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.



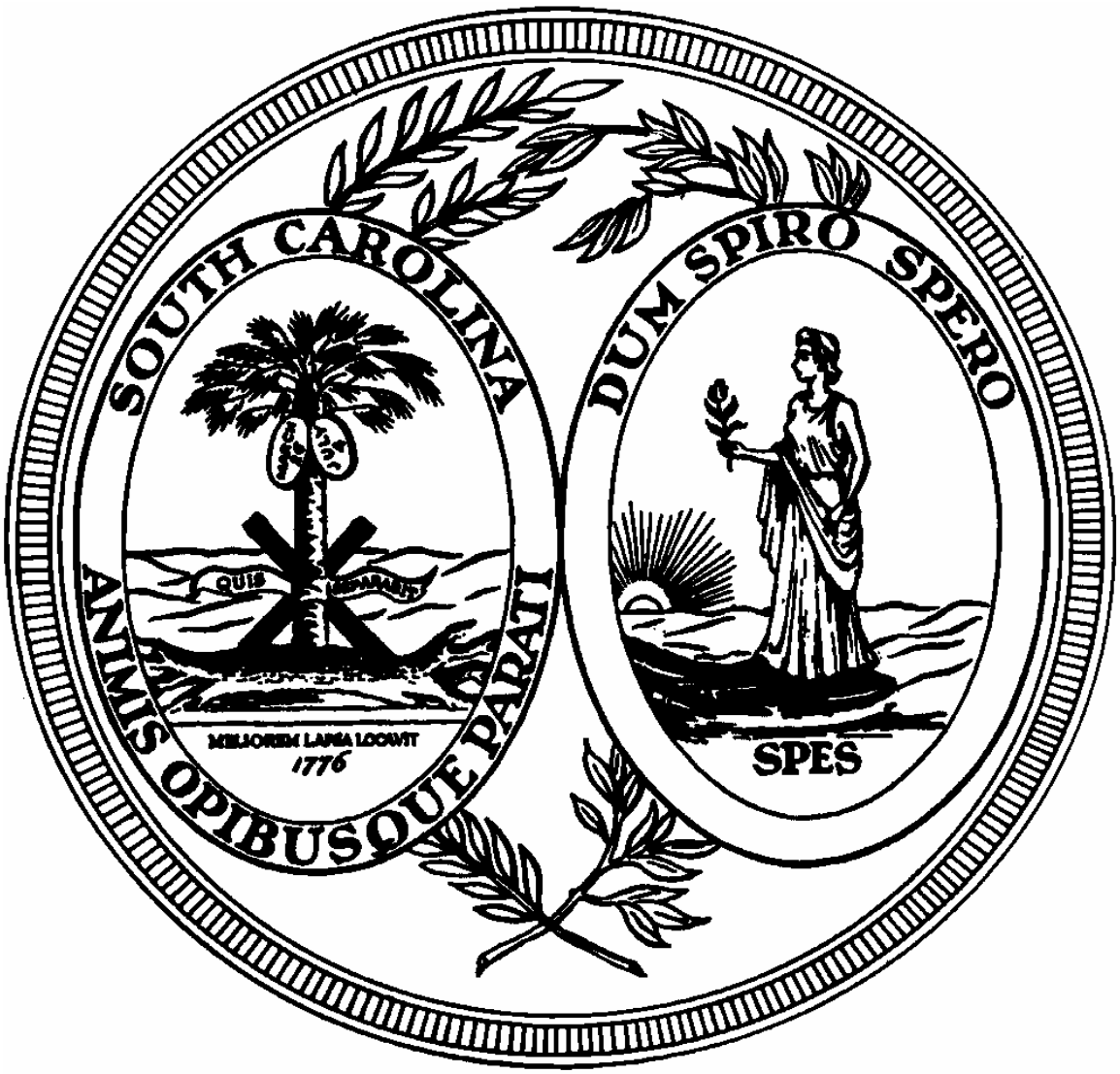
STATE OF SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30,

2020

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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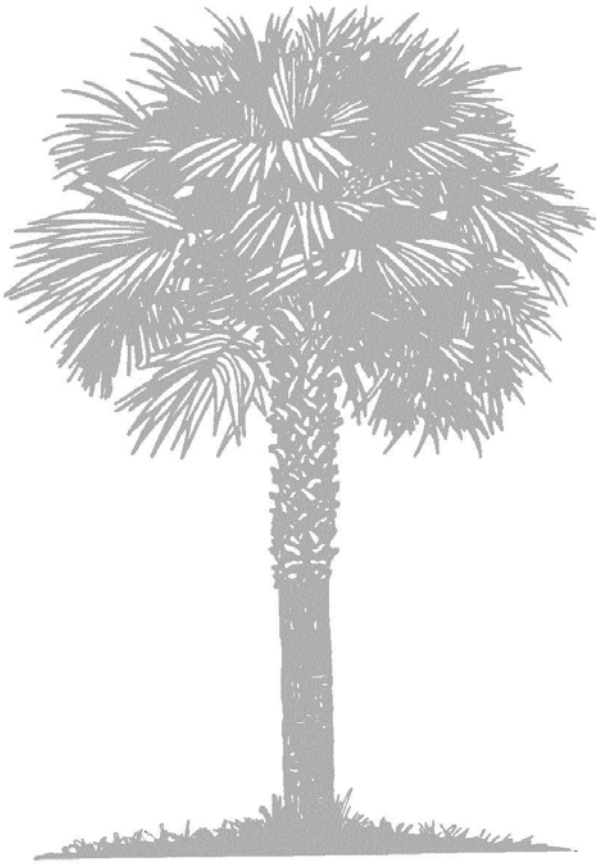
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Introductory Section



Letter of Transmittal
Certificate of Achievement
Principal State Officials
Organizational Chart

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 13, 2020

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, 2020. 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, 2020. 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 5.2 million citizens. According to the U.S. Census Bureau, the State's rate of population growth is presently the sixth 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, 2020, total non-farm employment in the state decreased by 120,400 to 2,059,400 as a result of COVID-19. Industry sectors reflecting gains were Construction (+6,300) and Mining, Logging, Information, and Other Services (+1,100). Declines were experienced in Leisure and Hospitality (-62,300); Government (-17,500); Trade, Transportation, and Utilities (-13,400); Education and Health Services (-12,600); Professional and Business Services (-11,700); Manufacturing (-7,800); and Financial Activities (-2,500).

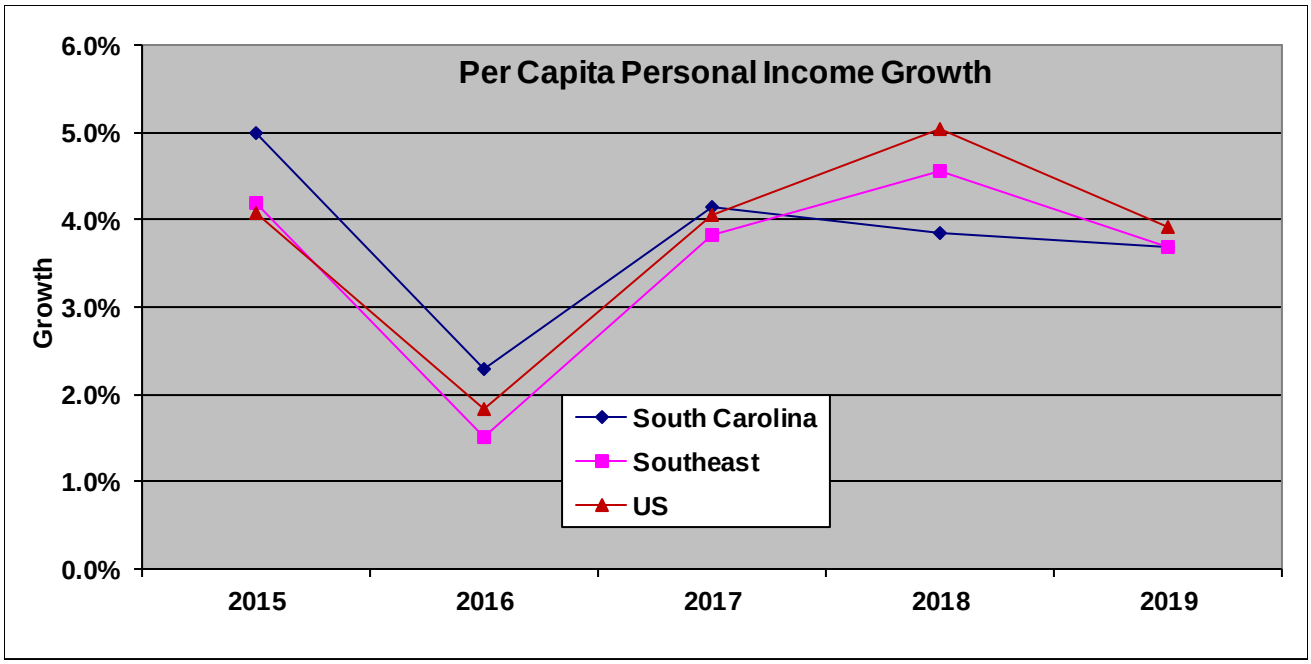
South Carolina's unemployment rate was 8.7% in June 2020, which increased due to the effects of COVID-19 from the June 2019 rate of 2.9%. It further improved to 5.1% in September 2020. In comparison, the U.S. unemployment rate was 10.2% in June 2020 and 7.9% in September 2020.

The South Carolina Leading Index (SCLI) decreased by 0.55 points from June 2019 to June 2020 to 101.89. 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 September 2020 at 102.43, the most current month available.

The number of real estate closings declined by 10.0% when comparing June 2020 and June 2019 due in large part to the effects of COVID-19. However, with the declining number of foreclosures in the state, down 50.7% in June 2020 compared to June 2019, 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 decreased slightly by 1.7% compared to a year ago, but the value of those permits increased by 6.2% when comparing June 2020 and June 2019.

The South Carolina housing market is rebounding with the Myrtle Beach housing market experiencing strong home sales in the first half of calendar year 2020. This growth was also complemented by median prices of homes sold increasing 8.4% when comparing June 2020 to June 2019.

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 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 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 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 Unassigned fund balance when reported on a generally accepted accounting principles-basis.

The State ended fiscal year 2020 with a positive budgetary General Fund fund balance after reservation of $1.805 billion, which was made up of legislatively approved agency carryover appropriations of $623.544

million, the General Reserve of $406.213 million, Contingency Reserve of $103.451 million, and an unassigned surplus of $671.515 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 2019 the State committed $19.072 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 governments to develop the infrastructure necessary for new and expanding business. Programs like this helped to recently attract a Walmart distribution center to Dorchester County and Spartan Motors, Inc. to Charleston County. Walmart is expected to create 1,000 jobs and Spartan Motors, Inc. is expected to create 300 jobs in the coming years. Additionally, Ross Stores, Inc announced in fiscal year 2020 that it will expand its facilities in York County, which will create an additional 700 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 2019 alone, the State attracted more than $2.443 billion in new capital investment from manufacturing companies, which resulted in the creation of more than 9,400 jobs.

Area Development Magazine recently ranked South Carolina third in the nation in its 2020 "Top States for Business" analysis. It also ranked South Carolina second in the nation in business incentive programs and second in cooperative and responsive state government.

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. 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, Lockheed Martin, and GE Turbine and supporting initiatives to assure that South Carolina has a workforce ready for the aerospace industry.

South Carolina's exports reached a record-high of $41.5 billion in 2019, which is an increase of 19.7% from 2018. In 2019, South Carolina ranked 11th 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 18% of the entire U.S. passenger vehicles market and approximately 35% 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 2021, 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 $246.309 billion in 2019. Between 2018 and 2019, real GDP grew 5.3%, compared to the southeast states' average growth of 4.2%.

With our cost of living 10% 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 2019 had the lowest unionization rate in the nation, at 2.2% of the workforce. As a result of this, South Carolina was second among the states in improved unemployment rates after experiencing a 0.7% decrease in unemployment.

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, 2019. This was the thirty-second 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.

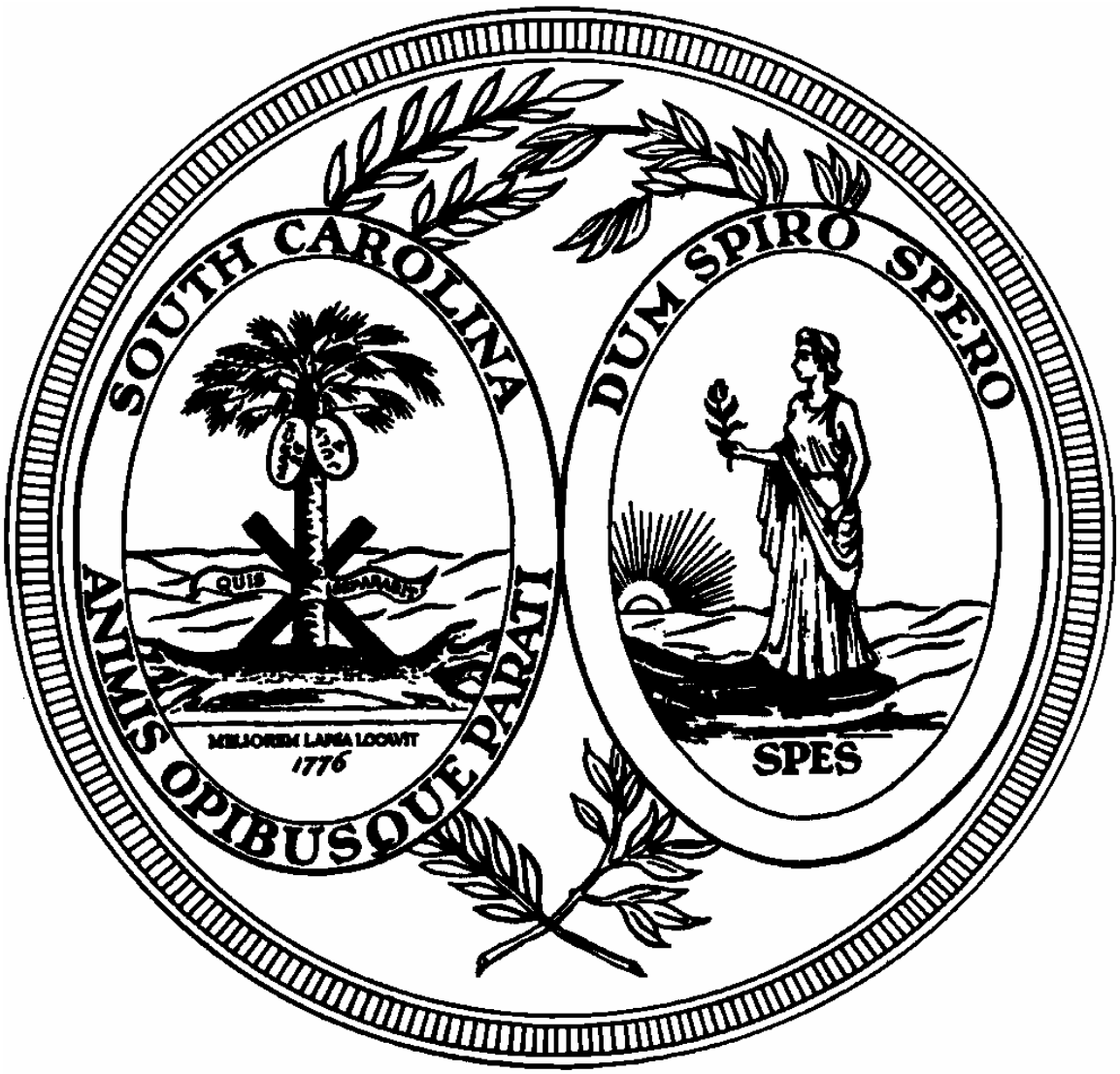
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility to be awarded a Certificate of Achievement.

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, 2019

Christopher P. Morrill

Executive Director/CEO

Principal State Officials

LEGISLATIVE—THE GENERAL ASSEMBLY

Harvey S. Peeler, Jr., President 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

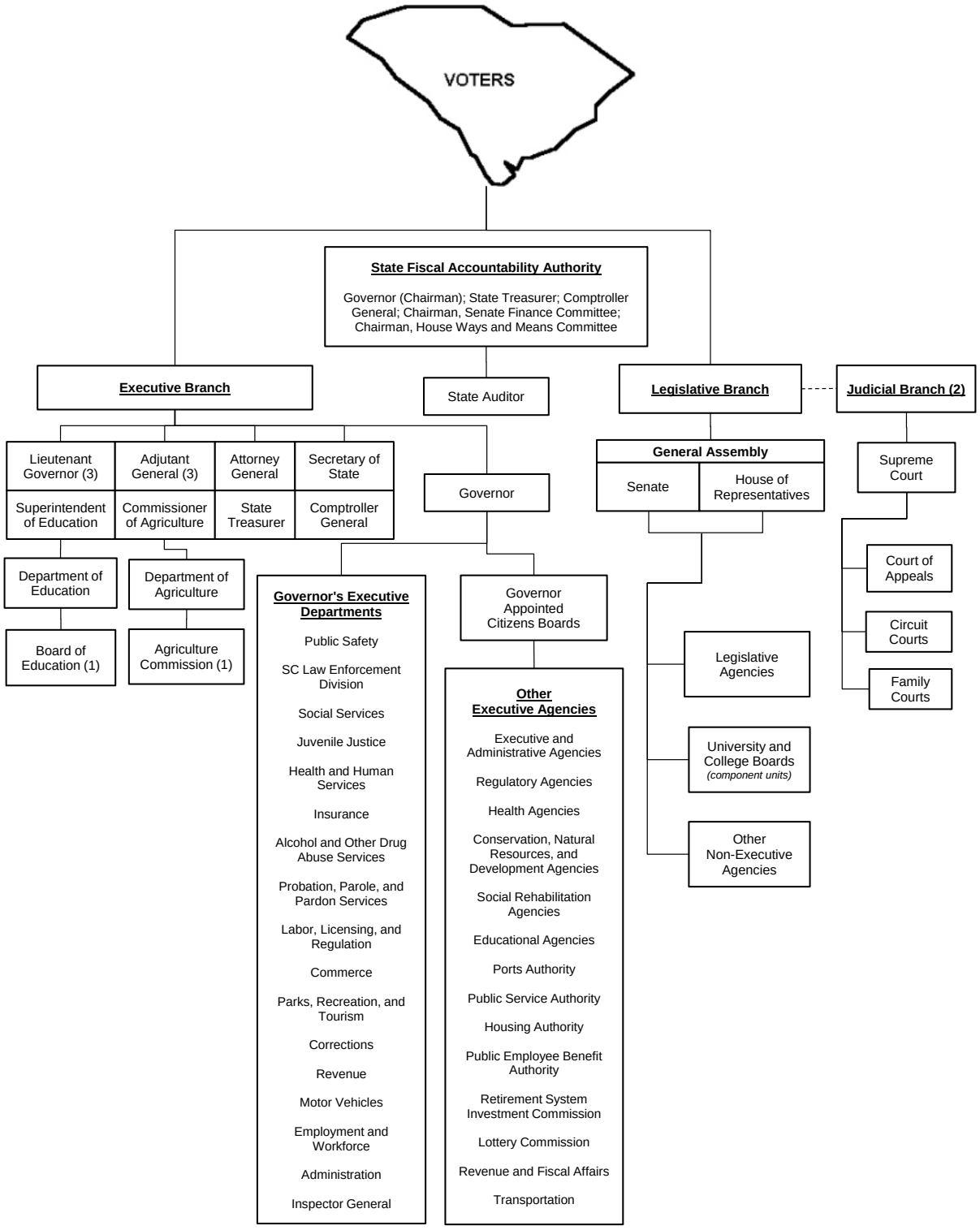
JUDICIAL

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.

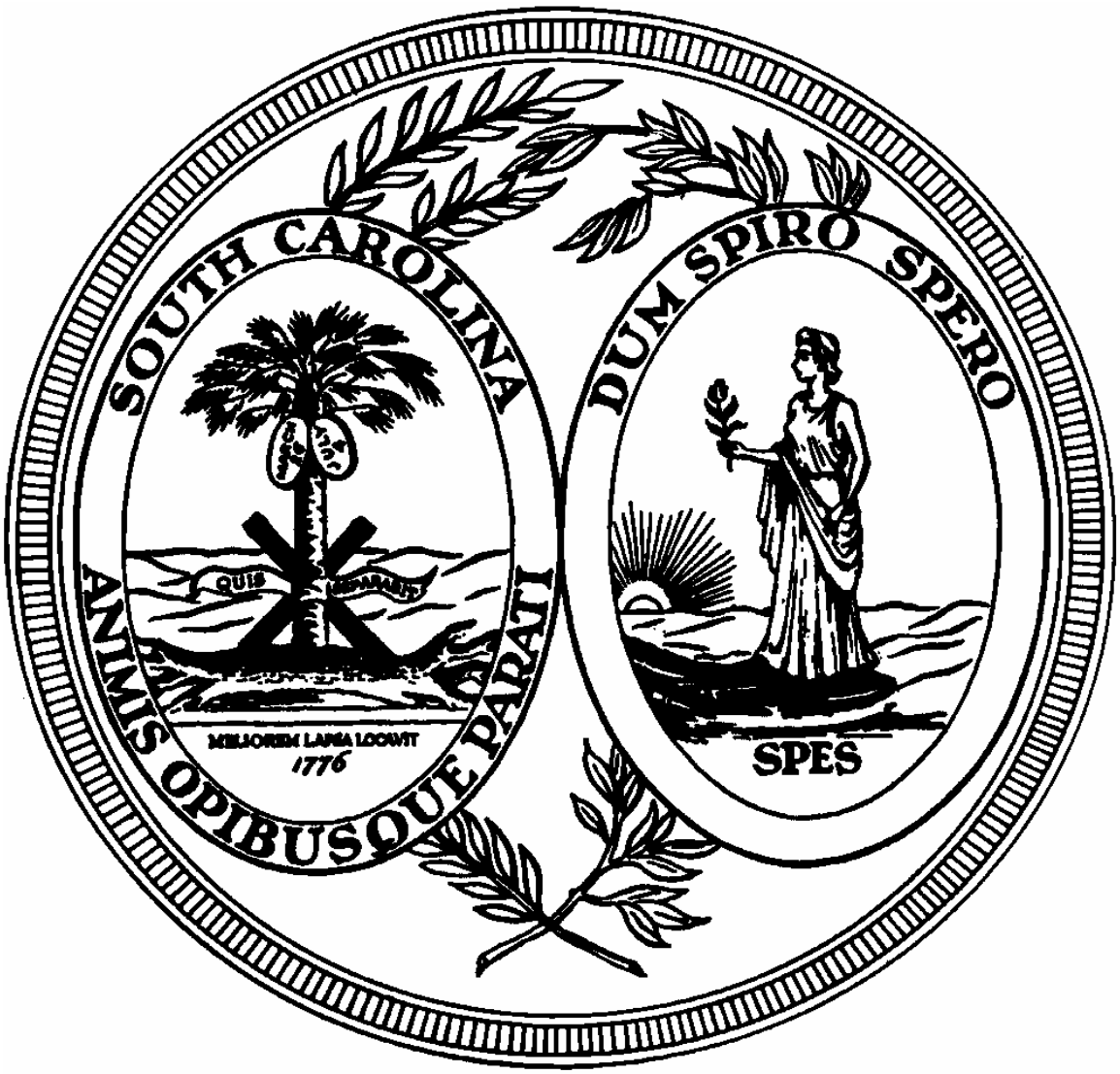
Organizational Chart



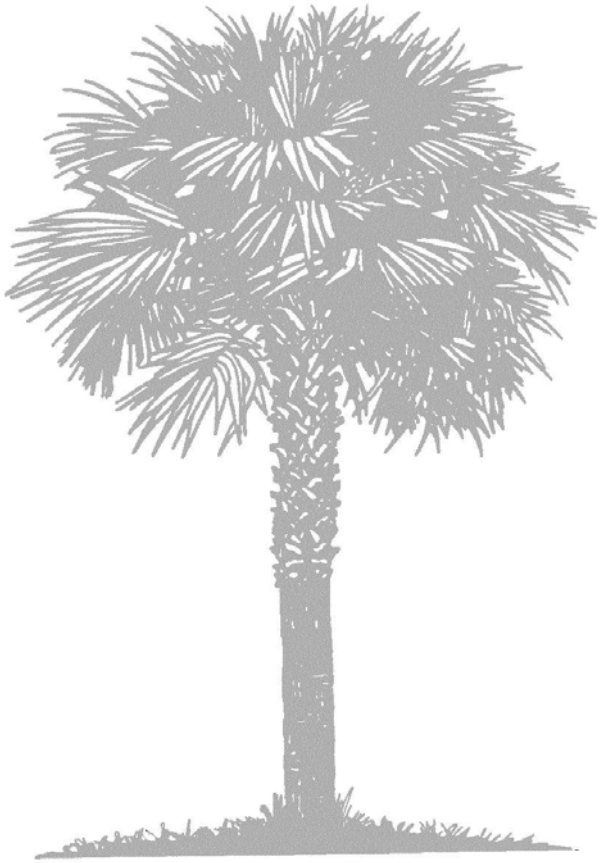
(1) Board of Education and Agriculture Commission are each comprised of 16 members elected by the legislative delegations of each judicial district plus an at large member appointed by the Governor as well as either the Superintendent of Education or Commissioner of Agriculture.

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

(3) The Adjutant General, as head of the Military Department, and the Lieutenant Governor report directly to the Governor.


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

Financial Section



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





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, 2020, 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%	53%	10%
Business-type activities	-	-	84%	99%
Component units	-	-	100%	99%
Fund Statements				
Governmental Funds	-	-	16%	10%
Enterprise Funds	-	-	84%	99%
Internal Service Funds	38%	89%	54%	8%
Fiduciary Funds	73%	18%	26%	81%
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, 2020, 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 due to a change in accounting principle for the loss reserve liability. 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 Honorable Henry D. McMaster, Governor
and
Members of the General Assembly
State of South Carolina

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*

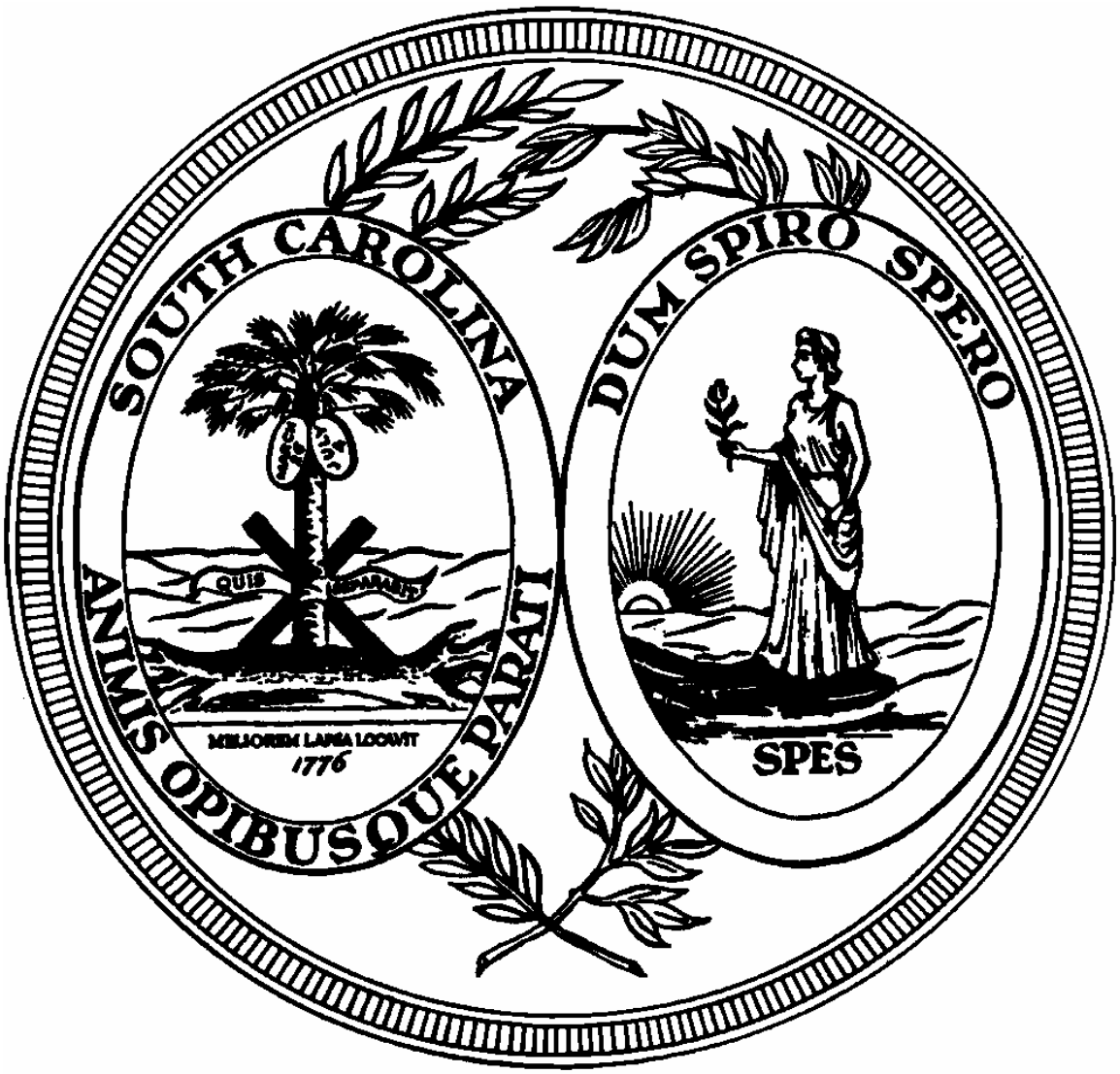
In accordance with *Government Auditing Standards,* we have also issued our report dated November 13, 2020, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other 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.

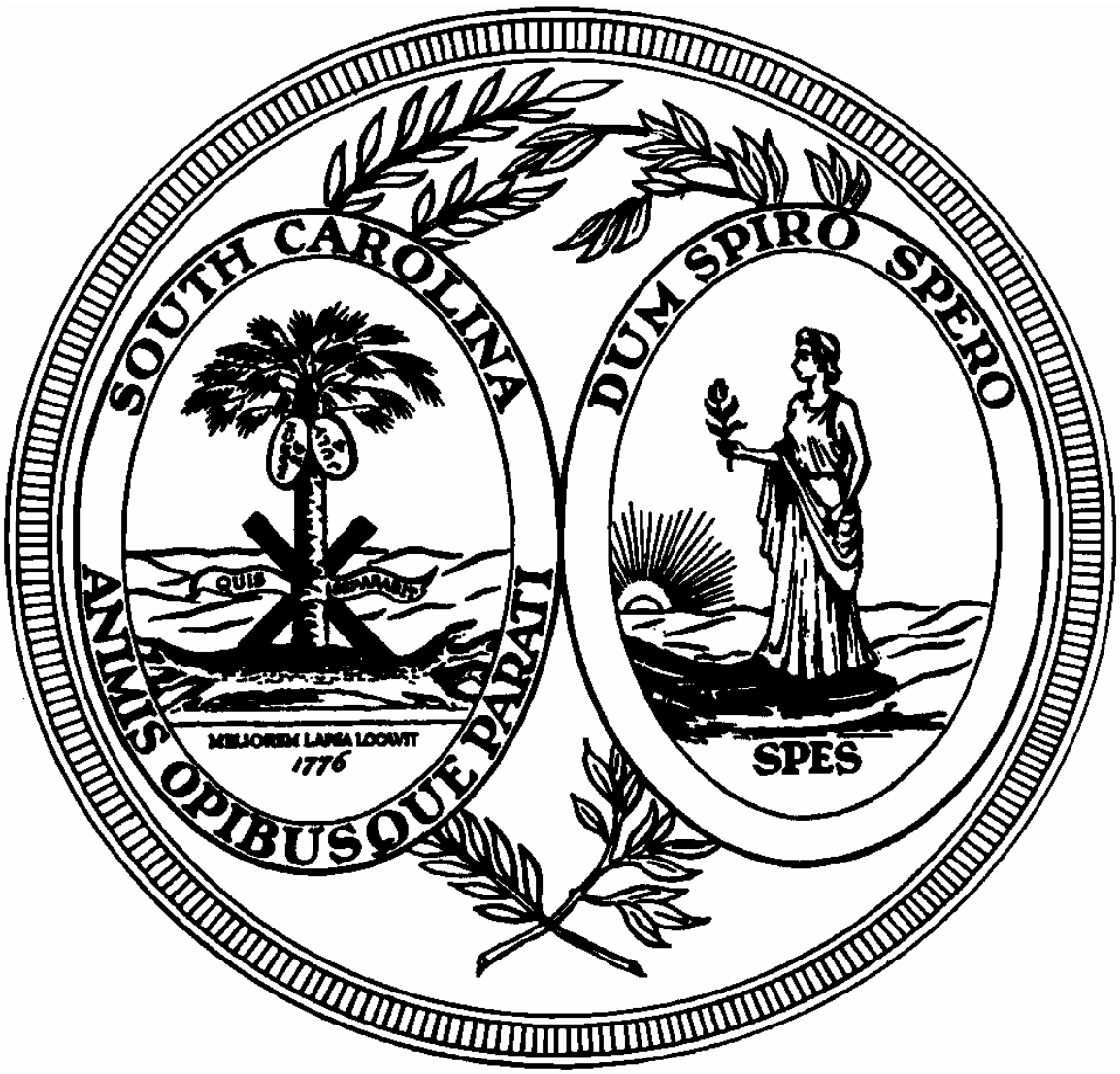




Columbia, South Carolina
November 13, 2020

Baltimore, Maryland
November 13, 2020


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


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
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1776
SPES

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, 2020. 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 have been 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
	2020	2019	2020	2019	2020	2019	2020-2019
Assets							
Current and other assets	$ 18,079,376	$ 15,240,640	$ 1,832,775	$ 1,495,905	$ 19,912,151	$ 16,736,545	19.0%
Capital assets	18,887,128	18,177,586	293,479	284,717	19,180,607	18,462,303	3.9%
Total assets	**36,966,504**	**33,418,226**	**2,126,254**	**1,780,622**	**39,092,758**	**35,198,848**	**11.1%**
Deferred Outflows of Resources	**1,132,012**	**974,312**	**3,672**	**3,038**	**1,135,684**	**977,350**	**16.2%**
Liabilities							
Long-term liabilities	10,155,830	10,165,698	234,804	304,594	10,390,634	10,470,292	(0.8%)
Other liabilities	4,926,653	3,749,575	324,818	117,589	5,251,471	3,867,164	35.8%
Total liabilities	**15,082,483**	**13,915,273**	**559,622**	**422,183**	**15,642,105**	**14,337,456**	**9.1%**
Deferred Inflows of Resources	**547,674**	**422,581**	**1,531**	**1,357**	**549,205**	**423,938**	**29.5%**
Net Position							
Net investment in capital assets	16,904,849	16,039,329	281,794	221,494	17,186,643	16,260,823	5.7%
Restricted	9,612,909	6,064,521	1,721,780	1,226,011	11,334,689	7,290,532	55.5%
Unrestricted	(4,049,399)	(2,049,166)	(434,801)	(87,385)	(4,484,200)	(2,136,551)	(109.9%)
Total net position	**$ 22,468,359**	**$ 20,054,684**	**$ 1,568,773**	**$ 1,360,120**	**$ 24,037,132**	**$ 21,414,804**	**12.2%**

Net Position

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 General Government, Transportation, and Health.

Unrestricted net position—resources normally available for future spending without restrictions—reported a deficit balance of ($4.484) billion at June 30, 2020. This represents an erosion in the deficit net position of $2.348 billion over the prior year. The primary government's unrestricted deficit net position partially consists of the $4.025 billion net pension liability and the $3.135 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 112), 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 a $434.801 million deficit unrestricted net position. This balance was mostly comprised of a $31.547 million deficit unrestricted net position in the State-run college Tuition Prepayment Program and a $351.733 million deficit unrestricted net position in the State's Unemployment Compensation Fund. The negative unrestricted net positions in the Tuition Prepayment Program and Unemployment Compensation Fund were the result of projected claims exceeding assets on hand on June 30, 2020.

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
	2020	2019	2020	2019	2020	2019	2020-2019
Revenues							
Program revenues:							
Charges for services	$ 4,163,001	$ 3,855,126	$ 344,474	$ 394,187	$ 4,507,475	$ 4,249,313	6.1%
Operating grants and contributions	9,677,634	8,711,747	2,377,360	5,497	12,054,994	8,717,244	38.3%
Capital grants and contributions	905,754	673,255	53,113	—	958,867	673,255	42.4%
General revenues:							
Individual income tax	5,045,819	4,835,821	—	—	5,045,819	4,835,821	4.3%
Retail sales and use tax	5,167,804	5,004,470	—	—	5,167,804	5,004,470	3.3%
Other tax	2,871,172	2,791,906	—	—	2,871,172	2,791,906	2.8%
Unrestricted grants and contributions	40	14	—	—	40	14	185.7%
Unrestricted investment income	470,543	365,453	55,291	48,530	525,834	413,983	27.0%
Tobacco legal settlement	71,750	80,723	—	—	71,750	80,723	(11.1%)
Other	594,187	723,194	3,344	4,510	597,531	727,704	(17.9%)
Total revenues	**28,967,704**	**27,041,709**	**2,833,582**	**452,724**	**31,801,286**	**27,494,433**	**15.7%**
Expenses							
Governmental activities:							
General government	6,950,505	6,661,431	—	—	6,950,505	6,661,431	4.3%
Education	5,233,490	4,893,190	—	—	5,233,490	4,893,190	7.0%
Health and environment	8,752,266	8,388,809	—	—	8,752,266	8,388,809	4.3%
Social services	1,783,094	1,602,776	—	—	1,783,094	1,602,776	11.3%
Administration of justice	1,108,837	1,013,459	—	—	1,108,837	1,013,459	9.4%
Resources and economic development	481,058	472,696	—	—	481,058	472,696	1.8%
Transportation	1,761,563	1,526,454	—	—	1,761,563	1,526,454	15.4%
Other	10,888	18,211	—	—	10,888	18,211	(40.2%)
Business-type activities:							
Unemployment compensation benefits	—	—	3,038,557	149,581	3,038,557	149,581	1,931.4%
Second Injury Fund	—	—	1,484	12,085	1,484	12,085	(87.7%)
Other	—	—	57,216	64,908	57,216	64,908	(11.9%)
Total expenses	**26,081,701**	**24,577,026**	**3,097,257**	**226,574**	**29,178,958**	**24,803,600**	**17.6%**
Excess (deficiency) before transfers	**2,886,003**	**2,464,683**	**(263,675)**	**226,150**	**2,622,328**	**2,690,833**	**(2.5%)**
Net transfers	(472,328)	21,016	472,328	(21,016)	—	—	—
Change in net position	**2,413,675**	**2,485,699**	**208,653**	**205,134**	**2,622,328**	**2,690,833**	**(2.5%)**
Net position at beginning of year	20,054,684	17,568,985	1,360,120	1,154,986	21,414,804	18,723,971	14.4%
Net position, end of year	**$ 22,468,359**	**$ 20,054,684**	**$ 1,568,773**	**$ 1,360,120**	**$ 24,037,132**	**$ 21,414,804**	**12.2%**

Changes in Net Position

The State's total net position of its governmental activities and its business-type activities increased by $2.622 billion, or 12.2%, 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 $2.414 billion, or 12.0%. Revenue increased from last year by $1.926 billion, or 7.1%, which was comprised of an increase of $419.734 million, or 3.0%, in general 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 $1.505 billion, or 6.1%, for the fiscal year ended June 30, 2020. 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, 2020, the State used $11.335 billion in tax and other general revenues to offset the net cost of all services that the State's governmental activities provided. Business-type activities received $472.328 million in net transfers from the State's governmental activities.

The following paragraphs highlight the most significant changes in revenues and expenses for governmental activities during the 2020 fiscal year:

- Individual income tax revenues increased by $209.998 million, or 4.3%, retail sales and use tax revenues increased by $163.334 million, or 3.3%, and other taxes revenues increased by $79.266 million, or 2.8%. Overall tax collections increased during fiscal year 2020 due to increased enforcement and improvements in consumer spending within the state and national economies for the majority of the fiscal year 2020.
- Operating grants and contributions increased by $965.887 million, or 11.1%, over the prior year. This was primarily due to increased federal funding to fight the COVID-19 pandemic.
- Capital grants and contributions increased by $232.499 million, or 34.5% from last year. This was primarily a result of approximately $65.000 million in extra federal funding for large and small urban transit systems and for rural transit systems. This increased funding was related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Unrestricted investment income increased by $105.090 million, or 28.8%, from the previous fiscal year. This increase was attributed to the availability of higher investable cash balances during most of the 2020 fiscal year.
- Social services expenses increased by $180.318 million, or 11.3%, due to the increase in demand for services largely because of the COVID-19 pandemic.
- Administration of justice expenses increased by $95.378 million, or 9.4%, from the previous year. $22.223 million of this increase was attributed to increases in the pension and OPEB expenses, while the remainder of the increase can be attributed to increased hiring with the Department of Corrections.
- Transportation expenses increased by $235.109 million, or 15.4%, from last year. This increase is primarily the result of a $146.292 million increase in highway maintenance, some of which was delayed by weather in the previous fiscal year. Additionally, and as stated above, transportation expenses increased due to COVID-related expenses being incurred.

Exhibit 3
Sources of Revenues Supporting Governmental Activities
For the Fiscal Year Ended June 30, 2020

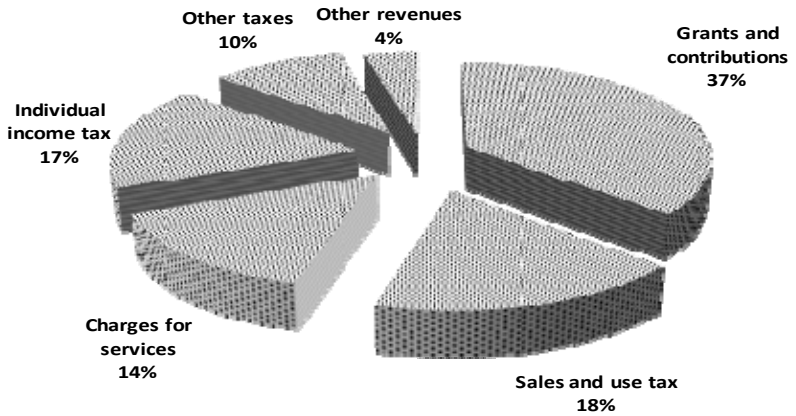
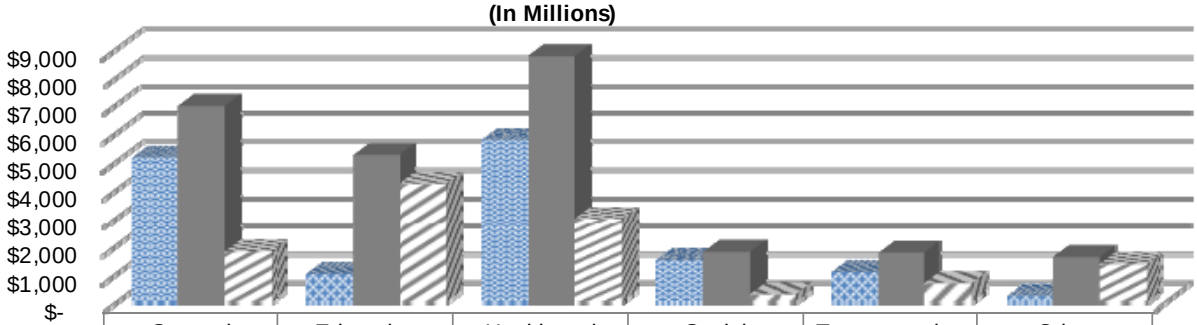


Exhibit 4
Governmental Activities - Net Cost of Services
For the Fiscal Year Ended June 30, 2020
(In Millions)



	General Government	Education	Health and Environment	Social Services	Transportation	Other
Revenues	$5,155	$1,011	$5,769	$1,488	$1,079	$244
Expenses	$6,951	$5,233	$8,752	$1,783	$1,762	$1,601
Net Cost	$1,796	$4,222	$2,983	$295	$683	$1,357

Business-type Activities

The net position of the State's business-type activities increased by $208.653 million, or 15.3%.

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, 2020 was $1.315 billion, which was an increase of $134.691 million, or 11.4%, 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, 2020 was $55.343 million, which was an increase of $9.345 million, or 20.3%, from last year.

Operating revenues of the Unemployment Compensation Fund increased by $2.325 billion, or 628.1%, and operating expenses for the payment of unemployment compensation benefits increased by $2.889 billion, or 1931.4%, during the 2020 fiscal year. The increases in operating revenues and expenses resulted directly from the effects of the COVID-19 pandemic on unemployment rates within the State and throughout the country. Additionally, operating revenues for the Second Injury Fund have decreased by $840 thousand, or 7.1%, and operating expenses for the payment of Second Injury Fund claims remained at a low level during the 2020 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, 2020.

Exhibit 5

Governmental Fund Balances

(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 129,273	$ 40,327	$ —	$ 12,616	$ 11,862	$ 194,078
Restricted	923,224	2,754,250	2,291,457	600,244	584,279	7,153,454
Committed	507,269	21,021	—	368,958	208,912	1,106,160
Assigned	263,888	195,225	—	—	156,572	615,685
Unassigned	5,162,015	(2,577,316)	—	—	—	2,584,699
Totals	**$ 6,985,669**	**$ 433,507**	**$ 2,291,457**	**$ 981,818**	**$ 961,625**	**$ 11,654,076**
Change from prior year	**$ 1,336,599**	**$ (59,908)**	**$ 86,406**	**$ 119,338**	**$ 62,357**	**$ 1,544,792**
Percentage change	**23.7%**	**(12.1%)**	**3.9%**	**13.8%**	**6.9%**	**15.3%**

At June 30, 2020, total ending fund balance for the State's governmental funds was $11.654 billion, which represents an increase of $1.545 billion, or 15.3%, from the prior year. This total contains an *unassigned* fund balance of $2.585 billion. The total also includes $5.162 billion reported by the General Fund as 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 61.4% 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 $216.428 million, or 4.5%; retail sales and use tax of $99.553 million, or 2.5%; insurance tax of $10.810 million, or 5.3%; and other taxes of $30.328 million, or 4.9%, from the prior year. General Fund expenditures, which increased by $330.767 million, or 3.2%, 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 2020 fiscal year, the total fund balance decreased by $59.908 million, or 12.1%, from the prior year. The primary source of revenue for the fund is federal revenues, which account for $9.042 billion, or 93.2%, 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 $86.406 million, or 3.9%, during the 2020 fiscal year, leaving a balance of $2.291 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 $119.338 million, or 13.8%, during the 2020 fiscal year, leaving a balance of $981.818 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 undertaking 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 $62.357 million, or 6.9%, increase in fund balance during the 2020 fiscal year was primarily the result of increases in accommodations and local option sales tax revenues.

Proprietary Funds

Exhibit 6 shows the components of the net position for the State's various proprietary funds at June 30, 2020.

Exhibit 6
Proprietary Fund Net Position
(Expressed in Thousands)

	Enterprise Funds				Internal
Fund Net Position	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Total Enterprise	Service Funds
Net investment in capital assets	$ —	$ —	$ 281,794	$ 281,794	$ 84,219
Restricted, expendable	1,666,437	55,343	—	1,721,780	498,618
Unrestricted	(351,733)	—	(83,068)	(434,801)	302,554
Totals	**$ 1,314,704**	**$ 55,343**	**$ 198,726**	**$ 1,568,773**	**$ 885,391**
Change from prior year	**$ 134,691**	**$ 9,345**	**$ 64,617**	**$ 208,653**	**$ 158,783**
Percentage change	**11.4%**	**20.3%**	**48.2%**	**15.3%**	**21.9%**

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 $134.691 million, or 11.4%, over the prior year. The increase in net position was the result of additional federal funding related to the COVID-19 pandemic, but the Fund was still able 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, increased by $9.345 million, or 20.3%, 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 $64.617 million, or 48.2%, over the prior year. The increase in the State's *nonmajor enterprise funds'* net position was primarily due to the transfer of $48.804 million to the Patients' Compensation Fund from the South Carolina Medical Malpractice Liability Joint Underwriting Association (a nonmajor discretely presented component unit). The transfer was a part of the merger between the two agencies. See page 226 for more information. Additionally, the Tuition Prepayment Program saw an increase of $4.406 million in its interest and investment income, while its tuition plan disbursements decreased by $1.829 million.

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 $158.783 million, or 21.9%, in the 2020 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 2020 fiscal year were $8.717 billion. Actual revenues at June 30, 2020, were $462.615 million, or 5.3%, over the estimated revenue used in the fiscal year 2020 budget appropriations act. This also represented an increase in collections over the prior year of $374.472 million, or 4.3%. 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 $343.531 million and sales tax collections ended the year under the adjusted estimate by $7.630 million.

Actual expenditures were $545.918 million less than actual revenues. Also, expenditures were kept $634.190 million under fiscal year 2020 adjusted appropriations. In addition, $939 thousand of unbudgeted spending occurred through "open-ended" appropriations.

Based on the above results of operations, fiscal year 2020 ended with a budgetary surplus, which resulted in a budgetary General Fund balance after reservation of $1.805 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 2020 fiscal year, the State had $19.181 billion invested in capital assets, net of depreciation. This represented a net increase (including additions and deductions) of $718.304 million, or 3.9%, 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
	2020	2019	2020	2019	2020	2019	2020-2019
Land and improvements	$ 2,294,497	$ 2,202,040	$ 170,982	$ 170,104	$ 2,465,479	$ 2,372,144	3.9%
Infrastructure	10,930,987	10,958,223	—	—	10,930,987	10,958,223	(0.2%)
Buildings and improvements	1,007,960	1,043,605	14,711	16,027	1,022,671	1,059,632	(3.5%)
Vehicles	248,648	242,268	206	325	248,854	242,593	2.6%
Machinery and equipment	225,862	201,194	3,092	3,362	228,954	204,556	11.9%
Works of art and historical treasures	3,362	6,642	—	—	3,362	6,642	(49.4%)
Construction in progress	3,941,195	3,438,744	104,488	94,110	4,045,683	3,532,854	14.5%
Intangible assets	234,617	84,870	—	789	234,617	85,659	173.9%
Total	**$ 18,887,128**	**$ 18,177,586**	**$ 293,479**	**$ 284,717**	**$ 19,180,607**	**$ 18,462,303**	**3.9%**

Growth in capital asset investment occurred mostly in construction in progress and land and improvements. The Department of Transportation recognized a net $831.771 million increase in construction in progress and land and improvements. Also, the Department of Transportation converted $190.920 million of previous year construction in progress into infrastructure. These additions are part of new and on-going infrastructure projects within the Department of Transportation Special Revenue Fund.

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, 2020, the State had $2.067 billion in bonds and notes outstanding—a decrease of $181.455 million, or a 8.1%, 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
	2020	2019	2020	2019	2020	2019	2020-2019
Backed by the State:							
General obligation bonds	$ 368,747	$ 457,555	$ —	$ —	$ 368,747	$ 457,555	(19.4%)
Backed by Specific Revenues:							
Revenue bonds and notes	128,374	134,348	11,685	11,875	140,059	146,223	(4.2%)
Infrastructure Bank bonds	1,558,524	1,645,007	—	—	1,558,524	1,645,007	(5.3%)
Total	**$2,055,645**	**$ 2,236,910**	**$ 11,685**	**$ 11,875**	**$2,067,330**	**$ 2,248,785**	**(8.1%)**

The repayment of principal on outstanding debt exceeded issuances of debt, resulting in a decrease in debt outstanding for governmental activities of $181.265 million, or 8.1%. 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, 2020, 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, 2020, 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: $75.597 million for highway bonds, $485.168 million for general obligation bonds (excluding institution and highway bonds), $39.734 million for economic development bonds, and $26.689 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"

The State's General Reserve Fund, also called the rainy day account, had a $406.213 million balance at June 30, 2020, which was $27.090 million greater than the balance a year earlier. Funding for this reserve is mandated by state law and by the state Constitution. If the State withdraws funds from the General Reserve Fund to cover a year-end deficit, it must replace the funds within five years. The state Constitution also requires that at least one percent of the Budgetary General Fund revenue of the latest completed fiscal year, if so much is necessary, be restored each year following the deficit until full funding is achieved. In any year withdrawals are made that reduce the account below its pre-determined full-funding level, the state Constitution requires that full-funding of the General Reserve Fund be restored within three fiscal years. State law defines full funding as 5.0% of the Budgetary General Fund's revenues of the prior fiscal year.

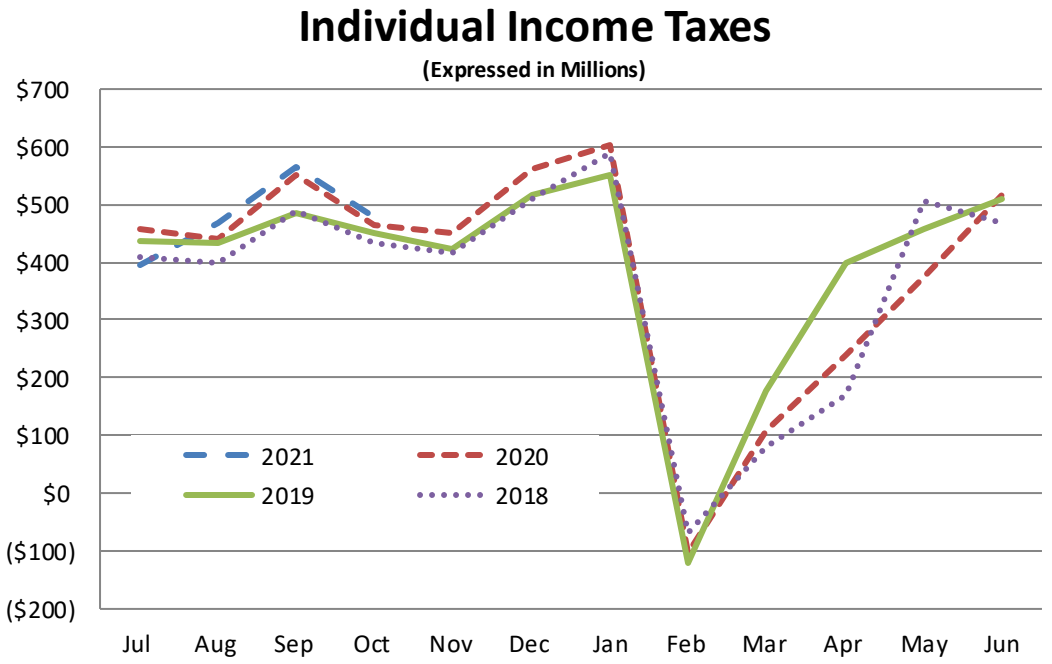
Forecasted Budgetary General Fund Revenues for Fiscal Year 2021

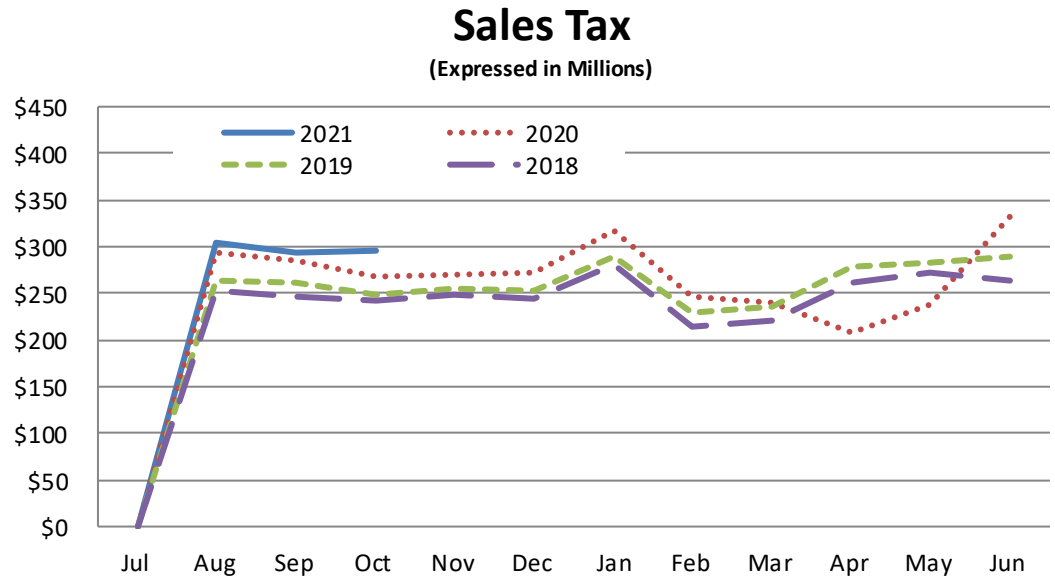
In August 2020, the State Board of Economic Advisors (BEA) forecast that there would be $8.871 billion of budgetary General Fund revenues for fiscal year 2021, which was $308.526 million, or 3.4%, less than actual corresponding revenues collected in fiscal year 2020. In November 2020, the BEA reduced its August forecast another $49.740 million. As a result,

forecasted Budgetary General Fund revenues for fiscal year 2021 are currently $358.266 million, or 3.9%, below actual revenue collections in fiscal year 2020.

Economic Conditions

Budgetary General Fund revenues for the first four months of fiscal year 2021 were $2.603 billion (net of $629.405 million to the tax relief trust fund), which was an increase of $56.836 million, or 2.2%, compared to the same period for fiscal year 2020. Total individual income taxes collected have decreased by $7.107 million, or 0.4%, compared to the same period in the prior year. Sales taxes have increased by $47.263 million, or 5.6%, over the first four months of fiscal year 2020.

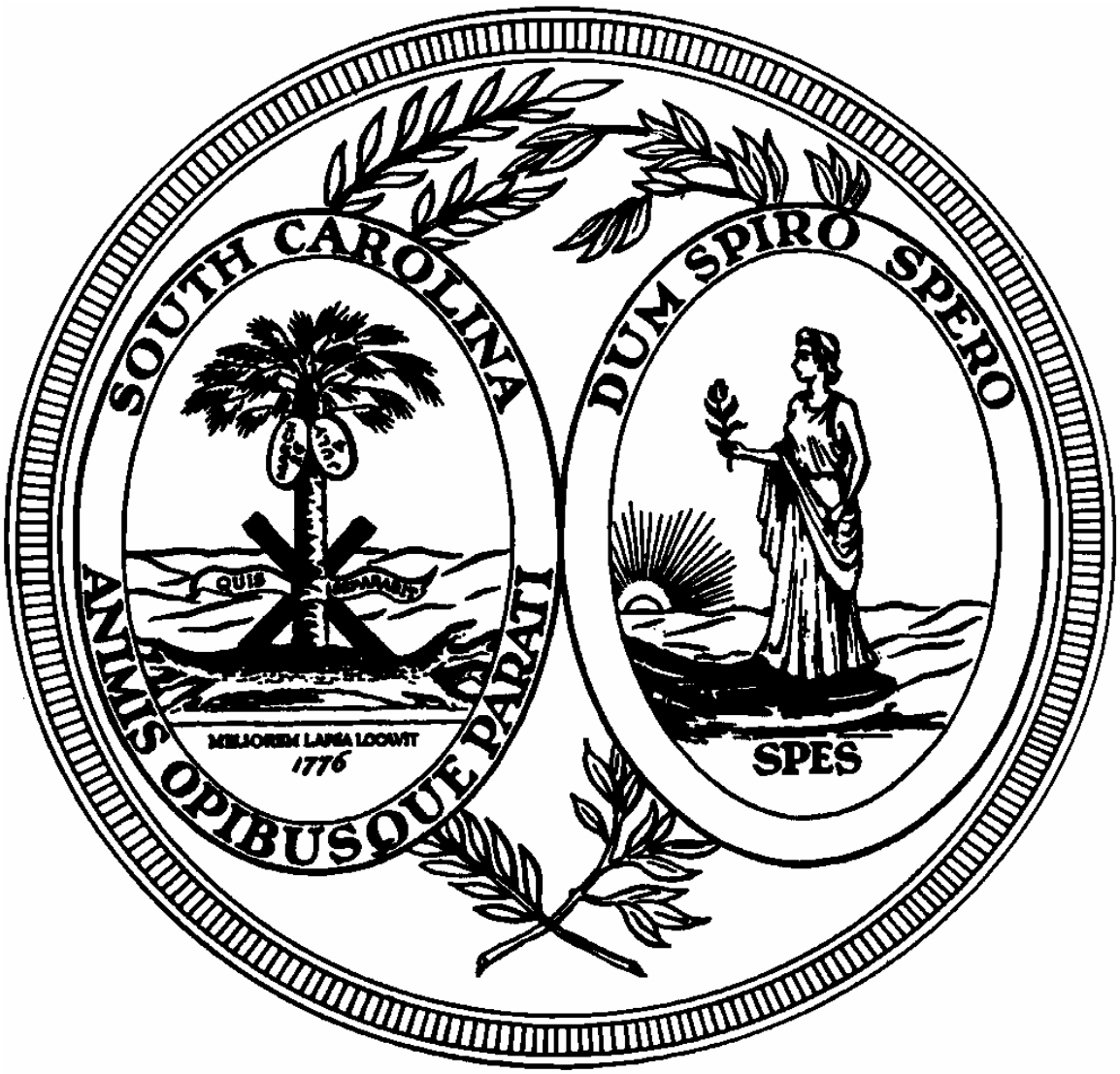




Requests for Information

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
QUIS SEPARABIT
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BASIC
FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2020
(Expressed in Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and cash equivalents	$ 7,917,089	$ 793,147	$ 8,710,236	$ 3,139,550
Investments	5,003,038	237,842	5,240,880	1,528,326
Invested securities lending collateral	97,821	4,299	102,120	26,338
Receivables, net:				
Accounts	516,250	48,925	565,175	470,142
Contributions	4,008	—	4,008	147,267
Participants	—	350	350	—
Accrued interest	58,824	2,217	61,041	16,139
Income taxes	1,191,089	—	1,191,089	—
Sales and other taxes	781,586	—	781,586	—
Student accounts	34	—	34	64,097
Patient accounts	18,094	—	18,094	343,878
Loans and notes	772,559	—	772,559	63,818
Assessments	—	114,792	114,792	—
Due from Federal government and other grantors	877,319	200,397	1,077,716	157,561
Internal balances	(428,468)	428,468	—	—
Due from component units	107,865	—	107,865	—
Due from primary government	—	—	—	37,628
Due from fiduciary funds	86,519	—	86,519	—
Inventories	85,694	1,799	87,493	478,097
Restricted assets:				
Cash and cash equivalents	837,747	21	837,768	1,481,000
Investments	—	—	—	2,027,353
Accounts receivable	31,471	—	31,471	106
Loans receivable	—	—	—	831,812
Other	71,970	—	71,970	21,482
Prepaid items	48,402	518	48,920	118,262
Other assets	465	—	465	324,608
Regulatory assets	—	—	—	3,748,547
Other regulatory assets	—	—	—	427,506
Investment in joint venture	—	—	—	7,866
Capital assets-nondepreciable	6,186,787	275,087	6,461,874	2,520,063
Capital assets-depreciable, net	12,700,341	18,392	12,718,733	10,968,214
Total assets	$ 36,966,504	$ 2,126,254	$ 39,092,758	$ 28,949,660
DEFERRED OUTFLOWS OF RESOURCES	$ 1,132,012	$ 3,672	$ 1,135,684	$ 2,199,361
LIABILITIES				
Accounts payable	$ 960,291	$ 3,996	$ 964,287	$ 424,358
Accrued salaries and related expenses	167,002	1,138	168,140	264,202
Accrued interest payable	15	100	115	83,120
Retainages payable	4,638	32	4,670	19,040
Tax refunds payable	872,615	36,729	909,344	—
Payables-aid to individuals/families	15,835	—	15,835	—
Prizes payable	—	—	—	45,755
Unemployment benefits payable	—	212,546	212,546	—
Intergovernmental payables	432,922	3,143	436,065	696
Tuition benefits payable	—	62,481	62,481	—
Due to component units	37,628	—	37,628	—
Due to primary government	—	—	—	107,865
Due to fiduciary funds	41,860	—	41,860	—
Asset retirement obligation	—	—	—	717,813
Unearned revenues	1,811,229	33	1,811,262	218,388
Deposits	9	300	309	14,485
Amounts held in custody for others	—	—	—	31,029
Securities lending collateral	97,821	4,299	102,120	26,338
Liabilities payable from restricted assets:				
Accrued interest payable	16,302	—	16,302	—
Other	—	—	—	20,289
Other liabilities	468,486	21	468,507	1,030,547
Long-term liabilities:				
Due within one year	892,450	21,694	914,144	443,262
Due in more than one year	9,263,380	213,110	9,476,490	21,083,499
Total liabilities	$ 15,082,483	$ 559,622	$ 15,642,105	$ 24,530,686
DEFERRED INFLOWS OF RESOURCES	$ 547,674	$ 1,531	$ 549,205	$ 1,165,687

Exhibit A-1

	PRIMARY GOVERNMENT			COMPONENT
	Governmental Activities	Business-type Activities	Totals	UNITS
NET POSITION				
Net investment in capital assets	$ 16,904,849	$ 281,794	$ 17,186,643	$ 6,477,837
Restricted:				
Expendable:				
General government	4,070,560	—	4,070,560	—
Education	253,369	—	253,369	1,050,323
Health	1,260,233	—	1,260,233	—
Transportation	2,078,667	—	2,078,667	2,495
Capital projects	153,123	—	153,123	801,888
Debt service	867,776	—	867,776	180,759
Loan programs	—	—	—	475,994
Waste management	183,531	—	183,531	—
Insurance programs	498,618	55,343	553,961	—
Administration of justice	20,006	—	20,006	—
Economic development	10,389	—	10,389	—
Social programs	22,559	—	22,559	—
Unemployment compensation benefits	—	1,666,437	1,666,437	—
Other	—	—	—	52,230
Nonexpendable:				
Education	11,763	—	11,763	1,213,905
Other	182,315	—	182,315	—
Unrestricted	(4,049,399)	(434,801)	(4,484,200)	(4,802,783)
Total net position	**$ 22,468,359**	**$ 1,568,773**	**$ 24,037,132**	**$ 5,452,648**

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

Statement of Activities

For the Fiscal Year Ended June 30, 2020
(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	$ 6,950,505	$ 3,501,970	$ 1,628,404	$ 24,714	$ (1,795,417)
Education	5,233,490	44,695	965,543	715	(4,222,537)
Health and environment	8,752,266	233,087	5,528,855	7,547	(2,982,777)
Social services	1,783,094	12,215	1,451,378	24,107	(295,394)
Administration of justice	1,108,837	56,652	19,138	3,110	(1,029,937)
Resources and economic development	481,058	74,136	81,692	9,444	(315,786)
Transportation	1,761,563	240,246	2,624	836,117	(682,576)
Unallocated interest expense	10,888	—	—	—	(10,888)
Total governmental activities	**26,081,701**	**4,163,001**	**9,677,634**	**905,754**	**(11,335,312)**
Business-type activities:					
Unemployment compensation benefits	3,038,557	292,409	2,377,010	—	(369,138)
Second Injury	1,484	—	—	—	(1,484)
Other enterprise activities	56,490	52,065	350	53,113	49,038
Total business-type activities	**3,096,531**	**344,474**	**2,377,360**	**53,113**	**(321,584)**
Total primary government	**$ 29,178,232**	**$ 4,507,475**	**$ 12,054,994**	**$ 958,867**	**$ (11,656,896)**
Component units:					
Public Service Authority	1,970,595	1,722,676	18,838	—	(229,081)
Medical University of South Carolina	3,307,603	2,842,594	205,517	38,062	(221,430)
University of South Carolina	1,469,032	1,113,930	136,057	29,107	(189,938)
Clemson University	1,193,405	859,724	193,292	26,268	(114,121)
State Ports Authority	428,239	292,256	17,243	6,201	(112,539)
Housing Authority	218,056	52,936	187,159	—	22,039
Lottery Commission	2,109,983	2,110,083	36	—	136
Nonmajor component units	2,084,016	1,177,098	528,379	84,599	(293,940)
Total component units	**$ 12,780,929**	**$ 10,171,297**	**$ 1,286,521**	**$ 184,237**	**$ (1,138,874)**

Exhibit A-2

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net revenues (expenses)	$ (11,335,312)	$ (321,584)	$ (11,656,896)	$ (1,138,874)
General revenues:				
Taxes:				
Individual income	5,045,819	—	5,045,819	—
Retail sales and use	5,167,804	—	5,167,804	—
Corporate income	362,569	—	362,569	—
Gas and motor vehicle	1,263,560	—	1,263,560	—
Insurance	215,722	—	215,722	—
Hospital	268,702	—	268,702	—
Other	760,619	—	760,619	—
Total taxes	13,084,795	—	13,084,795	—
Unrestricted grants and contributions	40	—	40	—
Unrestricted investment income	470,543	55,291	525,834	—
State Appropriations	—	—	—	883,266
Tobacco legal settlement	71,750	—	71,750	—
Other revenues	594,187	3,344	597,531	—
Additions to endowments	—	—	—	49,712
Losses on sale of capital assets	—	(726)	(726)	—
Transfers–internal activities	(472,328)	472,328	—	—
Total general revenues, additions to endowments, and transfers	**13,748,987**	**530,237**	**14,279,224**	**932,978**
Change in net position	**2,413,675**	**208,653**	**2,622,328**	**(205,896)**
Net position at beginning of year, as restated	**20,054,684**	**1,360,120**	**21,414,804**	**5,658,544**
Net position at end of year	**$ 22,468,359**	**$ 1,568,773**	**$ 24,037,132**	**$ 5,452,648**

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

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2020
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue
ASSETS				
Cash and cash equivalents	$ 2,962,307	$ 1,909,714	$ 208,320	$ 1,223,367
Investments	3,315,585	267,412	397,062	—
Invested securities lending collateral	22,414	5,380	18,187	17,735
Receivables, net:				
Accounts	78,623	193,621	1,596	1,295
Contributions	1,162	2,799	—	—
Accrued interest	29,605	2,194	7,032	8,654
Income taxes	1,191,089	—	—	—
Sales and other taxes	668,209	—	—	6,620
Student accounts	34	—	—	—
Patient accounts	15,638	2,456	—	—
Loans and notes	38,269	363	733,355	572
Due from Federal government and other grantors	6,672	764,603	1,179	104,386
Due from other funds	428,401	91,299	27,518	89,313
Due from component units	54,826	—	—	82
Interfund receivables	51,142	1,550	132,927	—
Inventories	38,476	37,548	—	6,547
Restricted assets:				
Cash and cash equivalents	18,847	—	818,462	438
Accounts receivable, net	—	—	31,471	—
Other	—	—	37,970	—
Prepaid items	11,852	2,779	—	5,866
Other assets	120	—	—	203
Total assets	**$ 8,933,271**	**$ 3,281,718**	**$ 2,415,079**	**$ 1,465,078**
LIABILITIES				
Accounts payable	347,026	368,634	13,440	158,752
Accrued salaries and related expenditures	108,442	32,086	99	22,712
Retainages payable	122	2,115	—	—
Tax refunds payable	872,615	—	—	—
Payable–aid to individuals/families	1,089	14,746	—	—
Intergovernmental payables	59,216	197,734	18,175	—
Due to other funds	234,420	248,819	38	18,881
Due to component units	10,200	19,045	—	—
Interfund payables	1,550	500,000	—	132,927
Unearned revenues	23,414	1,407,676	44,509	132,248
Securities lending collateral	22,414	5,380	18,187	17,735
Other liabilities	247,297	3,818	12,487	—
Total liabilities	**1,927,805**	**2,800,053**	**106,935**	**483,255**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	3,005	48,158	16,687	5
Deferred nonexchange revenues	16,792	—	—	—
Total deferred inflows of resources	**19,797**	**48,158**	**16,687**	**5**
FUND BALANCES				
Nonspendable	129,273	40,327	—	12,616
Restricted	923,224	2,754,250	2,291,457	600,244
Committed	507,269	21,021	—	368,958
Assigned	263,888	195,225	—	—
Unassigned	5,162,015	(2,577,316)	—	—
Total fund balances	**6,985,669**	**433,507**	**2,291,457**	**981,818**
Total liabilities, deferred inflows and fund balances	**$ 8,933,271**	**$ 3,281,718**	**$ 2,415,079**	**$ 1,465,078**

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

Exhibit B-1

Nonmajor Governmental Funds	Totals
$ 610,624	$ 6,914,332
502,673	4,482,732
11,112	74,828
3,291	278,426
47	4,008
5,247	52,732
—	1,191,089
106,757	781,586
—	34
—	18,094
—	772,559
479	877,319
6,849	643,380
35,359	90,267
—	185,619
—	82,571
—	837,747
—	31,471
34,000	71,970
99	20,596
—	323
$ 1,316,537	**$ 17,411,683**
$ 68,182	$ 956,034
299	163,638
2,401	4,638
—	872,615
—	15,835
157,573	432,698
106,962	609,120
8,383	37,628
—	634,477
—	1,607,847
11,112	74,828
—	263,602
354,912	**5,672,960**
—	67,855
—	16,792
—	**84,647**
11,862	194,078
584,279	7,153,454
208,912	1,106,160
156,572	615,685
—	2,584,699
961,625	**11,654,076**
$ 1,316,537	**$ 17,411,683**

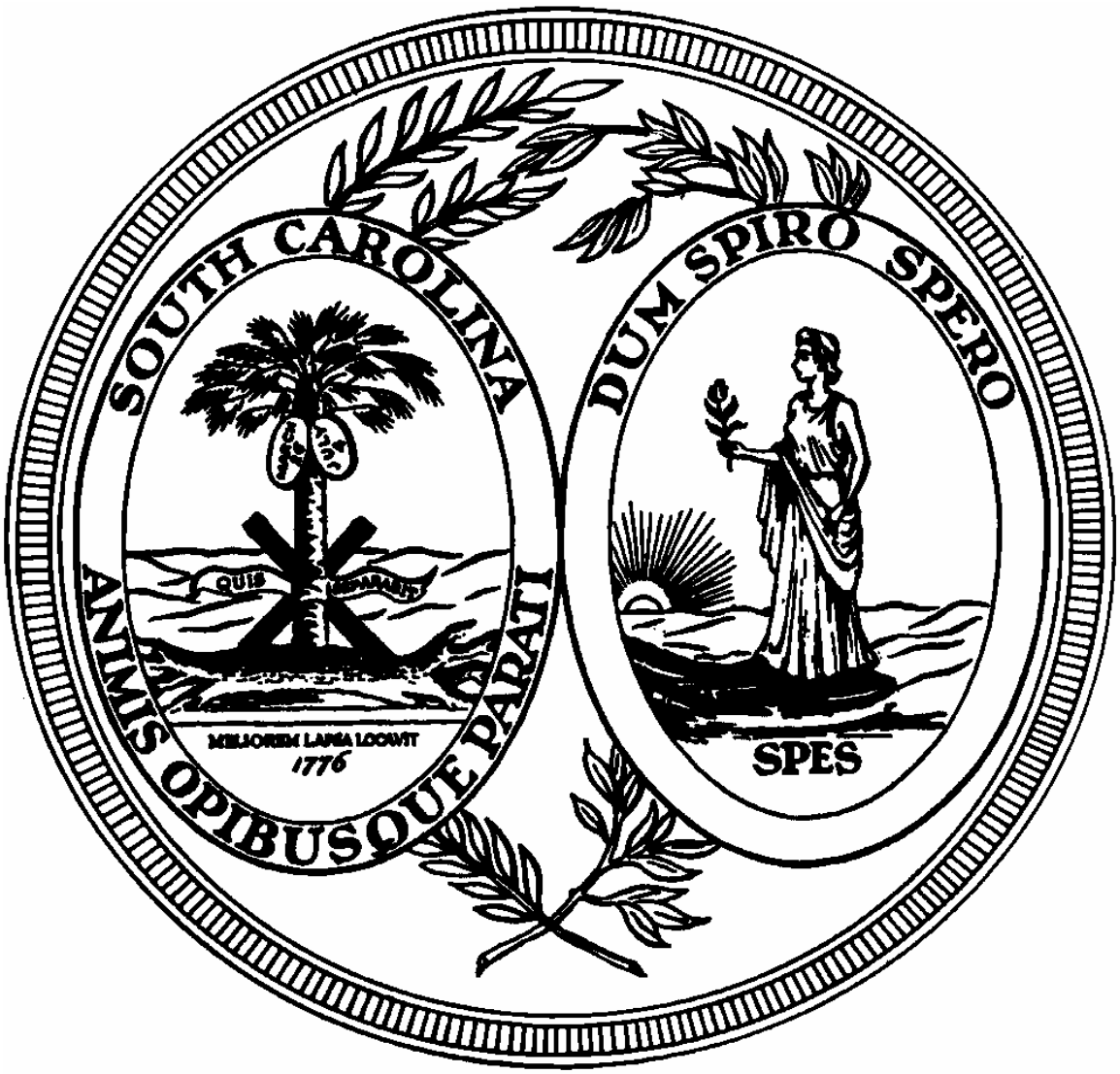
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Exhibit B-1a

June 30, 2020
(Expressed in Thousands)

Total fund balances–governmental funds		**$ 11,654,076**
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	$ 6,180,448	
Depreciable capital assets	19,527,201	
Accumulated depreciation	(6,915,957)	
Total capital assets		18,791,692
Deferred outflows of resources are recognized in the Statement of Net Position, but are not reported in governmental funds:		
Hedging portion of derivative instruments ……..		55,380
Deferred loss on refunding bonds		75,632
Pension and OPEB contributions made after the measurement date		413,973
Difference between expected and actual retirement plan experience		115,483
Net difference between projected and actual earnings on investments		41,086
Changes in proportion and differences between contributions and proportionate share of plan contributions		116,327
Changes in assumptions		300,448
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		(132,515)
Difference between projected and actual investment earnings		—
Changes in proportion and differences between contributions and proportionate share of plan contributions		(200,421)
Changes in assumptions		(190,395)
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		67,855
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		885,391
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	(1,965,975)	
Notes payable	(78,481)	
Accrued interest on bonds	(16,302)	
Capital leases	(2,239)	
Net pension liability	(3,952,414)	
Net OPEB liability	(3,074,695)	
Compensated absences	(207,657)	
Policy claims	(21,696)	
Other	(206,194)	
Total long-term liabilities		(9,525,653)
Net position of governmental activities		**$ 22,468,359**

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


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

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure
Revenues:			
Taxes:			
Individual income	$ 5,018,135	$ 3,892	$ 23,792
Retail sales and use	4,068,487	3,464	—
Corporate Income	362,569	—	—
Gas and motor vehicle	—	—	—
Insurance	213,291	2,431	—
Hospital	268,702	—	—
Other	646,597	111,179	—
Licenses, fees, and permits	260,398	54,670	135,458
Interest and other investment income	208,560	15,269	93,927
Federal	68,280	9,042,039	21,251
Local and private grants	—	51,967	1,179
Departmental services	769,417	92,533	542
Contributions	7,228	22,151	55,357
Fines and penalties	58,849	5,404	—
Tobacco legal settlement	—	—	—
Other	203,776	295,561	1,343
Total revenues	**12,154,289**	**9,700,560**	**332,849**
Expenditures:			
Current:			
General government	1,129,527	146,124	—
Education	645,387	186,751	—
Health and environment	3,073,535	6,314,475	—
Social services	274,257	1,424,316	—
Administration of justice	909,993	31,914	—
Resources and economic development	207,973	67,750	17,045
Transportation	1,975	2,262	2,048
Capital outlay	132,815	70,835	—
Debt service:			
Principal retirement	63,812	106	57,877
Interest and fiscal charges	17,716	10	83,754
Intergovernmental	4,271,024	955,874	90,030
Total expenditures	**10,728,014**	**9,200,417**	**250,754**
Excess of revenues over (under) expenditures	**1,426,275**	**500,143**	**82,095**
Other financing sources (uses):			
Bonds and notes issued	8,645	—	—
Refunding bonds issued	—	—	179,030
Premiums on bonds issued	—	—	43,973
Capital leases	1,053	68	—
Payment to refunded bond escrow agent	—	—	(224,858)
Transfers in	179,296	35,349	6,166
Transfers out	(278,670)	(595,468)	—
Total other financing sources (uses)	**(89,676)**	**(560,051)**	**4,311**
Net change in fund balances	**1,336,599**	**(59,908)**	**86,406**
Fund balances at beginning of year	**5,649,070**	**493,415**	**2,205,051**
Fund balances at end of year	**$ 6,985,669**	**$ 433,507**	**$ 2,291,457**

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
$ —	$ —	$ 5,045,819
—	1,095,853	5,167,804
—	—	362,569
1,263,560	—	1,263,560
—	—	215,722
—	—	268,702
—	2,843	760,619
—	57,907	508,433
53,203	32,492	403,451
823,229	3,802	9,958,601
—	—	53,146
139,334	30,469	1,032,295
—	492,997	577,733
—	7,045	71,298
—	71,750	71,750
19,360	1,793	521,833
2,298,686	**1,796,951**	**26,283,335**
—	60,007	1,335,658
—	489,374	1,321,512
—	78,712	9,466,722
—	—	1,698,573
—	—	941,907
—	222	292,990
1,230,227	—	1,236,512
805,507	169,429	1,178,586
35,323	5	157,123
8,320	—	109,800
102,319	1,132,686	6,551,933
2,181,696	**1,930,435**	**24,291,316**
116,990	**(133,484)**	**1,992,019**
—	13,488	22,133
—	—	179,030
—	—	43,973
—	1	1,122
—	—	(224,858)
5,912	321,867	548,590
(3,564)	(139,515)	(1,017,217)
2,348	**195,841**	**(447,227)**
119,338	**62,357**	**1,544,792**
862,480	**899,268**	**10,109,284**
$ 981,818	**$ 961,625**	**$ 11,654,076**

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, 2020
(Expressed in Thousands)

Net change in fund balances–total governmental funds		**$ 1,544,792**
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	$ 1,178,586	
Depreciation expense	(421,325)	
Excess of capital outlay over depreciation expense		757,261
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		62,212
Loss on disposals of capital assets are reported as an expense in the Statement of Activities		(99,931)
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		(246,258)
Losses on bond refundings and hedging portion of derivatives are considered deferred outflows of resources in the Statement of Net Position		10,315
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	157,123	
Payment to refunded bond escrow agent	224,858	
Total long-term debt repayment		381,981
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		158,783
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.		
Increase in unearned revenues		24,837

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		27,920
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	$ 1,812	
Unamortized bond premiums and discounts	39,674	
Net pension liability	(67,862)	
Net OPEB liability	(166,985)	
Compensated absences payable	(7,000)	
Policy claims payable	774	
Other long-term liabilities	(8,650)	
Total additional expenses		(208,237)
Change in net position of governmental activities		**$ 2,413,675**

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

Statement of Net Position

PROPRIETARY FUNDS

June 30, 2020
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Cash and cash equivalents	$ 718,733	$ 50,932	$ 23,482	$ 793,147	$ 1,002,757
Investments	11,021	196,839	29,982	237,842	2,088
Invested securities lending collateral	227	4,055	17	4,299	22,993
Receivables, net:					
Accounts	43,178	594	5,152	48,924	237,744
Participants	—	—	172	172	—
Accrued interest	116	2,093	8	2,217	6,092
Assessments	114,792	—	—	114,792	—
Due from Federal government and other grantors	200,397	—	—	200,397	—
Due from other funds	500,000	—	13	500,013	34,670
Due from component units	—	—	—	—	17,598
Inventories	—	—	1,799	1,799	3,123
Prepaid items	—	—	518	518	27,715
Total current assets	1,588,464	254,513	61,143	1,904,120	1,354,780
Long-term assets:					
Investments	—	—	—	—	518,218
Receivables, net:					
Accounts	—	1	—	1	80
Participants	—	—	178	178	—
Restricted assets:					
Cash and cash equivalents	—	—	21	21	—
Prepaid items	—	—	—	—	91
Other long-term assets	—	—	—	—	141
Non-depreciable capital assets	—	—	275,087	275,087	6,339
Depreciable capital assets, net	—	—	18,392	18,392	89,097
Total long-term assets	—	1	293,678	293,679	613,966
Total assets	**1,588,464**	**254,514**	**354,821**	**2,197,799**	**1,968,746**
DEFERRED OUTFLOWS OF RESOURCES	**$ —**	**$ —**	**$ 3,672**	**$ 3,672**	**$ 13,683**

Exhibit B-3

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
LIABILITIES					
Current liabilities:					
Accounts payable	$ 1,147	$ —	$ 2,849	$ 3,996	$ 4,257
Accrued salaries and related expenses	—	—	1,138	1,138	3,364
Accrued interest payable	—	—	100	100	15
Retainages payable	—	—	32	32	—
Tax refunds payable	36,729	—	—	36,729	—
Unemployment benefits payable	212,546	—	—	212,546	—
Intergovernmental payables	3,141	—	2	3,143	224
Interfund payables	—	—	51,000	51,000	—
Tuition benefits payable	—	—	12,139	12,139	—
Policy claims	—	21,152	—	21,152	571,967
Due to other funds	19,970	—	575	20,545	3,739
Unearned revenues	—	—	33	33	203,382
Deposits	—	—	300	300	9
Securities lending collateral	227	4,055	17	4,299	22,993
Notes payable	—	—	—	—	5,660
Revenue bonds payable	—	—	195	195	—
Capital leases payable	—	—	—	—	28
Compensated absences payable	—	—	347	347	2,058
Other current liabilities	—	—	21	21	1,568
Total current liabilities	273,760	25,207	68,748	367,715	819,264
Long-term liabilities:					
Tuition benefits payable	—	—	50,342	50,342	—
Policy claims	—	173,964	—	173,964	157,558
Interfund payables	—	—	—	—	142
Notes payable	—	—	6,500	6,500	5,529
Revenue bonds payable	—	—	4,990	4,990	—
Compensated absences payable	—	—	209	209	1,611
Other long-term liabilities	—	—	—	—	153
Net pension liability	—	—	14,974	14,974	57,272
Net OPEB liability	—	—	12,473	12,473	47,958
Total long-term liabilities	—	173,964	89,488	263,452	270,223
Total liabilities	**273,760**	**199,171**	**158,236**	**631,167**	**1,089,487**
DEFERRED INFLOWS OF RESOURCES	**$ —**	**$ —**	**$ 1,531**	**$ 1,531**	**$ 7,551**

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, 2020
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
NET POSITION					
Net investment in capital assets	$ —	$ —	$ 281,794	$ 281,794	$ 84,219
Restricted:					
Expendable:					
Unemployment compensation benefits	1,666,437	—	—	1,666,437	—
Insurance programs	—	55,343	—	55,343	498,618
Unrestricted	(351,733)	—	(83,068)	(434,801)	302,554
Total net position	**$ 1,314,704**	**$ 55,343**	**$ 198,726**	**$ 1,568,773**	**$ 885,391**

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

Exhibit B-4

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Operating revenues:					
Assessments	$ 248,424	$ —	$ —	$ 248,424	$ —
Charges for services	—	—	52,019	52,019	3,131,965
Contributions	—	—	350	350	—
Interest and other investment income	26,131	11,051	17,834	55,016	—
Licenses, fees, and permits	—	—	—	—	15
Federal operating grants and contracts	2,377,010	—	—	2,377,010	—
Other operating revenues	43,985	—	46	44,031	493,104
Total operating revenues	**2,695,550**	**11,051**	**70,249**	**2,776,850**	**3,625,084**
Operating expenses:					
General operations and administration	—	—	38,257	38,257	565,416
Benefits and claims	3,038,557	1,484	4,068	3,044,109	2,944,851
Tuition plan disbursements	—	—	12,658	12,658	—
Depreciation and amortization	—	—	1,486	1,486	21,014
Other operating expenses	—	—	21	21	1,128
Total operating expenses	**3,038,557**	**1,484**	**56,490**	**3,096,531**	**3,532,409**
Operating income	**(343,007)**	**9,567**	**13,759**	**(319,681)**	**92,675**
Nonoperating revenues (expenses):					
Interest income	—	—	375	375	67,092
Contributions	—	—	—	—	40
Federal grants and contracts	—	—	4,309	4,309	—
Local/private grants and contracts	—	—	—	—	—
Interest expense	—	—	(100)	(100)	(262)
Net other nonoperating revenues (expenses)	—	3	3,341	3,344	3,306
Losses on sale of capital assets	—	—	(726)	(726)	(367)
Total nonoperating revenues (expenses)	**—**	**3**	**7,199**	**7,202**	**69,809**
Income before transfers	**(343,007)**	**9,570**	**20,958**	**(312,479)**	**162,484**
Transfer from South Carolina Medical Malpractice Liability JUA	—	—	48,804	48,804	—
Transfers in	500,000	—	94	500,094	7,946
Transfers out	(22,302)	(225)	(5,239)	(27,766)	(11,647)
Change in net position	**134,691**	**9,345**	**64,617**	**208,653**	**158,783**
Net position at beginning of year	1,180,013	45,998	134,109	1,360,120	726,608
Net position at end of year	**$ 1,314,704**	**$ 55,343**	**$ 198,726**	**$ 1,568,773**	**$ 885,391**

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, 2020
(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	$ 12,652	$ —	$ 48,246	$ 60,898	$ 2,903,155
Assessments received	252,189	—	—	252,189	—
Grants received	2,177,391	—	—	2,177,391	—
Tuition plan contributions received	—	—	711	711	—
Internal activity–payments from other funds	—	—	—	—	232,799
Other operating cash receipts	—	—	4,611	4,611	453,085
Claims and benefits paid	(3,294,495)	(36,011)	(33,728)	(3,364,234)	(284,536)
Payments to suppliers for goods and services	—	—	(29,976)	(29,976)	(3,250,144)
Payments to employees	—	—	(7,530)	(7,530)	(50,457)
Other operating cash payments	—	(918)	(165)	(1,083)	(2)
Net cash provided by (used in) operating activities	**(852,263)**	**(36,929)**	**(17,831)**	**(907,023)**	**3,900**
Cash flows from noncapital financing activities:					
Miscellaneous revenue cash receipts	—	16,974	58	17,032	2,256
Other noncapital financing cash payments	—	—	(825)	(825)	(2,666)
Transfers in	500,000	—	94	500,094	7,946
Transfers out	(22,302)	(225)	(5,239)	(27,766)	(11,647)
Net cash used in noncapital financing activities	**477,698**	**16,749**	**(5,912)**	**488,535**	**(4,111)**

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	$ —	$ —	$ (10,972)	$ (10,972)	$ (9,121)
Proceeds from issuance of capital debt	—	—	—	—	547
Principal payments on capital debt	—	—	(170)	(170)	(5,961)
Interest payments on capital debt	—	—	(97)	(97)	(254)
Capital grants and gifts received	—	—	4,287	4,287	—
Transfer to South Carolina Medical Malpractice Liability JUA	—	—	3,997	3,997	—
Proceeds from sale or disposal of capital assets	—	—	—	—	1,812
Net cash used in capital and related financing activities	**—**	**—**	**(2,955)**	**(2,955)**	**(12,977)**
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	1,216	28,159	10,166	39,541	160,049
Purchase of investments	—	—	—	—	(170,155)
Interest and dividends on investments	26,122	10,893	18,256	55,271	38,830
Net cash provided by (used in) investing activities	**27,338**	**39,052**	**28,422**	**94,812**	**28,724**
Net increase (decrease) in cash and cash equivalents	**(347,227)**	**18,872**	**1,724**	**(326,631)**	**15,536**
Cash and cash equivalents at beginning of year	**1,065,960**	**32,060**	**21,779**	**1,119,799**	**987,221**
Cash and cash equivalents at end of year	**$ 718,733**	**$ 50,932**	**$ 23,503**	**$ 793,168**	**$ 1,002,757**

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

Continued on Next Page

Statement of Cash Flows

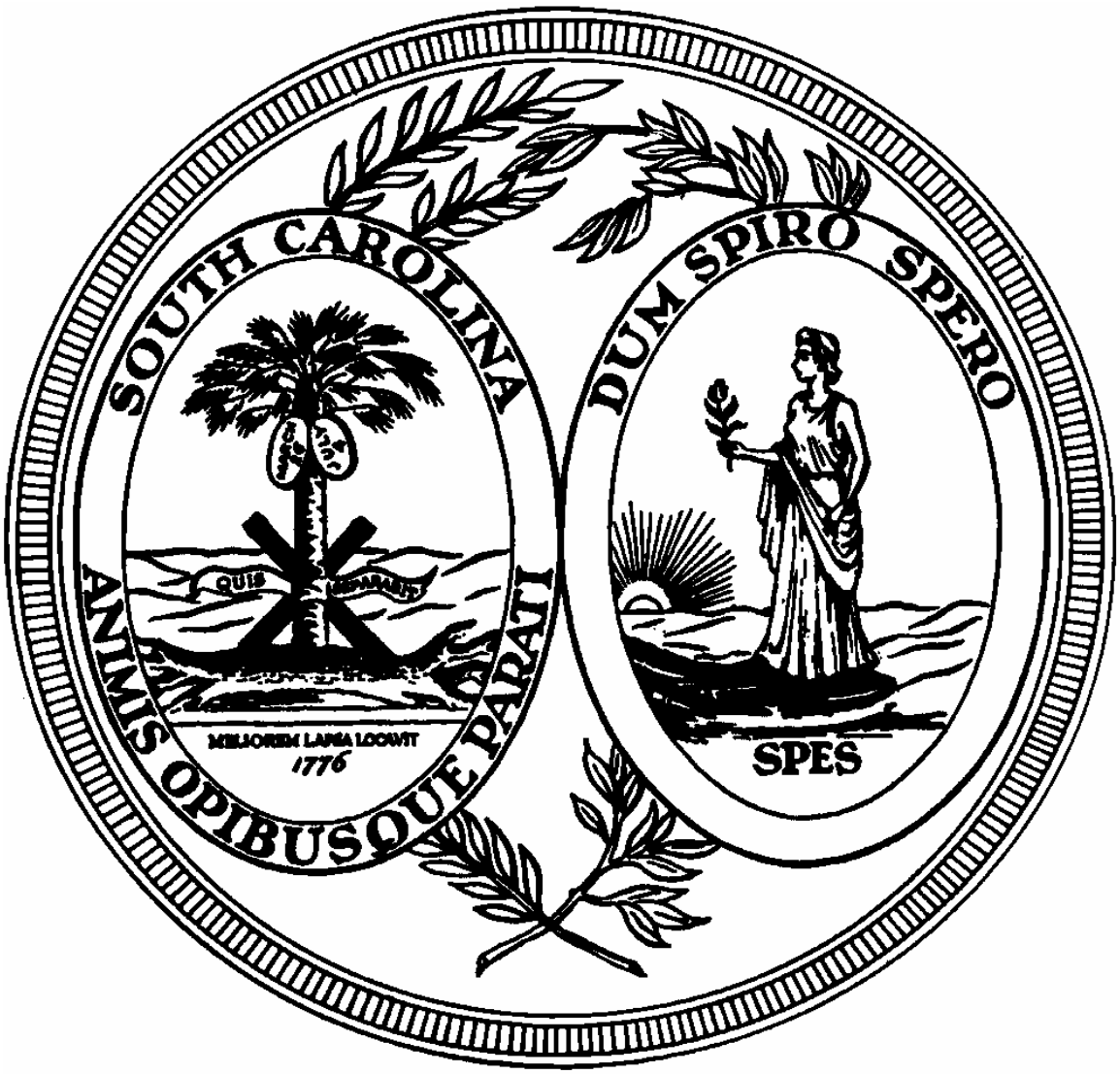
Exhibit B-5

PROPRIETARY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (343,007)	$ 9,567	$ 13,759	$ (319,681)	$ 92,675
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	—	1,486	1,486	21,014
Provision for bad debts	13,416	—	—	13,416	—
Realized gains (losses) on sale of assets	—	—	(726)	(726)	(367)
Interest and dividends on investments and interfund loans	(26,122)	(10,893)	(17,834)	(54,849)	—
Other nonoperating revenues	—	—	57,290	57,290	64
Other nonoperating expenses	—	(16,971)	—	(16,971)	(18)
Effect of changes in operating assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable, net	$ (31,145)	$ (594)	$ (1,895)	$ (33,634)	$ (32,652)
Accrued interest	(8)	(157)	—	(165)	—
Assessments receivable, net	(9,841)	—	—	(9,841)	—
Due from Federal government and other grantors	(199,619)	—	—	(199,619)	—
Due from other funds	(500,000)	—	—	(500,000)	(31,315)
Inventories	—	—	(430)	(430)	(629)
Other assets	—	—	1,180	1,180	(5,132)
Deferred outflows	—	—	(579)	(579)	178
Accounts payable	1,022	(910)	1,435	1,547	(1,727)
Accrued salaries and related expenses	—	—	(79)	(79)	(43)
Tax refunds payable	16,381	—	—	16,381	—
Unemployment benefits payable	211,034	—	—	211,034	—
Tuition benefits payable	—	—	(15,789)	(15,789)	—
Policy claims	—	(16,971)	(53,032)	(70,003)	(73,457)
Due to other funds	15,626	—	380	16,006	3,315
Unearned revenues	—	—	(3,254)	(3,254)	28,779
Compensated absences payable	—	—	(16)	(16)	232
Other liabilities	—	—	156	156	1,553
Deferred inflows	—	—	117	117	1,430
Net cash provided by (used in) operating activities	**$ (852,263)**	**$ (36,929)**	**$ (17,831)**	**$ (907,023)**	**$ 3,900**
Noncash capital, investing, and financing activities:					
Disposal of capital assets	$ —	—	$ —	$ —	$ 6,988
Increase in fair value of investments	—	—	842	842	28,056
Total noncash capital, investing, and financing activities	**$ —**	**$ —**	**$ 842**	**$ 842**	**$ 35,044**

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


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
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QUIS SEPARABIT
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1776
SPES

Statement of Fiduciary Net Position

Exhibit B-6

FIDUCIARY FUNDS

June 30, 2020
(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	$ 3,588,943	$ 3,280,745	$ 19,135	$ 466,660
Receivables, net:				
Accounts	—	—	20	12,169
Contributions	290,829	—	—	—
Accrued interest	49,502	158	3,114	2,955
Unsettled investment sales	1,408,633	—	5,000	—
Other investment receivables	578	—	—	—
Total receivables	1,749,542	158	8,134	15,124
Due from other funds	80,426	—	—	—
Due from governmental funds	—	—	—	41,860
Investments, at fair value:				
Short term investments	551,829	—	—	14,332
Debt-domestic	5,160,064	809,948	—	—
Equity-international	13,873,769	—	—	—
Alternatives	10,639,044	—	—	—
Financial and other	176,368	4,401,206	4,340,637	—
Total investments	30,401,074	5,211,154	4,340,637	14,332
Invested securities lending collateral	28,112	—	90	3,144
Capital assets, net	2,156	—	—	—
Prepaid items	791	—	—	—
Other assets	—	—	4,367	—
Total assets	**35,851,044**	**8,492,057**	**4,372,363**	**541,120**
LIABILITIES				
Accounts payable	7,790	—	2,793	110,169
Accounts payable–unsettled investment purchases	2,534,634	59,907	5,019	—
Policy claims	688	—	—	—
Due to other funds	80,426	—	—	86,519
Tax refunds payable	—	—	—	4
Intergovernmental payables	—	—	—	39,002
Deposits	—	—	—	6,977
Amounts held in custody for others	—	—	—	295,303
Securities lending collateral	72,559	—	90	3,144
Due to participants	—	—	—	2
Other liabilities	206,781	—	—	—
Total liabilities	**2,902,878**	**59,907**	**7,902**	**541,120**
NET POSITION				
Restricted for pension and other post-employment benefits	32,948,166	—	—	—
Held in trust for:				
External investment pool participants	—	8,432,150	—	—
Other purposes	—	—	4,364,461	—
Total net position	**$ 32,948,166**	**$ 8,432,150**	**$ 4,364,461**	**$ —**

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, 2020
(Expressed in Thousands)

	Pension and Other Post-Employment Benefit Trust	Investment Trust Local Government Investment Pool	Private-Purpose Trust
Additions:			
Licenses, fees, and permits	$ —	$ —	$ 92
Contributions:			
Employer	2,521,706	—	—
Employee	1,079,562	—	—
Non-employer	237,437	—	—
Deposits from pool participants	—	14,961,404	—
Tuition plan deposits	—	—	1,416
Other	—	—	223,427
Total contributions	3,838,705	14,961,404	224,843
Investment income:			
Interest income and net appreciation (depletion) in investments	(187,940)	141,829	155,133
Securities lending income	2,791	9	—
Total investment income (loss)	(185,149)	141,838	155,133
Less investment expense:			
Investment expense	231,374	—	—
Securities lending expense	4	—	—
Net investment income	(416,527)	141,838	155,133
Assets moved between pension trust funds	1,561	—	—
Total additions	**3,423,739**	**15,103,242**	**380,068**
Deductions:			
Regular retirement benefits	3,449,017	—	—
Supplemental retirement benefits	301	—	—
Deferred retirement benefits	456	—	—
Refunds of retirement contributions to members	140,534	—	—
Death benefit claims	25,324	—	—
Accidental death benefits	1,842	—	—
Other post-employment benefits	558,082	—	—
Withdrawals, pool participants	—	13,923,262	—
Distributions to pool participants	—	132,867	—
Depreciation	165	—	—
Administrative expense	17,767	5,460	15,208
Other expenses	—	—	1,067
Assets moved between pension trust funds	1,561	—	—
Total deductions	**4,195,049**	**14,061,589**	**16,275**
Change in net position	**(771,310)**	**1,041,653**	**363,793**
Net position, beginning	**33,719,476**	**7,390,497**	**4,000,668**
Net position at end of year	**$ 32,948,166**	**$ 8,432,150**	**$ 4,364,461**

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

Statement of Net Position

DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2020

(Expressed in Thousands)

	Public Service Authority	Medical University of South Carolina	University of South Carolina	Clemson University
ASSETS				
Cash and cash equivalents	$ 311,070	$ 755,601	$ 735,457	$ 396,468
Investments	170,309	451,664	473,194	4,417
Invested securities lending collateral	—	972	4,925	5,129
Receivables, net:				
Accounts	201,037	30,572	7,591	25,566
Contributions	—	28,655	43,283	38,824
Accrued interest	2,449	1,900	3,504	2,939
Student accounts	—	1,781	8,829	7,688
Patient accounts	—	343,878	—	—
Loans and notes	—	376	4,502	3
Due from Federal government and other grantors	—	48,599	33,747	24,062
Due from primary government	—	14,848	1,571	8,616
Inventories	375,186	74,029	2,864	2,418
Restricted assets:				
Cash and cash equivalents	54,678	106,343	241,264	221,786
Investments	161,772	390,516	14,552	822,650
Accounts receivable	—	—	—	—
Loans receivable	—	11,035	11,470	4,958
Other	—	6,161	—	7,124
Prepaid items	17,933	63,572	2,369	8,834
Other assets	169,952	19,961	1,965	2,406
Regulatory asset	3,748,547	—	—	—
Other regulatory assets	427,506	—	—	—
Investment in joint venture	7,866	—	—	—
Capital assets-nondepreciable	685,796	172,749	168,813	213,632
Capital assets-depreciable, net	4,434,597	1,368,774	1,285,381	1,257,061
Total assets	$ 10,768,698	$ 3,891,986	$ 3,045,281	$ 3,054,581
DEFERRED OUTFLOWS OF RESOURCES	$ 960,866	$ 401,831	$ 263,952	$ 198,212
LIABILITIES				
Accounts payable	$ 145,921	$ 133,486	$ 11,910	$ 17,595
Accrued salaries and related expenses	12,458	154,705	22,985	25,172
Accrued interest payable	40,401	4,647	4,668	5,608
Retainages payable	8,155	43	556	2,858
Prizes payable	—	—	—	—
Intergovernmental payables	—	—	—	—
Due to primary government	—	—	6,486	5,116
Asset retirement obligation	717,813	—	—	—
Unearned revenues	—	31,566	37,132	47,762
Deposits	—	—	3,392	762
Amounts held in custody for others	—	—	16,108	773
Securities lending collateral	—	972	4,925	5,129
Liabilities payable from restricted assets:				
Other	—	—	—	—
Other liabilities	616,403	262,736	29,671	96,722
Long-term liabilities:				
Due within one year	91,975	141,232	61,860	37,910
Due in more than one year	7,433,052	3,474,142	2,540,071	1,963,876
Total liabilities	$ 9,066,178	$ 4,203,529	$ 2,739,764	$ 2,209,283
DEFERRED INFLOWS OF RESOURCES	$ 630,027	$ 127,362	$ 113,103	$ 66,957
NET POSITION				
Net investment in capital assets	$ 2,041,105	$ 552,431	$ 870,683	$ 845,991
Restricted:				
Expendable:				
Education	—	216,771	169,197	314,073
Transportation	—	—	—	—
Capital projects	135	268,896	110,195	155,338
Debt service	7,963	4,539	10,810	12,949
Loan programs	—	—	—	—
Other	—	—	—	—
Nonexpendable:				
Education	—	200,912	397,856	386,831
Unrestricted	(15,844)	(1,280,623)	(1,102,375)	(738,629)
Total net position (deficit)	**$ 2,033,359**	**$ (37,074)**	**$ 456,366**	**$ 976,553**

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
$ 256,541	$ 17,284	$ 29,304	$ 637,825	$ 3,139,550
—	—	—	428,742	1,528,326
9,624	1,566	—	4,122	26,338
46,428	569	63,410	94,969	470,142
—	—	—	36,505	147,267
3,294	40	—	2,013	16,139
—	—	—	45,799	64,097
—	—	—	—	343,878
—	21,726	—	37,211	63,818
—	632	—	50,521	157,561
—	1,493	—	11,100	37,628
9,794	—	4,482	9,324	478,097
417,072	83,268	484	356,105	1,481,000
—	256,109	—	381,754	2,027,353
—	106	—	—	106
—	795,832	—	8,517	831,812
—	4,115	—	4,082	21,482
5,901	—	—	19,653	118,262
—	6,287	7,563	116,474	324,608
—	—	—	—	3,748,547
—	—	—	—	427,506
—	—	—	—	7,866
989,942	—	—	289,131	2,520,063
611,214	1,342	529	2,009,316	10,968,214
$ 2,349,810	$ 1,190,369	$ 105,772	$ 4,543,163	$ 28,949,660
$ 58,474	$ 3,213	$ 3,563	$ 309,250	$ 2,199,361
$ 60,467	$ —	$ 1,542	$ 53,437	$ 424,358
4,144	885	—	43,853	264,202
23,067	—	—	4,729	83,120
6,291	—	—	1,137	19,040
—	—	45,755	—	45,755
—	—	—	696	696
50,000	—	26,991	19,272	107,865
—	—	—	—	717,813
—	6,437	753	94,738	218,388
—	—	—	10,331	14,485
—	—	—	14,148	31,029
9,624	1,566	—	4,122	26,338
—	18,330	—	1,959	20,289
4,595	894	1,661	17,865	1,030,547
17,663	12,351	596	79,675	443,262
1,483,714	651,825	29,418	3,507,401	21,083,499
$ 1,659,565	$ 692,288	$ 106,716	$ 3,853,363	$ 24,530,686
$ 4,757	$ 21,353	$ 1,608	$ 200,520	$ 1,165,687
$ 548,444	$ 1,342	$ 527	$ 1,617,314	$ 6,477,837
—	—	—	350,282	1,050,323
—	—	—	2,495	2,495
—	—	—	267,324	801,888
36,173	48,496	—	59,829	180,759
—	411,944	—	64,050	475,994
—	—	484	51,746	52,230
—	—	—	228,306	1,213,905
159,345	18,159	—	(1,842,816)	(4,802,783)
$ 743,962	**$ 479,941**	**$ 1,011**	**$ 798,530**	**$ 5,452,648**

Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Service Authority	$ 1,970,595	$ 1,722,676	$ 18,838	$ —
Medical University of South Carolina	3,307,603	2,842,594	205,517	38,062
University of South Carolina	1,469,032	1,113,930	136,057	29,107
Clemson University	1,193,405	859,724	193,292	26,268
State Ports Authority	428,239	292,256	17,243	6,201
Housing Authority	218,056	52,936	187,159	—
Lottery Commission	2,109,983	2,110,083	36	—
Nonmajor component units	2,084,016	1,177,098	528,379	84,599
Totals	**$ 12,780,929**	**$ 10,171,297**	**$ 1,286,521**	**$ 184,237**

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 (as Restated)	Net Position (Deficit) Ending
$ (229,081)	$ —	$ —	$ 2,262,440	$ 2,033,359
(221,430)	22,477	199,476	(37,597)	(37,074)
(189,938)	8,341	201,725	436,238	456,366
(114,121)	15,079	144,251	931,344	976,553
(112,539)	—	—	856,501	743,962
22,039	—	—	457,902	479,941
136	—	—	875	1,011
(293,940)	3,815	337,814	750,841	798,530
$ (1,138,874)	**$ 49,712**	**$ 883,266**	**$ 5,658,544**	**$ 5,452,648**

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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, 2020.

Tobacco Settlement Revenue Management Authority

The Tobacco Settlement Revenue Management Authority, a blended component unit accounted for as a nonmajor 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 a nonmajor enterprise fund, has a fiscal year ended December 31, 2019. 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, 2020. 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, 2019. 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, 2019.

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, 2019. 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 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, 2019. 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 took effect on January 1, 2020. The new combined entity is 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 Association
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 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. 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. 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, 2020.

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 $3.749 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

Fund balance for governmental funds is reported in the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- The Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balances have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions.
- Committed fund balances can only be used for specific purposes pursuant to constraints imposed by formal action of the South Carolina General Assembly, the State's highest level of decision-making authority. The South Carolina General Assembly establishes commitments through state statute or constitutional provision. Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- Assigned fund balances are constrained by appropriation actions of the legislature
- 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.

Net position is comprised of the following three components:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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, 2020, $1.020 billion was reported as restricted net position because of restrictions imposed by enabling legislation.

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, 2020, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides governments with sufficient time, in light of the COVID-19 pandemic, to apply the authoritative guidance addressed in this Statement which will help to safeguard the reliability of their financial statements.

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, 2020:

Canteen	$ 326
Tuition Prepayment Program	31,547
Prison Industries	531
Component units:	
Winthrop University	22,574
Central Carolina Technical College	3,223
Denmark Technical College	8,888
Florence- Darlington Technical College	22,252
Greenville Technical College	11,799
Technical College of the Lowcountry	3,257
Midlands Technical College	14,711
Northeastern Technical College	3,173
Orangeburg- Calhoun Technical College	10,769
Williamsburg Technical College	838
Connector 2000	91,723
Patriots Point Development Authority	557
South Carolina Medical Malpractice Association	105,110
South Carolina First Steps to School Readiness Board of Trustees	5,142

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. See page 70 for information about the component units listed above.

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, 2020 was $804.125 million and the bank balance was $1.282 billion. As of June 30, 2020, the reported amount of the primary government's deposits outside of the State Treasurer was $38.681 million and the bank balance was $37.656 million. Of the $7.030 million bank balance exposed to custodial credit risk, $7.030 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:

	At 6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value				
U.S. treasuries	$ 7,669,891	$ 7,004,250	$ 665,641	$ —
U.S. agencies	1,131,466	238,086	893,380	—
Common stock	33,438	29,720	3,718	—
Other equity securities	2,248,921	2,241,398	—	7,523
Corporate bonds	3,476,345	1,335	3,475,010	—
Municipal bonds	5,494	—	5,494	—
Commercial paper	7,577,419	—	7,577,419	—
Money market mutual funds	699,278	699,278	—	—
Bond mutual funds	1,409,183	1,409,183	—	—
Other	74,560	—	74,560	—
	$ 24,325,995	$ 11,623,250	$ 12,695,222	$ 7,523
Investments measured at amortized cost				
Repurchase agreements	2,563,118			
	$ 26,889,113			

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, 2020 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	Not Rated
U.S. agencies	$ 470,988	$ 622,775	$ 36,942	$ —	$ —	$ —	$ 761
Corporate bonds	19,736	448,265	1,368,516	1,578,385	41,343	8,071	12,029
Municipal bonds	—	214	5,280	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	2,563,118
Commercial paper	—	6,125,295	490,917	885,887	—	—	75,320
Money market mutual funds	—	—	—	—	—	—	699,278
Bond mutual funds	—	—	—	—	—	—	1,409,183
Other	207	917	—	435	—	—	73,001
Totals	**$ 490,931**	**$ 7,197,466**	**$ 1,901,655**	**$ 2,464,707**	**$ 41,343**	**$8,071**	**$ 4,832,690**

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, 2020, the State Treasurer had 9.49% of the LGIP investment portfolio in Dreyfus Treasury Obligations Cash Management Fund and 7.77% of its investments invested in United States Treasury securities.

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, 2020, the maturities of the securities that will mature were limited according to the following segmented time distribution (expressed in thousands):

		Investment Maturities (in years)				
Investment Type	**Fair Value**	**Does Not Mature**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
U.S. treasuries	$ 6,980,947	$ —	$ 1,712,753	$ 4,928,807	$ 320,458	$ 18,929
U.S. agencies	657,665	—	1,082	64,015	53,149	539,419
Common stock	3,719	3,719	—	—	—	—
Corporate bonds	3,254,124	—	461,955	2,368,677	373,845	49,647
Municipal bonds	5,279	—	5,279	—	—	—
Repurchase agreements	1,756,832	—	1,756,832	—	—	—
Commercial paper	701,754	—	701,754	—	—	—
Other	73,001	—	62,620	10,381	—	—
Totals	**$ 13,433,321**	**$ 3,719**	**$ 4,702,275**	**$ 7,371,880**	**$ 747,452**	**$ 607,995**

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, 2020, 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 Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
U.S. treasuries	$ 688,943	$ 682,969	$ —	$ 5,974	$ —
U.S. agencies	469,487	149,950	—	—	319,537
Corporate bonds	220,970	—	103,539	117,348	83
Municipal bonds	215	—	215	—	—
Repurchase agreements	806,286	806,286	—	—	—
Commercial paper	6,875,665	6,875,665	—	—	—
Bond mutual funds	1,409,183	—	1,394,419	—	14,764
Other	1,559	—	1,559	—	—
Totals	**$ 10,472,308**	**$ 8,514,870**	**$ 1,499,732**	**$ 123,322**	**$ 334,384**

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, 2020. At June 30, 2020, 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, 2020, 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, 2020, 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, 2020, 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, 2020:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 57,881
Total securities lent for cash collateral	**$ 57,881**
Securities lent for non-cash collateral:	
U.S. Corporate-fixed income	$ 580
Total securities lent for non-cash collateral	**$ 580**
Cash collateral invested as follows:	
Repurchase agreements	$ 459,407
Total for cash collateral invested	**$ 459,407**
Securities received as collateral:	
U.S. treasuries	$ 427
Total for securities collateral invested	**$ 427**

At June 30, 2020, the fair value of securities on loan was $57.881 million. The fair value of the invested cash collateral was $459.407 million. Securities lending obligations were $459.407 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, 2020, the carrying amount of the Systems' deposits was $56.147 million and the bank balance was $33.900 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, 2020 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short Term Investments				
Short Term Investment Funds (U. S. Regulated)	$ 2,915,829	$ 2,915,829	$ —	$ —
Repurchase Agreements	32,688	—	32,688	—
Commercial Paper	116,649	—	116,649	—
U. S. Government Agency	30,020	—	30,020	—
U. S. Treasury Bills	229,850	229,850	—	—
Municipals - 1 year or less	1,190	—	1,190	—
Corporate Bonds	2,750	—	2,750	—
Total Short Term Investments	$ 3,328,976	$ 3,145,679	$ 183,297	$ —
Equity Allocation				
Global Public Equity				
Common Stocks	$ 1,268,663	$ 1,268,663	$ —	$ —
Real Estate Investment Trusts	660,750	660,750	—	—
Preferred	3,236	—	3,236	—
Total Equity	$ 1,932,649	$ 1,929,413	$ 3,236	$ —
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	$ 92,914	$ 92,914	$ —	$ —
U.S. Government Agencies	267,169	—	267,169	—
Mortgage Backed				
Government National Mortgage Association	45,889	—	45,889	—
Federal National Mortgage Association	14,420	—	14,420	—
Federal Home Loan Mortgage Association (Multiclass)	3,608	—	3,608	—
Collateralized Mortgage Obligations	1,509	—	1,509	—
Municipals	10,593	—	10,593	—
Corporate				
Corporate Bonds	1,333,738	21,526	1,159,829	152,383
Convertible Corporate Bonds	326	—	326	—
Asset Backed Securities	248,261	—	248,261	—
Private Placements	859,936	—	859,936	—
Total Fixed Income	$ 2,878,363	$ 114,440	$ 2,611,540	$ 152,383
Total Investments by Fair Value Level	$ 8,139,988	$ 5,189,532	$ 2,798,073	$ 152,383

(continued)

Recurring fair value measurements as of June 30, 2020, continued (amounts in thousands):

Investments measured at net asset value (NAV)	
Global Equity	$ 11,620,592
Global Tactical Asset Allocation	3,845
Other Opportunistic	224,194
High Yield/Bank Loans	16,685
Emerging Debt	915,584
Hedge Funds	3,300,578
Private Equity	2,261,270
Private Debt	2,201,697
Private Real Estate	2,529,751
Private Infrastructure	345,748
Total investments measured at NAV	23,419,944
Total investments measured at fair value	$ 31,559,932

		Fair Value Measurements Using	
Investment derivative instruments	**At 6/30/2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Equity Investments			
Options - Equity	$ 36,268	$ 10,188	$ 26,080
Swaps - Equity	284,260	—	284,260
Fixed Income Investments			
Options - Fixed Income	(15.00)	(6.00)	(9.00)
Futures - Fixed Income	437	437	—
Swaps - Fixed Income	(282)	(282)	—
Total investment derivative instruments	$ 320,668	$ 10,337	$ 310,331
Total Invested Assets	$ 31,880,600		

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

	Fair Value	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Global Equity	11,620,592	-	Daily/Monthly	5 - 30 days
Global Tactical Asset Allocation	3,845	-	Monthly	5 - 14 days
Other Opportunistic	224,194	33,559	Monthly	5 - 30 days
High Yield/Bank Loans	16,685	-	Monthly	5 - 30 days
Emerging Debt	915,584	-	Daily/Monthly	10 - 15 days
Hedge Funds	3,300,578	-	Monthly/Quarterly	2 - 90 days
Private Equity	2,261,270	2,903,289	Illiquid	Illiquid
Private Debt	2,201,697	2,016,391	Illiquid	Illiquid
Private Real Estate	2,529,751	1,101,802	Illiquid	Illiquid
Private Infrastructure	345,748	149,067	Illiquid	Illiquid
Total investments measured at the NAV	$ 23,419,944	$ 6,204,108		

1 For purposes of this table, amounts are reported in US Dollars. The Private Equity Category includes £75,000,000, €162,943,134 and AUD $47,849,906 that have been converted to USD. The Private Infrastructure category includes €26,244,224 that has been converted to USD.

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, 2020, 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)	$ 2,915,829	$ —	$ 2,915,829	0.08
Invested Securities Lending Collateral	20,452	20,452	—	
Repurchase Agreements	32,688	—	32,688	
Commercial Paper	116,649	7,000	109,649	0.39
U. S. Government Agency	30,020	—	30,020	0.01
U. S. Treasury Bills	229,850	—	229,850	0.28
Municipals - 1 year or less	1,190	—	1,190	0.75
Corporate Bonds	2,750	—	2,750	0.08
Total Short Term Investments	3,349,428	27,452	3,321,976	
Equity Allocation				
Preferred	$ 3,236	$ 2,323	$ 913	7.27
Total Equity Investments	3,236	2,323	913	
Fixed Income Allocation				
U.S. Government:				
U.S. Government Treasuries	92,914	—	92,914	13.90
U.S. Government Agencies	267,169	7,174	259,995	1.38
Mortgage Backed:				
Government National Mortgage Association	45,889	4,510	41,379	2.84
Federal National Mortgage Association	14,420	—	14,420	2.42
Federal Home Loan Mortgage Association (FHLMC Multiclass)	3,608	—	3,608	2.39
Collateralized Mortgage Obligations	1,509	—	1,509	2.75
Municipals	10,593	718	9,875	3.89
Corporate:				
Corporate Bonds	1,333,738	127,121	1,206,617	3.44
High Yield/Bank Loans	326	—	326	2.21
Asset Backed Securities	16,685	—	16,685	2.00
Private Placements	248,261	34,097	214,164	2.04
Yankee Bonds	859,936	66,023	793,913	1.31
Emerging Debt	915,584	620,727	294,857	8.61
Options - Fixed Income	(15)	(9)	(6)	-1366.77
Futures - Fixed Income	437	—	437	7.53
Swaps - Fixed Income	(282)	—	(282)	29.29
Total Fixed Income	3,810,772	860,361	2,950,411	
Mixed Credit Hedge Fund Allocation				
Mixed Credit Hedge Funds	21,111	—	21,111	0.02
Total Mixed Credit Hedge Funds	21,111	—	21,111	
Total Invested Assets	**$ 7,184,547**	**$ 890,136**	**$ 6,294,411**	
Total Portfolio Effective Duration (option adjusted duration)				**1.65**

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, 2020 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]	TOTAL
Short Term Investments											
Short Term Investment Funds (U. S. Regulated)	$ 2,915,829	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,915,829
Repurchase Agreements	—	—	—	—	—	—	—	—	—	32,688	32,688
Invested Securities Lending Collateral	—	—	—	—	—	—	—	—	—	20,452	20,452
Commercial Paper	—	69,231	—	39,543	—	—	—	—	—	7,875	116,649
Municipals	1,190	—	—	—	—	—	—	—	—	—	1,190
Corporate Bonds	—	—	—	—	—	—	—	—	—	2,750	2,750
Equity Investments											
Preferred	—	—	2,317	—	—	—	—	—	—	919	3,236
Fixed Income Allocation[2]											
Mortgage Backed:											
Federal National Mortgage Association	14,420	—	—	—	—	—	—	—	—	—	14,420
Federal Home Loan Mortgage Association (Multiclass)	3,608	—	—	—	—	—	—	—	—	—	3,608
Collateralized Mortgage Association	1,509	—	—	—	—	—	—	—	—	—	1,509
Municipals	—	1,897	1,980	—	—	—	—	—	—	6,716	10,593
Corporate:										-	
Corporate Bonds	36,048	63,678	253,742	229,579	195,121	199,866	36,968	16,979	1,026	300,731	1,333,738
Convertible Corporate Bonds	—	—	—	—	—	308	—	—	—	—	308
High Yield/Bank Loans	—	—	—	—	—	—	—	—	—	18	18
Asset Backed Securities	—	—	—	—	—	—	—	—	—	16,685	16,685
Private Placements	40,345	6,265	17,365	67,369	46,558	12,650	2,917	13,942	—	40,850	248,261
Yankee Bonds	48,164	78,243	95,131	165,834	77,648	70,481	18,788	2,282	—	303,365	859,936
Emerging Debt	—	—	—	—	—	—	—	—	—	915,584	915,584
Options - Fixed Income	—	—	—	—	—	—	—	—	—	(15)	(15)
Futures - Fixed Income	—	—	—	—	—	—	—	—	—	437	437
Swaps - Fixed Income	—	—	—	—	—	—	—	—	—	(282)	(282)
Totals	**$3,061,113**	**$219,314**	**$370,535**	**$ 502,325**	**$319,327**	**$283,305**	**$ 58,673**	**$33,203**	**$ 1,026**	**$1,648,773**	**$6,497,594**

[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, 2020, 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, 2020 (amounts in thousands):

Currency	Cash & Cash Equivalents	Forward Contracts	Futures Contracts	Private Equity	Private Infrastructure	Fixed Income	Equity	Total
Australian Dollar	$ (356)	$ 37,451	$ —	$ 26,705	$ —	$ 1,915	$ 25,917	$ 91,632
Canadian Dollar	(29)	53,248	—	—	—	—	55,665	108,884
Danish Krone	26	—	—	—	—	—	6,641	6,667
Euro Currency	16,387	(37,720)	9,285	120,719	106,730	222,486	59,599	497,486
Hong Kong Dollar	25	23,154	—	—	—	—	22,101	45,280
Japanese Yen	2,296	133,620	—	—	—	(347)	11,547	147,116
Mexican Peso	363	—	—	—	—	—	—	363
New Zealand Dollar	36	—	—	—	—	—	4,216	4,252
Pound Sterling	1,632	68,813	12	—	—	18,667	32,529	121,653
Russian Ruble	—	8	—	—	—	—	—	8
Singapore Dollar	11	—	—	—	—	—	1,563	1,574
South African Rand	1	—	—	—	—	—	—	1
Swedish Krona	—	14,670	—	—	—	—	193	14,863
Swiss Franc	29	—	—	—	—	—	17	46
Totals	**$ 20,421**	**$ 293,244**	**$ 9,297**	**$147,424**	**$ 106,730**	**$ 242,721**	**$ 219,988**	**$1,039,825**

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 $197.5 and $242.1 million, respectively, were held in trust by the clearing brokers on June 30, 2020. 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, 2020 (amounts in thousands):

	Changes in Fair Value	
	Classification	Gain/(Loss)
Futures Contracts	Net appreciation	$ (25,497)
Forward Contracts	Net appreciation	(7,476)
Swaps	Net appreciation	263,536
Options	Net appreciation	(123,231)

	Fair Value			
	Forward Contracts	Futures	Options	Swaps
Cash & Cash Equivalents	$ (7,968)	$ —	$ —	$ —
Fixed Income	—	437	(15)	(282)
Global Public Equity	—	—	120,747	284,260
Totals	**$ (7,968)**	**$ 437**	**$120,732**	**$283,978**

At June 30, 2020, the Systems had the following exposure via futures contracts (amounts in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value*	Fair Value
EURO-BUND Future (EUX)	September 2020	Long	31	$ 6,146	$ 39
EURO-BUXL 30Y BND Future (EUX)	September 2020	Long	17	4,200	75
LONG GILT Future (ICF)	September 2020	Short	(31)	(5,272)	12
US LONG BOND Future (CBT)	September 2020	Long	2,194	391,766	56
US 10YR NOTE Future (CBT)	September 2020	Long	285	39,664	80
US 10YR NOTE Future (CBT)	September 2020	Long	2,063	287,112	(15)
US 5YR NOTE Future (CBT)	September 2020	Long	705	88,648	198
US 5YR NOTE Future (CBT)	September 2020	Long	2,339	294,111	(8)
US 2YR NOTE Future (CBT)	September 2020	Long	2,391	528,000	—
Totals				**$ 1,634,375**	**$ 437**

***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, 2020, the Systems had the following forward exposures, listed by counterparty (amounts in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Bank of America	$ 2,297	$ 36	0.24%
Bank of New York Mellon	330,046	(2,527)	34.04%
BNP Paribas Securities Corporation	2,092	31	0.22%
Citibank	122,920	(1,164)	12.68%
Citigroup Global Markets	529	10	0.05%
Goldman Sachs Bank USA/New York NY	35,111	(43)	3.62%
Goldman Sachs International	20,775	996	2.14%
HSBC Bank	20,192	1	2.08%
JPMorgan Chase Bank NA	148,378	(1,378)	15.30%
Morgan Stanley & Co International Ltd	18,072	(644)	1.86%
Morgan Stanley Capital Services LLC	2,049	(84)	0.21%
Royal Bank of Canada	111,913	(1,746)	11.54%
Standard Chartered Bank	111,772	(1,605)	11.53%
State Street Boston Capital Markets	43,477	149	4.49%
Totals	**$ 969,623**	**$ (7,968)**	**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, 2020, for currency forwards, swap agreements, options and corresponding amounts subject to credit risk (amounts in thousands):

Quality Rating	Forwards	Swaps	Options	Total
Aa2	(3,868)	9	17,884	14,025
Aa3	(1,133)	208,922	(24,512)	183,277
A1	(1,221)	75,223	42,881	116,883
A2	(1,746)	5	—	(1,741)
Total subject to credit risk	$ (7,968)	$ 284,159	$ 36,253	$ 312,444
Centrally cleared:				
Chicago Mercantile Exchange	—	511	—	511
Intercontinental Exchange	—	(140)	—	(140)
LCH Ltd	—	(552)	—	(552)
Total not subject to credit risk	$ —	$ (181)	$ —	$ (181)
Total	**$ (7,968)**	**$283,978**	**$ 36,253**	**$312,263**

At June 30, 2020, 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
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	6/30/2021	$ 400,000	$ 1	$ —
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	5/28/2021	301,891	1,749	1,738
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	10/30/2020	212,014	1,268	9,889
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	7/31/2020	267,997	1,588	16,898
Barclays Bank PLC	Barclays US Agg Proxy	Variable Rate	Fixed Rate	9/30/2020	560,196	3,315	26,645
Barclays Bank PLC	Barclays Agg Proxy	Variable Rate	Fixed Rate	4/30/2021	151,648	1,575	1,472
BNP Paribas SA	MSCI World Swap Proxy	Variable Rate	Fixed Rate	10/30/2020	553,485	41,861	(6,410)
BNP Paribas SA	MSCI World Swap Proxy	Variable Rate	Fixed Rate	9/30/2020	1,040,701	167,061	238,698
Credit Suisse AG	MSCI World Swap Proxy	Variable Rate	Fixed Rate	9/30/2020	392,092	62,933	91,313
Societe Generale	Barclays US Agg Proxy	Variable Rate	Fixed Rate	9/30/2020	106,326	627	5,068
Societe Generale	Barclays Agg Proxy	Variable Rate	Fixed Rate	10/30/2020	106,007	630	4,952
Societe Generale	Barclays Agg Proxy	Variable Rate	Fixed Rate	4/30/2021	151,648	901	1,502
Societe Generale	Barclays Agg Proxy	Variable Rate	Fixed Rate	6/30/2021	250,000	1	—
Societe Generale	Barclays Agg Proxy	Variable Rate	Fixed Rate	6/30/2021	100,000	1	—
Societe Generale	Barclays Agg Proxy	Variable Rate	Fixed Rate	6/30/2021	200,806	749	745
					$ 4,794,811	**$ 284,260**	**$ 392,510**

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	$ 9
Goldman Sachs	Credit Default Swaps	Fixed/Variable	Fixed/Variable	various	3,300	(116)
HSBC Securities	Credit Default Swaps	Variable Rate	Fixed Rate	6/20/21	1,200	6
					$ 6,500	**$ (101)**
Chicago Mercantile Exchange	Cleared Interest Rate Swaps	Fixed/Variable	Fixed/Variable	various	72,100	511
Intercontinental Exchange	Cleared Credit Default Swaps	Fixed/Variable	Fixed/Variable	various	28,921	(140)
LCH.Ltd	Cleared Interest Rate Swaps	Fixed/Variable	Fixed/Variable	various	219,196	(552)
					$ 320,217	**$ (181)**

***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, 2020, the Systems had the following option positions (amounts in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
Put Aug 20 171.500 07/24/20	EURO-BUND FUTURE SEP 20	September 2020	(39)	$ (1)
Put Aug 20 172.500 07/24/20	EURO-BUND FUTURE SEP 20	September 2020	(39)	(3)
Put Aug 20 135.500 07/24/20	US 10YR NOTE FUTURE SEP 20	September 2020	(58)	(2)
Put Aug 20 100.641 080620	COMMITMENT TO PURCHASE FNMA	August 2020	(1,800,000)	(2)
Put Aug 20 102.421875 080620	COMMIT TO PUR FNMA SF MTG OTC	August 2020	(8,000,000)	(6)
Put Aug 20 102.078125 080620	COMMIT TO PUR FNMA SF OTC	August 2020	(2,800,000)	$ (1)
Total Fixed Income				(15)
Call Mar 21 5760.120 033121	ASX S&P/ASX 200 INDEX (OTC)	March 2021	3,884	$ 1,319
Call Sept 20 6688.300 093020	ASX S&P/ASX 200 INDEX (OTC)	September 2020	3,971	85
Call Dec 20 6804.900 123020	ASX S&P/ASX 200 INDEX (OTC)	December 2020	3,789	191
Put Mar 21 5760.120 033121	ASX S&P/ASX 200 INDEX (OTC)	March 2021	(2,513)	(828)
Put Sept 20 6688.300 093020	ASX S&P/ASX 200 INDEX (OTC)	September 2020	(2,213)	(1,311)
Put Dec 20 6804.900 123020	ASX S&P/ASX 200 INDEX (OTC)	December 2020	(2,105)	(1,510)
Call Dec 20 416.170 123020	STOXX EUROPE 600 PRICE IND OTC	December 2020	266,900	763
Put Dec 20 416.170 12/30/20	STOXX EUROPE 600 PRICE IND OTC	December 2020	(135,605)	(9,468)
Put Sept 20 3569.450 093020	EURO STOXX 50 P INDEX (OTC)	September 2020	(20,311)	(8,792)
Call Sept 20 3569.450 093020	EURO STOXX 50 P INDEX (OTC)	September 2020	37,576	1,403
Call Mar 21 19429.210 033121	NIKKEI 225 (OTC)	March 2021	246,753	8,147
Call Sept 20 21755.840 093020	NIKKEI 225 (OTC)	September 2020	256,672	3,359
Call Dec 20 23656.620 123020	NIKKEI 225 (OTC)	December 2020	185,071	1,290
Put Mar 21 19429.210 033121	NIKKEI 225 (OTC)	March 2021	(183,279)	(1,641)
Put Sept 20 21755.840 093020	NIKKEI 225 (OTC)	September 2020	(178,625)	(1,527)
Put Dec 20 23656.620 123020	NIKKEI 225 (OTC)	December 2020	(133,250)	(2,862)
Call Mar 21 5926.630 033121	FTSE 100 INDEX (OTC)	March 2021	4,733	3,426
Call Sept 20 7408.210 093020	FTSE 100 INDEX (OTC)	September 2020	5,214	12
Call Dec 20 7587.050 123020	FTSE 100 INDEX (OTC)	December 2020	4,747	65
Put Mar 21 5926.630 033121	FTSE 100 INDEX (OTC)	March 2021	(3,102)	(1,734)
Put Sept 20 7408.210 093020	FTSE 100 INDEX (OTC)	September 2020	(2,744)	(4,358)
Put Dec 20 7587.050 123020	FTSE 100 INDEX (OTC)	December 2020	(2,511)	(4,648)
Call July 22 000.395 072922	2Y-10 CMS CAP	July 2022	1,339,000	411
Call July 22 000.605 072922	2Y-10 CMS CAP	July 2022	87,000	17
Call July 22 000.395 072922	2Y-10 CMS CAP	July 2022	1,122,000	345
Call July 22 000.395 072922	2Y-10 CMS CAP	July 2022	249,000	77
Total Equity				$ 36,268
Total				**$ 36,253**

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, 2020, 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	$ 6,115,916	$ 3,521,243	$ 3,521,243
Private Debt	6,162,802	4,146,411	4,146,411
Private Real Estate	4,192,365	3,090,563	3,090,563
Private Infrastructure	360,000	240,408	240,408
Other Opportunistic	80,237	46,678	46,678
Totals	$ 16,911,320	$ 11,045,303	$ 11,045,303
Limited Partnerships Euros			
Private Equity	€ 308,330	€ 145,387	€ 162,943
Private Infrastructure	125,000	98,756	26,244
Totals	€ 433,330	€ 244,143	€ 189,187
Limited Partnerships AUD			
Private Equity	$ 100,000	$ 52,150	$ 47,850
Totals	$ 100,000	$ 52,150	$ 47,850

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, 2020 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, 2020, the fair value of securities on loan was $63.370 million. The fair value of the invested cash collateral was $20.452 million. Securities lending obligations were $64.822 million with an unrealized loss in invested cash collateral of $44.370 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 $44.370 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 $2.700 million, an increase from $3.000 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, 2020, 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, 2020:

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS
Securities lent for cash collateral:						
Corporate bonds	$ 18,115	$ 3,256	$ 22	$ 110	$ 18	$ 21,521
Global Public Equity	35,226	6,331	42	213	36	41,848
Total securities lent for cash collateral	**$ 53,341**	**$ 9,587**	**$ 64**	**$ 323**	**$ 54**	**$ 63,369**
Securities lent for non-cash collateral:						
U.S Government Securities	$ 54,489	$ 9,793	$ 66	$ 330	$ 55	$ 64,733
Corporate bonds	339	61		2		402
Global Public Equity	348,802	62,689	419	2,113	355	414,378
Total securities lent for non-cash collateral	**$ 403,630**	**$ 72,543**	**$ 485**	**$ 2,445**	**$ 410**	**$ 479,513**
Cash collateral invested as follows:						
Repurchase agreements	$ 17,216	$ 3,094	$ 21	$ 104	$ 17	$ 20,452
Total cash collateral invested	**$ 17,216**	**$ 3,094**	**$ 21**	**$ 104**	**$ 17**	**$ 20,452**
Securities received as collateral:						
U.S. Government securities	$ 103,201	$ 18,547	$ 124	$ 625	$ 105	$ 122,602
Global Public Equity	322,057	57,882	387	1,951	328	382,605
Global Fixed Income	10,386	1,867	13	63	10	12,339
Total securities received as collateral	**$ 435,644**	**$ 78,296**	**$ 524**	**$ 2,639**	**$ 443**	**$ 517,546**

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, 2020, 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, 2020 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments			
U.S. agencies	$ 868,204	$ 758,928	$ 109,276
Collateralized mortgage-backed obligations	76,402	—	76,402
Repurchase agreements	79,547	32,548	46,999
Corporate bonds	404,687	—	404,687
Financial paper	176,368	—	176,368
Total Investments at Fair Value	$ 1,605,208	$ 791,476	$ 813,732

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, 2020, 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	$ 868,204	$ —	$ —	$ —	$ —
Collateralized mortgage-backed obligations	76,402	—	—	—	—
Corporate Bonds	33,978	126,862	236,238	2,576	5,033
Repurchase Agreements	—	—	—	79,547	—
Financial Paper	7,219	109,969	59,180	—	—
Totals	**$ 985,803**	**$ 236,831**	**$ 295,418**	**$ 82,123**	**$ 5,033**

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, 2020, 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	868,204	$ 260	$ 543,443	$ 220,905	$ 103,596
Collateralized mortgage-backed obligations	76,402	10		1	76,391
Repurchase Agreements	79,547				79,547
Corporate bonds	404,687	15,137	252,848	117,611	19,091
Financial paper	176,368	9,841	83,283	77,224	6,020
Totals	**$ 1,605,208**	**$ 25,248**	**$ 879,574**	**$ 415,741**	**$ 284,645**

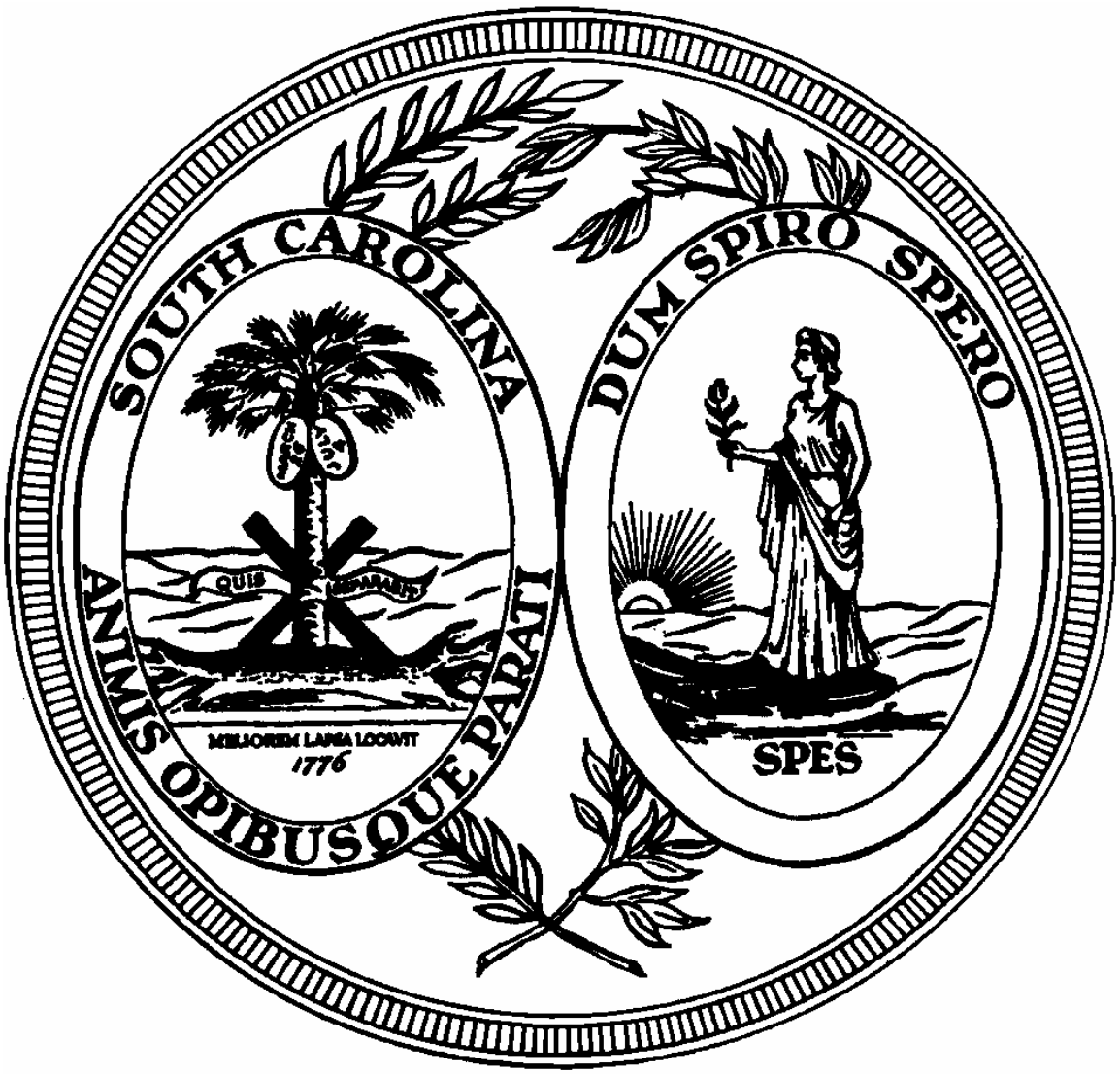
Concentration of Credit Risk

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, 2020, 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, 2020. 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, 2020:

	Amount
Securities lent for cash collateral:	
U.S. Government Securities	$ 1,798
Corporate Bonds	5,862
Total securities lent for cash collateral	**$ 7,660**
Cash collateral invested as follows:	
Repurchase agreements	$ 7,264
U.S. Government Securities	592
Total for cash collateral invested	**$ 7,856**


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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, 2020, 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	$ 288,458	$ —	$ —	$ —	$ —	$ 288,458
Sales and other taxes	202,984	—	—	23,262	—	226,246
Patient accounts	3,307	—	—	—	—	3,307
Other	14,591	10,842	222	—	1	25,656
Total allowances for uncollectibles	**$ 509,340**	**$ 10,842**	**$ 222**	**$ 23,262**	**$ 1**	**$ 543,667**

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, 2020 were as follows:

	Business-type Activities (Enterprise Funds)
Allowances related to	Unemployment Compensation Benefits
Assessments	$ 56,174
Other	6,304
Total allowances for uncollectibles	**$ 62,478**

Net receivables not expected to be collected within one year in governmental and internal service funds (expressed in thousands) at June 30, 2020, 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	$ 30,982	$ 63,374	$ 25	$ —	$ 80	$ 94,461
Patient accounts	3,382	1,957	—	—	—	5,339
Loans and notes	34,158	363	687,032	103	—	721,656
Accounts receivable—restricted	—	—	31,471	—	—	31,471
Total long-term receivables, net	**$ 68,522**	**$ 65,694**	**$ 718,528**	**$ 103**	**$ 80**	**$ 852,927**

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, 2020, were as follows:

	Unavailable	Unearned	Total Governmental Funds
Taxes	$ 3,005	$ —	$ 3,005
Federal grants	48,158	1,906,142	1,954,300
Contributions	16,692	176,757	193,449
Departmental services	—	24,948	24,948
Total unearned revenues	$ 67,855	2,107,847	$ 2,175,702
Internal service funds		203,382	
Total governmental activities		$2,311,229	

NOTE 6: CAPITAL ASSETS

Capital asset activity (expressed in thousands) for the fiscal year ended June 30, 2020, for the primary government was as follows:

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	$ 2,153,062	$ 91,754	$ (1,820)	$ 2,242,996
Construction in progress	3,438,744	924,207	(421,756)	3,941,195
Works of art and historical treasures	5,797	—	(3,220)	2,577
Intangibles	11	8	—	19
Total capital assets not being depreciated	5,597,614	1,015,969	(426,796)	6,186,787
Capital assets being depreciated:				
Land improvements	116,505	6,216	(992)	121,729
Infrastructure (road and bridge network)	15,222,500	194,732	(2,886)	15,414,346
Buildings and improvements	2,247,504	139,966	(93,055)	2,294,415
Vehicles	902,426	78,924	(58,763)	922,587
Machinery and equipment	679,691	75,898	(25,588)	730,001
Works of art and historical treasures	1,507	—	—	1,507
Intangibles	199,741	162,230	(422)	361,549
Total capital assets being depreciated	19,369,874	657,966	(181,706)	19,846,134
Less accumulated depreciation for:				
Land improvements	(67,527)	(2,701)	—	(70,228)
Infrastructure (road and bridge network)	(4,264,277)	(221,136)	2,054	(4,483,359)
Buildings and improvements	(1,203,899)	(87,420)	4,864	(1,286,455)
Vehicles	(660,158)	(70,018)	56,237	(673,939)
Machinery and equipment	(478,497)	(48,513)	22,871	(504,139)
Works of art and historical treasures	(662)	(60)	—	(722)
Intangibles	(114,882)	(12,491)	422	(126,951)
Total accumulated depreciation	(6,789,902)	(442,339)	86,448	(7,145,793)
Total capital assets being depreciated, net	12,579,972	215,627	(95,258)	12,700,341
Capital assets for governmental activities, net	**$ 18,177,586**	**$ 1,231,596**	**$ (522,054)**	**$ 18,887,128**

During the fiscal year ended June 30, 2020, depreciation expense was charged to functions of the primary government (expressed in thousands):

	Governmental Funds	Internal Service Funds	Total Governmental Activities
General government	$ 33,446	$ 20,674	$ 54,120
Education	38,027	—	38,027
Health and environment	13,533	—	13,533
Social services	1,172	—	1,172
Administration of justice	56,007	340	56,347
Resources and economic development	35,822	—	35,822
Transportation	243,318	—	243,318
Total depreciation expense, governmental activities	**$ 421,325**	**$ 21,014**	**$ 442,339**

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	$ 169,937	$ 662	$ —	$ 170,599
Construction in progress	94,110	11,942	(1,564)	104,488
Total capital assets not being depreciated	264,047	12,604	(1,564)	275,087
Capital assets being depreciated:				
Land improvements	1,303	292	—	1,595
Buildings and improvements	21,641	169	(1,271)	20,539
Vehicles	1,270	33	(17)	1,286
Machinery and equipment	8,315	486	(26)	8,775
Intangibles	1,274	—	(1,274)	—
Total capital assets being depreciated	33,803	980	(2,588)	32,195
Less accumulated depreciation for:				
Land improvements	(1,136)	(76)	—	(1,212)
Buildings and improvements	(5,614)	(502)	288	(5,828)
Vehicles	(945)	(152)	17	(1,080)
Machinery and equipment	(4,953)	(756)	26	(5,683)
Intangibles	(485)	—	485	—
Total accumulated depreciation	(13,133)	(1,486)	816	(13,803)
Total capital assets being depreciated, net	20,670	(506)	(1,772)	18,392
Capital assets for business-type activities, net	**$ 284,717**	**$ 12,098**	**$ (3,336)**	**$ 293,479**

Capital assets for the State's fiduciary funds were comprised of land totaling $582 thousand, a building totaling $4.749 million and equipment totaling $2.223 million with accumulated depreciation of $5.398 million. Depreciation expense for fiscal year 2020 was $165 thousand. There were additions of $89 thousand for equipment during the year.

At June 30, 2020, the primary government had outstanding construction commitments totaling $89.019 million for capital projects in progress. In addition, outstanding construction commitments at that date totaled $16.311 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 $3.776 million at June 30, 2020, 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, 2020:

	SCRS	PORS	GARS	JSRS	SCNG
Active Contributing Members	200,264	27,397	88	160	12,100
Retirees and Beneficiaries Currently Receiving Benefits	144,292	19,094	345	218	4,923
Terminated Members Entitled to But Not Yet Receiving Benefits	191,113	17,944	36	6	1,823
Total Membership	535,669	64,435	469	384	18,846

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, 2020, 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, 2020, were as follows:

Plan	Rate
SCRS	15.56%
PORS	18.24%
JSRS	62.94%

Contributions to SCRS, PORS, and JSRS from the State were $207.694 million, $71.887 million, and $19.098 million, respectively, for the year ended June 30, 2020. The GARS employer contribution of $6.329 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, 2020. Additionally, the State contributed $88.706 million to SCRS, $12.470 million to PORS, and $2.900 million to JSRS 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, 2020, the State reported $2.911 billion and $809.373 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, 2018 actuarial valuations, using membership data as of July 1, 2018, projected forward to June 30, 2019, and financial information of the pension trust funds as of June 30, 2019, 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, 2019, the State's SCRS proportion was 12.75%, which was a decrease of 0.21% from its proportion measured as of June 30, 2018. The State's PORS proportion of the net pension liability at June 30, 2019 was 28.24%, which was a decrease of 0.93% from its proportion measured as of June 30, 2018.

The State's JSRS, GARS, and SCNG net pension liabilities were also measured by actuarial valuations as of July 1, 2018, using membership data as of July 1, 2018, projected forward to June 30, 2019, and financial information of the pension trust funds as of June 30, 2019, using generally accepted actuarial procedures. The State assumes 100% of the JSRS, GARS, and SCNG liabilities.

For the year ended June 30, 2020, the State recognized pension expenses of $332.177 million for SCRS, $120.238 million for PORS, $38.611 million for JSRS, $2.787 million for GARS, and $4.119 million for SCNG, making the State's total pension expense $497.932 million for the fiscal year.

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 $13.060 billion (or 57.20% of the total net SCRS pension liability) at June

30, 2020, with related pension expenses of approximately $1.490 billion for the year ended June 30, 2020. Likewise, the State's effective share of the PORS net pension liability was approximately $826.535 million at June 30, 2020 (or 28.84% of the total net PORS pension liability), with related pension expenses of approximately $122.787 million for the year ended June 30, 2020. 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, 2020, 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	$ 207,694	$ 71,887	$ 19,098	$ 6,329	$ 5,290	$ 310,298
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	48,353	11,700	—	—	—	60,053
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	25,721	10,262	1,260	425	435	38,103
Differences Between Expected and Actual Experience	2,001	16,642	60,520	—	329	79,492
Changes in Assumptions	58,654	32,095	4,680	—	3,014	98,443
Total	$ 342,423	$ 142,586	$ 85,558	$ 6,754	$ 9,068	$ 586,389
Deferred Inflows of Resources						
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	$ 86,626	$ 29,848	$ —	$ —	$ —	$ 116,474
Net differences Between Projected and Actual Earnings on Pension Plan Investments	101	—	—	—	—	101
Differences Between Expected and Actual Experience	20,911	5,982	2,540	75	3,352	32,860
Total	$ 107,638	$ 35,830	$ 2,540	$ 75	$ 3,352	$ 149,435

$310.298 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, 2021. 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
2021	$ 32,534	$ 24,553	$ 23,152	$ 307	$ 355
2022	(10,375)	6,197	20,058	(143)	(19)
2023	841	1,919	20,250	83	136
2024	4,091	2,200	460	103	136
2025	—	—	—	—	48
Thereafter	—	—	—	—	(230)
	$ 27,091	$ 34,869	$ 63,920	$ 350	$ 426

The total pension liabilities in the July 1, 2018 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, 2019.

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, 2019 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 20 year capital market outlook at the end of the third quarter 2018. 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	**51.0%**		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	**12.0%**		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	**8.0%**		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Diversified Credit	**15.0%**		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Conservative Fixed Income	**14.0%**		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	**100.0%**		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			**7.66%**

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)

	JSRS	GARS	SCNG
Total Pension Liability			
Service Cost	$ 6,645	$ 440	$ 786
Interest	21,737	5,149	4,764
Difference Between Actual and Expected Experience	80,801	(1,135)	(1,501)
Benefit Payments	(17,950)	(6,515)	(4,534)
Net Change in Total Pension Liability	91,233	(2,061)	(485)
Total Pension Liability at June 30, 2019	305,472	74,062	67,591
Total Pension Liability at June 30, 2020 (a)	$ 396,705	$ 72,001	$ 67,106
Plan Fiduciary Net Position			
Contributions - Employer	$ 11,730	$ 5,804	$ 5,290
Contributions - Member	2,840	162	—
Refunds of Contributions to Members	—	(17)	—
Retirement Benefits	(17,947)	(6,480)	(4,534)
Death Benefits	(3)	(18)	—
Net Investment Income (Loss)	9,183	1,887	1,616
Administrative Expense	(92)	(20)	(16)
Other	96	—	—
Net Change in Plan Fiduciary Net Position			
Net Change in Plan Fiduciary Net Position	5,807	1,318	2,356
Plan Fiduciary Net Position at June 30, 2019	160,036	33,394	28,327
Plan Fiduciary Net Position at June 30, 2020 (b)	$ 165,843	$ 34,712	$ 30,683
Net Pension Liability at June 30, 2020 (a) - (b)	$ 230,862	$ 37,289	$ 36,423

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	$ 3,666,891	$ 2,910,713	$ 2,279,641
PORS	1,096,892	809,373	573,822
JSRS	273,208	230,862	194,256
GARS	43,561	37,289	31,878
SCNG	44,850	36,423	29,513

e. Receivables and Investments

The principal components of receivables and investments (expressed in thousands) at June 30, 2020, for the plans administered by the South Carolina Retirement Systems were as follows:

	SCRS	PORS	GARS	JSRS	SCNG	Totals
Receivables:						
Contributions	$ 259,921	$ 29,406	$ 15	$ 1,487	$ —	$ 290,829
Accrued interest	34,588	6,217	42	210	36	41,093
Unsettled investment sales	1,185,716	213,103	1,425	7,182	1,207	1,408,633
Other investment receivables	486	87	1	3	1	578
Total receivables	**$ 1,480,711**	**$ 248,813**	**$ 1,483**	**$ 8,882**	**$ 1,244**	**$ 1,741,133**
Due from other funds	**$ 48**	**$ 96**	**$ —**	**$ —**	**$ —**	**$ 144**
Investments and invested securities lending collateral:						
Short-term securities and opportunistic	$ 464,501	$ 83,483	$ 559	$ 2,814	$ 472	$ 551,829
Fixed income	3,207,714	576,508	3,856	19,429	3,265	3,810,772
Equity-international	11,678,233	2,098,875	14,039	70,734	11,888	13,873,769
Alternatives	8,955,407	1,609,513	10,766	54,242	9,116	10,639,044
Invested securities lending collateral	17,216	3,094	21	104	17	20,452
Total investments	**$ 24,323,071**	**$ 4,371,473**	**$ 29,241**	**$ 147,323**	**$ 24,758**	**$ 28,895,866**

f. Deferred Retirement Option Plans

A deferred retirement option program 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, 2020, there were no participants in this program.

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 (10.41%) 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	$ 1,754,009
Employee contributions to providers	157,861
Employer contributions to providers	87,700

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, 6.25% of annual covered payroll for fiscal year 2020. The IBD sets the employer contribution rate based on a pay-as-you-go basis. The State paid $572.238 million applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal year ended June 30, 2020. 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, 2020.

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) and accumulated PEBA-Insurance Benefits cash reserves ($130.985 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, 2020, the State reported a liability of $3.135 billion for its proportionate share of the SCRHITF net OPEB liability and reported a liability of $365 thousand for its proportionate share of the LTDITF net OPEB liability. The net OPEB liabilities were measured as of June 30, 2019, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2018. At June 30, 2020, the State's proportion of the SCRHITF net OPEB liability was 20.73% and the State's proportion of the LTDITF net OPEB liability was 18.55%, based on its statutory contribution requirements. These proportions decreased by 0.19% and by 3.43%, 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 $11.576 billion (or 76.55% of the total net SCRHITF OPEB liability) at June 30, 2020, with related OPEB expenses of approximately $701.131 million for the year ended June 30, 2020. Likewise, the State's effective share of the LTDITF net OPEB liability was approximately $1.295 million at June 30, 2020 (or 65.80% of the total net LTDITF OPEB liability), with related OPEB expenses of approximately $5.378 million for the year ended June 30, 2020. 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 $187.569 million for SCRHITF and $1.516 million for LTDITF, for a total OPEB expense of $189.085 million for the year ended June 30, 2020. At June 30, 2020, 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	$ 109,409	$ 1,362	$ 110,771
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	59,285	2	59,287
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	3,667	10	3,677
Differences Between Expected and Actual Experience	36,912	—	36,912
Changes in Assumptions	207,431	205	207,636
Total	$ 416,704	$ 1,579	$ 418,283
Deferred Inflows of Resources			
Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Plan Contributions	$ 86,747	$ 73	$ 86,820
Differences Between Expected and Actual Experience	101,750	254	102,004
Changes in Assumptions	194,121	33	194,154
Total	$ 382,618	$ 360	$ 382,978

$110.771 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, 2021. Other amounts reported as deferred 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 against expenses as follows (expressed in thousands):

Year Ended June 30,	SCRHITF	LTDITF
2021	$ (14,825)	$ (28)
2022	(14,825)	(28)
2023	(14,825)	(28)
2024	(15,441)	(29)
2025	(16,417)	(32)
Thereafter	1,010	2
	$ (75,323)	$ (143)

The total OPEB liabilities in the June 30, 2018 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	2.75%, net of OPEB plan expense, including inflation	3.00%, net of OPEB plan expense, including inflation
Healthcare Cost Trend Rates	Initial trend starting at 6.40% 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 SCRHITF is 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%	0.60%	0.48%
Cash	20.0%	0.10%	0.02%
Total	**100.0%**		0.50%
Expected Inflation			2.25%
Total Return			**2.75%**
Investment Return Assumption			**2.75%**

The target allocation and best estimates of arithmetic real rates of return for LTDITF is 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%	0.95%	0.76%
Cash	20.0%	0.51%	0.10%
Total	**100.0%**		0.86%
Expected Inflation			2.25%
Total Return			**3.11%**
Investment Return Assumption			**3.00%**

The Single Discount Rate used to measure the total SCRHITF liability is 3.13% (updated from 3.62% in the 2019 fiscal year). This Single Discount Rate was based on an expected rate of return on plan investments of 2.75% and a municipal bond rate of 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 LTDITF liability is 3.04% (updated from 3.91% in the 2019 fiscal year). This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 3.13% (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 3.04%. 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 2039. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2039, 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 (2.13% for SCRHITF and 2.04% for LTDITF) or 1.00% higher (4.13% for SCRHITF and 4.04% for LTDITF) than the current discount rates:

Plan	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
SCRHITF	$ 3,716,259	$ 3,134,761	$ 2,667,995

Plan	1% Decrease (2.04%)	Current Discount Rate (3.04%)	1% Increase (4.04%)
LTDITF	$ 628	$ 365	$ 104

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 (5.40%) and one percent higher (7.40%):

Plan	1% Decrease (5.40%)	Current Healthcare Cost Trend Rate (6.40%)	1% Increase (7.40%)
SCRHITF	$ 2,558,278	$ 3,134,761	$ 3,885,536

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, 2020, for the OPEB plans administered by the Insurance Benefits Division were as follows:

	SCRHI	LTDI	Totals
Receivables:			
Accrued interest	**$ 8,108**	**$ 301**	**$ 8,409**
Due from other funds	**$ 80,282**	**$ —**	**$ 80,282**
Investments and invested securities lending collateral:			
Debt domestic instruments	$ 1,314,168	$ 35,124	$ 1,349,292
Financial paper	170,364	6,004	176,368
Invested securities lending collateral	6,988	672	7,660
Total investments	**$1,491,520**	**$ 41,800**	**$1,533,320**

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, 2020 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	$ 55,380	$ —	$ 55,380	$ —	$ 55,380	$ 52,375
Deferred amount on refunding	75,632	—	75,632	—	75,632	203,882
Asset retirement obligation	—	—	—	—	—	715,791
Pensions:						
State contributions subsequent to the measurement date	305,244	4,380	309,624	674	310,298	353,083
Change in proportion and differences between employer contributions and proportionate share of plan contributions	58,084	1,188	59,272	781	60,053	127,502
Net Differences between projected and actual earnings on pension plan investments	37,480	488	37,968	135	38,103	42,089
Differences between expected and actual experience	79,285	182	79,467	25	79,492	5,490
Changes in assumptions	96,831	1,296	98,127	316	98,443	98,046
OPEB:						
State contributions subsequent to the measurement date	108,729	1,768	110,497	274	110,771	162,261
Change in proportion and differences between employer contributions and proportionate share of plan contributions	58,243	565	58,808	479	59,287	79,231
Net Differences between projected and actual earnings on OPEB plan investments	3,606	56	3,662	15	3,677	5,211
Differences between expected and actual experience	36,198	567	36,765	147	36,912	47,829
Changes in assumptions	203,617	3,193	206,810	826	207,636	306,571
Total	$ 1,118,329	$ 13,683	$ 1,132,012	$ 3,672	$ 1,135,684	$ 2,199,361
Deferred Inflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ —	$ —	$ 2,494
Deferred gain on refunding	—	—	—	—	—	2,737
Deferred nuclear decommissioning costs	—	—	—	—	—	232,494
Deferred service concession arrangement receipts	—	—	—	—	—	1,173
Deferred nonexchange revenues	16,792	—	16,792	—	16,792	15,573
Toshiba Settlement	—	—	—	—	—	366,217
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	114,942	1,370	116,312	162	116,474	57,508
Net differences between projected and actual earnings on pension plan investments	—	101	101	—	101	—
Differences between expected and actual experience	32,337	415	32,752	108	32,860	35,736
Changes in Assumptions	—	—	—	—	—	57
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	85,479	1,259	86,738	82	86,820	57,995
Net differences between projected and actual earnings on pension and OPEB plan investments	—	—	—	—	—	10,400
Differences between expected and actual experience	100,178	1,420	101,598	406	102,004	132,733
Changes in assumptions	190,395	2,986	193,381	773	194,154	250,570
Total	$ 540,123	$ 7,551	$ 547,674	$ 1,531	$ 549,205	$ 1,165,687

Details of all enterprise fund deferred outflows of resources and deferred inflows of resources at June 30, 2020 are as follows (expressed in thousands):

	Canteen	Palmetto Railways	Other Enterprise	Total
Deferred Outflows of Resources				
Pensions:				
State contributions subsequent to the measurement date	$ 194	$ 418	$ 62	$ 674
Change in proportion and differences between employer contributions and proportionate share of plan contributions	41	727	13	781
Net Differences between projected and actual earnings on pension plan investments	25	102	8	135
Differences between expected and actual experience	13	8	4	25
Changes in assumptions	63	233	20	316
OPEB:				
State contributions subsequent to the measurement date	77	173	24	274
Change in proportion and differences between employer contributions and proportionate share of plan contributions	41	425	13	479
Net Differences between projected and actual earnings on OPEB plan investments	3	11	1	15
Differences between expected and actual experience	26	113	8	147
Changes in assumptions	144	636	46	826
Total	$ 627	$ 2,846	$ 199	$ 3,672
Deferred Inflows of Resources				
Pensions:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	$ 81	$ 55	$ 26	$ 162
Differences between expected and actual experience	19	83	6	108
OPEB:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	60	3	19	82
Differences between expected and actual experience	71	312	23	406
Changes in assumptions	135	595	43	773
Total	$ 366	$ 1,048	$ 117	$ 1,531

Details of all internal service fund deferred outflows of resources and deferred inflows of resources at June 30, 2020 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	$ 320	$ 1,116	$ 493	$ 1,813
Change in proportion and differences between employer contributions and proportionate share of plan contributions	213	448	7	384
Net Differences between projected and actual earnings on pension plan investments	44	127	—	234
Differences between expected and actual experience	3	10	4	122
Changes in assumptions	100	290	111	589
OPEB:				
State contributions subsequent to the measurement date	137	459	203	717
Change in proportion and differences between employer contributions and proportionate share of plan contributions	44	—	—	385
Net Differences between projected and actual earnings on OPEB plan investments	5	14	5	24
Differences between expected and actual experience	49	141	54	239
Changes in assumptions	278	791	305	1,345
Total	$ 1,193	$ 3,396	$ 1,182	$ 5,852
Deferred Inflows of Resources				
Pensions:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	$ 185	$ —	$ 159	$ 759
Net differences between projected and actual earnings on pension plan investments	—	—	101	—
Differences between expected and actual experience	36	103	40	174
OPEB:				
Change in proportion and differences between employer contributions and proportionate share of plan contributions	181	135	180	565
Differences between expected and actual experience	136	389	—	662
Changes in assumptions	260	741	285	1,258
Total	$ 798	$ 1,368	$ 765	$ 3,418

Motor Pool	Prison Industries	Other Internal Service	Total
$ 149	$ 463	$ 26	$ 4,380
32	98	6	1,188
20	59	4	488
10	31	2	182
48	150	8	1,296
59	183	10	1,768
32	98	6	565
2	6	—	56
20	61	3	567
111	344	19	3,193
$ 483	$ 1,493	$ 84	$ 13,683

$ 62	$ 194	$ 11	$ 1,370
—	—	—	101
14	45	3	415
46	144	8	1,259
54	169	10	1,420
103	321	18	2,986
$ 279	$ 873	$ 50	$ 7,551

Details of all discretely presented component units' deferred outflows of resources and deferred inflows of resources at June 30, 2020 are as follows (expressed in thousands):

	Public Service Authority	Medical University of South Carolina	University of South Carolina	Clemson University	State Ports Authority	Housing Authority
Deferred Outflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ 52,375	$ —	$ —	$ —	$ —	$ —
Deferred amount on refunding	124,301	27,083	18,500	4,134	26,765	—
Asset retirement obligation	715,791	—	—	—	—	—
Pensions:						
State contributions subsequent to the measurement date	9,428	117,520	70,761	49,174	9,185	1,183
Change in proportion and differences between employer contributions and proportionate share of plan contributions	200	37,215	22,469	29,154	12,600	170
Net Differences between projected and actual earnings on pension plan investments	2,631	11,457	8,927	5,989	1,049	129
Differences between expected and actual experience	1,202	1,163	1,022	652	86	10
Changes in assumptions	6,554	27,068	20,501	13,735	2,390	294
OPEB:						
State contributions subsequent to the measurement date	10,145	49,800	33,342	23,281	1,971	475
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	32,403	12,595	19,980	—	—
Net Differences between projected and actual earnings on OPEB plan investments	—	1,415	1,121	757	586	14
Differences between expected and actual experience	—	14,606	11,287	8,564	—	142
Changes in assumptions	38,239	82,101	63,427	42,792	3,842	796
Total	$ 960,866	$ 401,831	$ 263,952	$ 198,212	$ 58,474	$ 3,213
Deferred Inflows of Resources						
Accumulated increase in fair value of hedging derivatives	$ 2,494	$ —	$ —	$ —	$ —	$ —
Deferred gain on refunding	—	—	—	—	—	2,737
Deferred nuclear decommissioning costs	232,494	—	—	—	—	—
Deferred service concession arrangement receipts	—	—	—	—	—	—
Deferred nonexchange revenues	—	—	—	—	—	15,380
Toshiba Settlement	366,217	—	—	—	—	—
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	13,637	631	110	93	4	1,004
Differences between expected and actual experience	3,591	9,565	7,195	4,832	850	105
Changes in Assumptions	57	—	—	—	—	—
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	27	15,284	12	—	991
Net differences between projected and actual earnings on OPEB plan investments	315	—	—	—	—	—
Differences between expected and actual experience	11,222	40,319	31,157	21,995	—	391
Changes in assumptions	—	76,820	59,357	40,025	3,903	745
Total	$ 630,027	$ 127,362	$ 113,103	$ 66,957	$ 4,757	$ 21,353

Lottery Commission	Nonmajor Component Units	Total
$ —	$ —	$ 52,375
—	3,099	203,882
—	—	715,791
1,189	94,643	353,083
188	25,506	127,502
141	11,766	42,089
13	1,342	5,490
321	27,183	98,046
490	42,757	162,261
179	14,074	79,231
16	1,302	5,211
155	13,075	47,829
871	74,503	306,571
$ 3,563	$ 309,250	$ 2,199,361
$ —	$ —	$ 2,494
—	—	2,737
—	—	232,494
—	1,173	1,173
—	193	15,573
—	—	366,217
163	41,866	57,508
114	9,484	35,736
—	—	57
88	41,593	57,995
—	10,085	10,400
428	27,221	132,733
815	68,905	250,570
$ 1,608	$ 200,520	$ 1,165,687

Details of all nonmajor discretely presented component units' deferred outflows of resources and deferred inflows of resources at June 30, 2020 are as follows (expressed in thousands):

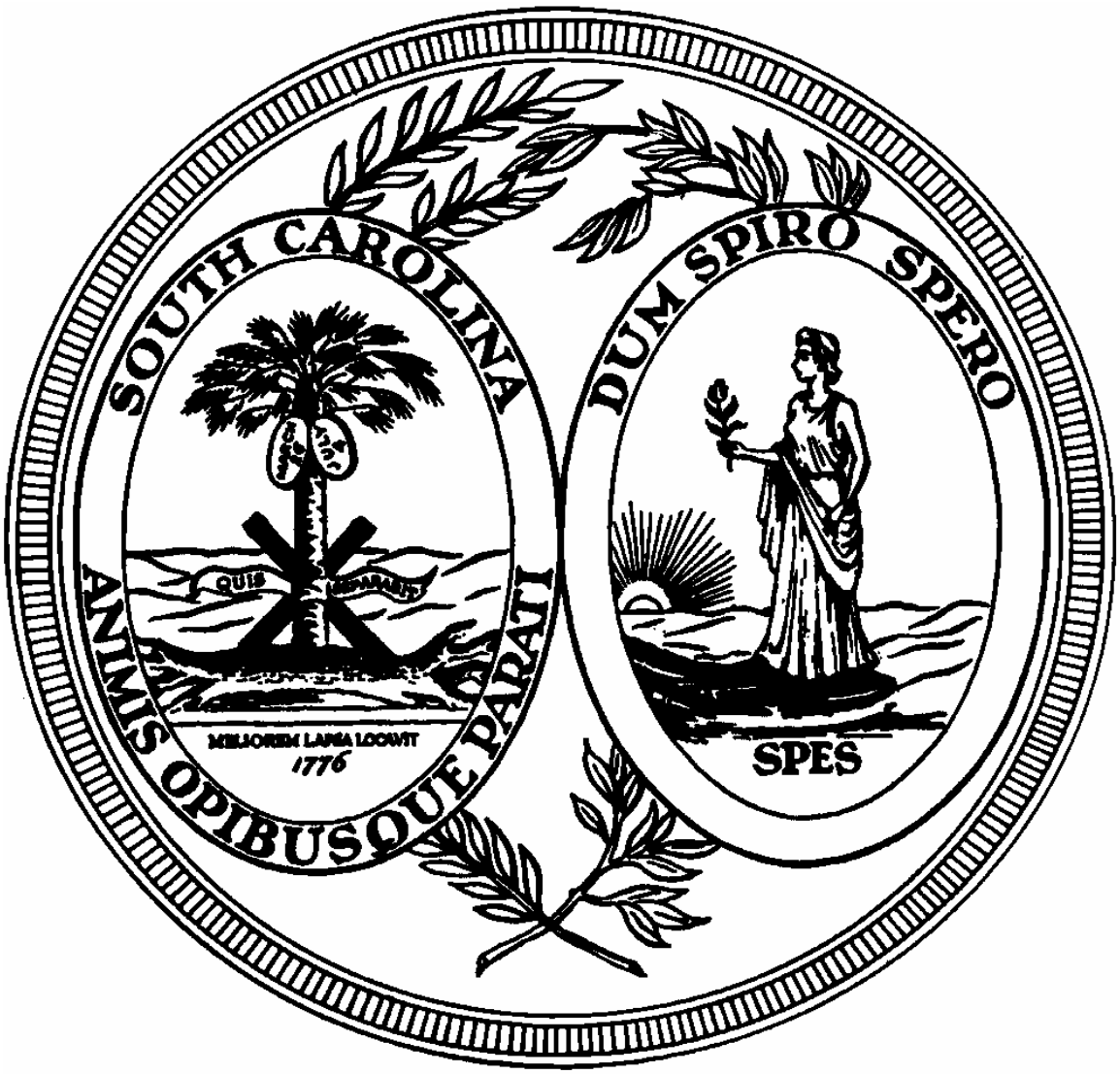
	The Citadel	Coastal Carolina University	College of Charleston	Francis Marion University	Lander University	South Carolina State University
Deferred Outflows of Resources						
Deferred amount on refunding	$ —	$ 322	$ 656	$ —	$ —	$ —
Pensions:						
State contributions subsequent to the measurement date	4,026	12,211	13,617	4,438	3,501	4,662
Change in proportion and differences between employer contributions and proportionate share of plan contributions	2,347	8,323	4,712	297	1,013	2,858
Net Differences between projected and actual earnings on pension plan investments	806	1,561	1,607	533	386	489
Differences between expected and actual experience	97	216	196	61	55	63
Changes in assumptions	1,853	3,606	3,698	1,224	892	1,292
OPEB:						
State contributions subsequent to the measurement date	3,145	6,160	5,936	2,068	1,493	1,827
Change in proportion and differences between employer contributions and proportionate share of plan contributions	1,701	3,781	2,412	—	3	2,129
Net Differences between projected and actual earnings on OPEB plan investments	—	—	471	65	104	56
Differences between expected and actual experience	98	1,948	2,093	654	461	561
Changes in assumptions	5,570	10,954	11,767	3,677	3,180	3,155
Total	$ 19,643	$ 49,082	$ 47,165	$ 13,017	$ 11,088	$ 17,092
Deferred Inflows of Resources						
Deferred service concession arrangement receipts	$ —	$ 30	$ 1,143	$ —	$ —	$ —
Deferred nonexchange revenues	—	172	—	—	—	—
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	163	319	1,395	460	28	4,497
Differences between expected and actual experience	649	1,253	1,294	430	309	393
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	2	4	2,712	974	59	919
Net differences between projected and actual earnings on OPEB plan investments	1,748	5,193	—	—	—	—
Differences between expected and actual experience	—	—	5,787	1,808	1,273	1,552
Changes in assumptions	5,210	10,245	11,006	3,439	2,488	2,950
Total	$ 7,772	$ 17,216	$ 23,337	$ 7,111	$ 4,157	$ 10,311

Winthrop University	Aiken Technical College	Central Carolina Technical College	Denmark Technical College
$ 1,306	$ —	$ —	$ —
6,453	1,091	2,116	475
964	121	285	—
798	145	256	63
86	11	23	7
1,830	331	584	144
3,071	513	880	205
—	—	220	—
100	17	28	7
1,005	168	279	68
5,655	944	1,566	382
$ 21,268	$ 3,341	$ 6,237	$ 1,351
$ —	$ —	$ —	$ —
21	—	—	—
4,936	576	232	2,004
644	118	207	51
8,280	695	291	1,850
—	—	—	—
2,781	464	770	188
5,289	883	1,465	357
$ 21,951	$ 2,736	$ 2,965	$ 4,450

	Florence-Darlington Technical College	Greenville Technical College	Horry-Georgetown Technical College	Technical College of the Lowcountry	Midlands Technical College	Northeastern Technical College
Deferred Outflows of Resources						
Deferred amount on refunding	$ 268	$ 370	$ —	$ —	$ 177	$ —
Pensions:						
State contributions subsequent to the measurement date	2,394	6,302	3,132	1,346	6,634	675
Change in proportion and differences between employer contributions and proportionate share of plan contributions	5	50	614	—	391	179
Net Differences between projected and actual earnings on pension plan investments	320	768	397	163	816	79
Differences between expected and actual experience	25	72	34	13	80	6
Changes in assumptions	727	1,754	906	370	1,867	180
OPEB:						
State contributions subsequent to the measurement date	1,110	2,561	1,454	568	2,783	285
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	—	642	—	—	256
Net Differences between projected and actual earnings on OPEB plan investments	36	88	—	18	90	9
Differences between expected and actual experience	359	882	455	181	905	87
Changes in assumptions	2,020	321	2,559	1,040	5,084	490
Total	$ 7,264	$ 13,168	$ 10,193	$ 3,699	$ 18,827	$ 2,246
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	3,761	4,337	71	691	5,769	300
Differences between expected and actual experience	259	621	322	132	660	64
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	3,969	4,275	1	461	6,166	192
Net differences between projected and actual earnings on OPEB plan investments	—	—	1,155	—	—	—
Differences between expected and actual experience	993	2,439	58	500	2,497	241
Changes in assumptions	1,889	—	2,393	974	4,758	458
Total	$ 10,871	$ 11,672	$ 4,000	$ 2,758	$ 19,850	$ 1,255

Orangeburg-Calhoun Technical College	Piedmont Technical College	Spartanburg Community College	Tri-County Technical College	Trident Technical College
$ —	$ —	$ —	$ —	$ —
1,638	2,782	2,995	3,281	6,734
17	533	334	895	—
202	319	355	380	814
26	35	34	46	106
465	732	812	875	1,877
669	1,153	1,199	1,333	2,638
—	793	747	718	—
22	—	—	43	91
217	350	397	433	910
1,220	1,966	2,230	2,436	5,113
$ 4,476	$ 8,663	$ 9,103	$ 10,440	$ 18,283
$ —	$ —	$ —	$ —	$ —
—	—	—	—	—
1,765	1,133	118	4	4,039
162	257	287	306	655
1,617	689	1	1	3,289
—	931	1,058	—	—
599	—	—	1,198	2,512
1,142	1,840	2,086	2,279	4,785
$ 5,285	$ 4,850	$ 3,550	$ 3,788	$ 15,280

	Williamsburg Technical College	York Technical College	South Carolina Jobs-Economic Development Authority	Patriot's Point Development Authority	South Carolina First Steps to School Readiness Board of Trustees	Total
Deferred Outflows of Resources						
Deferred amount on refunding	$ —	$ —	$ —	$ —	$ —	$ 3,099
Pensions:						
State contributions subsequent to the measurement date	512	2,545	45	614	424	94,643
Change in proportion and differences between employer contributions and proportionate share of plan contributions	296	394	69	171	638	25,506
Net Differences between projected and actual earnings on pension plan investments	65	315	5	75	49	11,766
Differences between expected and actual experience	7	33	—	6	4	1,342
Changes in assumptions	149	721	12	171	111	27,183
OPEB:						
State contributions subsequent to the measurement date	203	1,025	17	291	170	42,757
Change in proportion and differences between employer contributions and proportionate share of plan contributions	340	135	64	133	—	14,074
Net Differences between projected and actual earnings on OPEB plan investments	7	36	1	8	5	1,302
Differences between expected and actual experience	70	358	5	82	49	13,075
Changes in assumptions	392	2,015	31	460	276	74,503
Total	$ 2,041	$ 7,577	$ 249	$ 2,011	$ 1,726	$ 309,250
Deferred Inflows of Resources						
Deferred service concession arrangement receipts	$ —	$ —	$ —	$ —	$ —	$ 1,173
Deferred nonexchange revenues	—	—	—	—	—	193
Pensions:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	62	1,821	17	205	3,163	41,866
Differences between expected and actual experience	52	254	4	61	40	9,484
OPEB:						
Change in proportion and differences between employer contributions and proportionate share of plan contributions	—	1,670	14	242	3,220	41,593
Net differences between projected and actual earnings on OPEB plan investments	—	—	—	—	—	10,085
Differences between expected and actual experience	193	991	15	226	136	27,221
Changes in assumptions	367	1,885	29	430	258	68,905
Total	$ 674	$ 6,621	$ 79	$ 1,164	$ 6,817	$ 200,520


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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
2020	$ 320,641	$ 116,986	$ (102,857)	$ 334,770
2019	292,050	121,560	(92,969)	320,641

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, 2020 the IRF had no reinsurance recoverable receivables, but had expenses of $46.764 million in reinsurance premiums for the 2020 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
2020	$ 271,350	$ 2,785,395	$ (2,864,758)	$ 191,987
2019	246,713	2,650,592	(2,625,955)	271,350

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
2020	$ 210,990	$ 43,603	$ (51,825)	$ 202,768
2019	251,990	9,377	(50,377)	210,990

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, 2020 the Fund had a balance of $356 thousand in reinsurance recoverable receivables and had expenses of $2.610 million in reinsurance premiums for the 2020 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
2020	$ 22,470	$ 4,052	$ (4,826)	$ 21,696
2019	34,207	-	(11,737)	22,470

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 $300 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	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020	$ 53,032	$ -	$ (53,032)	$ -
2019	48,824	13,309	(9,101)	53,032

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
2020	$ 212,086	$ 1,477	$ (18,447)	$ 195,116
2019	222,937	12,080	(22,931)	212,086

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, 2020 for the primary government were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities
2021	$ 1,323
2022	587
2023	350
2024	134
2025	20
Total minimum payments	**2,414**
Less: interest and executory costs	(147)
Net minimum payments	**$ 2,267**

Assets under capital leases recorded in the accompanying government-wide statement of net position at June 30, 2020, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Governmental Activities
Machinery and equipment	$ 12,739
Assets acquired under capital leases before accumulated amortization	**12,739**
Less: accumulated amortization	(10,231)
Assets acquired under capital leases, net	**$ 2,508**

b. Operating Leases

For the primary government's fiscal year ended June 30, 2020, minimum rental payments under operating leases were $54.479 million and contingent rental payments were $8.052 million. The State's contingent rental payments are primarily for copiers, with expense being determined on a cost-per-copy basis.

At June 30, 2020, 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
2021	$ 29,578	$ 32	$ 29,610
2022	25,286	—	25,286
2023	19,662	—	19,662
2024	11,628	—	11,628
2025	11,064	—	11,064
2026-2030	14,933	—	14,933
2031-2035	737	—	737
2036-2040	—	—	—
Net minimum payments	**$ 112,888**	**$ 32**	**$ 112,920**

c. Facilities and Equipment Leased to Others

At June 30, 2020, State agencies within the primary government had leased to non-State parties certain land, facilities, or equipment having a cost of approximately $91.331 million and related accumulated depreciation of $29.393 million. Future minimum rental payments to be received at June 30, 2020, under these operating leases were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities
2021	$ 8,692
2022	7,809
2023	6,879
2024	5,157
2025	5,288
2026-2030	27,743
2031-2035	30,696
2036-2040	31,507
Total	**$ 123,771**

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, 2020, were (net of unamortized premiums/discounts, expressed in thousands):

Governmental Activities:	
State highway bonds, 4.00% to 5.00%, maturing serially through 2023	$ 69,852
Infrastructure Bank bonds, 2.50% to 5.00%, maturing serially through 2028	27,649
State economic development bonds, 2.00% to 5.00%, maturing serially through 2029	206,967
Research university infrastructure bonds, 3.00% to 5.00%, maturing serially through 2029	44,538
Air carrier hub terminal facilities bonds, 1.00% to 4.00%, maturing serially through 2025	19,741
Totals—primary government	**$ 368,747**

At June 30, 2020, $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, 2020, future debt service requirements for general obligation bonds for the primary government were (expressed in thousands):

	Governmental Activities	
Year Ending June 30	**Principal**	**Interest**
2021	$ 91,690	$ 12,230
2022	64,975	8,206
2023	46,080	5,314
2024	57,255	3,532
2025	36,265	1,993
2026-2029	30,640	2,485
Total debt service requirements	**326,905**	**$ 33,760**
Unamortized premiums	41,842	
Total principal outstanding	**$ 368,747**	

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, 2020, was $75.597 million for highway bonds, $485.168 million for general obligation bonds excluding institution and highway bonds, $39.734 million for economic development bonds, and $26.689 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, 2020, were (net of unamortized premiums/discounts, expressed in thousands):

	Bonds	Notes
Primary Government:		
Governmental Activities:		
Infrastructure Bank bonds, 0.40% to 5.25%, maturing serially through 2041	$ 1,558,524	$ —
Department of Mental Health bonds, 3.25% to 5.00%, maturing through 2038	38,704	—
Department of Transportation note, 3.04%, maturing through 2032	—	4,337
Department of Administration notes, 1.66% to 2.80%, maturing through 2023	—	10,643
Department of Education notes, 0.87% to 1.72%, maturing through 2025	—	21,001
Judicial Department note, 2.02%, maturing through 2021	—	1,018
Department of Corrections notes, 2.62% to 5.25%, maturing through 2024	—	546
Department of Probation, Parole and Pardon note, 1.81%, maturing through 2022	—	393
Department of Public Safety note, 1.87%, maturing through 2030	—	8,645
Department of Social Services note, 2.94%, maturing through 2024	—	5,587
InvestSC, Inc. notes, 7.25%, maturing through 2023	—	37,500
Totals—governmental activities	**1,597,228**	**89,670**
Business-Type Activities:		
Nonmajor enterprise fund bonds, 0.43%, maturing through 2038	$ 5,185	$ —
Palmetto Railways note, 4.28%, maturing through 2047	—	6,500
Totals—business-type activities	**5,185**	**6,500**
Totals—primary government	**$ 1,602,413**	**$ 96,170**

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, 2020, the Bank made variable bond interest payments of $5.449 million and fixed rate payments on the exchange agreement of $13.563 million. The Bank received variable swap payments on the exchange agreement of $3.907 million. The June 30, 2020 mark to market value of this swap was negative $1.541 million, representing a decrease in fair value of $107 thousand from the 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	$228.500 million
General purpose for the debt	Provide financial assistance for major transportation projects for DOT
Term of commitment	FY 2041
% of revenue stream pledged	69.70%
Pledged revenue recognized	$213.270 million
Principal & interest paid	$141.630 million

Debt Service Requirements

At June 30, 2020, 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**
2021	$ 107,386	$ 64,982	$ 195	$ 8
2022	108,841	59,304	205	7
2023	80,496	54,664	215	7
2024	66,876	50,631	225	7
2025	68,836	47,396	235	7
2026-2030	417,835	186,335	1,325	27
2031-2035	455,682	91,077	1,630	16
2036-2040	184,205	32,668	1,155	4
2041-2045	41,654	1,040	—	—
2046-2047	—	—	6,500	5,163
Total debt service requirements	**1,531,811**	**$ 588,097**	**11,685**	**$ 5,246**
Net unamortized premiums	155,087		—	
Total principal outstanding	**$ 1,686,898**		**$ 11,685**	

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, 2020, in governmental functions for these entities as follows (expressed in thousands):

	Amount
Transportation	$ 65,539
Total allocated interest expense	**$ 65,539**

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, 2020, the following outstanding bonds of the primary government were considered defeased (expressed in thousands):

	Governmental Activities
Economic Development bonds	$ 44,270
Tobacco Authority bonds	72,833
Totals	**$ 117,103**

On August 7, 2019, the Local Government Infrastructure Fund issued $179.030 million in revenue bonds with interest rates of 5.00% and at a premium of $43.973 million. The proceeds were used to defease $143.025 of Series 2012A revenue bonds and $62.525 million of Series 2012B revenue bonds on July 8, 2019. On that date, the Bank deposited $224.858 million of existing resources into an escrow account that purchased U.S. Treasurury notes with maturity dates that coincide with future maturities of the defeased bonds. The refunding reduced the Local Government Infrastructure Fund's total debt service payments by $42.491 million. This in-substance defeasance transaction resulted in a net present value savings of $35.391 million, or 17%.

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, 2020, there was no arbitrage rebate liability associated with the State's General Obligation Debt and a $319 thousand arbitrage rebate liability associated 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, 2020, the outstanding balance of bonds issued was $183.113 million.

NOTE 13: CHANGES IN LIABILITIES

Changes in major classes of long-term liabilities for the fiscal year ended June 30, 2020, were (expressed in thousands):

	Balances at July 1 , 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
Primary Government:					
Governmental Activities					
Policy claims	$ 825,451	$ 2,950,036	$ (3,024,266)	$ 751,221	$ 576,824
Notes payable	94,384	22,807	(27,521)	89,670	28,546
General obligation bonds payable	405,495	—	(78,590)	326,905	91,690
Unamortized discounts and premiums	52,060	—	(10,218)	41,842	—
Total general obligation bonds payable	457,555	—	(88,808)	368,747	91,690
Infrastructure Bank bonds payable	1,509,291	179,030	(280,140)	1,408,181	77,635
Unamortized discounts and premiums	135,716	43,973	(29,346)	150,343	—
Total Infrastructure Bank bonds	1,645,007	223,003	(309,486)	1,558,524	77,635
Revenue bonds payable	35,110	—	(1,150)	33,960	1,205
Unamortized discounts and premiums	4,854	—	(110)	4,744	—
Total revenue bonds payable	39,964	—	(1,260)	38,704	1,205
Capital leases payable	2,488	1,122	(1,343)	2,267	1,226
Compensated absences payable	204,096	130,808	(123,578)	211,326	112,611
Net pension liability	3,941,973	67,713	—	4,009,686	—
Net other post-employment benefit liability	2,953,257	169,396	—	3,122,653	—
Judgments and contingencies payable	1,523	2,713	(1,523)	2,713	2,713
Arbitrage payable	—	319	—	319	—
Total long-term liabilities	$ 10,165,698	$ 3,567,917	$ (3,577,785)	$ 10,155,830	$ 892,450

For compensated absences, the General Fund normally liquidates approximately 66%, Departmental Program Services approximately 18%, and the Department of Transportation Special Revenue approximately 14%. The remaining 2% is liquidated by other governmental funds and the internal service funds. The entire claims liability is reported in the internal service funds (See Note 10) and will be liquidated by those funds. The net and total pension and OPEB liabilities will be liquidated primarily from the General Fund, approximately 69%, with the remaining amounts from the Departmental Program Services Fund, Local Government Infrastructure Fund, Department of Transportation Special Revenue Fund, and internal service funds.

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
Primary Government:					
Business-type Activities					
Policy claims	$ 265,118	$ 1,477	$ (71,479)	$ 195,116	$ 21,152
Notes payable	6,500	—	—	6,500	—
Revenue bonds payable	5,375	—	(190)	5,185	195
Compensated absences payable	573	419	(436)	556	347
Net pension liability	15,033	—	(59)	14,974	—
Net other post-employment benefit liability	11,995	479	(1)	12,473	—
Total long-term liabilities	$ 304,594	$ 2,375	$ (72,165)	$ 234,804	$ 21,694

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, 2020, the amounts constrained within the fund balance in governmental funds (expressed in thousands) were as follows:

	General Fund	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	38,476	37,548	—	6,547	—	82,571
Prepaid items	11,852	2,779	—	5,866	99	20,596
Other assets	120	—	—	203	—	323
Long-term loans and notes receivable	27,683	—	—	—	—	27,683
Endowments	—	—	—	—	11,763	11,763
Total Non-spendable	129,273	40,327	—	12,616	11,862	194,078
Restricted:						
Primary and Secondary Education	60,226	15,689	—	—	157,014	232,929
Health, Human Services and Environment	328,060	509,013	—	—	86,238	923,311
Transportation	—	9,524	1,423,681	600,244	—	2,033,449
Debt Service	—	—	867,776	—	—	867,776
Waste management	—	—	—	—	183,531	183,531
General Government	534,938	2,220,024	—	—	157,496	2,912,458
Total Restricted	923,224	2,754,250	2,291,457	600,244	584,279	7,153,454
Committed:						
General Government	442,965	20,997	—	368,958	205,633	1,038,553
Primary and Secondary Education	7,969	—	—	—	—	7,969
Health, Human Services and Environment	56,335	24	—	—	3,279	59,638
Total Committed	507,269	21,021	—	368,958	208,912	1,106,160
Assigned:						
Capital projects fund	—	—	—	—	153,123	153,123
Primary and Secondary Education	12,416	55	—	—	—	12,471
Health, Human Services and Environment	93,274	184,010	—	—	—	277,284
General Government	110,211	5,889	—	—	3,449	119,549
Administration of Justice	15,663	4,343	—	—	—	20,006
Economic Development	9,461	928	—	—	—	10,389
Transportation	304	—	—	—	—	304
Social Programs	22,559	—	—	—	—	22,559
Total Assigned	263,888	195,225	—	—	156,572	615,685
Unassigned	5,162,015	(2,577,316)	—	—	—	2,584,699
Total Fund Balances	**$ 6,985,669**	**$ 433,507**	**$ 2,291,457**	**$ 981,818**	**$ 961,625**	**$ 11,654,076**

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.

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.

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 use 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

Capital Projects

The fund balance reported in this category arises primarily from budgetary proviso actions and from contracts between the State and vendors for services and construction provided. The resources will be expended over the life of the construction.

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

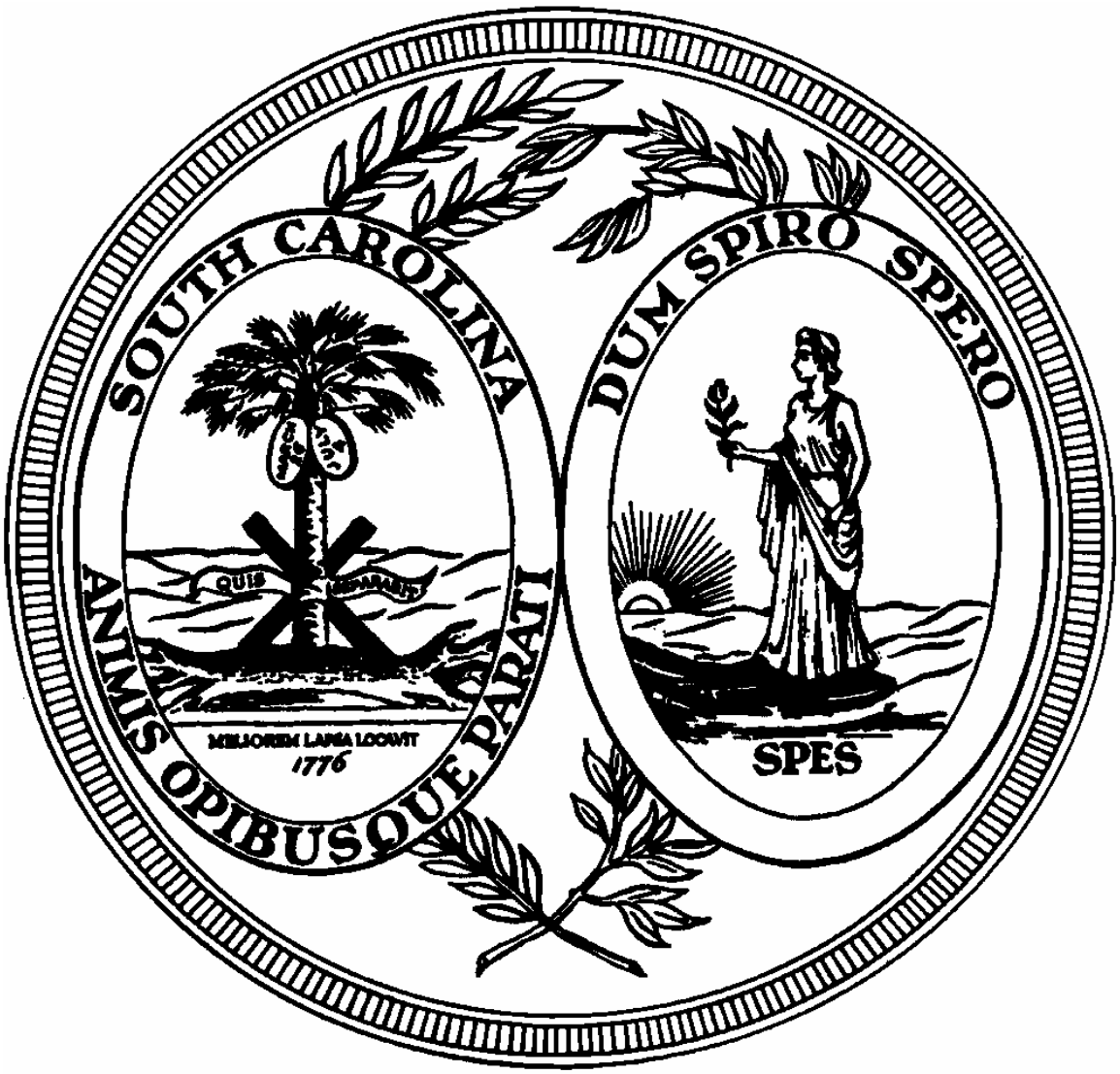
Amounts reported in this category primarily arise through contractual agreements between state agencies that cooperate in the provision of social programs to the citizens of the State.

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 which aids in preventing year-end deficits in the Budgetary General Fund.

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 of the latest completed fiscal year, if so much is necessary, be restored each year following the deficit until full funding is achieved.

The Reserve is fully funded when it equals 5 percent of the Budgetary General Fund's revenue of the previous fiscal year. At June 30, 2020, the Reserve met the legally-required fully funded amount.


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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):

	7/1/2019 Fund Equity as Previously Reported	Adjustments	7/1/2019 Fund Equity as Restated
Primary Government			
Governmental Funds:			
General Fund	$ 5,649,070	$ —	$ 5,649,070
Departmental Program Services	493,415	—	493,415
Local Government Infrastructure	2,205,051	—	2,205,051
Department of Transportation Special Revenue	862,480	—	862,480
Other Nonmajor Governmental Funds	899,268	—	899,268
Total Governmental Funds	10,109,284	—	10,109,284
Internal Service Funds	726,608	—	726,608
Government-wide:			
Capital assets	18,072,151	—	18,072,151
Net deferred outflows and inflows	599,781	—	599,781
Long-term liabilities	(9,453,140)	—	(9,453,140)
Total Government-wide	9,218,792	—	9,218,792
Total Governmental Activities	20,054,684	—	20,054,684
Business-type Activities - Enterprise Funds:			
Unemployment Compensation Fund	1,180,013	—	1,180,013
Second Injury Fund	45,998	—	45,998
Other nonmajor enterprise funds	134,109	—	134,109
Total Business-type Activities - Enterprise Funds	1,360,120	—	1,360,120
Total Primary Government	$ 21,414,804	$ —	$ 21,414,804
Component Units			
Public Service Authority	$ 2,262,440	$ —	$ 2,262,440
MUSC	(37,597)	—	(37,597)
USC	436,238	—	436,238
Clemson University	931,344	—	931,344
State Ports Authority	856,501	—	856,501
Housing Authority	457,902	—	457,902
Lottery Commission	875	—	875
Nonmajor component units	754,863	(4,022)	750,841
Total Component Units	$ 5,662,566	$ (4,022)	$ 5,658,544

During the year ended June 30, 2020, the management of the South Carolina Medical Malpractice Liability Insurance Joint Underwriting Fund (a nonmajor discretely presented component unit) 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, 2020 (expressed in thousands):

Funds	Due From	Due To
General Fund		
Departmental Program Services	$ 242,614	$ 83,056
Local Government Infrastructure	38	25,374
Department of Transportation Special Revenue Fund	2,798	89,313
Nonmajor governmental funds	81,093	5,230
Internal service	2,339	30,065
Unemployment Compensation	19,970	—
Nonmajor enterprise funds	574	6
Fiduciary	78,975	1,376
	428,401	234,420
Departmental Program Services		
General Fund	83,056	242,614
Nonmajor governmental funds	—	1,152
Internal service	864	3,959
Unemployment Compensation	—	500,000
Nonmajor enterprise funds	—	7
Fiduciary	7,379	1,087
	91,299	748,819
Local Government Infrastructure		
General Fund	25,374	38
Department of Transportation Special Revenue Fund	2,144	—
	27,518	38
Department of Transportation Special Revenue Fund		
General Fund	89,313	2,798
Local Government Infrastructure	—	2,144
Fiduciary	—	13,939
	89,313	18,881
Nonmajor Governmental Funds		
General Fund	5,230	81,093
Departmental Program Services	1,152	—
Internal service	302	413
Fiduciary	165	25,456
	6,849	106,962
Internal Service		
General Fund	30,065	2,339
Departmental Program Services	3,959	864
Nonmajor governmental funds	413	302
Internal service	232	232
Nonmajor enterprise funds	1	—
Fiduciary	—	2
	34,670	3,739
Unemployment Compensation		
General Fund	—	19,970
Departmental Program Services	500,000	—
	500,000	19,970
Nonmajor Enterprise Funds		
General Fund	6	574
Departmental Program Services	7	—
Internal service	—	1
	13	575
Fiduciary		
General Fund	1,376	78,975
Department of Transportation Special Revenue	1,087	7,379
Department of Transportation Special Revenue Fund	13,939	—
Nonmajor governmental funds	25,456	165
Internal service	2	—
Fiduciary	80,426	80,426
	122,286	166,945
Totals	**$ 1,300,349**	**$ 1,300,349**

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	—	1,550
Local Government Infrastructure			
Department of Transportation Special Revenue	132,927	—	132,907
Department of Transportation Special Revenue Fund			
Local Government Infrastructure	—	132,927	—
Nonmajor Enterprise Funds			
General Fund	—	51,000	—
Internal Service			
General Fund	—	142	—
Totals	**$ 185,619**	**$ 185,619**	**$ 134,599**

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:

- $132.927 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 will mature on June 30, 2021.

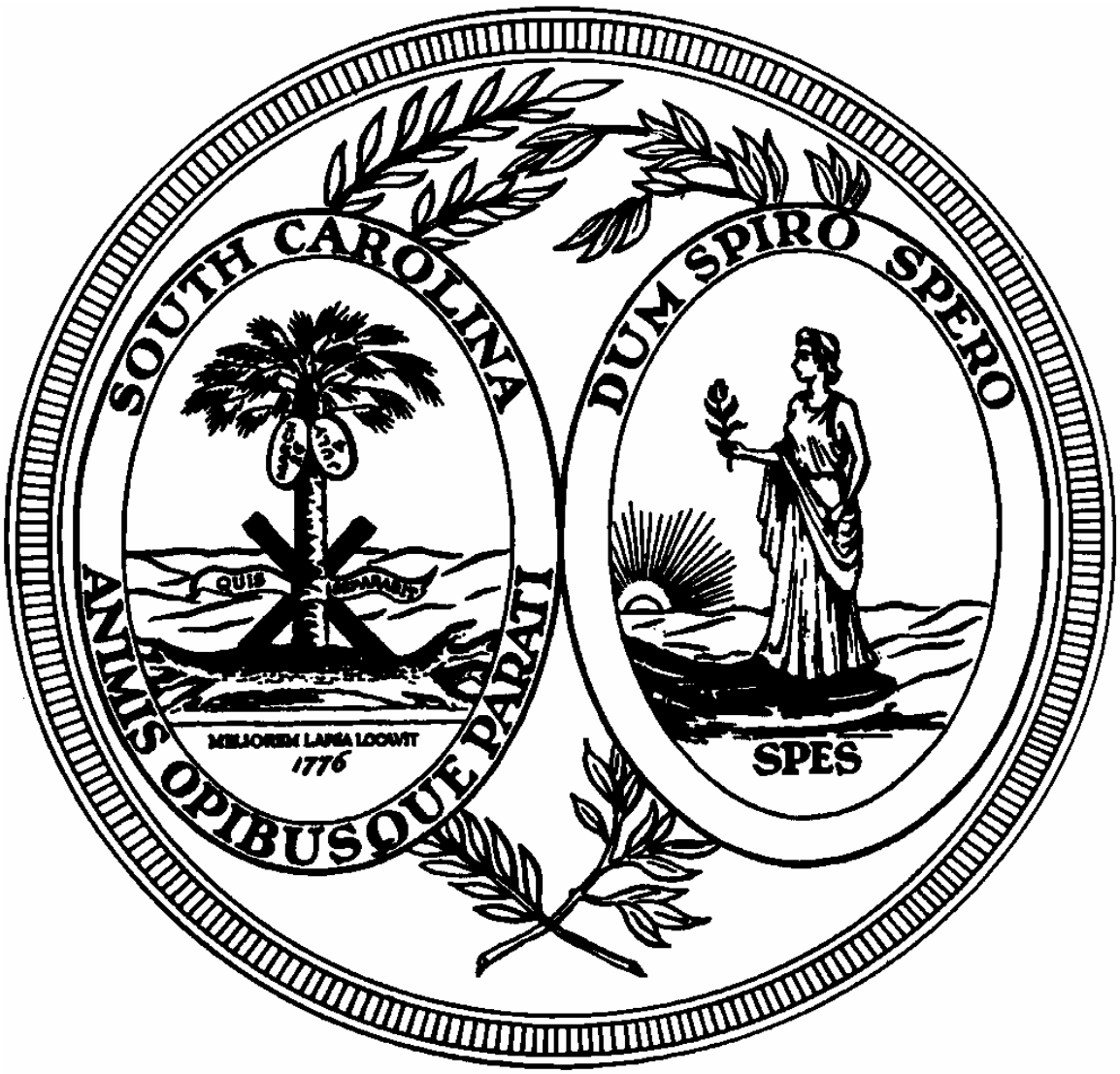
The following table summarizes interfund transfers during the fiscal year ended June 30, 2020 (expressed in thousands):

Funds	Transfers In	Transfers Out
General Fund		
Departmental Program Services	$ 92,723	$ 19,791
Local Government Infrastructure	—	6,166
Department of Transportation	3,564	5,912
Nonmajor governmental funds	55,883	242,532
Unemployment Compensation Benefits	22,302	—
Nonmajor enterprise funds	3,539	67
Internal service	1,285	4,202
	179,296	278,670
Departmental Program Services		
General Fund	19,791	92,723
Nonmajor governmental funds	8,869	2,000
Unemployment Compensation Benefits	—	500,000
Second Injury	225	—
Internal service	6,464	745
	35,349	595,468
Local Government Infrastructure		
General Fund	6,166	—
	6,166	—
Department of Transportation		
General Fund	5,912	3,564
	5,912	3,564
Nonmajor Governmental Funds		
General Fund	242,532	55,883
Departmental Program Services	2,000	8,869
Nonmajor governmental funds	74,018	74,018
Nonmajor enterprise funds	1,700	27
Internal Service	1,617	718
	321,867	139,515
Unemployment Compensation Benefits		
General Fund	—	22,302
Departmental Program Services	500,000	—
	500,000	22,302
Second Injury Fund		
Departmental Program Services	—	225
Nonmajor Enterprise Funds		
General Fund	67	3,539
Nonmajor governmental funds	27	1,700
	94	5,239
Internal Service		
General Fund	4,202	1,285
Department Program Services	745	6,464
Nonmajor governmental funds	718	1,617
Internal Service	2,281	2,281
	7,946	11,647
Totals	**$ 1,056,630**	**$ 1,056,630**

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, 2020 (expressed in thousands):

Funds	Due From	Due To
General Fund		
USC	$ —	$ 37
Clemson University	—	7,967
Housing Authority	—	1,493
Ports Authority	50,000	—
Nonmajor discretely presented component units	4,826	703
	54,826	10,200
Departmental Program Services		
MUSC	—	14,848
USC	—	1,534
Clemson University	—	649
Nonmajor discretely presented component units	—	2,014
	—	19,045
Department of Transportation Special Revenue Fund		
Nonmajor discretely presented component units	82	—
Nonmajor Governmental Funds		
Lottery Commission	26,991	—
Nonmajor discretely presented component units	8,368	8,383
	35,359	8,383
Internal Service		
USC	6,486	—
Clemson University	5,116	—
Nonmajor discretely presented component units	5,996	—
	17,598	—
Governmental activities total	**107,865**	**37,628**
MUSC		
Departmental Program Services	14,848	—
USC		
General Fund	37	—
Departmental Program Services	1,534	—
Nonmajor governmental funds	—	—
Internal service	—	6,486
	1,571	6,486
Clemson University		
General Fund	7,967	—
Departmental Program Services	649	—
Internal service	—	5,116
	8,616	5,116
Housing Authority		
General Fund	1,493	—
Ports Authority		
General Fund	—	50,000
Lottery Commission		
Departmental Program Services	—	26,991
Nonmajor Discretely Presented Component Units		
General Fund	703	4,826
Departmental Program Services	2,014	—
Department of Transportation Special Revenue Fund	—	82
Nonmajor governmental funds	8,383	8,368
Internal service	—	5,996
	11,100	19,272
Discretely presented component units total	**37,628**	**107,865**
Totals	**$ 145,493**	**$ 145,493**


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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, 2020, the Educational Television Endowment of South Carolina, Inc., disbursed $7.177 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 $184 thousand at June 30, 2020.

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, 2020, the Authority entered into various transactions with SLC. Approximate amounts within the Authority that represent these transactions include: accounts receivable from SLC $72.500 million; program revenue from SLC $1.809 million; reimbursements to SLC for administrative costs $362 thousand; and payable to SLC $599 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 subsequently ruled in favor of Kiawah and OCRM appealed. 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 $20.1 million and $16.9 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, 2020, or earlier years will not have a material impact on the State's financial statements.

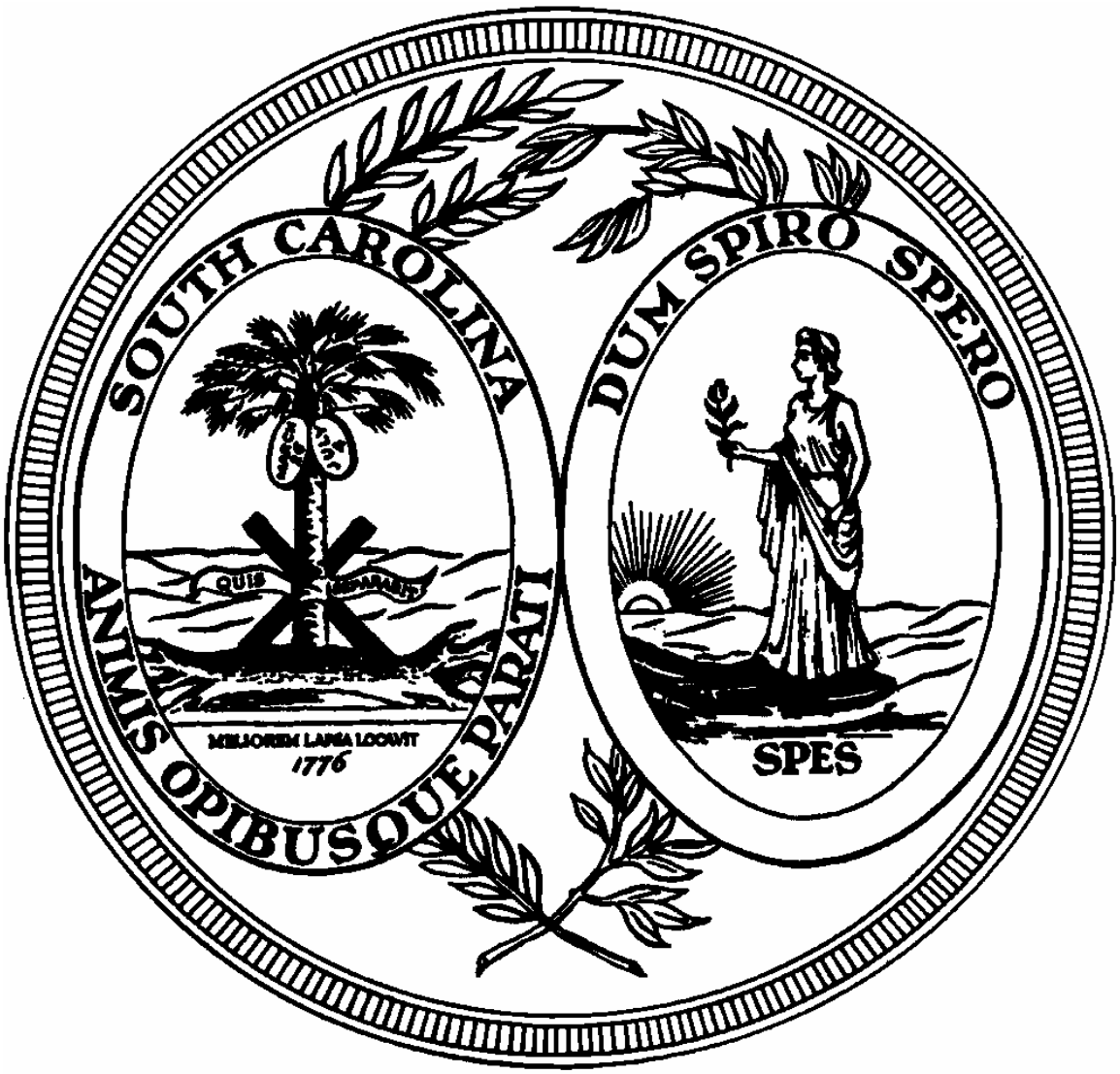
c. Commitments to Provide Grants and Other Financial Assistance

As of June 30, 2020, 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 $881.000 million remaining on agreements with various counties to provide financial assistance for highway and transportation facilities projects.
- The Department of Commerce has $194.110 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, $34.341 million will be funded by federal grants.
- The Office of Regulatory Staff has $3.287 million for energy efficiency improvement projects. Federal grants will fund $3.287 million of this commitment.
- The Division of Aeronautics has $4.951 million for grants made to municipal and county airports for capital improvements.
- The State Board for Technical and Comprehensive Education has $20.685 million to provide training for new and expanding business and industry in the State.
- The Department of Public Safety has $5.923 million for pass-through grants to various local governments and not-for-profit entities, of which $5.923 million will be funded by federal grants.
- The South Carolina Law Enforcement Division has $3.568 million for grant program activities and pass-through grants to subrecipients, of which $3.568 million will be funded by federal grants.
- The South Carolina Judicial Department has $4.609 million outstanding commitments related to vendor service contracts.
- The South Carolina Attorney General's Office has $20.413 million for pass-through grants to subrecipients, of which $20.273 million will be funded by federal grants.
- The South Carolina Department of Revenue has $15.231 million outstanding commitments for vendor contracts related to services for paper check and return processing.
- The Rural Infrastructure Authority has $306.646 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 $27.801 million will be funded by federal grants.
- The Department of Health and Environmental Control has $3.419 million in outstanding commitments for interim remediation and site cleanup of which $410 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 2021 in maintaining these sites is $8.274 million. The Pinewood Site is $3.981 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 2020, the budgeted $3.981 million operating funds have been placed in care of the trustee. The balances in these two accounts at June 30, 2020 were $3.448 million for capital improvements and $3.445 million for operating expenditures.


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NOTE 19: DISCRETELY PRESENTED COMPONENT UNITS

a. Deposits and Investments

Deposits

As of June 30, 2020, the reported amount of the major discretely presented component units' deposits was $882.901 million and the bank balance was $904.705 million. Of the $795.362 million bank balance exposed to custodial credit risk, $193.723 million was uninsured and uncollateralized, $81.502 million was uninsured and collateralized with securities held by the pledging financial institution, and $520.137 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 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, 2020 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments			
U.S. treasuries	$ 88,908	$ 51,922	$ 36,986
U.S. agencies	608,432	8,402	600,030
Mortgage backed obligations	17,663	17,663	—
Common stock	495,789	495,789	—
Other equity securities	475,750	126,721	349,029
Corporate bonds	89,977	38,378	51,599
Repurchase agreements	100,000	—	100,000
Muncipal bonds	—	—	—
Asset backed securities	—	—	—
Commercial paper	26,410	—	26,410
Money market mutual funds	98,890	98,890	—
Bond mutual funds	183,734	107,262	76,472
Guaranteed investment contracts	—	—	—
Other	637,012	341,418	12,406
Total Investments at Fair Value	$ 2,822,565	$ 1,286,445	$ 1,252,932

Investments measured at the net asset value (NAV)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private partnership - equity (1)	$ 80,243	$ 59,870	N/A	N/A
Private partnership - real assets (1)	17,842	27,417	N/A	N/A
Hedge funds (1)	119,934	—	Monthly to Annually	33-95 days
Hedge funds (2)	35,944	—	Monthly to Annually	30-90 days
Private Equity Partnerships (3)	—	—	—	—
Equity long/short hedge funds (4)	6,721	—	Quarterly	5 days
Multi-strategy hedge funds (5)	10,316	—	Monthly	30 days
Partnerships (6)	88,264	24,400	Monthly - No Liquidity	7 days
Hedge Funds (7)	188,959	600	Monthly - No Liquidity	3 days
Total investments measured at the NAV	$ 548,223	$ 112,287		
Total investments measured at fair value	$ 3,370,788	$ 1,398,732		

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	(8,870)	—	(8,870)
Total investment derivative instruments	$ (8,870)	$ —	$ (8,870)

Total Invested Assets	$ 3,461,918

(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, 2020, as follows:

Investment Type	Category A	Category B	Reported Amount
U.S. treasuries	$ 11,499	$ —	$ 88,908
U.S. agencies	—	125,714	608,432
Mortgage backed obligations	—	575	17,663
Common stock	—	51,945	495,789
Other equity securities	17,636	1,962	475,750
Corporate bonds	—	41,708	89,977
Repurchase agreements	—	—	—
Asset backed securities	—	—	—
Commercial paper	—	—	26,410
Money market mutual funds	29,980	4,553	98,890
Bond mutual funds	43,205	29,132	183,734
Other	8,487	270,421	637,012
Totals	**$110,807**	**$526,010**	**$ 2,822,565**

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	$ 600,030	$ —	$ —	$ —	$ —	$ 8,402
Mortgage backed obligations	—	—	—	—	—	17,663
Corporate bonds	21,030	14,596	21,667	10,065	—	22,619
Repurchase agreements	100,000	—	—	—	—	—
Commercial paper	—	—	26,410	—	—	—
Money market mutual funds	4,996	—	—	—	—	93,894
Mutual bond funds	—	835	—	—	—	—
Bond mutual funds	—	—	—	—	—	182,899
Other	—	—	—	—	1,284	573,448
Totals	**$ 726,056**	**$ 15,431**	**$ 48,077**	**$ 10,065**	**$ 1,284**	**$ 898,925**

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, 2020, 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	Does Not Mature	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 88,908	$ —	$ 26,593	$ 40,423	$ —	$ 21,892
U.S. agencies	608,432	—	122,436	248,980	36,140	200,876
Mortgage backed obligations	17,663	—	—	17,117	—	546
Common Stock	495,789	495,789	—	—	—	—
Other equity securities	475,750	474,913	—	—	689	148
Corporate bonds	89,977	—	9,113	57,933	20,917	2,014
Repurchase agreements	100,000	—	100,000	—	—	—
Asset backed securities	—	—	—	—	—	—
Commercial paper	26,410	—	26,410	—	—	—
Money market mutual funds	98,890	86,843	12,047	—	—	—
Bond mutual funds	183,734	182,899	835	—	—	—
Other	637,012	345,727	218,020	73,265	—	—
Totals	**$ 2,822,565**	**$ 1,586,171**	**$ 515,454**	**$ 437,718**	**$ 57,746**	**$ 225,476**

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, 2020, 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, 2020. At June 30, 2020, 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, 2020, 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, 2020, 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, 2020, 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, 2020:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 3,318
Total securities lent for cash collateral	**$ 3,318**
Cash collateral invested as follows:	
Repurchase agreements	$ 26,338
Total for cash collateral invested	**$ 26,338**
Securities received as collateral:	
U.S. treasuries	$ 26,338
Total for securities collateral invested	**$ 26,338**

At June 30, 2020, the fair value of securities on loan was $3.318 million. The fair value of the invested cash collateral was $26.338 million. Securities lending obligations were $26.338 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, 2019	Increases	Decreases	Ending Balances December 31, 2019
Public Service Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 183,776	$ 1,266	$ (1,897)	$ 183,145
Construction in progress	1,017,170	240,510	(755,029)	502,651
Total capital assets not being depreciated	1,200,946	241,776	(756,926)	685,796
Capital assets being depreciated:				
Buildings and improvements (utility plant)	7,590,678	736,366	(42,226)	8,284,818
Vehicles	69,671	8,377	(5,270)	72,778
Machinery and equipment	50,443	5,965	(1,942)	54,466
Intangibles	83,941	519	(255)	84,205
Total capital assets being depreciated	7,794,733	751,227	(49,693)	8,496,267
Less accumulated depreciation for:				
Buildings and improvements (utility plant)	(3,796,067)	(137,217)	16,572	(3,916,712)
Vehicles	(34,537)	(4,390)	5,322	(33,605)
Machinery and equipment	(31,593)	(6,175)	4,484	(33,284)
Intangibles	(76,598)	(1,471)	—	(78,069)
Total accumulated depreciation	(3,938,795)	(149,253)	26,378	(4,061,670)
Total capital assets being depreciated, net	3,855,938	601,974	(23,315)	4,434,597
Public Service Authority, net	**$ 5,056,884**	**$ 843,750**	**$ (780,241)**	**$ 5,120,393**

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
State Ports Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 374,214	$ 5,622	$ (5,495)	$ 374,341
Construction in progress	520,588	280,434	(185,421)	615,601
Total capital assets not being depreciated	894,802	286,056	(190,916)	989,942
Capital assets being depreciated:				
Land improvements	421,651	41,826	—	463,477
Buildings and improvements	449,776	55,417	(7,059)	498,134
Machinery and equipment	222,058	75,708	(1,081)	296,685
Intangibles	52	2,163	(25)	2,190
Total capital assets being depreciated	1,093,537	175,114	(8,165)	1,260,486
Less accumulated depreciation for:				
Land improvements	(238,271)	(23,279)	—	(261,550)
Buildings and improvements	(211,947)	(15,789)	5,409	(222,327)
Machinery and equipment	(149,880)	(15,746)	1,080	(164,546)
Intangibles	(219)	(630)	—	(849)
Total accumulated depreciation	(600,317)	(55,444)	6,489	(649,272)
Total capital assets being depreciated, net	493,220	119,670	(1,676)	611,214
State Ports Authority, net	**$ 1,388,022**	**$ 405,726**	**$ (192,592)**	**$ 1,601,156**

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Clemson University:				
Capital assets not being depreciated:				
Land and improvements	$ 43,344	$ 370	$ (380)	$ 43,334
Construction in progress	109,127	104,581	(43,410)	170,298
Total capital assets not being depreciated	152,471	104,951	(43,790)	213,632
Capital assets being depreciated:				
Buildings and improvements	1,523,220	38,595	(851)	1,560,964
Vehicles	19,764	1,848	(876)	20,736
Machinery and equipment	456,559	26,579	(9,803)	473,335
Intangibles	24,283	—	—	24,283
Total capital assets being depreciated	2,023,826	67,022	(11,530)	2,079,318
Less accumulated depreciation for:				
Buildings and improvements	(464,915)	(36,910)	660	(501,165)
Vehicles	(14,201)	(1,767)	877	(15,091)
Machinery and equipment	(262,060)	(27,996)	8,339	(281,717)
Intangibles	(24,272)	(12)	—	(24,284)
Total accumulated depreciation	(765,448)	(66,685)	9,876	(822,257)
Total capital assets being depreciated, net	1,258,378	337	(1,654)	1,257,061
Clemson University, net	**$ 1,410,849**	**$ 105,288**	**$ (45,444)**	**$ 1,470,693**

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Medical University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 115,001	$ 16,280	$ (3,275)	$ 128,006
Construction in progress	383,645	154,989	(495,621)	43,013
Works of art and historical treasures	1,730	—	—	1,730
Total capital assets not being depreciated	500,376	171,269	(498,896)	172,749
Capital assets being depreciated:				
Land improvements	13,331	—	—	13,331
Buildings and improvements	1,769,326	377,010	—	2,146,336
Vehicles	6,514	1,389	(138)	7,765
Machinery and equipment	476,999	83,824	(10,680)	550,143
Intangibles	70,500	18,878	—	89,378
Total capital assets being depreciated	2,336,670	481,101	(10,818)	2,806,953
Less accumulated depreciation for:				
Land improvements	(9,009)	(405)	—	(9,414)
Buildings and improvements	(924,848)	(81,121)	2,498	(1,003,471)
Vehicles	(3,437)	(861)	138	(4,160)
Machinery and equipment	(321,405)	(45,868)	16,018	(351,255)
Intangibles	(63,737)	(6,142)	—	(69,879)
Total accumulated depreciation	(1,322,436)	(134,397)	18,654	(1,438,179)
Total capital assets being depreciated, net	1,014,234	346,704	7,836	1,368,774
MUSC, net	**$ 1,514,610**	**$ 517,973**	**$ (491,060)**	**$ 1,541,523**

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 94,045	$ —	$ —	$ 94,045
Construction in progress	40,932	47,257	(61,729)	26,460
Works of art and historical treasures	46,624	1,684	—	48,308
Total capital assets not being depreciated	181,601	48,941	(61,729)	168,813
Capital assets being depreciated:				
Land improvements	110,488	—	—	110,488
Buildings and improvements	1,903,061	64,534	—	1,967,595
Vehicles	15,770	740	(676)	15,834
Machinery and equipment	210,455	16,128	(3,850)	222,733
Intangibles	90,900	1,350	(116)	92,134
Total capital assets being depreciated	2,330,674	82,752	(4,642)	2,408,784
Less accumulated depreciation for:				
Land improvements	(48,384)	(4,172)	—	(52,556)
Buildings and improvements	(803,113)	(47,356)	—	(850,469)
Vehicles	(11,903)	(1,218)	675	(12,446)
Machinery and equipment	(148,488)	(13,846)	3,009	(159,325)
Intangibles	(37,331)	(11,278)	2	(48,607)
Total accumulated depreciation	(1,049,219)	(77,870)	3,686	(1,123,403)
Total capital assets being depreciated, net	1,281,455	4,882	(956)	1,285,381
USC, net	**$ 1,463,056**	**$ 53,823**	**$ (62,685)**	**$ 1,454,194**

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Lottery Commission:				
Capital assets being depreciated:				
Buildings and improvements	$ 1,316	$ —	$ —	$ 1,316
Vehicles	411	29	—	440
Machinery and equipment	3,498	408	—	3,906
Intangibles	556	—	—	556
Total capital assets being depreciated	5,781	437	—	6,218
Less accumulated depreciation for:				
Buildings and improvements	(1,301)	—	—	(1,301)
Vehicles	(244)	(26)	—	(270)
Machinery and equipment	(3,348)	(214)	—	(3,562)
Intangibles	(505)	(51)	—	(556)
Total accumulated depreciation	(5,398)	(291)	—	(5,689)
Total capital assets being depreciated, net	383	146	—	529
Lottery Commission, net	**$ 383**	**$ 146**	**$ —**	**$ 529**

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Housing Authority:				
Capital assets being depreciated:				
Machinery and equipment	$ 1,801	$ 935	$ —	$ 2,736
Total capital assets being depreciated	1,801	935	—	2,736
Less accumulated depreciation for:				
Machinery and equipment	(1,177)	(217)	—	(1,394)
Total accumulated depreciation	(1,177)	(217)	—	(1,394)
Total capital assets being depreciated, net	624	718	—	1,342
Housing Authority, net	**$ 624**	**$ 718**	**$ —**	**$ 1,342**

During the fiscal year ended June 30, 2020, depreciation expense was charged to the major discretely presented component units as follows (expressed in thousands):

	Depreciation Expense
Public Service Authority	$ 149,253
State Ports Authority	55,444
MUSC	134,397
USC	77,870
Clemson University	66,685
Lottery Commission	291
Housing Authority	217

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

	Outstanding Construction Commitments
Public Service Authority	$ 85,239
State Ports Authority	268,100
MUSC	27,818
USC	152,875
Clemson University	41,525

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
USC	$ 7,367
Clemson University	5,452

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 appropriate modifiers of 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
2019	$ 56,923	$ 15,427	$ (12,409)	$ 59,941
2018	59,246	9,888	(12,211)	56,923

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 2019. 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 $50.000 million. Also a $1.400 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2019, 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, 2019. There have been no third-party claims for environmental damages for 2019.

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 $13.936 billion by the Price-Anderson Indemnification Act. The $13.936 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 $7.600 million for the primary policy, $3.700 million for the excess policy and $1.900 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, 2019.

The State reports all 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
2019	$ 1,075	$ 5,486	$ (3,871)	$ 2,690
2018	1,680	1,796	(2,401)	1,075

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, 2020 for the State's discretely presented component units were as follows (expressed in thousands):

Fiscal Year Ending June 30	Clemson University	MUSC	USC
2021	$ 1,004	$ 12,013	$ 440
2022	988	10,819	430
2023	781	10,287	393
2024	663	10,143	256
2025	574	6,948	72
2026-2030	2,872	32,888	—
2031-2035	2,872	20,869	—
2036-2040	1,554	14,348	—
2041	—	—	—
Total minimum payments	**11,308**	**118,315**	**1,591**
Less: interest and executory costs	(165)	(42,083)	(197)
Net minimum payments	**$ 11,143**	**$ 76,232**	**$ 1,394**

Assets under capital leases recorded for the State's discretely presented component units at June 30, 2020, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Clemson University	MUSC	USC
Land and non-depreciable improvements	$ —	$ —	$ —
Buildings and improvements	14,300	57,265	—
Machinery and equipment	1,761	46,516	1,917
Assets acquired under capital leases before accumulated amortization	**16,061**	**103,781**	**1,917**
Less: accumulated amortization	(4,647)	(24,630)	(564)
Assets acquired under capital leases, net	**$ 11,414**	**$ 79,151**	**$ 1,353**

Operating Leases

The State Ports Authority had minimum rental payments under operating leases which totaled $2.379 million for the fiscal year. The Housing Authority had minimum rental payments under operating leases for the fiscal year which totaled $98 thousand. The Lottery Commission had minimum rental payments under operating leases for the fiscal year which totaled

$610 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 $19.493 million. USC had minimum rental payments under operating leases for the fiscal year which totaled $11.906 million.

At June 30, 2020, 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
2020	$ 103
Net minimum payments	**$ 103**

Fiscal Year Ending June 30	Housing Authority	Clemson University	MUSC	USC	Lottery Commission
2021	$ 360	$ 3,663	$ 32,066	$ 10,746	$ 582
2022	370	2,201	27,819	10,553	593
2023	378	1,404	23,293	9,980	605
2024	127	650	18,549	9,785	616
2025	—	194	14,304	2,829	—
2026-2030	—	1	39,068	11,529	—
2031-2035	—	—	13,989	8,251	—
2036-2040	—	—	634	159	—
Net minimum payments	**$ 1,235**	**$ 8,113**	**$ 169,722**	**$ 63,832**	**$ 2,396**

Facilities and Equipment Leased to Others

At June 30, 2020, the State Ports Authority had leased to non-State parties certain land and facilities having a cost of approximately $50.055 million and related accumulated depreciation of $29.610 million. Also, at June 30, 2020, MUSC had leased to non-State parties certain land and facilities having a cost of approximately $1.371 million and related accumulated depreciation of $910 thousand. Future minimum rental payments to be received at June 30, 2020, under these operating leases were as follows (expressed in thousands):

Fiscal Year Ending June 30	State Ports Authority	MUSC
2021	$ 2,548	$ 9
2022	2,484	—
2023	1,337	—
2024	1,234	—
2025	1,217	—
2026-2030	5,905	—
2031-2035	5,507	—
2036-2040	5,629	—
2041-2045	5,937	—
Thereafter	1,782	—
Total	**$ 33,580**	**$ 9**

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, 2020, were (net of unamortized premiums/discounts, expressed in thousands):

Clemson University institution bonds, 2.00% to 5.00%, maturing serially through 2039	$ 220,541
University of South Carolina institution bonds, 2.50% to 5.00%, maturing serially through 2037	156,749
Medical University of South Carolina institution bonds, 2.50% to 5.00%, maturing serially through 2036	37,176

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**
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	1,210
2024	11,875	6,245	2,835	1,090
2025	12,470	5,651	2,095	969
2026-2030	70,995	19,309	12,075	3,265
2031-2035	56,410	7,066	8,675	979
2036-2039	15,080	672	1,595	48
Total debt service requirements	**$ 199,360**	**$ 60,944**	**$ 35,095**	**$ 10,365**
Unamortized premiums	21,181		2,081	
Total principal outstanding	**$ 220,541**		**$ 37,176**	

	University of South Carolina	
Year Ending June 30	**Principal**	**Interest**
2021	$ 12,335	$ 6,122
2022	12,940	5,505
2023	11,165	4,858
2024	10,540	4,333
2025	10,610	3,818
2026-2030	43,485	12,094
2031-2035	36,550	4,220
2036-2038	5,395	243
Total debt service requirements	**$ 143,020**	**$ 41,193**
Unamortized premiums	13,729	
Total principal outstanding	**$ 156,749**	

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 $456.280 million were outstanding at June 30, 2020.

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, 2020 and December 31, 2019 (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	$ 6,990,415	$ —
Clemson University bonds, 2.00% to 5.00%, maturing serially through 2046	420,020	—
University of South Carolina bonds and notes, 1.00% to 5.00%, maturing serially through 2047	446,742	1,344
Medical University of South Carolina bonds and notes, 2.25% to 5.29%, maturing serially through 2037	852,598	79,496
State Ports Authority bonds and notes, 2.06% to 5.25%, maturing serially through 2056	1,108,834	211,359
State Housing Authority bonds, 0.85% to 5.50%, maturing serially through 2048	636,747	—

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, 2020 is $56.885 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, 2020 was 0.12%. The fair value of this swap, estimated using the zero-coupon method, was negative $8.870 million as of June 30, 2020. The negative fair value of the cash flow hedge swap has been recorded on the statement of net position. The increase in the fair value of the cash flow hedge swap from June 30, 2019 of $4.522 million is recognized as an investment loss in these financial statements.

As of June 30, 2020, 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
2021	$ 2,925	$ 332	$ 1,068	$ 4,325
2022	2,525	317	1,018	3,860
2023	2,600	300	967	3,867
2024	2,635	284	915	3,834
2025	2,745	267	860	3,872
2026-2030	14,905	1,066	3,432	19,403
2031-2035	17,100	568	1,829	19,497
2036-2040	11,450	72	231	11,753
Totals.....	**$ 56,885**	**$ 3,206**	**$ 10,320**	**$ 70,411**

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, 2020 were $36.558 million and $15.668 million. The swap contracts expire on July 1, 2026.

In addition, the Authority entered 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, 2020.

As of June 30, 2020, the swaps had a fair value of $0. The unrealized loss related to these swap agreements recorded at June 30, 2020 is $301.287 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, 2019, the carrying value of the Public Service Authority's debt was $6.543 billion while the fair value was approximately $7.500 billion. At June 30, 2020, the carrying value of the State Ports Authority debt was $1.296 million while the fair value was approximately $1.270 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**
2020	$ 89,285	$ 323,216
2021	186,555	319,612
2022	109,516	310,750
2023	297,976	305,789
2024	127,761	296,317
2025-2029	627,429	1,401,823
2030-2034	760,353	1,250,948
2035-2039	899,090	1,044,823
2040-2044	902,021	836,776
2045-2049	1,332,191	543,563
2050-2054	1,141,505	213,966
2055-2056	158,415	9,904
Total debt service requirements	**$ 6,632,097**	**$ 6,857,487**
Unamortized discounts and premiums	358,318	
Total principal outstanding	**$ 6,990,415**	

	State Ports Authority		State Housing Authority	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ 15,625	$ 49,549	$ 11,690	$ 19,979
2022	15,149	49,136	20,455	20,215
2023	35,383	48,263	21,265	19,629
2024	18,776	47,296	21,940	18,993
2025	78,634	46,449	22,190	18,311
2026-2030	63,458	218,672	93,560	82,627
2031-2035	189,014	191,992	91,695	68,013
2036-2040	127,646	157,482	79,650	53,579
2041-2045	156,214	125,845	67,400	40,742
2046-2050	191,610	89,723	141,570	29,055
2051-2055	233,935	47,409	43,000	860
2056-2060	117,095	9,360	—	—
Total debt service requirements	**$ 1,242,539**	**$ 1,081,176**	**$ 614,415**	**$ 372,003**
Unamortized premiums and discounts	77,654		22,332	
Total principal outstanding	**$ 1,320,193**		**$ 636,747**	

Year Ending June 30	Clemson University Principal	Clemson University Interest	University of South Carolina Principal	University of South Carolina Interest
2021	$ 11,040	$ 15,956	$ 16,692	$ 18,398
2022	11,675	15,447	16,532	17,622
2023	12,210	14,946	17,338	16,809
2024	12,880	14,385	17,824	15,953
2025	13,500	13,761	18,704	15,072
2026-2030	61,150	60,026	96,849	61,581
2031-2035	72,010	47,151	103,805	37,628
2036-2040	85,835	33,335	70,985	15,754
2041-2045	104,015	15,137	26,575	4,065
2046-2047	12,640	515	4,845	292
Total debt service requirements	**$ 396,955**	**$ 230,659**	**$ 390,149**	**$ 203,174**
Unamortized discounts and premiums	23,065		57,937	
Total principal outstanding.....	**$ 420,020**		**$ 448,086**	

Year Ending June 30	Medical University of South Carolina Principal	Medical University of South Carolina Interest
2021	$ 42,961	$ 29,439
2022	44,806	29,077
2023	46,943	26,478
2024	79,978	24,247
2025	70,603	22,864
2026-2030	230,146	86,533
2031-2035	192,163	50,365
2036-2040	117,908	27,753
2041-2044	105,246	7,899
Total debt service requirements	**$ 930,754**	**$ 304,655**
Unamortized discounts and premiums	1,340	
Total principal outstanding.....	**$ 932,094**	

Bond Anticipation Notes

At June 30, 2020, 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, 2019, $248.957 million of bonds associated with the Public Service Authority were considered defeased. Also, at June 30, 2020, $50.610 million of bonds associated with Clemson University 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, 2020, the outstanding balance of bonds issued was $248.250 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, 2020, the outstanding balance of bonds issued after June 30, 1995, was $4.430 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, 2020 are reported as notes payable. Other relevant information regarding these accounts is provided below.

The Public Service Authority has recorded a $142.351 million liability for commercial paper notes at its fiscal year ended December 31, 2019. The paper is issued for valid corporate purposes with terms not to exceed 270 days. The Authority has an $250.000 million revolving credit agreement to support the issuance of commercial paper. There were no borrowings under the agreement during 2019.

The Medical University Hospital Authority (MUHA), a discretely presented component unit of MUSC, renewed its revenue anticipation notes (RANs) A, B, and C totaling $120.000 million on April 1, 2020 at an interest rate of 3.36% with maturity dates of October 23, 2020. RANs B and C were renewed in anticipation of lost revenues due to the COVID-19 Pandemic.

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, 2020, the University of South Carolina Educational Foundation has an outstanding balance of $2.780 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, 2019	Increases	Decreases	Balances at December 31, 2019	Amounts Due Within One Year
Public Service Authority					
Policy claims	$ 1,075	$ 5,486	$ (3,871)	$ 2,690	$ 2,690
Revenue bonds payable	7,032,130	191,460	(591,493)	6,632,097	89,285
Unamortized discounts and premiums	386,877	—	(28,559)	358,318	—
Total revenue bonds payable	7,419,007	191,460	(620,052)	6,990,415	89,285
Compensated absences payable	17,941	3,681	(2,713)	18,909	—
Net pension liability	338,128	—	(11,829)	326,299	—
Net OPEB liability	172,774	13,940	—	186,714	—
Total long-term liabilities	$ 7,948,925	$ 214,567	$ (638,465)	$ 7,525,027	$ 91,975

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
State Ports Authority					
Notes payable	$ 217,980	$ 82,933	$ (89,554)	$ 211,359	$ 9,300
Revenue bonds payable	619,025	656,910	(244,755)	1,031,180	6,325
Unamortized discounts and premiums	57,845	41,469	(21,660)	77,654	—
Total revenue bonds payable	676,870	698,379	(266,415)	1,108,834	6,325
Compensated absences payable	1,986	95	(43)	2,038	2,038
Net pension liability	105,681	12,648	—	118,329	—
Net OPEB liability	54,530	—	6,287	60,817	—
Total long-term liabilities	$ 1,057,047	$ 794,055	$ (349,725)	$ 1,501,377	$ 17,663

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
Housing Authority					
Revenue bonds payable	$ 386,420	$ 299,750	$ (71,755)	$ 614,415	$ 11,690
Unamortized discounts and premiums	11,970	12,069	(1,707)	22,332	—
Total revenue bonds payable	398,390	311,819	(73,462)	636,747	11,690
Compensated absences payable	725	945	(841)	829	661
Net pension liability	15,308	—	(734)	14,574	—
Net OPEB liability	12,061	—	(35)	12,026	—
Total long-term liabilities	$ 426,484	$ 312,764	$ (75,072)	$ 664,176	$ 12,351

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
Clemson University					
General obligation bonds payable	$ 209,600	$ —	$ (10,240)	$ 199,360	$ 10,450
Unamortized discounts and premiums	22,662	—	(1,481)	21,181	—
Total general obligation bonds payable	232,262	—	(11,721)	220,541	10,450
Revenue bonds payable	408,200	—	(11,245)	396,955	11,040
Unamortized discounts and premiums	24,234	—	(1,169)	23,065	—
Total revenue bonds	432,434	—	(12,414)	420,020	11,040
Capital leases payable	11,688	370	(915)	11,143	933
Compensated absences payable	28,356	14,670	(11,583)	31,443	15,487
Net pension liability	638,845	33,469	—	672,314	—
Net OPEB liability	588,163	58,162	—	646,325	—
Total long-term liabilities	$ 1,931,748	$ 106,671	$ (36,633)	$ 2,001,786	$ 37,910

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
Medical University of South Carolina					
Notes payable	$ 212,392	$ 882	$ (133,778)	$ 79,496	$ 3,823
General obligation bonds payable	39,340	—	(4,245)	35,095	2,485
Unamortized discounts and premiums	2,441	—	(360)	2,081	—
Total general obligation bonds payable	41,781	—	(4,605)	37,176	2,485
Revenue bonds payable	671,230	215,816	(35,788)	851,258	39,138
Unamortized discounts and premiums	1,599	—	(259)	1,340	—
Total revenue bonds	672,829	215,816	(36,047)	852,598	39,138
Capital leases payable	75,549	11,446	(10,763)	76,232	75,869
Compensated absences payable	33,730	26,154	(23,598)	36,286	19,917
Net pension liability	1,277,564	53,555	—	1,331,119	—
Net OPEB liability	1,131,966	70,501	—	1,202,467	—
Total long-term liabilities	$ 3,445,811	$ 378,354	$ (208,791)	$ 3,615,374	$ 141,232

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
Lottery Commission					
Compensated absences payable	$ 827	$ 666	$ (490)	$ 1,003	$ 596
Net pension liability	15,287	—	558	15,845	—
Net OPEB liability	12,142	1,024	—	13,166	—
Total long-term liabilities	$ 28,256	$ 1,690	$ 68	$ 30,014	$ 596

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
University of South Carolina					
Notes payable	$ 2,314	$ —	$ (970)	$ 1,344	$ 982
General obligation bonds payable	154,920	—	(11,900)	143,020	12,335
Unamortized discounts and premiums	15,290	—	(1,561)	13,729	—
Total general obligation bonds payable	170,210	—	(13,461)	156,749	12,335
Revenue bonds payable	405,750	—	(16,945)	388,805	15,710
Unamortized discounts and premiums	61,122	—	(3,185)	57,937	—
Total revenue bonds	466,872	—	(20,130)	446,742	15,710
Capital leases payable	975	766	(347)	1,394	355
Compensated absences payable	32,815	33,577	(30,305)	36,087	32,478
Net pension liability	977,324	23,762	—	1,001,086	—
Net OPEB liability	914,954	43,575	—	958,529	—
Total long-term liabilities	$ 2,565,464	$ 101,680	$ (65,213)	$ 2,601,931	$ 61,860

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, 2020 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, 2019	Increases	Decreases	Balances at December 31, 2019
Public Service Authority				
Commercial paper notes	$ 173,898	$ 19,774	$ (51,321)	$ 142,351

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Medical University of South Carolina				
Revenue anticipation notes	$ 120,000	$ 65,000	$ (65,000)	$ 120,000

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
University of South Carolina				
Line of credit	$ 6,713	$ 2,780	$ (6,713)	$ 2,780

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, 2019, the trade guarantees are an amount not to exceed approximately $72.400 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 2016 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 $415.100 million in 2016 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 projects. 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 $17.500 million during the Authority's fiscal year ended December 31, 2019.

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, 2020.

Clemson University provided computer services and information systems development to other State agencies for a fee. These fees totaled $296 thousand and $34.861 million for the fiscal year ended June 30, 2020.

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, 2019, as follows (expressed in thousands):

Customer	Revenue	Revenue
Central Electric Power Cooperative, Inc	$ 994,000	59%

No other customer accounted for more than 10% of the Authority's sales.

State Ports Authority

During the fiscal year ended June 30, 2020, of the State Ports Authority's total revenues, three customers accounted for approximately 18%, 12%, and 11% 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 were held on February 19, 2020. The Ports Authority filed a reconsideration, which was denied, and the case has been remitted back to the ALC for a merit hearing. The effect of these administrative permit cases on the financial position of the Ports Authority cannot be determined at this time.

Purchase Commitments – Public Service Authority

At December 31, 2019, the Public Service Authority, a major discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling $280.053 million for coal. In addition, at December 31, 2019, the Authority had commitments for nuclear fuel and nuclear fuel conversion contracts of $124.400 million over the next fourteen years.

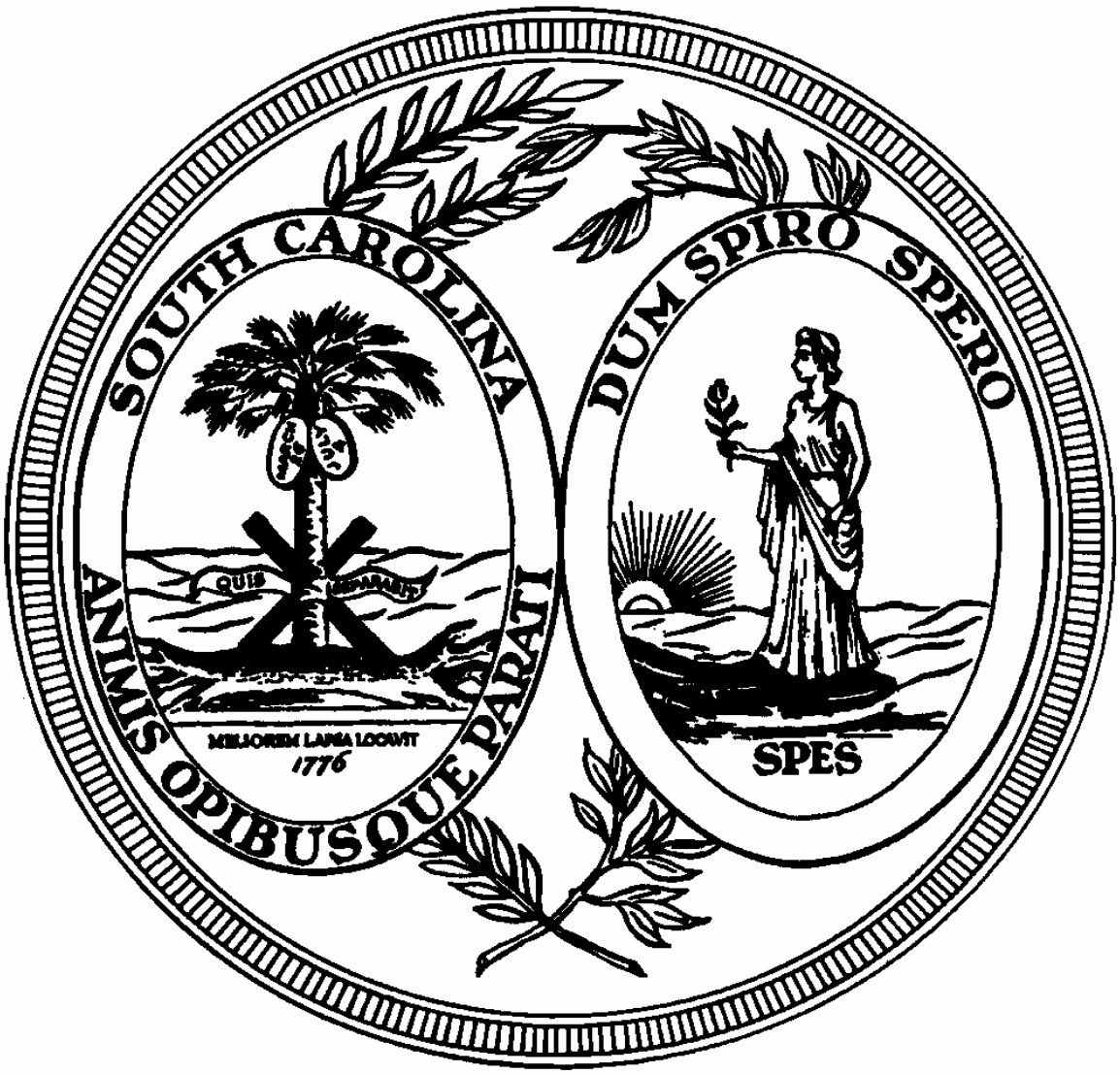
The Authority amended a service agreement to an approximate amount of $64.900 million. The agreement provides unplanned maintenance coverage, rotor replacement and auxiliary parts replacement in addition to a contract performance manager, initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines. The contract term extends through 2028.

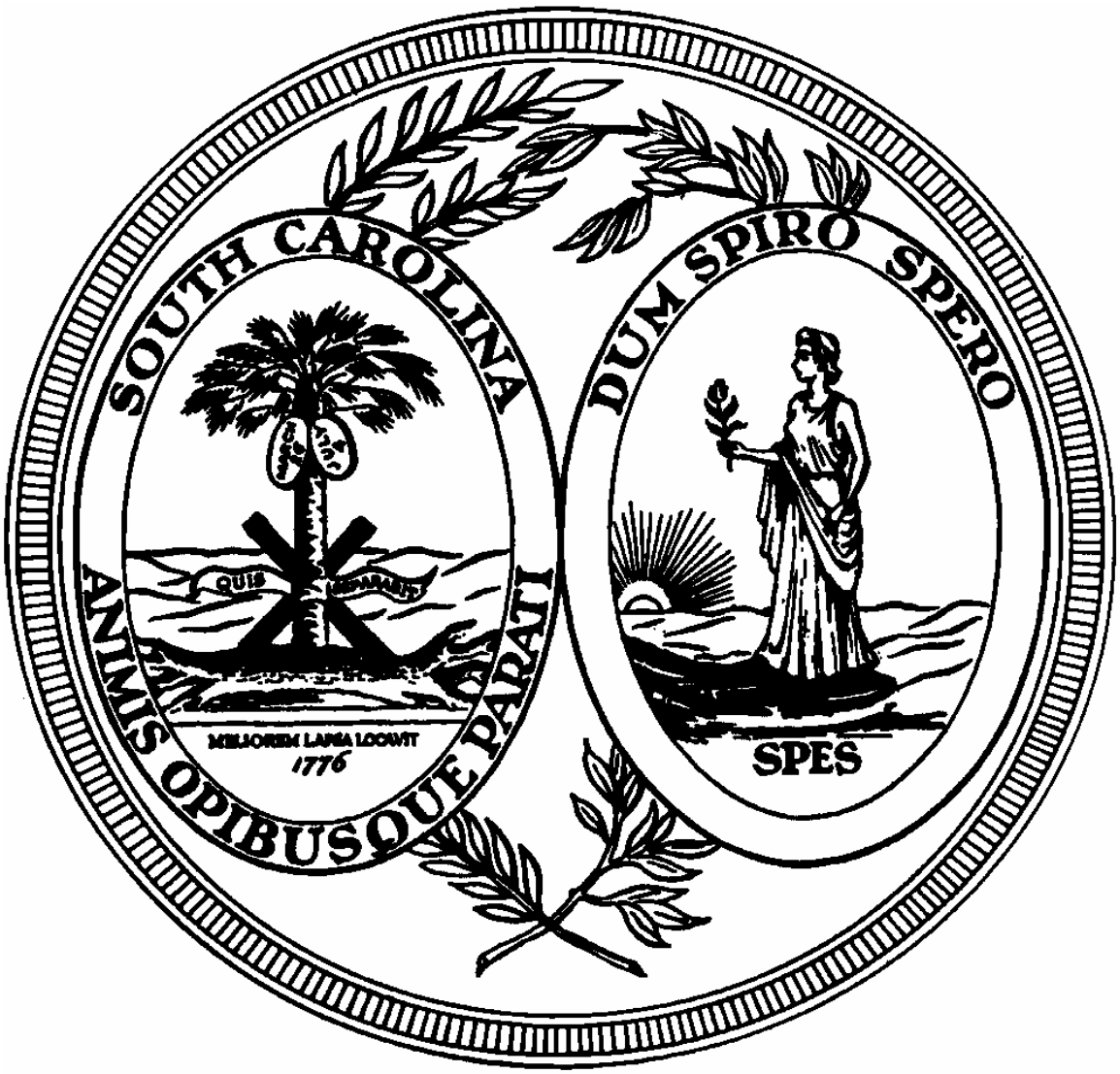
Purchase Commitments – Ports Authority

At June 30, 2020, the Ports Authority had construction commitments of approximately $268.100 million and non-construction commitments for property, plant and equipment of approximately $604 thousand. The Ports Authority recorded a liability of approximately $3.900 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 $3.096 million from the Housing Trust Fund for affordable housing projects and developments as of June 30, 2020.


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


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NOTE 20: COVID-19 PANDEMIC

The 2019 Novel Coronavirus (or "COVID-19") has adversely affected, and may continue to adversely affect, economic activity globally, nationally and locally.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The extent of the impact of the outbreak on the State's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, severity of the impact on the State's economy, and governmental, regulatory, and private sector responses. The full extent of the economic uncertainty caused by COVID-19 on the State's financial statements in future periods is not yet determinable.

To respond to this pandemic, the State has kept its State budget at fiscal year 2020 spending levels and will continually monitor its fiscal year 2021 budget to ensure that the State's expenditures do not outpace its revenues. Furthermore, the State received $1.905 billion in federal funding related to fighting the COVID-19 Pandemic during fiscal year 2020. Of the $1.905 billion received, $663.970 million was recognized with corresponding expenditures in the fiscal year ended June 30, 2020 and the remaining $1.241 billion was classified as unearned revenue. The State plans to expend the remaining $1.241 billion in its fiscal year ended June 30, 2021.

In addition, for the period from July 1, 2020 through November 11, 2020, the State's Unemployment Compensation Fund processed $1.841 billion of unemployment related benefits of which $1.425 billion were funded federally by the programs for Federal Pandemic Unemployment Compensation (FPUC), Pandemic Unemployment Assistance, Pandemic Emergency Unemployment Assistance, Extended Benefits, and Lost Wage Assistance. The claims not funded by these programs were funded with the cash held by the Unemployment Compensation Fund. Additionally, in fiscal year 2020, the State of South Carolina awarded the Agency a Coronavirus Relief Fund Grant of $500.000 million to supplement the Unemployment Compensation Fund cash balances.

NOTE 21: SUBSEQUENT EVENTS

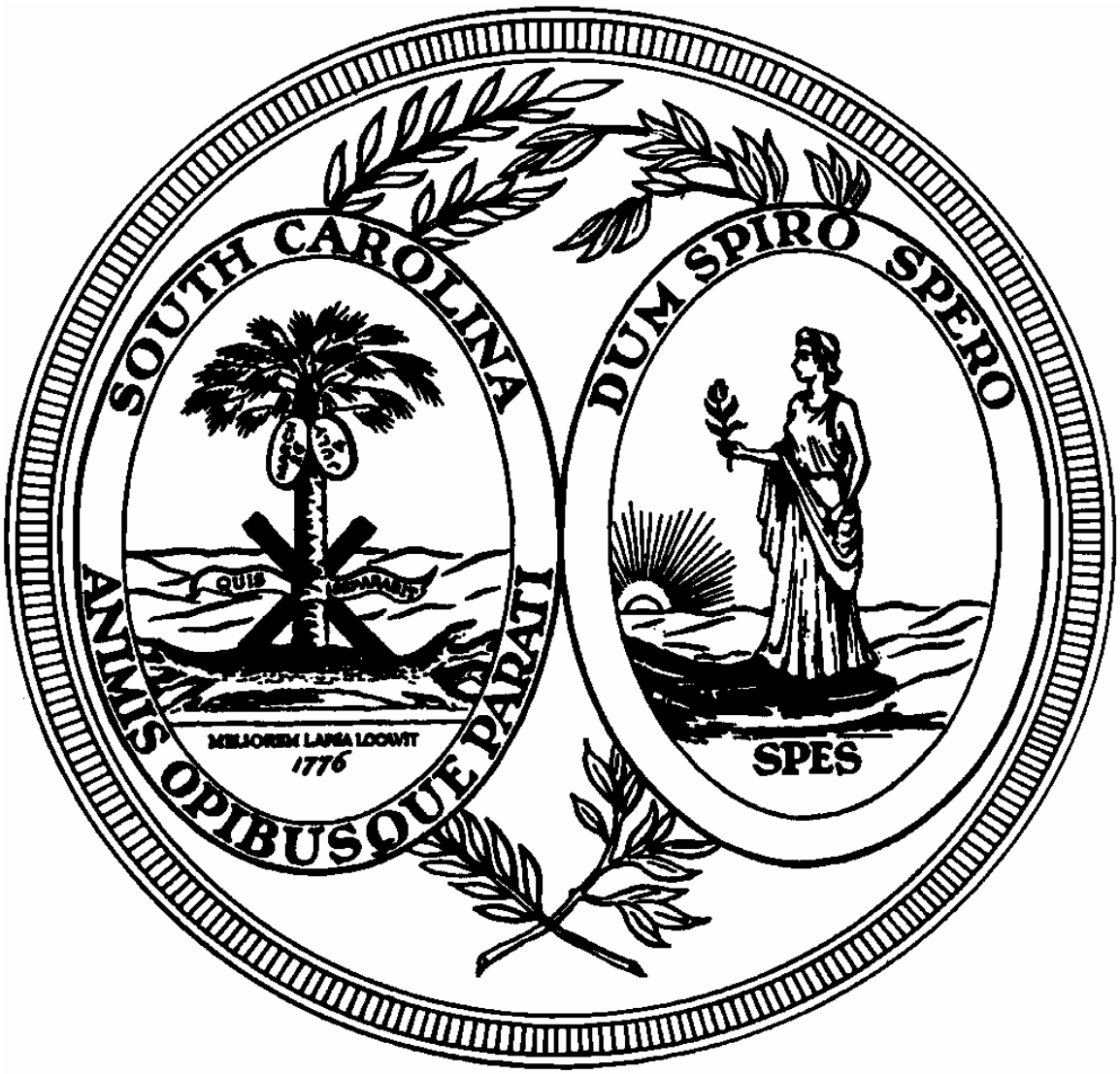
a. Debt Issuances

Subsequent to the fiscal year end, the State of South Carolina issued the following debt:

- On September 23, 2020, the Housing Authority, a major discretely presented component unit, issued $123.280 million in mortgage revenue bonds, Series 2020B.
- On November 5, 2020, the Public Service Authority, a major discretely presented component unit, issued $338.480 million in 2020 Tax-Exempt Refunding and Improvement Series A revenue bonds and $299.725 million in 2020 Taxable Refunding Series B revenue bonds. The $638.205 million in revenue bonds will be used to refund $569.600 million in revenue bonds to lower their interest rates and average life of the bonds and to use $100.000 million of the issuance for various capital projects.

b. Public Service Authority Ceases the Joint Construction Project (V.C. Summer Units 2 and 3)

On January 28, 2019, the Public Service Authority (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. On July 20, 2020, a state circuit court judge on Monday approved a $520 million settlement to end a legal action alleging deceptive business practices against Santee Cooper. Dominion Energy, which acquired SCANA, Santee Cooper's former partner on the V.C. Summer Units 2 and 3 project, will pay $320 million of the $520 million. Santee Cooper will pay the remaining $200 million under the settlement agreement. 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.


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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, 2020
(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Revenues:				
Regular sources				
Individual Income Tax	$ 4,110,476	$ 4,110,476	$ 4,454,007	$ 343,531
Sales and Use Tax	3,294,402	3,294,402	3,286,772	(7,630)
Corporation Income Tax	352,497	352,497	374,412	21,915
Insurance Tax	266,000	266,000	241,496	(24,504)
Corporation License Tax	105,162	105,162	130,867	25,705
Earned on Investments	45,000	45,000	130,855	85,855
Beer and Wine Tax	110,764	110,764	112,352	1,588
Documentary (Deed Stamp) Tax	84,652	84,652	81,758	(2,894)
Alcoholic Liquors Tax	85,920	85,920	81,089	(4,831)
Bank Tax	54,851	54,851	73,484	18,633
Security Dealer Fees	27,300	27,300	27,534	234
Tobacco Business License Tax	23,142	23,142	27,010	3,868
Admissions Tax	32,429	32,429	24,859	(7,570)
Public Service Authority Assessment	17,000	17,000	17,479	479
Indirect Cost Recoveries	16,500	16,500	15,270	(1,230)
Unclaimed Property Fund Transfers	15,000	15,000	15,000	—
Other Revenue	30,905	10,502	14,188	3,686
Workers' Compensation Insurance Tax	11,137	11,137	13,142	2,005
Motor Vehicle Licenses	11,476	11,476	10,977	(499)
Savings and Loan Tax	803	803	8,489	7,686
Business Filing Fees	7,750	7,750	7,979	229
Private Car Lines Tax	6,596	6,596	6,352	(244)
Circuit and Family Court Fines	6,917	6,917	5,732	(1,185)
Record Search Fees	4,461	4,461	4,461	—
Nursing Home Fees	3,600	3,600	3,481	(119)
Parole and Probation Supervision Fees	3,393	3,393	3,393	—
Purchasing Card Rebates	3,147	3,147	3,227	80
Aircraft Tax	2,500	2,500	2,621	121
Uncashed Checks	2,000	2,000	2,434	434
Bingo Tax	362	362	(679)	(1,041)
Surcharge on Vehicle Rentals	870	870	(817)	(1,687)
Total revenues	**8,737,012**	**8,716,609**	**9,179,224**	**462,615**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Expenditures:				
Legislative	$ 50,371	$ 85,775	$ 50,355	$ 35,420
Judicial	100,666	116,520	102,702	13,818
Executive and administrative	382,337	402,381	325,722	76,659
Educational	4,129,442	4,346,293	4,243,893	102,400
Health	2,085,934	2,257,211	2,139,901	117,310
Social rehabilitation services	235,424	286,463	252,634	33,829
Correctional and public safety	763,216	839,838	781,805	58,033
Conservation, natural resources, and development	— 206,398	— 406,652	— 248,046	158,606
Regulatory	152,273	183,185	156,827	26,358
Transportation	2,150	9,240	3,271	5,969
Debt service	191,630	58,512	53,512	5,000
Aid to subdivisions	274,686	275,426	274,638	788
Total expenditures	**8,574,527**	**9,267,496**	**8,633,306**	**634,190**
Excess of revenues over (under) expenditures—budgetary basis	**162,485**	**(550,887)**	**545,918**	**1,096,805**
Transfers from Litigation Settlement Account and Farm Aid Fund	**—**	**—**	**9,598**	**9,598**
Fund balance, beginning — budgetary basis	**1,708,756**	**1,708,756**	**1,708,756**	**—**
Fund balance, ending — budgetary basis	**$ 1,871,241**	**$ 1,157,869**	**$ 2,264,272**	**$ 1,106,403**
Less:				
Capital Reserve appropriation			**(151,649)**	
Transfers for COVID response			**(246,500)**	
Taxpayer rebates			**(61,400)**	
Fund balance, ending — budgetary basis, after reservation			**$ 1,804,723**	

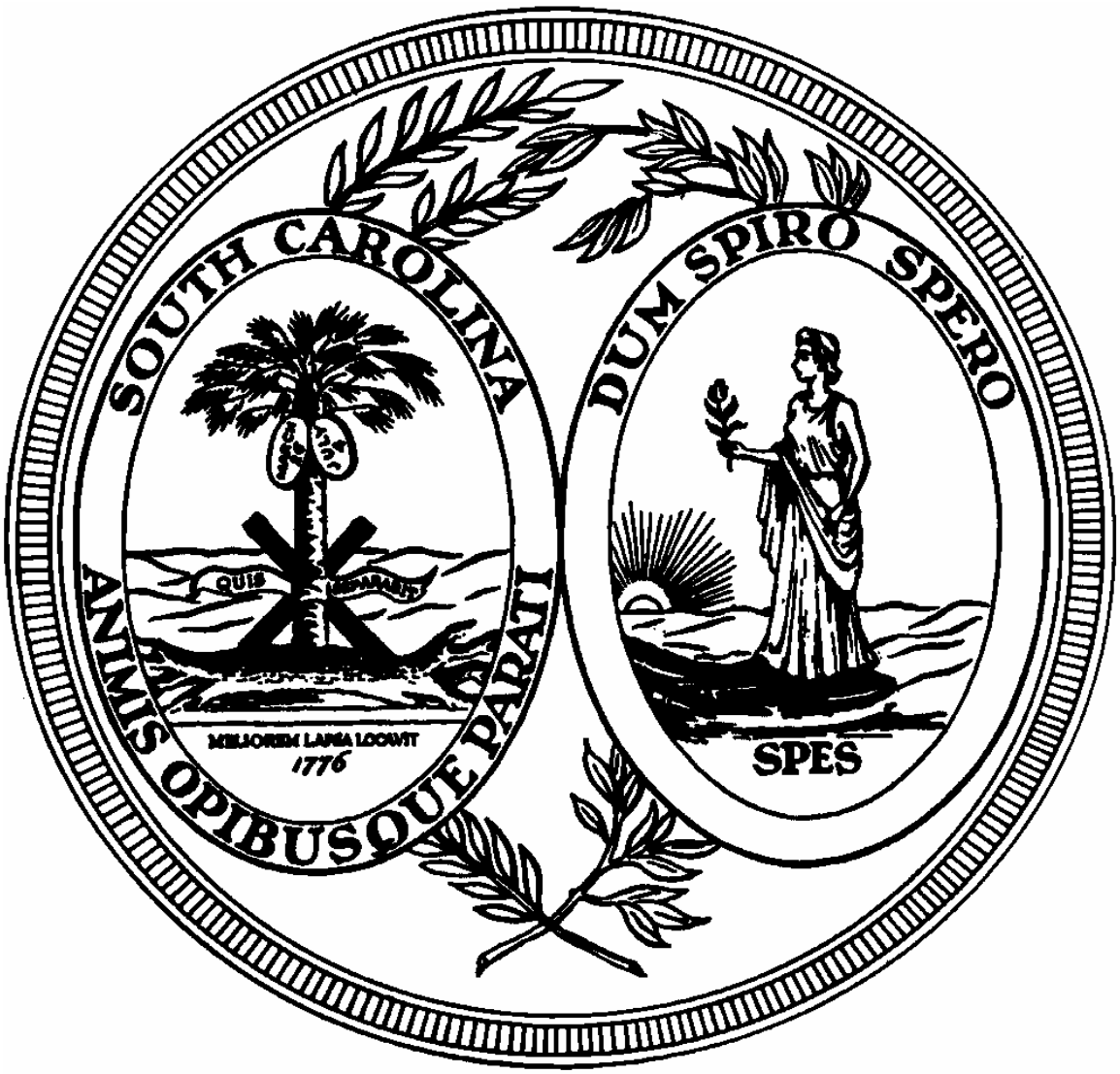
The notes to the Required Supplementary Information--Budgetary are an integral part of the schedule.

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)
OTHER BUDGETED FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Revenues:				
Federal	$ 8,856,469	$ 9,600,777	$ 10,072,978	$ 472,201
Earmarked	4,834,371	4,920,484	5,813,645	893,161
Restricted	4,423,042	4,431,232	4,280,302	(150,930)
Total revenues	**18,113,882**	**18,952,493**	**20,166,925**	**1,214,432**
Expenditures:				
Legislative	2,793	12,077	10,716	1,361
Judicial	22,958	23,491	15,413	8,078
Executive and administrative	682,546	861,781	642,069	219,712
Educational	7,196,916	7,397,427	6,404,652	992,775
Health	7,724,812	8,116,328	7,518,216	598,112
Social rehabilitation services	831,025	899,910	699,784	200,126
Correctional and public safety	191,201	191,201	132,955	58,246
Conservation, natural resources, and development	288,702	316,399	234,766	81,633
Regulatory	315,889	406,966	302,453	104,513
Transportation	2,929,032	2,864,945	2,173,462	691,483
Total expenditures	**20,185,874**	**21,090,525**	**18,134,486**	**2,956,039**
Excess of revenues over (under) expenditures—budgetary basis	**(2,071,992)**	**(2,138,032)**	**2,032,439**	**4,170,471**
Fund balance at beginning of year—budgetary basis (restated)	**4,226,161**	**4,226,161**	**4,226,161**	**—**
Fund balance at end of year—budgetary basis	**$ 2,154,169**	**$ 2,088,129**	**$ 6,258,600**	**$ 4,170,471**

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 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 2019-20 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.

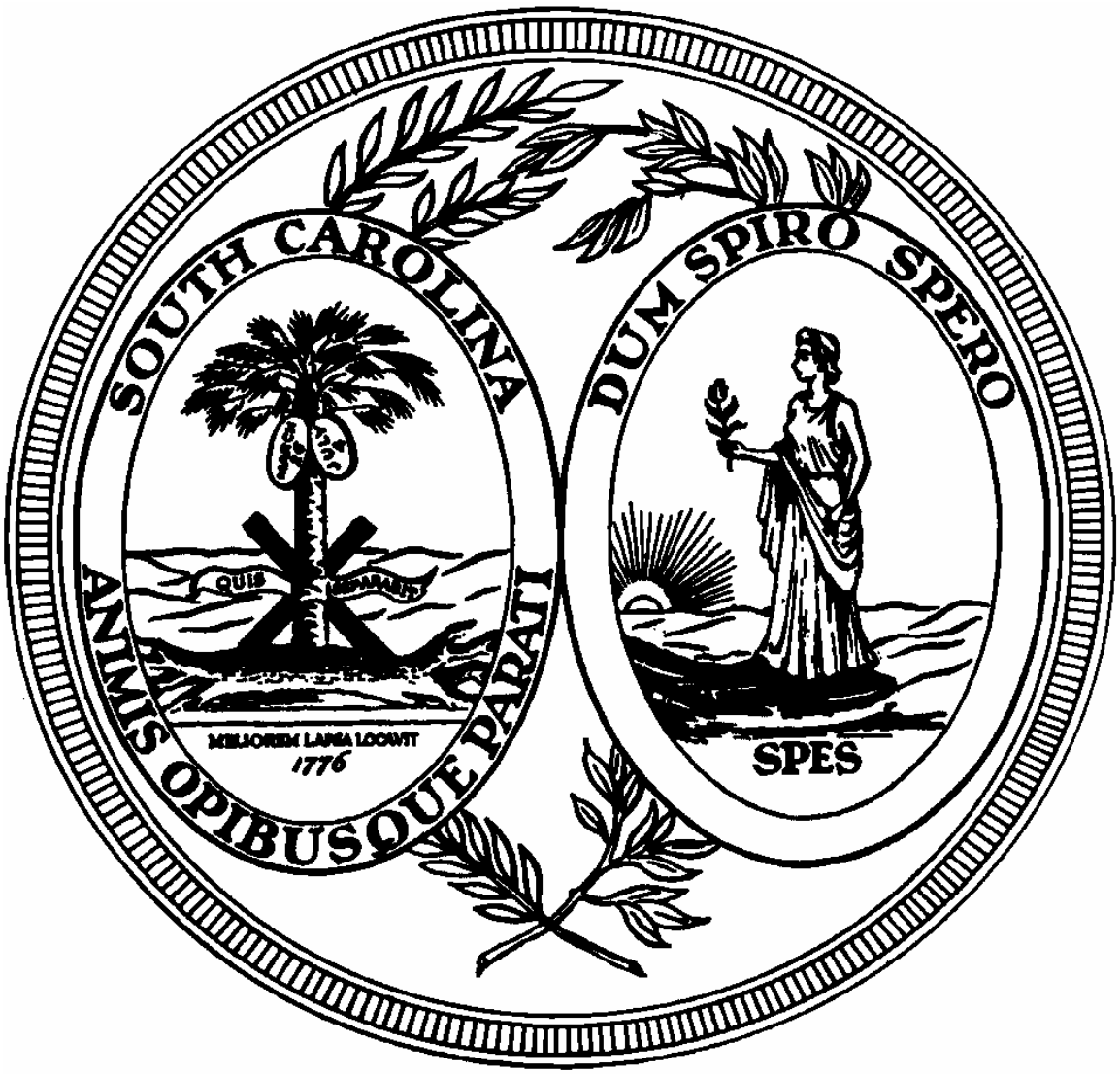
(iv) Certain non-cash activity, such as food stamp benefits, is recorded as revenue and expenditure in the fiscal year in which the resources are distributed to the beneficiaries.

(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, 2020, 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	$ 545,918	$ —	$ —	$ —
Perspective differences:				
Other Budgeted Funds net increase (decrease) allocated among the State's major governmental GAAP funds	75,950	2,008,107	10,284	—
Basis of accounting differences	711,410	(2,071,805)	76,122	119,338
Entity differences	3,321	3,790	—	—
Net increase (decrease) in fund balance—GAAP basis	**$ 1,336,599**	**$ (59,908)**	**$ 86,406**	**$ 119,338**


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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, 2020
(Expressed in Thousands)

Last 10 Fiscal Years*

SCRS - South Carolina Retirement System	**2020**	**2019**	**2018**	**2017**	**2016**
State's Proportion of the Net Pension Liability	12.75%	12.96%	13.05%	12.94%	12.87%
State's Proportionate Share of the Net Pension Liability	$2,910,713	$2,905,027	$2,938,212	$2,763,455	$2,441,249
State Covered Payroll	$1,101,602	$1,079,349	$1,021,083	$ 954,763	$ 973,471
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	264.23%	269.15%	287.75%	289.44%	250.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.40%	54.10%	53.30%	52.91%	56.99%
PORS - South Carolina Police Officers Retirement System					
State's Proportion of the Net Pension Liability	28.24%	29.17%	28.97%	28.88%	30.05%
State's Proportionate Share of the Net Pension Liability	$ 809,373	$ 826,613	$ 793,572	$ 732,637	$ 654,937
State Covered Payroll	$ 364,884	$ 337,092	$ 328,193	$ 316,491	$ 337,916
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	221.82%	245.22%	241.80%	231.49%	193.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.70%	61.70%	60.90%	60.44%	64.57%

* - 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 seven years of information is available.

2015	2014
12.70%	12.70%
$ 2,185,979	$ 2,277,364
$ 958,913	$ 943,177
227.96%	241.46%
59.92%	56.39%
30.37%	30.37%
$ 581,343	$ 629,487
$ 338,025	$ 325,628
171.98%	193.31%
67.55%	62.98%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's SCRS and PORS Contributions
For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

Last 10 Fiscal Years*

SCRS - South Carolina Retirement System

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 207,694	$ 186,054	$ 168,903	$ 152,191	$ 131,856
Contributions in Relation to the Contractually Required Contribution	(207,694)	(186,054)	(168,903)	(152,191)	(131,856)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
State Covered Payroll	$ 1,133,366	$ 1,101,602	$ 1,079,349	$ 1,021,083	$ 954,763
Contributions as a Percentage of Covered Payroll	18.33%	16.89%	15.65%	14.90%	13.81%

PORS - South Carolina Police Officers Retirement System

Contractually Required Contribution	$ 71,887	$ 66,834	$ 61,790	$ 55,534	$ 50,546
Contributions in Relation to the Contractually Required Contribution	(71,887)	(66,834)	(61,790)	(55,534)	(50,546)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
State Covered Payroll	$ 370,843	$ 364,884	$ 337,092	$ 328,193	$ 316,491
Contributions as a Percentage of Covered Payroll	19.38%	18.32%	18.33%	16.92%	15.97%

* - 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 - 2011 have not been restated.

2015	2014	2013	2012	2011
$ 130,062	$ 122,348	$ 123,651	$ 255,277	$ 252,814
(130,062)	(122,348)	(123,651)	(255,277)	(252,814)
$ —	$ —	$ —	$ —	$ —
$ 973,471	$ 958,913	$ 956,163	$ 2,227,527	$ 2,247,145
13.36%	12.76%	12.93%	11.46%	11.25%
$ 49,915	$ 46,907	$ 44,393	$ 43,776	$ 42,699
(49,915)	(46,907)	(44,393)	(43,776)	(42,699)
$ —	$ —	$ —	$ —	$ —
$ 337,916	$ 338,025	$ 339,686	$ 352,998	$ 346,404
14.77%	13.88%	13.07%	12.40%	12.33%

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	**2020**	**2019**	**2018**	**2017**	**2016**
Contractually Required Contribution	$ 6,329	$ 5,804	$ 5,428	$ 4,539	$ 4,501
Contributions in Relation to the Contractually Required Contribution	(6,329)	(5,804)	(5,428)	(4,539)	(4,501)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
Covered Payroll	$ 1,570	$ 1,866	$ 1,961	$ 2,316	$ 2,338
Contributions as a Percentage of Covered Payroll	403.12%	311.04%	276.80%	195.98%	192.51%

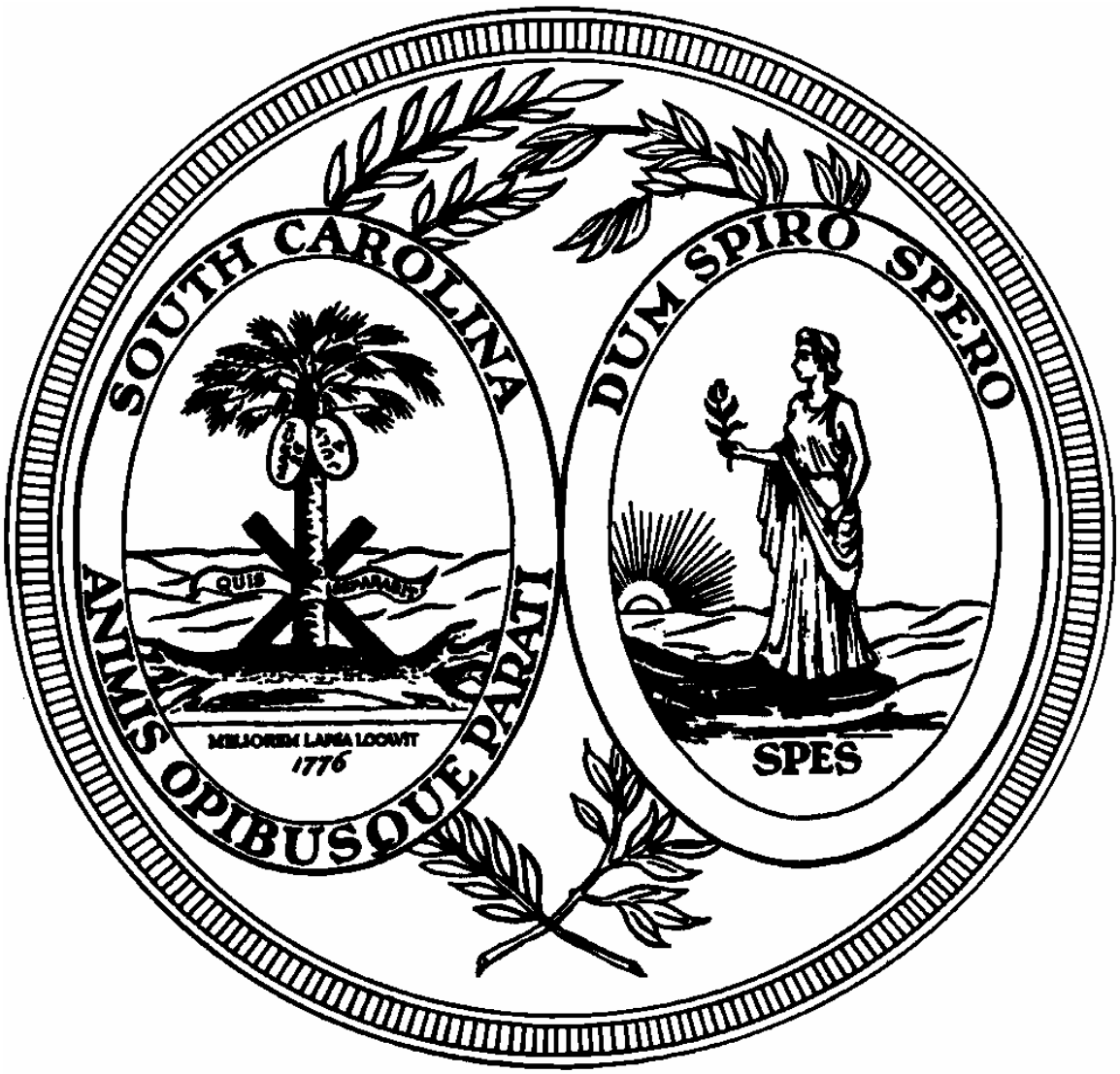
Notes to Schedule

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:	9 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.

2015	2014	2013	2012	2011
$ 4,275	$ 4,063	$ 2,831	$ 2,532	$ 2,414
(4,275)	(4,063)	(2,831)	(2,532)	(2,414)
$ —	$ —	$ —	$ —	$ —
$ 2,383	$ 2,688	$ 3,854	$ 3,854	$ 3,854
179.40%	151.15%	73.46%	65.70%	62.64%


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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	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability						
Service Cost	$ 440	$ 464	$ 488	$ 493	$ 553	$ 572
Interest	5,149	5,200	5,293	5,301	5,380	5,437
Difference Between Actual and Expected Experience	(1,135)	138	(348)	798	(294)	(2,585)
Assumption Changes	—	—	2,330	—	—	—
Benefit Payments	(6,515)	(6,468)	(6,737)	(6,656)	(6,660)	(6,861)
Net Change in Total Pension Liability	(2,061)	(666)	1,026	(64)	(1,021)	(3,437)
Total Pension Liability - Beginning	74,062	74,728	73,702	73,766	74,787	78,224
Total Pension Liability - Ending (a)	$ 72,001	$ 74,062	$ 74,728	$ 73,702	$ 73,766	$ 74,787
Plan Fiduciary Net Position						
Contributions - Employer	$ 5,804	$ 5,428	$ 4,539	$ 4,501	$ 4,275	$ 4,063
Contributions - Member	162	287	468	292	369	384
Refunds of Contributions to Members	(17)	—	—	(22)	—	(41)
Retirement Benefits	(6,480)	(6,452)	(6,678)	(6,625)	(6,639)	(6,799)
Death Benefits	(18)	(16)	(59)	(9)	(21)	(20)
Net Investment Income (Loss)	1,887	2,376	3,329	(266)	500	4,545
Administrative Expense	(20)	(18)	(17)	(18)	(18)	(17)
Other	—	—	19	(147)	(18)	15
Net Change in Plan Fiduciary Net Position	1,318	1,605	1,601	(2,294)	(1,552)	2,130
Plan Fiduciary Net Position - Beginning	33,394	31,789	30,188	32,482	34,034	31,904
Plan Fiduciary Net Position - Ending (b)	$ 34,712	$ 33,394	$ 31,789	$ 30,188	$ 32,482	$ 34,034
Net Pension Liability - Ending (a) - (b)	$ 37,289	$ 40,668	$ 42,939	$ 43,514	$ 41,284	$ 40,753
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.21%	45.09%	42.54%	40.96%	44.03%	45.51%
Covered Payroll	$ 1,866	$ 1,961	$ 2,316	$ 2,338	$ 2,383	$ 2,688
Net Pension Liability as a Percentage of Covered Payroll	1998.34%	2073.84%	1854.02%	1861.16%	1732.44%	1516.11%

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the last six 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

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 19,098	$ 11,730	$ 11,043	$ 10,534	$ 10,202
Contributions in Relation to the Contractually Required Contribution	(19,098)	(11,730)	(11,043)	(10,534)	(10,202)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
Covered Payroll	$ 30,346	$ 22,347	$ 22,347	$ 21,958	$ 21,267
Contributions as a Percentage of Covered Payroll	62.93%	52.49%	49.42%	47.97%	47.97%

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:	29 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.

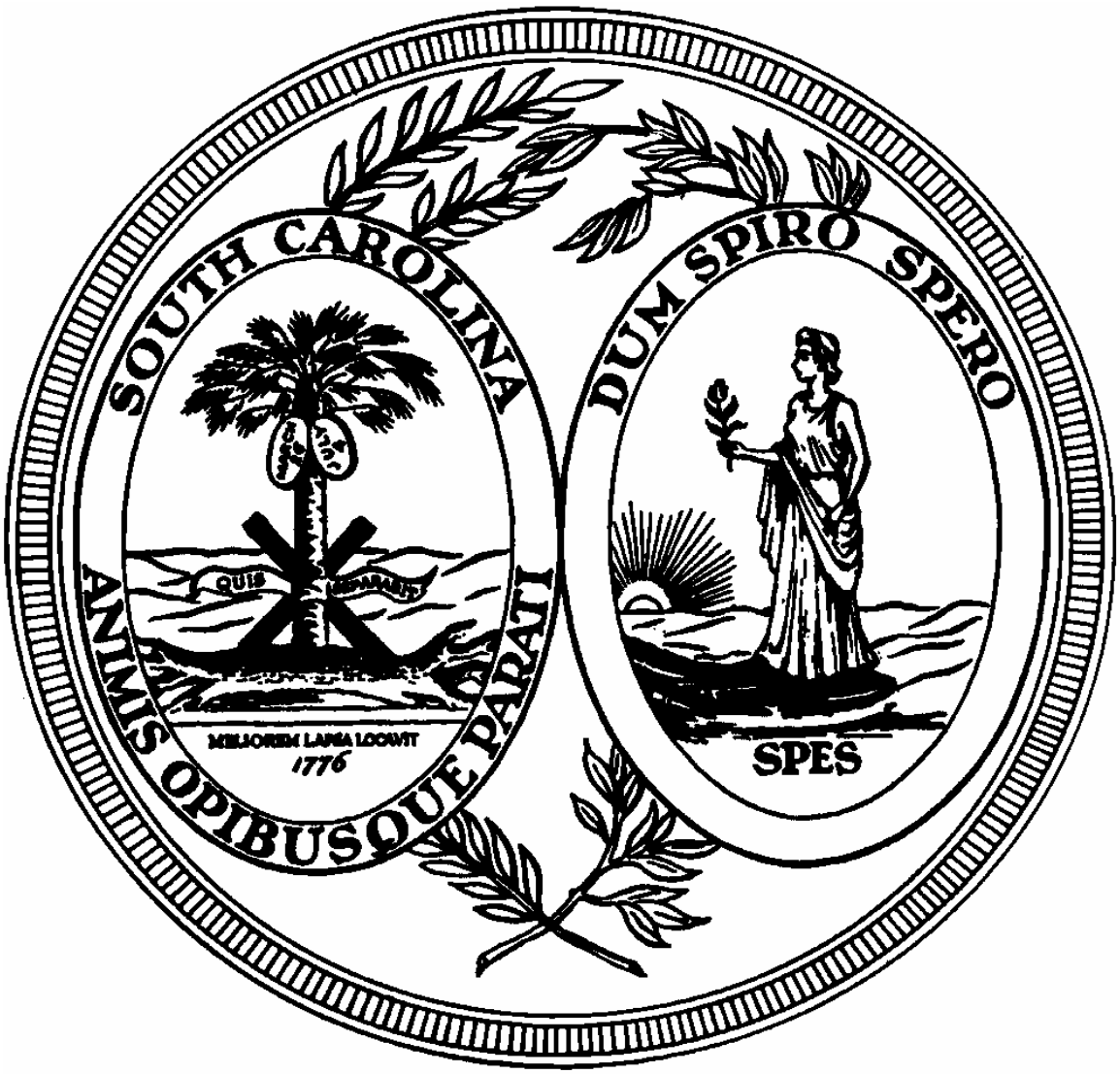
2015	2014	2013	2012	2011
$ 10,109	$ 9,659	$ 8,667	$ 8,414	$ 8,414
(10,109)	(9,659)	(8,667)	(8,414)	(8,414)
$ —	$ —	$ —	$ —	$ —
$ 18,138	$ 20,407	$ 19,221	$ 18,661	$ 18,661
55.73%	47.33%	45.09%	45.09%	45.09%

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	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability						
Service Cost	$ 6,645	$ 6,521	$ 6,186	$ 5,886	$ 5,760	$ 5,571
Interest	21,737	21,271	20,404	20,022	19,440	18,857
Benefit Changes	—	—	—	—	666	—
Difference Between Actual and Expected Experience	80,801	(3,548)	(995)	(3,085)	(1,138)	(3,240)
Assumption Changes	—	—	13,790	—	—	—
Benefit Payments	(17,950)	(17,811)	(18,602)	(17,191)	(16,836)	(16,684)
Net Change in Total Pension Liability	91,233	6,433	20,783	5,632	7,892	4,504
Total Pension Liability - Beginning	305,472	299,039	278,256	272,624	264,732	260,228
Total Pension Liability - Ending (a)	$ 396,705	$ 305,472	$ 299,039	$ 278,256	$ 272,624	$ 264,732
Plan Fiduciary Net Position						
Contributions - Employer	$ 11,730	$ 11,043	$ 10,534	$ 10,202	$ 10,109	$ 9,659
Contributions - Member	2,840	3,016	2,928	2,303	3,153	2,448
Refunds of Contributions to Members	—	—	(629)	(60)	—	—
Retirement Benefits	(17,947)	(17,655)	(17,679)	(16,989)	(16,832)	(16,675)
Death Benefits	(3)	(156)	(293)	(143)	(4)	(10)
Net Investment Income (Loss)	9,183	11,723	16,399	(871)	2,216	19,962
Administrative Expense	(92)	(86)	(79)	(75)	(71)	(68)
Other	96	—	253	(3)	286	195
Net Change in Plan Fiduciary Net Position	5,807	7,885	11,434	(5,636)	(1,143)	15,511
Plan Fiduciary Net Position - Beginning	160,036	152,151	140,717	146,353	147,496	131,985
Plan Fiduciary Net Position - Ending (b)	$ 165,843	$ 160,036	$ 152,151	$ 140,717	$ 146,353	$ 147,496
Net Pension Liability - Ending (a) - (b)	$ 230,862	$ 145,436	$ 146,888	$ 137,539	$ 126,271	$ 117,236
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.81%	52.39%	50.88%	50.57%	53.68%	55.72%
Covered Payroll	$ 22,347	$ 22,347	$ 21,958	$ 21,267	$ 18,138	$ 20,407
Net Pension Liability as a Percentage of Covered Payroll	1033.08%	650.81%	668.95%	646.72%	696.17%	574.49%

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the last six 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

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 5,290	$ 5,290	$ 4,814	$ 4,509	$ 4,570
Contributions in Relation to the Contractually Required Contribution	(5,290)	(5,290)	(4,814)	(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:	18 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.

2015	2014	2013	2012	2011
$ 4,591	$ 4,586	$ 4,539	$ 3,937	$ 3,905
(4,591)	(4,586)	(4,539)	(3,937)	(3,905)
$ —	$ —	$ —	$ —	$ —
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

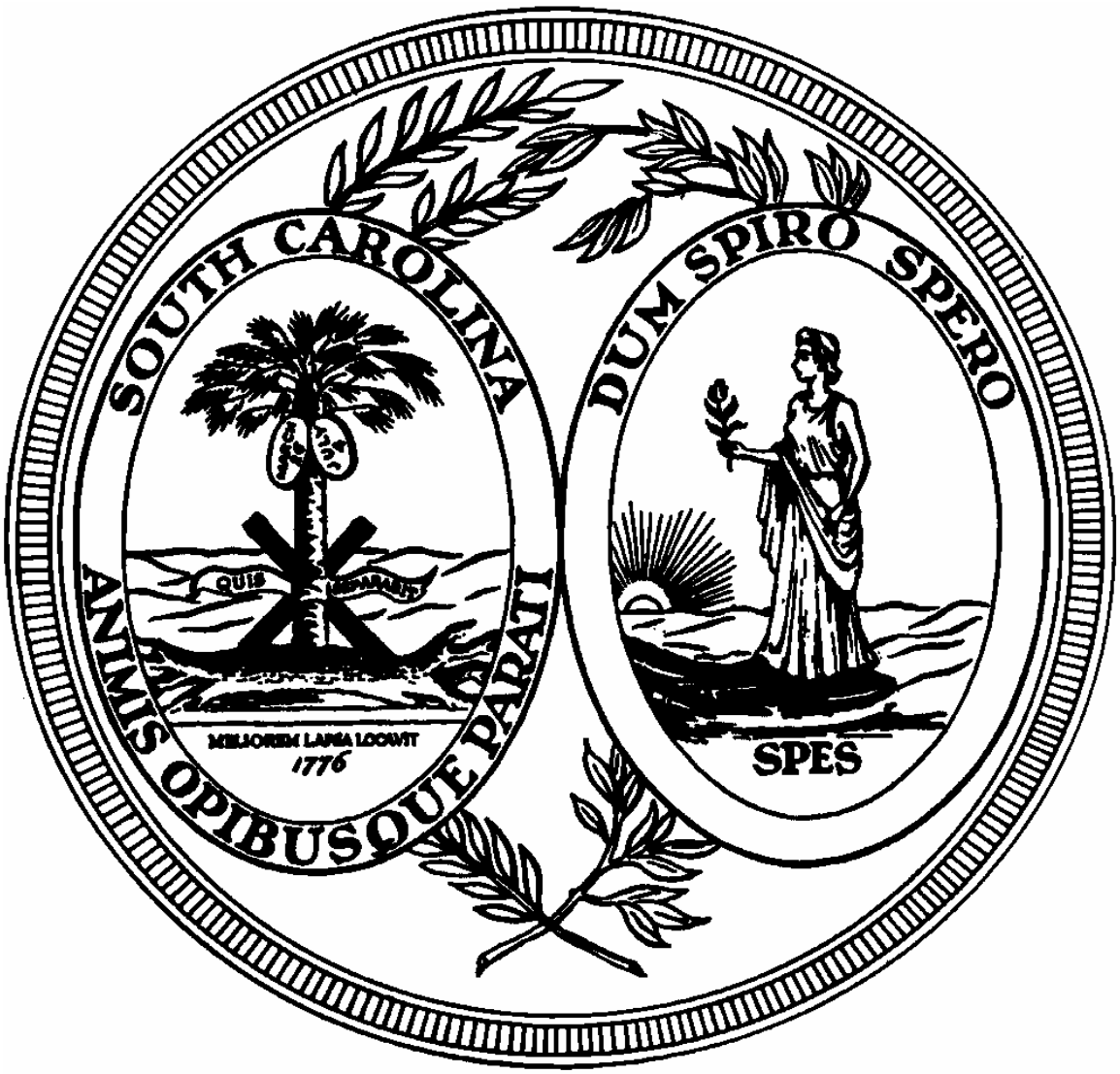
(Expressed in Thousands)

Last 10 Fiscal Years*

SCNG - South Carolina National Guard Supplemental Retirement Plan

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	$ 786	$ 804	$ 696	$ 689	$ 690	$ 697
Interest	4,764	4,743	4,589	4,594	4,481	4,417
Difference Between Actual and Expected Experience	(1,501)	(767)	(843)	(992)	612	(262)
Assumption Changes	—	—	4,161	—	—	—
Benefit Payments	(4,534)	(4,411)	(4,426)	(4,310)	(4,249)	(4,248)
Net Change in Total Pension Liability	(485)	369	4,177	(19)	1,534	604
Total Pension Liability - Beginning	67,591	67,222	63,045	63,064	61,530	60,926
Total Pension Liability - Ending (a)	$ 67,106	$ 67,591	$ 67,222	$ 63,045	$ 63,064	$ 61,530
Plan Fiduciary Net Position						
Contributions - Employer	$ 5,290	$ 4,814	$ 4,591	$ 4,591	$ 4,591	$ 4,586
Retirement Benefits	(4,534)	(4,411)	(4,425)	(4,310)	(4,249)	(4,248)
Net Investment Income (Loss)	1,616	1,902	2,533	(121)	313	2,806
Administrative Expense	(16)	(14)	(13)	(12)	(11)	(10)
Net Change in Plan Fiduciary Net Position	2,356	2,291	2,686	148	644	3,134
Plan Fiduciary Net Position - Beginning	28,327	26,036	23,350	23,202	22,558	19,424
Plan Fiduciary Net Position - Ending (b)	$ 30,683	$ 28,327	$ 26,036	$ 23,350	$ 23,202	$ 22,558
Net Pension Liability - Ending (a) - (b)	$ 36,423	$ 39,264	$ 41,186	$ 39,695	$ 39,862	$ 38,972
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.72%	41.91%	38.73%	37.04%	36.79%	36.66%
Covered Payroll	N/A	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	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 six years' information is available.


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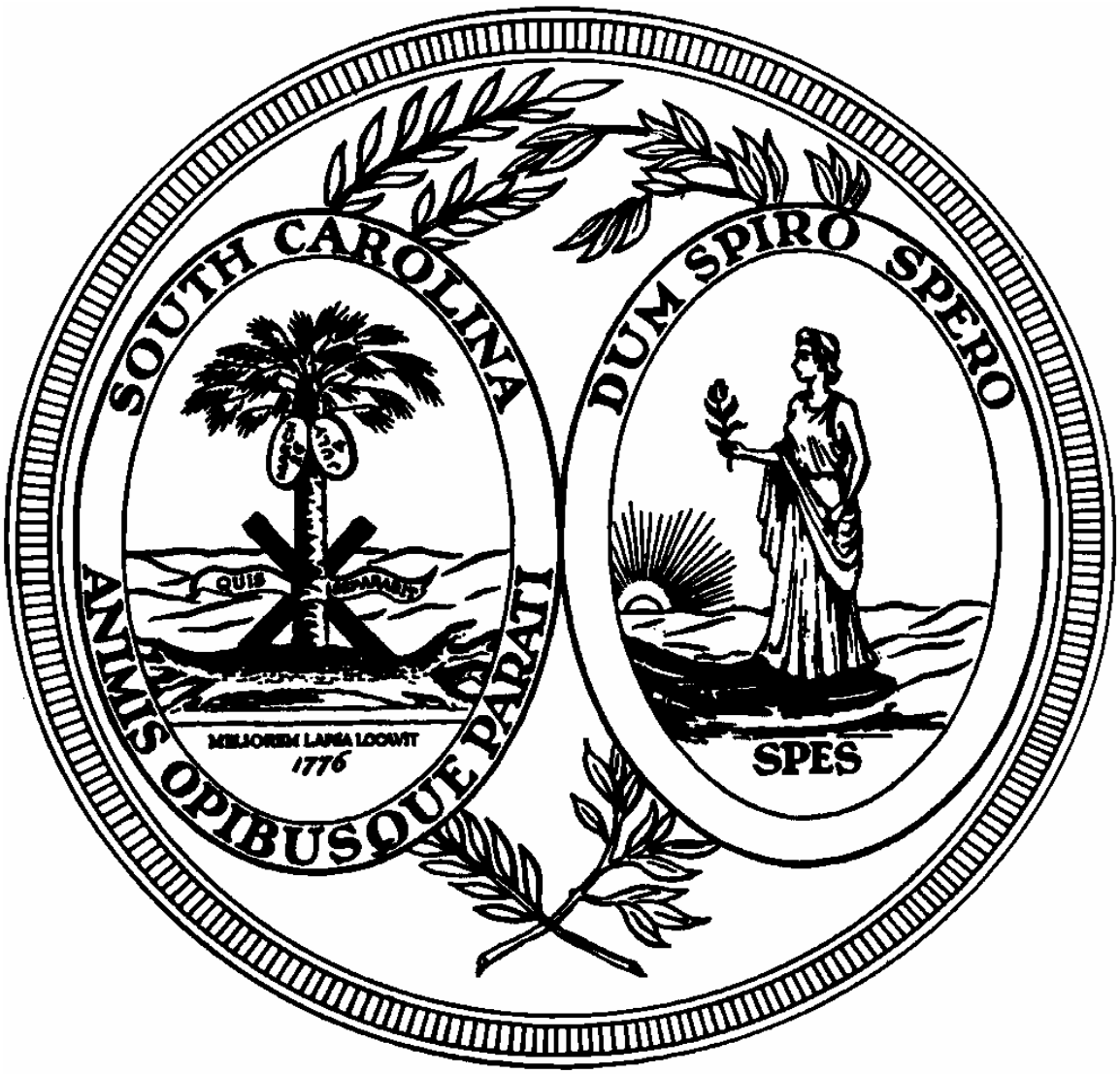
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's Proportionate Share of the Net OPEB Liability
(Expressed in Thousands)

Last 10 Fiscal Years

SCRHITF - The South Carolina Retiree Health Insurance Trust Fund

	2020	2019	2018	2017
State's Proportion of the Net OPEB Liability	20.73%	20.92%	20.95%	20.95%
State's Proportionate Share of the Net OPEB Liability	$ 3,134,761	$ 2,964,579	$ 2,837,273	$ 3,030,783
State Covered Payroll	$ 1,830,287	$ 1,804,721	$ 1,767,564	$ 1,704,840
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.44%	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 four years' information is available.


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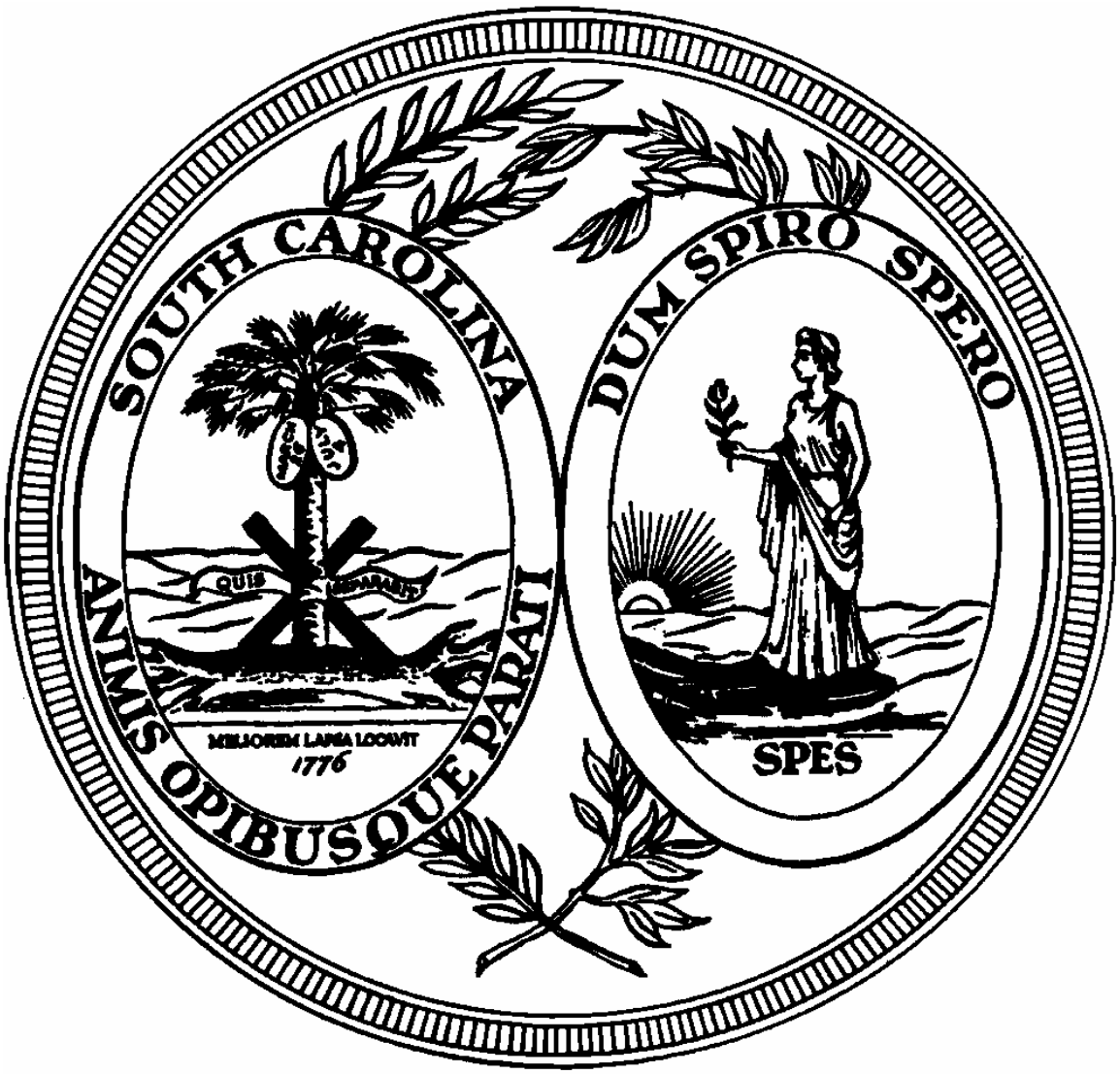
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's SCRHITF Contributions
(Expressed in Thousands)

Last 10 Fiscal Years

SCRHITF - The South Carolina Retiree Health Insurance Trust Fund

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 146,271	$ 133,157	$ 102,826	$ 166,834	$ 157,065
Contributions in Relation to the Contractually Required Contribution	(146,271)	(133,157)	(102,826)	(102,887)	(95,903)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ 63,947	$ 61,162
State Covered Payroll	$1,919,893	$1,830,287	$1,804,721	$1,767,564	$1,704,840
Contributions as a Percentage of Covered Payroll	7.62%	7.28%	5.70%	5.82%	5.63%

2015	2014	2013	2012	2011
$ 156,653	$ 163,194	$ 171,551	$ 164,938	$ 170,915
(119,745)	(99,102)	(85,810)	(87,782)	(63,427)
$ 36,908	$ 64,092	$ 85,741	$ 77,156	$ 107,488
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

	2020	2019	2018	2017
State's Proportion of the Net OPEB Liability	18.55%	21.98%	21.71%	21.71%
State's Proportionate Share of the Net OPEB Liability	$ 365	$ 673	$ 394	$ 151
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	99.29%	95.17%	92.20%	95.29%

* - The State implemented GASB 75 in fiscal year 2018, which changed prior calculations of the total OPEB liabilities. As such, only the last four years' information is available.

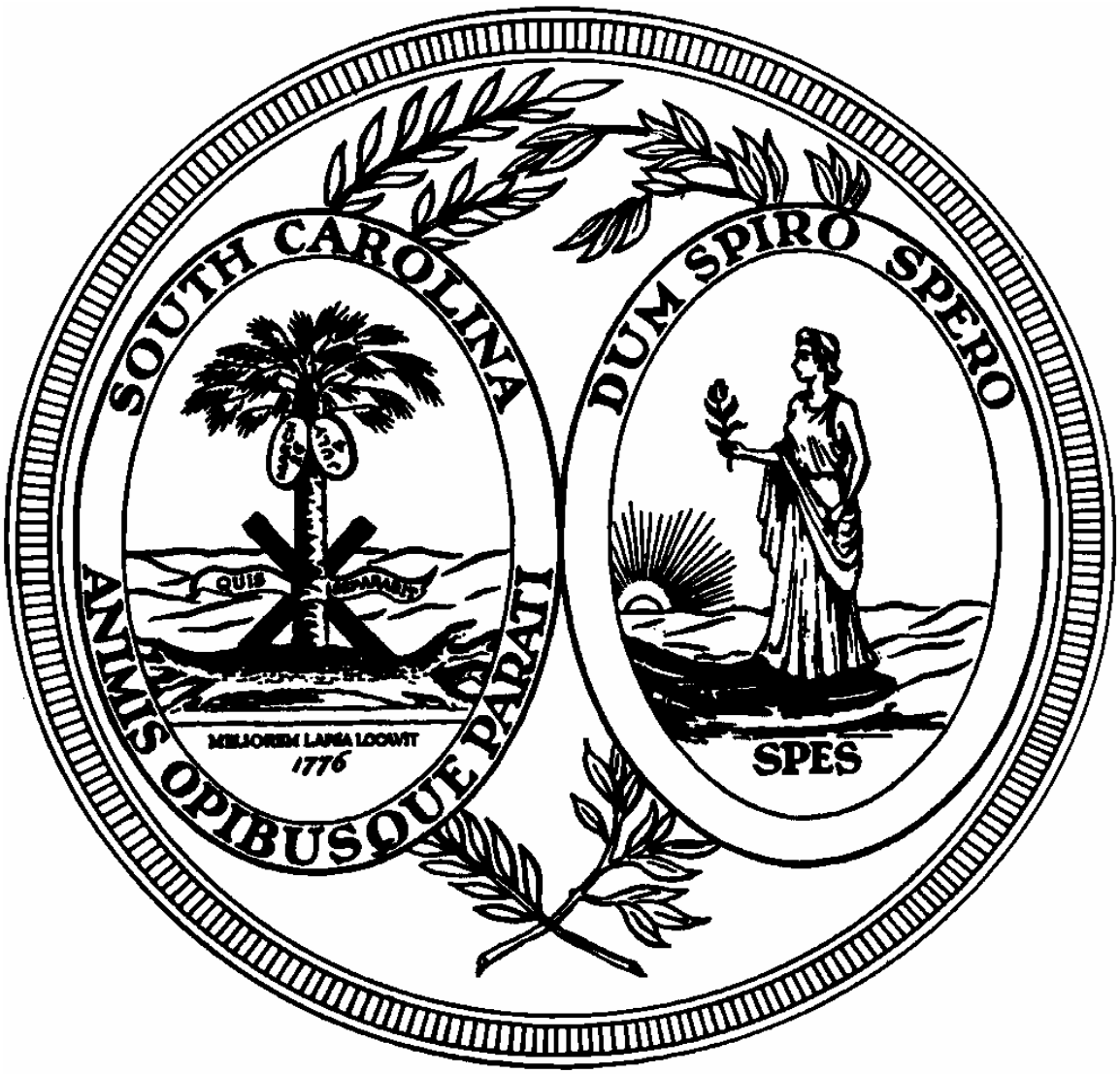
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's LTDIHF Contributions
(Expressed in Thousands)

Last 10 Fiscal Years

LTDIHF - The Long Term Disability Insurance Trust Fund

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 1,402	$ 1,656	$ 1,976	$ 2,918	$ 2,845
Contributions in Relation to the Contractually Required Contribution	(1,402)	(1,656)	(1,658)	(1,669)	(1,547)
Contribution Deficiency/(Excess)	$ —	$ —	$ 318	$ 1,249	$ 1,298

2015	2014	2013	2012	2011
$ 2,256	$ 1,574	$ 2,043	$ 2,004	$ 2,053
(1,520)	(1,508)	(1,476)	(1,465)	(1,465)
$ 736	$ 66	$ 567	$ 539	$ 588


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S U P P L E M E N T A R Y
I N F O R M A T I O N

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, 2020
(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	$ 140,463	$ 181,036	$ 46,153	$ 42,103	$ —	$ 6,414
Investments	143,612	76,762	108,668	—	49,641	8,373
Invested securities lending collateral	2,959	1,581	2,239	—	1,937	172
Receivables, net:						
Accounts	424	173	889	—	154	1,256
Contributions	—	—	—	—	—	—
Accrued interest	1,496	542	1,582	—	543	89
Sales and other taxes	236	105,762	—	—	—	—
Due from Federal government and other grantors	—	—	—	—	—	—
Due from other funds	6,849	—	—	—	—	—
Due from component units	—	—	26,991	—	—	—
Restricted assets:						
Other	—	—	—	34,000	—	—
Prepaid items	—	—	81	—	—	3
Total assets	**$ 296,039**	**$ 365,856**	**$ 186,603**	**$ 76,103**	**$ 52,275**	**$ 16,307**
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,970	170	19,650	36,911	13	146
Accrued salaries and related expenditures	13	—	52	—	—	37
Retainages payable	—	—	—	—	—	—
Intergovernmental payables	700	155,375	—	—	—	—
Due to other funds	106,866	—	20	—	—	14
Due to component units	—	—	7,547	—	—	—
Securities lending collateral	2,959	1,581	2,239	—	1,937	172
Total liabilities	**112,508**	**157,126**	**29,508**	**36,911**	**1,950**	**369**
Fund balances:						
Nonspendable	—	—	81	—	—	3
Restricted	183,531	44,064	157,014	39,192	47,046	15,931
Committed	—	164,666	—	—	3,279	4
Assigned	—	—	—	—	—	—
Total fund balances	**183,531**	**208,730**	**157,095**	**39,192**	**50,325**	**15,938**
Total liabilities and fund balances	**$ 296,039**	**$ 365,856**	**$ 186,603**	**$ 76,103**	**$ 52,275**	**$ 16,307**

Exhibit D-1

			PERMANENT				
Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Children's Education Endowment	Wildlife Endowment	Totals	TOTALS
$ 73,772	$ 489,941	$ 117,898	$ 270	$ 1,643	$ 872	$ 2,785	$ 610,624
64,198	451,254	36,548	1,345	6,205	7,321	14,871	502,673
1,279	10,167	753	15	128	49	192	11,112
244	3,140	107	4	17	23	44	3,291
47	47	—	—	—	—	—	47
516	4,768	371	13	30	65	108	5,247
759	106,757	—	—	—	—	—	106,757
—	—	479	—	—	—	—	479
—	6,849	—	—	—	—	—	6,849
—	26,991	8,368	—	—	—	—	35,359
—	34,000	—	—	—	—	—	34,000
15	99	—	—	—	—	—	99
$ 140,830	**$ 1,134,013**	**$ 164,524**	**$ 1,647**	**$ 8,023**	**$ 8,330**	**$ 18,000**	**$ 1,316,537**
2,066	60,926	7,255	1	—	—	1	68,182
189	291	—	—	—	8	8	299
—	—	2,401	—	—	—	—	2,401
1,342	157,417	156	—	—	—	—	157,573
58	106,958	—	—	—	4	4	106,962
—	7,547	836	—	—	—	—	8,383
1,279	10,167	753	15	128	49	192	11,112
4,934	**343,306**	**11,401**	**16**	**128**	**61**	**205**	**354,912**
15	99	—	689	7,895	3,179	11,763	11,862
91,469	578,247	—	942	—	5,090	6,032	584,279
40,963	208,912	—	—	—	—	—	208,912
3,449	3,449	153,123	—	—	—	—	156,572
135,896	**790,707**	**153,123**	**1,631**	**7,895**	**8,269**	**17,795**	**961,625**
$ 140,830	**$ 1,134,013**	**$ 164,524**	**$ 1,647**	**$ 8,023**	**$ 8,330**	**$ 18,000**	**$ 1,316,537**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2020
(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	$ 2,953	$ 1,092,887	$ —	$ —	$ —	$ —
Other	17	—	—	—	—	—
Licenses, fees, and permits	872	—	—	—	—	42,587
Interest and other investment income	8,291	3,763	7,559	796	5,013	474
Federal	—	—	—	—	—	—
Departmental services	—	—	—	—	—	—
Contributions	—	—	492,802	—	—	—
Fines and penalties	—	—	—	—	1,232	—
Tobacco legal settlement	—	—	—	71,750	—	—
Other	379	19	88	—	—	978
Total revenues	**12,512**	**1,096,669**	**500,449**	**72,546**	**6,245**	**44,039**
Expenditures:						
Current:						
General government	1,772	—	—	2,058	29	43,219
Education	—	—	484,017	—	—	—
Health and environment	4,730	—	—	—	73,890	—
Resources and economic development	—	—	—	—	—	—
Capital outlay	—	—	7,472	—	—	—
Debt service:						
Principal retirement	—	—	—	—	—	1
Intergovernmental	3,165	1,084,896	20,529	—	—	—
Total expenditures	**9,667**	**1,084,896**	**512,018**	**2,058**	**73,919**	**43,220**
Excess of revenues over (under) expenditures	**2,845**	**11,773**	**(11,569)**	**70,488**	**(67,674)**	**819**
Other financing sources (uses):						
Bonds and notes issued	—	—	—	—	—	—
Capital leases	—	—	—	—	—	—
Transfers in	330	—	—	—	74,018	—
Transfers out	—	—	—	(74,018)	(2,028)	—
Total other financing sources (uses)	**330**	**—**	**—**	**(74,018)**	**71,990**	**—**
Net change in fund balances	**3,175**	**11,773**	**(11,569)**	**(3,530)**	**4,316**	**819**
Fund balances at beginning of year	**180,356**	**196,957**	**168,664**	**42,722**	**46,009**	**15,119**
Fund balances at end of year	**$ 183,531**	**$ 208,730**	**$ 157,095**	**$ 39,192**	**$ 50,325**	**$ 15,938**

Exhibit D-2

			PERMANENT				
Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Children's Education Endowment	Wildlife Endowment	Totals	TOTALS
$ 13	$ 1,095,853	$ —	$ —	$ —	$ —	$ —	$ 1,095,853
2,826	2,843	—	—	—	—	—	2,843
13,926	57,385	—	—	—	522	522	57,907
3,592	29,488	1,754	117	384	749	1,250	32,492
—	—	3,802	—	—	—	—	3,802
29,834	29,834	635	—	—	—	—	30,469
195	492,997	—	—	—	—	—	492,997
5,813	7,045	—	—	—	—	—	7,045
—	71,750	—	—	—	—	—	71,750
105	1,569	222	—	2	—	2	1,793
56,304	**1,788,764**	**6,413**	**117**	**386**	**1,271**	**1,774**	**1,796,951**
12,929	60,007	—	—	—	—	—	60,007
—	484,017	—	—	5,357	—	5,357	489,374
79	78,699	—	13	—	—	13	78,712
81	81	—	—	—	141	141	222
76	7,548	161,881	—	—	—	—	169,429
4	5	—	—	—	—	—	5
31,485	1,140,075	(2,029)	—	(5,361)	1	(5,360)	1,132,686
44,654	**1,770,432**	**159,852**	**13**	**(4)**	**142**	**151**	**1,930,435**
11,650	**18,332**	**(153,439)**	**104**	**390**	**1,129**	**1,623**	**(133,484)**
—	—	13,488	—	—	—	—	13,488
1	1	—	—	—	—	—	1
26,855	101,203	220,664	—	—	—	—	321,867
(6,102)	(82,148)	(57,367)	—	—	—	—	(139,515)
20,754	**19,056**	**176,785**	**—**	**—**	**—**	**—**	**195,841**
32,404	**37,388**	**23,346**	**104**	**390**	**1,129**	**1,623**	**62,357**
103,492	**753,319**	**129,777**	**1,527**	**7,505**	**7,140**	**16,172**	**899,268**
$ 135,896	**$ 790,707**	**$ 153,123**	**$ 1,631**	**$ 7,895**	**$ 8,269**	**$ 17,795**	**$ 961,625**

General Reserve Fund Activity

Exhibit D-3

BUDGETARY GENERAL FUND

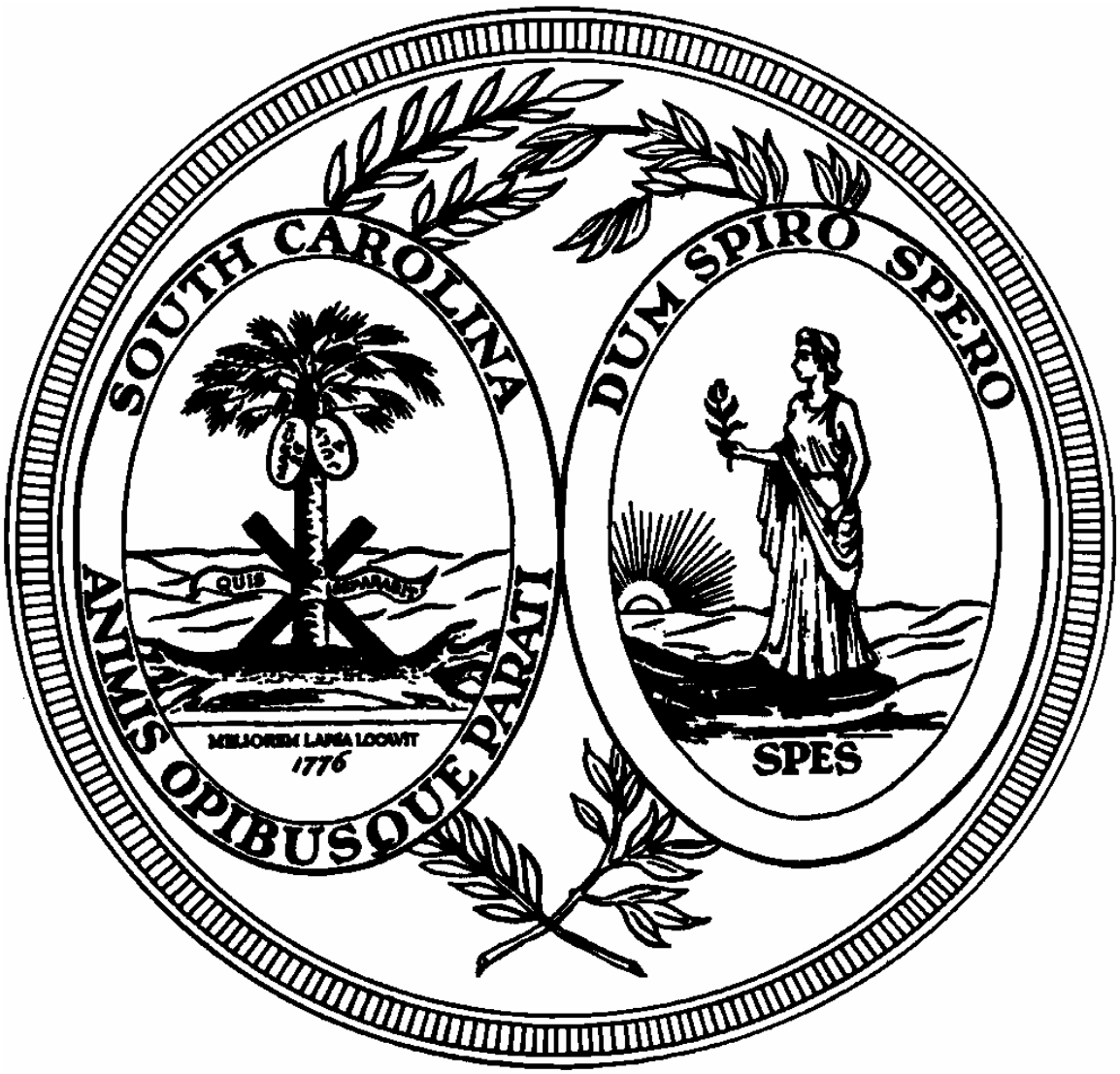
Last Ten Fiscal Years

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
2020	$ 379,123	$ 27,090	$ —	$ 406,213	$ 406,213	100%
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%


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
QUIS SEPARABIT
MELIOREM LAPSA LOCAVIT
1776
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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, a nonmajor discretely presented component unit, and the Patients' Compensation Fund, which took effect on January 1, 2020. The new combined entity is named the South Carolina Medical Malpractice Association, which is a nonmajor discretely presented component unit.

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, 2020
(Expressed in Thousands)

	Patients' Compensation[1]	Canteen	Tuition Prepayment Program	Palmetto Railways
ASSETS				
Current assets:				
Cash and cash equivalents	$ —	$ 4,310	$ 457	$ 15,511
Investments	—	—	29,951	—
Invested securities lending collateral	—	—	—	16
Receivables, net:				
Accounts	—	(579)	185	5,499
Participants	—	—	172	—
Accrued interest	—	—	—	8
Due from other funds	—	—	—	—
Inventories	—	1,093	—	706
Prepaid items	—	—	—	517
Total current assets	—	4,824	30,765	22,257
Long-term assets:				
Receivables, net:				
Participants	—	—	178	—
Restricted assets:				
Cash and cash equivalents	—	—	—	21
Non-depreciable capital assets	—	—	—	274,589
Depreciable capital assets, net	—	232	—	17,359
Total long-term assets	—	232	178	291,969
Total assets	**—**	**5,056**	**30,943**	**314,226**
DEFERRED OUTFLOWS OF RESOURCES	**$ —**	**$ 627**	**$ —**	**$ 2,846**

[1] - On January 1, 2020, the Patient's Compensation Fund merged with the South Carolina Medical Malpractice Joint Underwriting Association, a nonmajor discretely presented component unit. The new entity is named the South Carolina Medical Malpractice Association and it is a nonmajor discretely presented component unit.

Exhibit E-1

Other Enterprise	Totals
$ 3,204	$ 23,482
31	29,982
1	17
47	5,152
—	172
—	8
13	13
—	1,799
1	518
3,297	61,143
—	178
—	21
498	275,087
801	18,392
1,299	293,678
4,596	**354,821**
$ 199	**$ 3,672**

Continued on Next Page

Combining Statement of Net Position

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2020
(Expressed in Thousands)

	Patients' Compensation[1]	Canteen	Tuition Prepayment Program	Palmetto Railways
LIABILITIES				
Current liabilities:				
Accounts payable	$ —	$ 551	$ 9	$ 2,247
Accrued salaries and related expenses	—	113	—	952
Accrued interest payable	—	—	—	100
Retainages payable	—	—	—	32
Intergovernmental payables	—	1	—	—
Interfund payables	—	—	—	51,000
Tuition benefits payable	—	—	12,139	—
Due to other funds	—	53	—	—
Unearned revenues	—	—	—	33
Deposits	—	—	—	300
Securities lending collateral	—	—	—	16
Revenue bonds payable	—	—	—	195
Compensated absences payable	—	53	—	267
Other current liabilities	—	—	—	21
Total current liabilities	—	771	12,148	55,163
Long-term liabilities:				
Tuition benefits payable	—	—	50,342	—
Notes payable	—	—	—	6,500
Revenue bonds payable	—	—	—	4,990
Compensated absences payable	—	119	—	35
Net pension liability	—	2,579	—	11,573
Net OPEB liability	—	2,174	—	9,607
Total long-term liabilities	—	4,872	50,342	32,705
Total liabilities	**—**	**5,643**	**62,490**	**87,868**
DEFERRED INFLOWS OF RESOURCES	**$ —**	**$ 366**	**$ —**	**$ 1,048**
NET POSITION				
Net investment in capital assets	$ —	$ 232	$ —	$ 280,263
Unrestricted	—	(558)	(31,547)	(52,107)
Total net position (deficit)	**$ —**	**$ (326)**	**$ (31,547)**	**$ 228,156**

[1] - On January 1, 2020, the Patient's Compensation Fund merged with the South Carolina Medical Malpractice Joint Underwriting Association, a nonmajor discretely presented component unit. The new entity is named the South Carolina Medical Malpractice Association and it is a nonmajor discretely presented component unit.

Exhibit E-1

Other Enterprise	Totals
$ 42	$ 2,849
73	1,138
—	100
—	32
1	2
—	51,000
—	12,139
522	575
—	33
—	300
1	17
—	195
27	347
—	21
666	68,748
—	50,342
—	6,500
—	4,990
55	209
822	14,974
692	12,473
1,569	89,488
2,235	**158,236**
$ 117	**$ 1,531**
$ 1,299	$ 281,794
1,144	(83,068)
$ 2,443	**$ 198,726**

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

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Patients' Compensation[1]	Canteen	Tuition Prepayment Program
Operating revenues:			
Charges for services	$ 4,746	$ 22,970	$ —
Contributions	—	—	350
Interest and other investment income	—	—	17,832
Other operating revenues	—	—	—
Total operating revenues	**4,746**	**22,970**	**18,182**
Operating expenses:			
General operations and administration	876	17,851	163
Benefits and claims	4,068	—	—
Tuition plan disbursements	—	—	12,658
Depreciation and amortization	64	138	—
Other operating expenses	—	—	—
Total operating expenses	**5,008**	**17,989**	**12,821**
Operating income (loss)	**(262)**	**4,981**	**5,361**
Nonoperating revenues (expenses):			
Interest income	116	—	—
Federal grants and contracts	—	—	—
Interest expense	—	—	—
Net other nonoperating revenues (expenses)	—	—	—
Losses on sale of capital assets	(726)	—	—
Total nonoperating revenues (expenses)	**(610)**	**—**	**—**
Income (loss) before transfers	**(872)**	**4,981**	**5,361**
Transfer from South Carolina Medical Malpractice Liability JUA	48,804	—	—
Transfers in	—	27	—
Transfers out	—	(5,239)	—
Change in net position	**47,932**	**(231)**	**5,361**
Net position (deficit), at beginning of year, as restated	**(47,932)**	**(95)**	**(36,908)**
Net position (deficit) at end of year	**$ —**	**$ (326)**	**$ (31,547)**

[1] - On January 1, 2020, the Patient's Compensation Fund merged with the South Carolina Medical Malpractice Joint Underwriting Association, a nonmajor discretely presented component unit. The new entity is named the South Carolina Medical Malpractice Association and it is a nonmajor discretely presented component unit.

Exhibit E-2

Palmetto Railways	Other Enterprise	Totals
$ 22,466	$ 1,837	$ 52,019
—	—	350
—	2	17,834
46	—	46
22,512	**1,839**	**70,249**
17,061	2,306	38,257
—	—	4,068
—	—	12,658
1,179	105	1,486
—	21	21
18,240	**2,432**	**56,490**
4,272	**(593)**	**13,759**
259	—	375
4,287	22	4,309
(100)	—	(100)
3,292	49	3,341
—	—	(726)
7,738	**71**	**7,199**
12,010	**(522)**	**20,958**
—	—	48,804
—	67	94
—	—	(5,239)
12,010	**(455)**	**64,617**
216,146	**2,898**	**134,109**
$ 228,156	**$ 2,443**	**$ 198,726**

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Patients' Compensation[1]	Canteen	Tuition Prepayment Program	Palmetto Railways
Cash flows from operating activities:				
Receipts from customers, patients, and third-party payers	$ 1,989	$ 24,129	$ —	$ 20,256
Tuition plan contributions received	—	—	711	—
Claims and benefits paid	(5,279)	—	(28,449)	—
Payments to suppliers for goods and services	(585)	(17,136)	—	(11,094)
Payments to employees	(1,221)	(2,350)	—	(3,223)
Other operating cash receipts	—	—	—	4,117
Other operating cash payments	—	—	(165)	—
Net cash provided by (used in) operating activities	**(5,096)**	**4,643**	**(27,903)**	**10,056**
Cash flows from noncapital financing activities:				
Miscellaneous revenue cash receipts	—	—	—	—
Other noncapital financing cash payments	—	—	—	(825)
Transfers in	—	27	—	—
Transfers out	—	(5,239)	—	—
Net cash provided by (used in) noncapital financing activities	**—**	**(5,212)**	**—**	**(825)**
Cash flows from capital and related financing activities:				
Acquisition of capital assets	—	—	—	(10,927)
Principal payments on capital debt	—	—	—	(170)
Interest payments on capital debt	—	—	—	(97)
Capital grants and gifts received	—	—	—	4,287
Transfer from South Carolina Medical Malpractice Liability JUA	3,997	—	—	—
Net cash provided by (used in) capital and related financing activities	**3,997**	**—**	**—**	**(6,907)**
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	—	—	10,164	—
Interest and dividends on investments	165	—	17,832	257
Net cash provided by (used in) investing activities	**165**	**—**	**27,996**	**257**
Net increase (decrease) in cash and cash equivalents	**(934)**	**(569)**	**93**	**2,581**
Cash and cash equivalents at beginning of year	**934**	**4,879**	**364**	**12,951**
Cash and cash equivalents at end of year	**$ —**	**$ 4,310**	**$ 457**	**$ 15,532**

[1] - On January 1, 2020, the Patient's Compensation Fund merged with the South Carolina Medical Malpractice Joint Underwriting Association, a nonmajor discretely presented component unit. The new entity is named the South Carolina Medical Malpractice Association and it is a nonmajor discretely presented component unit.

Exhibit E-3

Other Enterprise	Totals
$ 1,872	$ 48,246
—	711
—	(33,728)
(1,161)	(29,976)
(736)	(7,530)
494	4,611
—	(165)
469	**(17,831)**
58	58
—	(825)
67	94
—	(5,239)
125	**(5,912)**
(45)	(10,972)
—	(170)
—	(97)
—	4,287
—	3,997
(45)	**(2,955)**
2	10,166
2	18,256
4	**28,422**
553	**1,724**
2,651	**21,779**
$ 3,204	**$ 23,503**

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Patients' Compensation[1]	Canteen	Tuition Prepayment Program	Palmetto Railways
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (262)	$ 4,981	$ 5,361	$ 4,272
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	64	138	—	1,179
Realized gains and losses on sale of assets	(726)	—	—	—
Interest and dividends on investments and interfund loans	—	—	(17,832)	—
Other nonoperating revenues	53,003	—	—	4,287
Effect of change in operating assets and liabilities:				
Accounts receivable, net	—	—	360	(2,289)
Inventories	—	(430)	—	—
Other assets	275	1,158	—	(252)
Deferred outflows	92	136	—	(740)
Accounts payable	—	(109)	(3)	1,551
Accrued salaries and related expenses	(28)	(4)	—	(54)
Tuition benefits payable	—	—	(15,789)	—
Policy claims	(53,032)	—	—	—
Due to other funds	—	(114)	—	—
Unearned revenues	(3,254)	—	—	—
Compensated absences payable	(14)	(27)	—	27
Other liabilities	(1,093)	(1,047)	—	1,848
Deferred inflows	(121)	(39)	—	227
Net cash provided by (used in) operating activities	**$ (5,096)**	**$ 4,643**	**$ (27,903)**	**$ 10,056**
Noncash capital, investing, and financing activities:				
Increase (decrease) in fair value of investments	$ —	$ —	$ 842	$ —

[1] - On January 1, 2020, the Patient's Compensation Fund merged with the South Carolina Medical Malpractice Joint Underwriting Association, a nonmajor discretely presented component unit. The new entity is named the South Carolina Medical Malpractice Association and it is a nonmajor discretely presented component unit.

Exhibit E-3

Other Enterprise	Totals
$ (593)	$ 13,759
105	1,486
—	(726)
(2)	(17,834)
—	57,290
34	(1,895)
—	(430)
(1)	1,180
(67)	(579)
(4)	1,435
7	(79)
—	(15,789)
—	(53,032)
494	380
—	(3,254)
(2)	(16)
448	156
50	117
$ 469	**$ (17,831)**
$ —	$ 842

Combining Statement of Net Position

INTERNAL SERVICE FUNDS

June 30, 2020
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
ASSETS				
Current assets:				
Cash and cash equivalents	$ 20,850	$ 583,304	$ 358,947	$ 19,519
Investments	—	—	—	2,088
Invested securities lending collateral	—	17,118	5,832	43
Receivables, net:				
Accounts	29,355	154,844	51,388	391
Accrued interest	3,123	11	2,934	22
Due from other funds	21,850	—	—	12,588
Due from component units	17,598	—	—	—
Inventories	—	—	—	647
Prepaid items	26,231	685	720	79
Total current assets	119,007	755,962	419,821	35,377
Long-term assets:				
Investments	518,218	—	—	—
Accounts receivable, net	—	—	—	—
Prepaid items	—	—	—	91
Other long-term assets	—	—	141	—
Non-depreciable capital assets	—	—	—	6,339
Depreciable capital assets, net	—	96	132	53,668
Total long-term assets	518,218	96	273	60,098
Total assets	**637,225**	**756,058**	**420,094**	**95,475**
DEFERRED OUTFLOWS OF RESOURCES	**1,193**	**3,396**	**1,182**	**5,852**

Exhibit E-4

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 14,401	$ 4,272	$ 1,464	$ 1,002,757
—	—	—	2,088
—	—	—	22,993
791	975	—	237,744
—	2	—	6,092
232	—	—	34,670
—	—	—	17,598
—	2,476	—	3,123
—	—	—	27,715
15,424	7,725	1,464	1,354,780
—	—	—	518,218
—	80	—	80
—	—	—	91
—	—	—	141
—	—	—	6,339
31,105	4,096	—	89,097
31,105	4,176	—	613,966
46,529	**11,901**	**1,464**	**1,968,746**
483	**1,493**	**84**	**13,683**

Continued on Next Page

Combining Statement of Net Position

INTERNAL SERVICE FUNDS (Continued)

June 30, 2020
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
LIABILITIES				
Current liabilities:				
Accounts payable	$ 88	$ 1	$ 166	$ 3,638
Accrued salaries and related expenses	265	786	557	1,052
Accrued interest payable	—	—	—	1
Intergovernmental payables	—	—	—	220
Policy claims	334,770	191,987	45,210	—
Due to other funds	—	—	—	3,543
Unearned revenues	121,304	22,066	55,935	4,077
Deposits	—	—	9	—
Securities lending collateral	—	17,118	5,832	43
Notes payable	—	—	—	507
Capital leases payable	—	—	28	—
Compensated absences payable	173	594	182	839
Other current liabilities	—	—	1,568	—
Total current liabilities	456,600	232,552	109,487	13,920
Long-term liabilities:				
Policy claims	—	—	157,558	—
Interfund payables	—	—	—	142
Notes payable	—	—	—	—
Compensated absences payable	42	485	130	722
Other long-term liabilities	—	—	153	—
Net pension liability	4,979	14,376	5,335	24,095
Net OPEB liability	4,195	11,959	4,334	20,316
Total long-term liabilities	9,216	26,820	167,510	45,275
Total liabilities	**465,816**	**259,372**	**276,997**	**59,195**
DEFERRED INFLOWS OF RESOURCES	**798**	**1,368**	**765**	**3,418**
NET POSITION				
Net investment in capital assets	—	96	104	59,500
Restricted:				
Insurance programs	—	498,618	—	—
Unrestricted	171,804	—	143,410	(20,786)
Total net position (deficit)	**$ 171,804**	**$ 498,714**	**$ 143,514**	**$ 38,714**

Exhibit E-4

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 302	$ 62	$ —	$ 4,257
87	594	23	3,364
14	—	—	15
3	1	—	224
—	—	—	571,967
39	148	9	3,739
—	—	—	203,382
—	—	—	9
—	—	—	22,993
5,022	131	—	5,660
—	—	—	28
69	189	12	2,058
—	—	—	1,568
5,536	1,125	44	819,264
—	—	—	157,558
—	—	—	142
5,114	415	—	5,529
59	163	10	1,611
—	—	—	153
1,982	6,158	347	57,272
1,671	5,191	292	47,958
8,826	11,927	649	270,223
14,362	**13,052**	**693**	**1,089,487**
279	**873**	**50**	**7,551**
20,969	3,550	—	84,219
—	—	—	498,618
11,402	(4,081)	805	302,554
$ 32,371	**$ (531)**	**$ 805**	**$ 885,391**

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

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Operating revenues:				
Charges for services	$ 163,398	$ 2,781,147	$ 70,122	$ 65,307
Licenses, fees, and permits	—	—	—	14
Other operating revenues	—	493,104	—	—
Total operating revenues	**163,398**	**3,274,251**	**70,122**	**65,321**
Operating expenses:				
General operations and administration	52,651	402,776	6,020	66,116
Benefits and claims	115,855	2,785,360	43,636	—
Depreciation and amortization	—	65	56	6,826
Other operating expenses	—	—	1,047	76
Total operating expenses	**168,506**	**3,188,201**	**50,759**	**73,018**
Operating income (loss)	**(5,108)**	**86,050**	**19,363**	**(7,697)**
Nonoperating revenues (expenses):				
Interest income	35,400	14,378	17,175	118
Contributions	—	—	—	13
Interest expense	—	—	(3)	(21)
Net other nonoperating revenues (expenses)	9	—	64	(781)
Losses on sale of capital assets	—	—	—	(44)
Total nonoperating revenues (expenses)	**35,409**	**14,378**	**17,236**	**(715)**
Income (loss) before transfers	**30,301**	**100,428**	**36,599**	**(8,412)**
Transfers in	—	—	—	7,800
Transfers out	(1,215)	—	—	(8,046)
Change in net position	**29,086**	**100,428**	**36,599**	**(8,658)**
Net position (deficit), at beginning of year	**142,718**	**398,286**	**106,915**	**47,372**
Net position (deficit) at end of year	**$ 171,804**	**$ 498,714**	**$ 143,514**	**$ 38,714**

Exhibit E-5

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 34,671	$ 16,921	$ 399	$ 3,131,965
1	—	—	15
—	—	—	493,104
34,672	**16,921**	**399**	**3,625,084**
20,932	16,202	719	565,416
—	—	—	2,944,851
13,727	340	—	21,014
2	3	—	1,128
34,661	**16,545**	**719**	**3,532,409**
11	**376**	**(320)**	**92,675**
—	21	—	67,092
27	—	—	40
(220)	(18)	—	(262)
2,583	1,431	—	3,306
(323)	—	—	(367)
2,067	**1,434**	**—**	**69,809**
2,078	**1,810**	**(320)**	**162,484**
146	—	—	7,946
(2,281)	—	(105)	(11,647)
(57)	**1,810**	**(425)**	**158,783**
32,428	**(2,341)**	**1,230**	**726,608**
$ 32,371	**$ (531)**	**$ 805**	**$ 885,391**

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Cash flows from operating activities:				
Receipts from customers	$ 95,591	$ 2,783,041	$ 9,698	$ —
Internal activity–payments from other funds	79,566	—	58,887	59,413
Other operating cash receipts	—	453,085	—	—
Claims paid	(101,726)	(130,985)	(51,825)	—
Payments to suppliers for goods and services	(52,624)	(3,125,054)	(2,051)	(45,448)
Payments to employees	(3,405)	(10,148)	(4,690)	(17,746)
Other operating cash payments	—	—	—	—
Net cash provided by (used in) operating activities	**17,402**	**(30,061)**	**10,019**	**(3,781)**
Cash flows from noncapital financing activities:				
Miscellaneous revenue cash receipts	9	—	—	—
Other noncapital financing cash payments	—	—	—	(2,666)
Transfers in	—	—	—	7,800
Transfers out	(1,215)	—	—	(8,046)
Net cash provided by (used in) noncapital financing activities	**(1,206)**	**—**	**—**	**(2,912)**
Cash flows from capital and related financing activities:				
Acquisition of capital assets	—	(103)	(72)	—
Proceeds from issuance of capital debt	—	—	—	—
Principal payments on capital debt	—	—	(27)	(998)
Interest payments on capital debt	—	—	—	(23)
Proceeds from sale or disposal of capital assets	—	—	—	—
Net cash used in capital and related financing activities	**—**	**(103)**	**(99)**	**(1,021)**
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	159,851	—	—	198
Purchase of investments	(170,155)	—	—	—
Interest on investments	7,671	14,376	16,666	115
Net cash provided by (used in) investing activities	**(2,633)**	**14,376**	**16,666**	**313**
Net increase (decrease) in cash and cash equivalents	**13,563**	**(15,788)**	**26,586**	**(7,401)**
Cash and cash equivalents at beginning	**7,287**	**599,092**	**332,361**	**26,920**
Cash and cash equivalents at end of year	**$ 20,850**	**$ 583,304**	**$ 358,947**	**$ 19,519**

Exhibit E-6

Motor Pool	Prison Industries	Other Internal Service	Totals
$ —	$ 14,825	$ —	$ 2,903,155
34,526	—	407	232,799
—	—	—	453,085
—	—	—	(284,536)
(19,517)	(5,258)	(192)	(3,250,144)
(1,559)	(12,663)	(246)	(50,457)
(2)	—	—	(2)
13,448	**(3,096)**	**(31)**	**3,900**
837	1,410	—	2,256
—	—	—	(2,666)
146	—	—	7,946
(2,281)	—	(105)	(11,647)
(1,298)	**1,410**	**(105)**	**(4,111)**
(8,898)	(48)	—	(9,121)
—	547	—	547
(4,936)	—	—	(5,961)
(213)	(18)	—	(254)
1,772	40	—	1,812
(12,275)	**521**	**—**	**(12,977)**
—	—	—	160,049
—	—	—	(170,155)
—	2	—	38,830
—	**2**	**—**	**28,724**
(125)	**(1,163)**	**(136)**	**15,536**
14,526	**5,435**	**1,600**	**987,221**
$ 14,401	**$ 4,272**	**$ 1,464**	**$ 1,002,757**

Continued on Next Page

Combining Statement of Cash Flows

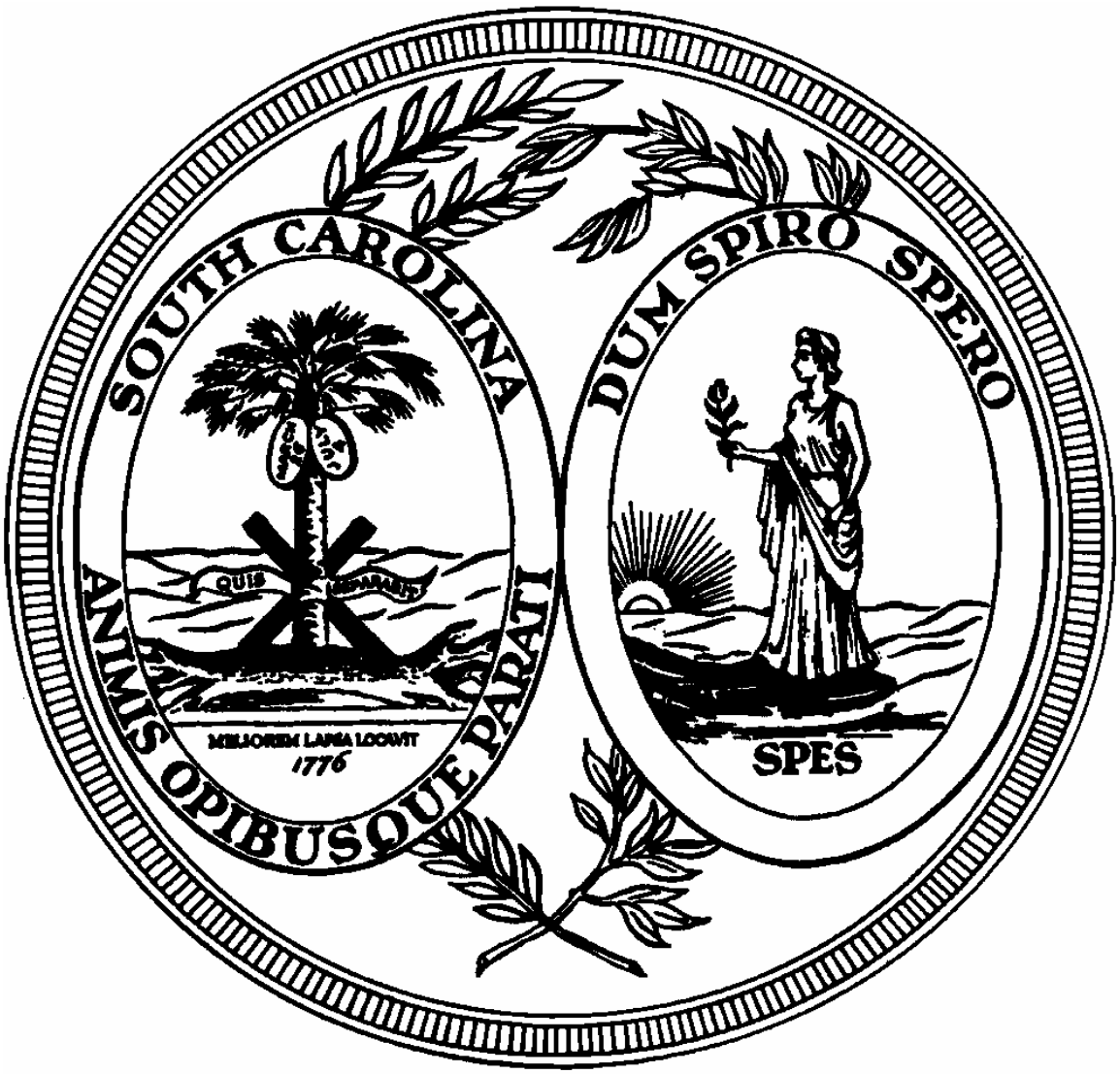
INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2020
(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)	$ (5,108)	$ 86,050	$ 19,363	$ (7,697)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	—	65	56	6,826
Realized losses on sale of assets	—	—	—	(44)
Other nonoperating revenues	—	—	64	—
Other nonoperating expenses	—	—	(18)	—
Effect of change in operating assets and liabilities:				
Accounts receivable, net	—	(40,444)	9,091	575
Due from other funds	(20,754)	—	—	(10,519)
Inventories	—	—	—	(5)
Other assets	(4,884)	(64)	(22)	(162)
Deferred outflows	840	(93)	(306)	(181)
Accounts payable	(6)	—	(2)	(676)
Accrued salaries and related expenses	9	(12)	243	(6)
Policy claims	14,129	(79,363)	(8,223)	—
Due to other funds	—	—	—	3,331
Unearned revenues	32,513	2,319	(10,131)	4,078
Compensated absences payable	27	107	91	4
Other liabilities	195	1,088	(260)	237
Deferred inflows	441	286	73	458
Net cash provided by (used in) operating activities	**$ 17,402**	**$ (30,061)**	**$ 10,019**	**$ (3,781)**
Noncash capital, investing, and financing activities:				
Disposal of capital assets	$ —	$ —	$ —	$ 434
Increase in fair value of investments	28,056	—	—	—
Total noncash capital, investing, and financing activities	**$ 28,056**	**$ —**	**$ —**	**$ 434**

Exhibit E-6

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 11	$ 376	$ (320)	$ 92,675
13,727	340	—	21,014
(323)	—	—	(367)
—	—	—	64
—	—	—	(18)
222	(2,096)	—	(32,652)
(48)	—	6	(31,315)
—	(624)	—	(629)
—	—	—	(5,132)
(32)	(9)	(41)	178
(335)	(708)	—	(1,727)
4	(291)	10	(43)
—	—	—	(73,457)
5	(25)	4	3,315
—	—	—	28,779
9	(11)	5	232
160	(144)	277	1,553
48	96	28	1,430
$ 13,448	**$ (3,096)**	**$ (31)**	**$ 3,900**
$ 6,514	$ 40	$ —	$ 6,988
—	—	—	28,056
$ 6,514	**$ 40**	**$ —**	**$ 35,044**


SOUTH CAROLINA
ANIMIS OPIBUSQUE PARATI
DUM SPIRO SPERO
QUIS SEPARABIT
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1776
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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, 2020
(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	$ 2,933,744	$ 536,560	$ 6,566	$ 23,387	$ 7,495
Receivables:					
Contributions	259,921	29,406	15	1,487	—
Accrued interest	34,588	6,217	42	210	36
Unsettled investment sales	1,185,716	213,103	1,425	7,182	1,207
Other investment receivables	486	87	1	3	1
Total receivables	1,480,711	248,813	1,483	8,882	1,244
Due from other funds	48	96	—	—	—
Investments, at fair value:					
Short-term investments and opportunistic	464,501	83,483	559	2,814	472
Debt-domestic	3,207,714	576,508	3,856	19,429	3,265
Equity-international	11,678,233	2,098,875	14,039	70,734	11,888
Alternatives	8,955,407	1,609,513	10,766	54,242	9,116
Financial and other	—	—	—	—	—
Total investments	24,305,855	4,368,379	29,220	147,219	24,741
Invested securities lending collateral	17,216	3,094	21	104	17
Capital assets, net	1,938	203	6	9	—
Prepaid items	674	111	1	4	1
Total assets	**28,740,186**	**5,157,256**	**37,297**	**179,605**	**33,498**
LIABILITIES					
Accounts payable	6,557	1,178	8	40	7
Accounts payable–unsettled investment purchases	2,133,526	383,449	2,565	12,922	2,172
Policy claims	—	—	—	—	—
Due to other funds	78,931	1,447	—	48	—
Securities lending collateral	54,564	9,807	66	330	55
Other liabilities	174,190	31,200	204	1,015	172
Total liabilities	**2,447,768**	**427,081**	**2,843**	**14,355**	**2,406**
NET POSITION					
Held in trust for pension and other post-employment benefits	**$ 26,292,418**	**$ 4,730,175**	**$ 34,454**	**$ 165,250**	**$ 31,092**

Exhibit F-1

OPEB TRUST		
South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
$ 79,555	$ 1,636	$ 3,588,943
—	—	290,829
8,108	301	49,502
—	—	1,408,633
—	—	578
8,108	301	1,749,542
80,282	—	80,426
—	—	551,829
1,314,168	35,124	5,160,064
—	—	13,873,769
—	—	10,639,044
170,364	6,004	176,368
1,484,532	41,128	30,401,074
6,988	672	28,112
—	—	2,156
—	—	791
1,659,465	**43,737**	**35,851,044**
—	—	7,790
—	—	2,534,634
—	688	688
—	—	80,426
7,167	570	72,559
—	—	206,781
7,167	**1,258**	**2,902,878**
$ 1,652,298	**$ 42,479**	**$ 32,948,166**

Combining Statement of Changes in Plan Net Position

PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

For the Fiscal Year Ended June 30, 2020
(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	$ 1,648,048	$ 263,145	$ 6,329	$ 19,098	$ 5,290
Employee	922,539	151,835	222	4,966	—
Nonemployer	88,706	12,470	—	2,900	—
Total contributions	2,659,293	427,450	6,551	26,964	5,290
Investment income:					
Interest income and net appreciation in investments	(249,018)	(44,629)	(213)	(1,200)	(156)
Securities lending income	2,316	413	3	14	2
Total investment income	(246,702)	(44,216)	(210)	(1,186)	(154)
Less investment expense:					
Investment expense	194,878	34,890	233	1,175	198
Securities lending expense	—	—	—	—	—
Net investment income	(441,580)	(79,106)	(443)	(2,361)	(352)
Assets moved between pension trust funds	—	998	—	563	—
Total additions	**2,217,713**	**349,342**	**6,108**	**25,166**	**4,938**
Deductions:					
Regular retirement benefits	3,007,545	405,790	6,323	24,845	4,514
Supplemental retirement benefits	291	10	—	—	—
Deferred retirement benefits	—	—	—	456	—
Refunds of retirement contributions to members	117,860	22,492	—	182	—
Death benefit claims	22,750	2,359	25	190	—
Accidental death benefits	—	1,842	—	—	—
Other post-employment benefits	—	—	—	—	—
Depreciation	146	18	—	1	—
Administrative expense	14,072	2,451	18	85	15
Assets moved between pension trust funds	1,547	14	—	—	—
Total deductions	**3,164,211**	**434,976**	**6,366**	**25,759**	**4,529**
Change in net position	**(946,498)**	**(85,634)**	**(258)**	**(593)**	**409**
Net position at beginning of year	**27,238,916**	**4,815,809**	**34,712**	**165,843**	**30,683**
Net position at end of year	**$ 26,292,418**	**$ 4,730,175**	**$ 34,454**	**$ 165,250**	**$ 31,092**

Exhibit F-2

OPEB TRUST		
South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
$ 572,238	$ 7,558	$ 2,521,706
—	—	1,079,562
133,361	—	237,437
705,599	7,558	3,838,705
103,136	4,140	(187,940)
42	1	2,791
103,178	4,141	(185,149)
—	—	231,374
4	—	4
103,174	4,141	(416,527)
—	—	1,561
808,773	**11,699**	**3,423,739**
—	—	3,449,017
—	—	301
—	—	456
—	—	140,534
—	—	25,324
—	—	1,842
550,195	7,887	558,082
—	—	165
1,019	107	17,767
—	—	1,561
551,214	**7,994**	**4,195,049**
257,559	**3,705**	**(771,310)**
1,394,739	**38,774**	**33,719,476**
$ 1,652,298	**$ 42,479**	**$ 32,948,166**

Combining Statement of Fiduciary Net Position — Exhibit F-3

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2020
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
ASSETS			
Cash and cash equivalents	$ 809	$ 18,326	$ 19,135
Receivables, net:			
Accounts receivable	—	20	20
Accrued interest	3,051	63	3,114
Unsettled investment sales	5,000	—	5,000
Investments	4,334,212	6,425	4,340,637
Invested securities lending collateral	—	90	90
Other assets	—	4,367	4,367
Total assets	**4,343,072**	**29,291**	**4,372,363**
LIABILITIES			
Accounts payable	2,428	365	2,793
Accounts payable–unsettled investment purchases	5,019	—	5,019
Securities lending collateral	—	90	90
Total liabilities	**7,447**	**455**	**7,902**
NET POSITION			
Held in trust for other purposes	**$ 4,335,625**	**$ 28,836**	**$ 4,364,461**

Combining Statement of Changes in Fiduciary Net Position

Exhibit F-4

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
Additions:			
Licenses, fees, and permits	$ —	$ 92	$ 92
Tuition plan deposits	1,416	—	1,416
Contributions	221,053	2,374	223,427
Interest income	154,630	503	155,133
Total additions	**377,099**	**2,969**	**380,068**
Deductions:			
Administrative expense	14,364	844	15,208
Other expenses	846	221	1,067
Total deductions	**15,210**	**1,065**	**16,275**
Change in net position	**361,889**	**1,904**	**363,793**
Net position at beginning of year	**3,973,736**	**26,932**	**4,000,668**
Net position at end of year	**$ 4,335,625**	**$ 28,836**	**$ 4,364,461**

Combining Statement of Changes in Assets and Liabilities

Exhibit F-5

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Assets:				
Cash and cash equivalents	$ 291,791	$ 50,326,217	$ 50,151,348	$ 466,660
Accounts receivable	10,865	535,993	534,689	12,169
Accrued interest receivable	13,908	14,014	24,967	2,955
Taxes receivable	—	6,406	6,406	—
Loans and notes receivable	—	75	75	—
Due from other funds	14,448	605,156	577,744	41,860
Investments	18,067	51,102	54,837	14,332
Invested securities lending collateral	3,426	4,400	4,682	3,144
Total assets	**$ 352,505**	**$ 51,543,363**	**$ 51,354,748**	**$ 541,120**
Liabilities:				
Accounts payable	$ 29,744	$ 4,177,257	$ 4,096,832	$ 110,169
Due to other funds	—	1,333,196	1,246,677	86,519
Tax refunds payable	—	4	—	4
Intergovernmental payables	32,727	156,091	149,816	39,002
Deposits	5,851	1,126	—	6,977
Amounts held in custody for others	280,755	295,047	280,499	295,303
Securities lending collateral	3,426	1,627	1,909	3,144
Due to participants	2	2	2	2
Total liabilities	**$ 352,505**	**$ 5,964,350**	**$ 5,775,735**	**$ 541,120**

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 Association* was established to provide medical malpractice insurance on a self-supporting basis. 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 took effect on January 1, 2020. The new combined entity is named the South Carolina Medical Malpractice Association, which is a nonmajor discretely presented component unit.

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, 2020
(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	$ 71,084	$ 51,015	$ 70,506	$ 26,970	$ 7,607	$ 8,157	$ 30,926
Investments	121,918	—	7,734	9,618	14,953	—	—
Invested securities lending collateral	941	921	1,350	164	50	54	402
Receivables, net:							
Accounts	8,950	14,294	3,994	2,090	39	1,293	1,247
Contributions	18,931	4,004	6,806	266	1,715	—	1,346
Accrued interest	73	—	241	122	—	—	108
Student accounts	1,478	1,354	1,386	604	989	3,889	2,829
Loans and notes	2,105	—	—	—	157	—	—
Due from Federal government and other grantors	—	—	6,023	5,452	2,286	2,966	579
Due from primary government	—	—	—	—	368	—	334
Inventories	2,174	525	313	—	167	—	359
Restricted assets:							
Cash and cash equivalents	19,948	38,608	95,226	7,238	7,193	44,449	13,270
Investments	177,158	987	112,329	20,429	1,351	117	66,845
Loans receivable	1	746	875	1,314	925	3,038	1,452
Other	314	—	—	—	—	—	—
Prepaid items	1,014	2,552	7,986	1,119	422	341	1,401
Other assets	98	—	1,348	—	618	—	—
Deferred charges	—	—	—	—	—	—	—
Capital assets-nondepreciable	9,306	39,849	69,633	15,656	9,510	14,229	4,888
Capital assets-depreciable, net	115,938	420,374	339,686	83,616	67,302	100,061	86,667
Total assets	551,431	575,229	725,436	174,658	115,652	178,594	212,653
DEFERRED OUTFLOWS OF RESOURCES	$ 19,643	$ 49,082	$ 47,165	$ 13,017	$ 11,088	$ 17,092	$ 21,268
LIABILITIES							
Accounts payable	$ 6,305	$ 5,677	$ 4,280	$ 1,333	$ 446	$ 4,308	$ 2,137
Accrued salaries and related expenses	2,599	13,217	9,791	227	1,701	939	6,006
Accrued interest payable	245	635	1,835	376	156	410	343
Retainages payable	109	200	271	298	54	—	2
Prizes payable	—	—	—	—	—	—	—
Intergovernmental payables	—	—	—	—	—	—	—
Due to primary government	—	2,146	1,798	—	554	4,978	54
Unearned revenues and deferred credits	3,423	3,381	5,365	1,788	1,614	937	6,007
Deposits	4,991	—	1,723	—	—	—	331
Amounts held in custody for others	6,184	247	208	145	—	17	5,044
Securities lending collateral	941	921	1,350	164	50	54	402
Liabilities payable from restricted assets	—	—	—	—	—	—	1,721
Other liabilities	4,353	2,496	1,491	1,589	1,059	907	1,702
Long-term liabilities:							
Due within one year	3,467	8,431	10,986	2,483	2,688	4,334	7,320
Due in more than one year	192,010	533,559	547,754	138,611	110,334	147,514	203,475
Total liabilities	224,627	570,910	586,852	147,014	118,656	164,398	234,544
DEFERRED INFLOWS OF RESOURCES	$ 7,772	$ 17,216	$ 23,337	$ 7,111	$ 4,157	$ 10,311	$ 21,951
NET POSITION							
Net investment in capital assets	109,441	263,571	213,737	75,361	40,048	66,836	60,046
Restricted:							
Expendable:							
Education	186,309	—	63,650	8,983	20,955	36,214	5,380
Transportation	—	—	—	—	—	—	—
Capital projects	13,129	46,139	61,597	6,666	2,419	—	—
Debt service	1,671	2,152	7,272	—	2,238	6,373	1,496
Loan programs	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Nonexpendable:							
Education	53,126	157	68,235	15,539	—	946	60,588
Unrestricted	(25,001)	(275,834)	(252,079)	(72,999)	(61,733)	(89,392)	(150,084)
Total net position (deficit)	**$ 338,675**	**$ 36,185**	**$ 162,412**	**$ 33,550**	**$ 3,927**	**$ 20,977**	**$ (22,574)**

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
$ 13,042	$ 9,888	$ 1,905	$ 4,337	$ 26,292	$ 53,443	$ 9,613	$ 12,167	$ —	$ 6,227	$ 26,402
11,644	—	—	—	41,871	17,579	373	72,583	3,093	3,428	5,085
—	—	—	—	5	—	—	164	—	—	—
2,422	—	82	1,305	335	802	665	—	—	113	7
—	—	—	—	2,065	—	3	—	—	—	49
—	—	—	—	521	158	42	—	—	10	—
858	717	78	2,456	577	5,219	2,750	3,149	2,808	877	434
—	—	—	—	—	46	155	—	—	—	—
—	689	3,962	443	2,115	1,734	734	3,183	1,647	1,074	361
410	494	—	390	1,503	945	138	1,983	—	313	813
416	317	40	572	2,192	—	110	—	—	222	—
—	3,594	—	11,325	5,138	191	12,728	9,671	1,091	—	—
19	—	—	—	—	—	1,169	—	—	—	1,350
—	—	—	166	—	—	—	—	—	—	—
—	—	—	—	1,559	—	—	2,209	—	—	—
114	583	40	153	117	458	85	490	—	45	130
—	—	—	—	—	—	—	—	32	2	—
—	—	—	—	—	—	—	—	—	—	—
1,147	1,967	192	3,290	35,836	7,297	4,989	8,133	662	106	15,008
21,110	34,920	3,871	42,139	103,040	77,038	13,561	72,655	7,613	22,339	41,657
51,182	53,169	10,170	66,576	223,166	164,910	47,115	186,387	16,946	34,756	91,296
$ 3,341	$ 6,237	$ 1,351	$ 7,264	$ 13,168	$ 10,193	$ 3,699	$ 18,827	$ 2,246	$ 4,476	$ 8,663
$ 625	$ 467	$ 157	$ 3	$ 5,137	$ 2,201	$ 12	$ 1,657	$ 60	$ 530	$ 684
155	467	161	474	1,605	1,531	342	1,605	115	283	515
—	—	—	156	—	—	5	231	—	—	—
—	—	—	—	—	—	—	74	—	9	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	157	—	323	—	—	153	—	—	—	—
3,777	4,984	1,410	3,107	7,742	3,757	4,318	6,202	3,137	1,882	1,603
—	—	144	—	—	—	2,887	216	—	—	39
—	32	11	165	699	763	5	232	122	—	—
—	—	—	—	5	—	—	164	—	—	—
—	—	—	—	—	—	—	—	—	—	—
5	—	—	353	2,133	—	166	—	—	—	—
63	97	968	1,577	4,040	35	965	2,044	1,036	126	576
31,334	53,460	13,108	79,063	215,100	85,297	42,460	187,650	16,640	41,886	66,333
35,959	59,664	15,959	85,221	236,461	93,584	51,313	200,075	21,110	44,716	69,750
$ 2,736	$ 2,965	$ 4,450	$ 10,871	$ 11,672	$ 4,000	$ 2,758	$ 19,850	$ 1,255	$ 5,285	$ 4,850
22,257	36,887	4,063	33,268	85,067	84,297	17,988	63,465	8,276	22,444	56,665
63	6	—	13	5,689	236	1,617	—	1,091	—	1,257
—	—	—	—	—	—	—	—	—	—	—
—	—	2,900	—	5,450	22,972	—	62,883	—	20	12,202
—	—	—	11,312	—	—	—	20,394	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	252	—	—	11,876	—	—	—	—	—	1,350
(6,492)	(40,368)	(15,851)	(66,845)	(119,881)	(29,986)	(22,862)	(161,453)	(12,540)	(33,233)	(46,115)
$ 15,828	**$ (3,223)**	**$ (8,888)**	**$ (22,252)**	**$ (11,799)**	**$ 77,519**	**$ (3,257)**	**$ (14,711)**	**$ (3,173)**	**$ (10,769)**	**$ 25,359**

Continued on Next Page

Combining Statement of Net Position (Continued)

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2020
(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
ASSETS							
Cash and cash equivalents	$ 14,477	$ 54,001	$ 50,429	$ 10,200	$ 17,969	$ 1,414	$ 30,499
Investments	6,169	26,543	—	—	16,406	—	—
Invested securities lending collateral	—	—	—	—	—	—	—
Receivables, net:							
Accounts	660	204	11,052	—	(148)	—	40,123
Contributions	83	139	—	—	755	—	—
Accrued interest	—	—	—	—	—	—	654
Student accounts	386	718	9,421	708	2,114	—	—
Loans and notes	—	—	—	—	—	—	32,454
Due from Federal government and other grantors	3,680	2,114	3,107	—	4,969	—	—
Due from primary government	382	505	1,428	—	265	—	—
Inventories	430	240	747	82	—	133	—
Restricted assets:							
Cash and cash equivalents	—	—	—	7	—	13,165	73,200
Investments	—	—	—	—	—	—	—
Loans receivable	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Prepaid items	274	650	934	18	—	49	2
Other assets	—	167	—	—	49	112,893	—
Deferred charges	—	—	—	—	—	—	—
Capital assets-nondepreciable	7,744	5,481	8,847	127	13,504	—	—
Capital assets-depreciable, net	60,481	72,638	150,209	1,796	28,048	940	—
Total assets	94,766	163,400	236,174	12,938	83,931	128,594	176,932
DEFERRED OUTFLOWS OF RESOURCES	$ 9,103	$ 10,440	$ 18,283	$ 2,041	$ 7,577	$ —	$ —
LIABILITIES							
Accounts payable	$ 1,397	$ 2,195	$ 3,026	$ 20	$ 2,338	$ 121	$ 5,320
Accrued salaries and related expenses	386	44	1,005	49	31	—	—
Accrued interest payable	13	299	25	—	—	—	—
Retainages payable	—	—	120	—	—	—	—
Prizes payable	—	—	—	—	—	—	—
Intergovernmental payables	—	—	—	—	—	—	—
Due to primary government	—	—	—	—	206	82	260
Unearned revenues and deferred credits	1,902	4,161	5,663	1,502	3,189	738	7
Deposits	—	—	—	—	—	—	—
Amounts held in custody for others	—	—	150	—	51	—	—
Securities lending collateral	—	—	—	—	—	—	—
Liabilities payable from restricted assets	—	—	27	—	—	—	211
Other liabilities	32	—	85	—	646	—	—
Long-term liabilities:							
Due within one year	256	1,733	1,699	26	574	8,259	980
Due in more than one year	76,057	103,950	174,376	13,546	65,805	211,117	15,725
Total liabilities	80,043	112,382	186,176	15,143	72,840	220,317	22,503
DEFERRED INFLOWS OF RESOURCES	$ 3,550	$ 3,788	$ 15,280	$ 674	$ 6,621	$ —	$ —
NET POSITION							
Net investment in capital assets	67,332	53,105	155,690	1,923	41,552	2,281	—
Restricted:							
Expendable:							
Education	5,435	12,108	—	—	—	—	—
Transportation	—	—	—	—	—	2,495	—
Capital projects	4,003	—	26,944	—	—	—	—
Debt service	(12)	—	—	—	—	—	6,933
Loan programs	—	—	—	—	—	—	64,050
Other	—	—	—	—	—	—	—
Nonexpendable:							
Education	—	16,230	—	7	—	—	—
Unrestricted	(56,482)	(23,773)	(129,633)	(2,768)	(29,505)	(96,499)	83,446
Total net position (deficit)	**$ 20,276**	**$ 57,670**	**$ 53,001**	**$ (838)**	**$ 12,047**	**$ (91,723)**	**$ 154,429**

Exhibit G-1

South Carolina Jobs-Economic Development Authority	South Carolina Research Authority	Patriots Point Development Authority	South Carolina Medical Malpractice Association	South Carolina First Steps to School Readiness Board of Trustees	Children's Trust Fund of S.C., Inc.	Totals
$ 726	$ 1,760	$ 5,839	$ 9,085	$ 10,440	$ 1,405	$ 637,825
2,952	53,813	—	11,200	—	1,780	428,742
—	—	68	3	—	—	4,122
3,358	822	190	960	103	7	94,969
—	343	—	—	—	—	36,505
—	—	—	84	—	—	2,013
—	—	—	—	—	—	45,799
2,000	294	—	—	—	—	37,211
—	—	—	—	—	3,403	50,521
—	—	—	—	—	829	11,100
—	—	285	—	—	—	9,324
—	5	58	—	—	—	356,105
—	—	—	—	—	—	381,754
—	—	—	—	—	—	8,517
—	—	—	—	—	—	4,082
—	401	8	225	—	42	19,653
—	—	—	1,250	—	17	116,474
—	—	—	-	—	—	—
—	7,174	4,476	80	—	—	289,131
—	28,230	13,324	—	46	17	2,009,316
9,036	92,842	24,248	22,887	10,589	7,500	4,543,163
$ 249	$ —	$ 2,011	$ —	$ 1,726	$ —	$ 309,250
$ 2	$ 396	$ 17	$ 597	$ 179	$ 1,810	$ 53,437
—	187	418	—	—	—	43,853
—	—	—	—	—	—	4,729
—	—	—	—	—	—	1,137
—	—	—	—	—	—	—
—	—	—	—	—	696	696
—	—	8,561	—	—	—	19,272
—	544	690	11,540	176	192	94,738
—	—	—	—	—	—	10,331
—	—	—	73	—	—	14,148
—	—	68	3	—	—	4,122
—	—	—	—	—	—	1,959
61	319	—	—	357	111	17,865
26	941	233	13,576	136	—	79,675
1,065	12,430	15,665	102,208	9,792	77	3,507,401
1,154	14,817	25,652	127,997	10,640	2,886	3,853,363
$ 79	$ —	$ 1,164	$ —	$ 6,817	$ —	$ 200,520
—	22,034	9,600	—	46	34	1,617,314
—	—	—	—	1,276	—	350,282
—	—	—	—	—	—	2,495
—	—	—	—	—	—	267,324
—	—	—	—	—	—	59,829
—	—	—	—	—	—	64,050
3,300	45,029	—	2,309	—	1,108	51,746
—	—	—	—	—	—	228,306
4,752	10,962	(10,157)	(107,419)	(6,464)	3,472	(1,842,816)
$ 8,052	**$ 78,025**	**$ (557)**	**$ (105,110)**	**$ (5,142)**	**$ 4,614**	**$ 798,530**

Combining Statement of Activities

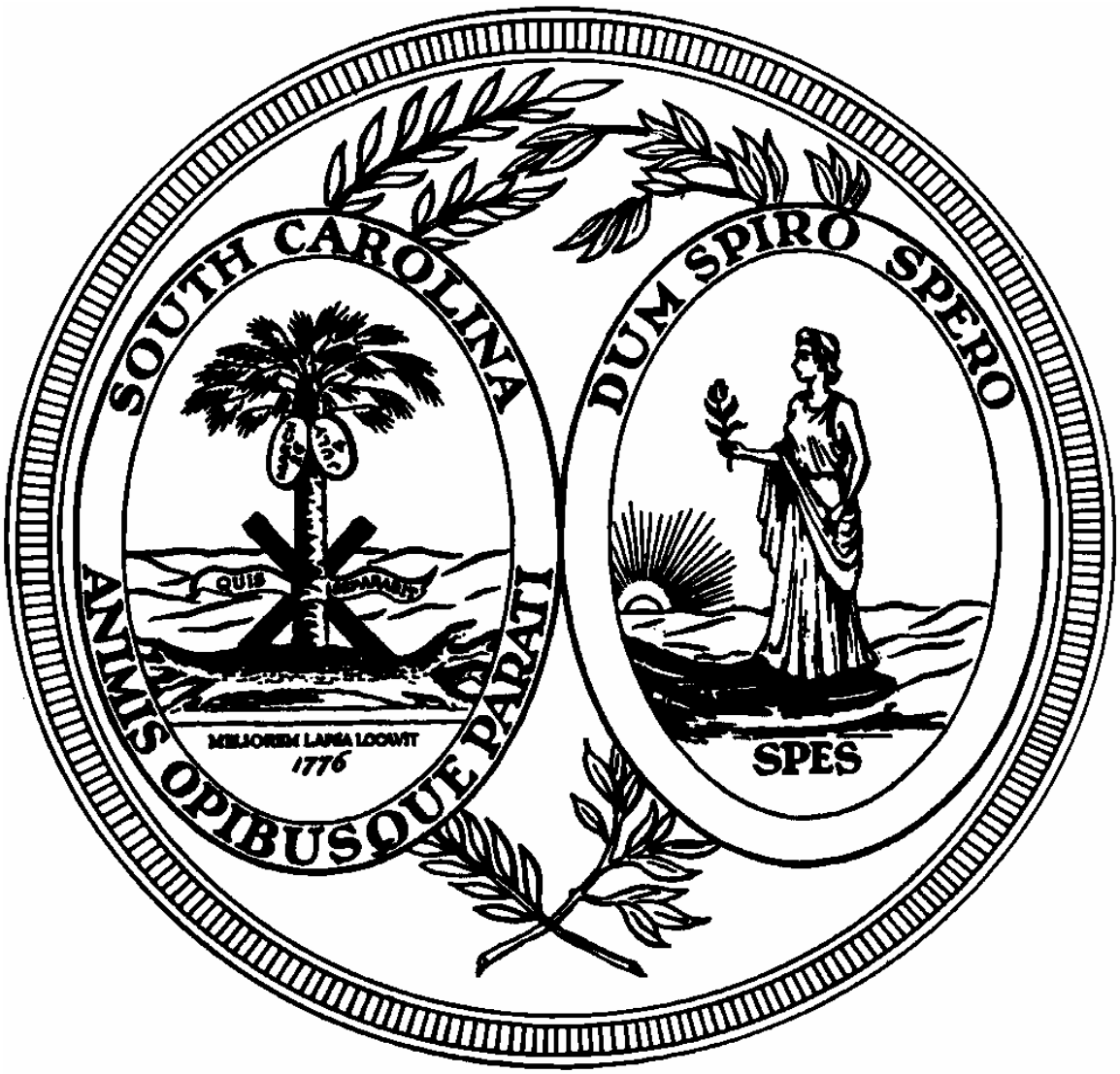
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

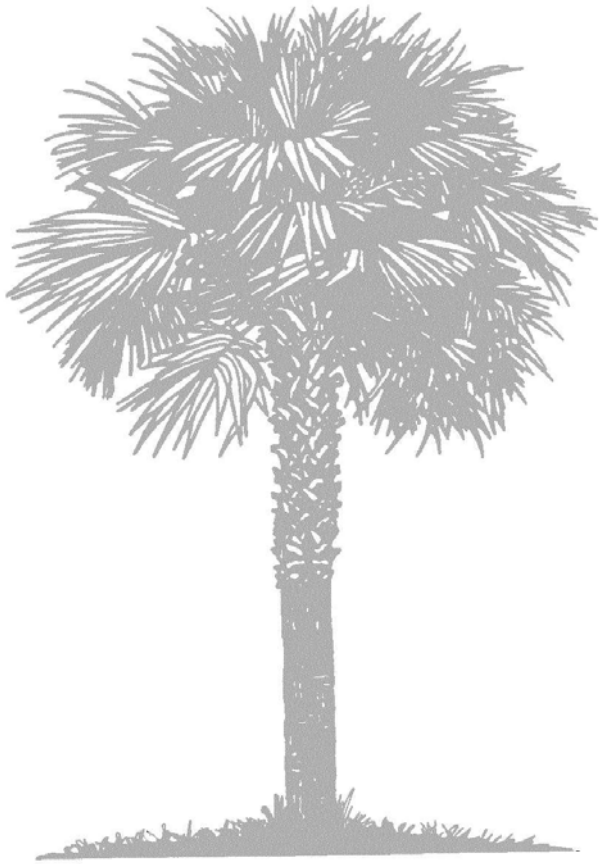
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
The Citadel	$ 148,654	$ 101,928	$ 50,770	$ 4
Coastal Carolina University	256,598	186,176	33,303	17,651
College of Charleston	293,365	225,664	37,989	882
Francis Marion University	82,241	48,118	19,803	5,410
Lander University	70,007	39,342	14,484	—
South Carolina State University	85,305	48,647	20,406	4,395
Winthrop University	136,939	97,646	30,354	1,296
Aiken Technical College	22,852	10,529	7,274	338
Central Carolina Technical College	40,564	14,619	13,566	3,509
Denmark Technical College	9,085	4,814	2,127	126
Florence- Darlington Technical College	47,351	18,817	18,487	25
Greenville Technical College	114,371	54,847	43,206	3,871
Horry- Georgetown Technical College	71,190	37,858	21,480	9,506
Technical College of the Lowcountry	23,874	11,861	7,854	935
Midlands Technical College	106,159	55,301	38,739	6,241
Northeastern Technical College	12,715	3,156	5,042	230
Orangeburg- Calhoun Technical College	24,370	9,529	7,890	1,267
Piedmont Technical College	51,316	23,218	15,733	12,699
Spartanburg Community College	65,461	26,428	28,590	4,378
Tri-county Technical College	69,556	37,103	22,278	2,153
Trident Technical College	122,934	53,544	40,966	5,478
Williamsburg Technical College	8,149	2,384	3,079	97
York Technical College	42,983	23,884	12,315	1,993
Connector 2000	22,499	12,390	151	—
South Carolina Education Assistance Authority	1,842	1,809	2,087	—
South Carolina Jobs- Economic Development Authority	605	915	221	—
South Carolina Research Authority	15,304	4,556	9,998	—
Patriots Point Development Authority	12,533	9,722	117	2,115
South Carolina Medical Malpractice Association	68,656	12,293	1,271	—
South Carolina First Steps to School Readiness Board of Trustees	40,175	—	1,206	—
Children's Trust Fund of S.C., Inc.	16,363	—	17,593	—
Totals	**$ 2,084,016**	**$ 1,177,098**	**$ 528,379**	**$ 84,599**

Exhibit G-2

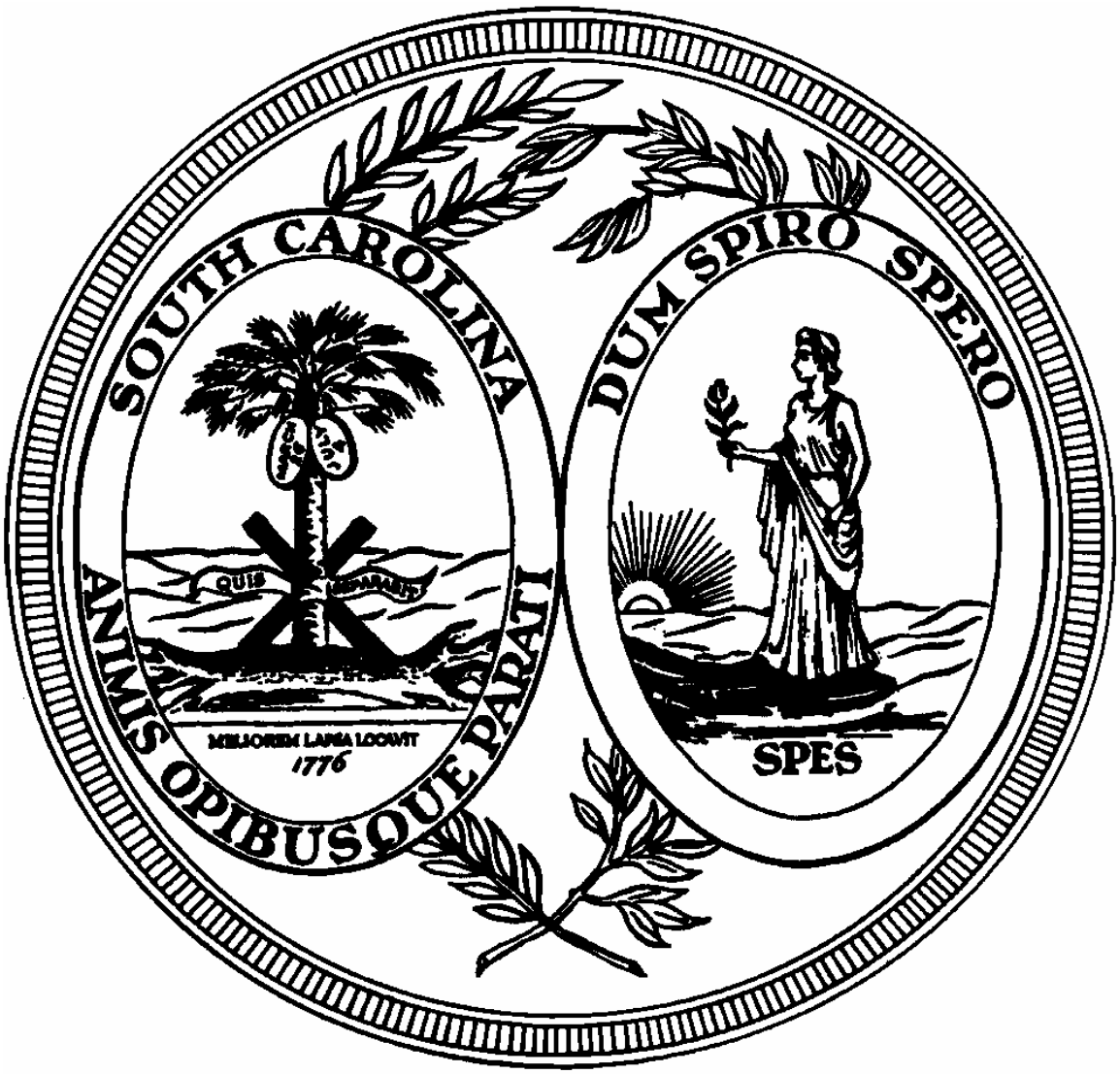
Net Revenue (Expenses)	Additions to Endowments	State Appropriations	Net Position (Deficit) Beginning (as Restated)	Net Position (Deficit) Ending
$ 4,048	$ —	$ 12,848	$ 321,779	$ 338,675
(19,468)	—	17,966	37,687	36,185
(28,830)	2,418	30,965	157,859	162,412
(8,910)	—	19,259	23,201	33,550
(16,181)	—	16,572	3,536	3,927
(11,857)	—	29,198	3,636	20,977
(7,643)	1,397	20,451	(36,779)	(22,574)
(4,711)	—	4,713	15,826	15,828
(8,870)	—	6,826	(1,179)	(3,223)
(2,018)	—	3,726	(10,596)	(8,888)
(10,022)	—	11,570	(23,800)	(22,252)
(12,447)	—	19,237	(18,589)	(11,799)
(2,346)	—	11,536	68,329	77,519
(3,224)	—	5,298	(5,331)	(3,257)
(5,878)	—	19,499	(28,332)	(14,711)
(4,287)	—	3,190	(2,076)	(3,173)
(5,684)	—	5,448	(10,533)	(10,769)
334	—	9,456	15,569	25,359
(6,065)	—	10,195	16,146	20,276
(8,022)	—	11,545	54,147	57,670
(22,946)	—	21,402	54,545	53,001
(2,589)	—	2,623	(872)	(838)
(4,791)	—	8,365	8,473	12,047
(9,958)	—	—	(81,765)	(91,723)
2,054	—	—	152,375	154,429
531	—	—	7,521	8,052
(750)	—	—	78,775	78,025
(579)	—	—	22	(557)
(55,092)	—	—	(50,018)	(105,110)
(38,969)	—	35,926	(2,099)	(5,142)
1,230	—	—	3,384	4,614
$ (293,940)	**$ 3,815**	**$ 337,814**	**$ 750,841**	**$ 798,530**


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
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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			
	2020	**2019**	**2018**	**2017**
Governmental activities				
Net Investment in capital assets.....	$ 16,904,849	$ 16,039,329	$ 15,079,318	$ 14,133,938
Restricted.....	9,612,909	6,064,521	6,068,437	8,204,123
Unrestricted.....	(4,049,399)	(2,049,166)	(3,578,770)	(6,445,213)
Total governmental activities net position.....	**$ 22,468,359**	**$ 20,054,684**	**$ 17,568,985**	**$ 15,892,848**
Business-type activities				
Net Investment in capital assets.....	$ 281,794	$ 221,494	$ 218,157	$ 216,697
Restricted.....	1,721,780	1,226,011	1,023,083	792,899
Unrestricted.....	(434,801)	(87,385)	(86,254)	(94,601)
Total business-type activities net position.....	**$ 1,568,773**	**$ 1,360,120**	**$ 1,154,986**	**$ 914,995**
Primary government				
Net Investment in capital assets.....	$ 17,186,643	$ 16,260,823	$ 15,297,475	$ 14,350,635
Restricted.....	11,334,689	7,290,532	7,091,520	8,997,022
Unrestricted.....	(4,484,200)	(2,136,551)	(3,665,024)	(6,539,814)
Total primary government net position.....	**$ 24,037,132**	**$ 21,414,804**	**$ 18,723,971**	**$ 16,807,843**

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.

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

2016	2015	2014	2013	2012	2011
$ 13,088,862	$ 12,667,605	$ 11,892,515	$ 11,455,604	$ 11,251,603	$ 10,766,855
6,691,147	6,062,068	5,488,629	5,323,431	3,158,419	3,273,224
(2,261,569)	(2,687,165)	(2,121,995)	332,163	1,763,505	762,150
$ 17,518,440	**$ 16,042,508**	**$ 15,259,149**	**$ 17,111,198**	**$ 16,173,527**	**$ 14,802,229**
$ 203,351	$ 146,739	$ 124,223	$ 72,497	$ 2,742,733	$ 2,628,292
584,700	337,834	185,732	56	1,438,402	1,443,470
(177,149)	(251,392)	(413,206)	(541,375)	974,730	707,961
$ 610,902	**$ 233,181**	**$ (103,251)**	**$ (468,822)**	**$ 5,155,865**	**$ 4,779,723**
$ 13,292,213	$ 12,814,344	$ 12,016,738	$ 11,528,101	$ 13,994,336	$ 13,395,147
7,275,847	6,399,902	5,674,361	5,323,487	4,596,821	4,716,694
(2,438,718)	(2,938,557)	(2,535,201)	(209,212)	2,738,235	1,470,111
$ 18,129,342	**$ 16,275,689**	**$ 15,155,898**	**$ 16,642,376**	**$ 21,329,392**	**$ 19,581,952**

Changes in Net Position

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2020	**2019**	**2018**	**2017**
Expenses				
Governmental activities:				
General government	$ 6,950,505	$ 6,661,431	$ 6,819,685	$ 5,507,990
Education	5,233,490	4,893,190	4,745,126	4,991,282
Health and environment	8,752,266	8,388,809	8,156,138	8,156,599
Social services	1,783,094	1,602,776	1,695,379	1,766,719
Administration of justice	1,108,837	1,013,459	986,839	938,748
Resources and economic development	481,058	472,696	393,575	484,902
Transportation	1,761,563	1,526,454	1,620,126	1,481,762
Unallocated interest expense	10,888	18,211	18,335	25,865
Total governmental activities expenses	**26,081,701**	**24,577,026**	**24,435,203**	**23,353,867**
Business-type activities:				
Higher education	—	—	—	—
Higher education institution support	—	—	—	—
Unemployment compensation benefits	3,038,557	149,581	182,537	199,409
Second injury fund benefits	1,484	12,085	285	600
Financing of housing facilities	—	—	—	—
Medical malpractice insurance	—	—	—	—
Financing of student loans	—	—	—	—
Tuition prepayment program	—	—	—	—
State maritime museum	—	—	—	—
Insurance claims processing	—	—	—	—
Other	56,490	64,908	60,142	52,900
Total business-type activities expenses	**3,096,531**	**226,574**	**242,964**	**252,909**
Total primary government expenses	**29,178,232**	**24,803,600**	**24,678,167**	**23,606,776**
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,501,970	3,227,055	3,055,388	2,797,733
Other activities	661,031	628,071	672,590	608,357
Operating grants and contributions	9,677,634	8,711,747	9,253,825	9,127,975
Capital grants and contributions	905,754	673,255	977,834	813,622
Total governmental activities program revenues	**14,746,389**	**13,240,128**	**13,959,637**	**13,347,687**
Business-type activities:				
Charges for services:				
Higher education	—	—	—	—
Higher education institution support	—	—	—	—
Unemployment compensation benefits	292,409	342,263	344,552	385,759
Second injury fund benefits	—	16	60,291	59,848
Other activities	52,065	51,908	53,758	51,405
Operating grants and contributions	2,377,360	5,497	5,660	22,708
Capital grants and contributions	53,113	—	—	18,998
Total business-type activities program revenues	**2,774,947**	**399,684**	**464,261**	**538,718**
Total primary government activities program revenues	**17,521,336**	**13,639,812**	**14,423,898**	**13,886,405**
Net Revenues (Expenses)				
Governmental activities	(11,335,312)	(11,336,898)	(10,475,566)	(10,006,180)
Business-type activities	(321,584)	173,110	221,297	285,809
Total primary government net revenues (expense)	**(11,656,896)**	**(11,163,788)**	**(10,254,269)**	**(9,720,371)**

Table 2

Ended June 30

2016	2015	2014	2013	2012	2011
$ 4,697,228	$ 5,352,363	$ 5,381,542	$ 5,307,714	$ 4,688,917	$ 4,466,170
4,906,919	4,742,995	4,250,632	4,243,187	4,163,313	4,004,703
7,683,019	7,832,147	7,071,800	6,403,284	5,778,883	6,584,487
1,832,743	1,821,016	1,977,904	2,087,077	2,066,923	1,900,026
883,458	873,450	830,536	719,891	658,925	746,462
463,630	389,814	334,898	281,763	207,810	221,075
1,310,449	1,118,603	1,159,917	931,980	1,194,222	1,203,952
23,537	33,322	36,896	44,451	87,929	90,848
21,800,983	**22,163,710**	**21,044,125**	**20,019,347**	**18,846,922**	**19,217,723**
—	—	—	—	3,844,159	3,684,769
—	—	—	—	1,359,870	1,321,213
208,710	226,470	342,741	616,064	1,066,105	2,171,063
27	7,461	2,547	52,656	1,564	1,648
—	—	—	—	197,555	272,880
—	—	—	—	9,705	2,591
—	—	—	—	15,336	21,847
—	—	—	—	737	4,750
—	—	—	—	9,883	8,614
—	—	—	—	1,830	1,648
45,855	55,325	35,194	54,061	27,753	23,630
254,592	**289,256**	**380,482**	**722,781**	**6,534,497**	**7,514,653**
22,055,575	**22,452,966**	**21,424,607**	**20,742,128**	**25,381,419**	**26,732,376**
2,732,909	2,592,512	2,426,885	2,327,752	2,039,415	1,929,867
543,485	657,266	790,717	551,319	584,966	533,342
8,823,007	8,388,996	7,661,223	7,328,281	7,366,197	8,118,411
582,940	680,842	806,657	716,702	646,148	615,292
12,682,341	**12,319,616**	**11,685,482**	**10,924,054**	**10,636,726**	**11,196,912**
—	—	—	—	2,688,543	2,579,679
—	—	—	—	1,376,960	1,363,957
422,479	442,545	507,907	467,256	438,115	2,298,971
59,874	60,000	60,043	1,520	1,560	1,473
46,759	44,208	45,815	42,790	133,133	133,195
11,909	14,335	90,107	323,321	1,553,432	1,115,603
39,480	12,567	210	3	84,654	94,893
580,501	**573,655**	**704,082**	**834,890**	**6,276,397**	**7,587,771**
13,262,842	**12,893,271**	**12,389,564**	**11,758,944**	**16,913,123**	**18,784,683**
(9,118,642)	(9,844,094)	(9,358,643)	(9,095,293)	(8,210,196)	(8,020,811)
325,909	284,399	323,600	112,109	(258,100)	73,118
(8,792,733)	**(9,559,695)**	**(9,035,043)**	**(8,983,184)**	**(8,468,296)**	**(7,947,693)**

Continued on Next Page

Changes in Net Position (Continued)

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2020	**2019**	**2018**	**2017**
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Individual income	$ 5,045,819	$ 4,835,821	$ 4,408,772	$ 4,143,217
Retail sales and use	5,167,804	5,004,470	4,688,789	4,436,958
Corporate income	362,569	396,207	404,164	340,327
Gas and motor vehicle	1,263,560	1,198,220	1,084,630	883,891
Insurance	215,722	204,755	191,016	168,974
Hospital	268,702	261,448	260,715	267,235
Other	760,619	731,276	711,502	661,573
Unrestricted grants and contributions	40	14	38	—
Unrestricted investment income	470,543	365,453	160,636	191,486
Tobacco legal settlement	71,750	80,723	81,605	73,533
Other revenues	594,187	723,194	150,635	154,778
Transfers	(472,328)	21,016	9,201	2,559
Total governmental activities	**13,748,987**	**13,822,597**	**12,151,703**	**11,324,531**
Business-type activities:				
Unrestricted investment income	55,291	48,530	34,132	22,777
Other revenues	2,618	4,510	4,545	1,802
Additions to endowments	—	—	—	—
Gain on early extinguishment of debt	—	—	—	—
Transfers	472,328	(21,016)	(9,201)	(2,559)
Total business-type activities	**530,237**	**32,024**	**29,476**	**22,020**
Total primary government	**14,279,224**	**13,854,621**	**12,181,179**	**11,346,551**
Change in Net Position				
Governmental activities	2,413,675	2,485,699	1,676,137	1,318,351
Business-type activities	208,653	205,134	250,773	307,829
Total primary government	**$ 2,622,328**	**$ 2,690,833**	**$ 1,926,910**	**$ 1,626,180**

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

2016	2015	2014	2013	2012	2011
$ 3,884,855	$ 3,741,800	$ 3,422,532	$ 3,479,143	$ 3,101,861	$ 2,880,504
4,279,959	4,357,672	4,178,102	3,988,918	4,148,010	3,969,218
408,297	377,329	327,809	390,527	N/A	N/A
698,090	666,772	636,216	557,209	N/A	N/A
156,766	152,314	138,037	139,240	N/A	N/A
265,689	263,557	262,962	263,435	N/A	N/A
666,017	645,783	601,692	568,040	2,003,804	1,836,876
90	1	1	159	93,970	223,959
109,748	67,343	120,171	68,899	78,232	22,186
71,119	70,419	109,113	73,326	74,122	69,808
53,026	280,491	684,412	587,729	509,742	571,998
918	3,972	(47,900)	(60,968)	(640,774)	(546,892)
10,594,574	**10,627,453**	**10,433,147**	**10,055,657**	**9,368,967**	**9,027,657**
28,952	16,306	26,107	8,632	6,953	—
8,946	3,141	204	85	62	—
—	—	—	—	20,171	36,945
—	—	—	—	119	35,189
(918)	(3,972)	47,900	60,968	640,774	546,892
36,980	**15,475**	**74,211**	**69,685**	**668,079**	**619,026**
10,631,554	**10,642,928**	**10,507,358**	**10,125,342**	**10,037,046**	**9,646,683**
1,475,932	783,359	1,074,504	960,364	1,158,771	1,006,846
362,889	299,874	397,811	181,794	409,979	692,144
$ 1,838,821	**$ 1,083,233**	**$ 1,472,315**	**$ 1,142,158**	**$ 1,568,750**	**$ 1,698,990**

Fund Balances

GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2020	**2019**	**2018**	**2017**
General Fund				
Non-spendable	$ 129,273	$ 125,746	$ 128,937	$ 120,194
Restricted	923,224	1,194,858	1,134,704	604,959
Committed	507,269	520,128	505,425	2,137,028
Assigned	263,888	187,427	252,357	397,688
Unassigned, previously unreserved	5,162,015	3,620,911	2,186,155	482,198
Total General Fund	**6,985,669**	**5,649,070**	**4,207,578**	**3,742,067**
All other governmental funds				
Non-spendable	64,805	739,642	33,767	35,322
Restricted	6,230,230	3,566,039	4,253,086	3,796,996
Committed	598,891	559,507	496,120	588,668
Assigned	351,797	155,657	22,572	11,099
Unassigned, previously unreserved	(2,577,316)	(560,631)	(678,731)	(672,008)
Total all other governmental funds	**4,668,407**	**4,460,214**	**4,126,814**	**3,760,077**
Total fund balances, governmental funds	**$11,654,076**	**$10,109,284**	**$ 8,334,392**	**$7,502,144**

Note: Certain fiscal year data has been restated for consistency.

Source: South Carolina Comptroller General's Office

Table 3

Ended June 30

2016	2015	2014	2013	2012	2011
$ 94,624	$ 74,743	$ 68,128	$ 67,717	$ 67,842	86,993
530,698	502,620	359,073	337,687	1,335	1,077
1,142,072	976,846	967,245	650,545	384,252	582,085
416,089	369,967	444,630	996,539	495,878	349,619
1,359,456	1,067,829	1,140,840	545,007	998,002	531,699
3,542,939	**2,992,005**	**2,979,916**	**2,597,495**	**1,947,309**	**1,551,473**
24,897	800,713	775,675	771,168	795,761	790,205
3,652,234	2,581,099	2,624,909	2,045,302	2,330,297	2,297,364
465,712	475,586	346,688	166,205	145,613	127,220
5,311	6,842	5,387	156,918	132,045	104,298
(608,503)	(656,236)	(748,859)	(366,066)	(635,940)	(1,000,102)
3,539,651	**3,208,004**	**3,003,800**	**2,773,527**	**2,767,776**	**2,318,985**
$7,082,590	**$6,200,009**	**$5,983,716**	**$5,371,022**	**$4,715,085**	**$3,870,458**

Changes in Fund Balances

GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2020	**2019**	**2018**	**2017**
Revenues				
Taxes:				
Individual income	$ 5,045,819	$ 4,835,821	$ 4,408,772	$ 4,143,217
Retail sales and use	5,167,804	5,004,470	4,688,789	4,436,958
Corporate Income	362,569	396,207	404,164	340,327
Gas and motor vehicle	1,263,560	1,198,220	1,084,630	883,891
Insurance	215,722	204,755	191,016	168,974
Hospital	268,702	261,448	260,715	267,235
Other	760,619	731,276	711,502	661,573
Licenses, fees, and permits	508,433	467,948	517,788	552,790
Interest and other investment income	403,451	312,458	144,282	150,870
Federal	9,958,601	8,789,089	8,944,281	8,934,219
Local and private grants	53,146	63,530	66,549	70,056
Departmental services	1,032,295	1,054,200	956,978	927,982
Contributions	577,733	653,431	589,190	503,409
Fines and penalties	71,298	80,891	167,951	165,561
Tobacco legal settlement	71,750	80,723	81,605	73,533
Other	521,833	633,051	638,490	562,690
Total revenues	**26,283,335**	**24,767,518**	**23,856,702**	**22,843,285**
Expenditures				
Current:				
General government	1,335,658	1,446,655	688,451	822,078
Education	1,321,512	1,164,487	1,114,861	1,102,649
Health and environment	9,466,722	9,023,319	8,820,524	8,563,572
Social services	1,698,573	1,561,488	1,673,808	1,740,666
Administration of justice	941,907	913,852	891,487	845,291
Resources and economic development	292,990	256,568	313,350	269,758
Transportation	1,236,512	1,073,053	1,149,334	1,044,346
Capital outlay	1,178,586	1,003,394	1,012,966	985,878
Debt service:				
Principal retirement	157,123	181,319	254,783	261,033
Interest and fiscal charges	109,800	102,464	126,883	127,391
Intergovernmental	6,551,933	6,301,993	7,027,182	6,726,753
Total expenditures	**24,291,316**	**23,028,592**	**23,073,629**	**22,489,415**
Excess of revenues over (under) expenditures	**1,992,019**	**1,738,926**	**783,073**	**353,870**
Other financing sources (uses)				
Bonds and notes issued	22,133	2,857	15,065	51,103
Refunding bonds issued	179,030	350,375	188,725	213,595
Premiums on bonds issued	43,973	—	30,041	22,464
Discounts on bonds issued	—	—	—	—
Capital leases	1,122	1,854	1,847	47
Payments to refunded bond escrow agent	(224,858)	(350,375)	(203,580)	(229,205)
Redemption of refunded bonds	—	—	—	—
Transfers in	548,590	178,116	380,842	449,624
Transfers out	(1,017,217)	(146,861)	(363,765)	(441,944)
Total other financing sources (uses)	**(447,227)**	**35,966**	**49,175**	**65,684**
Net change in fund balances	**$ 1,544,792**	**$ 1,774,892**	**$ 832,248**	**$ 419,554**
Debt service as a percentage of noncapital expenditures	**1.2%**	**1.3%**	**1.7%**	**1.8%**

Source: South Carolina Comptroller General's Office

Table 4

Ended June 30

2016	2015	2014	2013	2012	2011
$ 3,884,855	$ 3,741,800	$ 3,422,532	$ 3,480,213	$ 3,114,888	$ 2,898,388
4,279,959	4,357,672	4,178,102	3,961,867	4,148,009	3,969,218
408,297	377,329	327,809	390,527	N/A	N/A
698,090	666,772	636,216	557,209	N/A	N/A
156,766	152,314	138,037	139,240	N/A	N/A
265,689	263,557	262,962	263,435	N/A	N/A
666,017	645,783	601,692	591,992	2,049,900	1,755,228
614,339	588,594	543,558	500,684	474,826	511,818
99,540	47,926	99,575	50,674	140,701	87,033
8,311,023	8,434,117	7,812,816	7,464,240	7,615,387	8,404,416
62,100	57,977	57,589	51,766	54,098	55,466
841,391	808,512	950,754	776,895	989,677	625,124
531,825	448,014	433,931	390,124	371,989	437,570
180,244	187,524	146,722	131,236	115,161	122,790
71,119	70,419	109,113	73,326	74,122	69,808
468,076	338,467	741,857	523,672	672,398	572,361
21,539,330	**21,186,777**	**20,463,265**	**19,347,100**	**19,821,156**	**19,509,220**
749,510	771,349	788,764	667,014	636,359	679,904
1,028,316	971,961	948,137	993,174	946,054	809,161
8,112,805	8,090,340	7,323,555	6,646,790	6,397,669	6,867,229
1,816,736	1,802,517	1,978,585	2,075,475	2,056,782	1,878,099
805,266	814,443	798,031	698,055	720,769	681,808
246,418	221,350	203,833	138,793	189,366	173,047
694,038	768,196	692,243	731,793	835,064	867,372
656,003	599,316	702,651	454,053	400,354	568,225
261,979	278,729	270,081	270,223	324,456	313,261
161,055	171,106	183,008	201,304	217,890	205,811
6,168,555	6,509,788	6,043,436	5,763,966	5,602,752	5,705,721
20,700,681	**20,999,095**	**19,932,324**	**18,640,640**	**18,327,515**	**18,749,638**
838,649	**187,682**	**530,941**	**706,460**	**1,493,641**	**759,582**
115,370	18,110	100,235	—	810	205,507
573,505	—	86,575	424,910	398,665	676,115
44,852	3,070	30,389	53,560	47,398	37,581
—	—	—	—	—	(5,314)
411	—	7,466	—	230	166
(692,095)	—	(101,062)	(476,620)	(422,456)	(528,423)
—	—	—	—	(19,834)	(184,087)
851,955	270,402	808,132	431,827	167,133	311,010
(850,066)	(262,971)	(849,982)	(484,200)	(820,960)	(849,777)
43,932	**28,611**	**81,753**	**(50,523)**	**(649,014)**	**(337,222)**
$ 882,581	**$ 216,293**	**$ 612,694**	**$ 655,937**	**$ 844,627**	**$ 422,360**
2.1%	**2.2%**	**2.4%**	**2.6%**	**3.0%**	**2.9%**

Personal Income by Industry

Last Ten Calendar Years
(expressed in millions)

Sources	Calendar Year 2019	2018	2017
Farm earnings	$ 106	$ 118	$ 243
Agricultural services, forestry, fishing, and other	453	436	416
Mining	225	176	161
Construction	10,114	9,533	9,278
Manufacturing	21,264	20,106	19,200
Transportation and public utilities	6,509	6,141	5,961
Wholesale trade	6,608	6,250	6,115
Retail trade	9,972	9,621	9,271
Finance, insurance, and real estate	11,406	10,971	10,547
Services	55,462	52,849	50,141
Federal government, civilian	3,736	3,515	3,350
Military	3,861	3,683	3,461
State and local government	22,011	21,260	20,756
Other [a]	81,581	77,530	72,399
Total personal income	**$ 233,308**	**$222,189**	**$ 211,299**
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

2016	2015	2014	2013	2012	2011	2010
$ 163	$ 144	$ 236	$ 741	$ 476	$ 364	$ 485
385	374	344	301	297	280	282
121	104	80	77	78	82	79
8,177	7,436	6,905	6,228	5,783	5,145	5,213
18,254	17,933	16,984	15,862	15,189	14,643	13,358
5,629	5,441	5,031	4,704	4,421	4,301	4,034
5,769	5,709	5,348	4,998	4,837	4,614	4,375
8,918	8,645	8,277	7,995	7,645	7,482	7,174
10,006	9,720	8,721	8,285	9,504	6,971	6,782
46,954	45,111	42,862	40,194	38,527	36,889	34,632
3,237	3,142	2,981	2,941	2,913	2,846	2,772
3,503	3,590	3,535	3,631	3,694	3,612	3,589
20,069	19,597	18,481	17,752	16,987	16,711	16,400
69,148	66,280	61,698	56,518	57,447	55,247	51,288
$ 200,333	**$ 193,226**	**$ 181,483**	**$ 170,227**	**$ 167,798**	**$ 159,187**	**$ 150,463**
1.9%	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 2020 [b]	2019 [b]	2018 [b]	2017 [b]
Retail trade	$ 44,445	$ 44,641	$ 43,852	$ 42,980
Services	12,808	13,045	12,534	11,773
Transportation, communication, and utilities	10,089	9,951	10,093	10,206
Wholesale trade	3,655	3,448	3,234	3,033
Other	11,281	8,590	5,955	7,344
Total taxable sales [a]	**$ 82,278**	**$ 79,675**	**$ 75,668**	**$ 75,336**

Percent Distribution of Taxable Sales by Industry

Last Ten Fiscal Years

Sources	For the Fiscal Year 2020	2019	2018	2017
Retail trade	54.0%	56.0%	58.0%	57.1%
Services	15.6%	16.4%	16.6%	15.6%
Transportation, communication, and utilities	12.3%	12.5%	13.3%	13.5%
Wholesale trade	4.4%	4.3%	4.3%	4.0%
Other	13.7%	10.8%	7.8%	9.8%
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					
2016 [b]	2015 [b]	2014 [b]	2013 [b]	2012	2011
$ 48,777	$ 45,579	$ 42,828	$ 40,817	$ 32,435	$ 31,293
12,479	11,661	10,957	10,443	15,923	14,990
5,379	5,027	4,724	4,502	2,139	2,125
3,132	2,927	2,751	2,621	1,988	2,041
1,711	1,599	1,502	1,432	925	933
$ 71,478	**$ 66,793**	**$ 62,762**	**$ 59,815**	**$ 53,410**	**$ 51,382**

Table 7

Ended June 30					
2016	2015	2014	2013	2012	2011
68.2%	68.2%	68.2%	68.2%	60.7%	60.9%
17.5%	17.5%	17.5%	17.5%	29.8%	29.2%
7.5%	7.5%	7.5%	7.5%	4.0%	4.1%
4.4%	4.4%	4.4%	4.4%	3.7%	4.0%
2.4%	2.4%	2.4%	2.4%	1.8%	1.8%
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	
2019	0.0% - 7.0%	6	3,030	15,150	b
2018	0.0% - 7.0%	6	2,970	14,860	1.9%
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%

[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 2018 and 2009
(dollars, except income level, expressed in thousands)

2018 [a]

State Taxable Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	162,233	6.8%	$ 2,145,442	50.0%
$75,001 - $100,000	96,558	4.0%	495,234	11.5%
$50,001 - $75,000	174,450	7.3%	617,519	14.4%
$25,001 - $50,000	345,383	14.4%	663,746	15.5%
$10,001 - $25,000	370,627	15.5%	249,605	5.8%
$10,000 and lower	1,249,319	52.0%	116,883	2.8%
Total	**2,398,570**	**100.0%**	**$ 4,288,429**	**100.0%**

2009

State Taxable Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	75,335	3.7%	$ 972,218	37.0%
$75,001 - $100,000	61,654	3.0%	320,080	12.2%
$50,001 - $75,000	133,118	6.5%	473,140	18.0%
$25,001 - $50,000	288,629	14.2%	556,440	21.2%
$10,001 - $25,000	348,235	17.1%	242,379	9.2%
$10,000 and lower	1,128,632	55.5%	65,651	2.4%
Total	**2,035,603**	**100.0%**	**$ 2,629,908**	**100.0%**

[a] Information for 2019 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			
	2020	**2019**	**2018**	**2017**
Governmental Activities				
General obligation bonds	$ 368,747	$ 457,555	$ 564,811	$ 756,172
Limited obligation bonds	—	—	—	—
Tobacco Authority bonds	—	—	—	—
Infrastructure Bank bonds	1,558,524	1,645,007	1,729,005	1,788,232
Revenue bonds	38,704	39,964	41,109	44,270
Notes payable	89,670	94,384	105,045	86,971
Capital leases	2,267	2,488	1,745	1,871
Total governmental activities	2,057,912	2,239,398	2,441,715	2,677,516
Business-Type Activities				
Revenue bonds	5,185	5,375	5,555	5,730
Notes payable	6,500	6,500	6,500	—
Total business-type activities	11,685	11,875	12,055	5,730
Total primary government	**$2,069,597**	**$2,251,273**	**$2,453,770**	**$2,683,246**
Debt as a percentage of personal income	0.9%	1.0%	1.2%	1.3%
Debt per capita expressed in actual dollars	[a]	$ 437	$ 483	$ 534

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					
2016	**2015**	**2014**	**2013**	**2012**	**2011**
$ 962,196	$1,126,138	$1,320,532	$1,376,697	$1,571,957	$1,756,397
—	185	919	2,408	3,822	5,161
—	—	—	—	—	63,161
1,854,451	1,942,456	2,016,518	2,003,486	2,074,308	2,135,772
14,144	17,680	21,072	24,318	27,424	30,400
66,875	61,185	68,265	77,126	91,430	100,172
3,395	4,493	6,004	349	318	261
2,901,061	3,152,137	3,433,310	3,484,384	3,769,259	4,091,324
5,895	6,055	6,210	6,360	—	—
—	—	—	—	—	—
5,895	6,055	6,210	6,360	—	—
$2,906,956	**$3,158,192**	**$3,439,520**	**$3,490,744**	**$3,769,259**	**$4,091,324**
1.5%	1.7%	2.0%	2.1%	2.4%	2.7%
$ 586	$ 646	$ 713	$ 733	$ 799	$ 876

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(expressed in thousands unless otherwise indicated)

	For the Fiscal Year			
	2020	**2019**	**2018**	**2017**
Governmental Activities				
Capital improvement bonds	$ —	$ —	$ 8,698	$ 26,564
State highway bonds	69,852	109,839	162,628	213,686
State school facilities bonds	—	—	—	9,021
Infrastructure Bank bonds	27,649	30,746	33,725	36,630
State economic development bonds	206,967	230,095	251,837	342,669
Research university infrastructure bonds	44,538	63,654	81,348	97,783
Air carrier hub terminal facilities bonds	19,741	23,221	26,575	29,819
Total governmental activities	368,747	457,555	564,811	756,172
Total primary government	**$ 368,747**	**$ 457,555**	**$ 564,811**	**$ 756,172**
Debt as a percentage of personal income	[a]	0.2%	0.3%	0.4%
Debt per capita expressed in actual dollars	[a]	$ 89	$ 111	$ 151

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 2016	2015	2014	2013	2012	2011
$ 55,629	$ 99,296	$ 148,642	$ 191,926	$ 243,248	$ 294,497
263,083	311,034	358,484	390,046	433,266	470,125
31,500	76,909	143,868	204,120	264,245	321,243
39,326	42,061	44,533	44,052	45,953	48,055
426,280	427,646	436,379	356,623	377,809	398,026
113,410	133,165	149,609	147,989	162,626	176,817
32,968	36,027	39,017	41,941	44,810	47,634
962,196	1,126,138	1,320,532	1,376,697	1,571,957	1,756,397
$ 962,196	**$ 1,126,138**	**$ 1,320,532**	**$ 1,376,697**	**$ 1,571,957**	**$ 1,756,397**
0.5%	0.6%	0.8%	0.8%	1.0%	1.2%
$ 194	$ 230	$ 274	$ 289	$ 333	$ 376

Computation of Legal Debt Margin

June 30, 2020
(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		
2018-2019 Budgetary General Fund revenues pledged for highway bonds	$	12,079
2018-2019 other revenues pledged for highway bonds		754,914
2018-2019 revenues pledged for highway bonds		766,993
15% of 2018-2019 revenues pledged for highway bonds		115,049
Less: maximum annual debt service for highway bonds [a]		39,452
Legal debt service margin at June 30, 2020--highway bonds	**$**	**75,597**
GENERAL OBLIGATION BONDS (EXCLUDING INSTITUTION BONDS, HIGHWAY BONDS, AND ANTICIPATION NOTES)[d]		
2018-2019 Budgetary General Fund revenues	$	8,804,752
Less: 2018-2019 Budgetary General Fund revenues pledged for highway bonds [b]		12,079
2018-2019 net Budgetary General Fund revenues		8,792,673
6% of 2018-2019 net Budgetary General Fund revenues		527,560
Less: maximum annual debt service for general obligation bonds excluding institution and highway bonds and bond anticipation notes [a]		42,392
Legal debt service margin at June 30, 2020--general obligation bonds excluding institution and highway bonds and bond anticipation notes	**$**	**485,168**

Table 12

ECONOMIC DEVELOPMENT BONDS[e]		
2018-2019 Budgetary General Fund revenues	$	8,804,752
Less: 2018-2019 Budgetary General Fund revenues pledged for highway bonds[b]		12,079
2018-2019 net Budgetary General Fund revenues		8,792,673
0.5% of 2018-2019 net Budgetary General Fund revenues		43,963
Less: maximum annual debt service for economic development bonds[c]		4,229
Legal debt service margin at June 30, 2020--economic development bonds	**$**	**39,734**
RESEARCH UNIVERSITY INFRASTRUCTURE BONDS		
2018-2019 Budgetary General Fund revenues	$	8,804,752
Less: 2018-2019 Budgetary General Fund revenues pledged for highway bonds[b]		12,079
2018-2019 net Budgetary General Fund revenues		8,792,673
0.5% of 2018-2019 net Budgetary General Fund revenues		43,963
Less: maximum annual debt service for research university infrastructure bonds[c]		17,274
Legal debt service margin at June 30, 2020--research university infrastructure bonds	**$**	**26,689**

[a] As of June 30, 2020, the maximum annual debt service will occur in the fiscal year ending June 30, 2021.

[b] For the fiscal year ended June 30, 2020, there were no net Budgetary General Fund revenues pledged for State institution bonds and anticipation notes.

[c] As of June 30, 2020, the maximum annual debt service will occur in the fiscal year ending June 30, 2028.

[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			
	2020	**2019**	**2018**	**2017**
State Highway Bonds				
Debt service limitation	$ 115,049	$ 108,261	$ 105,579	$ 104,142
Debt service applicable to limit	39,452	39,452	53,171	53,915
Legal debt margin at June 30	**$ 75,597**	**$ 68,809**	**$ 52,408**	**$ 50,227**
Legal debt margin as a percentage of debt service limitation	**65.7%**	**63.6%**	**49.6%**	**48.2%**
General Obligation Bonds excluding Institution and Highway Bonds and Bond Anticipation Notes				
Debt service limitation	$ 527,560	$ 486,794	$ 454,285	$ 440,260
Debt service applicable to limit	42,392	44,785	52,936	83,191
Legal debt margin at June 30	**$ 485,168**	**$ 442,009**	**$ 401,349**	**$ 357,069**
Legal debt margin as a percentage of debt service limitation	**92.0%**	**90.8%**	**88.3%**	**81.1%**
Economic Development Bonds				
Debt service limitation	$ 43,963	$ 40,566	$ 37,857	$ 36,688
Debt service applicable to limit	4,229	4,489	4,489	17,678
Legal debt margin at June 30	**$ 39,734**	**$ 36,077**	**$ 33,368**	**$ 19,010**
Legal debt margin as a percentage of debt service limitation	**90.4%**	**88.9%**	**88.1%**	**51.8%**
Research University Infrastructure Bonds				
Debt service limitation	$ 43,963	$ 40,566	$ 37,857	$ 36,688
Debt service applicable to limit	17,274	19,375	19,375	19,375
Legal debt margin at June 30	**$ 26,689**	**$ 21,191**	**$ 18,482**	**$ 17,313**
Legal debt margin as a percentage of debt service limitation	**60.7%**	**52.2%**	**48.8%**	**47.2%**

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					
2016	**2015**	**2014**	**2013**	**2012**	**2011**
$ 99,210	$ 96,244	$ 93,314	$ 95,326	$ 95,525	$ 93,729
54,646	56,534	57,365	57,717	58,390	58,831
$ 44,564	**$ 39,710**	**$ 35,949**	**$ 37,609**	**$ 37,135**	**$ 34,898**
44.9%	**41.3%**	**38.5%**	**39.5%**	**38.9%**	**37.2%**
$ 416,987	$ 392,469	$ 382,796	$ 350,844	$ 337,073	$ 313,772
111,150	141,006	175,354	173,992	180,387	183,438
$ 305,837	**$ 251,463**	**$ 207,442**	**$ 176,852**	**$ 156,686**	**$ 130,334**
73.3%	**64.1%**	**54.2%**	**50.4%**	**46.5%**	**41.5%**
$ 34,749	$ 32,706	$ 31,900	$ 29,237	$ 28,089	$ 26,148
22,771	24,473	24,493	24,521	24,521	24,655
$ 11,978	**$ 8,233**	**$ 7,407**	**$ 4,716**	**$ 3,568**	**$ 1,493**
34.5%	**25.2%**	**23.2%**	**16.1%**	**12.7%**	**5.7%**
$ 34,749	$ 32,706	$ 31,900	$ 29,237	$ 28,089	$ 26,148
19,375	21,521	21,663	20,452	20,624	20,820
$ 15,374	**$ 11,185**	**$ 10,237**	**$ 8,785**	**$ 7,465**	**$ 5,328**
44.2%	**34.2%**	**32.1%**	**30.0%**	**26.6%**	**20.4%**

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					
2020	$ —	$ —	$ —	$ —	N/A
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
Infrastructure Bank Bonds					
2020	$ 223,293	$ 77,185	$ 64,446	$ 141,631	1.58
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
Tobacco Settlement Revenue Management Authority Bonds					
2020	$ 71,750	$ —	$ —	$ —	N/A
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

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]
2019	5,148,714	$ 45,314	2.9%
2018	5,084,156	43,702	3.5%
2017	5,021,268	42,081	4.3%
2016	4,957,968	40,406	5.0%
2015	4,891,938	39,499	6.0%
2014	4,823,617	37,624	6.5%
2013	4,764,080	35,731	7.6%
2012	4,717,354	35,570	9.2%
2011	4,671,994	34,073	10.5%
2010	4,635,649	32,458	11.1%

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	2019 Number of Employees	2019 Percent of Total	2010 Number of Employees	2010 Percent of Total
Services	950,353	41.9%	746,331	39.4%
State and local	328,637	14.5%	309,309	16.3%
Retail trade	253,165	11.2%	224,972	11.9%
Manufacturing	258,182	11.4%	208,038	11.0%
Finance, insurance, and real estate	107,821	4.8%	95,090	5.0%
Construction	109,211	4.8%	82,387	4.4%
Transportation and public utilities	83,439	3.7%	58,630	3.1%
Wholesale trade	73,310	3.2%	63,962	3.4%
Military	53,366	2.4%	54,480	2.9%
Federal government, civilian	35,084	1.5%	34,360	1.8%
Farming	6,340	0.3%	6,515	0.3%
Agricultural services, forestry, fishing, and other	7,524	0.3%	6,934	0.4%
Mining	1,851	0.1%	1,244	0.1%
Total wage and salary employment	**2,268,283**	**100.0%**	**1,892,252**	**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)

2019	2010
BMW Manufacturing Corporation	Bi-Lo, Inc.
Greenville County School District	Blue Cross/Blue Shield of South Carolina
Hospital Authority of MUSC	Greenville County School District
Michelin North America, Inc.	Greenville Hospital System
Prisma Health Midlands	Michelin North America, Inc.
Spartanburg Regional Medical Center	Palmetto Health Alliance, Inc.
U.S. Department of Defense	U.S. Department of Defense
University of South Carolina	U.S. Postal Service
Upstate Affiliate Organization	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			
	2020 [a]	2019 [a]	2018 [a]	2017 [a]
General government	6,011	5,977	6,265	6,243
Education	2,787	2,800	2,898	2,974
Higher education	—	—	—	—
Health and environment	10,112	9,982	9,818	9,493
Social services	4,673	4,416	4,062	3,730
Administration of justice	8,424	8,425	8,755	8,659
Resources and economic development	1,782	1,744	1,742	1,630
Transportation	4,135	4,236	4,342	4,530
Other	78	86	81	82
Totals	**38,002**	**37,666**	**37,963**	**37,341**

[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					
2016 [a]	**2015** [a]	**2014** [a]	**2013** [a]	**2012**	**2011**
6,102	6,068	6,023	5,748	5,927	5,915
2,898	2,857	2,773	2,717	2,726	2,772
—	—	—	—	29,518	28,547
9,489	9,741	9,683	9,675	9,875	10,399
3,675	3,438	3,294	3,222	3,150	3,235
8,578	8,886	9,205	9,261	9,295	9,442
1,607	1,612	1,525	1,477	1,410	1,437
4,602	4,361	4,291	4,417	4,471	4,536
76	66	56	66	300	307
37,027	**37,029**	**36,850**	**36,583**	**66,672**	**66,590**

Operating Indicators by Function

Last Ten Fiscal Years

	For the Fiscal Year			
	2020	2019	2018	2017
General government				
Individual income tax returns processed	2,284,026	2,424,308	2,433,317	3,058,609
Corporate income tax returns processed	136,102	136,143	133,959	126,000
Department of Motor Vehicles transactions	15,599,029	15,744,086	15,447,021	14,681,110
Workers' compensation cases reviewed	66,825	65,827	67,255	64,802
Education				
Per pupil spending	14,383*	13,905*	13,601	13,043
Public school enrollment	787,069	781,493	774,004	769,130
Average operating miles per school bus	11,845	14,800	14,400	14,600
State Museum visitors	108,000	170,907	208,300	161,335
Health and environment				
Medicaid eligible participants	1,449,935	1,436,247	1,424,134	1,413,345
Women, Infant and Children (WIC) participants	79,995	86,354	109,864	101,563
Community mental health center clients	50,000	57,559	84,528	82,560
Social services				
Average food stamp households per month	275,382	264,179	345,511	342,551
Child Protective Services investigations	33,187	37,689	37,837	26,347
Administration of justice				
Adult prison average daily population	17,196	18,541	19,097	20,105
Juvenile facility average daily population	396	413	435	514
Resources and economic development				
Dept of Commerce capital investment projects	129	162	157	132
Welcome Center visitors	2,540,977	4,692,510	3,232,816	2,954,241
Hunting and fishing licenses processed	949,088	831,193	845,333	875,912
Watercraft registrations	554,864	521,004	505,817	499,512
Transportation				
Miles of surface repairs	140,566	173,578	143,334	139,399
Miles of roadway inspections	400,097	360,112	349,335	364,882
Unemployment compensation benefits				
Initial claims	739,569	128,980	139,336	114,951
Total benefit weeks claimed	3,284,932	802,474	863,828	964,485
Medical malpractice insurance				
Membership total	0	2,545	2,614	2,686
Tuition prepayment program				
Individual accounts	2,374	2,707	5,317	5,486
Insurance claims processing				
Second Injury Fund claims paid	1,147	1,256	1,380	1,336
Other				
Public railway carloads (calendar year)	101,282	104,010	106,490	135,267

* Estimated spending

Source: South Carolina Comptroller General's Office

Table 19

Ended June 30					
2016	**2015**	**2014**	**2013**	**2012**	**2011**
2,995,483	2,582,598	2,514,090	2,444,843	2,406,252	2,482,647
129,511	212,072	209,677	208,208	194,680	197,608
14,113,064	13,401,505	12,767,033	11,541,043	10,522,707	9,898,064
63,480	63,164	63,541	53,683	44,327	43,464
12,368	12,007	11,634	11,429	11,093	10,990
760,500	753,485	742,325	731,679	719,201	714,421
14,798	14,715	14,862	16,041	15,048	15,950
161,372	181,284	127,943	143,199	185,124	136,346
1,424,039	1,336,550	1,246,546	1,162,210	1,069,195	1,019,508
107,257	114,562	112,131	125,368	130,646	130,097
82,241	80,792	78,825	89,510	83,880	85,244
371,331	382,054	403,281	415,475	444,268	384,936
24,980	19,784	14,606	11,924	15,803	17,763
20,593	20,948	21,581	22,152	22,776	23,358
534	560	523	508	532	635
150	146	127	151	149	172
3,018,376	2,054,310	2,001,594	2,046,582	2,158,943	2,023,488
918,677	995,773	962,561	938,736	965,598	996,890
500,687	481,144	460,300	462,926	450,935	442,057
171,818	160,674	166,174	150,859	137,479	150,590
198,161	178,761	354,953	341,907	325,930	361,226
159,186	179,984	225,420	264,447	278,714	310,528
1,197,550	956,586	1,365,992	1,787,530	2,402,387	2,992,594
2,833	2,988	3,311	3,020	3,374	3,570
5,575	5,662	5,758	5,841	5,935	6,052
1,567	1,759	1,964	2,190	3,312	3,224
133,147	117,550	122,475	105,775	88,746	66,618

Capital Assets by Function

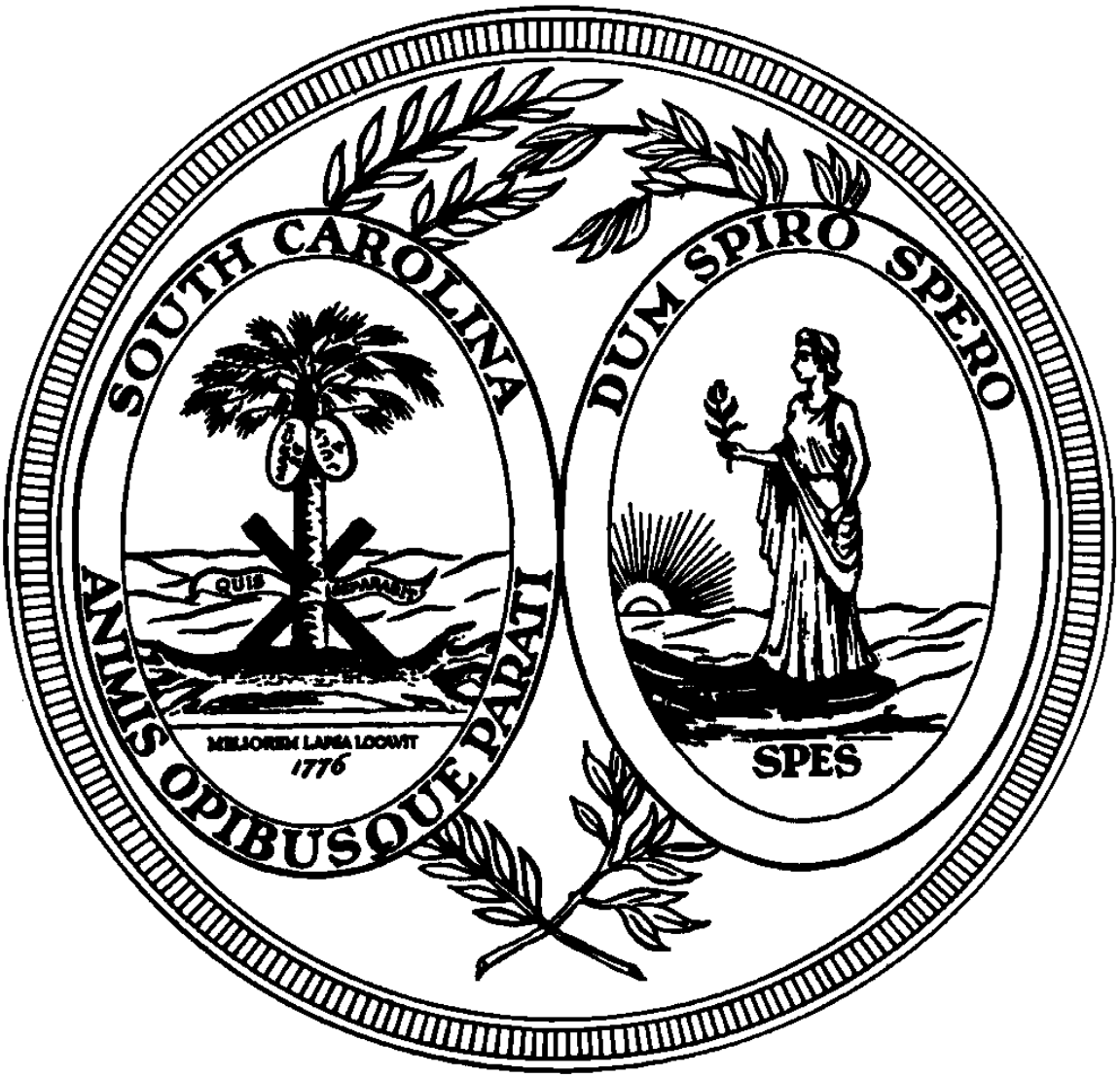
Last Ten Fiscal Years

	For the Fiscal Year			
	2020	2019	2018	2017
General government				
Buildings and facilities	41	41	44	45
State armories	56	56	59	57
Fleet vehicles	3,769	3,617	3,607	3,325
Motor vehicle district offices	66	66	66	67
Education				
School buses	5,643	5,684	5,681	5,671
Television transmitters	10	10	11	11
Vocational training/client centers	34	34	34	34
Health and environment				
Mental health buildings	113	115	127	139
Community mental health centers	70	70	71	68
Special needs centers and homes	10	10	10	10
Social services				
Buildings and facilities	65	65	65	67
Administration of justice				
Adult correctional institutions	21	21	21	23
Juvenile correctional facilities	5	5	5	5
Highway patrol district offices	6	6	6	6
Highway patrol vehicles	1,586	1,703	1,628	1,551
Resources and economic development				
Acres of State parks	92,495	92,259	91,144	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	1,669	1,863	1,732	1,753
Transportation				
Miles of State highways (calendar year)	41,299	41,315	41,330	41,358
Weigh stations	8	8	8	8
Traffic cameras	517	485	447	379
Miles of cable median barriers	476	476	490	490
Other				
Rail yards	4	4	4	3
State-owned locomotives	12	12	12	12

Source: South Carolina Comptroller General's Office

Table 20

Ended June 30					
2016	2015	2014	2013	2012	2011
49	49	49	46	33	33
57	58	59	66	63	63
3,000	3,029	3,093	2,991	3,092	2,957
67	66	66	67	67	68
5,617	5,776	5,640	5,705	5,630	5,636
11	11	11	11	11	11
35	35	35	35	35	35
141	144	149	148	149	150
64	64	64	51	48	48
10	10	10	10	10	10
69	69	69	65	66	66
23	24	25	26	27	28
5	5	5	5	5	5
6	6	6	6	6	6
1,442	1,442	1,351	1,050	1,054	1,060
86,445	86,445	86,445	86,370	84,604	83,118
94,462	94,462	94,245	94,215	94,215	94,215
53	53	53	53	53	53
3	3	3	3	3	3
1,645	1,169	1,292	1,081	1,223	841
41,377	41,391	41,414	41,432	41,448	41,470
8	8	8	8	8	8
359	360	360	360	360	350
490	480	480	480	480	480
3	3	3	3	3	3
12	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.