(15,098)	222,058
Intangibles	2,190	—	(2,138)	52
Total capital assets being depreciated	1,069,711	95,912	(72,086)	1,093,537
Less accumulated depreciation for:				
Land improvements	(241,480)	(20,384)	23,593	(238,271)
Buildings and improvements	(229,435)	(13,988)	31,476	(211,947)
Machinery and equipment	(151,718)	(12,928)	14,766	(149,880)
Intangibles	(219)	—	—	(219)
Total accumulated depreciation	(622,852)	(47,300)	69,835	(600,317)
Total capital assets being depreciated, net	446,859	48,612	(2,251)	493,220
State Ports Authority, net	**$ 1,203,438**	**$ 290,485**	**$ (105,901)**	**$ 1,388,022**

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
Clemson University:				
Capital assets not being depreciated:				
Land and improvements	$ 43,248	$ 111	$ (15)	$ 43,344
Construction in progress	279,696	81,087	(251,656)	109,127
Total capital assets not being depreciated	322,944	81,198	(251,671)	152,471
Capital assets being depreciated:				
Buildings and improvements	1,282,532	241,475	(787)	1,523,220
Vehicles	18,990	1,231	(457)	19,764
Machinery and equipment	411,447	55,098	(9,986)	456,559
Intangibles	24,283	—	—	24,283
Total capital assets being depreciated	1,737,252	297,804	(11,230)	2,023,826
Less accumulated depreciation for:				
Buildings and improvements	(433,840)	(31,431)	356	(464,915)
Vehicles	(13,041)	(1,617)	457	(14,201)
Machinery and equipment	(245,818)	(25,140)	8,898	(262,060)
Intangibles	(23,077)	(1,195)	—	(24,272)
Total accumulated depreciation	(715,776)	(59,383)	9,711	(765,448)
Total capital assets being depreciated, net	1,021,476	238,421	(1,519)	1,258,378
Clemson University, net	**$ 1,344,420**	**$ 319,619**	**$ (253,190)**	**$ 1,410,849**

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
Medical University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 93,468	$ 25,838	$ (4,305)	$ 115,001
Construction in progress	248,199	165,579	(30,133)	383,645
Works of art and historical treasures	1,730	—	—	1,730
Total capital assets not being depreciated	343,397	191,417	(34,438)	500,376
Capital assets being depreciated:				
Land improvements	14,429	—	(1,098)	13,331
Buildings and improvements	1,627,696	159,377	(17,747)	1,769,326
Vehicles	6,628	1,824	(1,938)	6,514
Machinery and equipment	431,476	62,961	(17,438)	476,999
Intangibles	69,159	1,341	—	70,500
Total capital assets being depreciated	2,149,388	225,503	(38,221)	2,336,670
Less accumulated depreciation for:				
Land improvements	(9,343)	(506)	840	(9,009)
Buildings and improvements	(877,307)	(64,080)	16,539	(924,848)
Vehicles	(4,708)	(512)	1,783	(3,437)
Machinery and equipment	(301,543)	(36,154)	16,292	(321,405)
Intangibles	(53,515)	(10,222)	—	(63,737)
Total accumulated depreciation	(1,246,416)	(111,474)	35,454	(1,322,436)
Total capital assets being depreciated, net	902,972	114,029	(2,767)	1,014,234
MUSC, net	**$ 1,246,369**	**$ 305,446**	**$ (37,205)**	**$ 1,514,610**

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 94,045	$ —	$ —	$ 94,045
Construction in progress	96,002	96,538	(151,608)	40,932
Works of art and historical treasures	40,303	6,331	(10)	46,624
Total capital assets not being depreciated	230,350	102,869	(151,618)	181,601
Capital assets being depreciated:				
Land improvements	110,478	10	—	110,488
Buildings and improvements	1,784,632	118,429	—	1,903,061
Vehicles	18,320	1,489	(4,039)	15,770
Machinery and equipment	205,564	23,569	(18,678)	210,455
Intangibles	57,660	33,254	(14)	90,900
Total capital assets being depreciated	2,176,654	176,751	(22,731)	2,330,674
Less accumulated depreciation for:				
Land improvements	(44,211)	(4,173)	—	(48,384)
Buildings and improvements	(758,378)	(44,735)	—	(803,113)
Vehicles	(12,339)	(1,227)	1,663	(11,903)
Machinery and equipment	(151,883)	(14,642)	18,037	(148,488)
Intangibles	(30,162)	(7,183)	14	(37,331)
Total accumulated depreciation	(996,973)	(71,960)	19,714	(1,049,219)
Total capital assets being depreciated, net	1,179,681	104,791	(3,017)	1,281,455
USC, net	**$ 1,410,031**	**$ 207,660**	**$ (154,635)**	**$ 1,463,056**

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
Lottery Commission:				
Capital assets being depreciated:				
Buildings and improvements	$ 1,316	$ —	$ —	$ 1,316
Vehicles	411	—	—	411
Machinery and equipment	3,328	170	—	3,498
Intangibles	556	—	—	556
Total capital assets being depreciated	5,611	170	—	5,781
Less accumulated depreciation for:				
Buildings and improvements	(1,301)	—	—	(1,301)
Vehicles	(212)	(32)	—	(244)
Machinery and equipment	(3,195)	(153)	—	(3,348)
Intangibles	(429)	(76)	—	(505)
Total accumulated depreciation	(5,137)	(261)	—	(5,398)
Total capital assets being depreciated, net	474	(91)	—	383
Lottery Commission, net	**$ 474**	**$ (91)**	**$ —**	**$ 383**

	Beginning Balances July 1, 2018	Increases	Decreases	Ending Balances June 30, 2019
Housing Authority:				
Capital assets being depreciated:				
Machinery and equipment	$ 2,097	$ 373	$ (669)	$ 1,801
Total capital assets being depreciated	2,097	373	(669)	1,801
Less accumulated depreciation for:				
Machinery and equipment	(1,749)	(97)	669	(1,177)
Total accumulated depreciation	(1,749)	(97)	669	(1,177)
Total capital assets being depreciated, net	348	276	—	624
Housing Authority, net	**$ 348**	**$ 276**	**$ —**	**$ 624**

During the fiscal year ended June 30, 2019, depreciation expense was charged to the major discretely presented component units as follows (expressed in thousands):

	Depreciation Expense
Public Service Authority	$ 186,950
State Ports Authority	47,300
MUSC	111,474
USC	71,960
Clemson University	59,383
Lottery Commission	261
Housing Authority	97

Outstanding construction commitments (expressed in thousands) for the State's major discretely presented component units were as follows:

	Outstanding Construction Commitments
Public Service Authority	$ 188,597
State Ports Authority	193,900
MUSC	33,194
USC	114,288
Clemson University	66,149

Interest costs included as part of the cost of capital assets under construction (expressed in thousands) for the State's major discretely presented component units were as follows:

	Capitalized Interest Costs
State Ports Authority	$ 26,964
USC	9,000
Clemson University	8,066

c. Insurance Activities

Medical Malpractice Liability Insurance Joint Underwriting Association

The South Carolina Medical Malpractice Liability Insurance Joint Underwriting Association (JUA) was created by State law. The JUA is a nonmajor discretely presented component unit of the State and the State accounts for the JUA as an insurance enterprise because it primarily covers non-governmental entities. Accordingly, the JUA follows the guidance of FASB ASC 944, *Financial Services - Insurance*, and collectively are referred to below as "the insurance enterprises."

The JUA is responsible for payment of that portion of any covered entity's medical malpractice claim, settlement, or judgment up to $200 thousand per incident or $600 thousand in the aggregate for one year.

Licensed health care providers include physicians and surgeons, directors, officers and trustees of hospitals, nurses, oral surgeons, dentists, pharmacists, chiropractors, hospitals, nursing homes, and any similar category of health care providers required to obtain a license to practice in the state. All providers licensed in South Carolina are eligible to participate upon remittance of the annual assessment fees.

The State actuarially establishes claims liabilities for the insurance enterprises based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The policy claims liabilities for the JUA includes a provision for claims reported but not settled and for claims incurred but not reported. Amounts for claims adjustment expenses, when applicable, have been included in the calculation of the unpaid claims liabilities of the insurance enterprises. The enterprises charge or credit expense, as appropriate, in the period when they adjust claims liabilities. The length of time for which claims costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as medical technology, changes in doctrines of legal liability, and damage awards, the process for computing claims liabilities does not necessarily result in an exact amount. The insurance enterprises and their actuaries recompute claims liabilities annually, using a variety of actuarial and statistical techniques, to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit because the insurance enterprises and their actuaries rely both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience.

Changes in the balances of claims liabilities for the JUA during the past two years were as follows (expressed in thousands):

Fiscal Year Ended December 31	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018	$ 59,246	$ 9,888	$ (12,211)	$ 56,923
2017	66,565	6,589	(13,908)	59,246

Public Service Authority (Santee Cooper)

The Public Service Authority (Santee Cooper), a major discretely presented component unit with a fiscal year ended December 31, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2018. Policies are subject to deductibles ranging from $500 to $2.000 million, with the exception of named storm losses which carry deductibles from $2.000 million up to $5.000 million. Also a $1.400 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2018, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, dental, workers' compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.000 million per incident. Risk exposure for the dental plan is limited by plan provisions. Estimated exposure for workers' compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2018. There have been no third-party claims for environmental damages for 2018.

The Authority is exposed to additional risks specific to the utilities industry including nuclear incidents. The maximum liability for public claims arising from any nuclear incident has been established at $14.073 billion by the Price-Anderson Indemnification Act. The $14.073 billion would be covered by nuclear liability insurance of $450.000 million per reactor unit, with potential retrospective assessments of up to $137.600 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $20.500 million per incident, per year). Based on its one-third interest in V.C. Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $45.900 million, not to exceed approximately $6.800 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $1.500 billion primary and $1.250 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these three policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $7.400 million for the primary policy, $3.500 million for the excess policy and $1.800 million for the accidental outage policy.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage or cost increases for any periods through December 31, 2018.

The State reports all of the Authority's risk management activities within the Public Service Authority's accounts. The State reports the Authority's claims expenses and liabilities when it is probable that a loss has occurred and the amount of the loss is reasonably estimable.

Changes in the reported liability in each of the past two years were as follows (expressed in thousands):

Fiscal Year Ended December 31	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018	$ 1,680	$ 1,796	$ (2,401)	$ 1,075
2017	2,019	2,572	(2,911)	1,680

d. Leases

Capital Leases

The State's discretely presented component units lease land, office facilities, equipment, and other assets under both capital and operating leases. The present value of future minimum capital lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net assets at June 30, 2019 for the State's discretely presented component units were as follows (expressed in thousands):

Fiscal Year Ending June 30	Clemson University	MUSC	USC
2020	$ 919	$ 10,945	$ 327
2021	914	9,696	258
2022	898	9,098	248
2023	691	8,955	211
2024	574	8,927	73
2025-2029	2,872	33,174	—
2030-2034	2,872	23,529	—
2035-2039	2,129	16,879	—
2040	—	845	—
Total minimum payments	**11,869**	**122,048**	**1,117**
Less: interest and executory costs	(181)	(46,499)	(142)
Net minimum payments	**$ 11,688**	**$ 75,549**	**$ 975**

Assets under capital leases recorded for the State's discretely presented component units at June 30, 2019, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Clemson University	MUSC	USC
Land and non-depreciable improvements	$ —	$ —	$ 245
Buildings and improvements	14,300	57,265	394
Machinery and equipment	1,391	36,245	1,698
Assets acquired under capital leases before accumulated amortization	**15,691**	**93,510**	**2,337**
Less: accumulated amortization	(3,759)	(14,214)	(713)
Assets acquired under capital leases, net	**$ 11,932**	**$ 79,296**	**$ 1,624**

Operating Leases

The State Ports Authority had minimum rental payments under operating leases which totaled $3.538 million for the fiscal year. The Housing Authority had minimum rental payments under operating leases for the fiscal year which totaled $107 thousand. The Lottery Commission had minimum rental payments under operating leases for the fiscal year which totaled

$687 thousand. For Clemson University, minimum rental payments under operating leases for the fiscal year totaled $121 thousand. MUSC had minimum rental payments under operating leases for the fiscal year which totaled $13.355 million. USC had minimum rental payments under operating leases for the fiscal year which totaled $11.751 million.

At June 30, 2019, future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year were as follows (expressed in thousands):

Fiscal Year Ending December 31	Public Service Authority
2019	$ 103
2020	—
Net minimum payments	**$ 103**

Fiscal Year Ending June 30	Housing Authority	Clemson University	MUSC	USC	Lottery Commission
2020	$ 351	$ 3,497	$ 24,013	$ 10,032	$ 571
2021	361	2,978	19,469	9,819	582
2022	369	1,589	14,864	9,815	593
2023	378	1,303	11,394	9,621	605
2024	127	659	9,329	9,494	616
2025-2029	—	195	37,462	11,833	—
2030-2034	—	—	7,810	8,951	—
2035-2039	—	—	420	1,610	—
2040-2043	—	—	735	—	—
Net minimum payments	**$ 1,586**	**$ 10,221**	**$ 125,496**	**$ 71,175**	**$ 2,967**

Facilities and Equipment Leased to Others

At June 30, 2019, the State Ports Authority had leased to non-State parties certain land and facilities having a cost of approximately $38.138 million and related accumulated depreciation of $26.503 million. Also, at June 30, 2019, MUSC had leased to non-State parties certain land and facilities having a cost of approximately $1.371 million and related accumulated depreciation of $897 thousand. Future minimum rental payments to be received at June 30, 2019, under these operating leases were as follows (expressed in thousands):

Fiscal Year Ending June 30	State Ports Authority	MUSC
2020	$ 2,711	$ 111
2021	2,402	9
2022	2,314	—
2023	1,098	—
2024	995	—
2025-2029	5,149	—
2030-2034	5,294	—
2035-2039	5,479	—
2040-2044	5,912	—
Thereafter	3,548	—
Total	**$ 34,902**	**$ 120**

e. Bonds and Notes Payable

General Obligation Bonds

General obligation bonds are backed by the full faith, credit, and taxing power of the State. General obligation bonds outstanding at June 30, 2019, were (net of unamortized premiums/discounts, expressed in thousands):

Clemson University institution bonds, 2.00% to 5.00%, maturing serially through 2037	$ 232,262
University of South Carolina institution bonds, 2.00% to 5.00%, maturing serially through 2037	170,210
Medical University of South Carolina institution bonds, 2.50% to 5.00%, maturing serially through 2036	41,781

As of the last reporting date of the component units, future debt service requirements for general obligation bonds of the State's major discretely presented component units were as follows (expressed in thousands):

	Clemson University		Medical University of South Carolina	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2020	$ 10,240	$ 8,307	$ 4,245	$ 1,677
2021	10,450	7,841	2,485	1,464
2022	10,770	7,349	2,610	1,340
2023	11,310	6,811	2,725	1,209
2024	11,875	6,245	2,835	1,089
2025-2029	68,510	22,098	11,540	3,794
2030-2034	62,550	9,216	9,755	1,325
2035-2037	23,895	1,385	3,145	142
Total debt service requirements	**$ 209,600**	**$ 69,252**	**$ 39,340**	**$ 12,040**
Unamortized premiums	22,662		2,441	
Total principal outstanding	**$ 232,262**		**$ 41,781**	

	University of South Carolina	
Year Ending June 30	**Principal**	**Interest**
2020	$ 11,900	$ 6,588
2021	12,335	6,122
2022	12,940	5,505
2023	11,165	4,858
2024	10,540	4,333
2025-2029	45,905	14,243
2030-2034	38,205	5,517
2035-2037	11,930	616
Total debt service requirements	**$ 154,920**	**$ 47,782**
Unamortized premiums	15,290	
Total principal outstanding	**$ 170,210**	

The State is authorized by the State Constitution to issue general obligation state institution bonds on behalf of state universities and technical colleges (included as discretely presented component units). Under state law, if an institution is unable to pay debt service from tuition fees, the General Fund would assume responsibility. These state institution bonds are presented as liabilities in the stand-alone audited financial statements of the respective universities and technical colleges. In addition to the general obligation nature of the bonds, state institution bonds are secured by the pledge of revenues from tuition fees received by the particular university or technical college for which the bonds are issued. The maximum annual debt service on the state institution bonds for a university or technical college may not exceed 90% of the tuition fees received for the fiscal year next preceding. Tuition fee receipts for each university or technical college are earmarked by the State to support the

principal and interest payments for the applicable state institution bonds. State institution bonds of $525.765 million were outstanding at June 30, 2019.

Revenue and Other Bonds and Notes

Revenue debt is not backed by the full faith, credit, and taxing power of the State. Revenue and other bonds and notes outstanding at June 30, 2019 and December 31, 2018 (for PSA), were (net of unamortized premiums/discounts, expressed in thousands):

	Bonds	Notes
Major Discretely Presented Component Units:		
Public Service Authority bonds, 1.30% to 6.54%, maturing serially through 2056	$ 7,419,007	$ —
Clemson University bonds, 2.00% to 5.00%, maturing serially through 2046	432,434	—
University of South Carolina bonds and notes, 1.00% to 5.00%, maturing serially through 2047	466,872	2,314
Medical University of South Carolina bonds and notes, 2.25% to 5.29%, maturing serially through 2037	672,829	212,392
State Ports Authority bonds and notes, 2.06% to 5.25%, maturing serially through 2056	676,870	217,980
State Housing Authority bonds, 0.85% to 5.50%, maturing serially through 2048	398,390	—

University Medical Associates

University Medical Associates of the Medical University of South Carolina (UMA) is a discretely presented component unit and part of the Medical University of South Carolina, a major discretely presented component unit. UMA entered into an interest rate swap agreement with a financial institution to modify interest rates on certain bonds by converting the variable interest rate into a rate equal to 2.70% plus 13.00% of the one-month LIBOR rate. The interest rate swap agreement matures on July 1, 2037. The notional amount as of June 30, 2019 is $60.385 million, which equals the principal outstanding. Under the swap agreement, UMA pays the financial institution a fixed interest payment of 2.10% and receives a variable payment equal to 67.00% of the one-month LIBOR rate. The variable rate in effect at June 30, 2019 was 1.61%. The fair value of this swap, estimated using the zero-coupon method, was negative $4.348 million as of June 30, 2019. The negative fair value of the cash flow hedge swap has been recorded on the statement of net position as an asset and offset by an identical amount for the deferred inflows from this swap since the swap is considered an effective hedging instrument. The increase in the fair value of the cash flow hedge swap from June 30, 2018 of $3.122 million is recognized as investment income in these financial statements.

In addition, UMA has entered into an interest rate swap agreement with a financial institution to modify interest rates on an outstanding term loan in an effort to convert its variable rate to an annual fixed rate. The swap agreement related to the term loan matures August 18, 2021. The notional amount as of June 30, 2019 was $60.385 million, which equaled the principal outstanding on the term loan. Under this swap agreement, UMA pays the financial institution a fixed interest payment of 2.10% on the term loan. UMA receives a variable payment equal to the one-month LIBOR rate plus 13.00% on the swap associated with the taxable term loan. The variable rate for the term loan in effect at June 30, 2019 was 1.61%. The fair value of the term loan swap, estimated using the zero-coupon method, was negative $4.348 thousand as of June 30, 2019. The negative fair value of the term loan cash flow hedge swap has been recorded on the statement of net position as an asset and offset by an identical amount for the deferred outflows from this swap since the swap is considered an effective hedging instrument. The increase in the fair value of the term loan cash flow hedge swap from June 30, 2018 of $3.122 thousand is recognized as investment income in these financial statements.

As of June 30, 2019, debt service requirements of the UMA variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows (expressed in thousands):

Year Ending June 30	Variable Rate Debt Principal	Variable Rate Debt Interest	Interest Rate Swaps, Net	Totals
2020	$ 3,500	$ 1,452	$ 279	$ 5,231
2021	2,925	1,377	265	4,567
2022	2,525	1,313	253	4,091
2023	2,600	1,246	240	4,086
2024	2,635	1,179	227	4,041
2025-2029	14,505	4,803	925	20,233
2030-2034	16,645	2,793	538	19,976
2035-2038	15,050	590	113	15,753
Totals.....	**$ 60,385**	**$ 14,753**	**$ 2,840**	**$ 77,978**

State Ports Authority

The State Ports Authority, a major discretely presented component unit, is a party in two interest swap contracts intended to manage interest expense of fixed-rate debt. The contracts provide that the Authority will pay the swap provider interest on a notional amount at a fixed rate of 3.67%, and the swap provider will pay the Authority at a rate based on 70.00% of the one-month LIBOR on such notional amount. The notional amounts at June 30, 2019 were $36.558 million and $15.668 million. The swap contracts expire on July 1, 2026.

In addition, the Authority entered into a third interest swap contract intended to manage interest expense and offset the effects of its other interest rate swaps previously executed. This agreement provides that the Authority will pay the swap provider interest on a notional amount at a variable rate equal to the SIFMA Municipal Swap Index rate on the first day of each month through expiration on July 1, 2026. The swap provider will pay the Authority at a fixed rate of 3.51%. The notional amount under this swap agreement is $52.225 million at June 30, 2019.

As of June 30, 2019, the swaps had a negative fair value of approximately $301.287 million. The unrealized loss related to these agreements recorded at June 30, 2019 is $250.713 million and is included in interest expense on the Statement of Activities.

Debt Service Requirements

The fiscal year for the Public Service Authority ends December 31 while the fiscal year for Clemson University, the University of South Carolina, the Medical University of South Carolina, the State Ports Authority, and the State Housing Authority ends June 30. At December 31, 2018, the carrying value of the Public Service Authority's debt was $6.969 billion while the fair value was approximately $7.400 billion. At June 30, 2019, the carrying value of the State Ports Authority debt was $891.002 million while the fair value was approximately $619.000 million. The fair values were estimated using current rates available to the entities for similar borrowing arrangements and on the market rate of comparable traded debt.

As of the last reporting date of the component units, future debt service requirements for bonds and notes of the State's major discretely presented component units were as follows (expressed in thousands):

	Public Service Authority	
Year Ending December 31	**Principal**	**Interest**
2019	$ 45,905	$ 341,922
2020	128,916	337,870
2021	178,106	331,957
2022	131,137	323,422
2023	465,205	318,657
2024-2028	693,635	1,463,829
2029-2033	777,288	1,306,270
2034-2038	937,746	1,095,382
2039-2043	856,215	880,085
2044-2048	1,264,237	611,354
2049-2053	1,199,040	276,580
2054-2057	354,700	28,134
Total debt service requirements	**$ 7,032,130**	**$ 7,315,462**
Unamortized discounts and premiums	386,877	
Total principal outstanding	**$ 7,419,007**	

	State Ports Authority		State Housing Authority	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2020	$ 12,650	$ 37,892	$ 10,555	$ 13,801
2021	14,423	36,367	15,890	13,366
2022	15,002	35,779	16,400	12,845
2023	33,262	34,935	17,045	12,280
2024	14,845	34,091	17,555	11,669
2025-2029	95,272	160,094	75,270	49,519
2030-2034	136,006	140,745	78,300	36,410
2035-2039	96,722	113,475	65,220	22,500
2040-2044	89,943	93,416	60,230	11,000
2045-2049	113,415	69,001	29,955	2,990
2050-2054	146,020	36,393	—	—
2055-2056	69,445	3,520	—	—
Total debt service requirements	**$ 837,005**	**$ 795,708**	**$ 386,420**	**$ 186,380**
Unamortized premiums and discounts.	57,845		11,970	
Total principal outstanding	**$ 894,850**		**$ 398,390**	

Year Ending June 30	Clemson University Principal	Clemson University Interest	University of South Carolina Principal	University of South Carolina Interest
2020	$ 11,245	$ 16,486	$ 17,611	$ 19,214
2021	11,040	15,956	15,840	18,439
2022	11,675	15,448	16,625	17,660
2023	12,210	14,945	17,435	16,842
2024	12,880	14,385	17,925	15,981
2025-2029	61,715	62,881	96,173	66,218
2030-2034	69,550	49,619	104,065	42,547
2035-2039	82,730	36,438	79,845	19,503
2040-2044	100,065	19,090	33,225	5,512
2045-2047	35,090	1,897	9,320	666
Total debt service requirements	**$ 408,200**	**$ 247,145**	**$ 408,064**	**$ 222,582**
Unamortized discounts and premiums	24,234		61,122	
Total principal outstanding.....	**$ 432,434**		**$ 469,186**	

Year Ending June 30	Medical University of South Carolina Principal	Medical University of South Carolina Interest
2020	$ 167,462	$ 27,959
2021	39,211	25,509
2022	41,010	25,262
2023	43,031	22,776
2024	75,952	20,669
2025-2029	229,098	78,935
2030-2034	193,221	44,480
2035-2038	88,155	23,442
2039-2044	6,482	1,169
Total debt service requirements	**$ 883,622**	**$ 270,201**
Unamortized discounts and premiums	1,599	
Total principal outstanding.....	**$ 885,221**	

Bond Anticipation Notes

At June 30, 2019, all short-term general obligation bond anticipation notes that were outstanding at the prior fiscal year's end at MUSC were fully defeased.

Defeased Bonds

At December 31, 2018, $720.465 million of bonds associated with the Public Service Authority were considered defeased. Also, at June 30, 2019, $51.476 million of bonds associated with Clemson University and $75.286 million of bonds associated with the University of South Carolina were considered defeased.

Conduit Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds do not appear as liabilities in the accompanying financial statements.

The Housing Authority issues certain mortgage loan notes and housing revenue bonds for developers to construct moderate to low income housing projects. The bonds are payable solely from housing rental payments received by the developer and generally are secured by an irrevocable letter of credit or bond insurance. At June 30, 2019, the outstanding balance of bonds issued was $249.606 million.

The Jobs-Economic Development Authority, a nonmajor discretely presented component unit, issues industrial revenue bonds to develop and benefit business enterprises. The bonds are payable solely by revenues of the business enterprise and generally are secured by an irrevocable letter of credit. At June 30, 2019, the outstanding balance of bonds issued after June 30, 1995, was $4.298 billion. The original amount of bonds issued prior to that date is not available.

Commercial Paper Notes and Lines of Credit

The Public Service Authority and the University of South Carolina present their outstanding amounts as commercial paper notes and line of credit, respectively, but all other amounts outstanding on lines of credit at June 30, 2019 are reported as notes payable. Other relevant information regarding these accounts is provided below.

The Public Service Authority has recorded a $173.898 million liability for commercial paper notes at its fiscal year ended December 31, 2018. The paper is issued for valid corporate purposes with terms not to exceed 270 days. The Authority has an $350.000 million revolving credit agreement to support the issuance of commercial paper. There were no borrowings under the agreement during 2018.

The Medical University Hospital Authority (MUHA), a discretely presented component unit of MUSC, had a bridge loan of $129.000 million as of June 30, 2019. The loan bears an interest rate of 3.21%. The entire balance of $129.000 million is due and payable on the maturity date of February 24, 2020.

The University of South Carolina Educational Foundation, a discretely presented component unit of USC, has a line of credit with a maximum borrowing limit of $20.000 million, on which it could draw for working capital. The loan bears interest at the 30-day LIBOR rate plus 1.20%. As of June 30, 2019, the University of South Carolina Educational Foundation has an outstanding balance of $6.713 million on this line of credit. Interest only payments on this line of credit were due beginning in August 2015 and the entire principal balance and any outstanding interest are due on June 25, 2021.

f. Changes in Liabilities

	Balances at January 1, 2018 (as restated)	Increases	Decreases	Balances at December 31, 2018	Amounts Due Within One Year
Public Service Authority					
Policy claims	$ 1,680	$ 1,796	$ (2,401)	$ 1,075	$ 1,075
Revenue bonds payable	7,514,514	2,715	(485,099)	7,032,130	45,905
Unamortized discounts and premiums	431,174	—	(44,297)	386,877	—
Total revenue bonds payable	7,945,688	2,715	(529,396)	7,419,007	45,905
Compensated absences payable	21,172	2,997	(6,228)	17,941	—
Net pension liability	338,783	—	(655)	338,128	—
Net OPEB liability	153,235	19,539	—	172,774	—
Total long-term liabilities	$ 8,460,558	$ 27,047	$ (538,680)	$ 7,948,925	$ 46,980

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
State Ports Authority					
Notes payable	$ 161,658	$ 60,000	$ (3,678)	$ 217,980	$ 6,620
Revenue bonds payable	619,025	—	—	619,025	6,030
Unamortized discounts and premiums	59,587	—	(1,742)	57,845	—
Total revenue bonds payable	678,612	—	(1,742)	676,870	6,030
Compensated absences payable	2,567	2,074	(2,655)	1,986	1,986
Net pension liability	98,579	7,102	—	105,681	—
Net OPEB liability	52,907	—	1,623	54,530	—
Total long-term liabilities	$ 994,323	$ 69,176	$ (6,452)	$ 1,057,047	$ 14,636

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
Housing Authority					
Revenue bonds payable	$ 410,220	$ 70,000	$ (93,800)	$ 386,420	$ 10,555
Unamortized discounts and premiums	11,798	2,062	(1,890)	11,970	—
Total revenue bonds payable	422,018	72,062	(95,690)	398,390	10,555
Compensated absences payable	711	724	(710)	725	452
Net pension liability	15,960	—	(652)	15,308	—
Net OPEB liability	11,867	194	—	12,061	—
Total long-term liabilities	$ 450,556	$ 72,980	$ (97,052)	$ 426,484	$ 11,007

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
Clemson University					
General obligation bonds payable	$ 213,380	$ 5,635	$ (9,415)	$ 209,600	$ 10,240
Unamortized discounts and premiums	23,357	749	(1,444)	22,662	—
Total general obligation bonds payable	236,737	6,384	(10,859)	232,262	10,240
Revenue bonds payable	418,950	—	(10,750)	408,200	11,245
Unamortized discounts and premiums	25,404	—	(1,170)	24,234	—
Total revenue bonds	444,354	—	(11,920)	432,434	11,245
Capital leases payable	11,991	606	(909)	11,688	850
Compensated absences payable	26,129	15,169	(12,942)	28,356	14,562
Net pension liability	617,272	21,573	—	638,845	—
Net OPEB liability	557,176	30,987	—	588,163	—
Total long-term liabilities	$ 1,893,659	$ 74,719	$ (36,630)	$ 1,931,748	$ 36,897

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
Medical University of South Carolina					
Notes payable	$ 22,860	$ 195,462	$ (5,930)	$ 212,392	$ 133,122
General obligation bonds payable	43,430	—	(4,090)	39,340	4,245
Unamortized discounts and premiums	2,863	—	(422)	2,441	—
Total general obligation bonds payable	46,293	—	(4,512)	41,781	4,245
Revenue bonds payable	608,821	86,962	(24,553)	671,230	34,340
Unamortized discounts and premiums	1,877	—	(278)	1,599	—
Total revenue bonds	610,698	86,962	(24,831)	672,829	34,340
Capital leases payable	13,832	69,173	(7,456)	75,549	6,030
Compensated absences payable	31,540	26,432	(24,242)	33,730	19,790
Net pension liability	1,252,186	25,378	—	1,277,564	—
Net OPEB liability	1,076,283	55,683	—	1,131,966	—
Total long-term liabilities	$ 3,053,692	$ 459,090	$ (66,971)	$ 3,445,811	$ 197,527

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
Lottery Commission					
Compensated absences payable	$ 834	$ 589	$ (596)	$ 827	$ 581
Net pension liability	15,535	—	(248)	15,287	—
Net OPEB liability	11,717	425	—	12,142	—
Total long-term liabilities	$ 28,086	$ 1,014	$ (844)	$ 28,256	$ 581

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
University of South Carolina					
Notes payable	$ 4,000	$ 2,314	$ (4,000)	$ 2,314	$ 1,911
General obligation bonds payable	166,955	4,290	(16,325)	154,920	11,900
Unamortized discounts and premiums	16,013	762	(1,485)	15,290	—
Total general obligation bonds payable	182,968	5,052	(17,810)	170,210	11,900
Revenue bonds payable	420,740	—	(14,990)	405,750	15,700
Unamortized discounts and premiums	63,921	—	(2,799)	61,122	—
Total revenue bonds	484,661	—	(17,789)	466,872	15,700
Capital leases payable	744	588	(357)	975	268
Compensated absences payable	31,951	30,325	(29,461)	32,815	27,564
Net pension liability	953,145	24,179	—	977,324	—
Net OPEB liability	858,692	56,262	—	914,954	—
Total long-term liabilities	$ 2,516,161	$ 118,720	$ (69,417)	$ 2,565,464	$ 57,343

Short-Term Debt

The Medical University of South Carolina and the University of South Carolina may issue bond anticipation notes (BANS) to provide interim financing for capital projects while in the process of issuing bonds. The Public Service Authority may issue commercial paper as short-term financing for valid corporate purposes as allowed by the Authority's Board of Directors. Short-term debt for the fiscal year ended June 30, 2019 included: a line of credit for USC and commercial paper notes in the Public Service Authority. Short-term debt activity during the fiscal year was as follows (expressed in thousands):

	Balances at January 1, 2018	Increases	Decreases	Balances at December 31, 2018
Public Service Authority				
Commercial paper notes	$ 144,484	$ 108,518	$ (79,104)	$ 173,898

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019
Medical University of South Carolina				
Commercial paper notes	$ —	$ 120,000	$ —	$ 120,000

	Balances at July 1, 2018	Increases	Decreases	Balances at June 30, 2019
University of South Carolina				
Line of credit	$ 5,933	$ 780	$ —	$ 6,713

g. Joint Ventures

Joint Ventures

The Public Service Authority (Authority) is a member of The Energy Authority (TEA). TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2018, the trade guarantees are an amount not to exceed approximately $84.600 million.

Interested parties may obtain a copy of TEA's financial statements by writing to:

The Energy Authority
301 West Bay Street, Suite 2600
Jacksonville, Florida 32202
http://teainc.org

The Authority and South Carolina Electric and Gas (became Dominion Energy on January 1, 2019), or SCE&G, are parties to a joint ownership agreement providing that the Authority and SCE&G own Unit 1 at the V.C. Summer Nuclear Station with undivided interests of 33.33% and 66.67%, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Unit 1 and the Authority is obligated to pay its ownership share

of all costs relating thereto. The Authority receives 33.33% of the net electricity generated. In 2004, the Nuclear Regulatory Commission (NRC) granted a twenty-year extension to the operating license for Unit 1, extending it to August 6, 2042. Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. Costs include a component for estimated disposal expense of spent nuclear fuel; however as of May 2015, the Department of Energy suspended the collection of spent fuel disposal fees. Fuel amortization and disposal fees (through April 2014) are included in fuel expense and recovered through the Authority's rates.

The NRC requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2012 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals approximately $209.100 million in 2012 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates.

The Authority and SCE&G were constructing two additional nuclear generating units (Summer Units 2 and 3) at the V.C. Summer Nuclear Station. Together the Design and Construction Agreement and the Operating and Decommissioning Agreement provided for a 45.00% ownership interest by the Authority in each of the two new units and replace the Amended and Restated Bridge Agreement which had governed the relationship between the Authority and SCE&G. On July 31, 2017 the Authority, along with SCE&G, halted the V.C. Summer Units 2 and 3 project. The Authority reclassified the construction in progress related to the Summer Units 2 and 3 to a regulatory asset to be amortized over the remaining life of the revenue bonds related to the halted project.

h. Significant Transactions of Major Component Units with the Primary Government

The Public Service Authority makes payments to the General Fund in lieu of taxes each year based on requirements under bond indentures. These payments totaled $17.400 million during the Authority's fiscal year ended December 31, 2018.

During the fiscal year ended June 30, 2002, the State Ports Authority resolved to contribute a total of $45.000 million over twenty-six years to the Local Government Infrastructure Fund, a major governmental fund, for the Cooper River Bridge project in Charleston. The Authority made a payment of $1.000 million during the fiscal year ended June 30, 2019.

Clemson University provided computer services and information systems development to other State agencies for a fee. These fees totaled $450 thousand and $31.698 million for the fiscal year ended June 30, 2019.

i. Concentrations of Customer Credit Risk

Public Service Authority

Concentrations of credit risk with respect to the Public Service Authority's receivables are limited due to its large number of customers and their dispersion across different industries. The Authority maintains an allowance for uncollectible accounts based on the expected collectability of all accounts receivable. The Authority had one customer that accounted for more than ten percent of the Authority's sales for its fiscal year ended December 31, 2018, as follows (expressed in thousands):

Customer	Revenue	Revenue
Central Electric Power Cooperative, Inc	$ 1,034,000	58%

No other customer accounted for more than 10% of the Authority's sales.

State Ports Authority

During the fiscal year ended June 30, 2019, of the State Ports Authority's total revenues, three customers accounted for approximately 19%, 12%, and 12% each. The Authority performs ongoing credit evaluations of its customers and generally operates under international laws, which may provide for a maritime lien on vessels in the event of default on credit terms. The Authority maintains reserves for potential credit losses.

j. Contingencies and Commitments

Litigation – State Ports Authority

In January 2013, the Ports Authority intervened in a federal case brought by preservation and environmental groups against the U.S. Army Corps of Engineers (The "Corps"), to challenge issuance of authority for the Ports Authority to drive pilings under a building on Union Pier Terminal in renovating the cruise terminal. On September 19, 2013, the federal district court remanded the permit to the Corps for further review and action. The permit application is under review by the Corps of Engineers on remand. The Ports Authority intends to continue pursuing the federal permit and to continue any legal actions necessary to perfect the final permit.

In February 2013, the same cruise terminal opponents and others filed an administrative action challenging the State permit issued for the piling work at Union Pier. The South Carolina Administrative Law Court granted summary judgment in favor of the Ports Authority, and dismissed the challenge on April 21, 2014. On October 18, 2017, the Court of Appeals issued a unanimous opinion affirming the South Carolina Administrative Law Court. This was appealed to the South Carolina Supreme Court, and the Supreme Court accepted a petition for certiorari on August 21, 2018. Briefing and argument have not been scheduled at this time. The Ports Authority intends to vigorously defend the permits. The effect of these administrative permit cases on the financial position of the Ports Authority cannot be determined at this time.

Construction of the Hugh K. Leatherman, Sr. Terminal was delayed by discovery of issues associated with the design and administration of the project that have required re-engineering of the containment wall structures. An excess cost statement has been delivered to the responsible party to determine recovery of the additional construction costs caused by design and project management issues and to seek resolution by agreement. The matter has been resolved against one contractor through a settlement agreement. In fiscal year 2019, a verdict was delivered in favor of the contractor and the case was closed.

Purchase Commitments – Public Service Authority

At December 31, 2018, the Public Service Authority, a major discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling $430.479 million for coal. In addition, at December 31, 2018, the Authority had commitments for nuclear fuel and nuclear fuel conversion contracts of $136.500 million over the next sixteen years.

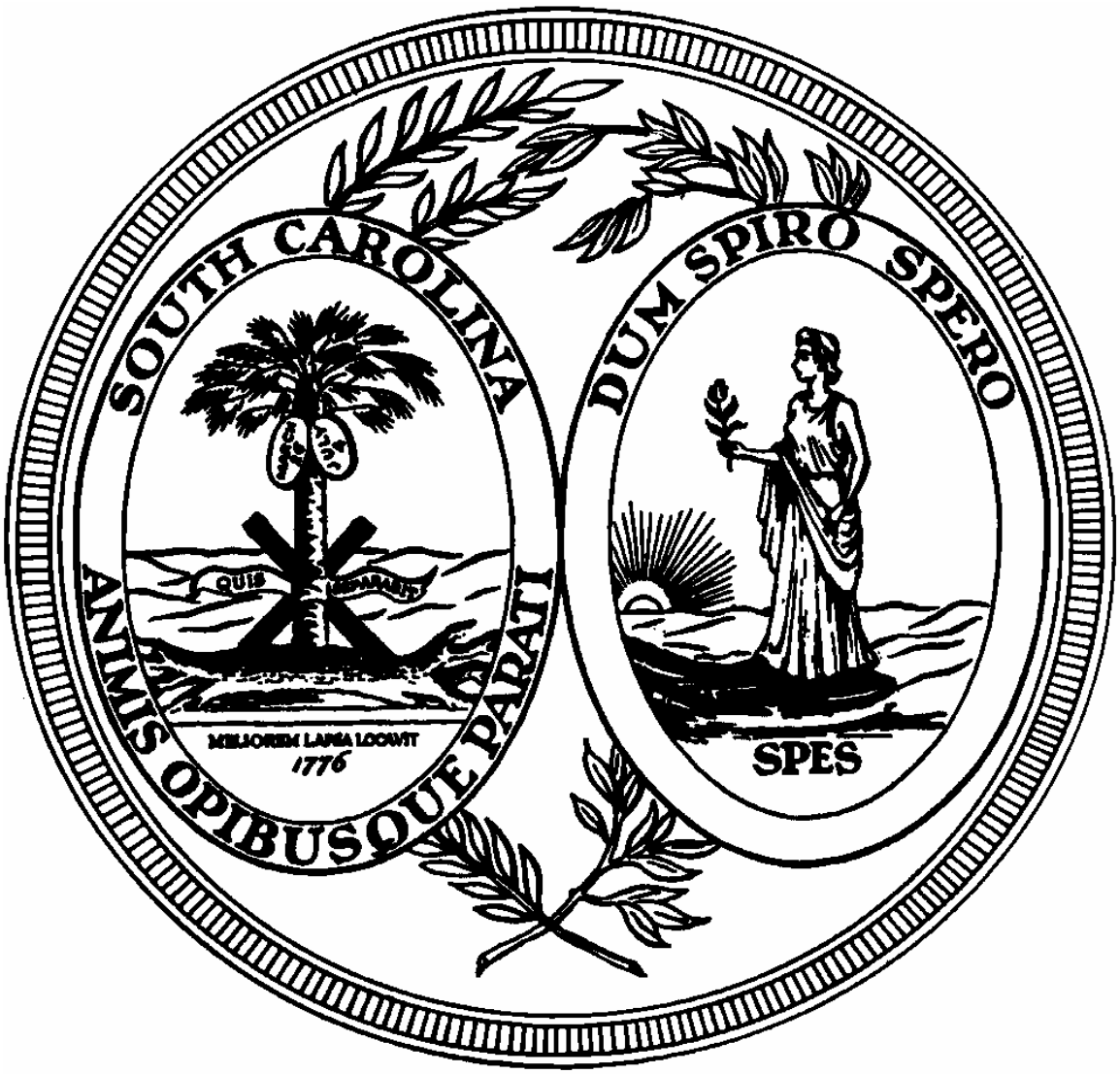
The Authority amended a service agreement to an approximate amount of $99.200 million. The agreement provides unplanned maintenance coverage, rotor replacement and auxiliary parts replacement in addition to a contract performance manager, initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines. The contract term extends through 2027.

Purchase Commitments – Ports Authority

At June 30, 2019, the Ports Authority had construction commitments of approximately $193.900 million and non-construction commitments for property, plant and equipment of approximately $34.000 million. The Ports Authority recorded a liability of approximately $4.000 million equal to the final project costs on the 52 foot Charleston Harbor deepening project.

Commitments to Provide Grants and Other Financial Assistance – The State Housing Finance and Development Authority

The State Housing Finance and Development Authority, a major discretely presented component unit, had commitments of $12.545 million from the Housing Trust Fund for affordable housing projects and developments as of June 30, 2019.


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NOTE 20: SUBSEQUENT EVENTS

a. Debt Issuances

Subsequent to the fiscal year end, the State of South Carolina issued the following debt:

- On July 2, 2019, the Housing Authority, a major discretely presented component unit, issued $74.000 million in mortgage revenue bonds, Series 2019A.
- On July 8, 2019, the State Infrastructure Bank, reported within the Local Government Infrastructure Fund (a major governmental fund), defeased $224.858 million in selected maturities of its 2012A and 2012B Revenue Bonds.
- On August 22, 2019, the State Infrastructure Bank, reported within the Local Government Infrastructure Fund (a major governmental fund), issued $179.030 million in revenue bonds, Series 2019A.
- On September 17, 2019, Coastal Carolina University, a non-major discretely presented component unit, defeased $34.220 million of its State Institution General Obligation Bonds, Series 2010A.
- On September 25, 2019, the Ports Authority, a major discretely presented component unit, issued $505.330 million in revenue bonds, Series 2019A, Series 2019B, and Series 2019C.
- On October 11, 2019, the Public Service Authority, a major discretely presented component unit, drew $64.000 million on its Barclays revolving credit agreement.
- On October 16, 2019, the Public Service Authority, a major discretely presented component unit, defeased $360.056 million in the following revenue bonds: $63.680 million for 2009 Taxable Series C, $2.285 million for 2009 Tax-Exempt Series E, $10.181 million for 2010 Series M2, $19.403 million for 2011 Series M1, $31.775 million for 2012 Tax-Exempt Series D, $32.370 million for 2012 Taxable Series E, $15.088 million for 2012 Series M1, $13.230 million for 2012 Series M2, $3.048 million for 2013 Series M1, $10.400 million for 2015 Series M1, $147.670 million for 2016 Taxable Series D, and $10.926 million for 2016 Series M1.
- On November 14, 2019, the Housing Authority, a major discretely presented component unit, issued $111.800 million in mortgage revenue bonds, Series 2019B.

b. South Carolina State University Loans

On January 31, 2014, South Carolina State University, a non-major discretely presented component unit, notified the State that revenue collections had not met revenue estimates because student enrollment has lagged behind university projections. As a result, the University requested $13 million to pay current bills, and the former State Budget and Control Board, currently known as State Fiscal Accountability Authority, approved and the General Assembly committed an emergency $6.000 million loan to the University on April 30, 2014. The $6.000 million loan also has a stipulation that up to $500 thousand of the $6.000 million must be used to hire consultants to assess the University's financial needs and operations. The loan was due in full on June 30, 2015, although the University received a four-year extension on December 3, 2014. In fiscal year 2015, a Blue Ribbon Committee, appointed by the South Carolina State Legislature, awarded the University a $12.000 million loan to be provided to the University over three years in annual installments of $6.000 million, $4.000 million and $2.000 million, in fiscal 2015, 2016 and 2017, respectively. The South Carolina State Legislature passed a Joint Resolution, 2016 Act 286 (S. 1166) that provided for forgiveness of the Blue Ribbon Committee's 6-4-2 Loan over a period of three years effective fiscal year 2017. $8.000 million and $2.000 million of the loan was forgiven in fiscal years 2017 and 2018, respectively, and the final $2.000 million was forgiven in July 2019 (fiscal year 2020).

c. Natural Disasters

During early October 2015, South Carolina received prolonged torrential rains spawned by Hurricane Joaquin that produced catastrophic statewide flooding. The extent and severity of flooding was extensive causing damage to roads and bridges and to private property, polluted water systems, compromised dams, and power outages. The recovery from this storm remains primarily related to roads, bridges and other transportation infrastructure. Total damages on the State Highway System are estimated to be $137 million and many costs are eligible for federal assistance from Federal Highway Administration and Federal Emergency Management. The estimated State portion of damages is expected to be $49 million. During the 2015-2016 Legislative Session, funding in the amount of $49 million was provided to the Department of Transportation, a major governmental fund, to assist in the recovery and repair process and provide required federal assistance matching funds. The Department of Transportation has incurred costs through June 30, 2019 of $123.3 million of which $80.6 million has been received in federal assistance. Additional federal assistance is expected up to $12 million and will be based upon total costs and their federal assistance eligibility.

During October 2016, South Carolina received another devastating storm, Hurricane Matthew, which caused significant damage to state parks, roads, electrical infrastructure and other property. On October 4, 2016 the Governor issued

an executive order declaring a state of emergency for the State of South Carolina. On or about October 7, 2016 the President declared the State of South Carolina a disaster area and eligible for Federal Emergency Management Agency (FEMA) recovery. This storm carried heavy rains which caused flooding and high winds resulting in down trees and debris. Again, the primary impact of this storm was with roads, bridges and infrastructure. The Department of Transportation conducted thorough inspections of all bridges and roads and began recovery of the State Highway System. The Department has incurred costs through June 30, 2019, of $74.9 million of which $51.3 million has been received in Federal assistance and $8.8 received from funds approved by the General Assembly for Federal Emergency Management matching funds. Additional federal assistance based upon eligibility is expected to be approximately $6 million along with $1 million state funds approved by the General Assembly for Federal Emergency Management matching funds.

During September 2017, South Carolina experienced inclement weather as Hurricane Irma impacted the southern United States. This event caused wind, surge damage and flooding along the coast. The Department of Transportatin incurred costs through June 30, 2019 of $4.9 million of which $1.1 million has been received in federal assistance $383 thousand in state funds approved by the General Assembly for Federal Emergency Management matching funds. Additional federal assistance based upon eligibility is expected to be approximately $516 thousand along with $172 thousand of state funds.

During September 2018, South Carolina experienced widespread flooding in the northeast portion of the state as a result of Hurricane Florence. This event brought heavy rainfall resulting in overflowing rivers, over 200 road and bridges closures and damaged roadways. The Department of Transportation conducted thorough inspections of all impacted roads and bridges and began recovery of the State Highway System. The Department of Transportation has incurred costs through June 30, 2019, of $32.8 million of which $10.2 million has been received in federal assistance. Additional federal assistance based upon eligibility is expected to be approximately $8.6 million as well as $2.3 million of state funds approved by the General Assembly for Federal Emergency Management matching funds. Public Service Authority, a major discretely presented component unit, was also impacted by Hurricane Florence incurring $11.7 million in capital and maintenance costs. A receivable of $8.8 million was recorded as of December 31, 2018, in anticipation for federal reimbursement in 2019. No additional costs for the event are anticipated in 2019.

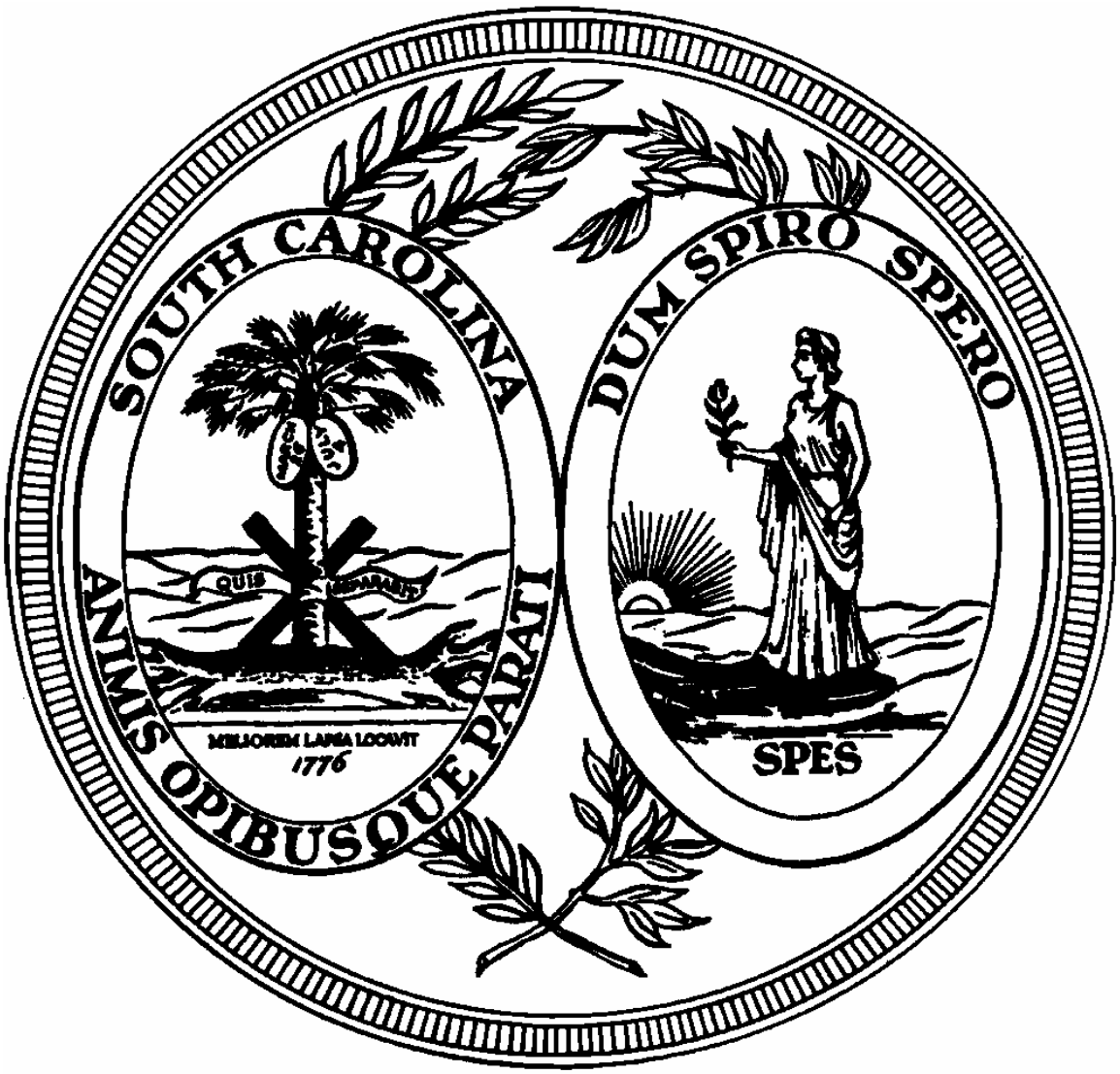
On September 4, 2019, Dorian, a category 3 hurricane, brought heavy rains, winds and storm surge to the coast of South Carolina. The Department of Transportation prepared for and responded to the impacts of Hurricane Dorian by assisting in lane reversals to support evacuations of South Carolina coastal areas. Response and recovery activities occurred primarily in Charleston and Georgetown Counties associated with debris clean-up and removal. To date, the Department of Transportation has incurred costs of $3.6 million and federal assistance based upon eligibility is expected. Additional federal assistance is expected to be approximately $2.0 million along with $650 thousand in state funds for Federal Emergency Management matching funds. The Public Service Authority, a major discretely presented component unit, was also impacted by Hurricane Dorian, initial estimates are $9.6 million with $7.6 million eligible for Federal assistance. Again, the State of South Carolina is in the early stages of recovery and costs have not yet been fully determined but federal assistance from the Federal Highway Administration and Federal Emergency Management are available.

d. Public Service Authority Ceases the Joint Construction Project (V.C. Summer Units 2 and 3)

On January 28, 2019, the Santee Cooper Board approved a resolution authorizing the Interim President and CEO to consent to SCE&G's request to terminate the Summer Nuclear Units 2 & 3 combined construction and operating licenses. That consent was conveyed to the Nuclear Regulatory Commission in a letter dated January 29, 2019. The State is currently evaluating options that include selling the Authority or selling the related construction in progress to another entity to finish the project, yet it has made no decision at this time.

e. DHEC Remedial Activities at the Able Site

On August 11, 2019, DHEC initiated a removal action which includes firefighting and disposal activities at the Able Contracting, Inc. site. Due to continuing smoke and flareups onsite, DHEC determined that a complete site cleanup is warranted. Estimated cleanup costs will total to $4.5 million and last for 75 to 96 work days assuming the site does not reignite. Safety crew and associated equipment available to respond to smoke or flames and to manage water is estimated to cost between $5 and $7 thousand per day.


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REQUIRED SUPPLEMENTARY INFORMATION—
Other than Management's Discussion and Analysis
(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
BUDGETARY GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Revenues:				
Regular sources				
Individual income tax	$ 3,861,948	$ 3,861,948	$ 4,160,604	$ 298,656
Sales and use tax	3,146,269	3,146,269	3,186,425	40,156
Corporation income tax	313,945	313,945	449,170	135,225
Insurance tax	267,404	267,404	256,208	(11,196)
Beer and wine tax	113,334	113,334	110,391	(2,943)
Alcoholic liquor tax	83,317	83,317	83,877	560
Corporation license tax	89,760	89,760	112,008	22,248
Bank tax	41,520	41,520	68,799	27,279
Documentary tax	82,527	82,527	80,426	(2,101)
Earned on investments	38,000	38,000	87,487	49,487
Admissions tax	31,364	31,364	32,572	1,208
Tobacco tax	24,441	24,441	28,373	3,932
Security dealer fees	26,000	26,000	27,179	1,179
Public Service Authority, Excess earnings from	17,751	17,751	17,496	(255)
Unclaimed property fund transfers	15,000	15,000	12,600	(2,400)
Indirect cost recoveries	12,500	12,500	15,938	3,438
Other revenue	10,176	10,176	14,180	4,004
Motor vehicle licenses	11,615	11,615	12,079	464
Workers' compensation insurance tax	9,572	9,572	9,382	(190)
Circuit and family court fines	7,421	7,421	6,746	(675)
Business filing fees	5,675	5,675	7,425	1,750
Private car lines tax	4,898	4,898	6,215	1,317
Record search fees	4,461	4,461	4,461	—
Nursing home fees	3,500	3,500	3,547	47
Uncashed checks	2,000	2,000	1,028	(972)
Parole and probation supervision fees	3,393	3,393	3,393	—
Purchasing card rebates	3,000	3,000	3,172	172
Surcharge on vehicle rentals	777	777	(295)	(1,072)
Aircraft tax	2,500	2,500	2,500	—
Savings and loan association tax	1,844	1,844	1,254	(590)
Bingo tax	692	692	112	(580)
Total revenues	**8,236,604**	**8,236,604**	**8,804,752**	**568,148**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Expenditures:				
Legislative	$ 49,137	$ 84,757	$ 51,581	$ 33,176
Judicial	57,084	59,905	58,657	1,248
Executive and administrative	445,387	524,348	462,522	61,826
Educational	3,784,042	3,934,639	3,889,925	44,714
Health	2,004,962	2,130,779	2,009,779	121,000
Social rehabilitation services	297,617	330,617	305,965	24,652
Correctional and public safety	584,535	629,792	610,547	19,245
Conservation, natural resources, and development	160,634	211,940	175,953	35,987
Regulatory	226,487	308,611	234,571	74,040
Transportation	2,136	19,167	17,108	2,059
Debt service	191,630	75,914	62,327	13,587
Aid to subdivisions	263,523	263,875	263,227	648
Total expenditures	**8,067,174**	**8,574,344**	**8,142,162**	**432,182**
Excess of revenues over (under) expenditures—budgetary basis	**169,430**	**(337,740)**	**662,590**	**1,000,330**
Transfers from Litigation Settlement Account and Farm Aid Fund	**—**	**—**	**4,119**	**4,119**
Fund balance, beginning — budgetary basis	**1,187,174**	**1,187,174**	**1,187,174**	**—**
Fund balance, ending — budgetary basis	**$ 1,356,604**	**$ 849,434**	**$ 1,853,883**	**$ 1,004,449**
Less:				
Capital Reserve appropriation			**(145,127)**	
Fund balance, ending — budgetary basis, after reservation			**$ 1,708,756**	

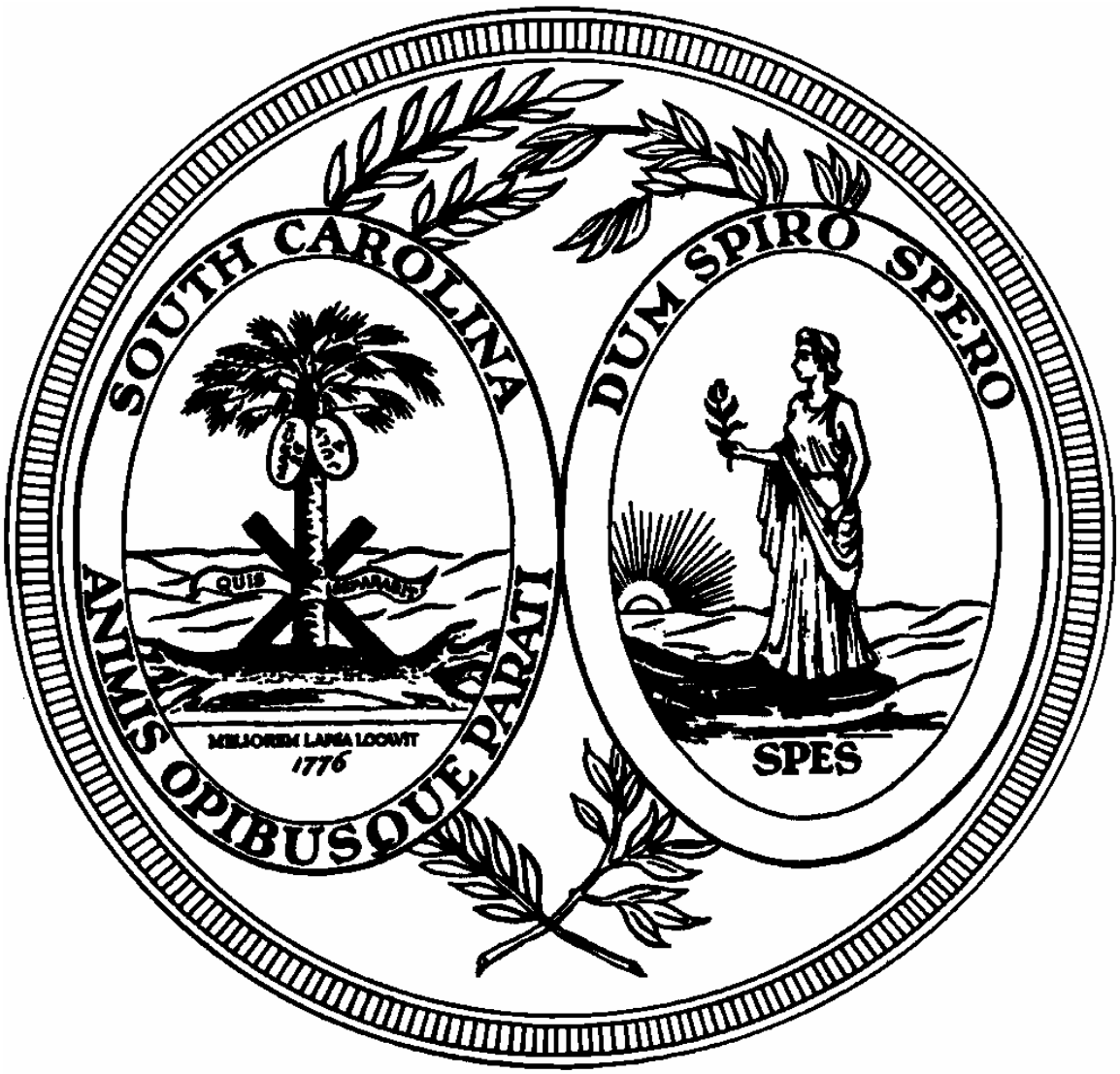
The notes to the Required Supplementary Information--Budgetary are an integral part of the schedule.

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
OTHER BUDGETED FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Revenues:				
Federal	$ 8,754,807	$ 9,005,833	$ 7,503,011	$ (1,502,822)
Earmarked	2,857,605	2,868,594	5,598,216	2,729,622
Restricted	4,607,842	4,620,465	4,304,249	(316,216)
Total revenues	**16,220,254**	**16,494,892**	**17,405,476**	**910,584**
Expenditures:				
Legislative	2,793	15,729	14,197	1,532
Judicial	23,333	23,692	13,956	9,736
Executive and administrative	548,814	861,342	575,969	285,373
Educational	3,312,446	3,295,940	2,464,855	831,085
Health	7,683,933	7,709,957	7,186,324	523,633
Social rehabilitation services	774,568	827,649	663,706	163,943
Correctional and public safety	188,351	188,273	145,936	42,337
Conservation, natural resources, and development	373,983	327,794	262,553	65,241
Regulatory	309,314	321,102	249,680	71,422
Transportation	2,859,173	2,761,169	2,017,999	743,170
Total expenditures	**16,076,708**	**16,332,647**	**13,595,175**	**2,737,472**
Excess of revenues over (under) expenditures—budgetary basis	**143,546**	**162,245**	**3,810,301**	**3,648,056**
Fund balance at beginning of year—budgetary basis	**4,284,027**	**4,284,027**	**4,284,027**	—
Fund balance at end of year—budgetary basis	**$ 4,427,573**	**$ 4,446,272**	**$ 8,094,328**	**$ 3,648,056**

The notes to the Required Supplementary Information--Budgetary are an integral part of the schedule.


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Notes to the Required Supplementary Information--Budgetary

NOTE 1: BUDGETARY FUNDS AND PERSPECTIVE DIFFERENCES

a. Budgetary Funds

South Carolina's Annual Appropriations Act, the State's legally adopted budget, does not present budgets by GAAP fund. Instead, it presents program-level budgets categorized by:

General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriations Act differs somewhat from the GAAP General Fund and is referred to within these notes and in the accompanying schedules as the *Budgetary General Fund*.

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

Amounts obtained by subtracting the General Funds column in the Appropriations Act from the Total Funds column in the Appropriation Act are referred to within these notes and in the accompanying schedules as *Other Budgeted Funds*.

b. Perspective Differences

Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is defined by GAAP. Although there are some perspective differences between the Budgetary General Fund and the GAAP General Fund, those differences are *not* significant enough to prevent the State from preparing a budgetary comparison schedule for the Budgetary General Fund.

In contrast, however, there are *significant* perspective differences between the Other Budgeted Funds and the State's GAAP funds, including its major special revenue funds. These perspective differences are so significant that the State is unable to present separate budgetary comparison schedules for its major special revenue funds. Accordingly, the State instead has presented a budgetary comparison schedule for its Other Budgeted Funds in accordance with GASB Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*.

NOTE 2: ORIGINAL AND FINAL BUDGETED AMOUNTS; BASIS OF PRESENTATION

a. Budgetary General Fund

Each year, the General Assembly enacts an Appropriations Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The *original appropriations* presented in the accompanying schedule for the Budgetary General Fund include the amounts displayed in the Appropriations Act as well as any appropriations authorized to carry forward from the preceding fiscal year. *Original budgeted revenues* in the accompanying schedule for the Budgetary General Fund include amounts displayed in the Statement of Revenues at the end of Part 1A of the Appropriations Act and nonrecurring transfers from other funds that were legislatively required by various provisos within the Appropriations Act.

The accompanying schedule for the Budgetary General Fund presents a fund balance section whereas the budget document does not present fund balances; in other respects, however, the format of the accompanying schedule is substantively the same as for the legally enacted budget.

After the beginning of the fiscal year, departments and agencies may request transfers of appropriations among programs. No such transfer request may exceed 20.0% of the program budget. In addition, the Executive Budget Office within the Department of Administration, composed of five key executive and legislative officials, has the authority to approve transfers of appropriations between personal service and other operating accounts.

The authority to reduce enacted appropriations is provided to the Executive Budget Office if it is deemed necessary to prevent a deficit. Likewise, the State Board of Economic Advisors may approve revisions of estimated revenues for the Budgetary General Fund during the year.

b. Other Budgeted Funds

The *original appropriations* presented in the accompanying schedule for Other Budgeted Funds include the amounts displayed in the Appropriations Act as well as any appropriation reductions specifically authorized by law to prevent duplicate appropriations. The terminology, classifications, and format of the appropriations section of the accompanying schedule for Other Budgeted Funds is substantively the same as for the legally enacted budget.

The State's General Assembly does not approve estimated revenue or fund balance amounts for Other Budgeted Funds (or for Total Funds). However, the *Recapitulation* section of the Appropriations Act includes net *source of funds* amounts for two categories of Other Budgeted Funds: Federal and Other. The *original budgeted revenue* amounts in the accompanying schedule for Other Budgeted Funds were obtained from the Executive Budget Office's breakdown of the source of funds amounts.

As operating conditions change, departments and agencies may request revisions of budgeted amounts in Other Budgeted Funds. Such changes require Executive Budget Office approval. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects. The State Fiscal Accountability Authority and the Joint Bond Review Committee must approve and review those changes for projects that exceed $1.000 million.

NOTE 3: LEGAL LEVEL OF BUDGETARY CONTROL

The State maintains budgetary control at the level of summary object category of expenditure within each program of each department or agency. The State's Appropriation Acts for the 2018-19 fiscal year has approximately 2,500 appropriated line items. These line items constitute the level of legal control over expenditures. The level of legal control for all agencies is reported in a publication of the State Comptroller General's Office titled "A Detailed Report of Appropriations and Expenditures," not included herein.

NOTE 4: BASIS OF BUDGETING

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

State law does not precisely define the State's basis of budgeting. In practice, however, it is the cash basis with the following exceptions:

(i) Departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 14.

(ii) Certain revenues collected in advance are recorded as liabilities (unearned revenues) rather than as revenues.

(iii) The following taxes are recorded on the modified accrual basis in accordance with State law: admissions tax, alcoholic liquors tax, beer and wine tax, business license tax, documentary tax, electric power tax, gasoline and motor fuel taxes, and sales, use, and casual excise taxes.

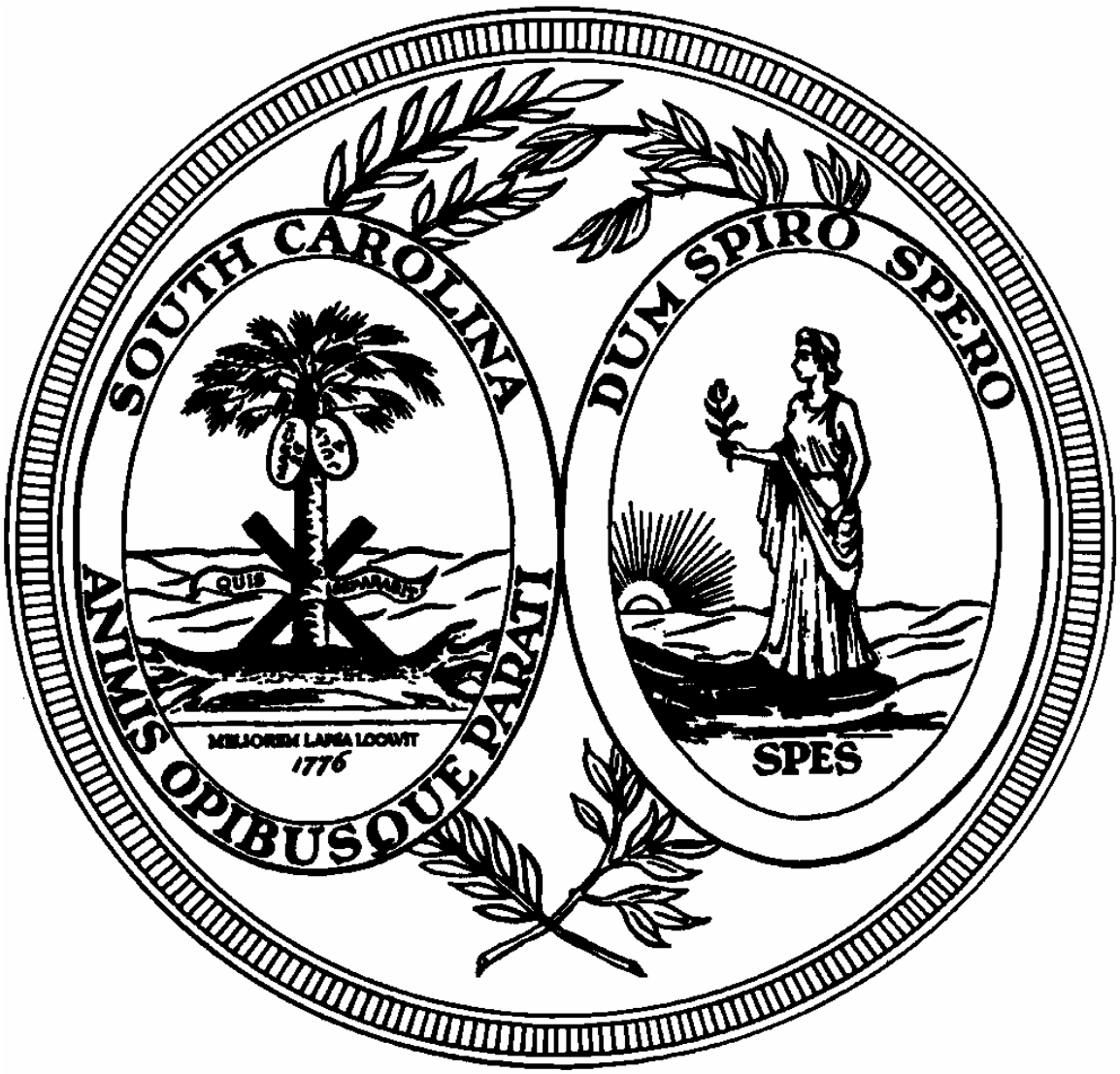
(iv) Certain non-cash activity, such as food stamp benefits, is recorded as revenue and expenditure in the fiscal year in which the resources are distributed to the beneficiaries.

(v) All other revenues are recorded only when the State receives the related cash.

NOTE 5: RECONCILIATION OF BUDGET TO GAAP REPORTING DIFFERENCES

The accompanying budgetary comparison schedules compare the State's legally adopted budget with actual data in accordance with the State's basis of budgeting. Its budgetary accounting principles differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, and entity differences in the net increase in fund balance—budgetary basis. *Basis differences* arise because the basis of budgeting differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balances—governmental funds. *Perspective differences* result because the Appropriations Act's program-oriented structure differs from the fund structure required for GAAP. *Entity differences* arise because certain activity reported within the State's financial reporting entity for GAAP purposes is excluded from the Appropriations Act. These differences for the fiscal year ended June 30, 2019, were as follows (expressed in thousands):

Budgetary funds	***Budgetary General Fund***	**Major Special Revenue Funds**		
GAAP funds	**General Fund**	**Departmental Program Services**	**Local Government Infrastructure**	**Department of Transportation Special Revenue**
Net increase (decrease) in fund balance—budgetary basis	$ 662,590	$ —	$ —	$ —
Perspective differences:				
Other Budgeted Funds net increase (decrease) allocated among the State's major governmental GAAP funds	80,730	(171,144)	4,108	—
Basis of accounting differences	687,168	218,905	77,869	100,242
Entity differences	11,004	(37)	—	—
Net increase (decrease) in fund balance—GAAP basis	**$ 1,441,492**	**$ 47,724**	**$ 81,977**	**$ 100,242**


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REQUIRED SUPPLEMENTARY INFORMATION

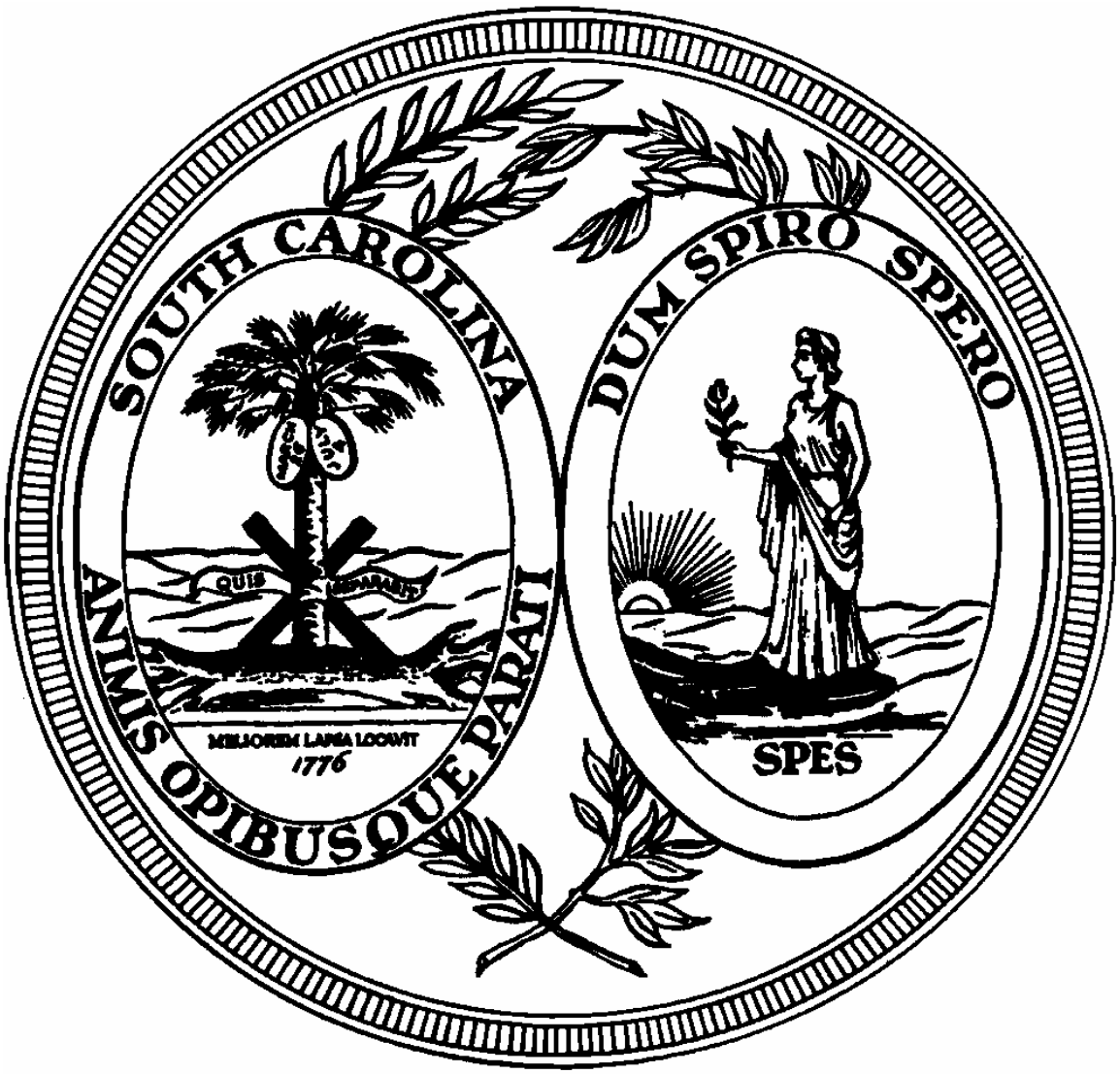
Schedule of the State of South Carolina's Proportionate Share of the SCRS and PORS Net Pension Liabilities

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

Last 10 Fiscal Years*

SCRS - South Carolina Retirement System	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
State's Proportion of the Net Pension Liability	12.96%	13.05%	12.94%	12.87%	12.70%	12.70%
State's Proportionate Share of the Net Pension Liability	$ 2,905,027	$ 2,938,212	$ 2,763,455	$ 2,441,249	$ 2,185,979	$ 2,277,364
State Covered Payroll	$ 1,101,602	$ 1,079,349	$ 1,021,083	$ 954,763	$ 973,471	$ 958,913
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	263.71%	272.22%	270.64%	255.69%	224.56%	237.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.10%	53.30%	52.91%	56.99%	59.92%	56.39%
PORS - South Carolina Police Officers Retirement System						
State's Proportion of the Net Pension Liability	29.17%	28.97%	28.88%	30.05%	30.37%	30.37%
State's Proportionate Share of the Net Pension Liability	$ 826,613	$ 793,572	$ 732,637	$ 654,937	$ 581,343	$ 629,487
State Covered Payroll	$ 364,884	$ 337,092	$ 328,193	$ 316,491	$ 337,916	$ 338,025
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	226.54%	235.42%	223.23%	206.94%	172.04%	186.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.70%	60.90%	60.44%	64.57%	67.55%	62.98%

* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of that day, projected forward to June 30 of the previous year. Additionally, the State implemented GASB 68 during fiscal year 2015. As such, only the last six years of information is available.


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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's SCRS and PORS Contributions
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

Last 10 Fiscal Years*

SCRS - South Carolina Retirement System

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 186,054	$ 168,903	$ 152,191	$ 131,856	$ 130,062
Contributions in Relation to the Contractually Required Contribution	(186,054)	(168,903)	(152,191)	(131,856)	(130,062)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
State Covered Payroll	$ 1,101,602	$ 1,079,349	$ 1,021,083	$ 954,763	$ 973,471
Contributions as a Percentage of Covered Payroll	16.89%	15.65%	14.90%	13.81%	13.36%

PORS - South Carolina Police Officers Retirement System

Contractually Required Contribution	$ 66,834	$ 61,790	$ 55,534	$ 50,546	$ 49,915
Contributions in Relation to the Contractually Required Contribution	(66,834)	(61,790)	(55,534)	(50,546)	(49,915)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
State Covered Payroll	$ 364,884	$ 337,092	$ 328,193	$ 316,491	$ 337,916
Contributions as a Percentage of Covered Payroll	18.32%	18.33%	16.92%	15.97%	14.77%

* - In fiscal year 2013 (2014 on this schedule due to GASB 68), the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category. Fiscal years 2013 - 2009 have not been restated.

2014	2013	2012	2011	2010
$ 122,348	$ 123,651	$ 255,277	$ 252,814	$ 255,653
(122,348)	(123,651)	(255,277)	(252,814)	(255,653)
$ —	$ —	$ —	$ —	$ —
$ 958,913	$ 956,163	$ 2,227,527	$ 2,247,145	$ 2,280,108
12.76%	12.93%	11.46%	11.25%	11.21%
$ 46,907	$ 44,393	$ 43,776	$ 42,699	$ 42,268
(46,907)	(44,393)	(43,776)	(42,699)	(42,268)
$ —	$ —	$ —	$ —	$ —
$ 338,025	$ 339,686	$ 352,998	$ 346,404	$ 358,181
13.88%	13.07%	12.40%	12.33%	11.80%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's GARS Contributions
(Expressed in Thousands)

Last 10 Fiscal Years

GARS - Retirement System for the Members of the General Assembly of the State of South Carolina

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 5,804	$ 5,428	$ 4,539	$ 4,501	$ 4,275
Contributions in Relation to the Contractually Required Contribution	(5,804)	(5,428)	(4,539)	(4,501)	(4,275)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
Covered Payroll	$ 1,866	$ 1,961	$ 2,316	$ 2,338	$ 2,383
Contributions as a Percentage of Covered Payroll	311.04%	276.80%	195.98%	192.51%	179.40%

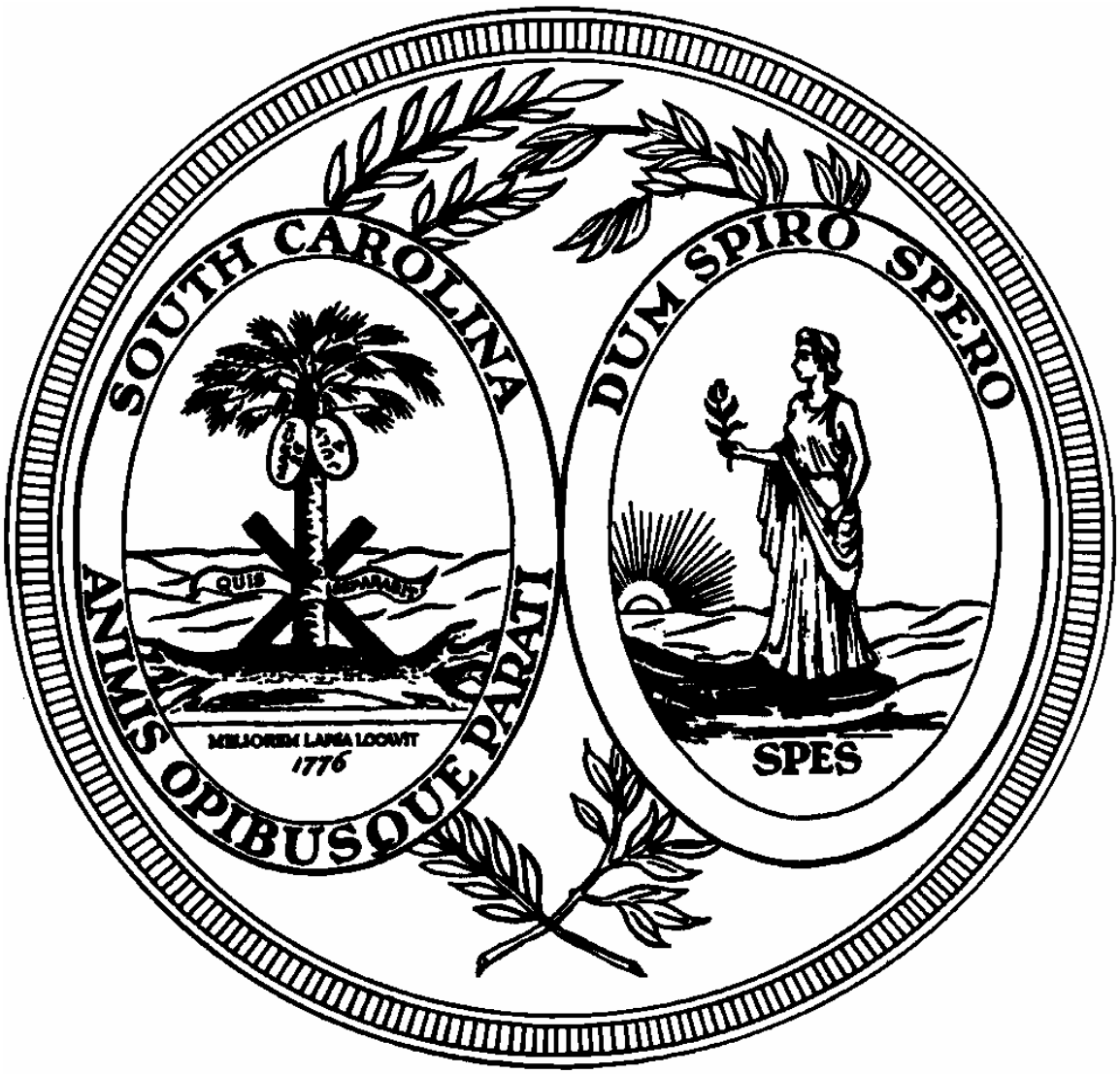
Notes to Schedule

Valuation Date:	Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which they are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry age
Amortization Method:	Level dollar, closed
Remaining Amortization Period:	10 years
Asset Valuation Method:	5-Year Smoothed
Inflation:	2.25%
Salary Increases:	None
Investment Rate of Return:	7.25%, net of investment and administration expenses, including inflation
Retirement Age:	Age 60 or 30 years of service or age 70 or 30 years of service while continuing to serve in the General Assembly.
Mortality:	In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the 2016 Public Retirees of South Carolina Mortality Table. In prior years, those assumptions were based on the RP-2000 Healthy Annuitant Mortality Table.
Other Information:	GARS is closed to members of the General Assembly first elected in November 2012 or after.

2014	2013	2012	2011	2010
$ 4,063	$ 2,831	$ 2,532	$ 2,414	$ 2,598
(4,063)	(2,831)	(2,532)	(2,414)	(2,598)
$ —	$ —	$ —	$ —	$ —
$ 2,688	$ 3,854	$ 3,854	$ 3,854	$ 3,854
151.15%	73.46%	65.70%	62.64%	67.41%


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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the State of South Carolina's GARS Net Pension Liability and Related Ratios
(Expressed in Thousands)

Last 10 Fiscal Years*

GARS - Retirement System for the Members of the General Assembly of the State of South Carolina	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability					
Service Cost	$ 464	$ 488	$ 493	$ 553	$ 572
Interest	5,200	5,293	5,301	5,380	5,437
Difference Between Actual and Expected Experience	138	(348)	798	(294)	(2,585)
Assumption Changes	—	2,330	—	—	—
Benefit Payments	(6,468)	(6,737)	(6,656)	(6,660)	(6,861)
Net Change in Total Pension Liability	(666)	1,026	(64)	(1,021)	(3,437)
Total Pension Liability - Beginning	74,728	73,702	73,766	74,787	78,224
Total Pension Liability - Ending (a)	$ 74,062	$ 74,728	$ 73,702	$ 73,766	$ 74,787
Plan Fiduciary Net Position					
Contributions - Employer	$ 5,428	$ 4,539	$ 4,501	$ 4,275	$ 4,063
Contributions - Member	287	468	292	369	384
Refunds of Contributions to Members	—	—	(22)	—	(41)
Retirement Benefits	(6,452)	(6,678)	(6,625)	(6,639)	(6,799)
Death Benefits	(16)	(59)	(9)	(21)	(20)
Net Investment Income (Loss)	2,376	3,329	(266)	500	4,545
Administrative Expense	(18)	(17)	(18)	(18)	(17)
Other	—	19	(147)	(18)	15
Net Change in Plan Fiduciary Net Position	1,605	1,601	(2,294)	(1,552)	2,130
Plan Fiduciary Net Position - Beginning	31,789	30,188	32,482	34,034	31,904
Plan Fiduciary Net Position - Ending (b)	$ 33,394	$ 31,789	$ 30,188	$ 32,482	$ 34,034
Net Pension Liability - Ending (a) - (b)	$ 40,668	$ 42,939	$ 43,514	$ 41,284	$ 40,753
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.09%	42.54%	40.96%	44.03%	45.51%
Covered Payroll	$ 1,866	$ 1,961	$ 2,316	$ 2,338	$ 2,383
Net Pension Liability as a Percentage of Covered Payroll	2179.42%	2189.65%	1878.84%	1765.78%	1710.16%

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the last five years' information is available.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's JSRS Contributions
(Expressed in Thousands)

Last 10 Fiscal Years

JSRS - Retirement System for Judges and Solicitors of the State of South Carolina

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 11,730	$ 11,043	$ 10,534	$ 10,202	$ 10,109
Contributions in Relation to the Contractually Required Contribution	(11,730)	(11,043)	(10,534)	(10,202)	(10,109)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
Covered Payroll	$ 22,347	$ 22,347	$ 21,958	$ 21,267	$ 18,138
Contributions as a Percentage of Covered Payroll	52.49%	49.42%	47.97%	47.97%	55.73%

Notes to Schedule

Valuation Date:	Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which they are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry age
Amortization Method:	Level percent of pay, open
Remaining Amortization Period:	30 years
Asset Valuation Method:	5-Year Smoothed
Inflation:	2.25%
Salary Increases:	2.75%
Investment Rate of Return:	7.25%, net of investment and administration expenses, including inflation
Retirement Age:	In the 2017 valuation the retirement age changed from a varying formula based on years of service and age to age 72 or 25 years of service for judges and 24 years of service for solicitors or circuit public defenders regardless of age.
Mortality:	In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the 2016 Public Retirees of South Carolina Mortality Table. In prior years, those assumptions were based on the RP-2000 Healthy Annuitant Mortality Table.

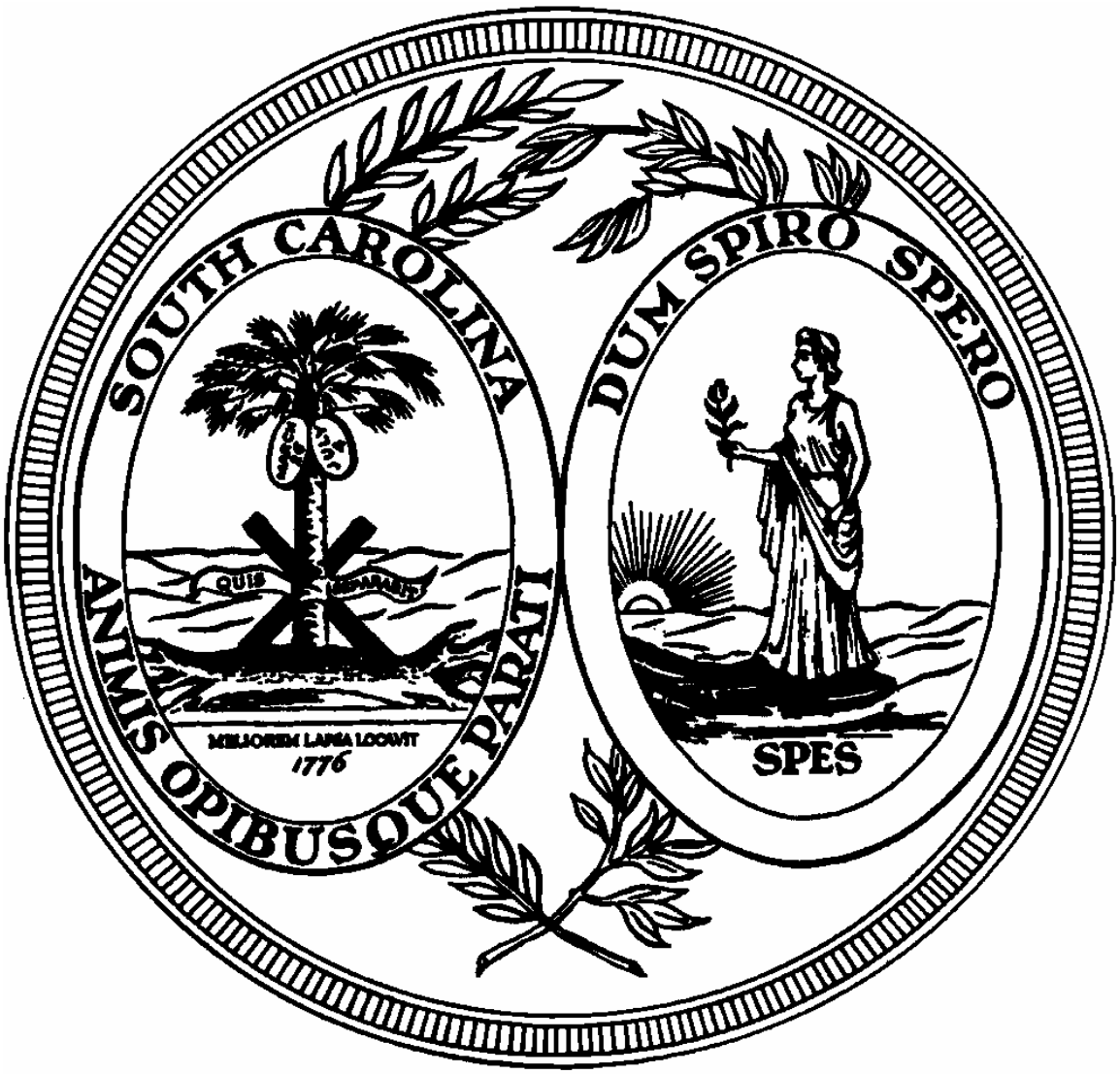
2014	2013	2012	2011	2010
$ 9,659	$ 8,667	$ 8,414	$ 8,414	$ 8,414
(9,659)	(8,667)	(8,414)	(8,414)	(8,414)
$ —	$ —	$ —	$ —	$ —
$ 20,407	$ 19,221	$ 18,661	$ 18,661	$ 18,661
47.33%	45.09%	45.09%	45.09%	45.09%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the State of South Carolina's JSRS Net Pension Liability and Related Ratios
(Expressed in Thousands)

Last 10 Fiscal Years*

JSRS - Retirement System for Judges and Solicitors of the State of South Carolina	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability					
Service Cost	$ 6,521	$ 6,186	$ 5,886	$ 5,760	$ 5,571
Interest	21,271	20,404	20,022	19,440	18,857
Benefit Changes	—	—	—	666	—
Difference Between Actual and Expected Experience	(3,548)	(995)	(3,085)	(1,138)	(3,240)
Assumption Changes	—	13,790	—	—	—
Benefit Payments	(17,811)	(18,602)	(17,191)	(16,836)	(16,684)
Net Change in Total Pension Liability	6,433	20,783	5,632	7,892	4,504
Total Pension Liability - Beginning	299,039	278,256	272,624	264,732	260,228
Total Pension Liability - Ending (a)	$ 305,472	$ 299,039	$ 278,256	$ 272,624	$ 264,732
Plan Fiduciary Net Position					
Contributions - Employer	$ 11,043	$ 10,534	$ 10,202	$ 10,109	$ 9,659
Contributions - Member	3,016	2,928	2,303	3,153	2,448
Refunds of Contributions to Members	—	(629)	(60)	—	—
Retirement Benefits	(17,655)	(17,679)	(16,989)	(16,832)	(16,675)
Death Benefits	(156)	(293)	(143)	(4)	(10)
Net Investment Income (Loss)	11,723	16,399	(871)	2,216	19,962
Administrative Expense	(86)	(79)	(75)	(71)	(68)
Other	—	253	(3)	286	195
Net Change in Plan Fiduciary Net Position	7,885	11,434	(5,636)	(1,143)	15,511
Plan Fiduciary Net Position - Beginning	152,151	140,717	146,353	147,496	131,985
Plan Fiduciary Net Position - Ending (b)	$ 160,036	$ 152,151	$ 140,717	$ 146,353	$ 147,496
Net Pension Liability - Ending (a) - (b)	$ 145,436	$ 146,888	$ 137,539	$ 126,271	$ 117,236
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.39%	50.88%	50.57%	53.68%	55.72%
Covered Payroll	$ 22,347	$ 22,347	$ 21,958	$ 21,267	$ 18,138
Net Pension Liability as a Percentage of Covered Payroll	650.81%	657.31%	626.37%	593.74%	646.36%

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the last five years' information is available.


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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's SCNG Contributions
(Expressed in Thousands)

Last 10 Fiscal Years

SCNG - South Carolina National Guard Supplemental Retirement Plan

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 5,290	$ 4,814	$ 4,509	$ 4,570	$ 4,591
Contributions in Relation to the Contractually Required Contribution	(5,290)	(4,814)	(4,591)	(4,591)	(4,591)
Contribution Deficiency/(Excess)	$ —	$ —	$ (82)	$ (21)	$ —
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which they are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry age

Amortization Method: Level dollar, closed

Remaining Amortization Period: 19 years

Asset Valuation Method: 5-Year Smoothed

Inflation: 2.25%

Salary Increases: N/A

Investment Rate of Return: 7.25%, net of investment and administration expenses, including inflation

Retirement Age: Age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of that 20 years of service, 15 years, and the final 10 years, must have been served in the South Carolina National Guard.

Mortality: In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the 2016 Public Retirees of South Carolina Mortality Table. In prior years, those assumptions were based on the RP-2000 Healthy Annuitant Mortality Table.

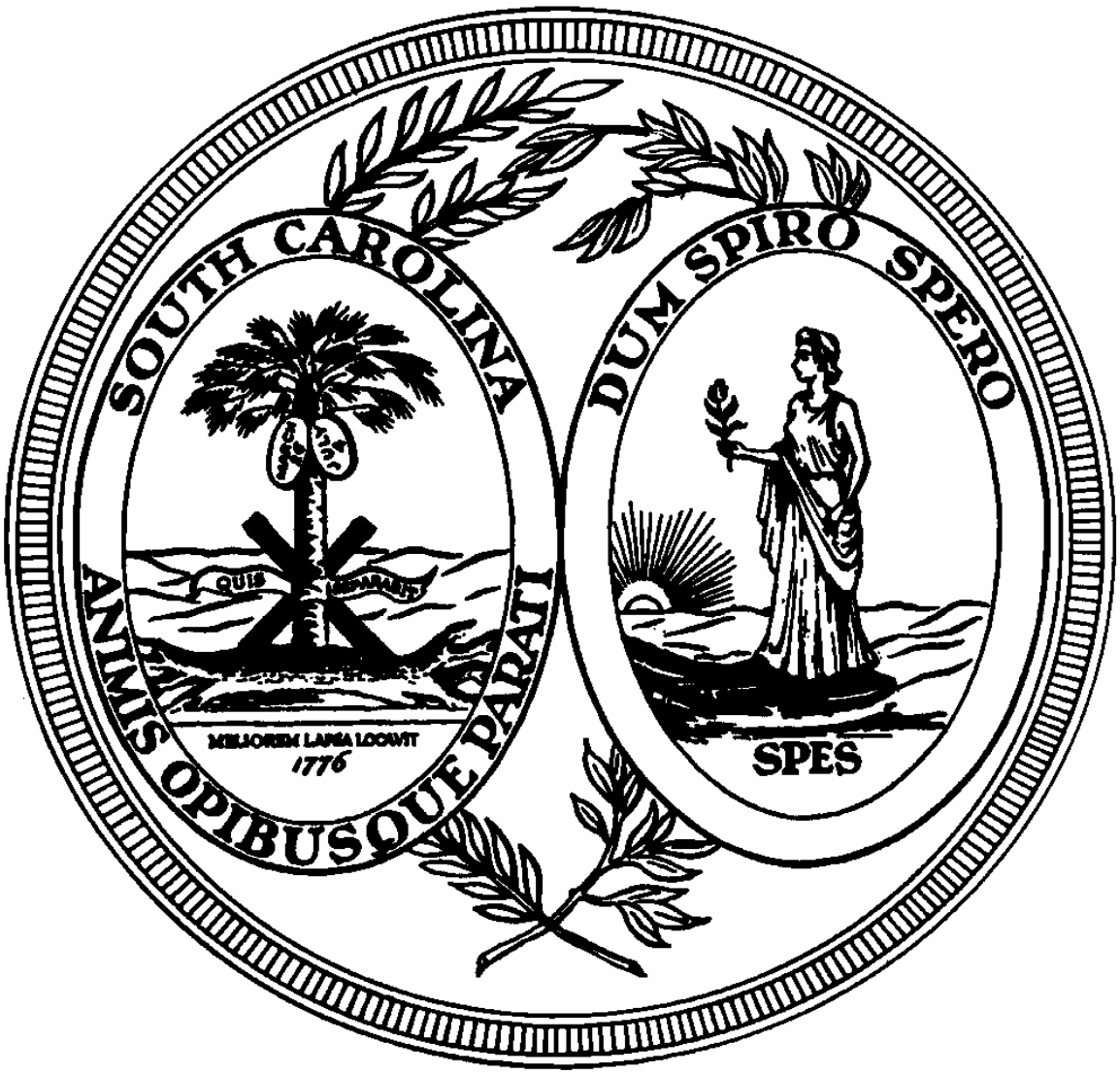
2014	2013	2012	2011	2010
$ 4,586	$ 4,539	$ 3,937	$ 3,905	$ 3,945
(4,586)	(4,539)	(3,937)	(3,905)	(3,945)
$ —	$ —	$ —	$ —	$ —
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the State of South Carolina's SCNG Net Pension Liability and Related Ratios
(Expressed in Thousands)

Last 10 Fiscal Years*

SCNG - South Carolina National Guard Supplemental Retirement Plan	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability					
Service Cost	$ 804	$ 696	$ 689	$ 690	$ 697
Interest	4,743	4,589	4,594	4,481	4,417
Difference Between Actual and Expected Experience	(767)	(843)	(992)	612	(262)
Assumption Changes	—	4,161	—	—	—
Benefit Payments	(4,411)	(4,426)	(4,310)	(4,249)	(4,248)
Net Change in Total Pension Liability	369	4,177	(19)	1,534	604
Total Pension Liability - Beginning	67,222	63,045	63,064	61,530	60,926
Total Pension Liability - Ending (a)	$ 67,591	$ 67,222	$ 63,045	$ 63,064	$ 61,530
Plan Fiduciary Net Position					
Contributions - Employer	$ 4,814	$ 4,591	$ 4,591	$ 4,591	$ 4,586
Retirement Benefits	(4,411)	(4,425)	(4,310)	(4,249)	(4,248)
Net Investment Income (Loss)	1,902	2,533	(121)	313	2,806
Administrative Expense	(14)	(13)	(12)	(11)	(10)
Net Change in Plan Fiduciary Net Position	2,291	2,686	148	644	3,134
Plan Fiduciary Net Position - Beginning	26,036	23,350	23,202	22,558	19,424
Plan Fiduciary Net Position - Ending (b)	$ 28,327	$ 26,036	$ 23,350	$ 23,202	$ 22,558
Net Pension Liability - Ending (a) - (b)	$ 39,264	$ 41,186	$ 39,695	$ 39,862	$ 38,972
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.91%	38.73%	37.04%	36.79%	36.66%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the last five years' information is available.


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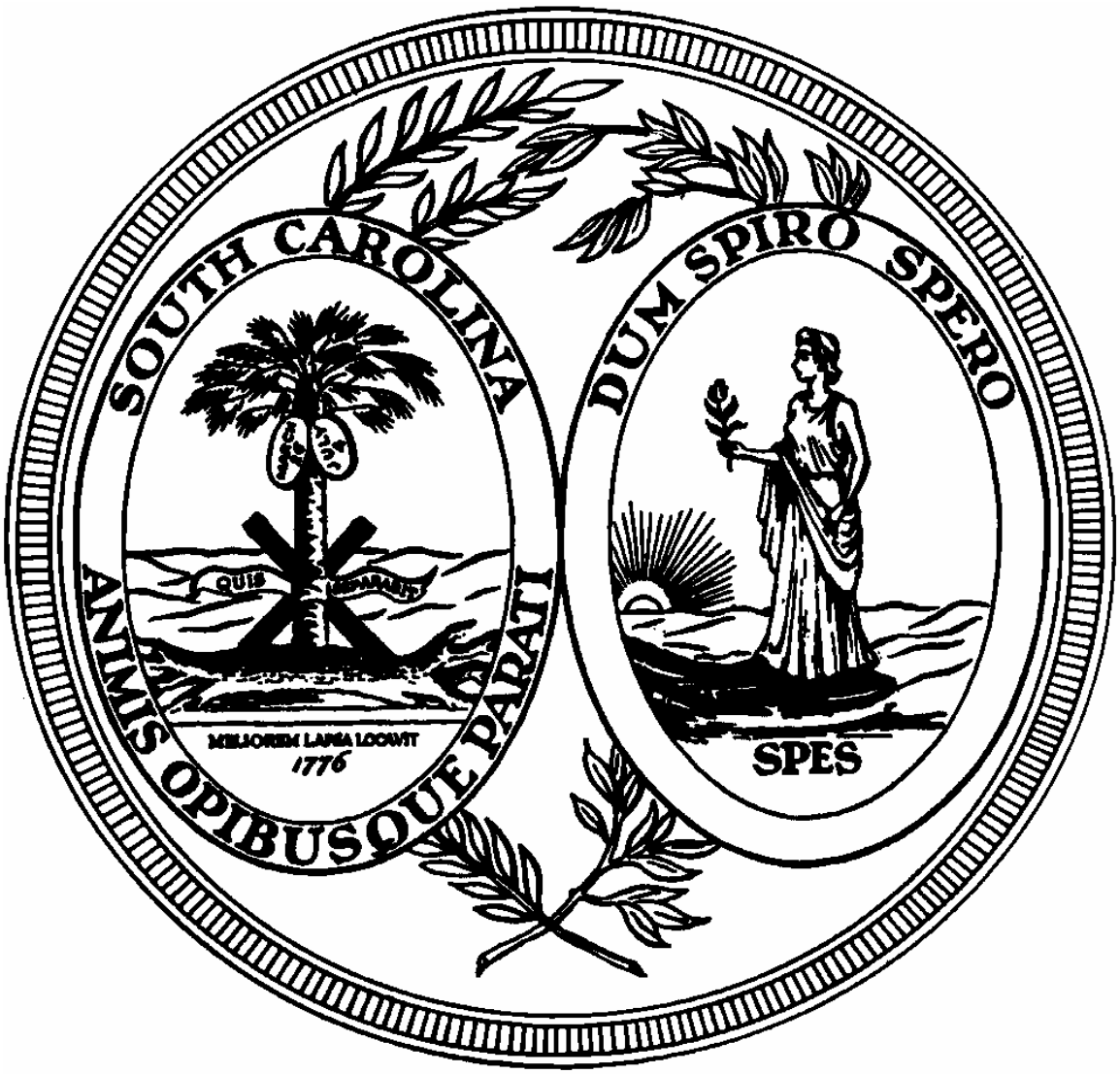
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's Proportionate Share of the Net OPEB Liability
(Expressed in Thousands)

Last 10 Fiscal Years

SCRHI - The South Carolina Retiree Health Insurance Trust Fund

	2019	2018	2017
State's Proportion of the Net OPEB Liability	20.92%	20.95%	20.95%
State's Proportionate Share of the Net OPEB Liability	$ 2,964,579	$ 2,837,273	$ 3,030,783
State Covered Payroll	$ 1,830,287	$ 1,804,721	$ 1,767,564
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.91%	7.60%	6.62%

* - The State implemented GASB 75 in fiscal year 2018, which changed prior calculations of the total OPEB liabilities. As such, only the last three years' information is available.

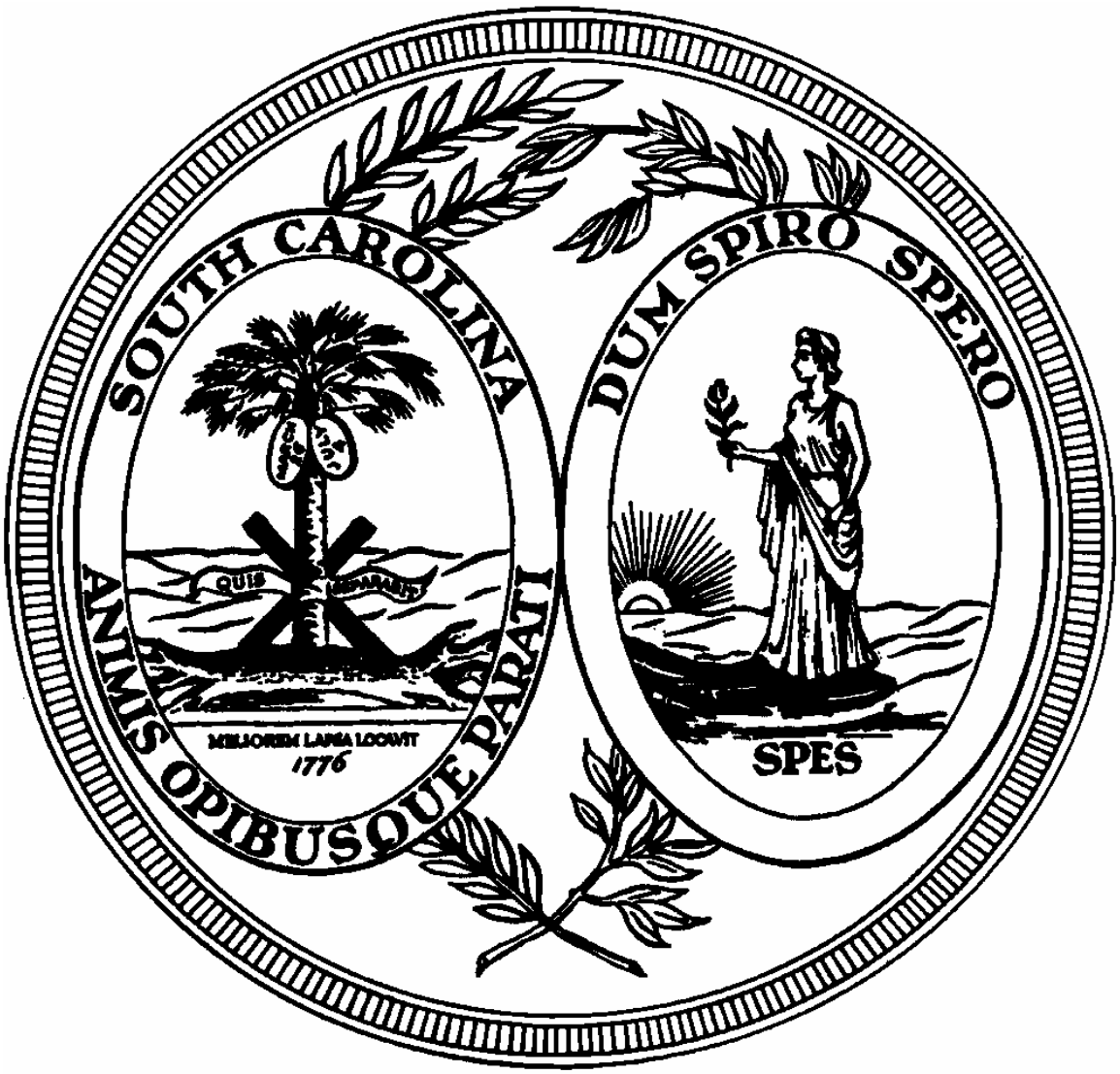

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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's SCRHI Contributions
(Expressed in Thousands)

Last 10 Fiscal Years

SCRHI - The South Carolina Retiree Health Insurance Trust Fund	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 133,157	$ 102,826	$ 166,834	$ 157,065	$ 156,653
Contributions in Relation to the Contractually Required Contribution	(133,157)	(102,826)	(102,887)	(95,903)	(119,745)
Contribution Deficiency/(Excess)	$ —	$ —	$ 63,947	$ 61,162	$ 36,908
State Covered Payroll	$ 1,830,287	$ 1,804,721	$ 1,767,564	N/A	N/A
Contributions as a Percentage of Covered Payroll	7.28%	5.70%	5.82%	N/A	N/A

2014	2013	2012	2011	2010
$ 163,194	$ 171,551	$ 164,938	$ 170,915	$ 164,510
(99,102)	(85,810)	(87,782)	(63,427)	(62,117)
$ 64,092	$ 85,741	$ 77,156	$ 107,488	$ 102,393
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A


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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's Proportionate Share of the Net OPEB Liability
(Expressed in Thousands)

Last 10 Fiscal Years

LTDIHF - The Long Term Disability Insurance Trust Fund

	2019	2018	2017
State's Proportion of the Net OPEB Liability	21.98%	21.71%	21.71%
State's Proportionate Share of the Net OPEB Liability	$ 673	$ 394	$ 151
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	92.20%	95.29%	98.15%

* - The State implemented GASB 75 in fiscal year 2018, which changed prior calculations of the total OPEB liabilities. As such, only the last three years' information is available.

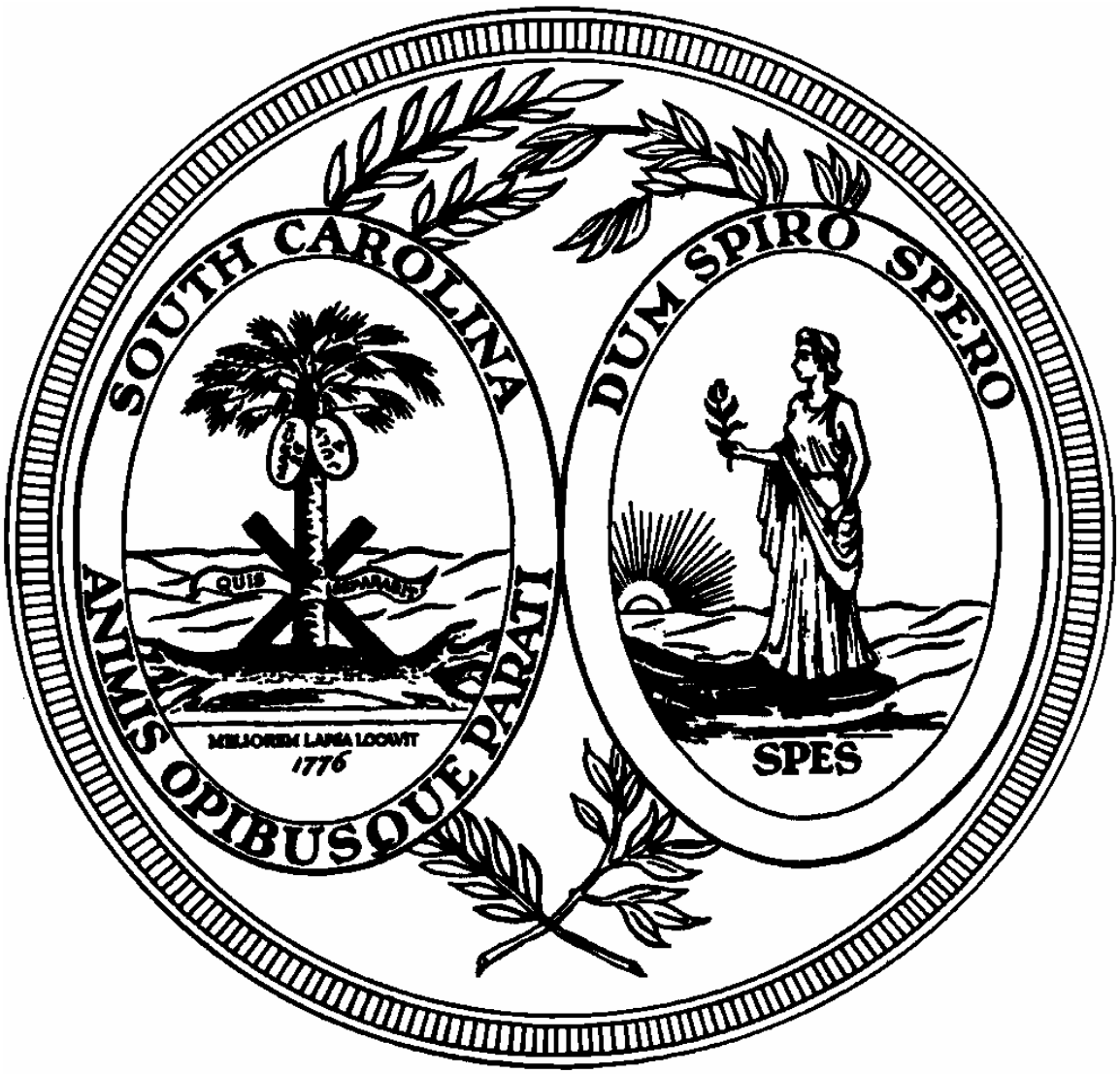
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's LTDIHF Contributions
(Expressed in Thousands)

Last 10 Fiscal Years

LTDIHF - The Long Term Disability Insurance Trust Fund

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 1,656	$ 1,976	$ 2,918	$ 2,845	$ 2,256
Contributions in Relation to the Contractually Required Contribution	(1,656)	(1,658)	(1,669)	(1,547)	(1,520)
Contribution Deficiency/(Excess)	$ —	$ 318	$ 1,249	$ 1,298	$ 736

2014	2013	2012	2011	2010
$ 1,574	$ 2,043	$ 2,004	$ 2,053	$ 2,082
(1,508)	(1,476)	(1,465)	(1,465)	(1,487)
$ 66	$ 567	$ 539	$ 588	$ 595


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Governmental Funds

Governmental funds include the General Fund, several special revenue funds, a Capital Projects Fund, and three permanent funds.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's nonmajor governmental funds:

- Combining Balance Sheet—Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds
- General Reserve Fund Activity—Budgetary General Fund

Generally accepted accounting principles (GAAP) for governments require that a Comprehensive Annual Financial Report (CAFR) include budgetary comparison schedules for "individual nonmajor special revenue funds and other governmental funds of the primary government (including its blended component units)." Such schedules would be included as supplementary information in this subsection of the CAFR if they were applicable. The State of South Carolina, however, does not prepare separate budgets for its individual special revenue funds or for its other governmental funds. Accordingly, this subsection includes no budgetary comparison schedules. (Also see the budgetary comparison schedules within the Required Supplementary Information section of this report.)

Note 1b in the notes to the financial statements describes the State's major governmental funds. The paragraphs below describe all other individual governmental funds that the State uses.

a. Nonmajor Special Revenue Funds

Special revenue funds account for specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. The State uses the nonmajor special revenue funds described below:

Waste Management Fund. This fund accounts for fees collected from consumers, generators of solid and hazardous wastes, and owners and operators of solid waste and hazardous waste storage facilities. These fees must be used for the purposes set forth in the State's Solid Waste Policy and Management Act of 1991 and to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Accommodations and Local Option Sales Tax Fund. This fund accounts for: (1) a special additional 2% sales tax on the gross proceeds on the rental of transient accommodations and (2) a special 1% sales tax applicable in some localities within the State. The State allocates these revenues to counties and municipalities in accordance with State law.

*Education Lottery Fund***.** State law requires the Lottery Commission, a major discretely presented component unit, to transfer all proceeds from lottery ticket sales and other revenues net of expenses to the Education Lottery Fund. The Fund distributes these monies for education purposes and programs as stipulated in State law. These programs include tuition assistance, needs-based grants, scholarships for the State's universities and technical colleges and acquisition or improvement of physical resources for education.

Tobacco Settlement Revenue Management Authority Fund. The Tobacco Settlement Revenue Management Authority was created to issue bonds that securitized future payments received under the multi-state legal settlement with the tobacco industry. The State transferred to the Authority, from its General Fund, all of its rights to the future tobacco settlement revenues.

The *State Tobacco Settlement Fund* accounts for revenues received from the General Fund and from the Tobacco Settlement Revenue Management Authority. Various healthcare and local government programs use these funds and the related interest.

Public Telecommunications Fund. The Public Telecommunications Fund of the State's Office of Regulatory Staff accounts for revenues collected from telephone companies within the State and redistributed to certain telephone companies in an effort to align prices and cost recovery with costs. This program also is intended to ensure basic telephone service at affordable rates is available to all citizens. Other revenues of the Fund include telephone customer surcharges for the 911 emergency system mandated by the FCC. These monies are collected from the telephone companies and distributed to local governments for their 911 emergency telephone systems.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues that must be used for specific purposes. These funds include operations of various employment services, water recreation, agricultural boards, forest renewal programs, medical and dental scholarships, energy-related programs, and certain programs administered by the Department of Probation, Parole, and Pardon Services.

b. Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments). Capital outlays financed from general obligation bond proceeds are accounted for through the Capital Projects Fund.

c. Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs—that is, for the benefit of the State or its citizenry.

Bequests Fund. Sometimes private citizens make bequests of specific assets within their wills to the State. Typically, these gifts provide that the State may expend the earnings, but not the principal, to support certain State agencies or certain programs within a specific State agency. The Bequests Fund accounts for these funds.

Children's Education Endowment Fund. This fund accounts for low-level radioactive waste fees collected from the Barnwell waste facility that are not required to be deposited to the General Fund or remitted to Barnwell County. These funds are to be used for public school facilities assistance and higher education scholarship grants.

Wildlife Endowment Fund. The Wildlife Endowment Fund accounts for funds received from private citizens as gifts and contributions, as well as fees for certain lifetime hunting and fishing licenses. The State may expend the earnings, but not the principal, in furthering the conservation of wildlife resources and the efficient operation of the State's Department of Natural Resources.

Combining Balance Sheet

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2019
(Expressed in Thousands)

	SPECIAL REVENUE					
	Waste Management	Accommodations and Local Option Sales Tax	Education Lottery	Tobacco Settlement Revenue Management Authority	State Tobacco Settlement	Public Telecommunications
ASSETS						
Cash and cash equivalents	$ 26,062	$ 187,040	$ 31,439	$ 41,992	$ 10,153	$ 5,782
Investments	154,191	78,676	103,036	—	35,662	9,369
Invested securities lending collateral	3,177	1,621	2,123	—	735	193
Receivables, net:						
Accounts	—	19	24,075	—	—	—
Accrued interest	1,291	398	1,129	—	194	78
Sales and other taxes	218	109,439	—	—	—	—
Due from Federal government and other grantors	—	—	—	—	—	—
Due from component units	—	—	14,404	—	—	—
Restricted assets:						
Other	—	—	—	37,500	—	—
Prepaid items	—	—	16	—	—	—
Total assets	**$ 184,939**	**$ 377,193**	**$ 176,222**	**$ 79,492**	**$ 46,744**	**$ 15,422**
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,389	417	4,019	36,770	—	82
Accrued salaries and related expenditures	12	—	27	—	—	20
Retainages payable	—	—	—	—	—	—
Tax refunds payable	—	—	—	—	—	—
Intergovernmental payables	—	178,198	—	—	—	—
Due to other funds	5	—	10	—	—	8
Due to component units	—	—	1,379	—	—	—
Securities lending collateral	3,177	1,621	2,123	—	735	193
Total liabilities	**4,583**	**180,236**	**7,558**	**36,770**	**735**	**303**
Fund balances:						
Nonspendable	—	—	16	—	—	—
Restricted	180,351	34,326	168,648	42,722	42,802	15,115
Committed	5	162,631	—	—	3,207	4
Assigned	—	—	—	—	—	—
Total fund balances	**180,356**	**196,957**	**168,664**	**42,722**	**46,009**	**15,119**
Total liabilities and fund balances	**$ 184,939**	**$ 377,193**	**$ 176,222**	**$ 79,492**	**$ 46,744**	**$ 15,422**

Exhibit D-1

			PERMANENT				
Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Children's Education Endowment	Wildlife Endowment	Totals	TOTALS
$ 66,028	$ 368,496	$ 86,631	$ 151	$ 966	$ 330	$ 1,447	$ 456,574
50,093	431,027	44,356	1,365	6,516	6,763	14,644	490,027
997	8,846	914	20	134	83	237	9,997
43	24,137	—	—	185	1	186	24,323
396	3,486	432	11	22	55	88	4,006
742	110,399	—	—	—	—	—	110,399
—	—	112	—	—	—	—	112
—	14,404	8,332	—	—	—	—	22,736
—	37,500	—	—	—	—	—	37,500
5	21	—	—	—	—	—	21
$ 118,304	**$ 998,316**	**$ 140,777**	**$ 1,547**	**$ 7,823**	**$ 7,232**	**$ 16,602**	**$ 1,155,695**
6,450	49,127	3,508	—	—	—	—	52,635
183	242	—	—	—	6	6	248
4	4	603	—	—	—	—	607
13	13	—	—	—	—	—	13
7,102	185,300	—	—	—	—	—	185,300
63	86	—	—	—	3	3	89
—	1,379	5,975	—	184	—	184	7,538
997	8,846	914	20	134	83	237	9,997
14,812	**244,997**	**11,000**	**20**	**318**	**92**	**430**	**256,427**
5	21	—	689	7,505	3,179	11,373	11,394
66,961	550,925	—	838	—	3,961	4,799	555,724
32,954	198,801	—	—	—	—	—	198,801
3,572	3,572	129,777	—	—	—	—	133,349
103,492	**753,319**	**129,777**	**1,527**	**7,505**	**7,140**	**16,172**	**899,268**
$ 118,304	**$ 998,316**	**$ 140,777**	**$ 1,547**	**$ 7,823**	**$ 7,232**	**$ 16,602**	**$ 1,155,695**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	SPECIAL REVENUE					
	Waste Management	Accommodations and Local Option Sales Tax	Education Lottery	Tobacco Settlement Revenue Management Authority	State Tobacco Settlement	Public Tele-commun-ications
Revenues:						
Taxes:						
Retail sales and use	$ 2,996	$ 1,029,592	$ —	$ —	$ —	$ —
Other	80	—	—	—	—	—
Licenses, fees, and permits	988	—	—	—	—	44,834
Interest and other investment income	7,947	3,128	6,005	85	971	462
Federal	—	—	—	—	—	—
Departmental services	1,590	—	—	—	—	—
Contributions	—	—	487,623	—	—	—
Fines and penalties	—	—	—	—	1,953	—
Tobacco legal settlement	—	—	—	80,723	—	—
Other	475	—	345	—	—	(18)
Total revenues	**14,076**	**1,032,720**	**493,973**	**80,808**	**2,924**	**45,278**
Expenditures:						
Current:						
General government	1,918	28,819	—	2,057	30	43,314
Education	—	—	406,826	—	—	—
Health and environment	1,083	—	—	—	40,131	—
Social services	—	—	—	—	—	—
Administration of justice	—	—	9	—	—	—
Resources and economic development	—	—	—	—	—	—
Capital outlay	—	—	16,134	—	—	—
Debt service:						
Principal retirement	—	—	—	—	—	1
Intergovernmental	2,991	999,881	34,631	—	—	—
Total expenditures	**5,992**	**1,028,700**	**457,600**	**2,057**	**40,161**	**43,315**
Excess of revenues over (under) expenditures	**8,084**	**4,020**	**36,373**	**78,751**	**(37,237)**	**1,963**
Other financing sources (uses):						
Bonds and notes issued	—	—	—	—	—	—
Transfers in	—	—	—	—	76,770	—
Transfers out	—	—	—	(76,770)	(2,028)	—
Total other financing sources (uses)	**—**	**—**	**—**	**(76,770)**	**74,742**	**—**
Net change in fund balances	**8,084**	**4,020**	**36,373**	**1,981**	**37,505**	**1,963**
Fund balances at beginning of year	**172,272**	**192,937**	**132,291**	**40,741**	**8,504**	**13,156**
Fund balances at end of year	**$ 180,356**	**$ 196,957**	**$ 168,664**	**$ 42,722**	**$ 46,009**	**$ 15,119**

Exhibit D-2

			PERMANENT				
Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Children's Education Endowment	Wildlife Endowment	Totals	TOTALS
$ —	$ 1,032,588	$ —	$ —	$ —	$ —	$ —	$ 1,032,588
3,303	3,383	—	—	—	—	—	3,383
30,895	76,717	—	—	—	494	494	77,211
2,749	21,347	2,489	94	366	505	965	24,801
—	—	214	—	—	—	—	214
16,625	18,215	54,079	—	—	—	—	72,294
135	487,758	2	—	—	—	—	487,760
6,729	8,682	—	—	—	—	—	8,682
—	80,723	—	—	—	—	—	80,723
57	859	275	—	1	—	1	1,135
60,493	**1,730,272**	**57,059**	**94**	**367**	**999**	**1,460**	**1,788,791**
32,699	108,837	—	—	—	—	—	108,837
—	406,826	—	—	5,173	—	5,173	411,999
182	41,396	—	18	—	—	18	41,414
1	1	—	11	—	—	11	12
—	9	—	—	—	—	—	9
83	83	—	—	—	101	101	184
2	16,136	85,524	—	—	—	—	101,660
—	1	—	—	—	—	—	1
16,394	1,053,897	—	—	(4,945)	—	(4,945)	1,048,952
49,361	**1,627,186**	**85,524**	**29**	**228**	**101**	**358**	**1,713,068**
11,132	**103,086**	**(28,465)**	**65**	**139**	**898**	**1,102**	**75,723**
—	—	674	—	—	—	—	674
11,482	88,252	25,369	—	—	—	—	113,621
(396)	(79,194)	(7,367)	—	—	—	—	(86,561)
11,086	**9,058**	**18,676**	**—**	**—**	**—**	**—**	**27,734**
22,218	**112,144**	**(9,789)**	**65**	**139**	**898**	**1,102**	**103,457**
81,274	**641,175**	**139,566**	**1,462**	**7,366**	**6,242**	**15,070**	**795,811**
$ 103,492	**$ 753,319**	**$ 129,777**	**$ 1,527**	**$ 7,505**	**$ 7,140**	**$ 16,172**	**$ 899,268**

General Reserve Fund Activity

Exhibit D-3

BUDGETARY GENERAL FUND

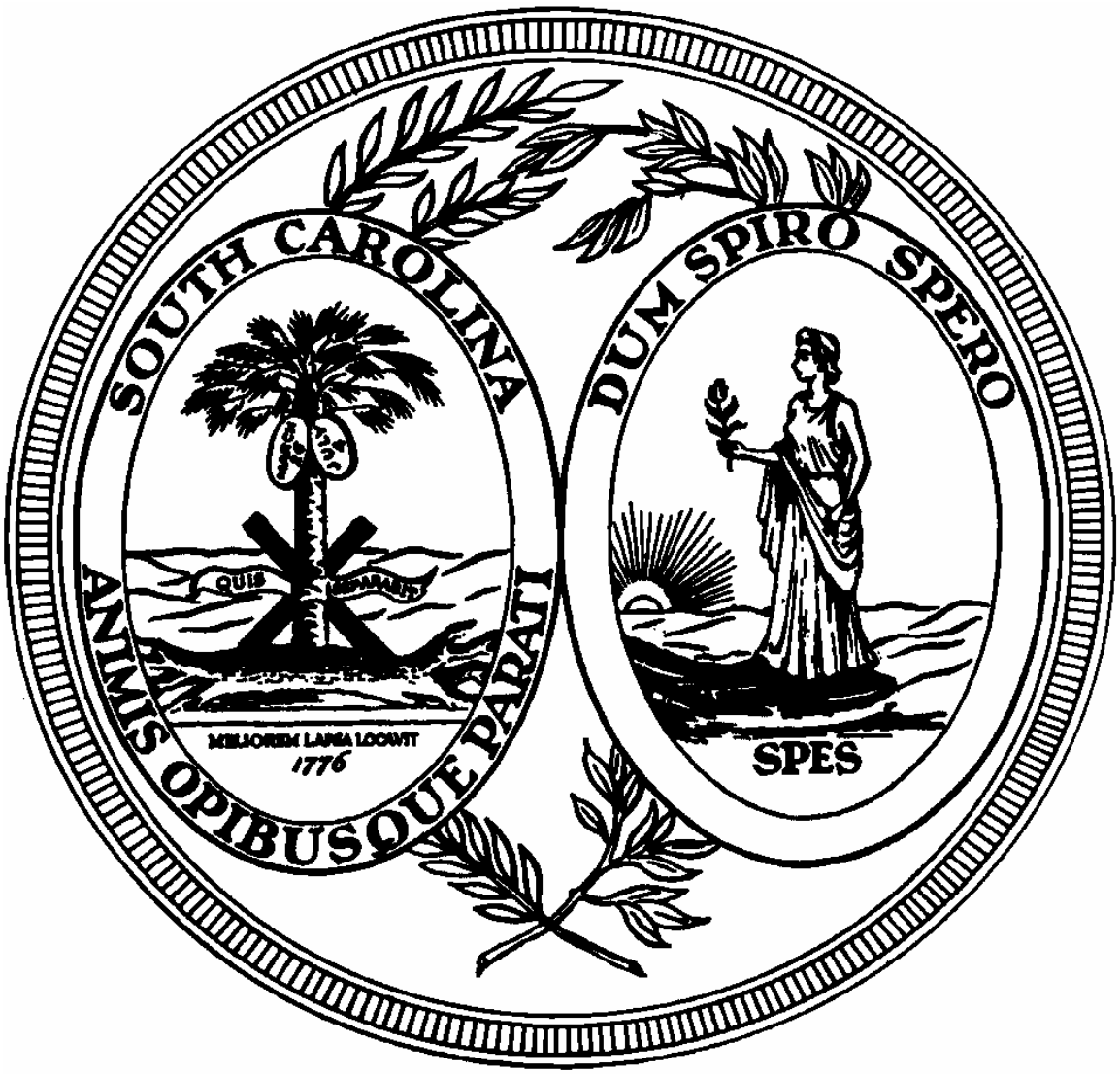
Last Ten Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Reserve Fund (Reserve). The Reserve primarily is designed to prevent Budgetary General Fund deficits. On November 4, 1988, a Constitutional amendment was passed, which permanently changed the funding requirement for the Reserve to three percent of the Budgetary General Fund revenue of the previous fiscal year. An additional Constitutional amendment was passed to be effective for the fiscal year 2011-2012, that requires the amount in the Reserve to be gradually increased one-half of one percent annually until the Reserve is five percent of the Budgetary General Fund revenue of the previous fiscal year.

If amounts are withdrawn from the Reserve, the State Constitution requires restoration of the Reserve to full funding within three years.

Key amounts for the General Reserve Fund for the last ten fiscal years are (dollars in thousands):

Fiscal Year Ended June 30	Start-of-Year Balance	Deposits	Withdrawals	End-of-Year Balance	Full-Funding Amount	Actual End-of-Year % Funded
2019	$ 363,552	$ 15,571	$ —	$ 379,123	$ 379,123	100%
2018	348,019	15,533	—	363,552	363,552	100%
2017	327,619	20,400	—	348,019	348,019	100%
2016	319,479	8,140	—	327,619	327,619	100%
2015	292,890	26,589	—	319,479	319,479	100%
2014	281,641	11,249	—	292,890	263,601	111%
2013	183,466	98,175	—	281,641	225,313	125%
2012	166,325	17,141	—	183,466	183,466	100%
2011	110,883	55,442	—	166,325	166,325	100%
2010	—	110,883	—	110,883	191,772	58%


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
QUIS SEPARABIT
MELIOREM LAPSA LOCAVIT
1776
SPES

Proprietary Funds

Proprietary funds include enterprise and internal service funds. This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's nonmajor proprietary funds:

- Combining Statement of Net Position—Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Position—Nonmajor Enterprise Funds
- Combining Statement of Cash Flows—Nonmajor Enterprise Funds
- Combining Statement of Net Position—Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Position—Internal Service Funds
- Combining Statement of Cash Flows—Internal Service Funds

Note 1b in the notes to the financial statements describes the State's major enterprise funds. The paragraphs below describe all nonmajor enterprise funds and the internal service funds that the State uses.

a. Nonmajor Enterprise Funds

The State uses enterprise funds to report activities for which it charges fees to external users for goods or services if *any* of the following situations applies:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The State uses the nonmajor enterprise funds described below.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State. This fund is reported as an insurance enterprise. In May 2019, the State decided to combine the South Carolina Medical Malpractice Liability Joint Underwriting Association and the Patients' Compensation Fund, which will take effect on January 1, 2020. The new combined entity will be named the South Carolina Medical Malpractice Association.

Canteen Fund. This fund accounts for the operations of canteens at various correctional institutions.

Tuition Prepayment Program Fund. This fund, previously known as the PACE program, allows contributors to make payments, under the terms of a tuition prepayment contract, to cover future undergraduate tuition expenses of a designated beneficiary at a South Carolina public higher education institution. Alternatively, the benefits of this contract can be applied toward the cost of tuition, up to the weighted average tuition at South Carolina public institutions, at any accredited college or university to which the designated beneficiary has been admitted.

Palmetto Railways Fund. The Public Railways Division of the Department of Commerce d/b/a Palmetto Railways consists of two divisions: the Ports Utilities Commission and Port Terminal Railroad, which operates the railroad yard at the Charleston Harbor; and the East Cooper and Berkeley Railroad, which operates the railroad line in Berkeley County.

Other Enterprise Funds. Other enterprise activities of the State include: the Savannah Valley Development of the South Carolina Department of Commerce, operation of the Columbia Farmers' Market, and enterprise operations of the Adjutant General's Office and the State Board for Technical and Comprehensive Education.

b. Internal Service Funds

The State uses the internal service funds described below to report activities that provide goods or services to other State funds, departments, agencies, component units, and/or to other governments, on a cost-reimbursement basis if the State is the predominant participant in the activity. If the State is *not* the predominant participant, it reports the activity as an enterprise fund.

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. State law limits the Fund's customers to certain governmental persons/entities within the State and certain associated parties.

Employee Insurance Programs Fund. This is a risk management fund that underwrites the group health, dental, life, accidental death and dismemberment, disability, and long-term care benefits provided to State and public school employees and retirees.

State Accident Fund. This is a risk management fund that provides workers' compensation benefits predominantly to State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include telecommunication and computer services, rental of office buildings, janitorial services, building maintenance, and procurement services.

Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of internal service funds. Such activities include provision of training programs for State employees and work activity centers of the Vocational Rehabilitation Department.

Combining Statement of Net Position

NONMAJOR ENTERPRISE FUNDS

June 30, 2019
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program	Palmetto Railways
ASSETS				
Current assets:				
Cash and cash equivalents	$ 934	$ 4,879	$ 364	$ 12,691
Investments	7,471	—	40,115	—
Invested securities lending collateral	2	—	—	17
Receivables, net:				
Accounts	—	579	283	3,211
Participants	—	—	242	—
Accrued interest	49	—	—	6
Inventories	—	664	—	706
Restricted assets:				
Cash and cash equivalents	—	—	—	239
Prepaid items	275	—	—	264
Total current assets	8,731	6,122	41,004	17,134
Long-term assets:				
Receivables, net:				
Participants	—	—	370	—
Restricted assets:				
Cash and cash equivalents	—	—	—	21
Non-depreciable capital assets	—	—	—	263,549
Depreciable capital assets, net	790	370	—	18,650
Total long-term assets	790	370	370	282,220
Total assets	**9,521**	**6,492**	**41,374**	**299,354**
DEFERRED OUTFLOWS OF RESOURCES	**$ 92**	**$ 708**	**$ —**	**$ 2,107**

Exhibit E-1

Other Enterprise	Totals
$ 2,651	$ 21,519
33	47,619
1	20
81	4,154
—	242
—	55
—	1,370
—	239
—	539
2,766	75,757
—	370
—	21
498	264,047
860	20,670
1,358	285,108
4,124	**360,865**
$ 131	**$ 3,038**

Continued on Next Page

Combining Statement of Net Position

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2019
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program	Palmetto Railways
LIABILITIES				
Current liabilities:				
Accounts payable	$ —	$ 661	$ 10	$ 697
Accrued salaries and related expenses	30	117	—	1,006
Accrued interest payable	—	—	—	77
Intergovernmental payables	—	113	—	—
Tuition benefits payable	—	—	13,659	—
Policy claims	12,342	—	—	—
Due to other funds	—	55	—	—
Unearned revenues	3,254	—	—	33
Deposits	—	—	—	300
Securities lending collateral	2	—	—	17
Revenue bonds payable	—	—	—	190
Compensated absences payable	14	59	—	275
Other current liabilities	—	—	—	20
Total current liabilities	15,642	1,005	13,669	2,615
Long-term liabilities:				
Tuition benefits payable	—	—	64,613	—
Policy claims	40,690	—	—	—
Interfund payables	—	—	—	51,000
Other liabilities payable from restricted assets	126	—	—	—
Notes payable	—	—	—	6,500
Revenue bonds payable	—	—	—	5,185
Compensated absences payable	—	140	—	—
Net pension liability	549	3,231	—	10,658
Net OPEB liability	417	2,568	—	8,537
Total long-term liabilities	41,782	5,939	64,613	81,880
Total liabilities	**57,424**	**6,944**	**78,282**	**84,495**
DEFERRED INFLOWS OF RESOURCES	**$ 121**	**$ 351**	**$ —**	**$ 820**
NET POSITION				
Net investment in capital assets	$ 790	$ 261	$ —	$ 219,324
Unrestricted	(48,722)	(356)	(36,908)	(3,178)
Total net position (deficit)	**$ (47,932)**	**$ (95)**	**$ (36,908)**	**$ 216,146**

Exhibit E-1

Other Enterprise	Totals
$ 44	$ 1,412
66	1,219
—	77
—	113
—	13,659
—	12,342
28	83
—	3,287
—	300
1	20
—	190
25	373
—	20
164	33,095
—	64,613
—	40,690
—	51,000
—	126
—	6,500
—	5,185
60	200
595	15,033
473	11,995
1,128	195,342
1,292	**228,437**
$ 65	**$ 1,357**
$ 1,119	$ 221,494
1,779	(87,385)
$ 2,898	**$ 134,109**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program
Operating revenues:			
Charges for services	$ 8,894	$ 20,754	$ —
Contributions	—	—	354
Interest and other investment income	—	—	13,426
Other operating revenues	—	—	—
Total operating revenues	**8,894**	**20,754**	**13,780**
Operating expenses:			
General operations and administration	1,465	17,113	136
Benefits and claims	13,309	—	—
Tuition plan disbursements	—	—	14,487
Depreciation and amortization	127	135	—
Other operating expenses	—	—	—
Total operating expenses	**14,901**	**17,248**	**14,623**
Operating income (loss)	**(6,007)**	**3,506**	**(843)**
Nonoperating revenues (expenses):			
Interest income	379	—	—
Interest expense	—	—	—
Net other nonoperating revenues (expenses)	—	—	—
Gains on sale of capital assets	—	—	—
Total nonoperating revenues (expenses)	**379**	**—**	**—**
Income (loss) before transfers	**(5,628)**	**3,506**	**(843)**
Transfers out	—	(2,808)	—
Change in net position	**(5,628)**	**698**	**(843)**
Net position (deficit), at beginning of year, as restated	**(42,304)**	**(793)**	**(36,065)**
Net position (deficit) at end of year	**$ (47,932)**	**$ (95)**	**$ (36,908)**

Exhibit E-2

Palmetto Railways	Other Enterprise	Totals
$ 20,495	$ 1,644	$ 51,787
—	—	354
—	2	13,428
121	—	121
20,616	**1,646**	**65,690**
15,668	1,301	35,683
—	—	13,309
—	—	14,487
1,033	110	1,405
—	24	24
16,701	**1,435**	**64,908**
3,915	**211**	**782**
104	—	483
(77)	—	(77)
1,116	55	1,171
2,954	(44)	2,910
4,097	**11**	**4,487**
8,012	**222**	**5,269**
—	(255)	(3,063)
8,012	**(33)**	**2,206**
208,134	**2,931**	**131,903**
$ 216,146	**$ 2,898**	**$ 134,109**

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program	Palmetto Railways
Cash flows from operating activities:				
Receipts from customers, patients, and third-party payers	$ 8,705	$ 20,178	$ —	$ 19,523
Tuition plan contributions received	—	—	734	—
Claims and benefits paid	(9,101)	—	(25,706)	—
Payments to suppliers for goods and services	(1,107)	(14,595)	—	(10,930)
Payments to employees	(355)	(1,765)	—	(5,141)
Other operating cash receipts	—	—	(167)	1,813
Other operating cash payments	—	—	—	—
Net cash provided by (used in) operating activities	**(1,858)**	**3,818**	**(25,139)**	**5,265**
Cash flows from noncapital financing activities:				
Miscellaneous revenue cash receipts	—	2	—	—
Other noncapital financing cash payments	—	—	—	(576)
Transfers out	—	(2,808)	—	—
Net cash provided by (used in) noncapital financing activities	**—**	**(2,806)**	**—**	**(576)**
Cash flows from capital and related financing activities:				
Acquisition of capital assets	—	(67)	—	(4,863)
Principal payments on capital debt	—	—	—	(180)
Interest payments on capital debt	—	—	—	(97)
Proceeds from sale or disposal of capital assets	—	—	—	2,954
Net cash provided by (used in) capital and related financing activities	**—**	**(67)**	**—**	**(2,186)**
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	2,899	—	11,817	—
Purchase of investments	(2,825)	—	—	—
Interest and dividends on investments	380	—	13,426	101
Net cash provided by (used in) investing activities	**454**	**—**	**25,243**	**101**
Net increase (decrease) in cash and cash equivalents	**(1,404)**	**945**	**104**	**2,604**
Cash and cash equivalents at beginning of year	**2,338**	**3,934**	**260**	**10,347**
Cash and cash equivalents at end of year	**$ 934**	**$ 4,879**	**$ 364**	**$ 12,951**

Exhibit E-3

Other Enterprise	Totals
$ 1,682	$ 50,088
—	734
—	(34,807)
(103)	(26,735)
(1,965)	(9,226)
—	1,646
(6)	(6)
(392)	**(18,306)**
41	43
—	(576)
(255)	(3,063)
(214)	**(3,596)**
(23)	(4,953)
—	(180)
—	(97)
—	2,954
(23)	**(2,276)**
(3)	14,713
—	(2,825)
2	13,909
(1)	**25,797**
(630)	**1,619**
3,281	**20,160**
$ 2,651	**$ 21,779**

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program	Palmetto Railways
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (6,007)	$ 3,506	$ (843)	$ 3,915
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	127	135	—	1,033
Realized gains and losses on sale of assets	—	—	—	2,954
Interest and dividends on investments and interfund loans	—	—	(13,426)	(77)
Other nonoperating revenues	—	—	—	—
Other nonoperating expenses	—	—	—	(576)
Effect of change in operating assets and liabilities:				
Accounts receivable, net	—	—	380	(951)
Due from other funds	—	—	—	(2)
Inventories	—	737	—	24
Other assets	15	(576)	—	(20)
Deferred outflows	16	218	—	849
Accounts payable	—	160	(30)	(1,801)
Accrued salaries and related expenses	(2)	4	—	209
Tuition benefits payable	—	—	(11,220)	—
Policy claims	4,209	—	—	—
Due to other funds	—	115	—	—
Unearned revenues	(188)	—	—	(21)
Compensated absences payable	1	18	—	36
Other liabilities	(94)	(407)	—	(420)
Deferred inflows	65	(92)	—	113
Net cash provided by (used in) operating activities	**$ (1,858)**	**$ 3,818**	**$ (25,139)**	**$ 5,265**
Noncash capital, investing, and financing activities:				
Increase (decrease) in fair value of investments	$ 229	$ —	$ 1,598	$ —

Exhibit E-3

Other Enterprise	Totals
$ 211	$ 782
110	1,405
(44)	2,910
(2)	(13,505)
55	55
—	(576)
24	(547)
—	(2)
—	761
—	(581)
154	1,237
(48)	(1,719)
(12)	199
—	(11,220)
—	4,209
(5)	110
—	(209)
(6)	49
(751)	(1,672)
(78)	8
$ (392)	**$ (18,306)**
$ —	$ 1,827

Combining Statement of Net Position

INTERNAL SERVICE FUNDS

June 30, 2019
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
ASSETS				
Current assets:				
Cash and cash equivalents	$ 7,287	$ 599,092	$ 332,361	$ 26,920
Investments	—	—	—	2,286
Invested securities lending collateral	7,593	10,928	5,937	47
Receivables, net:				
Accounts	19,845	114,400	60,479	966
Accrued interest	3,450	10	2,425	19
Due from other funds	11,805	—	—	2,068
Due from component units	16,400	—	—	—
Inventories	—	—	—	642
Prepaid items	21,348	621	688	7
Total current assets	87,728	725,051	401,890	32,955
Long-term assets:				
Investments	479,859	—	—	—
Accounts receivable, net	—	—	—	—
Prepaid items	—	—	—	4
Other long-term assets	—	—	150	—
Non-depreciable capital assets	—	—	—	6,339
Depreciable capital assets, net	—	58	105	58,594
Total long-term assets	479,859	58	255	64,937
Total assets	**567,587**	**725,109**	**402,145**	**97,892**
DEFERRED OUTFLOWS OF RESOURCES	**2,034**	**3,302**	**926**	**5,368**

Exhibit E-4

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 14,526	$ 5,435	$ 1,600	$ 987,221
—	—	—	2,286
—	—	—	24,505
1,012	(1,113)	5	195,594
—	—	—	5,904
184	—	—	14,057
—	—	—	16,400
—	1,853	—	2,495
—	—	—	22,664
15,722	6,175	1,605	1,271,126
—	—	—	479,859
—	75	—	75
—	—	—	4
—	—	—	150
—	—	—	6,339
35,950	4,389	—	99,096
35,950	4,464	—	585,523
51,672	**10,639**	**1,605**	**1,856,649**
426	**1,405**	**45**	**13,506**

Continued on Next Page

Combining Statement of Net Position

INTERNAL SERVICE FUNDS (Continued)

June 30, 2019
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
LIABILITIES				
Current liabilities:				
Accounts payable	$ 98	$ —	$ 167	$ 4,316
Accrued salaries and related expenses	256	797	314	1,059
Accrued interest payable	—	—	—	3
Intergovernmental payables	—	—	—	—
Policy claims	320,641	271,350	41,500	—
Due to other funds	—	—	—	433
Due to component units	—	—	—	215
Unearned revenues	88,791	19,747	66,066	—
Deposits	—	—	9	—
Securities lending collateral	7,593	10,928	5,937	47
Notes payable	—	—	—	998
Capital leases payable	—	—	26	—
Compensated absences payable	158	668	168	918
Other current liabilities	—	—	2,061	—
Total current liabilities	417,537	303,490	116,248	7,989
Long-term liabilities:				
Policy claims	—	—	169,490	—
Interfund payables	—	—	—	142
Notes payable	—	—	—	507
Capital leases payable	—	—	28	—
Compensated absences payable	31	305	53	640
Other long-term liabilities	—	—	159	—
Net pension liability	4,983	14,089	5,305	24,490
Net OPEB liability	3,997	11,158	4,133	19,461
Total long-term liabilities	9,011	25,552	179,168	45,240
Total liabilities	**426,548**	**329,042**	**295,416**	**53,229**
DEFERRED INFLOWS OF RESOURCES	**355**	**1,083**	**740**	**2,659**
NET POSITION				
Net investment in capital assets	—	58	51	64,968
Restricted:				
Expendable:				
Loan programs	—	—	—	—
Insurance programs	—	398,228	—	—
Unrestricted	142,718	—	106,864	(17,596)
Total net position (deficit)	**$ 142,718**	**$ 398,286**	**$ 106,915**	**$ 47,372**

Exhibit E-4

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 634	$ 775	$ —	$ 5,990
83	885	12	3,406
21	—	—	24
—	5	—	5
—	—	—	633,491
37	169	4	643
—	—	—	215
—	—	—	174,604
—	—	—	9
—	—	—	24,505
4,936	—	—	5,934
—	—	—	26
70	214	9	2,205
—	—	—	2,061
5,781	2,048	25	853,118
—	—	—	169,490
—	—	—	142
10,136	—	—	10,643
—	—	—	28
49	149	7	1,234
—	—	—	159
1,946	6,404	204	57,421
1,547	5,089	162	45,547
13,678	11,642	373	284,664
19,459	**13,690**	**398**	**1,137,782**
211	**695**	**22**	**5,765**
34,340	2,647	—	102,064
—	217	—	217
—	—	—	398,228
(1,912)	(5,205)	1,230	226,099
$ 32,428	**$ (2,341)**	**$ 1,230**	**$ 726,608**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Operating revenues:				
Charges for services	$ 137,018	$ 2,653,398	$ 68,548	$ 61,803
Other operating revenues	—	390,268	—	—
Total operating revenues	**137,018**	**3,043,666**	**68,548**	**61,803**
Operating expenses:				
General operations and administration	44,652	368,271	4,431	50,938
Benefits and claims	121,460	2,650,871	9,416	1
Depreciation and amortization	—	97	72	6,664
Other operating expenses	—	—	34	235
Total operating expenses	**166,112**	**3,019,239**	**13,953**	**57,838**
Operating income (loss)	**(29,094)**	**24,427**	**54,595**	**3,965**
Nonoperating revenues (expenses):				
Interest income	24,699	13,639	14,546	111
Contributions	—	—	—	14
Interest expense	—	—	(4)	(42)
Net other nonoperating revenues (expenses)	44	—	72	1,733
Losses on sale of capital assets	—	—	—	—
Total nonoperating revenues (expenses)	**24,743**	**13,639**	**14,614**	**1,816**
Income (loss) before transfers	**(4,351)**	**38,066**	**69,209**	**5,781**
Transfers in	—	—	—	459
Transfers out	(1,400)	—	—	(9,349)
Change in net position	**(5,751)**	**38,066**	**69,209**	**(3,109)**
Net position (deficit), at beginning of year	**148,469**	**360,220**	**37,706**	**50,481**
Net position (deficit) at end of year	**$ 142,718**	**$ 398,286**	**$ 106,915**	**$ 47,372**

Exhibit E-5

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 34,130	$ 14,559	$ 3,136	$ 2,972,592
—	—	—	390,268
34,130	**14,559**	**3,136**	**3,362,860**
23,574	4,562	59	496,487
—	—	—	2,781,748
13,255	221	—	20,309
—	—	—	269
36,829	**4,783**	**59**	**3,298,813**
(2,699)	**9,776**	**3,077**	**64,047**
—	—	—	52,995
—	—	—	14
(304)	—	(2,760)	(3,110)
2,521	1,417	—	5,787
(100)	—	—	(100)
2,117	**1,417**	**(2,760)**	**55,586**
(582)	**11,193**	**317**	**119,633**
71	—	—	530
(20)	—	—	(10,769)
(531)	**11,193**	**317**	**109,394**
32,959	**(13,534)**	**913**	**617,214**
$ 32,428	**$ (2,341)**	**$ 1,230**	**$ 726,608**

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Cash flows from operating activities:				
Receipts from customers	$ 75,977	$ 2,651,562	$ 13,411	$ —
Internal activity–payments from other funds	65,619	—	54,949	64,273
Other operating cash receipts	—	383,464	—	—
Claims paid	(91,469)	(100,803)	(50,377)	—
Payments to suppliers for goods and services	(45,535)	(2,881,927)	(1,297)	(33,171)
Payments to employees	(3,307)	(9,497)	(3,671)	(23,314)
Net cash provided by (used in) operating activities	**1,285**	**42,799**	**13,015**	**7,788**
Cash flows from noncapital financing activities:				
Payment of bond issuance costs for other funds	—	—	—	—
Miscellaneous revenue cash receipts	44	—	—	1,668
Other noncapital financing cash payments	—	—	—	—
Transfers in	—	—	—	459
Transfers out	(1,400)	—	—	(9,349)
Net cash provided by (used in) noncapital financing activities	**(1,356)**	**—**	**—**	**(7,222)**
Cash flows from capital and related financing activities:				
Acquisition of capital assets	—	(94)	(14)	(119)
Principal payments on capital debt	—	—	(25)	(978)
Interest payments on capital debt	—	—	—	(43)
Proceeds from sale or disposal of capital assets	—	—	—	—
Net cash used in capital and related financing activities	**—**	**(94)**	**(39)**	**(1,140)**
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	91,371	—	—	—
Purchase of investments	(102,838)	—	—	(545)
Interest on investments	11,956	13,635	13,693	104
Net cash provided by (used in) investing activities	**489**	**13,635**	**13,693**	**(441)**
Net increase (decrease) in cash and cash equivalents	**418**	**56,340**	**26,669**	**(1,015)**
Cash and cash equivalents at beginning	**6,869**	**542,752**	**305,692**	**27,935**
Cash and cash equivalents at end of year	**$ 7,287**	**$ 599,092**	**$ 332,361**	**$ 26,920**

Exhibit E-6

Motor Pool	Prison Industries	Other Internal Service	Totals
$ —	$ 16,653	$ —	$ 2,757,603
34,288	—	3,129	222,258
—	—	—	383,464
—	—	—	(242,649)
(22,201)	(3,165)	—	(2,987,296)
(1,446)	(13,078)	(141)	(54,454)
10,641	**410**	**2,988**	**78,926**
—	—	(2,760)	(2,760)
684	1,417	—	3,813
—	(7)	—	(7)
71	—	—	530
(20)	—	—	(10,769)
735	**1,410**	**(2,760)**	**(9,193)**
(10,796)	(687)	—	(11,710)
(4,852)	—	—	(5,855)
(298)	—	—	(341)
1,838	—	—	1,838
(14,108)	**(687)**	**—**	**(16,068)**
—	—	—	91,371
—	—	—	(103,383)
—	—	—	39,388
—	**—**	**—**	**27,376**
(2,732)	**1,133**	**228**	**81,041**
17,258	**4,302**	**1,372**	**906,180**
$ 14,526	**$ 5,435**	**$ 1,600**	**$ 987,221**

Continued on Next Page

Combining Statement of Cash Flows

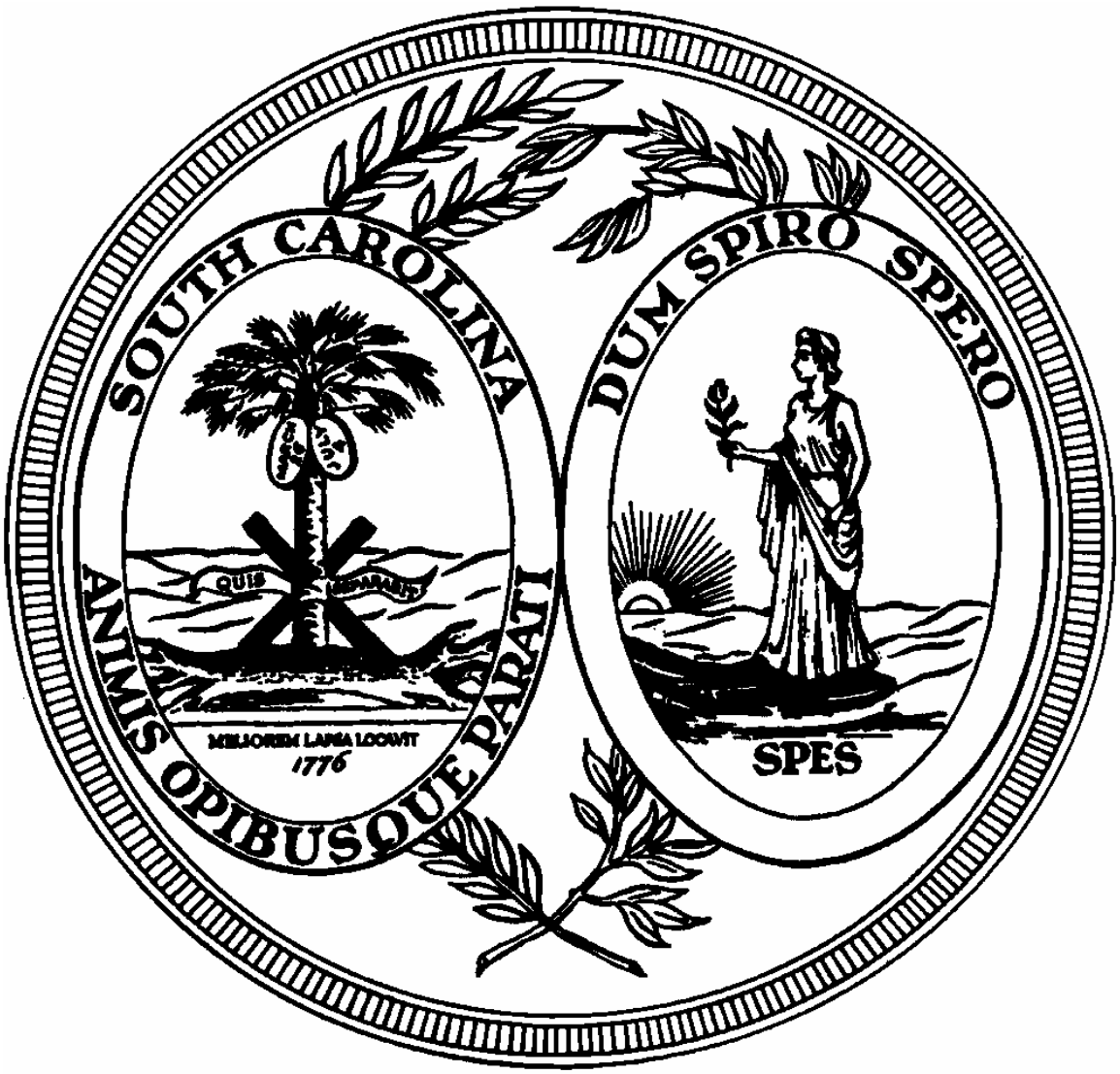
INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (29,094)	$ 24,427	$ 54,595	$ 3,965
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	—	97	72	6,664
Interest payments reclassified as capital				
Interest and dividends on investments and interfund loans	—	—	—	104
Realized losses on sale of assets	—	—	—	—
Other nonoperating revenues	—	—	72	—
Effect of change in operating assets and liabilities:				
Accounts receivable, net	—	(7,344)	(682)	776
Due from other funds	(5,101)	—	—	1,605
Inventories	—	—	—	(22)
Other assets	(2,880)	662	(637)	2
Deferred outflows	2,136	55	15	1,690
Accounts payable	—	—	62	276
Accrued salaries and related expenses	(98)	(13)	23	(229)
Policy claims	28,591	24,637	(41,000)	—
Due to other funds	—	—	—	(615)
Unearned revenues	9,679	(1,296)	1,461	—
Compensated absences payable	(43)	147	24	(60)
Other liabilities	(1,887)	1,339	(1,126)	(5,425)
Deferred inflows	(18)	88	136	(943)
Net cash provided by (used in) operating activities	**$ 1,285**	**$ 42,799**	**$ 13,015**	**$ 7,788**
Noncash capital, investing, and financing activities:				
Disposal of capital assets	$ —	$ —	$ —	$ 1,748
Increase in fair value of investments	12,558	—	—	—
Total noncash capital, investing, and financing activities	**$ 12,558**	**$ —**	**$ —**	**$ 1,748**

Exhibit E-6

Motor Pool	Prison Industries	Other Internal Service	Totals
$ (2,699)	$ 9,776	$ 3,077	$ 64,047
13,255	221	—	20,309
—	—	—	104
(100)	—	—	(100)
—	—	—	72
(234)	2,095	—	(5,389)
492	—	(7)	(3,011)
—	356	—	334
—	—	—	(2,853)
34	3,995	20	7,945
(250)	600	—	688
(11)	(11)	(1)	(340)
—	—	—	12,228
(1)	3	—	(613)
—	—	—	9,844
22	(10)	(2)	78
154	(15,177)	(87)	(22,209)
(21)	(1,438)	(12)	(2,208)
$ 10,641	**$ 410**	**$ 2,988**	**$ 78,926**
$ 8,858	$ 120	$ —	$ 10,726
—	—	—	12,558
$ 8,858	**$ 120**	**$ —**	**$ 23,284**


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
QUIS SEPARABIT
MELIOREM LAPSA LOCAVIT
1776
SPES

Fiduciary Funds

Fiduciary funds include pension and other post-employment benefit trust funds, investment trust funds, private-purpose trust funds, and agency funds. Note 1b in the notes to the financial statements provides definitions of each of these fund types.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's fiduciary funds:

- Combining Statement of Plan Net Position—Pension and Other Post-Employment Benefit Trust Funds
- Combining Statement of Changes in Plan Net Position—Pension and Other Post-Employment Benefit Trust Funds
- Combining Statement of Fiduciary Net Position—Private-Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Position—Private-Purpose Trust Funds
- Combining Statement of Changes in Assets and Liabilities—Agency Funds

The State maintains only one investment trust fund, so no combining statements are necessary for that fund type. The paragraphs below describe all other individual fiduciary funds that the State uses.

a. Pension and Other Post-Employment Benefit Trust Funds

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

National Guard Retirement System. The State administers this single-employer pension system that provides a supplemental retirement benefit to members of the South Carolina National Guard. The State is a nonemployer contributor to the system.

South Carolina Retiree Health Insurance Trust Fund. This trust was established to fund the State's cost-sharing multiple employer post-employment health and dental benefit plans.

Long-term Disability Insurance Trust Fund. This trust was established to fund the State's cost-sharing multiple employer long-term disability insurance plans.

b. Private-Purpose Trust Funds

College Savings Plan Fund. The Future Scholar 529 College Savings Plan (the Plan), accounted for in this fund, provides participant families a tax-advantaged method of saving for future college costs. A primary objective of both the financial advisor program and the direct program within the Plan is to provide families with flexibility and professional investment management in meeting their college savings objectives.

Other Private-Purpose Trust Funds. This fund accounts for monies the State has received as trustee under various trust arrangements that specify how the principal and interest earnings must be used. In each case, all of the principal and income benefit individuals, private organizations, or governments outside the State reporting entity; none of the monies may be used for State purposes. The purposes to which the resources of these funds are dedicated include scholarships, the operation of the equestrian center and activities at the Springdale Race Course (for the exclusive benefit of the Carolina Cup Racing Association, Inc., a private nonprofit corporation), and the decommissioning of a low-level radioactive waste disposal facility on behalf of Chem-Nuclear Systems, Inc., a for-profit corporation.

c. Agency Funds

Agency Funds are used to account for resources held by the State in a short-term custodial capacity for individuals, private organizations, and other governments. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, miscellaneous clearing accounts, and other deposits.

Combining Statement of Plan Net Position

PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

June 30, 2019
(Expressed in Thousands)

	PENSION TRUST				
	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Retirement System
ASSETS					
Cash and cash equivalents	$ 2,098,978	$ 391,292	$ 5,281	$ 16,874	$ 5,802
Receivables:					
Contributions	306,674	29,547	25	830	1
Accrued interest	41,341	7,320	54	251	49
Unsettled investment sales	1,191,159	210,265	1,406	7,081	1,190
Other investment receivables	3,807	672	5	22	4
Total receivables	1,542,981	247,804	1,490	8,184	1,244
Due from other funds	—	50	—	69	—
Investments, at fair value:					
Short-term investments	340,059	60,027	401	2,021	340
Debt-domestic	3,899,462	688,338	4,601	23,181	3,896
Equity-international	12,127,591	2,140,779	14,309	72,095	12,116
Alternatives	8,574,936	1,513,660	10,118	50,975	8,567
Financial and other	—	—	—	—	—
Total investments	24,942,048	4,402,804	29,429	148,272	24,919
Invested securities lending collateral	34,886	6,158	41	207	35
Capital assets, net	2,010	207	6	9	—
Prepaid items	3,294	554	4	20	3
Total assets	**28,624,197**	**5,048,869**	**36,251**	**173,635**	**32,003**
LIABILITIES					
Accounts payable	9,756	1,722	12	58	10
Accounts payable–unsettled investment purchases	1,081,545	190,916	1,276	6,429	1,081
Policy claims	—	—	—	—	—
Due to other funds	72,585	1,435	—	—	—
Deferred retirement benefits	70	—	—	—	—
Securities lending collateral	73,140	12,911	86	434	73
Other liabilities	148,185	26,076	165	871	156
Total liabilities	**1,385,281**	**233,060**	**1,539**	**7,792**	**1,320**
NET POSITION					
Held in trust for pension and other post-employment benefits	**$ 27,238,916**	**$ 4,815,809**	**$ 34,712**	**$ 165,843**	**$ 30,683**

Exhibit F-1

OPEB TRUST		
South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
$ 78,337	$ 2,590	$ 2,599,154
—	—	337,077
7,953	302	57,270
—	—	1,411,101
—	—	4,510
7,953	302	1,809,958
73,901	—	74,020
—	—	402,848
1,132,322	31,254	5,783,054
—	—	14,366,890
—	—	10,158,256
102,834	5,170	108,004
1,235,156	36,424	30,819,052
29,395	—	70,722
—	—	2,232
—	—	3,875
1,424,742	**39,316**	**35,379,013**
—	—	11,558
—	—	1,281,247
—	542	542
—	—	74,020
—	—	70
30,003	—	116,647
—	—	175,453
30,003	**542**	**1,659,537**
$ 1,394,739	**$ 38,774**	**$ 33,719,476**

Combining Statement of Changes in Plan Net Position

PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	PENSION TRUST				
	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Retirement System
Additions:					
Contributions:					
Employer	$ 1,450,628	$ 237,834	$ 5,804	$ 11,730	$ 5,290
Employee	880,664	144,747	162	2,840	—
Nonemployer	88,706	12,470	—	—	—
Total contributions	2,419,998	395,051	5,966	14,570	5,290
Investment income:					
Interest income and net appreciation in investments	1,776,768	313,181	2,213	10,838	1,892
Securities lending income	2,575	451	3	15	3
Total investment income	1,779,343	313,632	2,216	10,853	1,895
Less investment expense:					
Investment expense	279,952	49,309	329	1,670	279
Securities lending expense	—	—	—	—	—
Net investment income	1,499,391	264,323	1,887	9,183	1,616
Assets moved between pension trust funds	—	1,148	—	96	—
Total additions	**3,919,389**	**660,522**	**7,853**	**23,849**	**6,906**
Deductions:					
Regular retirement benefits	2,938,416	387,228	6,480	17,947	4,534
Supplemental retirement benefits	320	13	—	—	—
Refunds of retirement contributions to members	118,067	21,608	17	—	—
Death benefit claims	21,806	1,890	18	3	—
Accidental death benefits	—	1,809	—	—	—
Other post-employment benefits	—	—	—	—	—
Depreciation	151	19	—	1	—
Administrative expense	15,385	2,577	20	91	16
Assets moved between pension trust funds	1,244	—	—	—	—
Total deductions	**3,095,389**	**415,144**	**6,535**	**18,042**	**4,550**
Change in net position	**824,000**	**245,378**	**1,318**	**5,807**	**2,356**
Net position at beginning of year	**26,414,916**	**4,570,431**	**33,394**	**160,036**	**28,327**
Net position at end of year	**$ 27,238,916**	**$ 4,815,809**	**$ 34,712**	**$ 165,843**	**$ 30,683**

Exhibit F-2

OPEB TRUST		
South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
$ 533,328	$ 7,533	$ 2,252,147
—	—	1,028,413
103,178	—	204,354
636,506	7,533	3,484,914
77,656	2,969	2,185,517
29	4	3,080
77,685	2,973	2,188,597
—	—	331,539
3	—	3
77,682	2,973	1,857,055
—	—	1,244
714,188	**10,506**	**5,343,213**
—	—	3,354,605
—	—	333
—	—	139,692
—	—	23,717
—	—	1,809
535,095	7,891	542,986
—	—	171
885	41	19,015
—	—	1,244
535,980	**7,932**	**4,083,572**
178,208	**2,574**	**1,259,641**
1,216,531	**36,200**	**32,459,835**
$ 1,394,739	**$ 38,774**	**$ 33,719,476**

Combining Statement of Fiduciary Net Position — Exhibit F-3

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2019
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
ASSETS			
Cash and cash equivalents	$ 238	$ 16,669	$ 16,907
Receivables, net:			
Accrued interest	4,025	48	4,073
Unsettled investment sales	5,974	—	5,974
Investments	3,972,897	5,843	3,978,740
Invested securities lending collateral	—	102	102
Other assets	—	4,398	4,398
Total assets	**3,983,134**	**27,060**	**4,010,194**
LIABILITIES			
Accounts payable	3,251	26	3,277
Accounts payable–unsettled investment purchases	6,147	—	6,147
Securities lending collateral	—	102	102
Total liabilities	**9,398**	**128**	**9,526**
NET POSITION			
Held in trust for other purposes	**$ 3,973,736**	**$ 26,932**	**$ 4,000,668**

Combining Statement of Changes in Fiduciary Net Position

Exhibit F-4

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
Additions:			
Licenses, fees, and permits	$ —	$ 49	$ 49
Tuition plan deposits	—	3	3
Contributions	230,505	4,440	234,945
Interest income	205,774	317	206,091
Total additions	**436,279**	**4,809**	**441,088**
Deductions:			
Administrative expense	13,019	347	13,366
Other expenses	725	84	809
Total deductions	**13,744**	**431**	**14,175**
Change in net position	**422,535**	**4,378**	**426,913**
Net position at beginning of year	**3,551,201**	**22,554**	**3,573,755**
Net position at end of year	**$ 3,973,736**	**$ 26,932**	**$ 4,000,668**

Combining Statement of Changes in Assets and Liabilities

Exhibit F-5

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Assets:				
Cash and cash equivalents	$ 392,937	$ 38,006,175	$ 38,107,321	$ 291,791
Accounts receivable	13,011	335,614	337,760	10,865
Accrued interest receivable	2,331	14,067	2,490	13,908
Taxes receivable	748	6,373	7,121	—
Loans and notes receivable	13	75	88	—
Due from other funds	11,173	285,110	281,835	14,448
Investments	18,640	52,184	52,757	18,067
Invested securities lending collateral	183	4,119	876	3,426
Total assets	**$ 439,036**	**$ 38,703,717**	**$ 38,790,248**	**$ 352,505**
Liabilities:				
Accounts payable	$ 39,524	$ 3,352,488	$ 3,362,268	$ 29,744
Due to other funds	—	323,988	323,988	—
Intergovernmental payables	32,436	67,523	67,232	32,727
Deposits	3,076	2,775	—	5,851
Amounts held in custody for others	363,554	281,672	364,471	280,755
Securities lending collateral	183	3,243	—	3,426
Due to participants	17	18	33	2
Other liabilities	246	328	574	—
Total liabilities	**$ 439,036**	**$ 4,032,035**	**$ 4,118,566**	**$ 352,505**

Nonmajor Discretely Presented Component Units

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's nonmajor discretely presented component units:

- Combining Statement of Net Position—Nonmajor Discretely Presented Component Units
- Combining Statement of Activities—Nonmajor Discretely Presented Component Units

The following entities are nonmajor discretely presented component units of the State:

The following universities are nonmajor component units: *The Citadel, Coastal Carolina University, College of Charleston, Francis Marion University, Lander University, South Carolina State University,* and *Winthrop University*.

The following technical colleges are nonmajor component units: *Aiken Technical College, Central Carolina Technical College, Denmark Technical College, Florence-Darlington Technical College, Greenville Technical College, Horry-Georgetown Technical College, Technical College of the Lowcountry, Midlands Technical College, Northeastern Technical College, Orangeburg-Calhoun Technical College, Piedmont Technical College, Spartanburg Community College, Tri-county Technical College, Trident Technical College, Williamsburg Technical College,* and *York Technical College*.

Connector 2000 Association, Inc. is a legally separate entity created to contract with the State Department of Transportation (DOT) in financing, acquiring, constructing, and operating turnpikes and other transportation projects, primarily the project known as the Southern Connector in Greenville County.

The *South Carolina Education Assistance Authority* issues bonds to make loans to individuals to enable students to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, loan repayments, and investment earnings.

The *South Carolina Jobs-Economic Development Authority* is a legally separate entity that promotes and develops business and economic welfare in the state.

The *South Carolina Research Authority* was created through an act of the General Assembly for the development and marketing of a statewide system of research and technology-based infrastructure and to conduct applied research and commercialization services on a contractual basis.

The *Patriots Point Development Authority* was established to develop and maintain a naval and maritime museum on Charleston Harbor, and to provide a place of education and recreation. The Patriots Point Development Authority Board also oversees the stewardship of over 350 acres of property on Charleston Harbor.

The *South Carolina Medical Malpractice Liability Joint Underwriting Association* was established to provide medical malpractice insurance on a self-supporting basis.

The *South Carolina First Steps to School Readiness* is a legally separate non-profit, tax-exempt public charity created specifically to carry out the objectives of The South Carolina First Steps to School Readiness Act and to lessen the burdens on government by overseeing the initiative for improving early childhood development of the Act.

The *Children's Trust Fund of South Carolina, Inc*. is a non-profit, tax-exempt public charity with a purpose to stimulate innovative prevention and treatment programming to meet critical needs of South Carolina's children by awarding grants to private non-profit organizations.

Combining Statement of Net Position

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2019
(Expressed in Thousands)

	The Citadel	Coastal Carolina University	College of Charleston	Francis Marion University	Lander University	South Carolina State University	Winthrop University
ASSETS							
Cash and cash equivalents	$ 67,459	$ 54,339	$ 69,192	$ 29,337	$ 10,131	$ 8,100	$ 27,024
Investments	109,068	—	7,164	8,754	11,786	—	51,760
Invested securities lending collateral	922	1,443	1,342	178	90	60	541
Receivables, net:							
Accounts	5,878	10,888	3,354	841	122	823	2,694
Contributions	15,981	6,051	6,861	484	1,337	—	—
Accrued interest	80	—	215	89	—	—	86
Student accounts	1,303	—	1,380	554	817	4,261	3,176
Loans and notes	1,421	—	—	—	255	—	—
Due from Federal government and other grantors	418	—	2,146	456	1,128	4,655	717
Due from primary government	—	—	—	4,166	—	12	368
Inventories	1,801	507	283	—	264	—	359
Restricted assets:							
Cash and cash equivalents	20,622	52,586	96,216	12,452	4,249	36,529	12,999
Investments	181,621	755	108,021	10,577	3,576	117	2,587
Loans receivable	11	927	1,103	1,561	1,072	3,144	1,833
Other	7,974	—	—	—	—	—	—
Prepaid items	976	2,279	4,990	1,046	603	228	1,536
Other assets	98	—	1,067	—	434	—	—
Capital assets-nondepreciable	11,772	70,087	68,143	8,267	10,233	9,715	5,738
Capital assets-depreciable, net	114,469	401,571	349,783	83,137	69,809	102,452	91,119
Total assets	541,874	601,433	721,260	161,899	115,906	170,096	202,537
DEFERRED OUTFLOWS OF RESOURCES	$ 18,197	$ 41,830	$ 34,221	$ 10,813	$ 8,350	$ 16,407	$ 19,117
LIABILITIES							
Accounts payable	$ 5,630	$ 3,264	$ 7,468	$ 1,057	$ 398	$ 5,070	$ 873
Accrued salaries and related expenses	2,697	12,929	9,679	365	1,276	1,100	5,957
Accrued interest payable	264	986	1,914	390	222	395	405
Retainages payable	84	841	192	—	13	10	53
Intergovernmental payables	—	—	—	—	—	—	—
Due to primary government	—	2,008	1,644	—	452	7,228	62
Unearned revenues and deferred credits	4,761	4,127	4,661	980	3,253	1,317	5,556
Deposits	4,269	—	2,159	—	—	—	290
Amounts held in custody for others	6,615	212	114	158	—	47	5,393
Securities lending collateral	922	1,443	1,342	178	90	60	541
Liabilities payable from restricted assets	—	—	—	—	—	—	1,436
Other liabilities	17,399	2,379	1,976	1,787	1,598	887	2,182
Long-term liabilities:							
Due within one year	3,421	10,596	11,210	2,423	3,130	4,494	7,487
Due in more than one year	185,006	552,830	532,969	135,925	106,926	153,117	213,488
Total liabilities	231,068	591,615	575,328	143,263	117,358	173,725	243,723
DEFERRED INFLOWS OF RESOURCES	$ 7,224	$ 13,961	$ 22,294	$ 6,248	$ 3,362	$ 9,142	$ 14,710
NET POSITION							
Net investment in capital assets	107,298	234,031	214,485	66,198	41,706	60,545	59,239
Restricted:							
Expendable:							
Education	174,966	157	57,786	10,171	19,480	21,847	1,056
Transportation	—	—	—	—	—	—	—
Capital projects	13,438	54,191	58,814	10,861	534	—	—
Debt service	283	2,321	9,578	—	1,794	6,471	1,306
Loan programs	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Nonexpendable:							
Education	53,569	—	66,050	15,343	—	925	54,911
Unrestricted	(27,775)	(253,013)	(248,854)	(79,372)	(59,978)	(86,152)	(153,291)
Total net position (deficit)	**$ 321,779**	**$ 37,687**	**$ 157,859**	**$ 23,201**	**$ 3,536**	**$ 3,636**	**$ (36,779)**

Exhibit G-1

Aiken Technical College	Central Carolina Technical College	Denmark Technical College	Florence-Darlington Technical College	Greenville Technical College	Horry-Georgetown Technical College	Technical College of the Lowcountry	Midlands Technical College	Northeastern Technical College	Orangeburg-Calhoun Technical College	Piedmont Technical College
$ 10,020	$ 7,266	$ 1,309	$ 2,553	$ 34,801	$ 24,640	$ 13,036	$ 15,815	$ 2,912	$ 6,077	$ 24,437
11,814	1,951	—	—	29,581	32,356	—	62,785	—	3,700	4,688
—	—	—	—	5	—	—	142	—	—	—
1,907	—	80	1,116	307	1,418	329	—	—	80	8
—	—	—	—	2,248	—	—	—	—	—	59
—	15	—	—	336	139	13	—	—	15	—
527	700	3	2,553	392	5,325	2,927	3,701	1,610	150	587
—	—	—	—	406	52	6	—	—	—	—
—	819	925	492	1,249	8,080	520	230	398	630	248
—	—	3,091	116	162	424	162	193	—	197	3,966
374	207	95	813	2,319	—	132	—	—	187	—
—	5,163	—	10,991	4,783	176	4	7,781	1,079	—	—
19	249	—	—	—	—	—	—	—	—	1,101
—	—	—	200	—	—	—	—	—	—	—
—	—	—	—	1,683	—	—	1,348	—	—	—
62	530	—	154	87	181	156	446	28	148	146
—	—	—	—	—	—	—	—	—	4	—
1,147	1,896	192	3,024	27,069	13,737	3,680	5,713	662	11,656	4,332
22,404	36,891	3,833	44,456	108,817	67,748	13,606	74,447	8,483	11,763	41,599
48,274	55,687	9,528	66,468	214,245	154,276	34,571	172,601	15,172	34,607	81,171
$ 2,973	$ 5,065	$ 1,230	$ 6,531	$ 15,520	$ 7,721	$ 3,143	$ 16,825	$ 1,428	$ 3,934	$ 5,982
$ 55	$ 355	$ 500	$ 183	$ 2,242	$ 3,487	$ 161	$ 1,361	$ 187	$ 906	$ 1,130
59	567	264	766	1,776	1,594	284	3,404	13	319	503
—	6	—	168	—	—	6	252	—	—	—
—	—	—	—	—	—	—	—	—	363	—
—	—	—	—	—	—	—	—	—	—	—
—	—	104	277	—	268	133	—	—	—	—
2,260	6,708	1,707	2,375	7,817	3,586	5,501	5,589	1,500	994	1,551
—	—	115	—	—	—	—	203	—	—	49
—	31	14	244	916	815	5	221	60	—	—
—	—	—	—	5	—	—	142	—	—	—
—	—	—	—	—	—	—	—	—	—	—
5	—	—	367	1,593	—	11	—	—	—	—
56	462	54	1,670	3,861	178	182	1,957	43	124	526
30,663	50,896	14,361	84,189	221,000	80,331	35,142	191,659	15,436	42,400	62,175
33,098	59,025	17,119	90,239	239,210	90,259	41,425	204,788	17,239	45,106	65,934
$ 2,323	$ 2,906	$ 4,235	$ 6,560	$ 9,144	$ 3,409	$ 1,620	$ 12,970	$ 1,437	$ 3,968	$ 5,650
23,551	38,417	4,025	34,314	78,573	81,486	16,639	61,250	9,145	23,419	45,931
63	6	—	40	6,388	231	14	—	596	—	1,190
—	—	—	—	—	—	—	—	—	—	—
—	—	2,900	—	3,752	18,182	—	53,824	484	—	8,813
—	—	—	10,951	—	—	—	16,494	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	252	—	—	10,319	—	—	—	—	—	1,101
(7,788)	(39,854)	(17,521)	(69,105)	(117,621)	(31,570)	(21,984)	(159,900)	(12,301)	(33,952)	(41,466)
$ 15,826	**$ (1,179)**	**$ (10,596)**	**$ (23,800)**	**$ (18,589)**	**$ 68,329**	**$ (5,331)**	**$ (28,332)**	**$ (2,076)**	**$ (10,533)**	**$ 15,569**

Continued on Next Page

Combining Statement of Net Position (Continued)

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2019
(Expressed in Thousands)

	Spartanburg Community College	Tri-county Technical College	Trident Technical College	Williamsburg Technical College	York Technical College	Connector 2000	South Carolina Education Assistance Authority	South Carolina Jobs-Economic Development Authority
ASSETS								
Cash and cash equivalents	$ 20,232	$ 50,086	$ 65,780	$ 8,804	$ 20,270	$ 1,725	$ 27,533	$ 403
Investments	6,142	25,338	—	667	16,353	—	—	4,677
Invested securities lending collateral	—	—	—	—	—	—	1,647	—
Receivables, net:								
Accounts	609	493	608	—	(143)	—	40,325	3,320
Contributions	133	157	—	—	895	—	—	—
Accrued interest	—	17	—	—	—	—	601	23
Student accounts	463	953	7,190	429	—	—	—	—
Loans and notes	4,721	—	—	—	2,769	—	41,683	—
Due from Federal government and other grantors	1,059	488	1,709	—	1,360	—	—	—
Due from primary government	306	111	2,583	—	398	—	—	—
Inventories	392	296	779	45	—	110	—	—
Restricted assets:								
Cash and cash equivalents	1,288	—	—	—	—	12,047	72,488	—
Investments	—	—	—	7	—	—	—	—
Loans receivable	—	—	—	—	—	—	—	—
Other	—	—	3,612	—	—	—	—	—
Prepaid items	210	669	83	10	—	67	5	—
Other assets	—	179	—	—	7	116,467	—	—
Capital assets-nondepreciable	6,645	6,579	73,881	127	11,315	11	—	—
Capital assets-depreciable, net	61,786	73,925	82,880	2,068	27,092	1,253	—	—
Total assets	103,986	159,291	239,105	12,157	80,316	131,680	184,282	8,423
DEFERRED OUTFLOWS OF RESOURCES	$ 7,802	$ 8,736	$ 15,577	$ 1,347	$ 6,585	$ —	$ —	$ 284
LIABILITIES								
Accounts payable	$ 2,115	$ 2,402	$ 2,329	$ 26	$ 2,134	$ 105	$ 5,317	$ —
Accrued salaries and related expenses	430	67	1,387	38	480	—	—	—
Accrued interest payable	71	319	35	—	—	—	—	—
Retainages payable	—	—	2,012	—	—	—	—	—
Intergovernmental payables	—	—	—	—	—	—	—	—
Due to primary government	—	—	591	—	172	45	190	—
Unearned revenues and deferred credits	2,103	3,982	4,830	1,277	4,031	649	14	—
Deposits	—	—	—	—	—	—	—	—
Amounts held in custody for others	—	—	191	—	51	—	—	—
Securities lending collateral	—	—	—	—	—	—	1,647	—
Liabilities payable from restricted assets	—	—	43	—	—	—	306	—
Other liabilities	26	—	82	—	—	—	—	58
Long-term liabilities:								
Due within one year	238	1,664	1,725	23	527	7,817	1,275	25
Due in more than one year	87,455	102,372	170,133	12,370	67,957	204,829	23,158	1,063
Total liabilities	92,438	110,806	183,358	13,734	75,352	213,445	31,907	1,146
DEFERRED INFLOWS OF RESOURCES	$ 3,204	$ 3,074	$ 16,779	$ 642	$ 3,076	$ —	$ —	$ 40
NET POSITION								
Net investment in capital assets	53,009	54,803	150,246	2,195	38,407	1,264	—	—
Restricted:								
Expendable:								
Education	7,602	11,630	—	—	—	—	—	—
Transportation	—	—	—	—	—	2,078	—	—
Capital projects	6,941	—	30,594	—	—	—	—	—
Debt service	(13)	—	—	—	—	—	7,135	—
Loan programs	—	—	—	—	—	—	62,549	—
Other	—	—	—	—	—	—	—	3,300
Nonexpendable:								
Education	—	15,472	—	7	—	—	—	—
Unrestricted	(51,393)	(27,758)	(126,295)	(3,074)	(29,934)	(85,107)	82,691	4,221
Total net position (deficit)	**$ 16,146**	**$ 54,147**	**$ 54,545**	**$ (872)**	**$ 8,473**	**$ (81,765)**	**$ 152,375**	**$ 7,521**

Exhibit G-1

South Carolina Research Authority	Patriots Point Development Authority	South Carolina Medical Malpractice Liability Joint Underwriting Association	South Carolina First Steps to School Readiness Board of Trustees	Children's Trust Fund of S.C., Inc.	Totals
$ 9,549	$ 4,570	$ 780	$ 14,125	$ 1,867	$ 634,172
47,606	—	14,843	—	1,791	452,824
—	87	—	20	—	6,477
606	513	1,183	616	14	77,989
384	—	—	—	—	34,590
—	—	114	—	—	1,743
—	—	—	—	—	39,001
294	—	—	—	—	51,607
—	—	—	528	2,618	30,873
—	—	—	—	1,311	17,566
—	286	—	—	—	9,249
—	11	—	—	—	351,464
2,625	—	—	—	—	311,255
—	—	—	—	—	9,851
—	—	—	—	—	14,617
467	9	—	4	103	15,223
—	—	1,042	—	17	119,315
7,174	4,847	100	—	—	367,742
25,749	14,140	—	71	22	1,935,373
94,454	24,463	18,062	15,364	7,743	4,480,931
$ —	$ 1,637	$ —	$ 2,510	$ —	$ 263,765
$ 738	$ 66	$ 230	$ 1,392	$ 1,718	$ 52,899
214	512	—	—	—	46,680
—	—	—	—	—	5,433
—	—	—	—	—	3,568
—	—	—	—	560	560
—	8,470	—	—	—	21,644
434	789	6,832	—	1,875	91,059
—	—	—	—	—	7,085
—	—	73	—	—	15,160
—	87	—	20	—	6,477
—	—	—	—	—	1,785
—	—	—	276	128	30,754
908	244	13,300	101	—	79,721
13,385	14,749	43,623	11,966	78	3,461,651
15,679	24,917	64,058	13,755	4,359	3,824,476
$ —	$ 1,161	$ —	$ 6,218	$ —	$ 165,357
18,631	10,787	—	71	22	1,529,687
—	—	—	6,769	—	319,992
—	—	—	—	—	2,078
—	—	—	—	—	263,328
—	—	—	—	—	56,320
—	—	—	—	—	62,549
13,408	—	2,297	—	—	19,005
—	—	—	—	—	217,949
46,736	(10,765)	(48,293)	(8,939)	3,362	(1,716,045)
$ 78,775	**$ 22**	**$ (45,996)**	**$ (2,099)**	**$ 3,384**	**$ 754,863**

Combining Statement of Activities

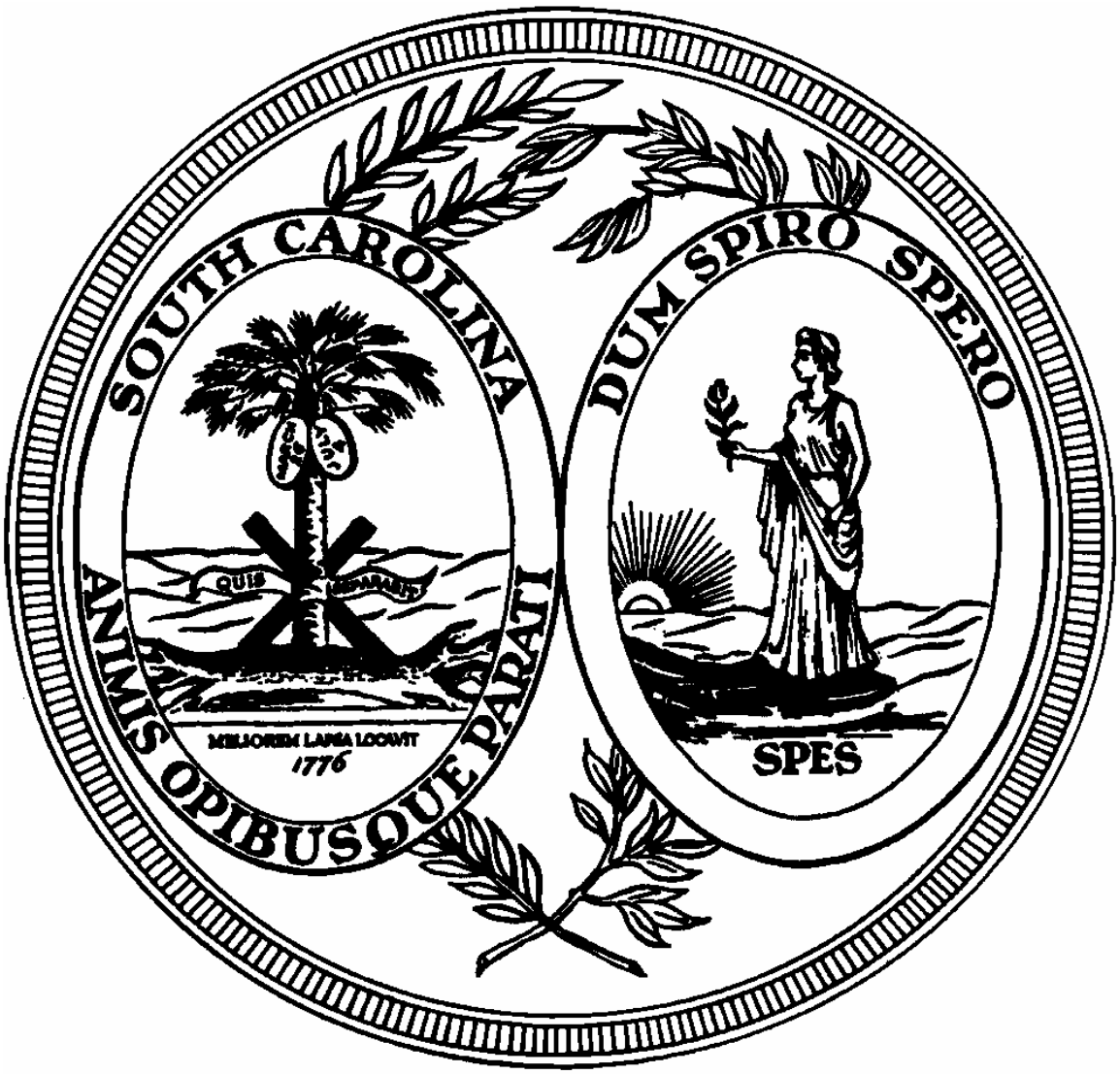
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

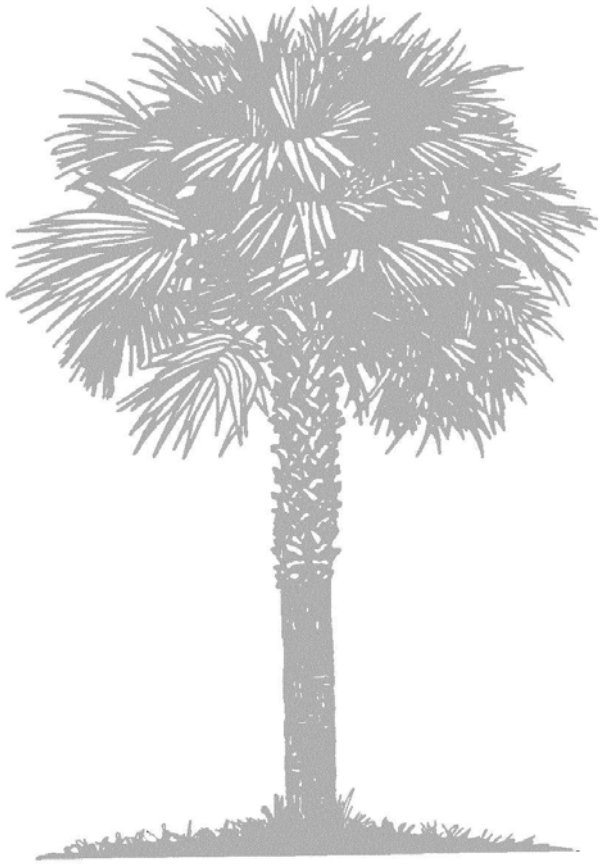
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
The Citadel	$ 138,018	$ 97,786	$ 15,507	$ (117)
Coastal Carolina University	246,534	191,904	25,747	16,991
College of Charleston	287,704	234,572	29,880	1,107
Francis Marion University	76,140	44,722	10,553	10,100
Lander University	62,811	40,035	11,625	—
South Carolina State University	86,590	56,160	11,690	5,740
Winthrop University	134,673	100,157	14,165	994
Aiken Technical College	21,292	10,409	7,107	151
Central Carolina Technical College	35,820	13,727	13,220	837
Denmark Technical College	8,921	4,131	1,600	—
Florence- Darlington Technical College	48,548	17,421	17,083	21
Greenville Technical College	111,899	51,772	38,978	1,456
Horry- Georgetown Technical College	65,381	32,135	22,912	12,156
Technical College of the Lowcountry	22,773	10,099	6,588	516
Midlands Technical College	101,512	50,796	32,777	5,510
Northeastern Technical College	11,050	3,659	3,699	1,227
Orangeburg- Calhoun Techncial College	24,607	9,043	8,610	4,985
Piedmont Technical College	43,416	16,322	25,157	14,202
Spartanburg Community College	54,907	16,477	27,975	3,370
Tri-county Technical College	63,512	35,063	19,109	1,875
Trident Technical College	111,732	54,705	40,263	38,980
Williamsburg Technical College	7,253	1,980	2,735	1,392
York Technical College	43,783	22,981	12,869	1,582
Connector 2000	21,702	11,907	128	—
South Carolina Education Assistance Authority	2,343	2,701	1,833	—
South Carolina Jobs- Economic Development Authority	595	1,014	200	—
South Carolina Research Authority	15,001	4,279	11,443	—
Patriots Point Development Authority	13,879	12,020	85	415
South Carolina Medical Malpractice Liability Joint Underwriting Association	13,936	12,521	238	—
South Carolina First Steps to School Readiness Board of Trustees	36,644	—	1,483	—
Children's Trust Fund of S.C., Inc.	15,603	—	15,865	—
Totals	**$ 1,928,579**	**$ 1,160,498**	**$ 431,124**	**$ 123,490**

Exhibit G-2

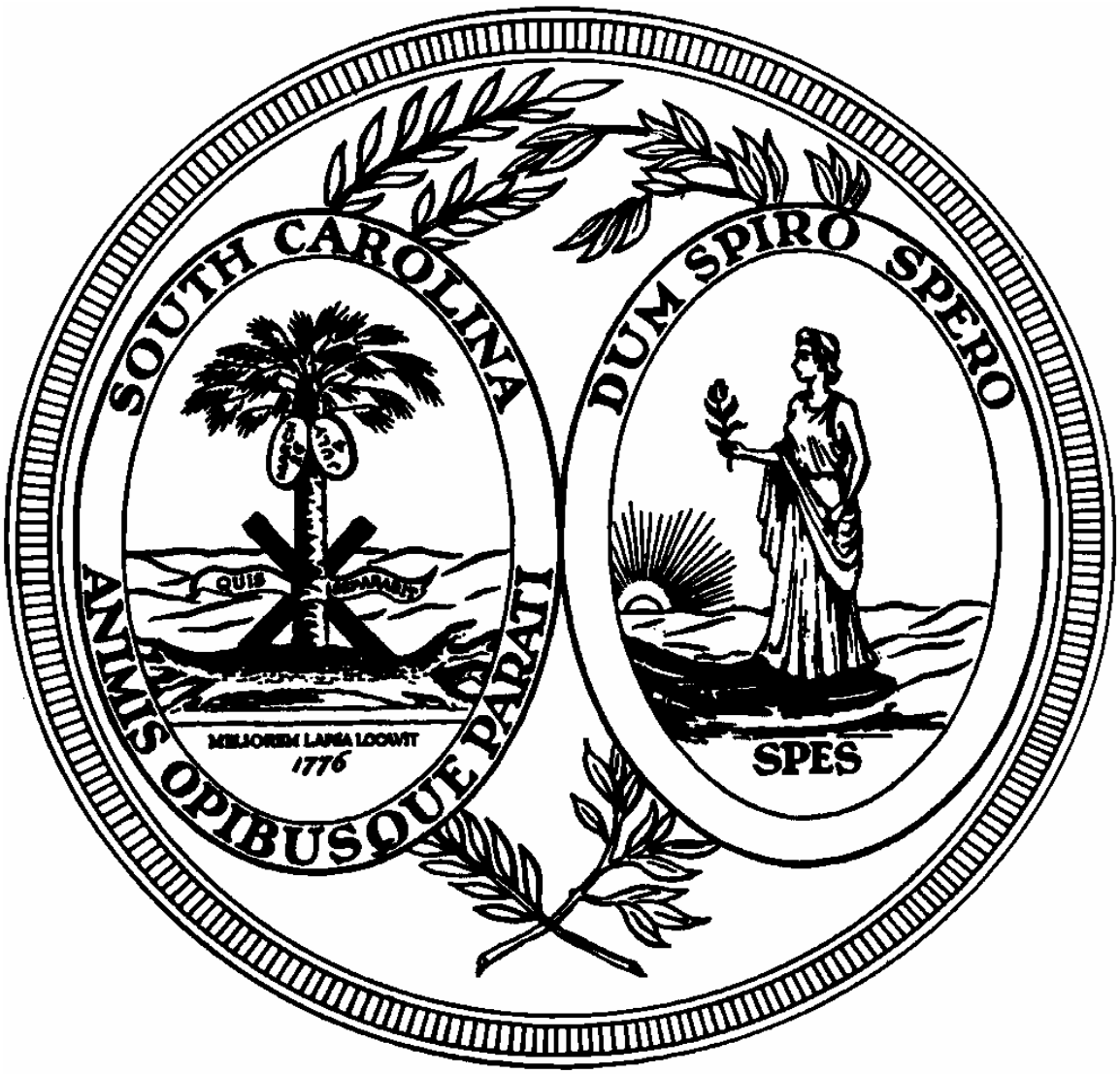
Net Revenue (Expenses)	Additions to Endowments	State Appropriations	Net Position (Deficit) Beginning	Net Position (Deficit) Ending
$ (24,842)	$ 15,479	$ 11,615	$ 319,527	$ 321,779
(11,892)	—	15,305	34,274	37,687
(22,145)	3,935	27,156	148,913	157,859
(10,765)	398	17,102	16,466	23,201
(11,151)	—	10,153	4,534	3,536
(13,000)	—	24,970	(8,334)	3,636
(19,357)	1,172	17,646	(36,240)	(36,779)
(3,625)	—	4,503	14,948	15,826
(8,036)	—	7,651	(794)	(1,179)
(3,190)	—	2,132	(9,538)	(10,596)
(14,023)	—	11,608	(21,385)	(23,800)
(19,693)	—	18,629	(17,525)	(18,589)
1,822	—	11,119	55,388	68,329
(5,570)	—	4,649	(4,410)	(5,331)
(12,429)	—	19,622	(35,525)	(28,332)
(2,465)	—	3,085	(2,696)	(2,076)
(1,969)	—	5,603	(14,167)	(10,533)
12,265	—	5,486	(2,182)	15,569
(7,085)	—	6,061	17,170	16,146
(7,465)	—	11,367	50,245	54,147
22,216	—	20,583	11,746	54,545
(1,146)	—	2,594	(2,320)	(872)
(6,351)	—	7,943	6,881	8,473
(9,667)	—	—	(72,098)	(81,765)
2,191	—	—	150,184	152,375
619	—	—	6,902	7,521
721	—	—	78,054	78,775
(1,359)	—	—	1,381	22
(1,177)	—	—	(44,819)	(45,996)
(35,161)	—	34,918	(1,856)	(2,099)
262	—	—	3,122	3,384
$ (213,467)	**$ 20,984**	**$ 301,500**	**$ 645,846**	**$ 754,863**


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
QUIS SEPARABIT
MELIOREM LAPSA LOCAVIT
1776
SPES

Statistical Section (Unaudited)



This section presents certain economic and social data and financial trends over a ten-year period.


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
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Statistical Section

This section of the Comprehensive Annual Financial Report provides additional information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State of South Carolina's overall financial health.

CONTENTS

Page

Financial Trends 268

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Revenue Capacity 278

These schedules contain information to help the reader assess the State's most significant revenue sources, the personal income tax and the retail sales tax.

Debt Capacity 284

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

Demographic and Economic Information 293

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information 298

These schedules contain service and capital asset data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

SOURCES

Unless otherwise noted, the information in these schedules is derived from the State's Comprehensive Annual Financial Report for the relevant fiscal year.

Net Position by Component

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2019	2018 (as restated)	2017	2016
Governmental activities				
Net Investment in capital assets.....	$ 16,039,329	$ 15,079,318	$ 14,133,938	$ 13,088,862
Restricted.....	6,064,521	6,068,437	8,204,123	6,691,147
Unrestricted.....	(2,049,166)	(3,578,770)	(6,445,213)	(2,261,569)
Total governmental activities net position.....	**$ 20,054,684**	**$ 17,568,985**	**$ 15,892,848**	**$ 17,518,440**
Business-type activities				
Net Investment in capital assets.....	$ 221,494	$ 218,157	$ 216,697	$ 203,351
Restricted.....	1,226,011	1,023,083	792,899	584,700
Unrestricted.....	(87,385)	(86,254)	(94,601)	(177,149)
Total business-type activities net position.....	**$ 1,360,120**	**$ 1,154,986**	**$ 914,995**	**$ 610,902**
Primary government				
Net Investment in capital assets.....	$ 16,260,823	$ 15,297,475	$ 14,350,635	$ 13,292,213
Restricted.....	7,290,532	7,091,520	8,997,022	7,275,847
Unrestricted.....	(2,136,551)	(3,665,024)	(6,539,814)	(2,438,718)
Total primary government net position.....	**$ 21,414,804**	**$ 18,723,971**	**$ 16,807,843**	**$ 18,129,342**

For fiscal years 2018 and 2019 (December 31, 2018 year-ends), the State implemented GASB Statement No. 75 (GASB 75). The implementation resulted in the restatement of prior year OPEB-related expenses and related net position balances. Amounts for fiscal years prior to 2017 have not been restated. Also, see Note 15 on pages 145 - 146 for further information on restatements.

For fiscal years 2015 and 2016 (December 31, 2015 year-ends), the State implemented GASB Statement No. 68 (GASB 68). The implementation resulted in the restatement of prior year pension-related expenses and related net position balances. Amounts for fiscal years prior to 2014 have not been restated.

For fiscal year 2013, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in the reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category. Prior year amounts have not been restated.

Note: Certain fiscal year data has been restated for consistency.

Source: South Carolina Comptroller General's Office

Table 1

Ended June 30

2015	2014	2013	2012	2011	2010
$ 12,667,605	$ 11,892,515	$ 11,455,604	$ 11,251,603	$ 10,766,855	$ 10,966,666
6,062,068	5,488,629	5,323,431	3,158,419	3,273,224	3,202,747
(2,687,165)	(2,121,995)	332,163	1,763,505	762,150	(374,030)
$ 16,042,508	**$ 15,259,149**	**$ 17,111,198**	**$ 16,173,527**	**$ 14,802,229**	**$ 13,795,383**
$ 146,739	$ 124,223	$ 72,497	$ 2,742,733	$ 2,628,292	$ 2,539,652
337,834	185,732	56	1,438,402	1,443,470	1,225,352
(251,392)	(413,206)	(541,375)	974,730	707,961	322,575
$ 233,181	**$ (103,251)**	**$ (468,822)**	**$ 5,155,865**	**$ 4,779,723**	**$ 4,087,579**
$ 12,814,344	$ 12,016,738	$ 11,528,101	$ 13,994,336	$ 13,395,147	$ 13,506,318
6,399,902	5,674,361	5,323,487	4,596,821	4,716,694	4,428,099
(2,938,557)	(2,535,201)	(209,212)	2,738,235	1,470,111	(51,455)
$ 16,275,689	**$ 15,155,898**	**$ 16,642,376**	**$ 21,329,392**	**$ 19,581,952**	**$ 17,882,962**

Changes in Net Position

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2019	**2018**	**2017**	**2016**
Expenses				
Governmental activities:				
General government	$ 6,661,431	$ 6,819,685	$ 5,507,990	$ 4,697,228
Education	4,893,190	4,745,126	4,991,282	4,906,919
Health and environment	8,388,809	8,156,138	8,156,599	7,683,019
Social services	1,602,776	1,695,379	1,766,719	1,832,743
Administration of justice	1,013,459	986,839	938,748	883,458
Resources and economic development	472,696	393,575	484,902	463,630
Transportation	1,526,454	1,620,126	1,481,762	1,310,449
Unallocated interest expense	18,211	18,335	25,865	23,537
Total governmental activities expenses	**24,577,026**	**24,435,203**	**23,353,867**	**21,800,983**
Business-type activities:				
Higher education	—	—	—	—
Higher education institution support	—	—	—	—
Unemployment compensation benefits	149,581	182,537	199,409	208,710
Second injury fund benefits	12,085	285	600	27
Financing of housing facilities	—	—	—	—
Medical malpractice insurance	—	—	—	—
Financing of student loans	—	—	—	—
Tuition prepayment program	—	—	—	—
State maritime museum	—	—	—	—
Insurance claims processing	—	—	—	—
Other	64,908	60,142	52,900	45,855
Total business-type activities expenses	**226,574**	**242,964**	**252,909**	**254,592**
Total primary government expenses	**24,803,600**	**24,678,167**	**23,606,776**	**22,055,575**
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,227,055	3,055,388	2,797,733	2,732,909
Other activities	628,071	672,590	608,357	543,485
Operating grants and contributions	8,711,747	9,253,825	9,127,975	8,823,007
Capital grants and contributions	673,255	977,834	813,622	582,940
Total governmental activities program revenues	**13,240,128**	**13,959,637**	**13,347,687**	**12,682,341**
Business-type activities:				
Charges for services:				
Higher education	—	—	—	—
Higher education institution support	—	—	—	—
Unemployment compensation benefits	342,263	344,552	385,759	422,479
Second injury fund benefits	16	60,291	59,848	59,874
Other activities	51,908	53,758	51,405	46,759
Operating grants and contributions	5,497	5,660	22,708	11,909
Capital grants and contributions	—	—	18,998	39,480
Total business-type activities program revenues	**399,684**	**464,261**	**538,718**	**580,501**
Total primary government activities program revenues	**13,639,812**	**14,423,898**	**13,886,405**	**13,262,842**
Net Revenues (Expenses)				
Governmental activities	(11,336,898)	(10,475,566)	(10,006,180)	(9,118,642)
Business-type activities	173,110	221,297	285,809	325,909
Total primary government net revenues (expense)	**(11,163,788)**	**(10,254,269)**	**(9,720,371)**	**(8,792,733)**

Table 2

Ended June 30

2015	2014	2013	2012	2011	2010
$ 5,352,363	$ 5,381,542	$ 5,307,714	$ 4,688,917	$ 4,466,170	$ 4,478,249
4,742,995	4,250,632	4,243,187	4,163,313	4,004,703	4,400,125
7,832,147	7,071,800	6,403,284	5,778,883	6,584,487	6,007,179
1,821,016	1,977,904	2,087,077	2,066,923	1,900,026	1,847,028
873,450	830,536	719,891	658,925	746,462	760,379
389,814	334,898	281,763	207,810	221,075	351,882
1,118,603	1,159,917	931,980	1,194,222	1,203,952	1,179,611
33,322	36,896	44,451	87,929	90,848	81,838
22,163,710	**21,044,125**	**20,019,347**	**18,846,922**	**19,217,723**	**19,106,291**
—	—	—	3,844,159	3,684,769	3,520,564
—	—	—	1,359,870	1,321,213	1,252,222
226,470	342,741	616,064	1,066,105	2,171,063	2,026,866
7,461	2,547	52,656	1,564	1,648	1,720
—	—	—	197,555	272,880	238,191
—	—	—	9,705	2,591	2,324
—	—	—	15,336	21,847	36,694
—	—	—	737	4,750	910
—	—	—	9,883	8,614	9,300
—	—	—	1,830	1,648	1,720
55,325	35,194	54,061	27,753	23,630	23,843
289,256	**380,482**	**722,781**	**6,534,497**	**7,514,653**	**7,114,354**
22,452,966	**21,424,607**	**20,742,128**	**25,381,419**	**26,732,376**	**26,220,645**
2,592,512	2,426,885	2,327,752	2,039,415	1,929,867	1,945,319
657,266	790,717	551,319	584,966	533,342	411,485
8,388,996	7,661,223	7,328,281	7,366,197	8,118,411	8,274,731
680,842	806,657	716,702	646,148	615,292	570,743
12,319,616	**11,685,482**	**10,924,054**	**10,636,726**	**11,196,912**	**11,202,278**
—	—	—	2,688,543	2,579,679	2,377,719
—	—	—	1,376,960	1,363,957	1,314,062
442,545	507,907	467,256	438,115	2,298,971	1,575,257
60,000	60,043	1,520	1,560	1,473	1,645
44,208	45,815	42,790	133,133	133,195	154,051
14,335	90,107	323,321	1,553,432	1,115,603	1,042,850
12,567	210	3	84,654	94,893	99,239
573,655	**704,082**	**834,890**	**6,276,397**	**7,587,771**	**6,564,823**
12,893,271	**12,389,564**	**11,758,944**	**16,913,123**	**18,784,683**	**17,767,101**
(9,844,094)	(9,358,643)	(9,095,293)	(8,210,196)	(8,020,811)	(7,904,013)
284,399	323,600	112,109	(258,100)	73,118	(549,531)
(9,559,695)	**(9,035,043)**	**(8,983,184)**	**(8,468,296)**	**(7,947,693)**	**(8,453,544)**

Continued on Next Page

Changes in Net Position (Continued)

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2019	**2018**	**2017**	**2016**
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Individual income	$ 4,835,821	$ 4,408,772	$ 4,143,217	$ 3,884,855
Retail sales and use	5,004,470	4,688,789	4,436,958	4,279,959
Corporate income	396,207	404,164	340,327	408,297
Gas and motor vehicle	1,198,220	1,084,630	883,891	698,090
Insurance	204,755	191,016	168,974	156,766
Hospital	261,448	260,715	267,235	265,689
Other	731,276	711,502	661,573	666,017
Unrestricted grants and contributions	14	38	—	90
Unrestricted investment income	365,453	160,636	191,486	109,748
Tobacco legal settlement	80,723	81,605	73,533	71,119
Other revenues	723,194	150,635	154,778	53,026
Transfers	21,016	9,201	2,559	918
Total governmental activities	**13,822,597**	**12,151,703**	**11,324,531**	**10,594,574**
Business-type activities:				
Unrestricted investment income	48,530	34,132	22,777	28,952
Other revenues	4,510	4,545	1,802	8,946
Additions to endowments	—	—	—	—
Gain on early extinguishment of debt	—	—	—	—
Transfers	(21,016)	(9,201)	(2,559)	(918)
Total business-type activities	**32,024**	**29,476**	**22,020**	**36,980**
Total primary government	**13,854,621**	**12,181,179**	**11,346,551**	**10,631,554**
Change in Net Position				
Governmental activities	2,485,699	1,676,137	1,318,351	1,475,932
Business-type activities	205,134	250,773	307,829	362,889
Total primary government	**$ 2,690,833**	**$ 1,926,910**	**$ 1,626,180**	**$ 1,838,821**

For fiscal years 2018 and 2019, the State implemented GASB Statement No. 75 (GASB 75). The implementation resulted in the restatement of prior year OPEB-related expenses and related net position balances. Amounts for fiscal years prior to 2017 have not been restated.

For fiscal years 2015 and 2016 (December 31, 2015 year-ends), the State implemented GASB Statement No. 68 (GASB 68). The implementation resulted in the restatement of prior year pension-related expenses. Prior year amounts have not been restated.

For fiscal year 2013, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in the reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category. Prior year amounts have not been restated.

Source: South Carolina Comptroller General's Office

Table 2

Ended June 30

2015	2014	2013	2012	2011	2010
$ 3,741,800	$ 3,422,532	$ 3,479,143	$ 3,101,861	$ 2,880,504	$ 2,659,728
4,357,672	4,178,102	3,988,918	4,148,010	3,969,218	3,855,095
377,329	327,809	390,527	N/A	N/A	N/A
666,772	636,216	557,209	N/A	N/A	N/A
152,314	138,037	139,240	N/A	N/A	N/A
263,557	262,962	263,435	N/A	N/A	N/A
645,783	601,692	568,040	2,003,804	1,836,876	1,616,347
1	1	159	93,970	223,959	205,965
67,343	120,171	68,899	78,232	22,186	43,513
70,419	109,113	73,326	74,122	69,808	68,709
280,491	684,412	587,729	509,742	571,998	433,166
3,972	(47,900)	(60,968)	(640,774)	(546,892)	(653,389)
10,627,453	**10,433,147**	**10,055,657**	**9,368,967**	**9,027,657**	**8,229,134**
16,306	26,107	8,632	6,953	—	—
3,141	204	85	62	—	—
—	—	—	20,171	36,945	30,480
—	—	—	119	35,189	—
(3,972)	47,900	60,968	640,774	546,892	653,389
15,475	**74,211**	**69,685**	**668,079**	**619,026**	**683,869**
10,642,928	**10,507,358**	**10,125,342**	**10,037,046**	**9,646,683**	**8,913,003**
783,359	1,074,504	960,364	1,158,771	1,006,846	325,121
299,874	397,811	181,794	409,979	692,144	134,338
$ 1,083,233	**$ 1,472,315**	**$ 1,142,158**	**$ 1,568,750**	**$ 1,698,990**	**$ 459,459**

Fund Balances

GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2019	**2018**	**2017**	**2016**
General Fund				
Reserved [a]	$ —	$ —	$ —	$ —
Non-spendable	125,746	128,937	120,194	94,624
Restricted	1,194,858	1,134,704	604,959	530,698
Committed	520,128	505,425	2,137,028	1,142,072
Assigned	187,427	252,357	397,688	416,089
Unassigned, previously unreserved	3,620,911	2,186,155	482,198	1,359,456
Total General Fund	**5,649,070**	**4,207,578**	**3,742,067**	**3,542,939**
All other governmental funds				
Reserved [a]	—	—	—	—
Non-spendable	739,642	33,767	35,322	24,897
Restricted	3,566,039	4,253,086	3,796,996	3,652,234
Committed	559,507	496,120	588,668	465,712
Assigned	155,657	22,572	11,099	5,311
Special revenue funds	a	a	a	a
Capital projects fund	a	a	a	a
Permanent funds	a	a	a	a
Unassigned, previously unreserved	(560,631)	(678,731)	(672,008)	(608,503)
Total all other governmental funds	**4,460,214**	**4,126,814**	**3,760,077**	**3,539,651**
Total fund balances, governmental funds	**$10,109,284**	**$ 8,334,392**	**$ 7,502,144**	**$7,082,590**

Note: Certain fiscal year data has been restated for consistency.
Balances were not restated for GASB 54 effects in this presentation.

[a] Reserved Fund Balance is not reported after implementation of GASB Statement No. 54 in fiscal year 2010-2011.

Source: South Carolina Comptroller General's Office

Table 3

Ended June 30

2015	2014	2013	2012	2011	2010
$ —	$ —	$ —	$ —	$ —	$ 190,886
74,743	68,128	67,717	67,842	86,993	a
502,620	359,073	337,687	1,335	1,077	a
976,846	967,245	650,545	384,252	582,085	a
369,967	444,630	996,539	495,878	349,619	a
1,067,829	1,140,840	545,007	998,002	531,699	—
2,992,005	**2,979,916**	**2,597,495**	**1,947,309**	**1,551,473**	**190,886**
—	—	—	—	—	2,167,253
800,713	775,675	771,168	795,761	790,205	a
2,581,099	2,624,909	2,045,302	2,330,297	2,297,364	a
475,586	346,688	166,205	145,613	127,220	a
6,842	5,387	156,918	132,045	104,298	a
a	a	a	a	a	726,389
a	a	a	a	a	362,097
a	a	a	a	a	1,473
(656,236)	(748,859)	(366,066)	(635,940)	(1,000,102)	1,089,959
3,208,004	**3,003,800**	**2,773,527**	**2,767,776**	**2,318,985**	**3,257,212**
$6,200,009	**$5,983,716**	**$5,371,022**	**$4,715,085**	**$3,870,458**	**$3,448,098**

Changes in Fund Balances

GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2019	**2018**	**2017**	**2016**
Revenues				
Taxes:				
Individual income	$ 4,835,821	$ 4,408,772	$ 4,143,217	$ 3,884,855
Retail sales and use	5,004,470	4,688,789	4,436,958	4,279,959
Corporate Income	396,207	404,164	340,327	408,297
Gas and motor vehicle	1,198,220	1,084,630	883,891	698,090
Insurance	204,755	191,016	168,974	156,766
Hospital	261,448	260,715	267,235	265,689
Other	731,276	711,502	661,573	666,017
Licenses, fees, and permits	467,948	517,788	552,790	614,339
Interest and other investment income	312,458	144,282	150,870	99,540
Federal	8,789,089	8,944,281	8,934,219	8,311,023
Local and private grants	63,530	66,549	70,056	62,100
Departmental services	1,054,200	956,978	927,982	841,391
Contributions	653,431	589,190	503,409	531,825
Fines and penalties	80,891	167,951	165,561	180,244
Tobacco legal settlement	80,723	81,605	73,533	71,119
Other	633,051	638,490	562,690	468,076
Total revenues	**24,767,518**	**23,856,702**	**22,843,285**	**21,539,330**
Expenditures				
Current:				
General government	1,446,655	688,451	822,078	749,510
Education	1,164,487	1,114,861	1,102,649	1,028,316
Health and environment	9,023,319	8,820,524	8,563,572	8,112,805
Social services	1,561,488	1,673,808	1,740,666	1,816,736
Administration of justice	913,852	891,487	845,291	805,266
Resources and economic development	256,568	313,350	269,758	246,418
Transportation	1,073,053	1,149,334	1,044,346	694,038
Capital outlay	1,003,394	1,012,966	985,878	656,003
Debt service:				
Principal retirement	181,319	254,783	261,033	261,979
Interest and fiscal charges	102,464	126,883	127,391	161,055
Intergovernmental	6,301,993	7,027,182	6,726,753	6,168,555
Total expenditures	**23,028,592**	**23,073,629**	**22,489,415**	**20,700,681**
Excess of revenues over (under) expenditures	**1,738,926**	**783,073**	**353,870**	**838,649**
Other financing sources (uses)				
Bonds and notes issued	2,857	15,065	51,103	115,370
Refunding bonds issued	350,375	188,725	213,595	573,505
Premiums on bonds issued	—	30,041	22,464	44,852
Discounts on bonds issued	—	—	—	—
Capital leases	1,854	1,847	47	411
Payments to refunded bond escrow agent	(350,375)	(203,580)	(229,205)	(692,095)
Redemption of refunded bonds	—	—	—	—
Transfers in	178,116	380,842	449,624	851,955
Transfers out	(146,861)	(363,765)	(441,944)	(850,066)
Total other financing sources (uses)	**35,966**	**49,175**	**65,684**	**43,932**
Net change in fund balances	**$ 1,774,892**	**$ 832,248**	**$ 419,554**	**$ 882,581**
Debt service as a percentage of noncapital expenditures	**1.3%**	**1.7%**	**1.8%**	**2.1%**

Source: South Carolina Comptroller General's Office

Table 4

Ended June 30

2015	2014	2013	2012	2011	2010
$ 3,741,800	$ 3,422,532	$ 3,480,213	$ 3,114,888	$ 2,898,388	$ 2,658,700
4,357,672	4,178,102	3,961,867	4,148,009	3,969,218	3,855,095
377,329	327,809	390,527	N/A	N/A	N/A
666,772	636,216	557,209	N/A	N/A	N/A
152,314	138,037	139,240	N/A	N/A	N/A
263,557	262,962	263,435	N/A	N/A	N/A
645,783	601,692	591,992	2,049,900	1,755,228	1,586,023
588,594	543,558	500,684	474,826	511,818	468,758
47,926	99,575	50,674	140,701	87,033	174,519
8,434,117	7,812,816	7,464,240	7,615,387	8,404,416	8,475,813
57,977	57,589	51,766	54,098	55,466	40,287
808,512	950,754	776,895	989,677	625,124	232,079
448,014	433,931	390,124	371,989	437,570	434,832
187,524	146,722	131,236	115,161	122,790	163,389
70,419	109,113	73,326	74,122	69,808	68,709
338,467	741,857	523,672	672,398	572,361	446,384
21,186,777	**20,463,265**	**19,347,100**	**19,821,156**	**19,509,220**	**18,604,588**
771,349	788,764	667,014	636,359	679,904	695,583
971,961	948,137	993,174	946,054	809,161	820,352
8,090,340	7,323,555	6,646,790	6,397,669	6,867,229	5,963,035
1,802,517	1,978,585	2,075,475	2,056,782	1,878,099	1,831,650
814,443	798,031	698,055	720,769	681,808	686,975
221,350	203,833	138,793	189,366	173,047	163,858
768,196	692,243	731,793	835,064	867,372	902,784
599,316	702,651	454,053	400,354	568,225	470,201
278,729	270,081	270,223	324,456	313,261	713,643
171,106	183,008	201,304	217,890	205,811	200,409
6,509,788	6,043,436	5,763,966	5,602,752	5,705,721	6,109,264
20,999,095	**19,932,324**	**18,640,640**	**18,327,515**	**18,749,638**	**18,557,754**
187,682	**530,941**	**706,460**	**1,493,641**	**759,582**	**46,834**
18,110	100,235	—	810	205,507	301,672
—	86,575	424,910	398,665	676,115	388,450
3,070	30,389	53,560	47,398	37,581	49,600
—	—	—	—	(5,314)	(87)
—	7,466	—	230	166	—
—	(101,062)	(476,620)	(422,456)	(528,423)	—
—	—	—	(19,834)	(184,087)	—
270,402	808,132	431,827	167,133	311,010	735,715
(262,971)	(849,982)	(484,200)	(820,960)	(849,777)	(1,383,899)
28,611	**81,753**	**(50,523)**	**(649,014)**	**(337,222)**	**91,451**
$ 216,293	**$ 612,694**	**$ 655,937**	**$ 844,627**	**$ 422,360**	**$ 138,285**
2.2%	**2.4%**	**2.6%**	**3.0%**	**2.9%**	**5.1%**

Personal Income by Industry

Last Ten Calendar Years
(expressed in millions)

Sources	Calendar Year 2018	2017	2016
Farm earnings	$ 319	$ 174	$ 171
Agricultural services, forestry, fishing, and other	424	413	394
Mining	152	144	122
Construction	9,325	9,276	8,190
Manufacturing	19,554	18,870	18,259
Transportation and public utilities	6,077	5,893	5,614
Wholesale trade	6,108	6,065	5,775
Retail trade	9,543	9,218	8,928
Finance, insurance, and real estate	10,685	10,270	9,999
Services	51,962	49,813	46,896
Federal government, civilian	3,436	3,348	3,244
Military	3,530	3,450	3,497
State and local government	20,926	20,703	20,064
Other [a]	75,235	71,543	68,789
Total personal income	**$ 217,276**	**$209,180**	**$ 199,942**
Average effective rate [b]	[c]	1.9%	1.9%

Information has been updated when modifications are provided by the Federal Government Sources.

[a] Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

[b] The total direct tax rate for personal income is not available. Average effective rate equals total personal income tax liability divided by total personal income.

[c] Information not yet available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 5

2015	2014	2013	2012	2011	2010	2009
$ 152	$ 241	$ 741	$ 476	$ 364	$ 485	$ 489
375	344	301	297	280	282	261
104	80	77	78	82	79	74
7,437	6,906	6,228	5,783	5,145	5,213	5,613
17,947	16,987	15,862	15,189	14,643	13,358	12,963
5,442	5,031	4,704	4,421	4,301	4,034	3,914
5,710	5,349	4,998	4,837	4,614	4,375	4,386
8,647	8,279	7,995	7,645	7,482	7,174	7,109
9,712	8,727	8,285	9,504	6,971	6,782	6,102
45,086	42,842	40,194	38,527	36,889	34,632	32,674
3,147	2,986	2,941	2,913	2,846	2,772	2,608
3,584	3,535	3,631	3,694	3,612	3,589	3,545
19,606	18,472	17,752	16,987	16,711	16,400	16,519
65,930	61,329	56,265	57,188	55,151	51,277	49,352
$ 192,879	**$ 181,108**	**$ 169,974**	**$ 167,539**	**$ 159,091**	**$ 150,452**	**$ 145,609**
1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%

Taxable Sales by Industry

Last Ten Fiscal Years
(expressed in millions)

Sources	For the Fiscal Year 2019 [b]	2018 [b]	2017 [b]	2016 [b]
Retail trade	$ 44,641	$ 43,852	$ 42,980	$ 48,777
Services	13,045	12,534	11,773	12,479
Transportation, communication, and utilities	9,951	10,093	10,206	5,379
Wholesale trade	3,448	3,234	3,033	3,132
Other	8,590	5,955	7,344	1,711
Total taxable sales [a]	**$ 79,675**	**$ 75,668**	**$ 75,336**	**$ 71,478**

Percent Distribution of Taxable Sales by Industry

Last Ten Fiscal Years

Sources	For the Fiscal Year 2019	2018	2017	2016
Retail trade	56.0%	58.0%	57.1%	68.2%
Services	16.4%	16.6%	15.6%	17.5%
Transportation, communication, and utilities	12.5%	13.3%	13.5%	7.5%
Wholesale trade	4.3%	4.3%	4.0%	4.4%
Other	10.8%	7.8%	9.8%	2.4%
Total taxable sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Sales tax rate [a]	**6.0%**	**6.0%**	**6.0%**	**6.0%**

[a] Excludes the 2% accommodations tax and the local option sales tax; includes the 5% retail sales tax and 1% Education Improvement Act sales tax.

[b] Effective 2011 the Department of Revenue ceased collection of data using SIC with a change to NAICS coding.

Note: Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax revenues.

Source: South Carolina Department of Revenue

Table 6

Ended June 30					
2015 [b]	2014 [b]	2013 [b]	2012 [b]	2011	2010
$ 45,579	$ 42,828	$ 40,817	$ 32,435	$ 31,293	$ 37,132
11,661	10,957	10,443	15,923	14,990	4,976
5,027	4,724	4,502	2,139	2,125	5,403
2,927	2,751	2,621	1,988	2,041	2,338
1,599	1,502	1,432	925	933	1,276
$ 66,793	**$ 62,762**	**$ 59,815**	**$ 53,410**	**$ 51,382**	**$ 51,125**

Table 7

Ended June 30					
2015	2014	2013	2012	2011	2010
68.2%	68.2%	68.2%	60.7%	60.9%	72.6%
17.5%	17.5%	17.5%	29.8%	29.2%	9.7%
7.5%	7.5%	7.5%	4.0%	4.1%	10.6%
4.4%	4.4%	4.4%	3.7%	4.0%	4.6%
2.4%	2.4%	2.4%	1.8%	1.8%	2.5%
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
6.0%	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**

Personal Income Tax Rates

Table 8

Last Ten Calendar Years

Tax Year	Tax Rates	Number of Brackets	Income Brackets		Average Effective Rate[a]
			Low	High	
2018	0.0% - 7.0%	6	2,970	14,860	b
2017	0.0% - 7.0%	6	2,930	14,670	1.9%
2016	0.0% - 7.0%	6	2,920	14,600	1.9%
2015	0.0% - 7.0%	6	2,910	14,550	1.8%
2014	0.0% - 7.0%	6	2,880	14,400	1.8%
2013	0.0% - 7.0%	6	2,850	14,250	1.8%
2012	0.0% - 7.0%	6	2,800	14,000	1.8%
2011	0.0% – 7.0%	6	2,760	13,800	1.8%
2010	0.0% – 7.0%	6	2,740	13,700	1.8%
2009	0.0% – 7.0%	6	2,740	13,700	1.8%

[a] The total direct tax rate for personal income is not presented. Average effective rate equals total personal income tax liability divided by total personal income.

[b] Not yet available.

Note: The legislature can raise the sales or income tax rates by legislation; no vote of the populace is required. The State's personal income tax brackets are adjusted each year for inflation.

Source: South Carolina Department of Revenue

Personal Income Tax Filers and Liability by Income Level

Table 9

Calendar Years 2017 and 2008
(dollars, except income level, expressed in thousands)

2017 [a]

State Taxable Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	146,235	6.2%	$ 1,905,623	47.2%
$75,001 - $100,000	94,936	4.0%	488,533	12.1%
$50,001 - $75,000	172,441	7.3%	607,417	15.0%
$25,001 - $50,000	350,058	14.8%	674,436	16.7%
$10,001 - $25,000	393,307	16.7%	264,125	6.5%
$10,000 and lower	1,202,514	51.0%	97,921	2.5%
Total	**2,359,491**	**100.0%**	**$ 4,038,055**	**100.0%**

2008

State Taxable Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	80,790	3.9%	$ 1,096,400	38.3%
$75,001 - $100,000	64,773	3.1%	340,105	11.9%
$50,001 - $75,000	140,736	6.8%	503,216	17.6%
$25,001 - $50,000	303,555	14.7%	591,918	20.7%
$10,001 - $25,000	368,311	17.8%	261,193	9.1%
$10,000 and lower	1,109,733	53.7%	68,930	2.4%
Total	**2,067,898**	**100.0%**	**$ 2,861,762**	**100.0%**

[a] Information for 2018 not yet available.

Note: Due to confidentiality issues, the names of the largest personal income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's individual income tax revenues.

Source: South Carolina Department of Revenue

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(expressed in thousands unless otherwise indicated)

	For the Fiscal Year			
	2019	**2018**	**2017**	**2016**
Governmental Activities				
General obligation bonds	$ 457,555	$ 564,811	$ 756,172	$ 962,196
Limited obligation bonds	—	—	—	—
Tobacco Authority bonds	—	—	—	—
Infrastructure Bank bonds	1,645,007	1,729,005	1,788,232	1,854,451
Revenue bonds	39,964	41,109	44,270	14,144
Notes payable	94,384	105,045	86,971	66,875
Capital leases	2,488	1,745	1,871	3,395
Total governmental activities	2,239,398	2,441,715	2,677,516	2,901,061
Business-Type Activities				
Revenue bonds	5,375	5,555	5,730	5,895
Notes payable	6,500	6,500	—	—
Total business-type activities	11,875	12,055	5,730	5,895
Total primary government	**$2,251,273**	**$2,453,770**	**$2,683,246**	**$2,906,956**
Debt as a percentage of personal income	1.0%	1.2%	1.3%	1.5%
Debt per capita expressed in actual dollars	[a]	$ 483	$ 534	$ 586

For fiscal year 2012-13, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category.

[a] Not yet available.

Source: South Carolina Comptroller General's Office

Table 10

Ended June 30					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
$1,126,138	$1,320,532	$1,376,697	$1,571,957	$1,756,397	$1,950,048
185	919	2,408	3,822	5,161	6,435
—	—	—	—	63,161	120,653
1,942,456	2,016,518	2,003,486	2,074,308	2,135,772	2,051,545
17,680	21,072	24,318	27,424	30,400	33,251
61,185	68,265	77,126	91,430	100,172	110,944
4,493	6,004	349	318	261	242
3,152,137	3,433,310	3,484,384	3,769,259	4,091,324	4,273,118
6,055	6,210	6,360	—	—	—
—	—	—	—	—	—
6,055	6,210	6,360	—	—	—
$3,158,192	**$3,439,520**	**$3,490,744**	**$3,769,259**	**$4,091,324**	**$4,273,118**
1.7%	2.0%	2.1%	2.4%	2.7%	2.9%
$ 646	$ 713	$ 732	$ 799	$ 876	$ 922

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(expressed in thousands unless otherwise indicated)

	For the Fiscal Year			
	2019	**2018**	**2017**	**2016**
Governmental Activities				
Capital improvement bonds	$ —	$ 8,698	$ 26,564	$ 55,629
State highway bonds	109,839	162,628	213,686	263,083
State school facilities bonds	—	—	9,021	31,500
Infrastructure Bank bonds	30,746	33,725	36,630	39,326
State economic development bonds	230,095	251,837	342,669	426,280
Research university infrastructure bonds	63,654	81,348	97,783	113,410
Air carrier hub terminal facilities bonds	23,221	26,575	29,819	32,968
Total governmental activities	457,555	564,811	756,172	962,196
Total primary government	**$ 457,555**	**$ 564,811**	**$ 756,172**	**$ 962,196**
Debt as a percentage of personal income	[a]	0.3%	0.4%	0.5%
Debt per capita expressed in actual dollars	[a]	$ 111	$ 151	$ 194

For fiscal year 2012-13, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category.

[a] Not yet available.

Source: South Carolina Comptroller General's Office

Table 11

Ended June 30 2015	2014	2013	2012	2011	2010
$ 99,296	$ 148,642	$ 191,926	$ 243,248	$ 294,497	$ 355,264
311,034	358,484	390,046	433,266	470,125	510,365
76,909	143,868	204,120	264,245	321,243	375,742
42,061	44,533	44,052	45,953	48,055	50,026
427,646	436,379	356,623	377,809	398,026	417,633
133,165	149,609	147,989	162,626	176,817	190,594
36,027	39,017	41,941	44,810	47,634	50,424
1,126,138	1,320,532	1,376,697	1,571,957	1,756,397	1,950,048
$ 1,126,138	**$ 1,320,532**	**$ 1,376,697**	**$ 1,571,957**	**$ 1,756,397**	**$ 1,950,048**
0.6%	0.8%	0.8%	1.0%	1.2%	1.3%
$ 230	$ 274	$ 289	$ 333	$ 376	$ 421

Computation of Legal Debt Margin

June 30, 2019
(Expressed in Thousands)

Section 57-11-240 of the South Carolina Code of Laws and Article X, Section 13 of the South Carolina Constitution state that highway bonds may be issued if such bonds are additionally secured by a pledge of revenues designated by the General Assembly for State highway purposes from taxes or licenses imposed for using the public highways of the State. The maximum annual debt service on all highway bonds shall not exceed fifteen percent of the proceeds received from the designated revenues for the fiscal year next preceding.

Section 11-51-50 of the South Carolina Code of Laws states that the issuance of general obligation bonds of the State must be limited so that the maximum annual debt service on all general obligation bonds of the State (excluding highway bonds, State institution bonds, tax anticipation notes, and bond anticipation notes) may not exceed six percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for state highway bonds and state institution bonds).

Section 11-41-60 states that the maximum annual debt service on economic development bonds may not exceed one-half of one percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for state highway bonds and state institution bonds).

Section 11-51-50 also states that the maximum annual debt service on research university infrastructure bonds may not exceed one-half of one percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for state highway bonds and state institution bonds).

HIGHWAY BONDS		
2017-2018 Budgetary General Fund revenues pledged for highway bonds	$	11,031
2017-2018 other revenues pledged for highway bonds		710,712
2017-2018 revenues pledged for highway bonds		721,743
15% of 2017-2018 revenues pledged for highway bonds		108,261
Less: maximum annual debt service for highway bonds [a]		39,452
Legal debt service margin at June 30, 2019--highway bonds	**$**	**68,809**
GENERAL OBLIGATION BONDS (EXCLUDING INSTITUTION BONDS, HIGHWAY BONDS, AND ANTICIPATION NOTES)[d]		
2017-2018 Budgetary General Fund revenues	$	8,124,265
Less: 2017-2018 Budgetary General Fund revenues pledged for highway bonds [b]		11,031
2017-2018 net Budgetary General Fund revenues		8,113,234
6% of 2017-2018 net Budgetary General Fund revenues		486,794
Less: maximum annual debt service for general obligation bonds excluding institution and highway bonds and bond anticipation notes [c]		44,785
Legal debt service margin at June 30, 2019--general obligation bonds excluding institution and highway bonds and bond anticipation notes	**$**	**442,009**

Table 12

ECONOMIC DEVELOPMENT BONDS[e]	
2017-2018 Budgetary General Fund revenues	$ 8,124,265
Less: 2017-2018 Budgetary General Fund revenues pledged for highway bonds[b]	11,031
2017-2018 net Budgetary General Fund revenues	8,113,234
0.5% of 2017-2018 net Budgetary General Fund revenues	40,566
Less: maximum annual debt service for economic development bonds[c]	4,489
Legal debt service margin at June 30, 2019--economic development bonds	**$ 36,077**
RESEARCH UNIVERSITY INFRASTRUCTURE BONDS	
2017-2018 Budgetary General Fund revenues	$ 8,124,265
Less: 2017-2018 Budgetary General Fund revenues pledged for highway bonds[b]	11,031
2017-2018 net Budgetary General Fund revenues	8,113,234
0.5% of 2017-2018 net Budgetary General Fund revenues	40,566
Less: maximum annual debt service for research university infrastructure bonds[c]	19,375
Legal debt service margin at June 30, 2019--research university infrastructure bonds	**$ 21,191**

[a] As of June 30, 2019, the maximum annual debt service will occur in the fiscal year ending June 30, 2021.

[b] For the fiscal year ended June 30, 2019, there were no net Budgetary General Fund revenues pledged for State institution bonds and anticipation notes.

[c] As of June 30, 2019, the maximum annual debt service will occur in the fiscal year ending June 30, 2020.

[d] During the fiscal year ended June 30, 2010, the State issued $50 million of Air Carrier Hub Terminal Facilities bonds under the provisions of Section 55-11-520 of the South Carolina Code of Laws. Section 55-11-520(A) states that no more than $50 million of Air Carrier Hub Terminal Facilities bonds may be outstanding at any time.

[e] During the fiscal year ended June 30, 2010, the State issued $170 million of Economic Development bonds, during the fiscal year ended June 30, 2014, the State issued an additional $85 million of Economic Development bonds, during the fiscal year ended June 30, 2015, the State issued an additional $18.11 million of Economic Development bonds, which, based on the provisions of Section 11-41-60 of the South Carolina Code of Laws, are not subject to the limitation on maximum annual debt service. The $170 million, $85 million, and $18.11 million bond issues have been excluded from the debt service limit calculations.

Source: South Carolina Comptroller General's Office

Legal Debt Margin Information

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2019	**2018**	**2017**	**2016**
State Highway Bonds				
Debt service limitation	$ 108,261	$ 105,579	$ 104,142	$ 99,210
Debt service applicable to limit	39,452	53,171	53,915	54,646
Legal debt margin at June 30	**$ 68,809**	**$ 52,408**	**$ 50,227**	**$ 44,564**
Legal debt margin as a percentage of debt service limitation	**63.6%**	**49.6%**	**48.2%**	**44.9%**
General Obligation Bonds excluding Institution and Highway Bonds and Bond Anticipation Notes				
Debt service limitation	$ 486,794	$ 454,285	$ 440,260	$ 416,987
Debt service applicable to limit	44,785	52,936	83,191	111,150
Legal debt margin at June 30	**$ 442,009**	**$ 401,349**	**$ 357,069**	**$ 305,837**
Legal debt margin as a percentage of debt service limitation	**90.8%**	**88.3%**	**81.1%**	**73.3%**
Economic Development Bonds				
Debt service limitation	$ 40,566	$ 37,857	$ 36,688	$ 34,749
Debt service applicable to limit	4,489	4,489	17,678	22,771
Legal debt margin at June 30	**$ 36,077**	**$ 33,368**	**$ 19,010**	**$ 11,978**
Legal debt margin as a percentage of debt service limitation	**88.9%**	**88.1%**	**51.8%**	**34.5%**
Research University Infrastructure Bonds				
Debt service limitation	$ 40,566	$ 37,857	$ 36,688	$ 34,749
Debt service applicable to limit	19,375	19,375	19,375	19,375
Legal debt margin at June 30	**$ 21,191**	**$ 18,482**	**$ 17,313**	**$ 15,374**
Legal debt margin as a percentage of debt service limitation	**52.2%**	**48.8%**	**47.2%**	**44.2%**

For fiscal year 2012-13, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category.

Source: South Carolina Comptroller General's Office

Table 13

Ended June 30 2015	2014	2013	2012	2011	2010
$ 96,244	$ 93,314	$ 95,326	$ 95,525	$ 93,729	$ 93,382
56,534	57,365	57,717	58,390	58,831	60,997
$ 39,710	**$ 35,949**	**$ 37,609**	**$ 37,135**	**$ 34,898**	**$ 32,385**
41.3%	**38.5%**	**39.5%**	**38.9%**	**37.2%**	**34.7%**
$ 392,469	$ 382,796	$ 350,844	$ 337,073	$ 313,772	$ 331,738
141,006	175,354	173,992	180,387	183,438	199,556
$ 251,463	**$ 207,442**	**$ 176,852**	**$ 156,686**	**$ 130,334**	**$ 132,182**
64.1%	**54.2%**	**50.4%**	**46.5%**	**41.5%**	**39.8%**
$ 32,706	$ 31,900	$ 29,237	$ 28,089	$ 26,148	$ 27,645
24,473	24,493	24,521	24,521	24,655	24,655
$ 8,233	**$ 7,407**	**$ 4,716**	**$ 3,568**	**$ 1,493**	**$ 2,990**
25.2%	**23.2%**	**16.1%**	**12.7%**	**5.7%**	**10.8%**
$ 32,706	$ 31,900	$ 29,237	$ 28,089	$ 26,148	$ 27,645
21,521	21,663	20,452	20,624	20,820	21,019
$ 11,185	**$ 10,237**	**$ 8,785**	**$ 7,465**	**$ 5,328**	**$ 6,626**
34.2%	**32.1%**	**30.0%**	**26.6%**	**20.4%**	**24.0%**

Pledged Revenue Coverage

Table 14

Last Ten Fiscal Years
(expressed in thousands)

Fiscal Year Ended June 30	Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
		Principal	Interest	Total	
Department of Administration—Revenue Bonds					
2019	$ —	$ —	$ —	$ —	N/A
2018	2,373	2,260	113	2,373	1.00
2017	2,376	2,155	221	2,376	1.00
2016	2,379	2,055	324	2,379	1.00
2015	2,387	1,965	422	2,387	1.00
2014	2,385	1,870	515	2,385	1.00
2013	2,384	1,780	604	2,384	1.00
2012	2,384	1,695	689	2,384	1.00
2011	2,382	1,620	762	2,382	1.00
2010	2,371	1,540	831	2,371	1.00
Infrastructure Bank Bonds					
2019	$ 221,151	$ 78,135	$ 74,884	$ 153,019	1.45
2018	230,447	79,744	74,222	153,966	1.50
2017	236,635	60,754	80,734	141,488	1.67
2016	288,284	78,125	87,548	165,673	1.74
2015	219,487	67,125	89,129	156,254	1.40
2014	208,256	71,550	92,522	164,072	1.27
2013	212,078	60,730	95,789	156,519	1.35
2012	217,883	54,410	103,703	158,113	1.38
2011	246,542	48,418	96,606	145,024	1.70
2010	213,689	46,275	99,624	145,899	1.46
Tobacco Settlement Revenue Management Authority Bonds					
2019	$ 80,723	$ —	$ —	$ —	N/A
2018	81,605	—	—	—	N/A
2017	73,533	—	—	—	N/A
2016	71,119	—	—	—	N/A
2015	70,419	—	—	—	N/A
2014	109,113	—	—	—	N/A
2013	73,326	—	—	—	N/A
2012	74,122	71,700	3,585	75,285	0.98
2011	69,808	65,265	3,585	68,850	1.01
2010	68,709	63,035	10,000	73,035	0.94

For fiscal year 2012-13, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category.

Demographic Statistics

Table 15

Last Ten Calendar Years

Year	Population at July 1 [a]	Per Capita Income [b]	Average Annual Unemployment Rate [c]
2018	5,084,127	$ 42,736	3.4%
2017	5,024,369	41,659	4.3%
2016	4,959,822	40,325	5.0%
2015	4,892,423	39,425	6.0%
2014	4,824,758	37,545	6.5%
2013	4,765,862	35,678	7.6%
2012	4,719,009	35,517	9.2%
2011	4,672,744	34,056	10.5%
2010	4,635,834	32,455	11.1%
2009	4,589,872	31,724	11.2%

Information has been updated when modifications are provided by the Federal Government Sources.

[a] Source: U.S. Census Bureau

[b] Source: U.S. Department of Commerce, Bureau of Economic Statistics

[c] Source: U.S. Department of Commerce, Bureau of Economic Statistics

Employment by Industry

Table 16

Latest Completed Calendar Year and Nine Years Prior

Sources	2018 Number of Employees	2018 Percent of Total	2009 Number of Employees	2009 Percent of Total
Services	937,773	42.0%	729,810	38.4%
State and local	324,328	14.5%	314,962	16.6%
Retail trade	253,199	11.3%	225,848	11.9%
Manufacturing	249,686	11.2%	214,729	11.3%
Finance, insurance, and real estate	106,289	4.8%	98,300	5.2%
Construction	106,944	4.8%	90,894	4.8%
Transportation and public utilities	80,976	3.6%	59,698	3.1%
Wholesale trade	71,984	3.2%	65,472	3.4%
Military	52,903	2.4%	55,710	2.9%
Federal government, civilian	34,128	1.5%	31,550	1.7%
Farming	6,396	0.3%	7,871	0.4%
Agricultural services, forestry, fishing, and other	7,658	0.3%	6,601	0.3%
Mining	1,727	0.1%	1,340	0.1%
Total wage and salary employment	**2,233,991**	**100.0%**	**1,902,785**	**100.0%**

Note: Pursuant to the provisions of Section 41-29-150 of the South Carolina Code of Laws, the number of employees for individual companies within the State is not available. The categories presented are intended to provide alternative information regarding the principal employers within the State.

Source: U.S. Department of Commerce, Bureau of Economic Statistics

Ten Largest Employers

Table 17

Latest Completed Calendar Year and Nine Years Prior
(Listed alphabetically)

2018	2009
BMW Manufacturing Corporation	Bi-Lo, Inc.
Greenville County School District	Blue Cross/Blue Shield of South Carolina
Lowes Home Centers, Inc.	Greenville County School District
Michelin North America, Inc.	Greenville Hospital System
Palmetto Health Alliance, Inc.	Michelin North America, Inc.
Upstate Affiliate Organization	Palmetto Health Alliance, Inc.
U.S. Department of Defense	U.S. Department of Defense
U.S. Postal Service	U.S. Postal Service
University of South Carolina	University of South Carolina
Wal-Mart Associates, Inc.	Wal-Mart Associates, Inc.

Note: Pursuant to the provisions of Section 41-29-150 of the South Carolina Code of Laws, the number of employees for individual companies within the State is not available. The employers are instead listed alphabetically rather than in order of size.

Source: South Carolina Department of Employment and Workforce

Government Employees by Function

Last Ten Fiscal Years

Function	Permanent Employees			
	2019 [a]	2018 [a]	2017 [a]	2016 [a]
General government	5,977	6,265	6,243	6,102
Education	2,800	2,898	2,974	2,898
Higher education	—	—	—	—
Health and environment	9,982	9,818	9,493	9,489
Social services	4,416	4,062	3,730	3,675
Administration of justice	8,425	8,755	8,659	8,578
Resources and economic development	1,744	1,742	1,630	1,607
Transportation	4,236	4,342	4,530	4,602
Other	86	81	82	76
Totals	**37,666**	**37,963**	**37,341**	**37,027**

[a] Beginning with fiscal year 2012-2013, the following entities are reported as discretely presented component units rather than as part of the primary government: Higher education institutions, Housing Authority, Education Assistance Authority, Jobs-Economic Development Authority, and Patriots Point Development Authority.

Source: South Carolina Comptroller General's Office

Table 18

as of June 30					
2015 [a]	2014 [a]	2013 [a]	2012	2011	2010
6,068	6,023	5,748	5,927	5,915	6,108
2,857	2,773	2,717	2,726	2,772	2,968
—	—	—	29,518	28,547	28,414
9,741	9,683	9,675	9,875	10,399	10,998
3,438	3,294	3,222	3,150	3,235	3,689
8,886	9,205	9,261	9,295	9,442	9,631
1,612	1,525	1,477	1,410	1,437	1,675
4,361	4,291	4,417	4,471	4,536	5,006
66	56	66	300	307	314
37,029	**36,850**	**36,583**	**66,672**	**66,590**	**68,803**

Operating Indicators by Function

Last Ten Fiscal Years

	For the Fiscal Year			
	2019	2018	2017	2016
General government				
Individual income tax returns processed	2,424,308	2,433,317	3,058,609	2,995,483
Corporate income tax returns processed	136,143	133,959	126,000	129,511
Department of Motor Vehicles transactions	15,744,086	15,447,021	14,681,110	14,113,064
Workers' compensation cases reviewed	65,827	67,255	64,802	63,480
Education				
Per pupil spending	13,656*	13,361*	13,043	12,368
Public school enrollment	781,493	774,004	769,130	760,500
Average operating miles per school bus	14,800	14,400	14,600	14,798
State Museum visitors	170,907	208,300	161,335	161,372
Health and environment				
Medicaid eligible participants	1,436,247	1,424,134	1,413,345	1,424,039
Women, Infant and Children (WIC) participants	86,354	109,864	101,563	107,257
Community mental health center clients	57,559	84,528	82,560	82,241
Social services				
Average food stamp households per month	264,179	345,511	342,551	371,331
Child Protective Services investigations	37,689	37,837	26,347	24,980
Administration of justice				
Adult prison average daily population	18,541	19,097	20,105	20,593
Juvenile facility average daily population	413	435	514	534
Resources and economic development				
Dept of Commerce capital investment projects	162	157	132	150
Welcome Center visitors	4,692,510	3,232,816	2,954,241	3,018,376
Hunting and fishing licenses processed	831,193	845,333	875,912	918,677
Watercraft registrations	521,004	505,817	499,512	500,687
Transportation				
Miles of surface repairs	173,578	143,334	139,399	171,818
Miles of roadway inspections	360,112	349,335	364,882	198,161
Unemployment compensation benefits				
Initial claims	128,980	139,336	114,951	159,186
Total benefit weeks claimed	802,474	863,828	964,485	1,197,550
Medical malpractice insurance				
Membership total	2,545	2,614	2,686	2,833
Tuition prepayment program				
Individual accounts	2,707	5,317	5,486	5,575
Insurance claims processing				
Second Injury Fund claims paid	1,256	1,380	1,336	1,567
Other				
Public railway carloads (calendar year)	104,010	106,490	135,267	133,147

* Estimated spending

Source: South Carolina Comptroller General's Office

Table 19

Ended June 30

2015	2014	2013	2012	2011	2010
2,582,598	2,514,090	2,444,843	2,406,252	2,482,647	2,379,693
212,072	209,677	208,208	194,680	197,608	183,224
13,401,505	12,767,033	11,541,043	10,522,707	9,898,064	11,989,686
63,164	63,541	53,683	44,327	43,464	53,407
12,007	11,634	11,429	11,093	10,990	11,011
753,485	742,325	731,679	719,201	714,421	712,240
14,715	14,862	16,041	15,048	15,950	15,795
181,284	127,943	143,199	185,124	136,346	156,810
1,336,550	1,246,546	1,162,210	1,069,195	1,019,508	975,275
114,562	112,131	125,368	130,646	130,097	133,942
80,792	78,825	89,510	83,880	85,244	88,726
382,054	403,281	415,475	444,268	384,936	346,807
19,784	14,606	11,924	15,803	17,763	18,805
20,948	21,581	22,152	22,776	23,358	24,105
560	523	508	532	635	739
146	127	151	149	172	161
2,054,310	2,001,594	2,046,582	2,158,943	2,023,488	2,323,877
995,773	962,561	938,736	965,598	996,890	958,014
481,144	460,300	462,926	450,935	442,057	429,233
160,674	166,174	150,859	137,479	150,590	178,084
178,761	354,953	341,907	325,930	361,226	448,492
179,984	225,420	264,447	278,714	310,528	386,818
956,586	1,365,992	1,787,530	2,402,387	2,992,594	4,331,564
2,988	3,311	3,020	3,374	3,570	4,230
5,662	5,758	5,841	5,935	6,052	6,135
1,759	1,964	2,190	3,312	3,224	3,118
117,550	122,475	105,775	88,746	66,618	64,554

Capital Assets by Function

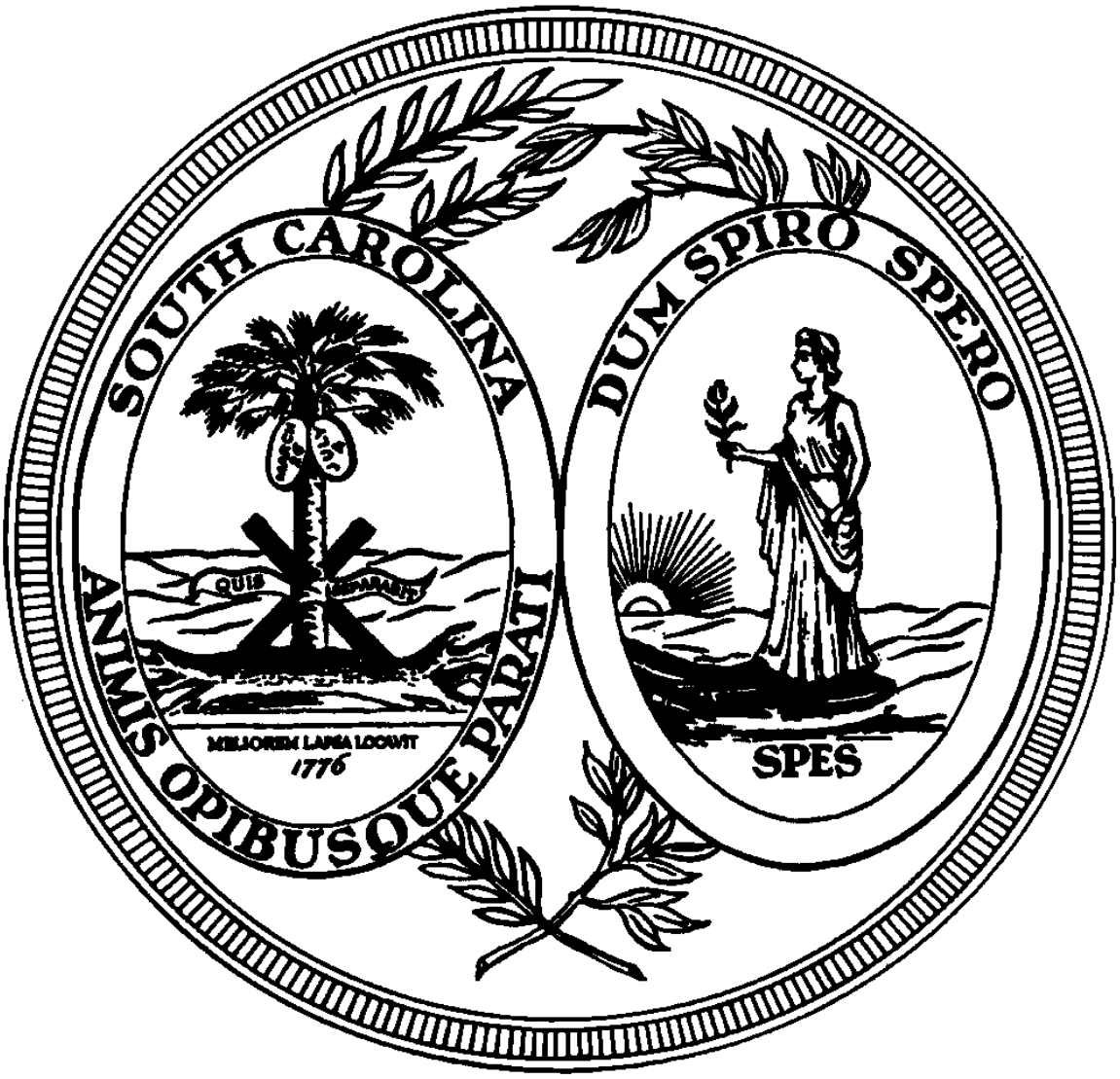
Last Ten Fiscal Years

	For the Fiscal Year			
	2019	2018	2017	2016
General government				
Buildings and facilities	41	44	45	49
State armories	56	59	57	57
Fleet vehicles	3,617	3,607	3,325	3,000
Motor vehicle district offices	66	66	67	67
Education				
School buses	5,684	5,681	5,671	5,617
Television transmitters	10	11	11	11
Vocational training/client centers	34	34	34	35
Health and environment				
Mental health buildings	115	127	139	141
Community mental health centers	70	71	68	64
Regional special needs centers	5	5	5	5
Social services				
Buildings and facilities	65	65	67	69
Administration of justice				
Adult correctional institutions	21	21	23	23
Juvenile correctional facilities	5	5	5	5
Highway patrol district offices	6	6	6	6
Highway patrol vehicles	1,703	1,628	1,551	1,442
Resources and economic development				
Acres of State parks	92,259	91,144	86,445	86,445
Acres of State forests	94,462	94,462	94,462	94,462
State parks and historical sites	53	53	53	53
State farmers' markets	3	3	3	3
DNR vehicles and boats	2,069	1,732	1,753	1,645
Transportation				
Miles of State highways (calendar year)	41,315	41,330	41,358	41,377
Weigh stations	8	8	8	8
Traffic cameras	485	447	379	359
Miles of cable median barriers	476	490	490	490
Other				
Rail yards	4	4	3	3
State-owned locomotives	12	12	12	12

Source: South Carolina Comptroller General's Office

Table 20

Ended June 30					
2015	2014	2013	2012	2011	2010
49	49	46	33	33	32
58	59	66	63	63	63
3,029	3,093	2,991	3,092	2,957	3,316
66	66	67	67	68	69
5,776	5,640	5,705	5,630	5,636	5,677
11	11	11	11	11	11
35	35	35	35	35	35
144	149	148	149	150	151
64	64	51	48	48	47
5	5	5	5	5	5
69	69	65	66	66	66
24	25	26	27	28	28
5	5	5	5	5	5
6	6	6	6	6	7
1,442	1,351	1,050	1,054	1,060	1,162
86,445	86,445	86,370	84,604	83,118	83,118
94,462	94,245	94,215	94,215	94,215	92,552
53	53	53	53	53	53
3	3	3	3	3	3
1,169	1,292	1,081	1,223	841	1,121
41,391	41,414	41,432	41,448	41,470	41,460
8	8	8	8	8	9
360	360	360	360	350	350
480	480	480	480	480	476
3	3	3	3	3	3
10	10	10	10	10	10



Section 1-11-425 of the South Carolina Code of Laws requires inclusion of the following information: Total printing cost was $310.00; 100 copies were printed at a cost of $3.10 each.