

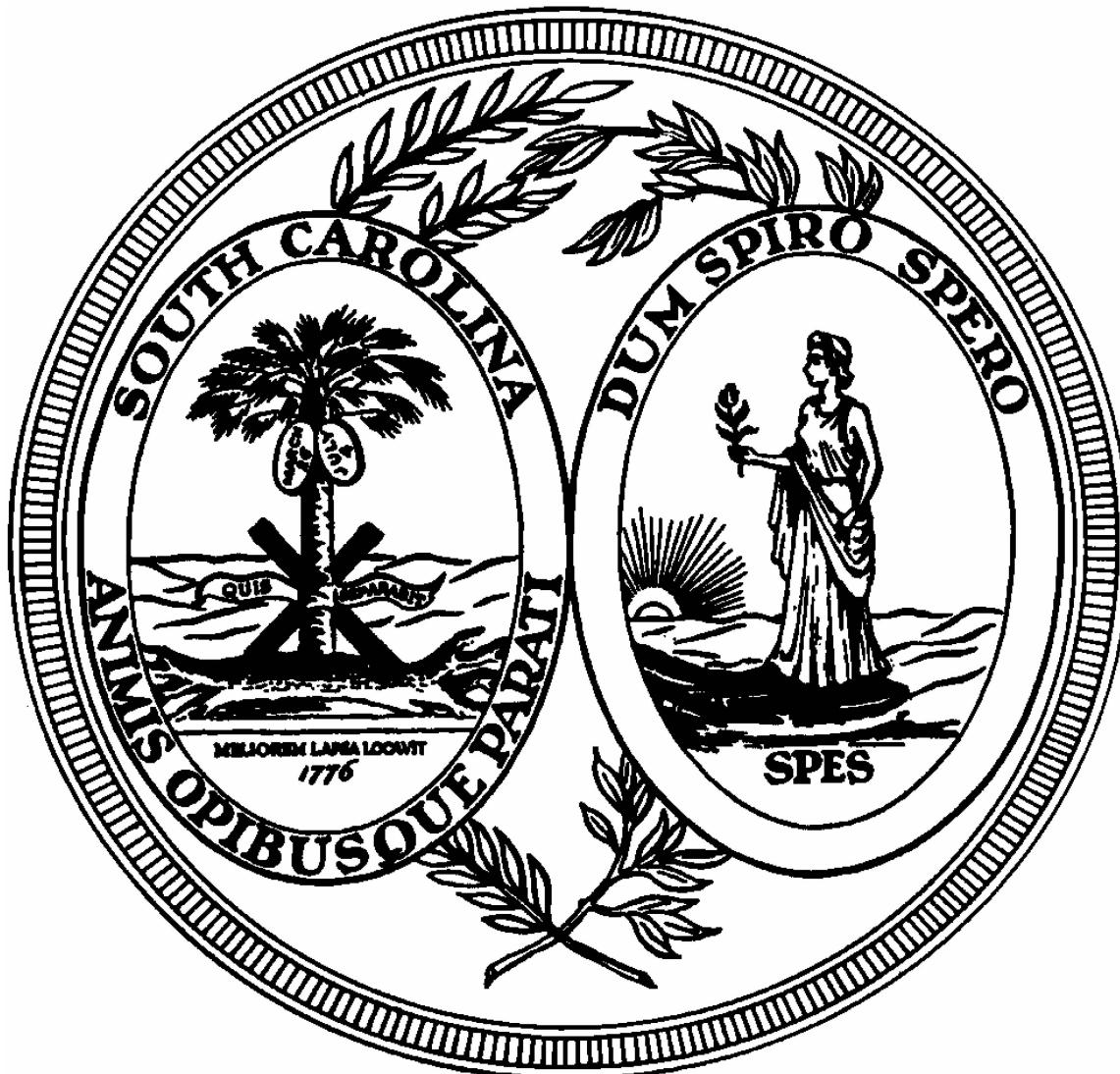


**STATE OF
SOUTH CAROLINA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30,
2020**

Prepared by the Comptroller General's Office



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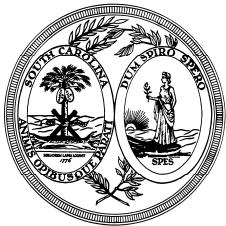
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Introductory Section



Letter of Transmittal
Certificate of Achievement
Principal State Officials
Organizational Chart



**State of South Carolina
Office of Comptroller General**

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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.

State of South Carolina

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).

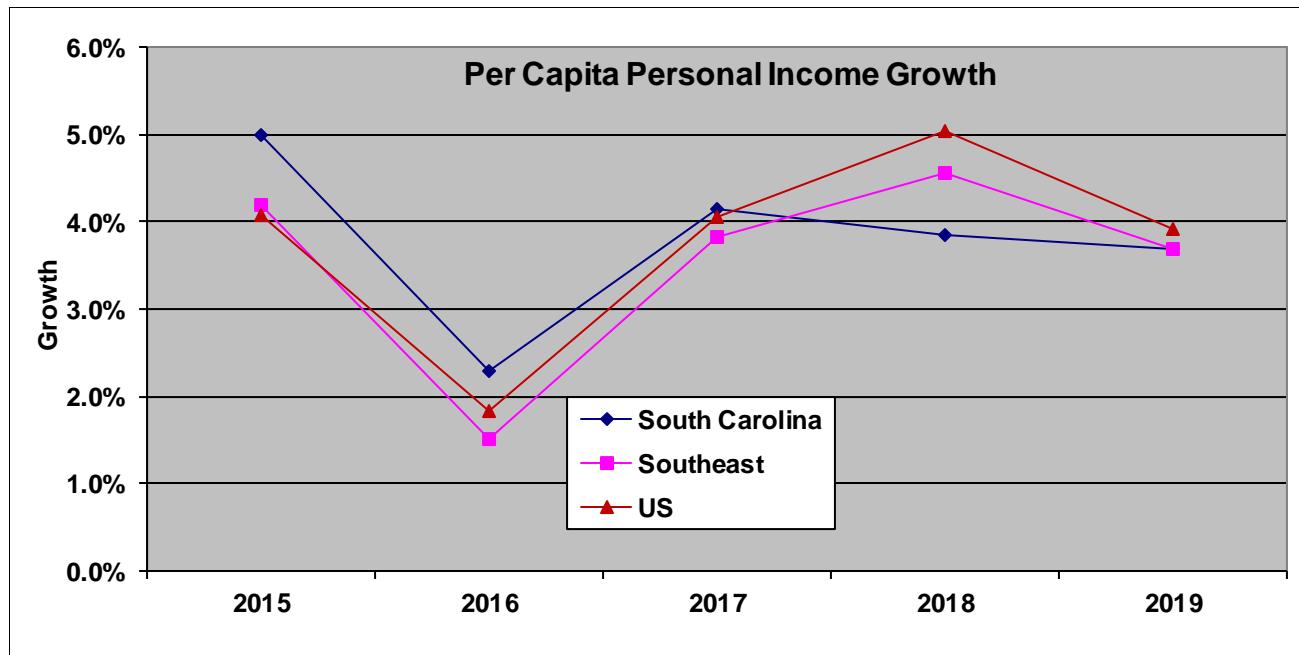
South Carolina's unemployment rate was 8.7% in June 2020, which increased due to the effects of COVID-19 from the June 2019 rate of 2.9%. It further improved to 5.1% in September 2020. In comparison, the U.S. unemployment rate was 10.2% in June 2020 and 7.9% in September 2020.

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

State of South Carolina

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.

State of South Carolina

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.

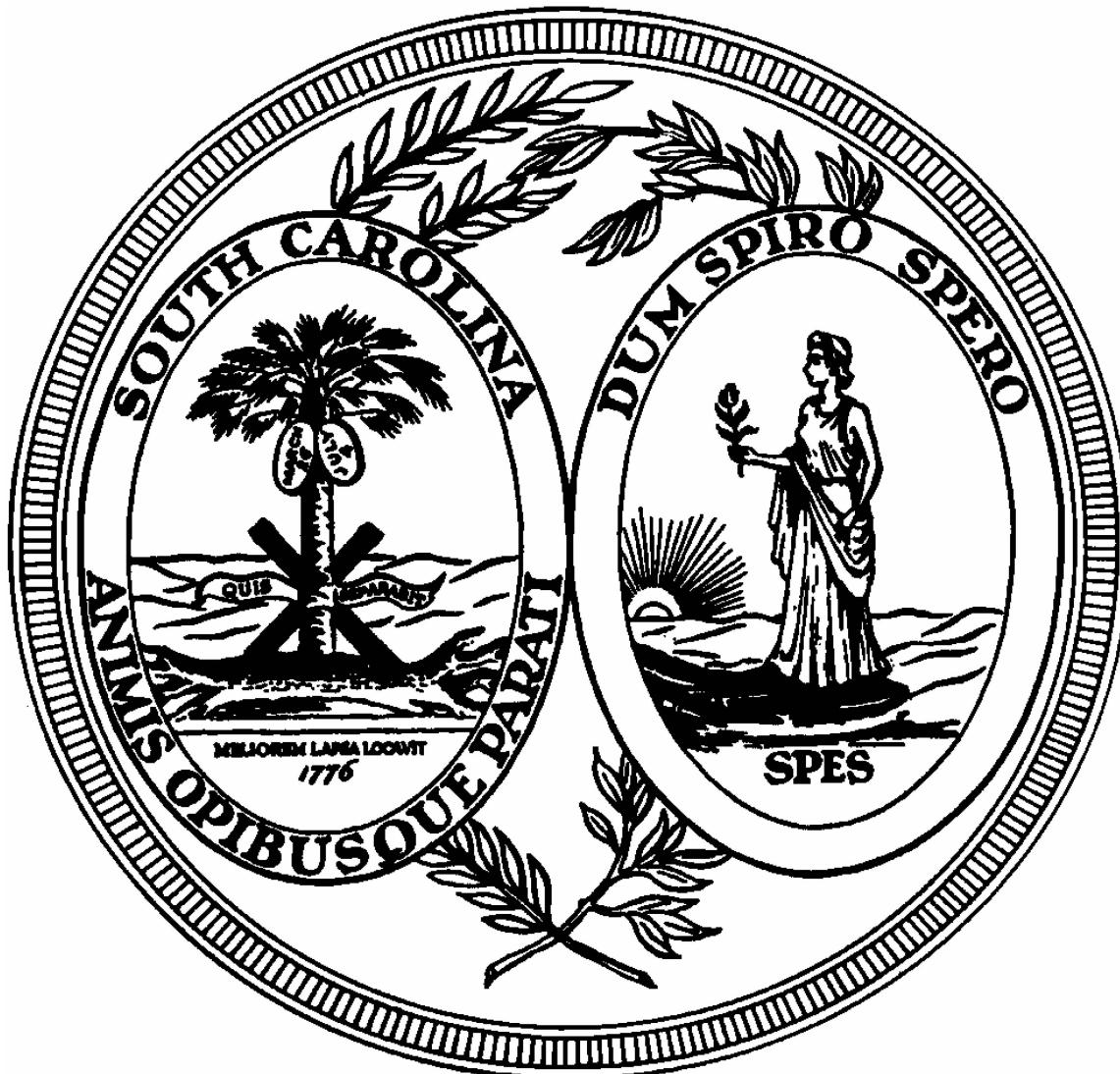
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility to be awarded a Certificate of Achievement.

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



**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. Morill

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

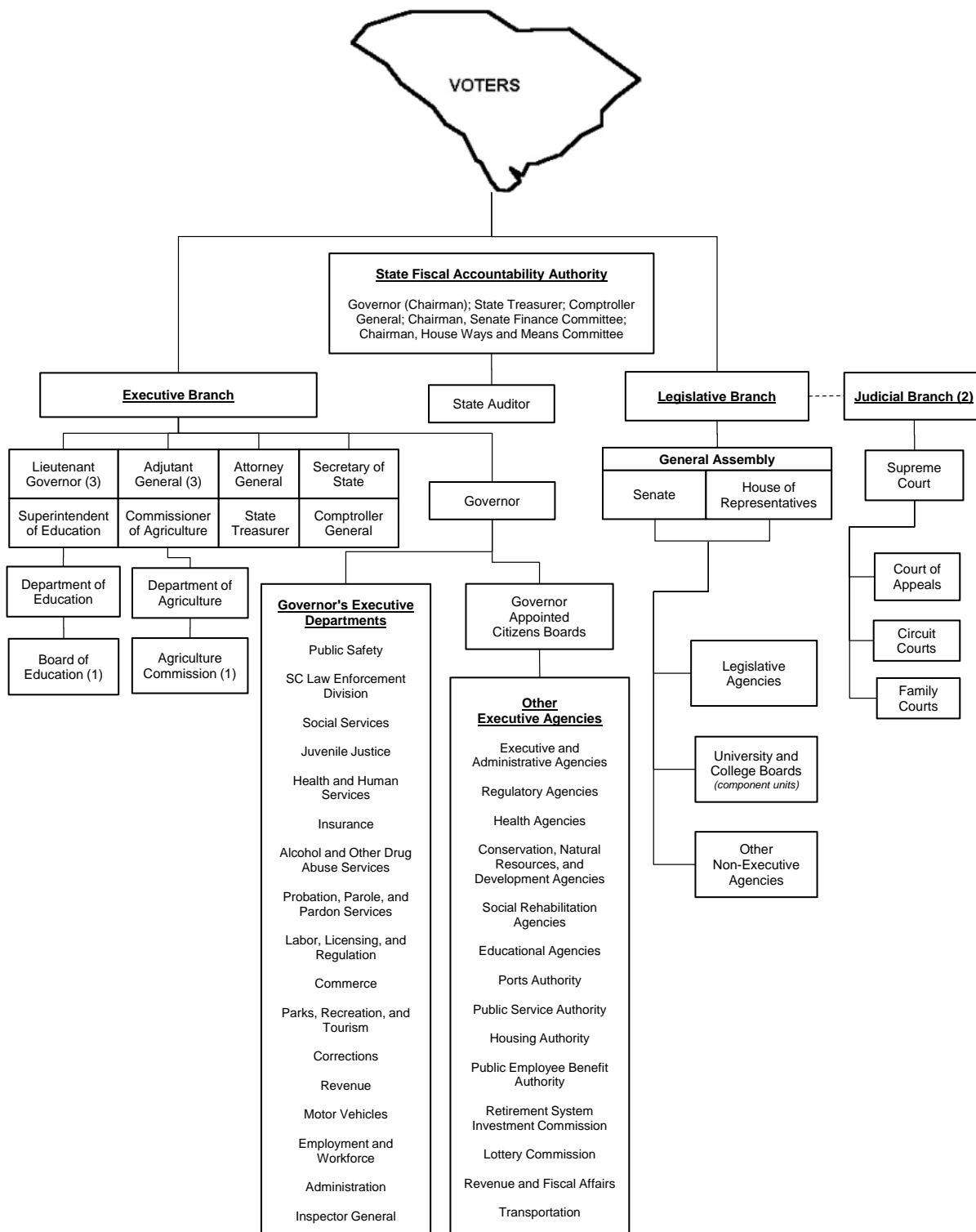
Donald W. Beatty, Chief Justice, Supreme Court

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.

State of South Carolina

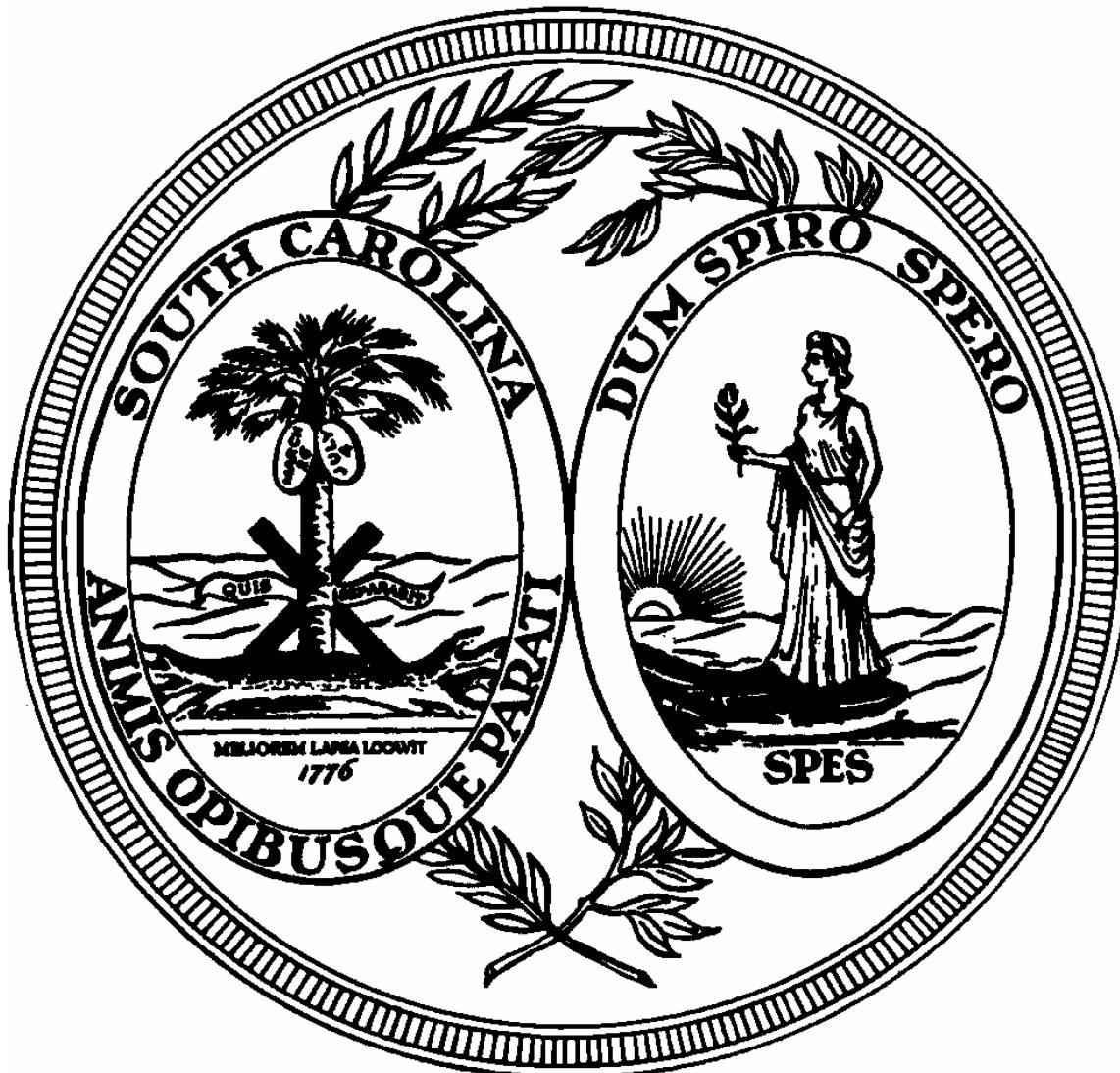
Organizational Chart



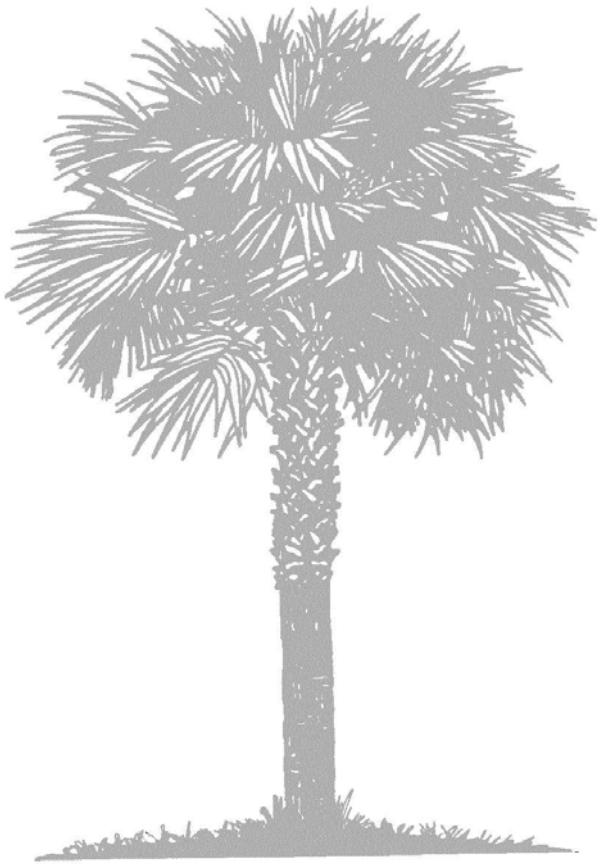
(1) Board of Education and Agriculture Commission are each comprised of 16 members elected by the legislative delegations of each judicial district plus an at large member appointed by the Governor as well as either the Superintendent of Education or Commissioner of Agriculture.

(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.



Financial Section



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



SOUTH CAROLINA OFFICE OF THE STATE AUDITOR



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Carolina (the State), as of and for the year ended June 30, 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%

The Honorable Henry D. McMaster, Governor

and

Members of the General Assembly

State of South Carolina

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*

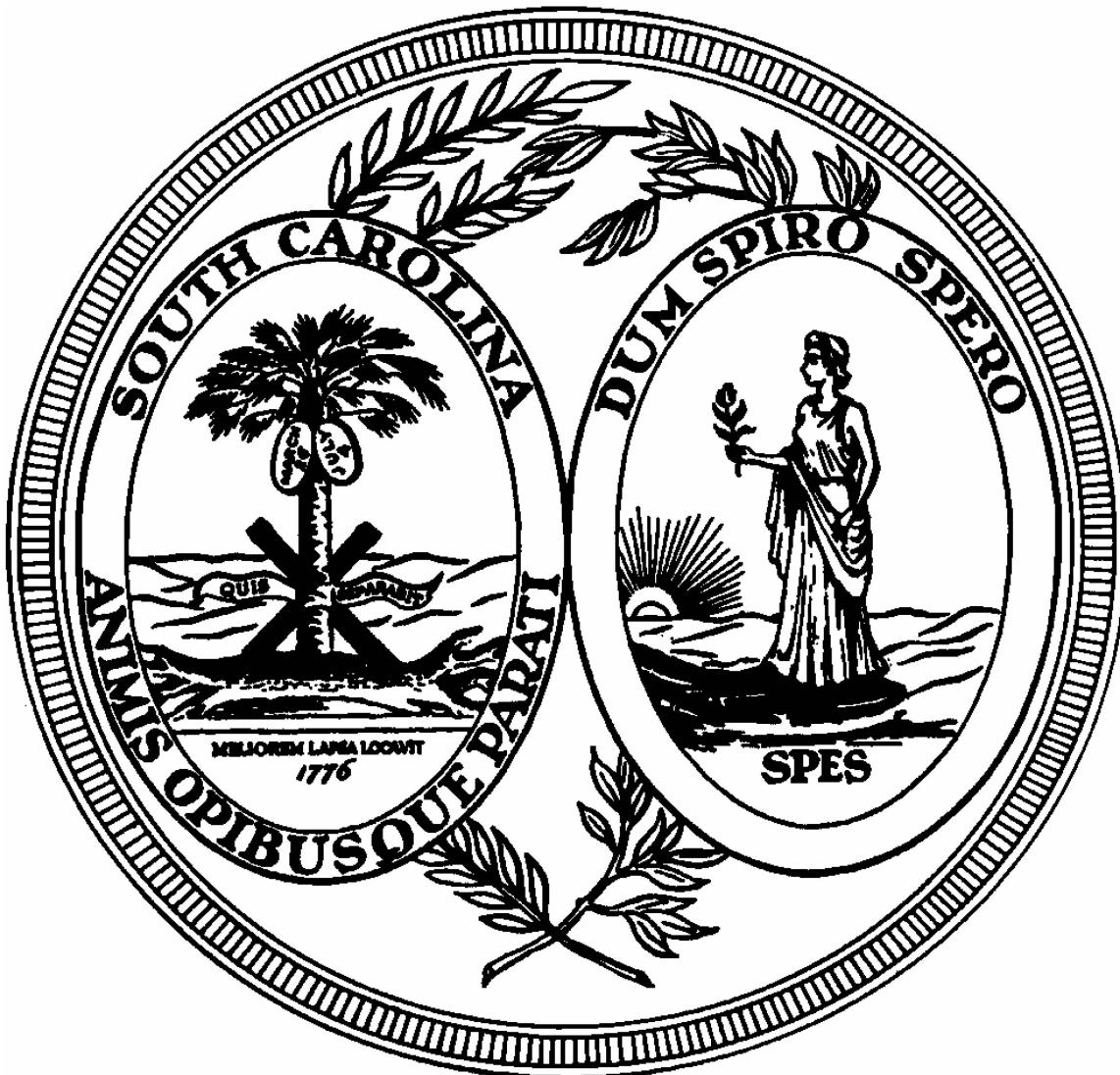
In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other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

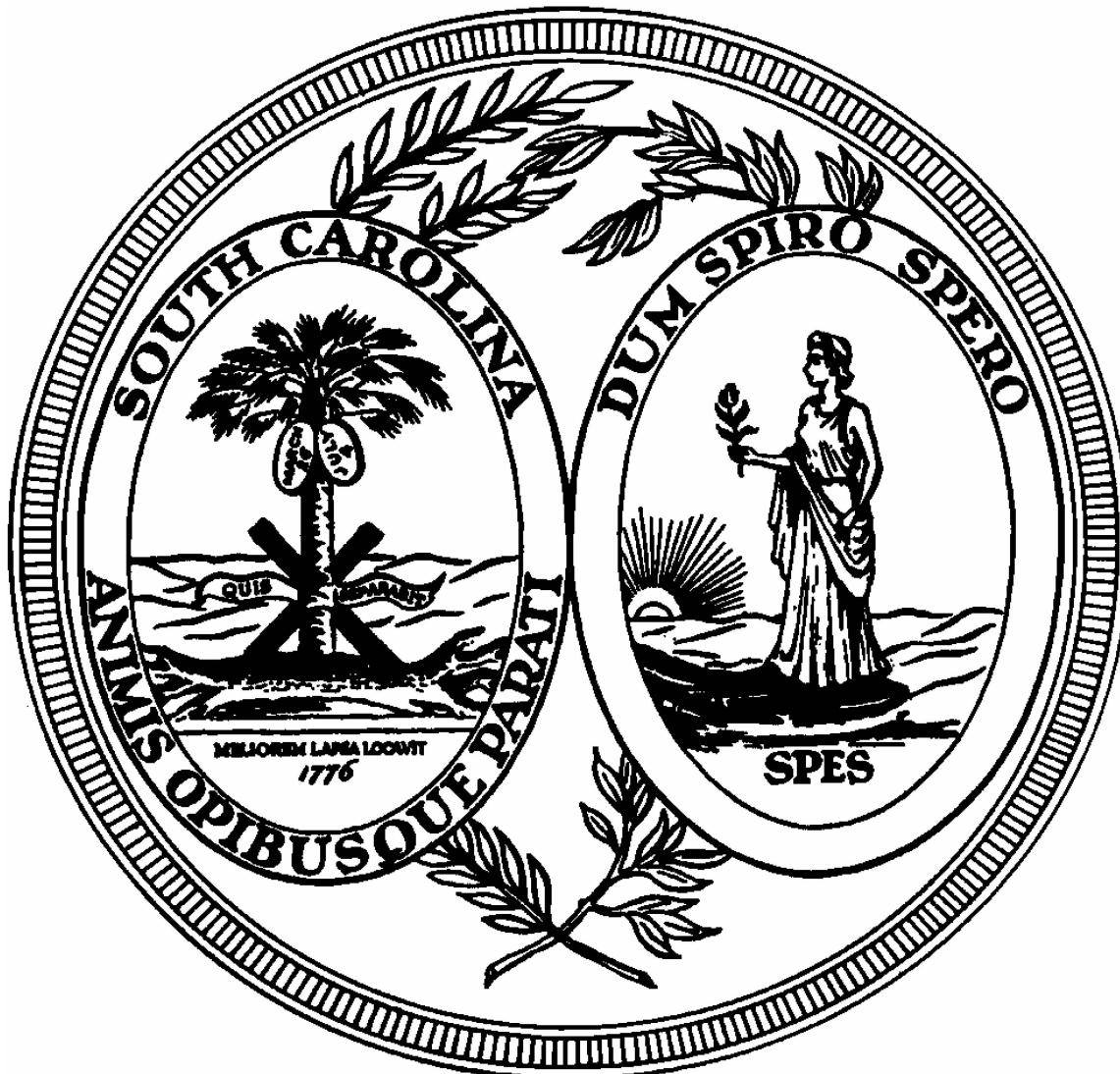


Columbia, South Carolina
November 13, 2020



Baltimore, Maryland
November 13, 2020





**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.

State of South Carolina

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.

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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.

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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.

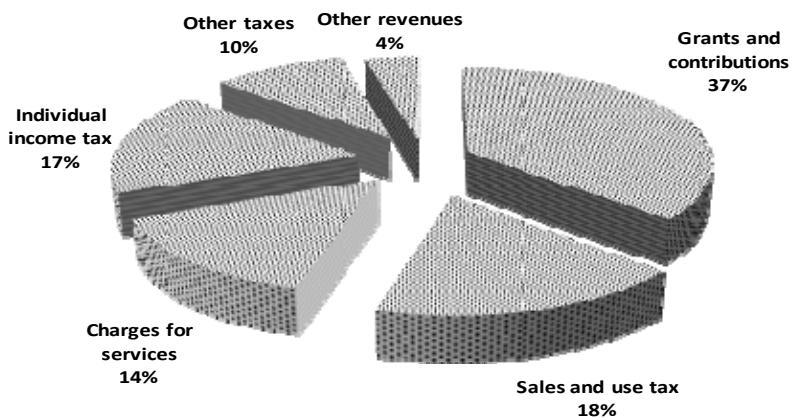
State of South Carolina

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:

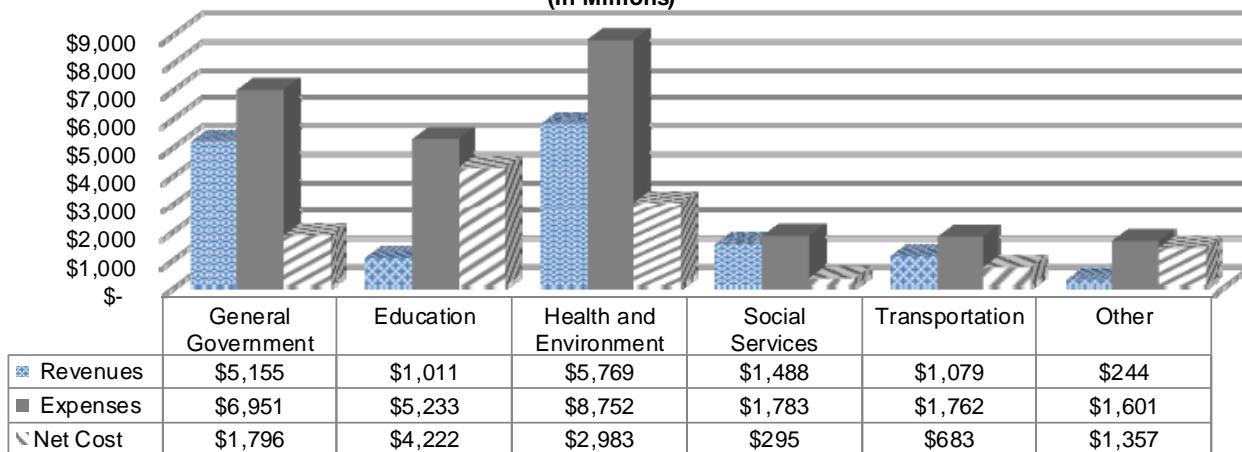
- Individual income tax revenues increased by \$209.998 million, or 4.3%, retail sales and use tax revenues increased by \$163.334 million, or 3.3%, and other taxes revenues increased by \$79.266 million, or 2.8%. Overall tax collections increased during fiscal year 2020 due to increased enforcement 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



State of South Carolina

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



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.

State of South Carolina

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.

State of South Carolina

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)

Fund Net Position	Enterprise Funds				Internal Service Funds
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Total Enterprise	
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.

State of South Carolina

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.

State of South Carolina

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.....	<u>\$2,055,645</u>	<u>\$2,236,910</u>	<u>\$ 11,685</u>	<u>\$ 11,875</u>	<u>\$2,067,330</u>	<u>\$2,248,785</u>	<u>(8.1%)</u>

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,

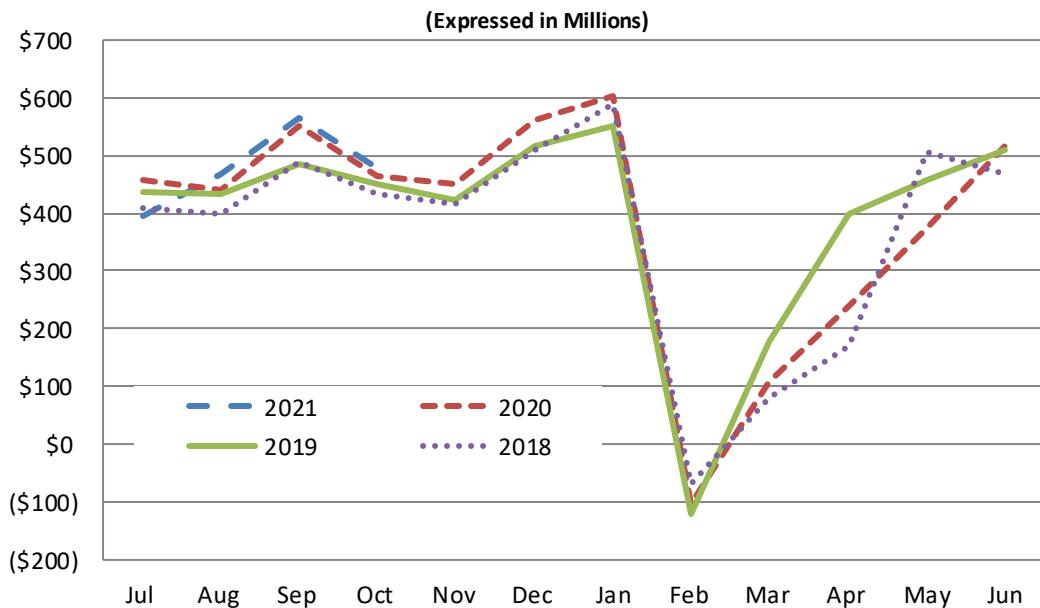
State of South Carolina

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.

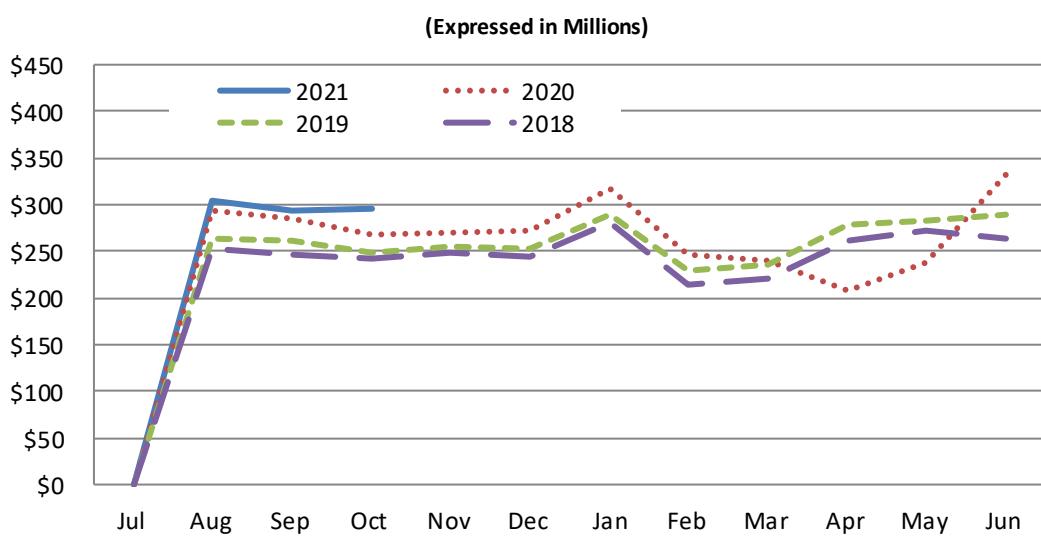
Economic Conditions

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.

Individual Income Taxes



Sales Tax

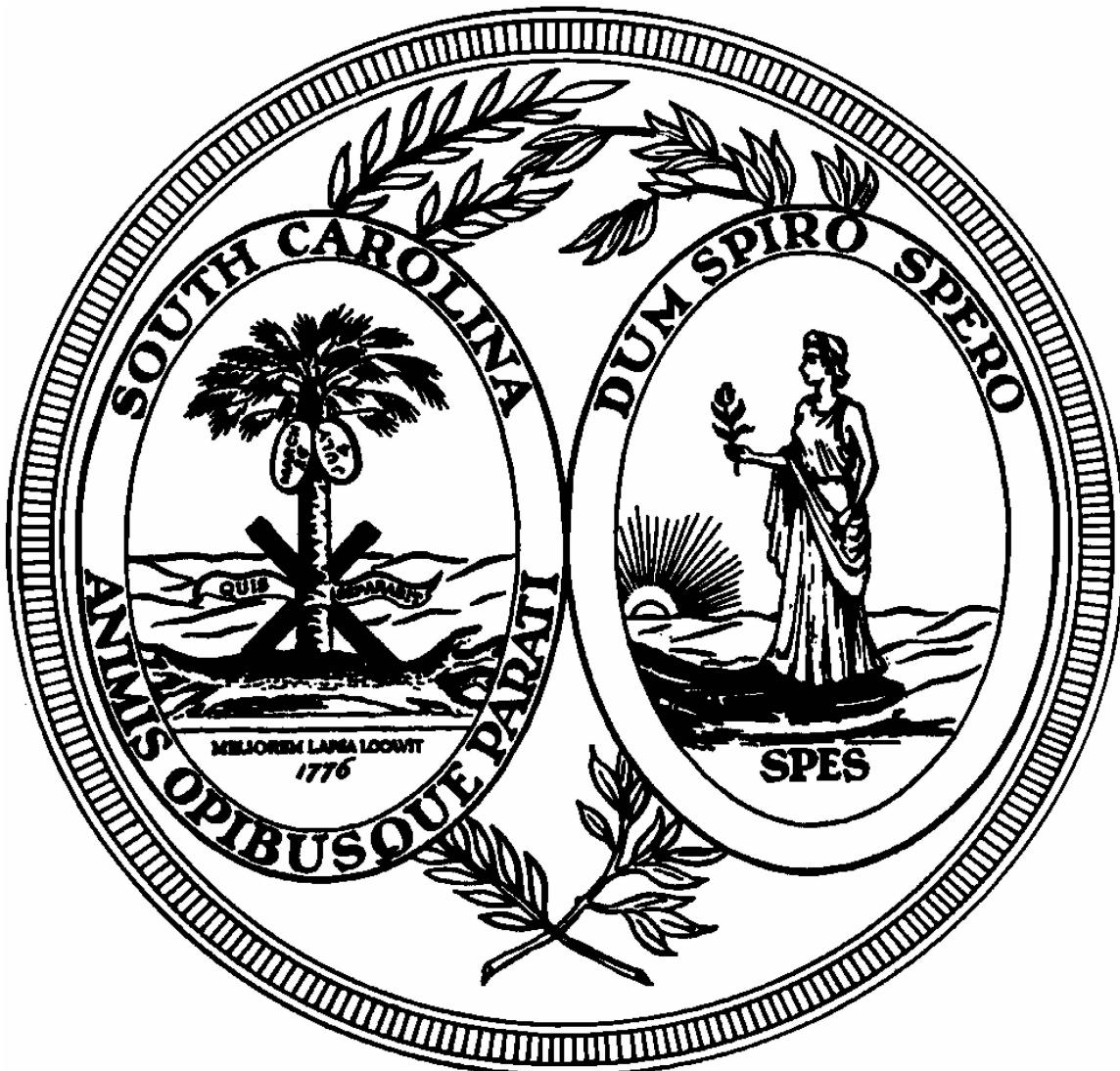


State of South Carolina

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



**BASIC
FINANCIAL STATEMENTS**

State of South Carolina

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

State of South Carolina

Exhibit A-1

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	Governmental Activities	Business-type Activities	Totals		
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.

State of South Carolina

Statement of Activities

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

	Expenses	Program Revenues			Net Revenues (Expenses)		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions							
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)		

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
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.

State of South Carolina

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.

State of South Carolina

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

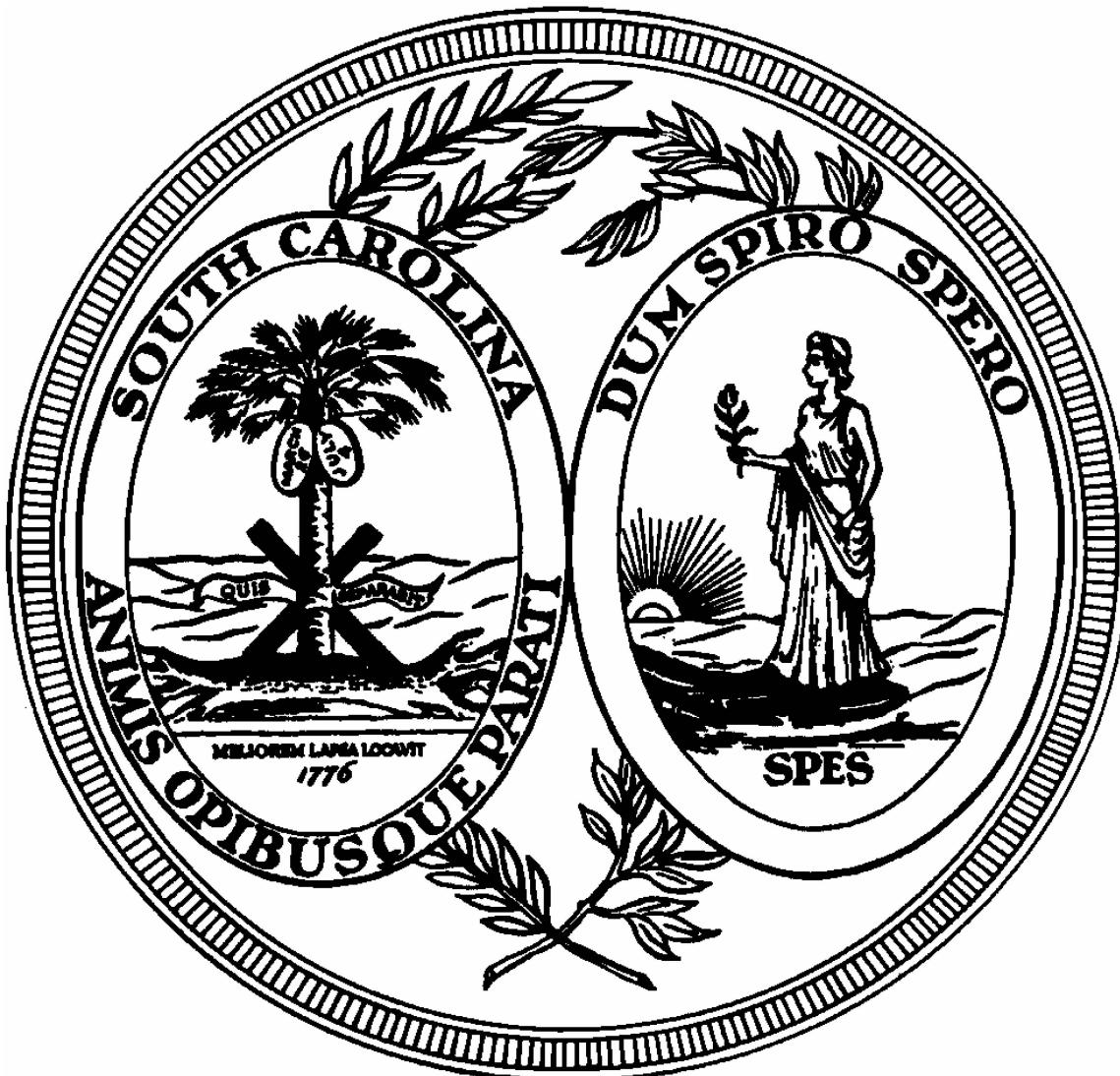
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

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.



State of South Carolina

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.....	<u>(421,325)</u>
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.....	<u>224,858</u>
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
------------------------------------	--------

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.....	<u>(208,237)</u>
 Change in net position of governmental activities.....	 <u>\$ 2,413,675</u>

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

State of South Carolina

Statement of Net Position

PROPRIETARY FUNDS

June 30, 2020

(Expressed in Thousands)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
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

	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

State of South Carolina

Statement of Net Position

Exhibit B-3

PROPRIETARY FUNDS (Continued)

June 30, 2020

(Expressed in Thousands)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
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

State of South Carolina

Exhibit B-4

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

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
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.

State of South Carolina

Statement of Cash Flows

PROPRIETARY FUNDS

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

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
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)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
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

State of South Carolina

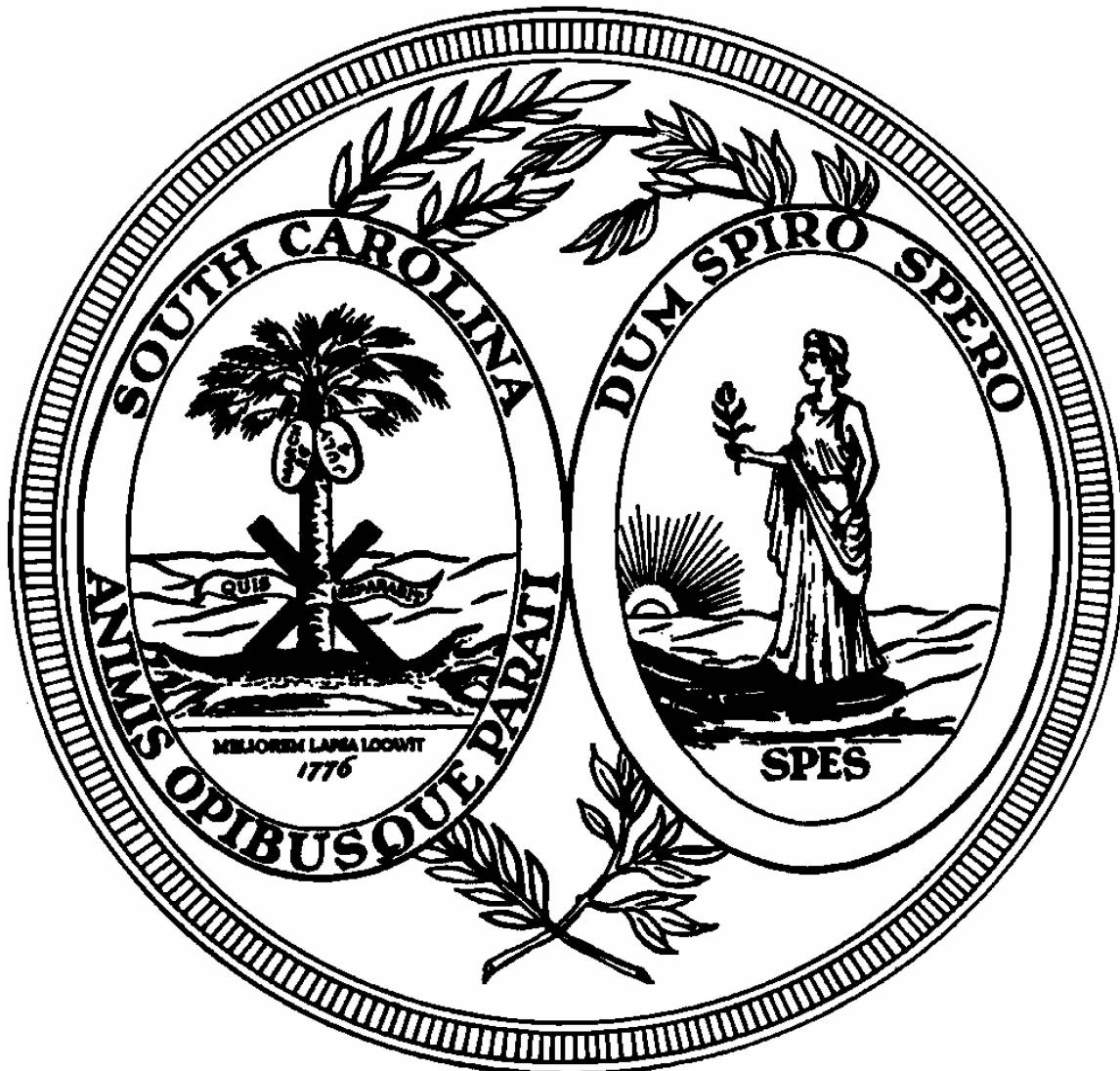
Exhibit B-5

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.



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

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.

State of South Carolina

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

State of South Carolina

Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

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

	Expenses	Program Revenues		
		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.

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>

State of South Carolina

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.

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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-*

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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://santeecoop.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

State of South Carolina

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.

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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.

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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.

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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

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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.

I. 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.

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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

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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.

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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.

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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-driven 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:

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		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	At 6/30/2020			
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.

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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 Type	Investment Maturities (in years)					
	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 Type	Investment Maturities (in years)					
	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.

State of South Carolina

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.

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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):

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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)

State of South Carolina

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.

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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.

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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):

State of South Carolina

Investment Type	Fair Value Total	Fair Value Duration Not Available	Fair Value Duration Available	Effective Duration (option adjusted duration)
<u>Short Term Investments</u>				
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	
<u>Equity Allocation</u>				
Preferred.....	\$ 3,236	\$ 2,323	\$ 913	7.27
Total Equity Investments.....	3,236	2,323	913	
<u>Fixed Income Allocation</u>				
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	
<u>Mixed Credit Hedge Fund Allocation</u>				
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

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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	NR¹	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 Allocation²											
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

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

²U.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.

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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)

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	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%

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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.....	<u>\$ (7,968)</u>	<u>\$ 284,159</u>	<u>\$ 36,253</u>	<u>\$ 312,444</u>
Centrally cleared:				
Chicago Mercantile Exchange.....	—	511	—	511
Intercontinental Exchange.....	—	(140)	—	(140)
LCH Ltd.....	—	(552)	—	(552)
Total not subject to credit risk.....	<u>\$ —</u>	<u>\$ (181)</u>	<u>\$ —</u>	<u>\$ (181)</u>
Total.....	<u>\$ (7,968)</u>	<u>\$ 283,978</u>	<u>\$ 36,253</u>	<u>\$ 312,263</u>

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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.

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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				<u>(15)</u>
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				<u>\$ 36,268</u>
Total				<u>\$ 36,253</u>

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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		Amount Funded	Remaining Unfunded
	Commitment	To Date		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

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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

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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)	
<u>Investments</u>					
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):

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Investment Type and Fair Value	AAA / AA	A / A1 / A2	BAA/BA	B/1/B2/B3	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 Type	Fair Value	Investment Maturity (in years)			
		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

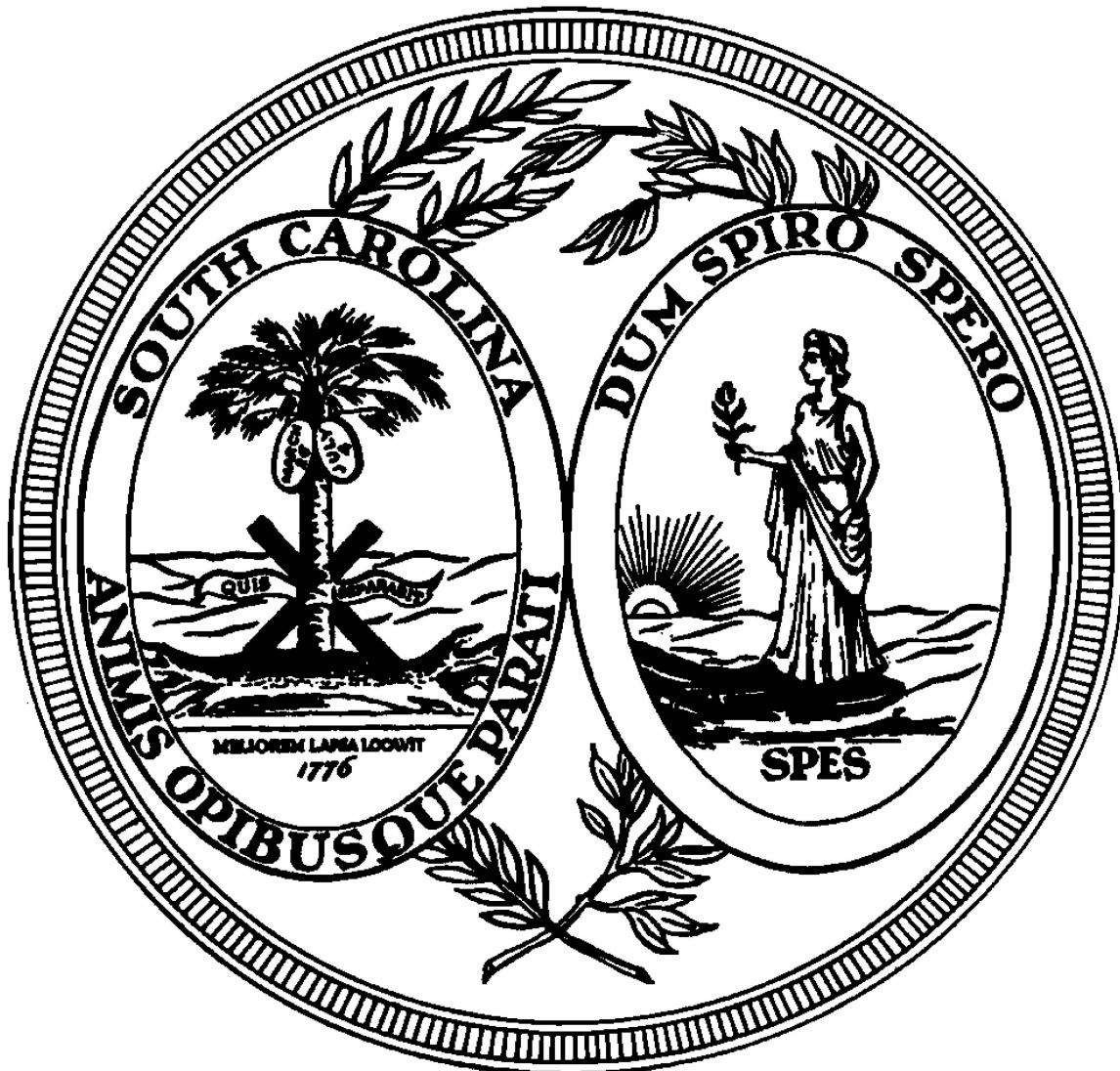
Concentration of Credit Risk

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:

Allowances related to	Governmental Activities					
	Governmental Funds					
	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:

Allowances related to	Business-type Activities (Enterprise Funds)	
	Unemployment Compensation Benefits	
	Assessments.....	\$ 56,174
Other.....	6,304	
Total allowances for uncollectibles.....	<b">\$ 62,478</b">	

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:

Net Long-term Receivables	Governmental Activities					
	Governmental Funds					
	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

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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.....	<u>\$ 67,855</u>	<u>2,107,847</u>	<u>\$ 2,175,702</u>
Internal service funds.....		203,382	
Total governmental activities.....		<u>\$2,311,229</u>	

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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:				
<i>Capital assets not being depreciated:</i>				
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
<i>Total capital assets not being depreciated...</i>	<u>5,597,614</u>	<u>1,015,969</u>	<u>(426,796)</u>	<u>6,186,787</u>
<i>Capital assets being depreciated:</i>				
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
<i>Total capital assets being depreciated.....</i>	<u>19,369,874</u>	<u>657,966</u>	<u>(181,706)</u>	<u>19,846,134</u>
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)
<i>Total accumulated depreciation.....</i>	<u>(6,789,902)</u>	<u>(442,339)</u>	<u>86,448</u>	<u>(7,145,793)</u>
<i>Total capital assets being depreciated, net.....</i>	<u>12,579,972</u>	<u>215,627</u>	<u>(95,258)</u>	<u>12,700,341</u>
Capital assets for governmental activities, net.....	<u>\$ 18,177,586</u>	<u>\$ 1,231,596</u>	<u>\$ (522,054)</u>	<u>\$ 18,887,128</u>

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.....	<u>\$ 421,325</u>	<u>\$ 21,014</u>	<u>\$ 442,339</u>

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	Beginning Balances			Ending Balances
	July 1, 2019	Increases	Decreases	June 30, 2020
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land and improvements.....	\$ 169,937	\$ 662	\$ —	\$ 170,599
Construction in progress.....	94,110	11,942	(1,564)	104,488
<i>Total capital assets not being depreciated....</i>	<u>264,047</u>	<u>12,604</u>	<u>(1,564)</u>	<u>275,087</u>
<i>Capital assets being depreciated:</i>				
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)	—
<i>Total capital assets being depreciated.....</i>	<u>33,803</u>	<u>980</u>	<u>(2,588)</u>	<u>32,195</u>
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	—
<i>Total accumulated depreciation.....</i>	<u>(13,133)</u>	<u>(1,486)</u>	<u>816</u>	<u>(13,803)</u>
<i>Total capital assets being depreciated, net.....</i>	<u>20,670</u>	<u>(506)</u>	<u>(1,772)</u>	<u>18,392</u>
Capital assets for business-type activities, net.....	<u>\$ 284,717</u>	<u>\$ 12,098</u>	<u>\$ (3,336)</u>	<u>\$ 293,479</u>

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.

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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.

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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.

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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.....	<u>535,669</u>	<u>64,435</u>	<u>469</u>	<u>384</u>	<u>18,846</u>

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.

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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 actuarially 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

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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

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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.

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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.

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Changes in the Net Pension Liability (expressed in thousands)

	<u>JSRS</u>	<u>GARS</u>	<u>SCNG</u>
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	<u>(17,950)</u>	<u>(6,515)</u>	<u>(4,534)</u>
Net Change in Total Pension Liability	91,233	(2,061)	(485)
Total Pension Liability at June 30, 2019	<u>305,472</u>	<u>74,062</u>	<u>67,591</u>
Total Pension Liability at June 30, 2020 (a)	<u>\$ 396,705</u>	<u>\$ 72,001</u>	<u>\$ 67,106</u>
 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	<u>96</u>	<u>—</u>	<u>—</u>
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	<u>160,036</u>	<u>33,394</u>	<u>28,327</u>
Plan Fiduciary Net Position at June 30, 2020 (b)	<u>\$ 165,843</u>	<u>\$ 34,712</u>	<u>\$ 30,683</u>
 Net Pension Liability at June 30, 2020 (a) - (b)	<u>\$ 230,862</u>	<u>\$ 37,289</u>	<u>\$ 36,423</u>

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%)
	<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
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

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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

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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.

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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 SCR HITF 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 SCR HITF 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 SCR HITF net OPEB liability was approximately \$11.576 billion (or 76.55% of the total net SCR HITF 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 SCR HITF and LTDITF, the State recognized expenses of \$187.569 million for SCR HITF 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 SCR HITF and LTDITF (expressed in thousands):

	SCR HITF	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

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\$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 SCR HITF and LTDITF will be recognized against expenses as follows (expressed in thousands):

Year Ended June 30,	SCR HITF	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:

	SCR HITF	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 SCR HITF 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%

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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 SCRHTIF 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 SCRHTIF 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 SCRHTIF and 2.04% for LTDITF) or 1.00% higher (4.13% for SCRHTIF and 4.04% for LTDITF) than the current discount rates:

Plan	1% Decrease	Current Discount	1% Increase
	(2.13%)	Rate (3.13%)	(4.13%)
SCRHTIF	\$ 3,716,259	\$ 3,134,761	\$ 2,667,995
Plan	1% Decrease	Current Discount	1% Increase
	(2.04%)	Rate (3.04%)	(4.04%)
LTDITF	\$ 628	\$ 365	\$ 104

In addition, the following table presents SCRHTIF’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	Current		
	1% Decrease	Healthcare Cost Trend	1% Increase
(5.40%)	Rate (6.40%)	(7.40%)	
SCRHTIF	\$ 2,558,278	\$ 3,134,761	\$ 3,885,536

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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

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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

State of South Carolina

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

State of South Carolina

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

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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

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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):

	Medical	University of South Carolina	University of South Carolina	Clemson University	State Ports Authority	Housing Authority
	Public Service 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

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<u>Lottery Commission</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
\$ —	\$ —	\$ 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
<hr/> \$ 3,563	<hr/> \$ 309,250	<hr/> \$ 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
<hr/> \$ 1,608	<hr/> \$ 200,520	<hr/> \$ 1,165,687

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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

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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

State of South Carolina

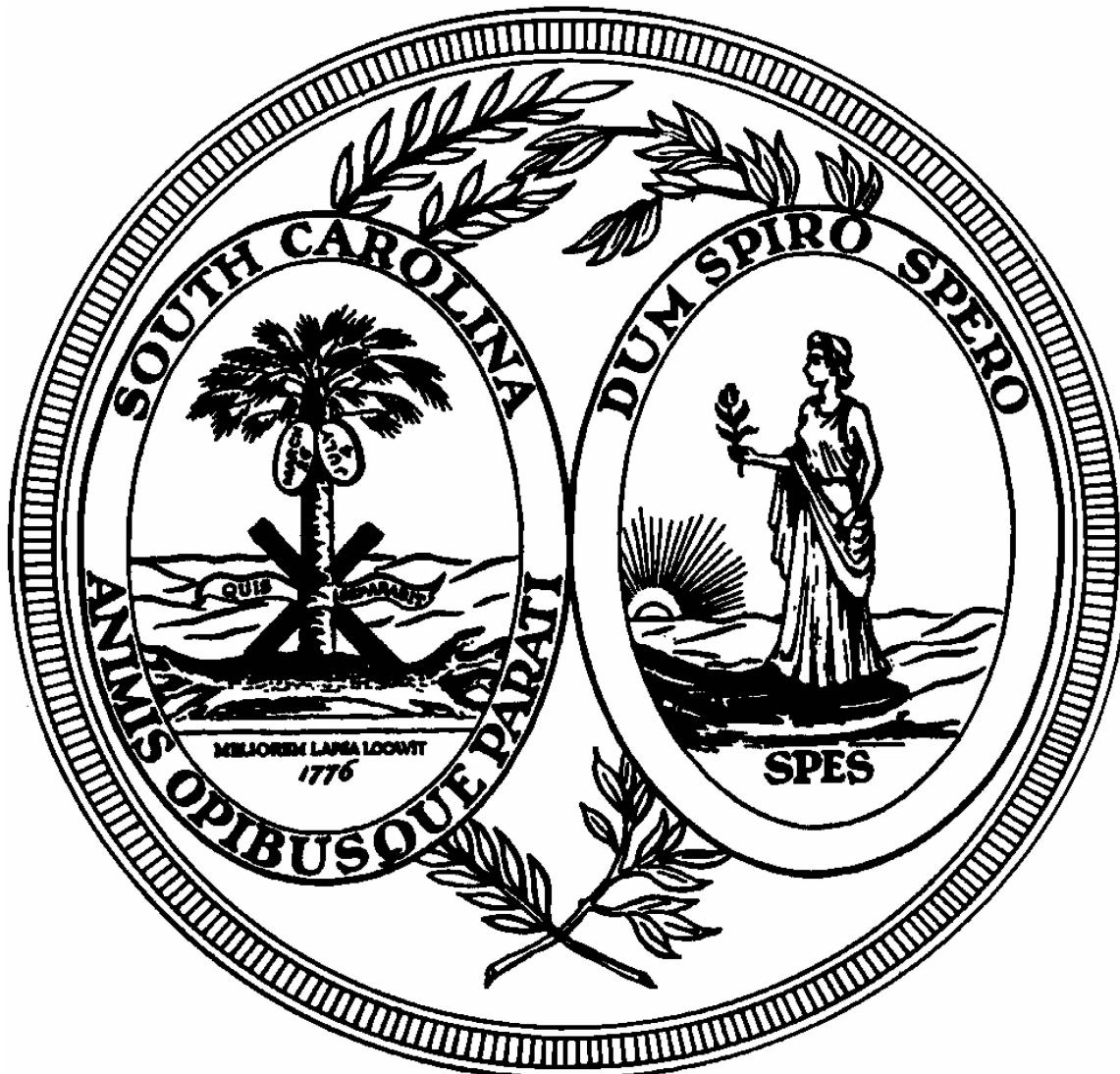
	Florence-Darlington Technical College	Greenville Technical College	Horry-Georgetown Technical College	Technical College of the Lowcountry	Midlands Technical College	Northeastern Technical College
Deferred Outflows of Resources						
Deferred amount on refunding.....	\$ 268	\$ 370	\$ —	\$ —	\$ 177	\$ —
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

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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

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	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			Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claim Payments	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 SCRHTF 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

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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			Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claim Payments	 	
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			Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claim Payments	 	
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.

State of South Carolina

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.

State of South Carolina

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			Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claim Payments		
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.

State of South Carolina

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	Business-type	Totals
	Activities	Activities	
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

State of South Carolina

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.....	<u>\$ 123,771</u>

State of South Carolina

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):

Year Ending June 30	Governmental Activities	
	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.

State of South Carolina

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:		
<i>Governmental Activities:</i>		
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
<i>Business-Type Activities:</i>		
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:

State of South Carolina

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):

Year Ending June 30	Primary Government			
	Governmental Activities		Business-Type Activities	
	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.

State of South Carolina

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):

	<u>Amount</u>
Transportation.....	<u>\$ 65,539</u>
Total allocated interest expense.....	<u>\$ 65,539</u>

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):

	<u>Governmental Activities</u>
Economic Development bonds.....	<u>\$ 44,270</u>
Tobacco Authority bonds.....	<u>72,833</u>
Totals.....	<u>\$ 117,103</u>

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. Treasury 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.

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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:					
<i>Governmental Activities</i>					
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.

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	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
Primary Government:					
<i>Business-type Activities</i>					
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

State of South Carolina

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	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:

State of South Carolina

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.

State of South Carolina

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

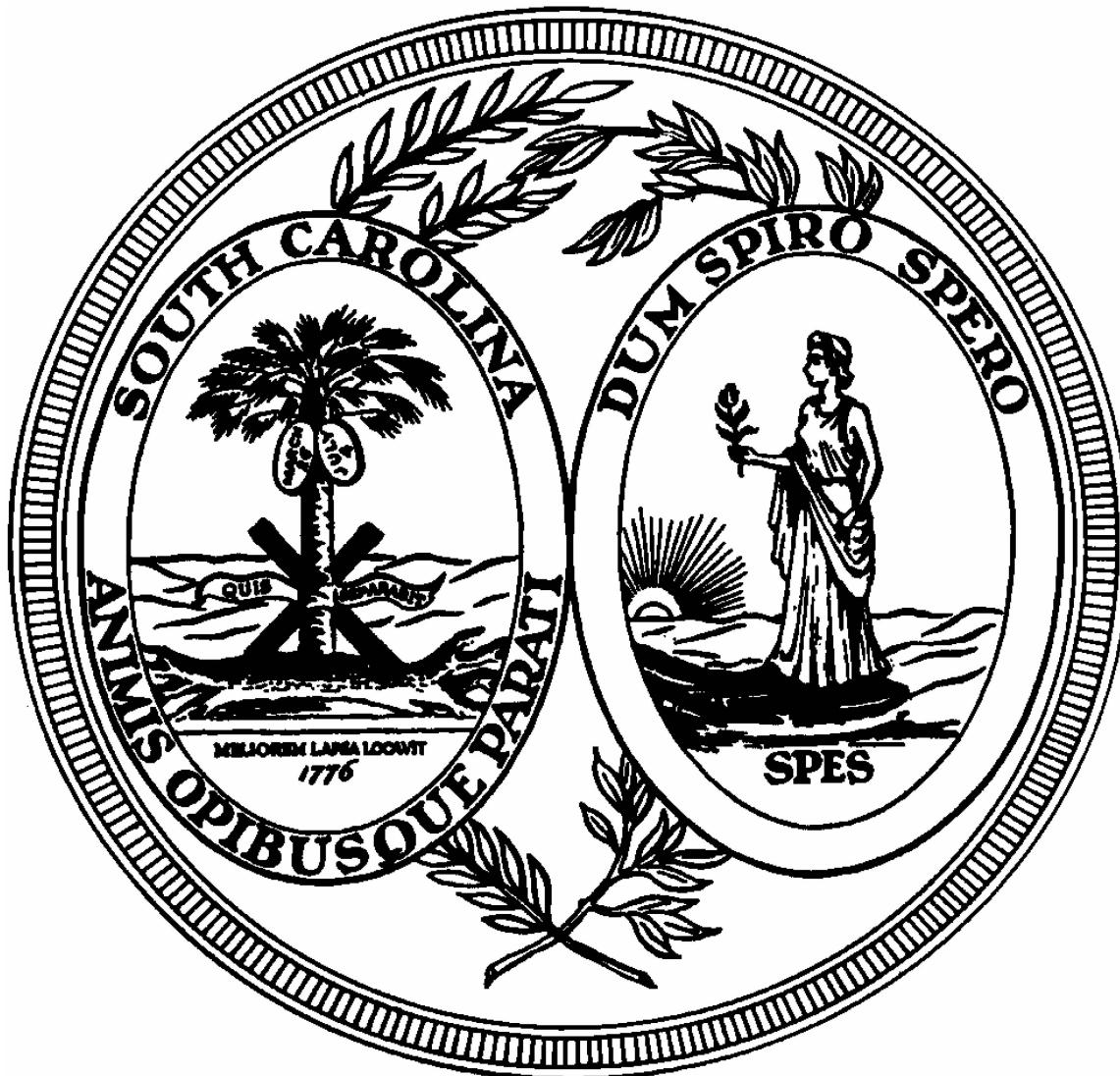
Amounts reported in this category primarily arise through contractual agreements between state agencies that cooperate in the provision of social programs to the citizens of the State.

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.



State of South Carolina

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	7/1/2019 Fund Equity as Restated
Primary Government	Adjustments	
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)
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.

State of South Carolina

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
	<u>428,401</u>	<u>234,420</u>
 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
	<u>91,299</u>	<u>748,819</u>
 Local Government Infrastructure		
General Fund.....	25,374	38
Department of Transportation Special Revenue Fund.....	2,144	—
	<u>27,518</u>	<u>38</u>
 Department of Transportation Special Revenue Fund		
General Fund.....	89,313	2,798
Local Government Infrastructure.....	—	2,144
Fiduciary.....	—	13,939
	<u>89,313</u>	<u>18,881</u>
 Nonmajor Governmental Funds		
General Fund.....	5,230	81,093
Departmental Program Services.....	1,152	—
Internal service.....	302	413
Fiduciary.....	165	25,456
	<u>6,849</u>	<u>106,962</u>
 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
	<u>34,670</u>	<u>3,739</u>
 Unemployment Compensation		
General Fund.....	—	19,970
Departmental Program Services.....	500,000	—
	<u>500,000</u>	<u>19,970</u>
 Nonmajor Enterprise Funds		
General Fund.....	6	574
Departmental Program Services.....	7	—
Internal service.....	—	1
	<u>13</u>	<u>575</u>
 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
	<u>122,286</u>	<u>166,945</u>
 Totals.....	\$ 1,300,349	\$ 1,300,349

State of South Carolina

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
	<u>51,142</u>	<u>1,550</u>	<u>142</u>
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.....	—	<u>51,000</u>	—
Internal Service			
General Fund.....	—	142	—
Totals.....	<u>\$ 185,619</u>	<u>\$ 185,619</u>	<u>\$ 134,599</u>

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.

State of South Carolina

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

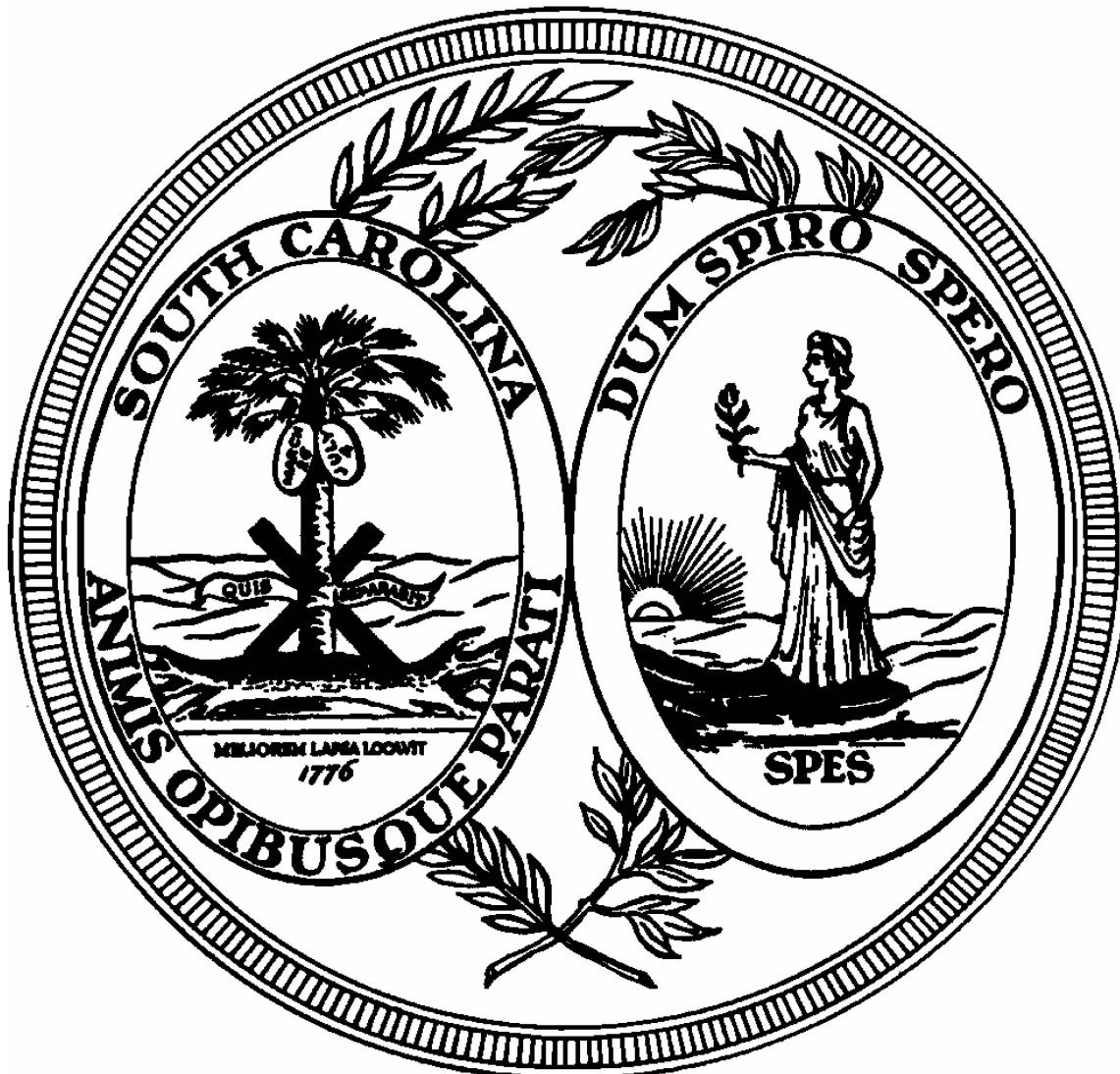
Funds	Transfers In	Transfers Out
General Fund		
Departmental Program Services.....	\$ 92,723	\$ 19,791
Local Government Infrastructure.....	—	6,166
Department of Transportation.....	3,564	5,912
Nonmajor governmental funds.....	55,883	242,532
Unemployment Compensation Benefits.....	22,302	—
Nonmajor enterprise funds.....	3,539	67
Internal service.....	1,285	4,202
	<u>179,296</u>	<u>278,670</u>
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
	<u>35,349</u>	<u>595,468</u>
Local Government Infrastructure		
General Fund.....	6,166	—
	<u>6,166</u>	<u>—</u>
Department of Transportation		
General Fund.....	5,912	3,564
	<u>5,912</u>	<u>3,564</u>
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
	<u>321,867</u>	<u>139,515</u>
Unemployment Compensation Benefits		
General Fund.....	—	22,302
Departmental Program Services.....	500,000	—
	<u>500,000</u>	<u>22,302</u>
Second Injury Fund		
Departmental Program Services.....	—	225
Nonmajor Enterprise Funds		
General Fund.....	67	3,539
Nonmajor governmental funds.....	27	1,700
	<u>94</u>	<u>5,239</u>
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
	<u>7,946</u>	<u>11,647</u>
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.

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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
	<u>54,826</u>	<u>10,200</u>
 Departmental Program Services		
MUSC.....	—	14,848
USC.....	—	1,534
Clemson University.....	—	649
Nonmajor discretely presented component units.....	—	2,014
	<u>—</u>	<u>19,045</u>
 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
	<u>35,359</u>	<u>8,383</u>
 Internal Service		
USC.....	6,486	—
Clemson University.....	5,116	—
Nonmajor discretely presented component units.....	5,996	—
	<u>17,598</u>	<u>—</u>
 Governmental activities total.....	<u>107,865</u>	<u>37,628</u>
 MUSC		
Departmental Program Services.....	14,848	—
 USC		
General Fund.....	37	—
Departmental Program Services.....	1,534	—
Nonmajor governmental funds.....	—	—
Internal service.....	—	6,486
	<u>1,571</u>	<u>6,486</u>
 Clemson University		
General Fund.....	7,967	—
Departmental Program Services.....	649	—
Internal service.....	—	5,116
	<u>8,616</u>	<u>5,116</u>
 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
	<u>11,100</u>	<u>19,272</u>
 Discretely presented component units total.....	<u>37,628</u>	<u>107,865</u>
 Totals.....	<u>\$ 145,493</u>	<u>\$ 145,493</u>



State of South Carolina

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.

State of South Carolina

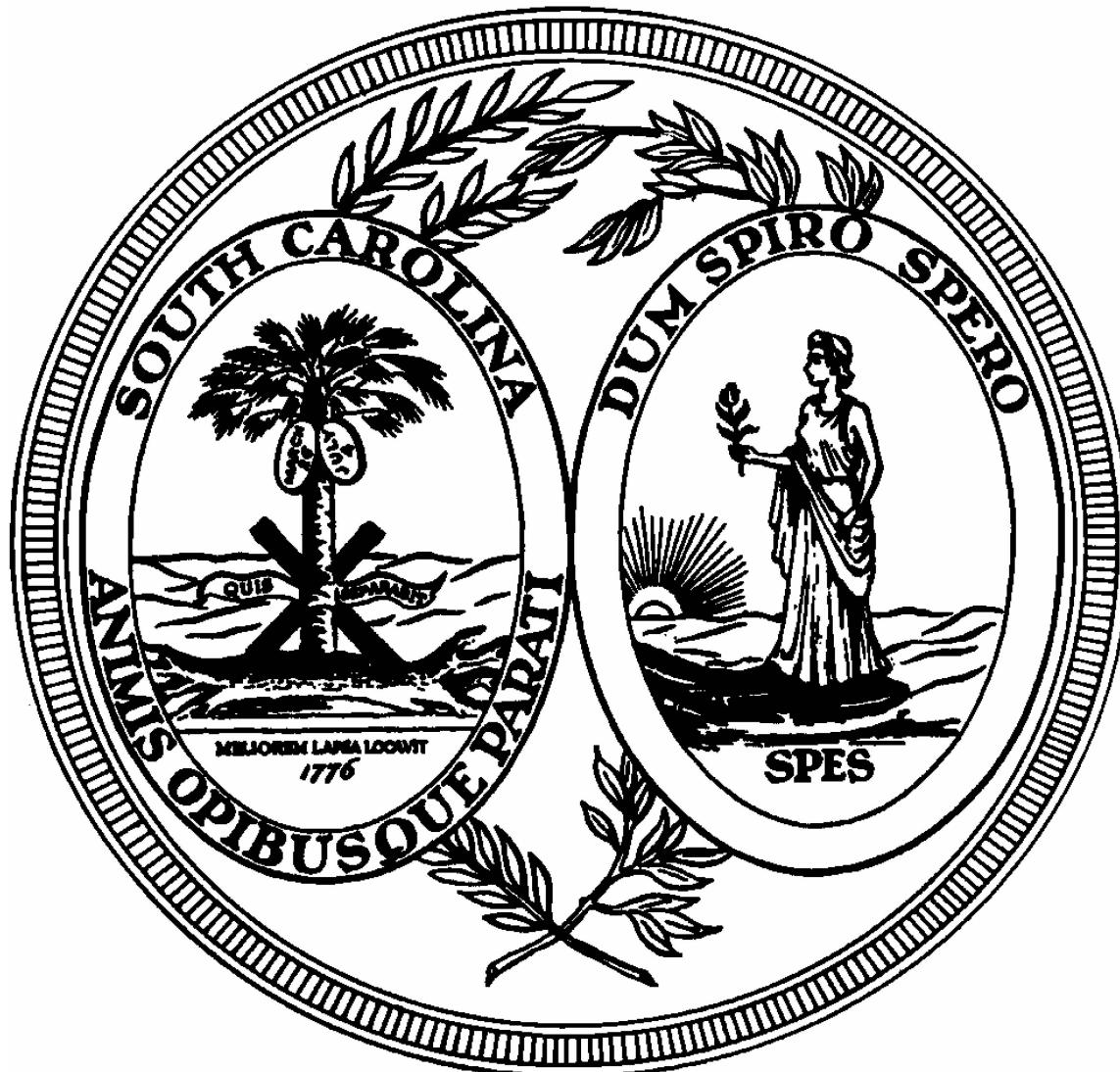
c. Commitments to Provide Grants and Other Financial Assistance

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.



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-driven 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.

State of South Carolina

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
Municipal 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	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
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State of South Carolina

(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		Reported Amount
	A	B	
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

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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 Type	Fair Value	Investment Maturities (in years)				
		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.

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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:

	<u>Amount</u>
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.

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b. Capital Assets

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

	Beginning Balances			Ending Balances
	<u>January 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31, 2019</u>
Public Service Authority:				
<i>Capital assets not being depreciated:</i>				
Land and improvements.....	\$ 183,776	\$ 1,266	\$ (1,897)	\$ 183,145
Construction in progress.....	1,017,170	240,510	(755,029)	502,651
<i>Total capital assets not being depreciated....</i>	<i>1,200,946</i>	<i>241,776</i>	<i>(756,926)</i>	<i>685,796</i>
<i>Capital assets being depreciated:</i>				
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
<i>Total capital assets being depreciated.....</i>	<i>7,794,733</i>	<i>751,227</i>	<i>(49,693)</i>	<i>8,496,267</i>
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)
<i>Total accumulated depreciation.....</i>	<i>(3,938,795)</i>	<i>(149,253)</i>	<i>26,378</i>	<i>(4,061,670)</i>
<i>Total capital assets being depreciated, net.....</i>	<i>3,855,938</i>	<i>601,974</i>	<i>(23,315)</i>	<i>4,434,597</i>
Public Service Authority, net.....	\$ 5,056,884	\$ 843,750	\$ (780,241)	\$ 5,120,393

	Beginning Balances			Ending Balances
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
State Ports Authority:				
<i>Capital assets not being depreciated:</i>				
Land and improvements.....	\$ 374,214	\$ 5,622	\$ (5,495)	\$ 374,341
Construction in progress.....	520,588	280,434	(185,421)	615,601
<i>Total capital assets not being depreciated....</i>	<i>894,802</i>	<i>286,056</i>	<i>(190,916)</i>	<i>989,942</i>
<i>Capital assets being depreciated:</i>				
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
<i>Total capital assets being depreciated.....</i>	<i>1,093,537</i>	<i>175,114</i>	<i>(8,165)</i>	<i>1,260,486</i>
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)
<i>Total accumulated depreciation.....</i>	<i>(600,317)</i>	<i>(55,444)</i>	<i>6,489</i>	<i>(649,272)</i>
<i>Total capital assets being depreciated, net.....</i>	<i>493,220</i>	<i>119,670</i>	<i>(1,676)</i>	<i>611,214</i>
State Ports Authority, net.....	\$ 1,388,022	\$ 405,726	\$ (192,592)	\$ 1,601,156

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	Beginning Balances			Ending Balances
	July 1, 2019	Increases	Decreases	June 30, 2020
Clemson University:				
<i>Capital assets not being depreciated:</i>				
Land and improvements.....	\$ 43,344	\$ 370	\$ (380)	\$ 43,334
Construction in progress.....	109,127	104,581	(43,410)	170,298
<i>Total capital assets not being depreciated..</i>	<u>152,471</u>	<u>104,951</u>	<u>(43,790)</u>	<u>213,632</u>
<i>Capital assets being depreciated:</i>				
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
<i>Total capital assets being depreciated.....</i>	<u>2,023,826</u>	<u>67,022</u>	<u>(11,530)</u>	<u>2,079,318</u>
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)
<i>Total accumulated depreciation.....</i>	<u>(765,448)</u>	<u>(66,685)</u>	<u>9,876</u>	<u>(822,257)</u>
<i>Total capital assets being depreciated, net.....</i>	<u>1,258,378</u>	<u>337</u>	<u>(1,654)</u>	<u>1,257,061</u>
Clemson University, net.....	<u>\$ 1,410,849</u>	<u>\$ 105,288</u>	<u>\$ (45,444)</u>	<u>\$ 1,470,693</u>
 Medical University of South Carolina:				
<i>Capital assets not being depreciated:</i>				
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
<i>Total capital assets not being depreciated..</i>	<u>500,376</u>	<u>171,269</u>	<u>(498,896)</u>	<u>172,749</u>
<i>Capital assets being depreciated:</i>				
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
<i>Total capital assets being depreciated.....</i>	<u>2,336,670</u>	<u>481,101</u>	<u>(10,818)</u>	<u>2,806,953</u>
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)
<i>Total accumulated depreciation.....</i>	<u>(1,322,436)</u>	<u>(134,397)</u>	<u>18,654</u>	<u>(1,438,179)</u>
<i>Total capital assets being depreciated, net.....</i>	<u>1,014,234</u>	<u>346,704</u>	<u>7,836</u>	<u>1,368,774</u>
MUSC, net.....	<u>\$ 1,514,610</u>	<u>\$ 517,973</u>	<u>\$ (491,060)</u>	<u>\$ 1,541,523</u>

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	Beginning Balances			Ending Balances
	July 1, 2019	Increases	Decreases	June 30, 2020
University of South Carolina:				
<i>Capital assets not being depreciated:</i>				
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
<i>Total capital assets not being depreciated....</i>	<i>181,601</i>	<i>48,941</i>	<i>(61,729)</i>	<i>168,813</i>
<i>Capital assets being depreciated:</i>				
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
<i>Total capital assets being depreciated.....</i>	<i>2,330,674</i>	<i>82,752</i>	<i>(4,642)</i>	<i>2,408,784</i>
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)
<i>Total accumulated depreciation.....</i>	<i>(1,049,219)</i>	<i>(77,870)</i>	<i>3,686</i>	<i>(1,123,403)</i>
<i>Total capital assets being depreciated, net.....</i>	<i>1,281,455</i>	<i>4,882</i>	<i>(956)</i>	<i>1,285,381</i>
USC, net.....	\$ 1,463,056	\$ 53,823	\$ (62,685)	\$ 1,454,194
 Lottery Commission:				
<i>Capital assets being depreciated:</i>				
Buildings and improvements.....	\$ 1,316	\$ —	\$ —	\$ 1,316
Vehicles.....	411	29	—	440
Machinery and equipment.....	3,498	408	—	3,906
Intangibles.....	556	—	—	556
<i>Total capital assets being depreciated.....</i>	<i>5,781</i>	<i>437</i>	<i>—</i>	<i>6,218</i>
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)
<i>Total accumulated depreciation.....</i>	<i>(5,398)</i>	<i>(291)</i>	<i>—</i>	<i>(5,689)</i>
<i>Total capital assets being depreciated, net.....</i>	<i>383</i>	<i>146</i>	<i>—</i>	<i>529</i>
Lottery Commission, net.....	\$ 383	\$ 146	\$ —	\$ 529

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

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.

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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	Current Year			Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claim Payments		
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.

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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	Beginning of Fiscal Year	Current Year			Balance at Fiscal Year-End
		Liability	Claims and Changes in Estimates	Claim Payments	
December 31					
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

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\$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):

	State Ports	
Fiscal Year Ending June 30	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

State of South Carolina

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):

Year Ending June 30	Clemson University		Medical University of South Carolina	
	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	

Year Ending June 30	University of South Carolina	
	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

State of South Carolina

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):

Major Discretely Presented Component Units:	Bonds	Notes
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.

State of South Carolina

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		Interest Rate Swaps, Net		Totals
	Principal	Interest	\$		
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.

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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):

Year Ending December 31	Public Service Authority	
	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	<u>\$ 6,990,415</u>	

Year Ending June 30	State Ports Authority		State Housing Authority	
	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	<u>\$ 1,320,193</u>		<u>\$ 636,747</u>	

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Year Ending June 30	Clemson University		University of South Carolina	
	Principal	Interest	Principal	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	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

State of South Carolina

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.

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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
 State Ports Authority					
	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
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
 Housing Authority					
	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
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

State of South Carolina

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
<i>Clemson University</i>					
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.....	<u>232,262</u>	<u>—</u>	<u>(11,721)</u>	<u>220,541</u>	<u>10,450</u>
Revenue bonds payable.....	408,200	—	(11,245)	396,955	11,040
Unamortized discounts and premiums.....	24,234	—	(1,169)	23,065	—
Total revenue bonds.....	<u>432,434</u>	<u>—</u>	<u>(12,414)</u>	<u>420,020</u>	<u>11,040</u>
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.....	<u>\$ 1,931,748</u>	<u>\$ 106,671</u>	<u>\$ (36,633)</u>	<u>\$ 2,001,786</u>	<u>\$ 37,910</u>

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
<i>Medical University of South Carolina</i>					
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.....	<u>41,781</u>	<u>—</u>	<u>(4,605)</u>	<u>37,176</u>	<u>2,485</u>
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.....	<u>672,829</u>	<u>215,816</u>	<u>(36,047)</u>	<u>852,598</u>	<u>39,138</u>
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.....	<u>\$ 3,445,811</u>	<u>\$ 378,354</u>	<u>\$ (208,791)</u>	<u>\$ 3,615,374</u>	<u>\$ 141,232</u>

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
<i>Lottery Commission</i>					
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.....	<u>\$ 28,256</u>	<u>\$ 1,690</u>	<u>\$ 68</u>	<u>\$ 30,014</u>	<u>\$ 596</u>

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	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Amounts Due Within One Year
<i>University of South Carolina</i>					
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
<i>Public Service Authority</i>				
Commercial paper notes.....	\$ 173,898	\$ 19,774	\$ (51,321)	\$ 142,351
<i>Medical University of South Carolina</i>				
Revenue anticipation notes.....	\$ 120,000	\$ 65,000	\$ (65,000)	\$ 120,000
<i>University of South Carolina</i>				
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.

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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.

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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.

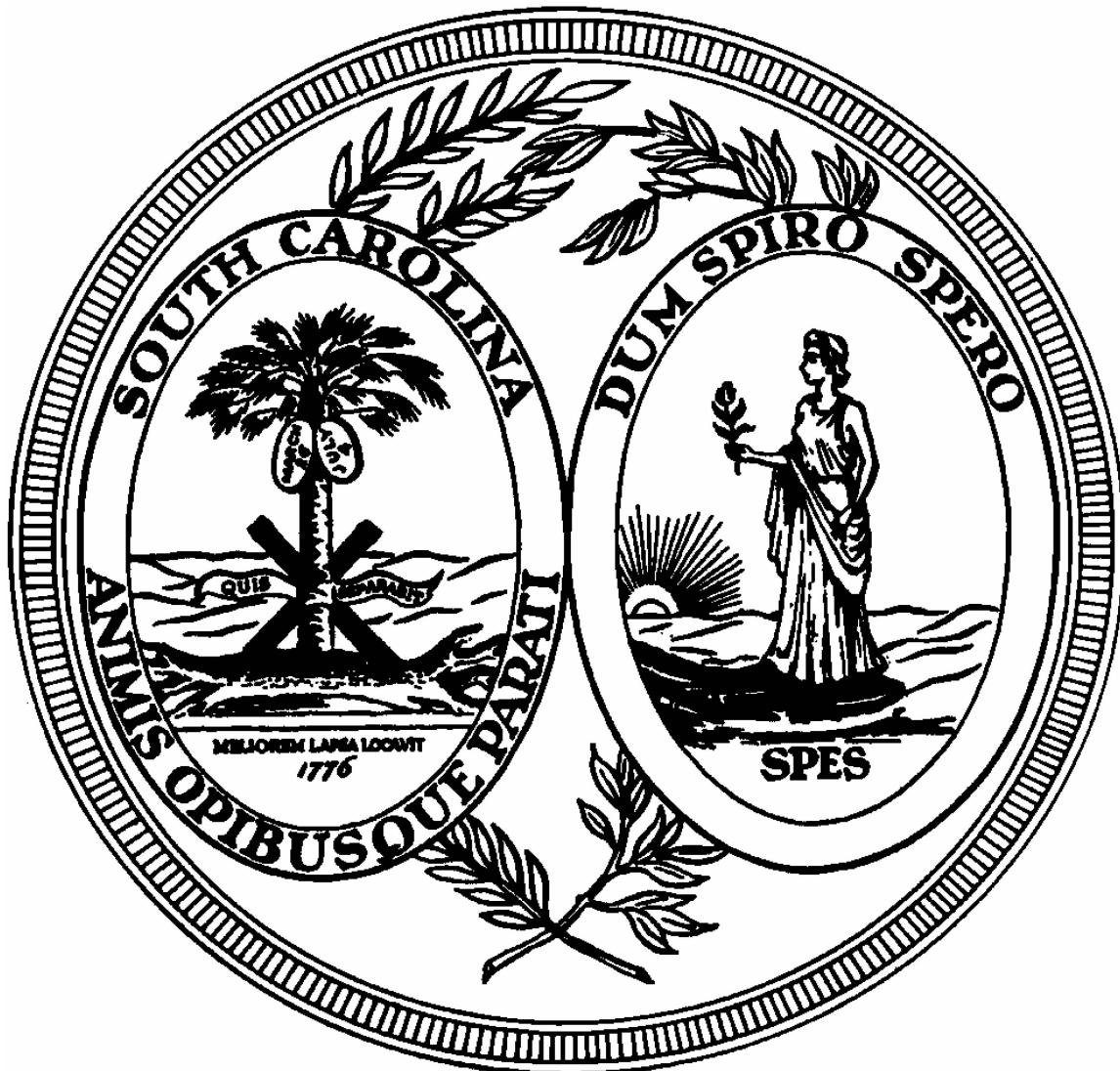
Purchase Commitments – Ports Authority

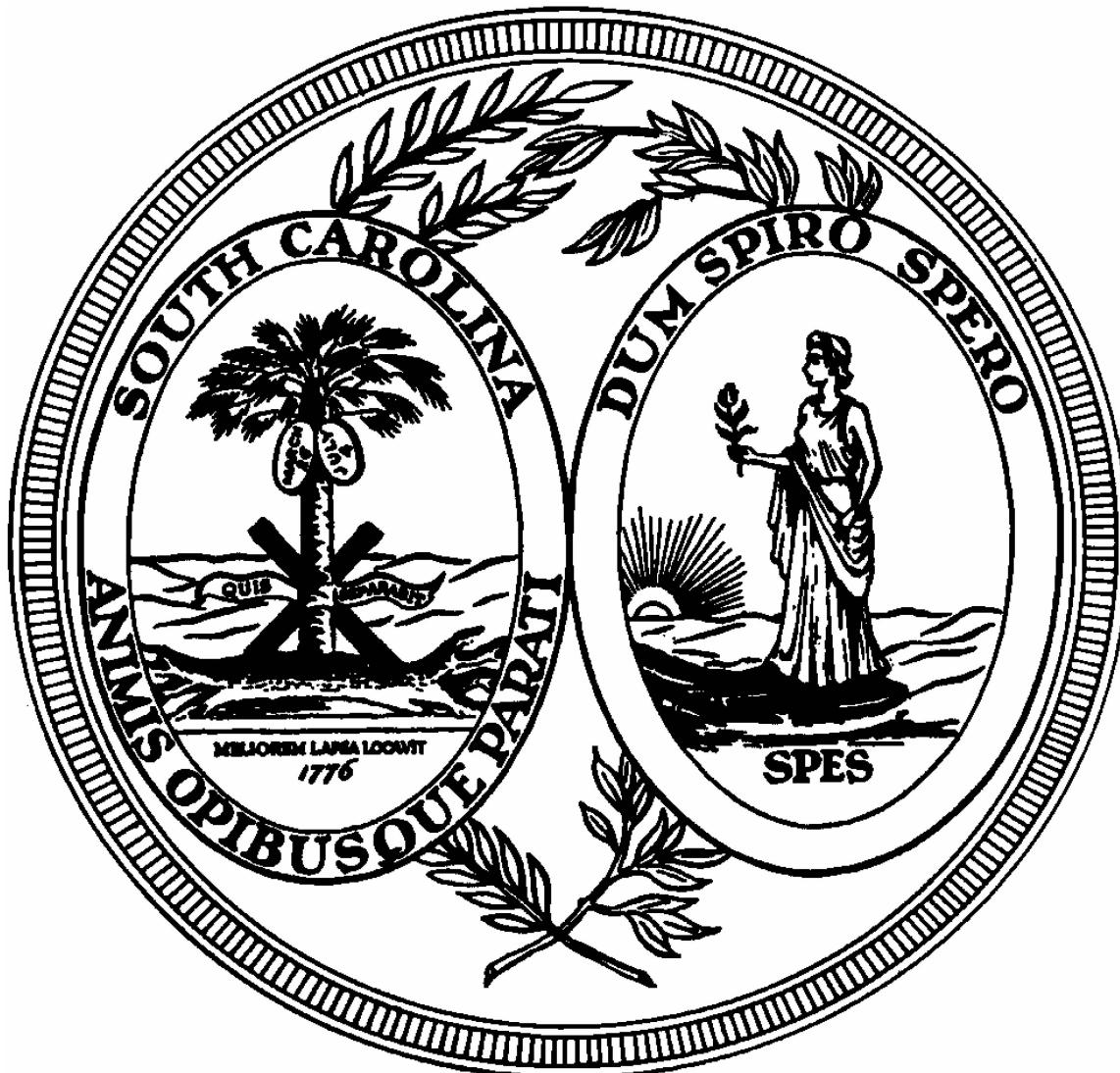
At June 30, 2020, the Ports Authority had construction commitments of approximately \$268.100 million and non-construction commitments for property, plant and equipment of approximately \$604 thousand. The Ports Authority recorded a liability of approximately \$3.900 million equal to the final project costs on the 52 foot Charleston Harbor deepening project.

State of South Carolina

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.





State of South Carolina

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

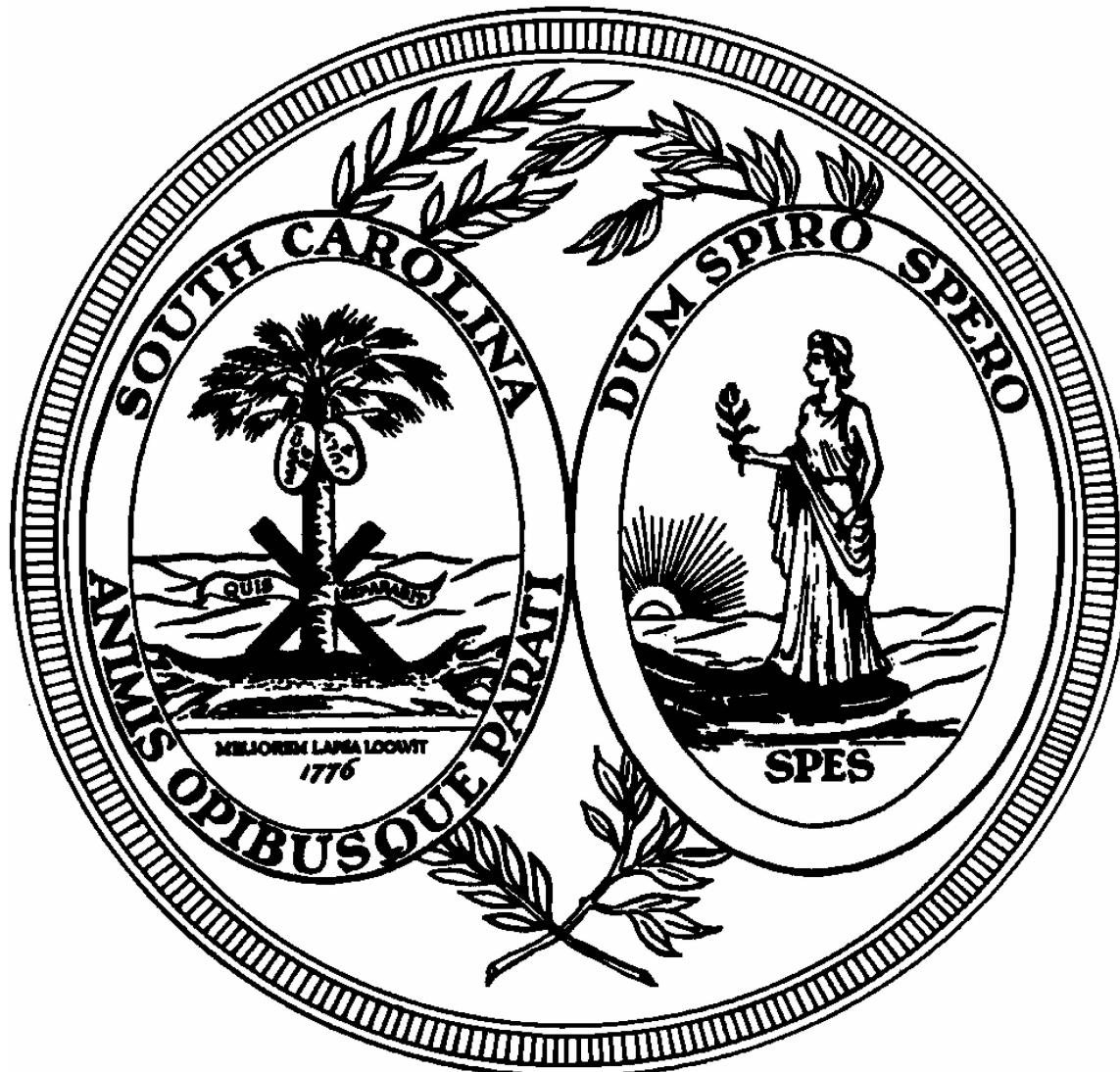
a. Debt Issuances

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.



**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		

State of South Carolina

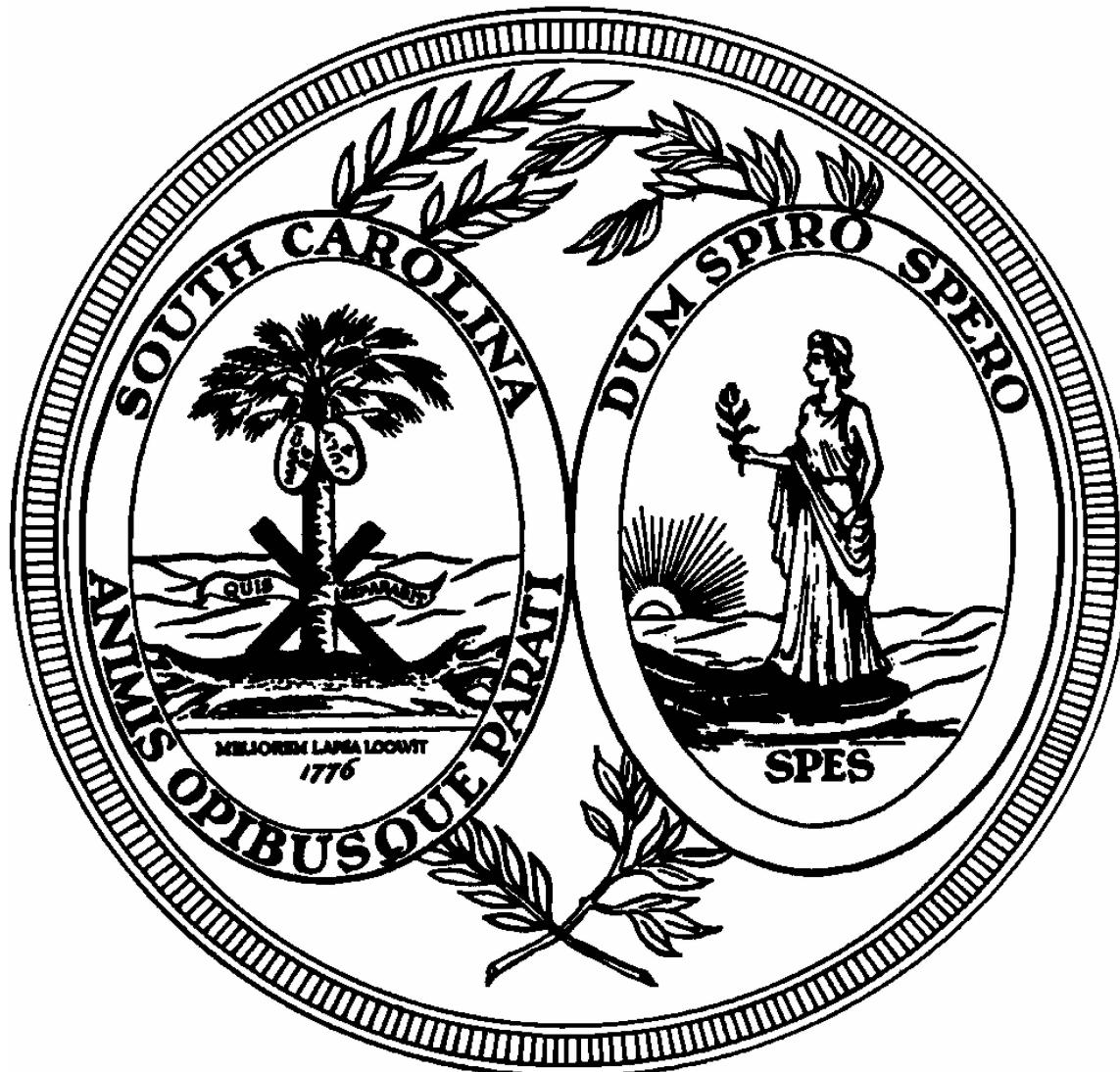
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Expenditures:				
Legislative.....	\$ 50,371	\$ 85,775	\$ 50,355	\$ 35,420
Judicial.....	100,666	116,520	102,702	13,818
Executive and administrative.....	382,337	402,381	325,722	76,659
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.....	—	—	—	—
Regulatory.....	206,398	406,652	248,046	158,606
Transportation.....	152,273	183,185	156,827	26,358
Debt service.....	2,150	9,240	3,271	5,969
Aid to subdivisions.....	191,630	58,512	53,512	5,000
	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.



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.

State of South Carolina

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:

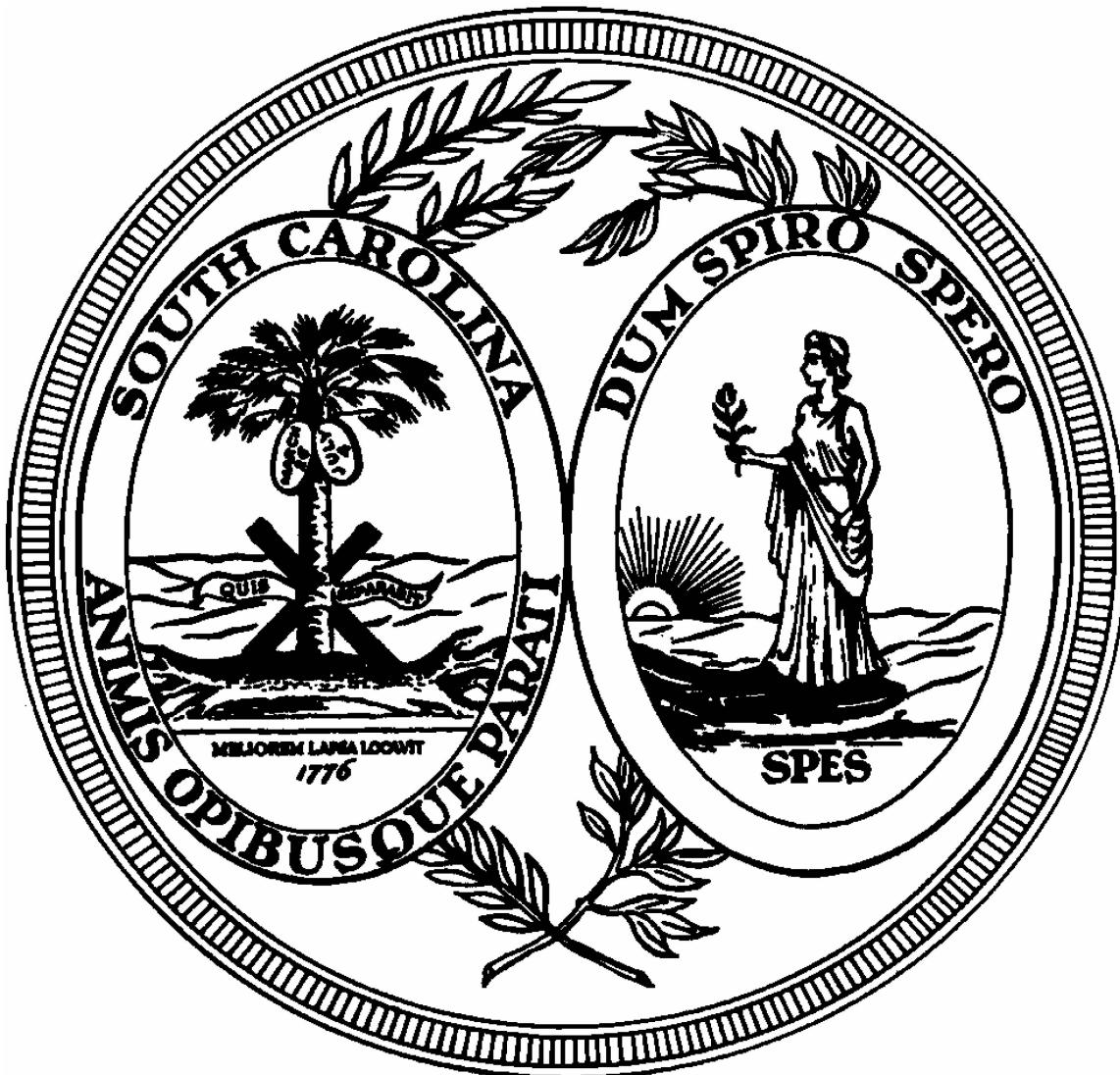
- (i) Departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 14.
- (ii) Certain revenues collected in advance are recorded as liabilities (unearned revenues) rather than as revenues.
- (iii) The following taxes are recorded 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.

State of South Carolina

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 General Fund		Major Special Revenue Funds			Department of Transportation Special Revenue
	General Fund	Departmental Program Services	Local Government Infrastructure			
<i>Budgetary funds</i>						
<i>GAAP funds</i>						
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		



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.

State of South Carolina

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%

State of South Carolina

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)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
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)	<u>\$ —</u>				
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.

State of South Carolina

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%

State of South Carolina

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

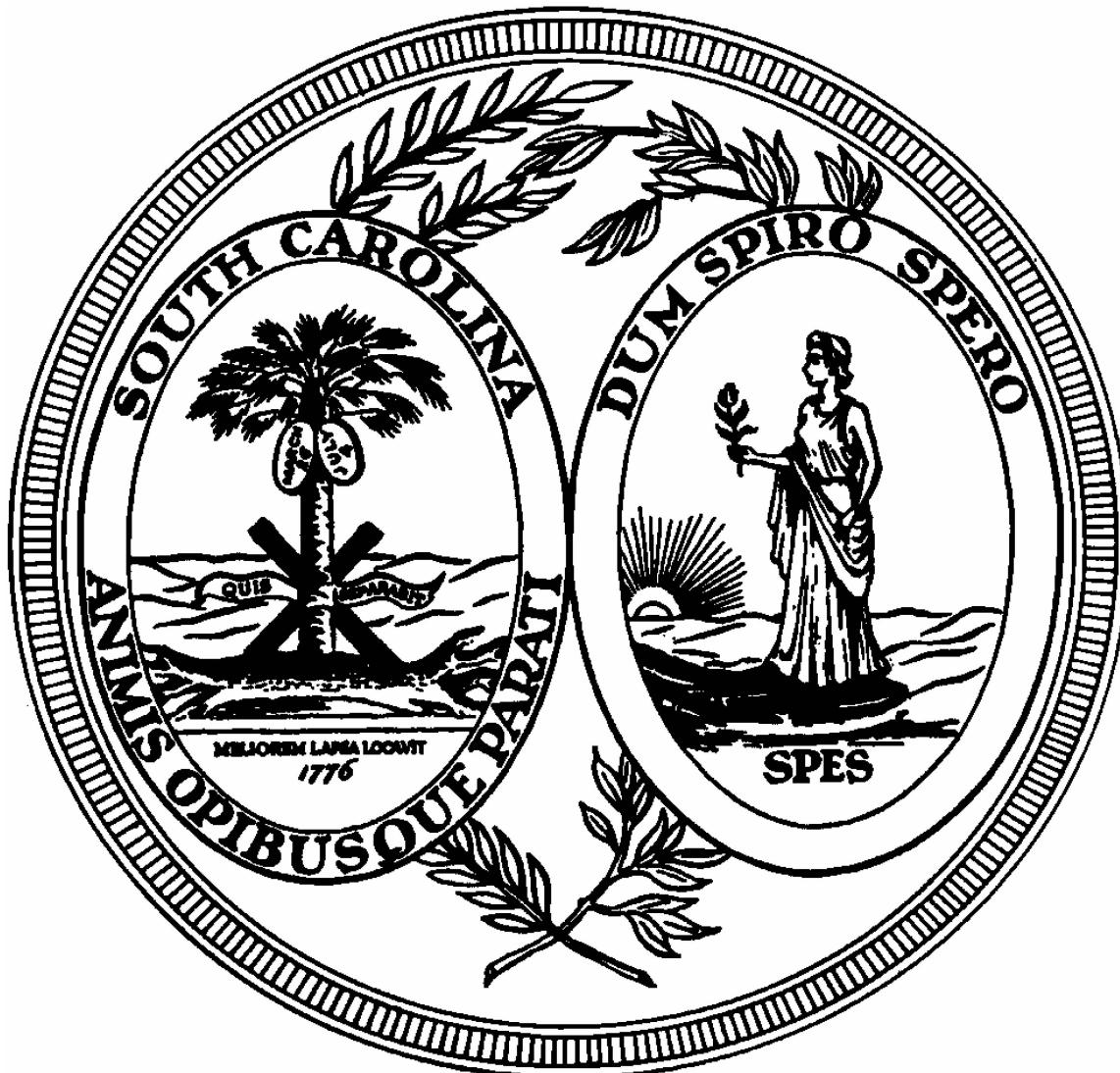
Retirement Age: Age 60 or 30 years of service or age 70 or 30 years of service while continuing to serve in the General Assembly.

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.

State of South Carolina

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)
<u>\$ —</u>				
\$ 2,383	\$ 2,688	\$ 3,854	\$ 3,854	\$ 3,854
179.40%	151.15%	73.46%	65.70%	62.64%



State of South Carolina

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	<u>74,062</u>	<u>74,728</u>	<u>73,702</u>	<u>73,766</u>	<u>74,787</u>	<u>78,224</u>
Total Pension Liability - Ending (a)	<u>\$ 72,001</u>	<u>\$ 74,062</u>	<u>\$ 74,728</u>	<u>\$ 73,702</u>	<u>\$ 73,766</u>	<u>\$ 74,787</u>
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	<u>33,394</u>	<u>31,789</u>	<u>30,188</u>	<u>32,482</u>	<u>34,034</u>	<u>31,904</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 34,712</u>	<u>\$ 33,394</u>	<u>\$ 31,789</u>	<u>\$ 30,188</u>	<u>\$ 32,482</u>	<u>\$ 34,034</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 37,289</u>	<u>\$ 40,668</u>	<u>\$ 42,939</u>	<u>\$ 43,514</u>	<u>\$ 41,284</u>	<u>\$ 40,753</u>
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.

State of South Carolina

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
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)	<u>\$ —</u>				
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.

State of South Carolina

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

State of South Carolina

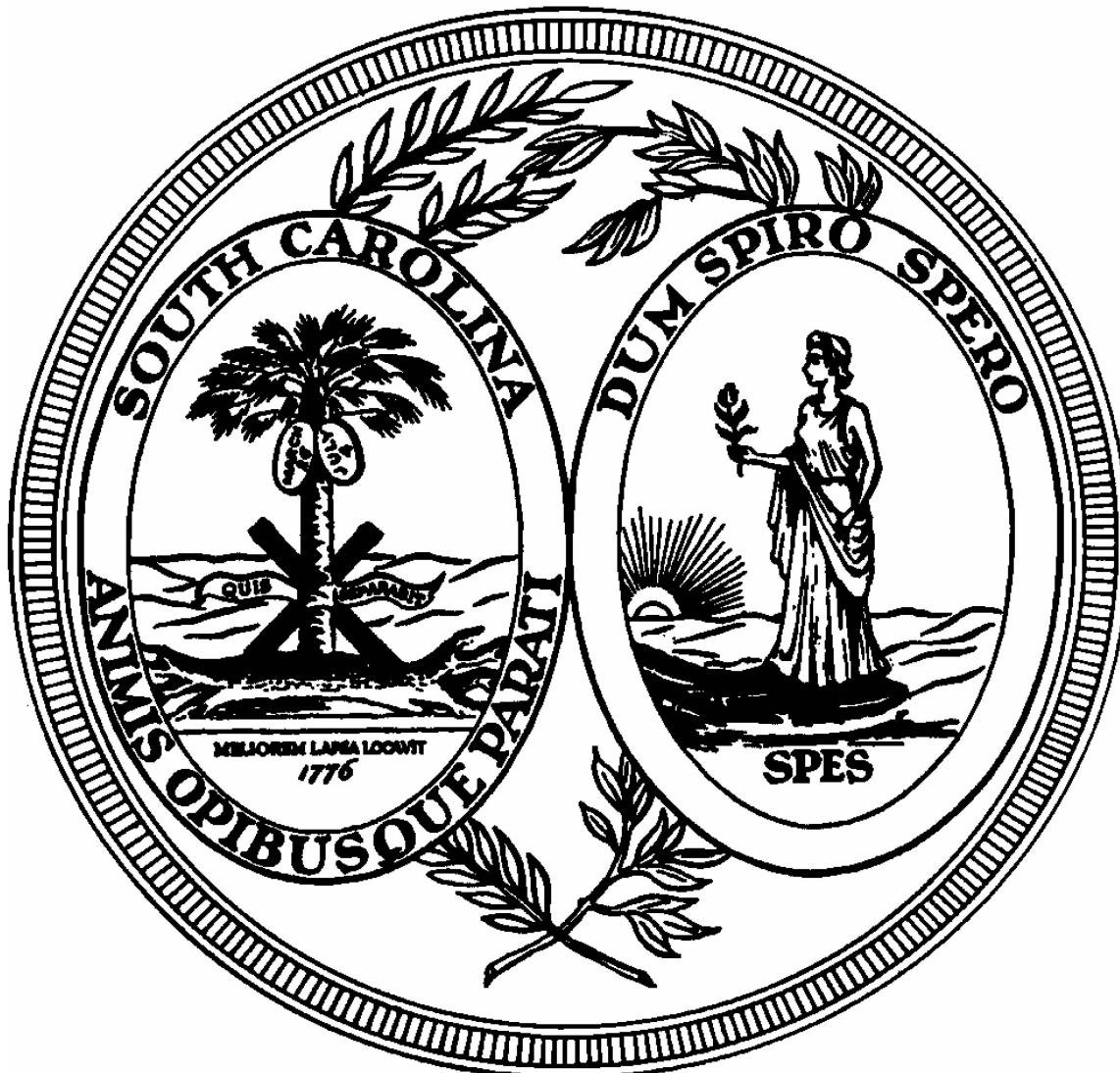
REQUIRED SUPPLEMENTARY INFORMATION Schedule of Changes in the State of South Carolina's JSRS Net Pension Liability and Related Ratios (Expressed in Thousands)

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.



State of South Carolina

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)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (82)</u>	<u>\$ (21)</u>
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.

State of South Carolina

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 4,591	\$ 4,586	\$ 4,539	\$ 3,937	\$ 3,905
(4,591)	(4,586)	(4,539)	(3,937)	(3,905)
<u>\$ —</u>				
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

State of South Carolina

REQUIRED SUPPLEMENTARY INFORMATION

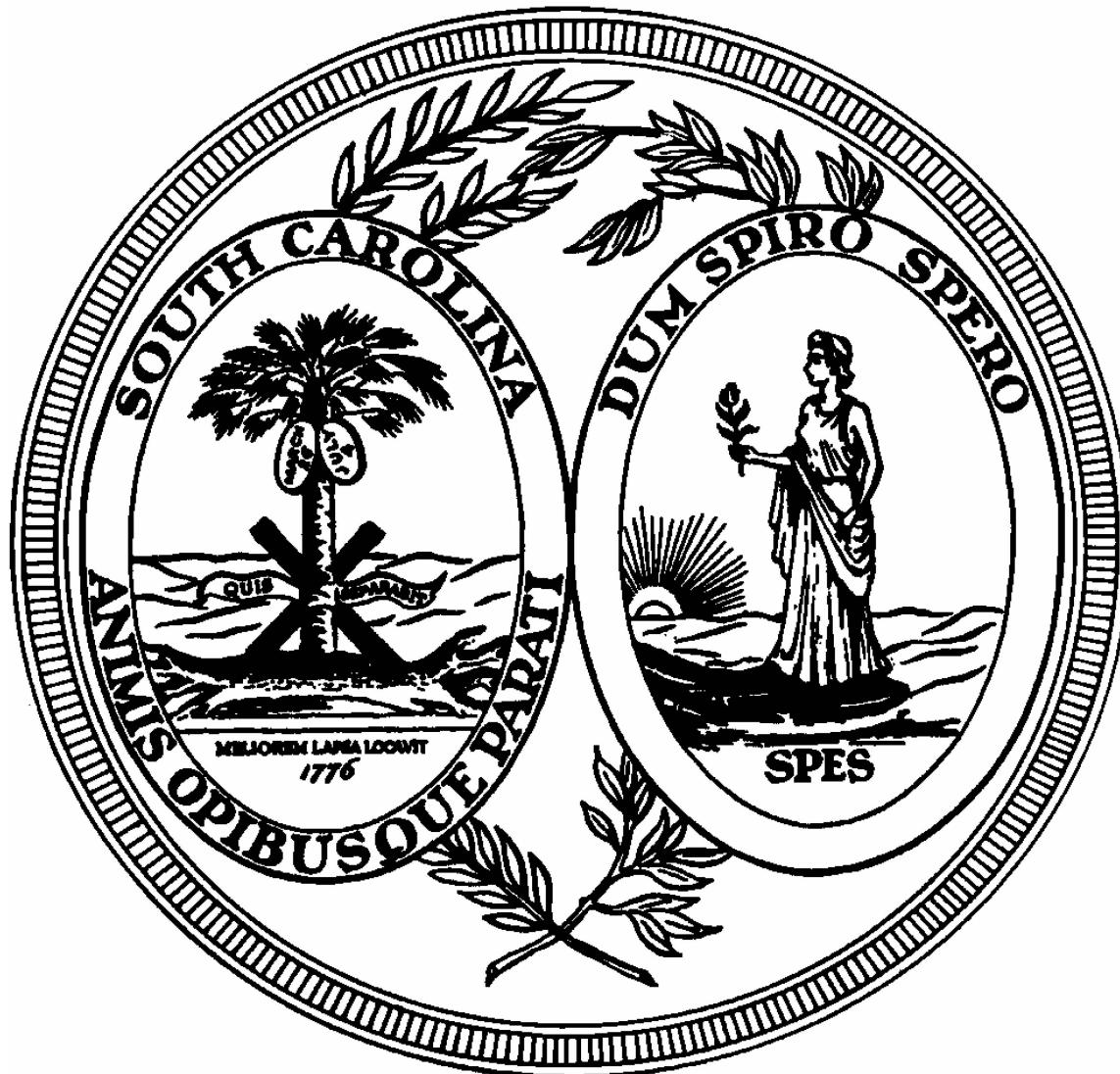
Schedule of Changes in the State of South Carolina's SCNG Net Pension Liability and Related Ratios
(Expressed in Thousands)

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.



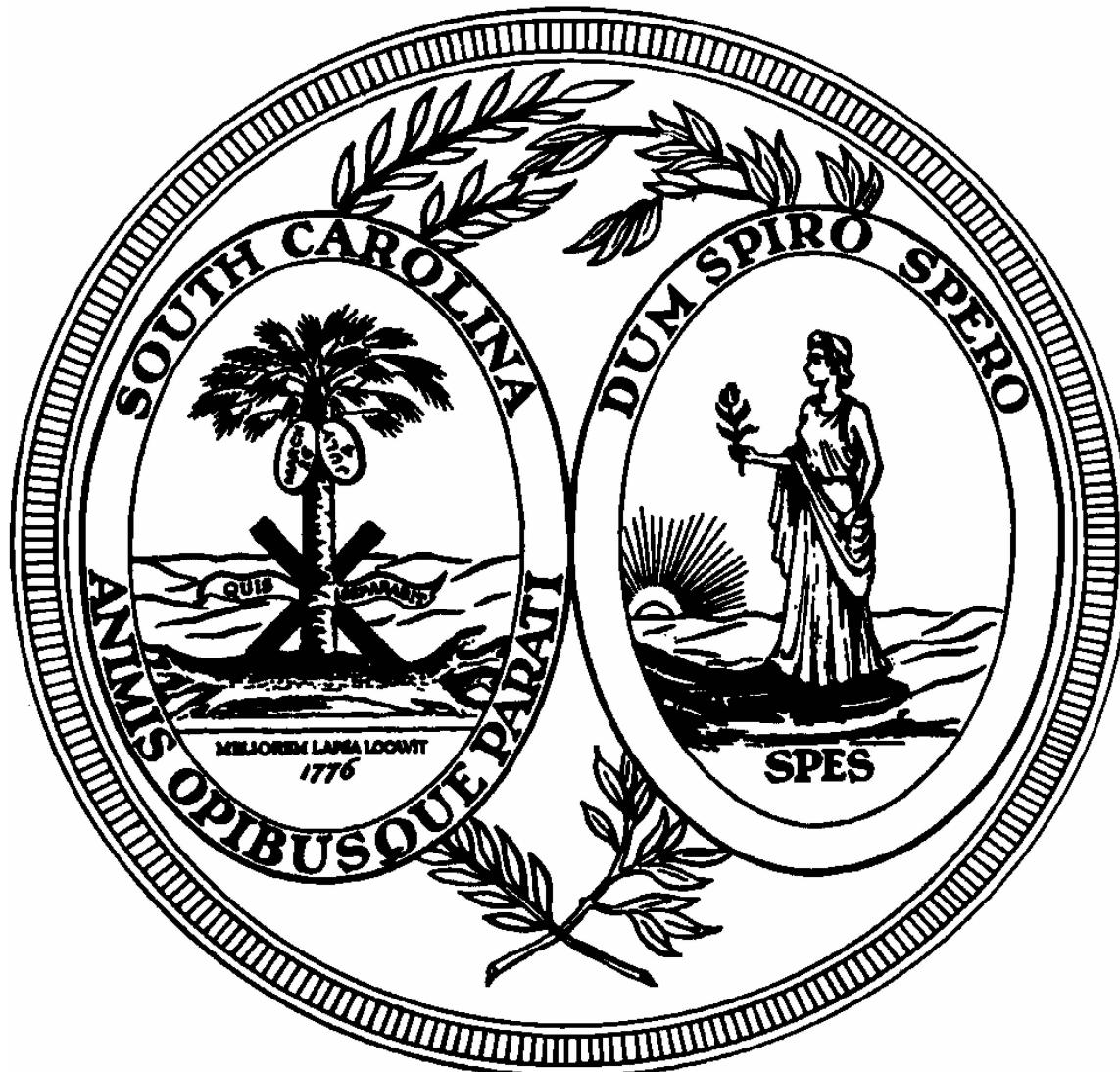
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's Proportionate Share
of the Net OPEB Liability
(Expressed in Thousands)

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.



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

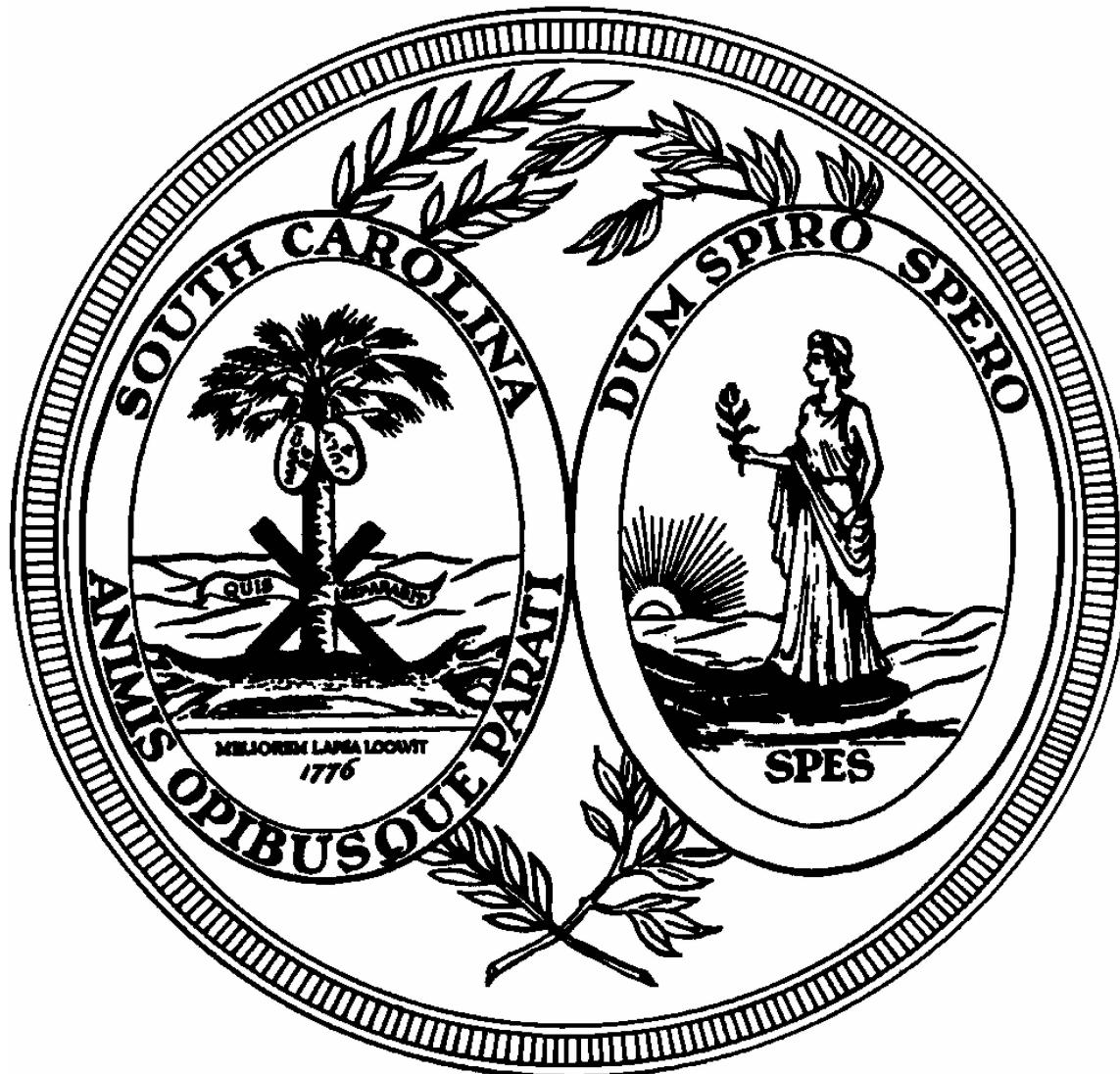
Last 10 Fiscal Years

**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)	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 63,947</u></u>	<u><u>\$ 61,162</u></u>
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%

State of South Carolina

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

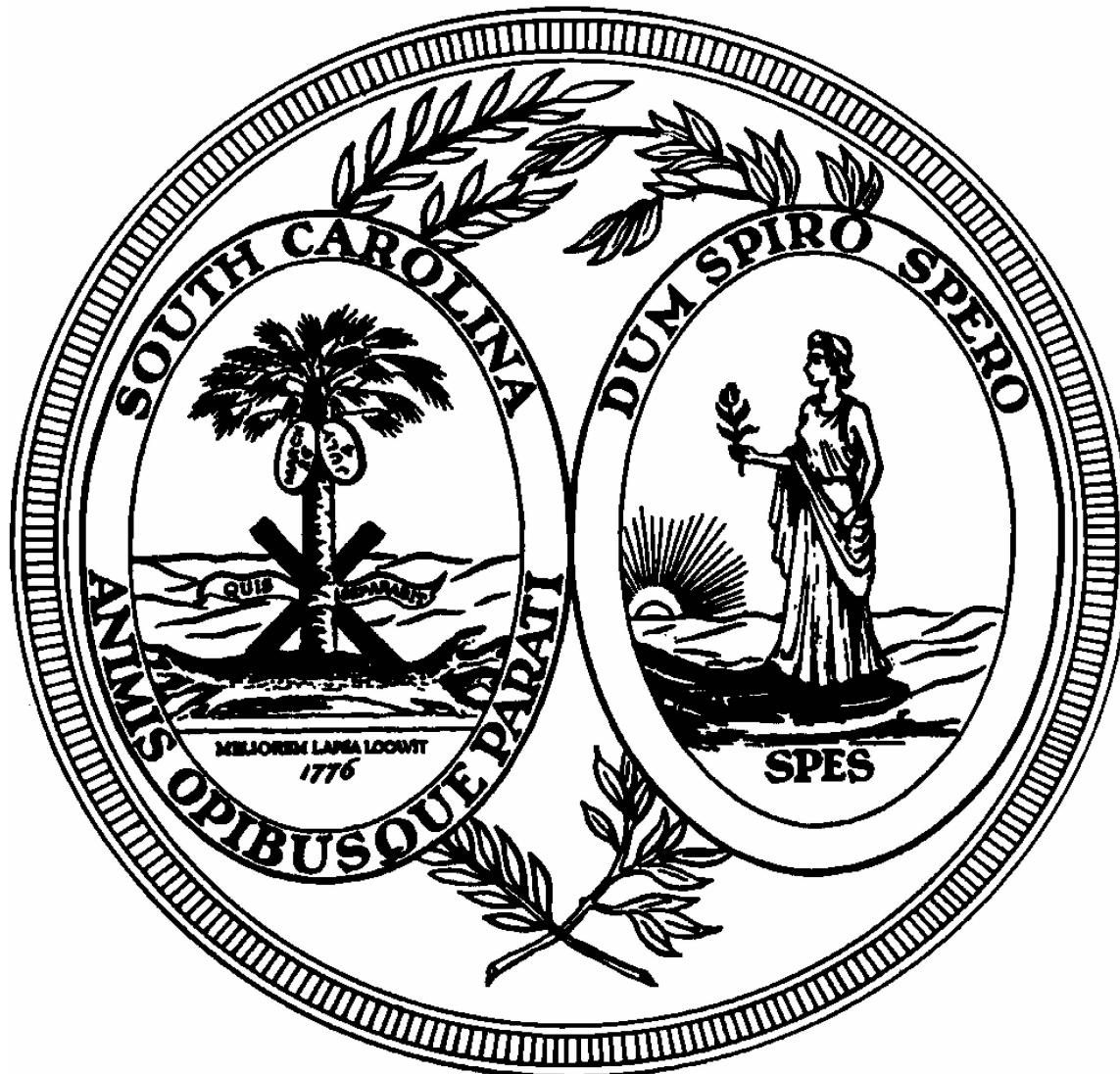
Last 10 Fiscal Years

**LTDIHF - The Long Term
Disability Insurance Trust Fund**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
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)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 318</u>	<u>\$ 1,249</u>	<u>\$ 1,298</u>

State of South Carolina

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



**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.

State of South Carolina

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.

State of South Carolina

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

State of South Carolina

**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						
	Accommodations and Local Option Sales Tax			Tobacco Settlement Revenue Management Authority		State Tobacco Settlement	Public Tele- commun- ications
	Waste Management						
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

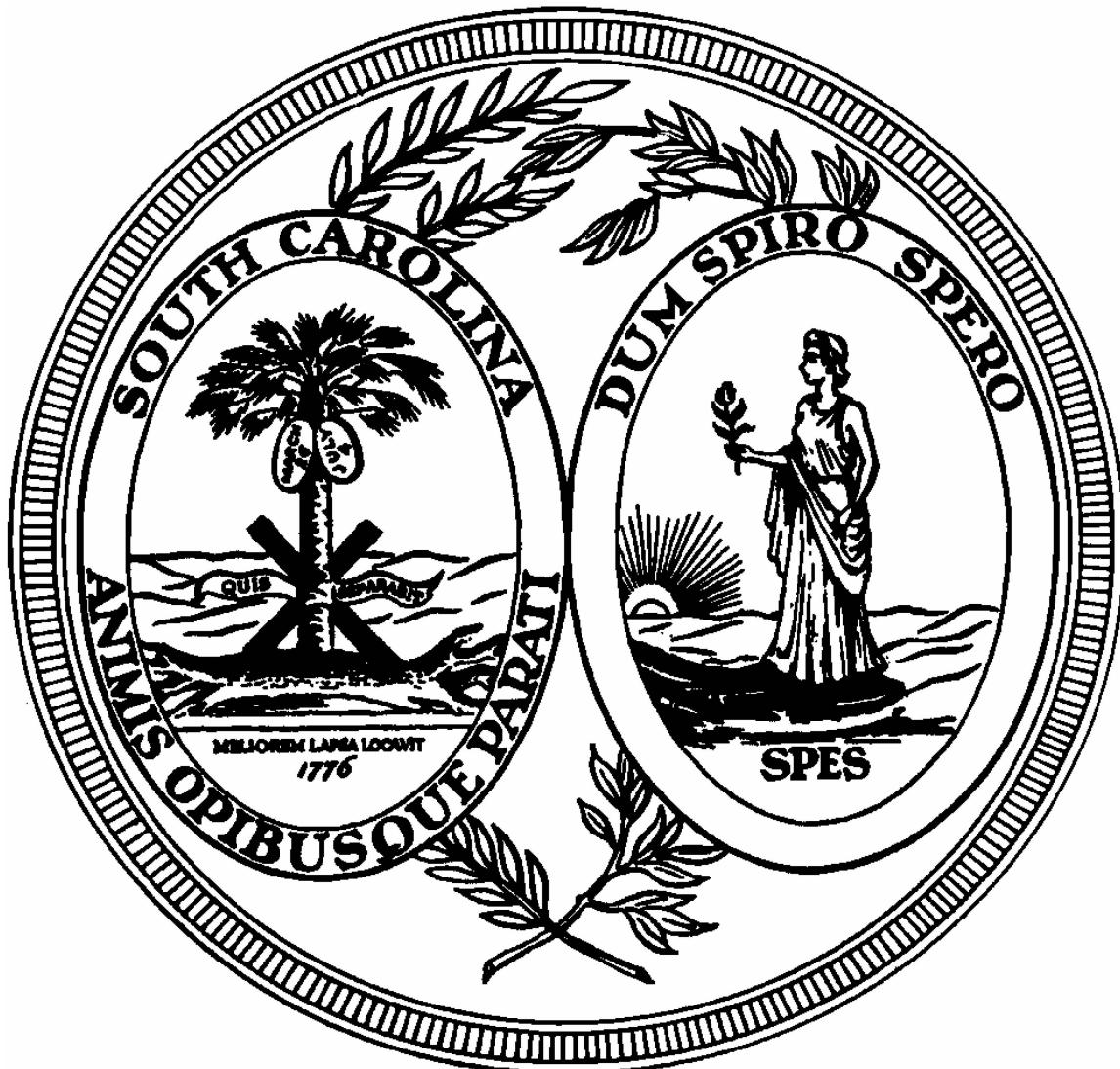
General Reserve Fund Activity**Exhibit D-3****BUDGETARY GENERAL FUND
Last Ten Fiscal Years**

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
	June 30	Year Balance			Balance	Balance		
2020	\$ 379,123	\$ 27,090	\$ —	\$ —	\$ 406,213	\$ 406,213	\$ 406,213	100%
2019	363,552	15,571	—	—	379,123	379,123	379,123	100%
2018	348,019	15,533	—	—	363,552	363,552	363,552	100%
2017	327,619	20,400	—	—	348,019	348,019	348,019	100%
2016	319,479	8,140	—	—	327,619	327,619	327,619	100%
2015	292,890	26,589	—	—	319,479	319,479	319,479	100%
2014	281,641	11,249	—	—	292,890	292,890	263,601	111%
2013	183,466	98,175	—	—	281,641	281,641	225,313	125%
2012	166,325	17,141	—	—	183,466	183,466	183,466	100%
2011	110,883	55,442	—	—	166,325	166,325	166,325	100%



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 of South Carolina

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.

State of South Carolina

Combining Statement of Net Position

NONMAJOR ENTERPRISE FUNDS

June 30, 2020
(Expressed in Thousands)

	<u>Patients' Compensation</u> ¹	<u>Canteen</u>	<u>Tuition Prepayment Program</u>	<u>Palmetto Railways</u>
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
<hr/> <u>3,297</u>	<hr/> <u>61,143</u>
—	178
—	21
498	275,087
801	18,392
<hr/> <u>1,299</u>	<hr/> <u>293,678</u>
<u>4,596</u>	<u>354,821</u>
<hr/> \$ 199	<hr/> \$ 3,672

Continued on Next Page

State of South Carolina

Combining Statement of Net Position

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2020

(Expressed in Thousands)

	<u>Patients' Compensation</u> ¹	<u>Canteen</u>	<u>Tuition Prepayment Program</u>	<u>Palmetto Railways</u>
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

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

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

State of South Carolina

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2020

(Expressed in Thousands)

	Patients' Compensation¹	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

State of South Carolina

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

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

	Patients' Compensation¹	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

State of South Carolina

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

	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
	<u>15,424</u>	<u>7,725</u>	<u>1,464</u>	<u>1,354,780</u>
	—	—	—	518,218
	—	80	—	80
	—	—	—	91
	—	—	—	141
	—	—	—	6,339
	<u>31,105</u>	<u>4,096</u>	<u>—</u>	<u>89,097</u>
	<u>31,105</u>	<u>4,176</u>	<u>—</u>	<u>613,966</u>
	<u>46,529</u>	<u>11,901</u>	<u>1,464</u>	<u>1,968,746</u>
	483	1,493	84	13,683

Continued on Next Page

State of South Carolina

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

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

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

State of South Carolina

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)

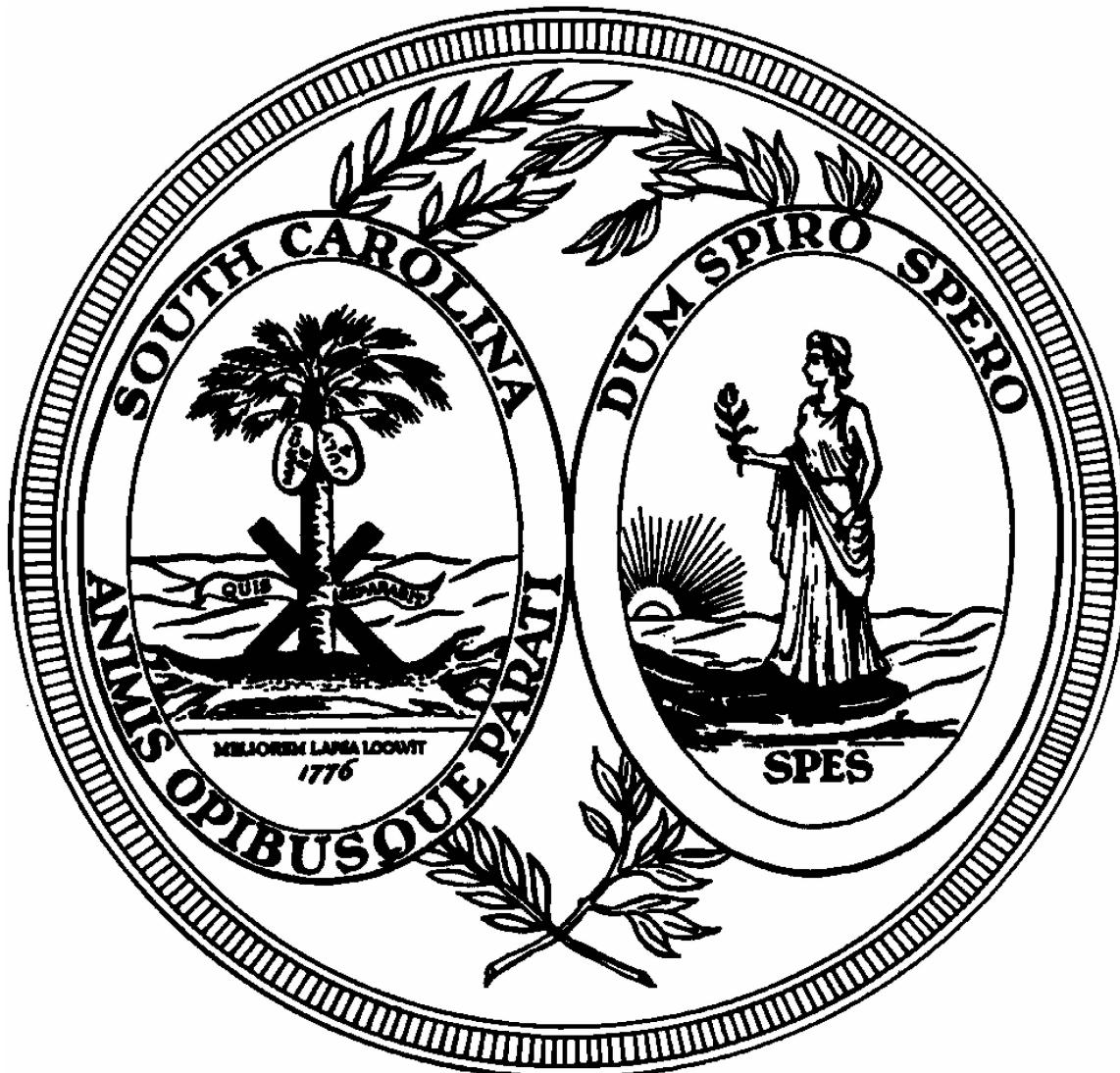
For the Fiscal Year Ended June 30, 2020

(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



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.

State of South Carolina

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

OPEB TRUST

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

State of South Carolina

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) 2,316	(44,629) 413	(213) 3	(1,200) 14	(156) 2
Securities lending income.....					
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

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.

State of South Carolina

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)

State of South Carolina

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 11,644	\$ 9,888	\$ 1,905	\$ 4,337	\$ 26,292 41,871	\$ 53,443 17,579	\$ 9,613 373	\$ 12,167 72,583	\$ — 3,093	\$ 6,227 3,428	\$ 26,402 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

State of South Carolina

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

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 2,952 —	\$ 1,760 53,813 —	\$ 5,839 — 68	\$ 9,085 11,200 3	\$ 10,440 — —	\$ 1,405 1,780 —	\$ 637,825 428,742 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

State of South Carolina

Combining Statement of Activities

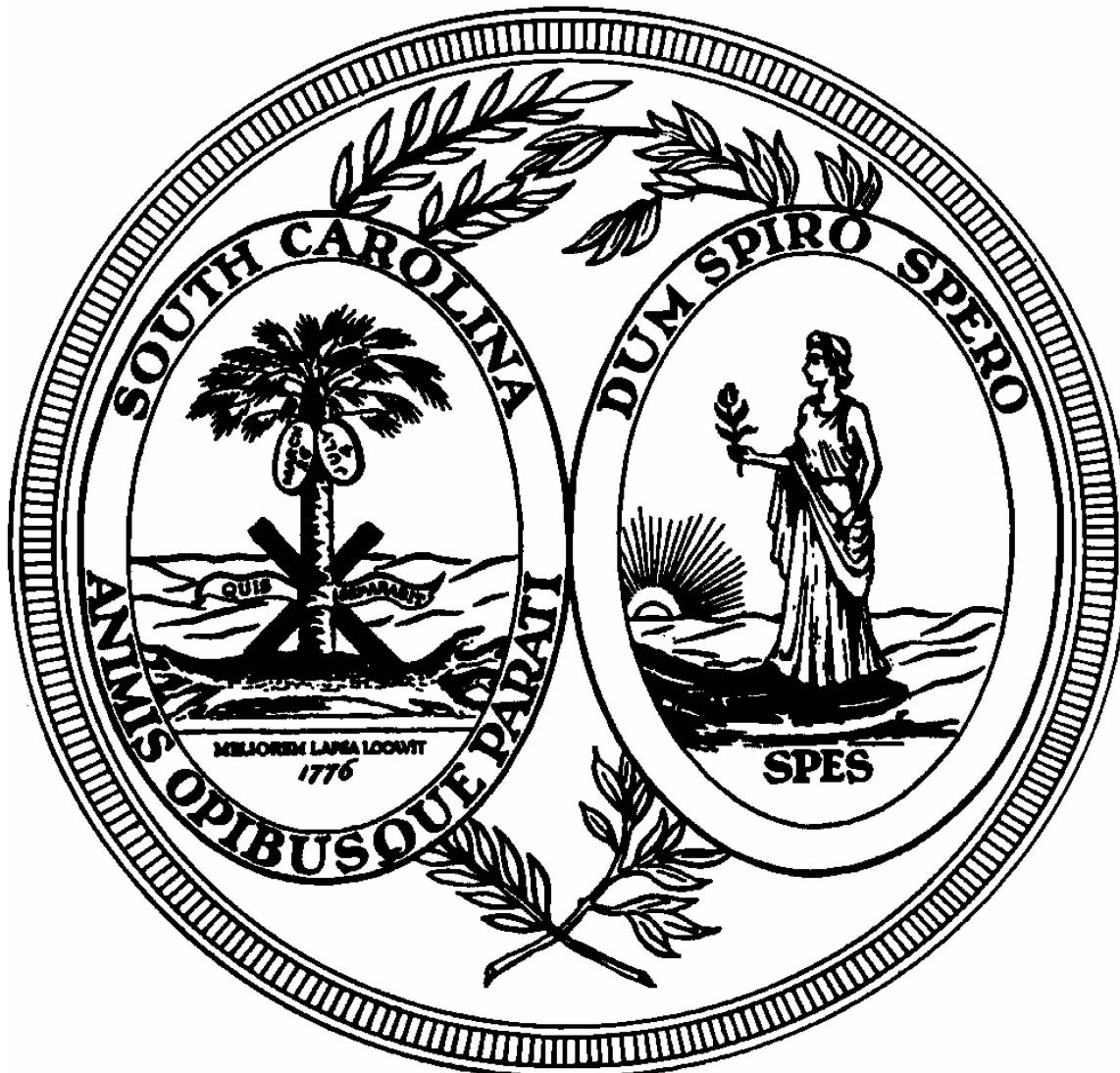
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2020

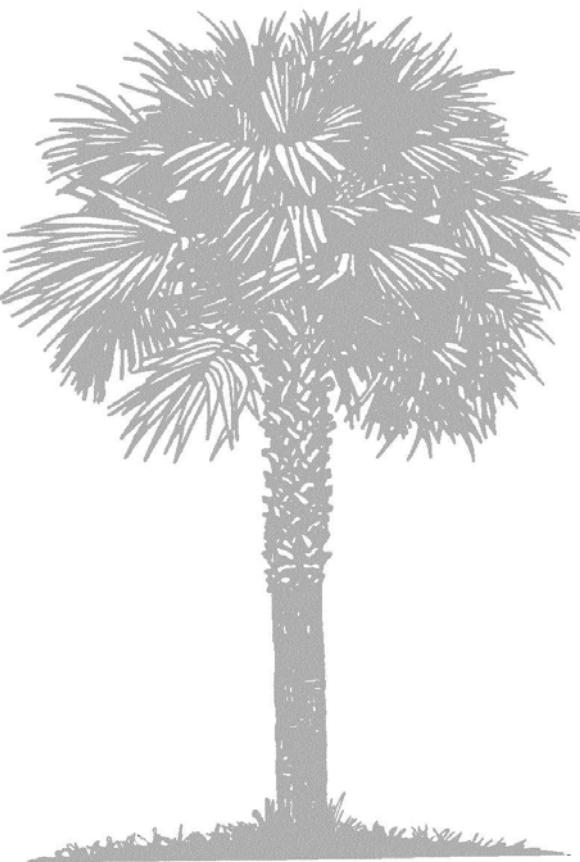
(Expressed in Thousands)

	Expenses	Program Revenues		
		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

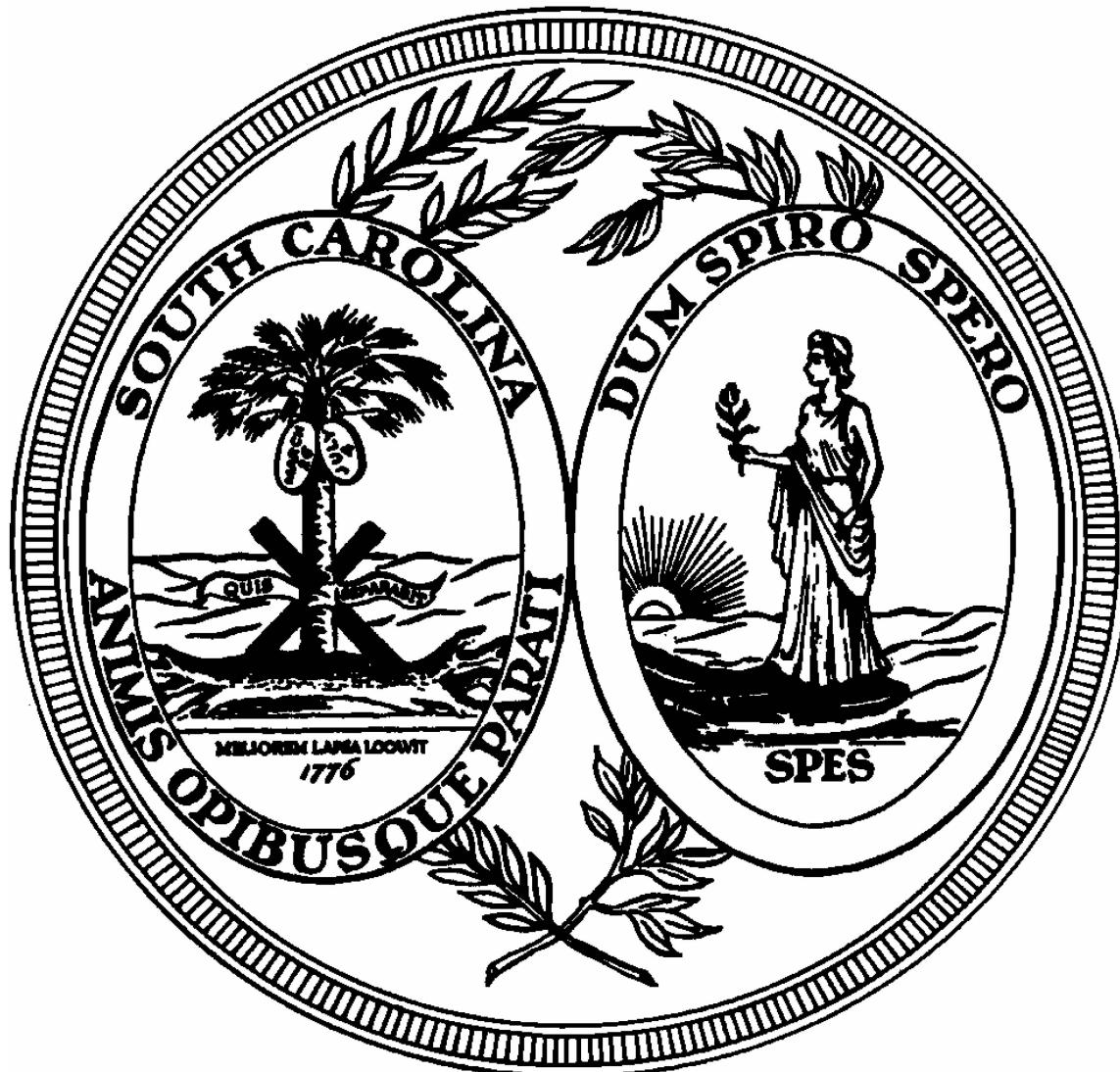
Net Revenue (Expenses)	Additions to Endowments	State Appropriations	Net Position (Deficit) Beginning (as Restated)	Net Position (Deficit) Ending
\$ 4,048	\$ —	\$ 12,848	\$ 321,779	\$ 338,675
(19,468)	—	17,966	37,687	36,185
(28,830)	2,418	30,965	157,859	162,412
(8,910)	—	19,259	23,201	33,550
(16,181)	—	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



Statistical Section (Unaudited)



This section presents certain economic and social data and financial trends over a ten-year period.



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

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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.

State of South Carolina

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.....	<u>(4,049,399)</u>	<u>(2,049,166)</u>	<u>(3,578,770)</u>	<u>(6,445,213)</u>
Total governmental activities net position.....	<u>\$ 22,468,359</u>	<u>\$ 20,054,684</u>	<u>\$ 17,568,985</u>	<u>\$ 15,892,848</u>
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.....	<u>(434,801)</u>	<u>(87,385)</u>	<u>(86,254)</u>	<u>(94,601)</u>
Total business-type activities net position.....	<u>\$ 1,568,773</u>	<u>\$ 1,360,120</u>	<u>\$ 1,154,986</u>	<u>\$ 914,995</u>
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.....	<u>(4,484,200)</u>	<u>(2,136,551)</u>	<u>(3,665,024)</u>	<u>(6,539,814)</u>
Total primary government net position.....	<u>\$ 24,037,132</u>	<u>\$ 21,414,804</u>	<u>\$ 18,723,971</u>	<u>\$ 16,807,843</u>

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

State of South Carolina

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
<u>\$ 17,518,440</u>	<u>\$ 16,042,508</u>	<u>\$ 15,259,149</u>	<u>\$ 17,111,198</u>	<u>\$ 16,173,527</u>	<u>\$ 14,802,229</u>
\$ 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
<u>\$ 610,902</u>	<u>\$ 233,181</u>	<u>\$ (103,251)</u>	<u>\$ (468,822)</u>	<u>\$ 5,155,865</u>	<u>\$ 4,779,723</u>
\$ 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
<u>\$ 18,129,342</u>	<u>\$ 16,275,689</u>	<u>\$ 15,155,898</u>	<u>\$ 16,642,376</u>	<u>\$ 21,329,392</u>	<u>\$ 19,581,952</u>

State of South Carolina

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)

State of South Carolina

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

State of South Carolina

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

State of South Carolina

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	

State of South Carolina

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

State of South Carolina

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
<u>1,359,456</u>	<u>1,067,829</u>	<u>1,140,840</u>	<u>545,007</u>	<u>998,002</u>	<u>531,699</u>
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

State of South Carolina

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

State of South Carolina

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	<u>81,581</u>	<u>77,530</u>	<u>72,399</u>
Total personal income.....	<u>\$ 233,308</u>	<u>\$ 222,189</u>	<u>\$ 211,299</u>
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.

	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%

State of South Carolina

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

State of South Carolina

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**Last Ten Calendar Years****Table 8**

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.

Personal Income Tax Filers and Liability by Income Level

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

Table 9

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	<u>1,249,319</u>	<u>52.0%</u>	<u>116,883</u>	<u>2.8%</u>
Total	<u>2,398,570</u>	<u>100.0%</u>	<u>\$ 4,288,429</u>	<u>100.0%</u>

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	<u>1,128,632</u>	<u>55.5%</u>	<u>65,651</u>	<u>2.4%</u>
Total	<u>2,035,603</u>	<u>100.0%</u>	<u>\$ 2,629,908</u>	<u>100.0%</u>

^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.

State of South Carolina

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.....	<u>2,057,912</u>	<u>2,239,398</u>	<u>2,441,715</u>	<u>2,677,516</u>
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.....	<u>11,685</u>	<u>11,875</u>	<u>12,055</u>	<u>5,730</u>
Total primary government.....	<u>\$2,069,597</u>	<u>\$2,251,273</u>	<u>\$2,453,770</u>	<u>\$2,683,246</u>
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

State of South Carolina

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
<u>3,395</u>	<u>4,493</u>	<u>6,004</u>	<u>349</u>	<u>318</u>	<u>261</u>
<u>2,901,061</u>	<u>3,152,137</u>	<u>3,433,310</u>	<u>3,484,384</u>	<u>3,769,259</u>	<u>4,091,324</u>
5,895	6,055	6,210	6,360	—	—
—	—	—	—	—	—
5,895	6,055	6,210	6,360	—	—
<u>\$2,906,956</u>	<u>\$3,158,192</u>	<u>\$3,439,520</u>	<u>\$3,490,744</u>	<u>\$3,769,259</u>	<u>\$4,091,324</u>
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.....	<u>368,747</u>	<u>457,555</u>	<u>564,811</u>	<u>756,172</u>
Total primary government.....	<u>\$ 368,747</u>	<u>\$ 457,555</u>	<u>\$ 564,811</u>	<u>\$ 756,172</u>
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.....	<u>754,914</u>
2018-2019 revenues pledged for highway bonds.....	<u>766,993</u>
15% of 2018-2019 revenues pledged for highway bonds.....	115,049
Less: maximum annual debt service for highway bonds ^a	<u>39,452</u>
Legal debt service margin at June 30, 2020--highway bonds.....	<u>\$ 75,597</u>

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	<u>12,079</u>
2018-2019 net Budgetary General Fund revenues.....	<u>8,792,673</u>
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	<u>42,392</u>
Legal debt service margin at June 30, 2020--general obligation bonds excluding institution and highway bonds and bond anticipation notes.....	<u>\$ 485,168</u>

<u>ECONOMIC DEVELOPMENT BONDS^e</u>	
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.....	 <u>8,792,673</u>
 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.....	 <u>\$ 39,734</u>
<u>RESEARCH UNIVERSITY INFRASTRUCTURE BONDS</u>	
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.....	 <u>8,792,673</u>
 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.....	 <u>\$ 26,689</u>

^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.

During the fiscal year ended June 30, 2010, the State issued \$50 million of Air Carrier Hub Terminal Facilities bonds under the provisions of

^d 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.

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

^e 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.

State of South Carolina

Legal Debt Margin Information

**Last Ten Fiscal Years
(expressed in thousands)**

	For the Fiscal Year			
	2020	2019	2018	2017
<u>State Highway Bonds</u>				
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%
<u>General Obligation Bonds excluding Institution and Highway Bonds and Bond Anticipation Notes</u>				
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%
<u>Economic Development Bonds</u>				
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%
<u>Research University Infrastructure Bonds</u>				
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

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

Last Ten Calendar Years

Table 15

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

Latest Completed Calendar Year and Nine Years Prior

Table 16

Sources	2019		2010	
	Number of Employees	Percent of Total	Number of Employees	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

Latest Completed Calendar Year and Nine Years Prior
(Listed alphabetically)

Table 17

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.....	<u>38,002</u>	<u>37,666</u>	<u>37,963</u>	<u>37,341</u>

^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
<u>37,027</u>	<u>37,029</u>	<u>36,850</u>	<u>36,583</u>	<u>66,672</u>	<u>66,590</u>

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

State of South Carolina

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

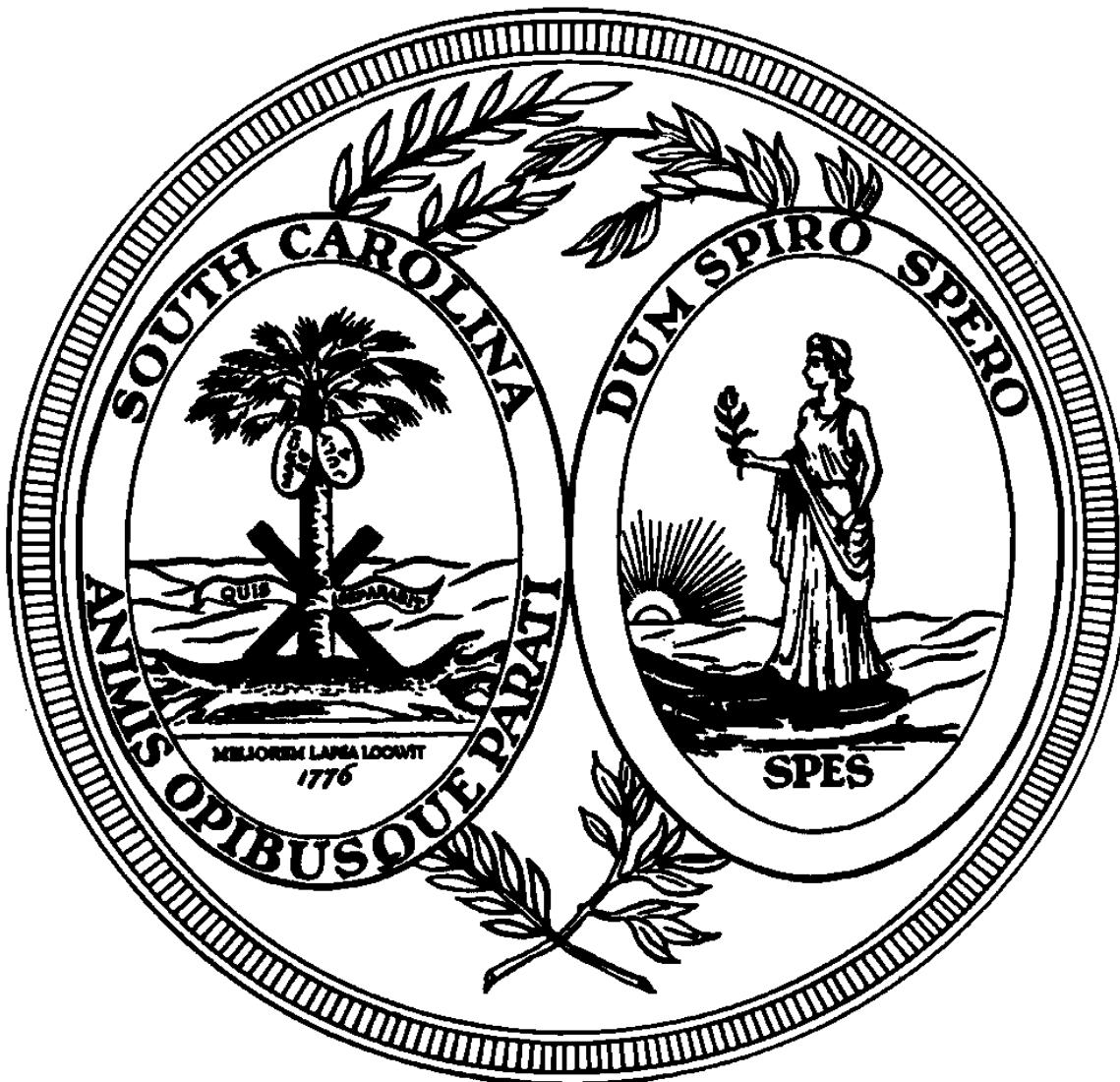
Capital Assets by Function

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

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



Section 1-11-425 of the South Carolina Code of Laws requires inclusion of the following information:
Total printing cost was \$310.00; 100 copies were printed at a cost of \$3.10 each.

State of South Carolina

**Independent Auditors' Report on
Internal Control Over Financial
Reporting and on Compliance and
Other Matters Based on an Audit
of Financial Statements Performed
in Accordance with
*Governments Auditing Standards***

June 30, 2020

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SOUTH CAROLINA OFFICE OF THE STATE AUDITOR



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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
with Governments Auditing Standards**

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

We have jointly audited the 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 and have issued our report thereon dated November 13, 2020. We conducted our joint audit in accordance with the 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. 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* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Connector 2000 Association, Inc., South Carolina Research Authority, InvestSC Inc. and South Carolina Medical Malpractice Liability Joint Underwriting Association. Our report includes a reference to other auditors who audited the financial statements of certain agencies and component units of the State, which represent the indicated percent of total assets and deferred outflows and total revenues as described in our report on the State's financial statements and as presented in the following table. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

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

	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%

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying findings as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

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

State of South Carolina's Response to Findings

The State of South Carolina's responses to the findings identified in our audit are described in the accompanying schedule of findings. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Columbia, South Carolina
November 13, 2020



Baltimore, Maryland
November 13, 2020

Significant Deficiencies

2020-001 Significant Deficiency in Financial Reporting – Preparation of Statewide Accounting Records and Comprehensive Annual Financial Report (CAFR) – Comptroller General’s Office

Condition

Internal controls over financial reporting were inadequate to prevent or detect misstatements during the preparation of the State's Comprehensive Annual Financial Report (CAFR) and in the supporting accounting records, requiring the Comptroller General's Office (CGO) to post adjustments to the State's CAFR.

Context

The CGO is responsible for compilation of the CAFR from reporting packages and audited financial statements submitted from State agencies. There were several misstatements in the compilation of the CAFR which were not detected or corrected by the CGO supervisory staff during the review process and as a result, audit adjustments were recorded.

Cause

These errors were not detected during CGO supervisory staff review.

Effect

Amounts included in the financial statements were inaccurate and as a result audit adjustments were required.

Criteria

Statements on Auditing Standards (AU-C 200.14) requires that Management acknowledge and understand that they have responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Recommendation

We recommend the CGO review its current processes and procedures over identifying and recording adjustments related to reporting packages and other audited financial statements for inclusion in the statewide CAFR and strengthen its review procedures.

Response

See management's response on page 8.

2020-002 Significant Deficiency in Financial Reporting – Accuracy and Timeliness of Agency Reporting Packages – Adjutant General’s Office/Election Commission

Condition

Internal controls over the financial close and reporting process related to grants and contributions reporting packages were inadequate to ensure accurate and timely submission of the grants and contributions reporting package to the Comptroller General’s Office (CGO).

Context

Agencies are responsible for submitting to the CGO reporting packages that are accurate and prepared in accordance with CGO directives. The Adjutant General’s Office and Election Commission submitted untimely and inaccurate reporting packages to CGO.

Cause

Agency reporting packages were submitted to CGO late and contained errors that were not detected by agency supervisory staff review.

Effect

Untimely submissions by the agencies caused delays in the State’s Comprehensive Annual Financial Report preparation. Additionally, errors in the reporting packages resulted in audit adjustments.

Criteria

Section 1.7 of the Comptroller General’s Reporting Policies and Procedures Manual states, “Each agency’s executive director and finance director are responsible for submitting to the Comptroller General’s Office reporting packages that are accurate and prepared in accordance with instructions, complete, and timely.” This requirement acts as a control over financial reporting for the State’s financial statements.

Recommendation

We recommend that the agencies review their procedures over reporting package preparation and submission to ensure reporting packages are submitted in accordance with CGO directives.

Response

See management’s response on pages 9 through 11.

Managements' Response



State of South Carolina

Office of Comptroller General

1200 Senate Street
305 Wade Hampton Office Building
Columbia, South Carolina 29201

Telephone (803) 734-2121
Fax (803) 734-1765
E-Mail: cgoffice@cg.sc.gov

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

November 13, 2020

Mr. George L. Kennedy III, CPA
State Auditor
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

Mr. Remi Omisore, CPA, CISA, CIA, MBA
CliftonLarsonAllen LLP
1966 Greenspring Drive, Suite 300
Timonium, Maryland 21093

Dear Sirs:

The Comptroller General's Office has reviewed the corrected misstatements listed in Exhibit A (Summary of Corrected Misstatements – Audit) to the Letter of Governance. Even though these may not have been of a material nature, we acknowledge that audit misstatements should be minimized. In that regard, we are developing additional controls with a goal of eliminating future misstatements as much as practicable.

Sincerely,

A handwritten signature in blue ink that reads "David A. Starkey".

David A. Starkey, CPA
Senior Assistant Comptroller General

DS/js

cc: Richard A. Eckstrom

The State of South Carolina
Military Department



1 NATIONAL GUARD ROAD
COLUMBIA, SOUTH CAROLINA 29201-4752

16 December 2020

Mr. George L. Kennedy, CPA
State Auditor
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

Dear Mr. Kennedy:

In response to the tentative findings of the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governments Auditing Standards* dated 30 June 2020, enclosed is this Agency's response for the audit finding.

Thank you for your attention to this letter. If you should have any questions, please feel free to contact Ms. Cynthia Smith, Chief Financial Officer for State Operations, at (803) 299-2031 or smithc@tag.scmd.state.sc.us.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Van McCarty".

R. Van McCarty
Major General, SCNG
The Adjutant General

Enclosure

ADJUTANT GENERAL'S OFFICE
STATEWIDE CAFR AUDIT
YEAR ENDED JUNE 30, 2020

FINDING – Agency Response

ADJUTANT GENERAL'S OFFICE

- 2020-002 Significant Deficiency in Financial reporting – Accuracy and Timeliness of Agency Reporting Packages – Adjutant General's Office/Election Commission

Recommendation: We recommend that the agencies review their procedures over reporting package preparation and submission to ensure reporting packages are submitted in accordance with CGO directives.

Response: The Agency does not agree with the audit finding in its entirety. The Agency submitted the FY20 Closing Packages to the CGO before or on due dates, per instructions of the Master Closing Package. However, several of the Closing Packages were returned for corrections after the due dates.

Action taken in response to finding: The Office of the Adjutant General (TAG) has put in place policies and procedures for preparation and submission of timely and accurate closing packages. TAG Budget and Finance will give particular attention to instructions provided for completion of the closing package and will thoroughly review all packages for accuracy prior to submission. If items become of concern, TAG Budget and Finance will address the issue with CGO before the due date.

Name(s) of the contact person(s) responsible for corrective action: Dale Estrada and Cynthia Smith

Planned completion date for corrective action plan: 15 December 2020

SOUTH CAROLINA
ELECTION COMMISSION

December 18, 2020

Reed W. Binder, CPA
CLA (CliftonLarsonAllen LLP)
1966 Greenspring Drive, Suite 300
Timonium, MD 21093

Mr. Binder,

This letter is in response to the State CAFR audit and subsequent Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

I have reviewed the preliminary draft copy of the report that was provided to this agency, notwithstanding page five of the report which was omitted. The agency's response to finding "2020-002 Significant Deficiency in Financial Report – Accuracy and Timeliness of Agency Reporting Packages – Adjutant General's Office/Election Commission" is as follows:

COMMISSIONERS

JOHN WELLS
Chairperson

JOANNE DAY

CLIFFORD J. EDLER

LINDA MCCALL

SCOTT MOSELEY

MARCI ANDINO
Executive Director

The agency agrees with the finding that the filing of the grants and contributions reporting packages were untimely. These reports were due to be submitted on 09/11/2020. Although both Mrs. Stuckey and myself reviewed and signed these reports on 09/11/2020, due to a technical issue with Microsoft Outlook, these documents were inadvertently not submitted that day, as attempted. However, upon notification from the Comptroller General's Office that they did not receive the closing packages by the deadline, Mrs. Stuckey sent the packages to the Comptroller General's Office immediately. I have asked Mrs. Stuckey to copy me on future electronic submissions of reporting packages in the future to ensure timely submissions.

I cannot comment on the finding of inaccuracies or errors found in any reporting packages, since this audit report does not provide any detail on the nature of the inaccuracies or errors, beyond alleging their existence. This agency always strives to provide accurate information to all stakeholders and agency staff are always available to answer questions regarding our financial reports.

We are pleased that no material weaknesses were found in the audit report. In the future, this agency will make every effort to ensure timely submission of reporting packages submitted to the Comptroller General's Office.

Sincerely,



Howard M. Knapp, J.D.
Director of Voter Services

**STATE OF SOUTH CAROLINA
STATEWIDE SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2020**

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SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

Independent Auditors' Report on Compliance for
Each Major Federal Program; Report on Internal
Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance

March 31, 2021

The Honorable Henry D. McMaster, Governor
and
Members of the State Fiscal Accountability Authority
State of South Carolina
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the State of South Carolina's (the State) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2020. The State's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

The State's basic financial statements included the operations of certain agencies and component units that have been excluded from the Schedule of Expenditures of Federal Awards because each of the entities were audited by other auditors as discussed in Note 1 to the Schedule of Expenditures of Federal Awards. These agencies and component units are listed in Note 1.

Management's Responsibility

The State's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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The Honorable Henry D. McMaster, Governor
and
Members of the State Fiscal Accountability Authority
State of South Carolina
March 31, 2021

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinion on the Four Major Federal Program Identified in the Following Table

As identified in the following table and as described in the accompanying Schedule of Findings and Questioned Costs, the State did not comply with requirements regarding the following:

State Administering Agency	Finding Number	Assistance Listing	Federal Program/Cluster	Compliance Requirement
South Carolina Department of Health and Human Services	2020-006	93.775 93.777 93.778	Medicaid Cluster	Eligibility
South Carolina Department of Health and Human Services	2020-006	93.767	Children's Health Insurance Program (CHIP)	Eligibility
South Carolina Office of the Adjutant General	2020-019	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Cash Management
South Carolina Department of Social Services	2020-027	93.659	Adoption Assistance	Eligibility; Allowable Costs/Cost Principles

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to those programs.

Qualified Opinion on the Four Major Federal Program Identified Above

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the identified major federal programs for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2020.

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The Honorable Henry D. McMaster, Governor
and
Members of the State Fiscal Accountability Authority
State of South Carolina
March 31, 2021

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003 through 2020-005, 2020-007 through 2020-018, 2020-020 through 2020-026, and 2020-028 through 2020-032. Our opinion on each major federal program is not modified with respect to these matters.

The State's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Appendix B – Agency Corrective Action Plans to Findings and Recommendations. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2020-006, 2020-019, 2020-022 and 2020-027 to be material weaknesses.

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The Honorable Henry D. McMaster, Governor
and
Members of the State Fiscal Accountability Authority
State of South Carolina
March 31, 2021

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003 through 2020-005, 2020-007 through 2020-018, 2020-020, 2020-021, 2020-023 through 2020-026, and 2020-028 through 2020-032 to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Appendix B – Agency Corrective Action Plans to Findings and Recommendations – Federal Award Programs Audit. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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 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. We issued our report thereon dated November 13, 2020 which contained unmodified opinions on the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 13, 2020. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Columbia, South Carolina
March 31, 2021

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**Schedule of Expenditures of Federal Awards by Federal
Grantor and Assistance Listing**

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
Department of Agriculture			
SNAP Cluster			
10.551 Supplemental Nutrition Assistance Program			
Direct		\$ 978,654,439	\$ -
10.551 Supplemental Nutrition Assistance Program Total		978,654,439	-
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Direct		29,138,883	5,003,571
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Total		29,138,883	5,003,571
SNAP Cluster Total		1,007,793,322	5,003,571
Child Nutrition Cluster			
10.555 COVID-19 National School Lunch Program			
Direct		54,077,541	54,077,541
10.555 COVID-19 National School Lunch Program Total		54,077,541	54,077,541
10.555 National School Lunch Program			
Direct		261,812,920	232,105,175
10.555 National School Lunch Program Total		261,812,920	232,105,175
Child Nutrition Cluster Total		315,890,461	286,182,716
Food Distribution Cluster			
10.565 Commodity Supplemental Food Program			
Direct		577,573	535,373
10.565 Commodity Supplemental Food Program Total		577,573	535,373
10.568 COVID-19 Emergency Food Assistance Program (Administrative Costs)			
Direct		3,857,718	3,857,718
10.568 COVID-19 Emergency Food Assistance Program (Administrative Costs) Total		3,857,718	3,857,718
10.568 Emergency Food Assistance Program (Administrative Costs)			
Direct		2,625,023	2,513,355
10.568 Emergency Food Assistance Program (Administrative Costs) Total		2,625,023	2,513,355
Food Distribution Cluster Total		7,060,314	6,906,446
Department of Agriculture Total		1,330,744,097	298,092,733
Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster			
14.218 Community Development Block Grants/Entitlement Grants			
Direct		50,890,854	-
14.218 Community Development Block Grants/Entitlement Grants Total		50,890,854	-
CDBG - Entitlement Grants Cluster Total		50,890,854	-
Department of Housing and Urban Development Total		50,890,854	-
Department of the Interior			
Fish and Wildlife Cluster			
15.605 Sport Fish Restoration			
Direct		416,350	416,350
15.605 Sport Fish Restoration Total		416,350	416,350
15.611 Wildlife Restoration and Basic Hunter Education			
Direct		4,005,008	29,507
15.611 Wildlife Restoration and Basic Hunter Education Total		4,005,008	29,507
15.626 Enhanced Hunter Education and Safety			
Direct		189,284	-
15.626 Enhanced Hunter Education and Safety Total		189,284	-
Fish and Wildlife Cluster Total		4,610,642	445,857
Department of the Interior Total		4,610,642	445,857

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
Department of Labor WIOA Cluster 17.259 WIOA Youth Activities Department of Employment and Workforce			
Department of Employment and Workforce Total	17JAG02	68,355	-
17.259 WIOA Youth Activities Total		68,355	-
17.278 WIOA Dislocated Worker Formula Grants Department of Employment and Workforce	18MAN01	9,900	-
Department of Employment and Workforce Total		9,900	-
17.278 WIOA Dislocated Worker Formula Grants Total		9,900	-
WIOA Cluster Total		78,255	-
Department of Labor Total		78,255	-
Department of Transportation Highway Planning and Construction Cluster 20.205 Highway Planning and Construction South Carolina Department of Transportation			
South Carolina Department of Transportation Total	SCDNR-1-18	101,543	-
20.205 Highway Planning and Construction Total		101,543	-
20.219 Recreational Trails Program Direct		1,136,898	1,063,201
20.219 Recreational Trails Program Total		1,136,898	1,063,201
Highway Planning and Construction Cluster Total		1,238,441	1,063,201
FMCSA Cluster 20.218 Motor Carrier Safety Assistance Direct		3,918,390	-
20.218 Motor Carrier Safety Assistance Total		3,918,390	-
FMCSA Cluster Total		3,918,390	-
Transit Services Programs Cluster 20.513 Enhanced Mobility of Seniors and Individuals with Disabilities The Berkeley-Charleston-Dorchester Council of Governments	1068-SC-2018-3	3,679	-
The Berkeley-Charleston-Dorchester Council of Governments Total		3,679	-
20.513 Enhanced Mobility of Seniors and Individuals with Disabilities Total		3,679	-
Transit Services Programs Cluster Total		3,679	-
Highway Safety Cluster 20.600 State and Community Highway Safety Direct		3,907,462	2,732,588
20.600 State and Community Highway Safety Total		3,907,462	2,732,588
20.601 Alcohol Impaired Driving Countermeasures Incentive Grants I Association of Ignition Interlock Program Administrators	None	3,575	-
Association of Ignition Interlock Program Administrators Total		3,575	-
20.601 Alcohol Impaired Driving Countermeasures Incentive Grants I Total		3,575	-
20.616 National Priority Safety Programs Direct		3,899,907	1,459,364
20.616 National Priority Safety Programs Total		3,899,907	1,459,364
Highway Safety Cluster Total		7,810,944	4,191,952
Department of Transportation Total		12,971,454	5,255,153

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
Environmental Protection Agency			
Clean Water State Revolving Fund Cluster			
66.458 Capitalization Grants for Clean Water State Revolving Funds			
Direct		77,947,722	77,347,921
66.458 Capitalization Grants for Clean Water State Revolving Funds Total		77,947,722	77,347,921
Clean Water State Revolving Fund Cluster Total		77,947,722	77,347,921
Drinking Water State Revolving Fund Cluster			
66.468 Capitalization Grants for Drinking Water State Revolving Funds			
Direct		15,891,520	13,253,568
66.468 Capitalization Grants for Drinking Water State Revolving Funds Total		15,891,520	13,253,568
Drinking Water State Revolving Fund Cluster Total		15,891,520	13,253,568
Environmental Protection Agency Total		93,839,242	90,601,489
Department of Education			
Special Education Cluster (IDEA)			
84.027 Special Education Grants to States			
Direct		184,832,194	170,131,184
84.027 Special Education Grants to States Total		184,832,194	170,131,184
84.173 Special Education Preschool Grants			
Direct		7,395,501	7,395,501
84.173 Special Education Preschool Grants Total		7,395,501	7,395,501
Special Education Cluster (IDEA) Total		192,227,695	177,526,685
Department of Education Total		192,227,695	177,526,685
Department of Health and Human Services			
Aging Cluster			
93.044 COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			
Direct		924,977	924,977
93.044 COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers Total		924,977	924,977
93.044 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			
Direct		9,455,584	8,831,239
93.044 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers Total		9,455,584	8,831,239
93.045 COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services			
Direct		8,331,175	8,331,175
93.045 COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services Total		8,331,175	8,331,175
93.045 Special Programs for the Aging, Title III, Part C, Nutrition Services			
Direct		8,026,483	7,681,504
93.045 Special Programs for the Aging, Title III, Part C, Nutrition Services Total		8,026,483	7,681,504
93.053 Nutrition Services Incentive Program			
Direct		1,730,880	1,730,880
93.053 Nutrition Services Incentive Program Total		1,730,880	1,730,880
Aging Cluster Total		28,469,099	27,499,775
CCDF Cluster			
93.575 Child Care and Development Block Grant			
Direct		93,306,369	3,782,843
93.575 Child Care and Development Block Grant Total		93,306,369	3,782,843
93.575 COVID-19 Child Care and Development Block Grant			
Direct		14,984,900	-
93.575 COVID-19 Child Care and Development Block Grant Total		14,984,900	-

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund			
Direct		3,716,112	-
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund Total		3,716,112	-
CCDF Cluster Total		112,007,381	3,782,843
Head Start Cluster			
93.600 Head Start			
Direct		149,281	-
93.600 Head Start Total		149,281	-
Head Start Cluster Total		149,281	-
Medicaid Cluster			
93.775 State Medicaid Fraud Control Units			
Direct		1,259,075	-
93.775 State Medicaid Fraud Control Units Total		1,259,075	-
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			
Direct		5,462,570	-
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare Total		5,462,570	-
93.778 COVID-19 Medical Assistance Program			
Direct		112,770,652	-
93.778 COVID-19 Medical Assistance Program Total		112,770,652	-
93.778 Medical Assistance Program			
Direct		5,280,811,088	-
93.778 Medical Assistance Program Total		5,280,811,088	-
Medicaid Cluster Total		5,400,303,385	-
Department of Health and Human Services Total		5,540,929,146	31,282,618
Social Security Administration			
Disability Insurance/SSI Cluster			
96.001 Social Security Disability Insurance			
Direct		37,071,393	-
96.001 Social Security Disability Insurance Total		37,071,393	-
Disability Insurance/SSI Cluster Total		37,071,393	-
Social Security Administration Total		37,071,393	-
Research and Development Cluster			
Department of Agriculture			
10.054 Emergency Conservation Program			
Clemson University	1810-207-2020791	4,561	-
Clemson University Total		4,561	-
10.054 Emergency Conservation Program Total		4,561	-
10.200 Grants for Agricultural Research, Special Research Grants			
Mississippi State University	2016-38500-25752	5,430	-
Mississippi State University Total		5,430	-
10.200 Grants for Agricultural Research, Special Research Grants Total		5,430	-
10.931 Agricultural Conservation Easement Program			
Direct		85,294	-
10.931 Agricultural Conservation Easement Program Total		85,294	-
Department of Agriculture Total		95,285	-

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
Department of Commerce			
11.012 Integrated Ocean Observing System (IOOS)			
Southeast Coastal Ocean Observing Regional Association			
Southeast Coastal Ocean Observing Regional Association Total	IOOS.16(028)SCDNR.DS.OBS	2,205 2,205	- -
11.012 Integrated Ocean Observing System (IOOS) Total		2,205	-
11.407 Interjurisdictional Fisheries Act of 1986			
Direct		3,928	-
11.407 Interjurisdictional Fisheries Act of 1986 Total		3,928	-
11.417 Sea Grant Support			
Direct		1,887,288	734,752
University of South Carolina	19-3830	7,015 7,015	- -
University of South Carolina Total		7,015	-
11.417 Sea Grant Support Total		1,894,303	734,752
11.419 Coastal Zone Management Administration Awards			
The Regents of the University of Michigan	3003762773	783 783	- -
The Regents of the University of Michigan Total		783	-
Friends of Guana Tolomato Matanzas	7060-24	4,997 4,997	- -
Friends of Guana Tolomato Matanzas Total		4,997	-
11.419 Coastal Zone Management Administration Awards Total		5,780	-
11.420 Coastal Zone Management Estuarine Research Reserves			
Direct		745,307	-
11.420 Coastal Zone Management Estuarine Research Reserves Total		745,307	-
11.427 Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program			
Direct		38,914	33,781
11.427 Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program Total		38,914	33,781
11.431 Climate and Atmospheric Research			
University of South Carolina	17-3252 NA16OAR4310163	3,413 40,671 44,084	- - -
University of South Carolina Total		44,084	-
11.431 Climate and Atmospheric Research Total		44,084	-
11.433 Marine Fisheries Initiative			
Direct		294,539	-
11.433 Marine Fisheries Initiative Total		294,539	-
11.434 Cooperative Fishery Statistics			
Direct		156,066	-
11.434 Cooperative Fishery Statistics Total		156,066	-
11.435 Southeast Area Monitoring and Assessment Program			
Direct		1,262,226	-
11.435 Southeast Area Monitoring and Assessment Program Total		1,262,226	-
11.454 Unallied Management Projects			
Direct		1,049,478	19,736
Texas A&M University	M1900115	36,107 36,107	- -
Texas A&M University Total		36,107	-
Florida State University	R0158	2,057 2,057	- -
Florida State University Total		2,057	-

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
New England Aquarium		6,936	-
New England Aquarium Total	2716	6,936	-
11.454 Unallied Management Projects Total		1,094,578	19,736
11.463 Habitat Conservation			
Direct		28,655	-
11.463 Habitat Conservation Total		28,655	-
11.472 Unallied Science Program			
Direct		567,905	8,681
11.472 Unallied Science Program Total		567,905	8,681
11.473 Office for Coastal Management			
Direct		96,314	91,606
11.473 Office for Coastal Management Total		96,314	91,606
11.474 Atlantic Coastal Fisheries Cooperative Management Act			
Direct		406,022	-
11.474 Atlantic Coastal Fisheries Cooperative Management Act Total		406,022	-
Department of Commerce Total		6,640,826	888,556
Department of Defense			
12.107 Navigation Projects			
Direct		488,980	-
12.107 Navigation Projects Total		488,980	-
Department of Defense Total		488,980	-
Department of the Interior			
15.424 Marine Minerals Activities			
Direct		140,438	132,090
15.424 Marine Minerals Activities Total		140,438	132,090
15.605 Sport Fish Restoration			
Direct		4,116,335	11,968
15.605 Sport Fish Restoration Total		4,116,335	11,968
15.608 Fish and Wildlife Management Assistance			
Direct		98,963	-
Southeast Aquatic Resources Partnership	NFWF_2016_ACF-SAVANNAH_001	16,491	-
Southeast Aquatic Resources Partnership Total		16,491	-
15.608 Fish and Wildlife Management Assistance Total		115,454	-
15.611 Wildlife Restoration and Basic Hunter Education			
Direct		6,901,587	64,999
15.611 Wildlife Restoration and Basic Hunter Education Total		6,901,587	64,999
15.615 Cooperative Endangered Species Conservation Fund			
Direct		179,389	40,394
15.615 Cooperative Endangered Species Conservation Fund Total		179,389	40,394
15.622 Sportfishing and Boating Safety Act			
Direct		20,354	-
15.622 Sportfishing and Boating Safety Act Total		20,354	-
15.630 Coastal			
Direct		1,426	-
15.630 Coastal Total		1,426	-

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
15.634 State Wildlife Grants Direct		888,902	190,862
15.634 State Wildlife Grants Total		888,902	190,862
15.657 Endangered Species Recovery Implementation Direct		46,288	-
15.657 Endangered Species Recovery Implementation Total		46,288	-
15.808 U.S. Geological Survey Research and Data Collection Direct		21,508	-
15.808 U.S. Geological Survey Research and Data Collection Total		21,508	-
15.810 National Cooperative Geologic Mapping Direct		157,111	-
15.810 National Cooperative Geologic Mapping Total		157,111	-
15.814 National Geological and Geophysical Data Preservation Direct		12,946	-
15.814 National Geological and Geophysical Data Preservation Total		12,946	-
15.980 National Ground-Water Monitoring Network Direct		6,064	-
15.980 National Ground-Water Monitoring Network Total		6,064	-
Department of the Interior Total		12,607,802	440,313
Department of Justice			
16.560 State Administrative Expenses for Child Nutrition WestEd	00030279	249,613	203,821
WestEd Total		249,613	203,821
16.560 State Administrative Expenses for Child Nutrition Total		249,613	203,821
Department of Justice Total		249,613	203,821
National Foundation on the Arts and the Humanities			
45.169 Promotion of the Humanities Office of Digital Humanities Direct		2,915	-
45.169 Promotion of the Humanities Office of Digital Humanities Total		2,915	-
National Foundation on the Arts and the Humanities Total		2,915	-
Environmental Protection Agency			
66.461 Regional Wetland Program Development Grants Direct		147,930	-
66.461 Regional Wetland Program Development Grants Total		147,930	-
Environmental Protection Agency Total		147,930	-
Department of Energy			
81.089 Fossil Energy Research and Development Southern States Energy Board	SSEB-SOSRA-981-SCGS-2015-001	4,697	-
Southern States Energy Board Total		4,697	-
81.089 Fossil Energy Research and Development Total		4,697	-
81.214 Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis Direct		142,590	-
81.214 Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis Total		142,590	-
Department of Energy Total		147,287	-

Grantor/Assistance Listing/Title Clusters	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
Department of Health and Human Services			
93.073 Birth Defects and Developmental Disabilities - Prevention and Surveillance			
Direct		40,553	-
93.073 Birth Defects and Developmental Disabilities - Prevention and Surveillance Total		40,553	-
93.103 Food and Drug Administration Research			
Direct		199,423	-
93.103 Food and Drug Administration Research Total		199,423	-
93.184 Disabilities Prevention			
University of South Carolina	20-3902; 5NU27DD000011-04-00	35,246	-
University of South Carolina Total		35,246	-
93.184 Disabilities Prevention Total		35,246	-
93.315 Rare Disorders: Research, Surveillance, Health Promotion, and Education			
Direct		518,935	58,514
93.315 Rare Disorders: Research, Surveillance, Health Promotion, and Education Total		518,935	58,514
93.367 Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs			
Direct		672,687	96,963
93.367 Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs Total		672,687	96,963
93.876 Antimicrobial Resistance Surveillance in Retail Food Specimens			
Direct		142,979	-
93.876 Antimicrobial Resistance Surveillance in Retail Food Specimens Total		142,979	-
93.946 Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs			
Direct		193,839	-
93.946 Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs Total		193,839	-
Department of Health and Human Services Total		1,803,662	155,477
Department of Homeland Security			
97.067 Homeland Security Grant Program			
Direct		86,463	72,840
97.067 Homeland Security Grant Program Total		86,463	72,840
Department of Homeland Security Total		86,463	72,840
Total Research and Development Cluster		22,270,763	1,761,007
Total Clusters		7,285,633,541	604,965,542
NonCluster Programs			
Department of Agriculture			
10.153 Market News			
Direct		4,555	-
10.153 Market News Total		4,555	-
10.162 Inspection Grading and Standardization			
Direct		2,172,978	256,520
10.162 Inspection Grading and Standardization Total		2,172,978	256,520
10.170 Specialty Crop Block Grant Program - Farm Bill			
Direct		570,595	516,239
10.170 Specialty Crop Block Grant Program - Farm Bill Total		570,595	516,239
10.171 Organic Certification Cost Share Programs			
Direct		13,216	12,015
10.171 Organic Certification Cost Share Programs Total		13,216	12,015

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
10.351 Rural Business Development Grant			
Direct		96,752	20,000
10.351 Rural Business Development Grant Total		96,752	20,000
10.557 WIC Special Supplemental Nutrition Program for Women, Infants, and Children			
Direct		66,462,409	669,494
10.557 WIC Special Supplemental Nutrition Program for Women, Infants, and Children Total		66,462,409	669,494
10.558 Child and Adult Care Food Program			
Direct		30,893,694	30,112,329
10.558 Child and Adult Care Food Program Total		30,893,694	30,112,329
10.558 COVID-19 Child and Adult Care Food Program			
Direct		3,850,665	3,850,665
10.558 COVID-19 Child and Adult Care Food Program Total		3,850,665	3,850,665
10.560 State Administrative Expenses for Child Nutrition			
Direct		4,047,426	-
10.560 State Administrative Expenses for Child Nutrition Total		4,047,426	-
10.572 WIC Farmers' Market Nutrition Program (FMNP)			
Direct		97,259	-
10.572 WIC Farmers' Market Nutrition Program (FMNP) Total		97,259	-
10.576 Senior Farmers Market Nutrition Program			
Direct		490,530	-
10.576 Senior Farmers Market Nutrition Program Total		490,530	-
10.578 WIC Grants To States (WGS)			
Direct		2,730,371	-
10.578 WIC Grants To States (WGS) Total		2,730,371	-
10.579 Child Nutrition Discretionary Grants Limited Availability			
Direct		1,058,007	691,228
10.579 Child Nutrition Discretionary Grants Limited Availability Total		1,058,007	691,228
10.582 Fresh Fruit and Vegetable Program			
Direct		2,349,184	2,349,184
10.582 Fresh Fruit and Vegetable Program Total		2,349,184	2,349,184
10.652 Forestry Research			
Direct		364,598	-
10.652 Forestry Research Total		364,598	-
10.664 Cooperative Forestry Assistance			
Direct		2,489,869	793,848
10.664 Cooperative Forestry Assistance Total		2,489,869	793,848
10.676 Forest Legacy Program			
Direct		1,363,206	-
10.676 Forest Legacy Program Total		1,363,206	-
10.678 Forest Stewardship Program			
Direct		142,545	-
10.678 Forest Stewardship Program Total		142,545	-
10.680 Forest Health Protection			
Direct		286,401	197,666
10.680 Forest Health Protection Total		286,401	197,666

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
10.691 Good Neighbor Authority Direct		33,034	-
10.691 Good Neighbor Authority Total		33,034	-
10.697 State & Private Forestry Hazardous Fuel Reduction Program Direct		12,780	12,780
10.697 State & Private Forestry Hazardous Fuel Reduction Program Total		12,780	12,780
10.902 Soil and Water Conservation Direct		197,007	-
10.902 Soil and Water Conservation Total		197,007	-
10.912 Environmental Quality Incentives Program Direct		146,076	-
10.912 Environmental Quality Incentives Program Total		146,076	-
Department of Agriculture Total		119,873,157	39,481,968
Department of Commerce			
11.022 Bipartisan Budget Act of 2018 Direct		138,635	132,174
11.022 Bipartisan Budget Act of 2018 Total		138,635	132,174
11.419 Coastal Zone Management Administration Awards Direct		3,003,887	-
11.419 Coastal Zone Management Administration Awards Total		3,003,887	-
11.420 Coastal Zone Management Estuarine Research Reserves Direct		247,164	-
11.420 Coastal Zone Management Estuarine Research Reserves Total		247,164	-
11.999 Marine Debris Program Direct		134,343	-
11.999 Marine Debris Program Total		134,343	-
Department of Commerce Total		3,524,029	132,174
Department of Defense			
12.113 State Memorandum of Agreement Program for the Reimbursement of Technical Services Direct		829,119	-
12.113 State Memorandum of Agreement Program for the Reimbursement of Technical Services Total		829,119	-
12.401 National Guard Military Operations and Maintenance (O&M) Projects Direct		30,862,294	-
12.401 National Guard Military Operations and Maintenance (O&M) Projects Total		30,862,294	-
12.404 National Guard ChalleNGe Program Direct		4,294,295	-
12.404 National Guard ChalleNGe Program Total		4,294,295	-
Department of Defense Total		35,985,708	-
Department of Housing and Urban Development			
14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Direct		14,553,025	13,851,685
14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Total		14,553,025	13,851,685
14.231 Emergency Solutions Grant Program Direct		2,314,614	2,159,668
14.231 Emergency Solutions Grant Program Total		2,314,614	2,159,668
14.241 Housing Opportunities for Persons with AIDS Direct		1,925,189	1,863,380
14.241 Housing Opportunities for Persons with AIDS Total		1,925,189	1,863,380

Grantor/Assistance Listing/Title	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
NonCluster Programs			
14.267 Continuum of Care Program			
Direct		1,006,182	1,006,182
14.267 Continuum of Care Program Total		1,006,182	1,006,182
14.401 Fair Housing Assistance Program State and Local			
Direct		334,827	-
14.401 Fair Housing Assistance Program State and Local Total		334,827	-
Department of Housing and Urban Development Total		20,133,837	18,880,915
Department of the Interior			
15.614 Coastal Wetlands Planning, Protection and Restoration			
Direct		949,678	-
15.614 Coastal Wetlands Planning, Protection and Restoration Total		949,678	-
15.616 Clean Vessel Act			
Direct		412,233	321,811
15.616 Clean Vessel Act Total		412,233	321,811
15.622 Sportfishing and Boating Safety Act			
Direct		166,608	154,968
15.622 Sportfishing and Boating Safety Act Total		166,608	154,968
15.630 Coastal			
Direct		7,829	-
15.630 Coastal Total		7,829	-
15.634 State Wildlife Grants			
Direct		47,607	-
15.634 State Wildlife Grants Total		47,607	-
15.657 Endangered Species Recovery Implementation			
Direct		17,551	-
15.657 Endangered Species Recovery Implementation Total		17,551	-
15.904 Historic Preservation Fund Grants-In-Aid			
Direct		829,016	201,952
15.904 Historic Preservation Fund Grants-In-Aid Total		829,016	201,952
15.916 Outdoor Recreation Acquisition, Development and Planning			
Direct		1,913,098	1,913,098
15.916 Outdoor Recreation Acquisition, Development and Planning Total		1,913,098	1,913,098
Department of the Interior Total		4,343,620	2,591,829
Department of Justice			
16.017 Sexual Assault Services Formula Program			
Direct		380,700	376,366
16.017 Sexual Assault Services Formula Program Total		380,700	376,366
16.321 Antiterrorism Emergency Reserve			
Medical University of South Carolina	2016-RF-GX-0001	79,961	-
Medical University of South Carolina Total		79,961	-
16.321 Antiterrorism Emergency Reserve Total		79,961	-
16.540 Juvenile Justice and Delinquency Prevention			
Direct		383,635	270,933
16.540 Juvenile Justice and Delinquency Prevention Total		383,635	270,933
16.543 Missing Children's Assistance			
Direct		343,877	-
16.543 Missing Children's Assistance Total		343,877	-

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
16.550 State Justice Statistics Program for Statistical Analysis Centers Direct		33,795	-
16.550 State Justice Statistics Program for Statistical Analysis Centers Total		33,795	-
16.554 National Criminal History Improvement Program (NCHIP) Direct		1,346,589	-
16.554 National Criminal History Improvement Program (NCHIP) Total		1,346,589	-
16.575 Crime Victim Assistance Direct		40,393,707	39,281,209
16.575 Crime Victim Assistance Total		40,393,707	39,281,209
16.576 Crime Victim Compensation Direct		3,741,555	-
16.576 Crime Victim Compensation Total		3,741,555	-
16.582 Crime Victim Assistance/Discretionary Grants Direct		140,863	-
16.582 Crime Victim Assistance/Discretionary Grants Total		140,863	-
16.588 Violence Against Women Formula Grants Direct		2,422,294	2,115,618
16.588 Violence Against Women Formula Grants Total		2,422,294	2,115,618
16.593 Residential Substance Abuse Treatment for State Prisoners Direct		134,621	124,965
16.593 Residential Substance Abuse Treatment for State Prisoners Total		134,621	124,965
16.607 Bulletproof Vest Partnership Program Direct		31,819	4,916
16.607 Bulletproof Vest Partnership Program Total		31,819	4,916
16.609 Project Safe Neighborhoods Direct		338,732	270,761
16.609 Project Safe Neighborhoods Total		338,732	270,761
16.738 Edward Byrne Memorial Justice Assistance Grant Program Direct		3,958,242	3,634,912
16.738 Edward Byrne Memorial Justice Assistance Grant Program Total		3,958,242	3,634,912
16.741 DNA Backlog Reduction Program Direct		571,958	-
16.741 DNA Backlog Reduction Program Total		571,958	-
16.742 Paul Coverdell Forensic Sciences Improvement Grant Program Direct		165,714	159,537
16.742 Paul Coverdell Forensic Sciences Improvement Grant Program Total		165,714	159,537
16.750 Support for Adam Walsh Act Implementation Grant Program Direct		186,331	-
16.750 Support for Adam Walsh Act Implementation Grant Program Total		186,331	-
16.751 Edward Byrne Memorial Competitive Grant Program Direct		54,080	54,080
16.751 Edward Byrne Memorial Competitive Grant Program Total		54,080	54,080
16.756 Court Appointed Special Advocates Direct		72,180	-
16.756 Court Appointed Special Advocates Total		72,180	-
16.813 NICS Act Record Improvement Program Direct		274,958	-
16.813 NICS Act Record Improvement Program Total		274,958	-

Grantor/Assistance Listing/Title	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
NonCluster Programs			
16.816 John R. Justice Prosecutors and Defenders Incentive Act			
Direct		40,762	-
16.816 John R. Justice Prosecutors and Defenders Incentive Act Total		40,762	-
16.835 Body Worn Camera Policy and Implementation			
Direct		69,470	-
16.835 Body Worn Camera Policy and Implementation Total		69,470	-
16.836 Indigent Defense			
Direct		61,919	-
16.836 Indigent Defense Total		61,919	-
16.838 Comprehensive Opioid, Stimulant, and Substance Abuse Program			
Direct		331,167	220,433
16.838 Comprehensive Opioid, Stimulant, and Substance Abuse Program Total		331,167	220,433
16.922 Equitable Sharing Program			
Direct		393,577	-
16.922 Equitable Sharing Program Total		393,577	-
16.U01 Federal Bureau of Investigation Facilities Contracts Unit			
Direct		514,051	-
16.U01 Federal Bureau of Investigation Facilities Contracts Unit Total		514,051	-
16.U02 Drug Free Communities Support Program Grants			
Direct		91,462	-
16.U02 Drug Free Communities Support Program Grants Total		91,462	-
Department of Justice Total		56,558,019	46,513,730
Department of Labor			
17.005 Compensation and Working Conditions			
Direct		89,531	-
17.005 Compensation and Working Conditions Total		89,531	-
17.235 Senior Community Service Employment Program			
Direct		1,075,923	979,509
17.235 Senior Community Service Employment Program Total		1,075,923	979,509
17.268 H-1B Job Training Grants			
Direct		818,790	-
17.268 H-1B Job Training Grants Total		818,790	-
17.285 Apprenticeship USA Grants			
Direct		609,807	-
17.285 Apprenticeship USA Grants Total		609,807	-
17.503 Occupational Safety and Health State Program			
Direct		2,228,311	-
17.503 Occupational Safety and Health State Program Total		2,228,311	-
17.504 Consultation Agreements			
Direct		725,438	-
17.504 Consultation Agreements Total		725,438	-
Department of Labor Total		5,547,800	979,509
Department of Transportation			
20.106 Airport Improvement Program			
Direct		1,732,492	958,900
20.106 Airport Improvement Program Total		1,732,492	958,900

Grantor/Assistance Listing/Title	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
NonCluster Programs			
20.232 Commercial Driver's License Program Implementation Grant			
Direct		434,876	-
20.232 Commercial Driver's License Program Implementation Grant Total		434,876	-
20.240 Fuel Tax Evasion-Intergovernmental Enforcement Effort			
Direct		55,605	-
20.240 Fuel Tax Evasion-Intergovernmental Enforcement Effort Total		55,605	-
20.301 Railroad Safety			
Direct		3,638	-
20.301 Railroad Safety Total		3,638	-
20.614 National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements			
Direct		197,925	-
20.614 National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements Total		197,925	-
20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants			
Direct		249,361	248,504
20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants Total		249,361	248,504
Department of Transportation Total		2,673,897	1,207,404
Department of the Treasury			
21.U01 COVID-19 CPB CARES Assistance			
Corporation for Public Broadcasting	None	212,473	-
Corporation for Public Broadcasting Total		212,473	-
21.U01 COVID-19 CPB CARES Assistance Total		212,473	-
Department of the Treasury Total		212,473	-
Appalachian Regional Commission			
23.002 Appalachian Area Development			
Direct		1,030,125	1,030,125
23.002 Appalachian Area Development Total		1,030,125	1,030,125
23.011 Appalachian Research, Technical Assistance, and Demonstration Projects			
Direct		213,688	-
23.011 Appalachian Research, Technical Assistance, and Demonstration Projects Total		213,688	-
Appalachian Regional Commission Total		1,243,813	1,030,125
General Services Administration			
39.003 Donation of Federal Surplus Personal Property			
Direct		3,370,341	-
39.003 Donation of Federal Surplus Personal Property Total		3,370,341	-
39.011 Election Reform Payments			
Direct		139,053	-
39.011 Election Reform Payments Total		139,053	-
General Services Administration Total		3,509,394	-
National Foundation on the Arts and the Humanities			
45.025 COVID-19 Promotion of the Arts Partnership Agreements			
Direct		353,674	353,674
45.025 COVID-19 Promotion of the Arts Partnership Agreements Total		353,674	353,674
45.025 Promotion of the Arts Partnership Agreements			
Direct		760,408	153,934
45.025 Promotion of the Arts Partnership Agreements Total		760,408	153,934

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
45.129 Promotion of the Humanities Federal/State Partnership			
National Endowment for the Humanities	19-1930-2	1,250	-
National Endowment for the Humanities Total		1,250	-
45.129 Promotion of the Humanities Federal/State Partnership Total		1,250	-
45.301 Museums for America			
South Carolina State Museum Foundation	MA-30-18-0256-18	85,979	-
South Carolina State Museum Foundation Total		85,979	-
45.301 Museums for America Total		85,979	-
45.310 COVID-19 Grants to States			
Direct		243,867	4,000
45.310 COVID-19 Grants to States Total		243,867	4,000
45.310 Grants to States			
Direct		2,819,578	270,654
45.310 Grants to States Total		2,819,578	270,654
National Foundation on the Arts and the Humanities Total		4,264,756	782,262
Small Business Administration			
59.061 State Trade Expansion			
Direct		224,725	205,135
59.061 State Trade Expansion Total		224,725	205,135
Small Business Administration Total		224,725	205,135
Department of Veterans Affairs			
64.005 Grants to States for Construction of State Home Facilities			
Direct		34,221,988	-
64.005 Grants to States for Construction of State Home Facilities Total		34,221,988	-
64.124 All-Volunteer Force Educational Assistance			
Direct		389,650	-
64.124 All-Volunteer Force Educational Assistance Total		389,650	-
64.203 Veterans Cemetery Grants Program			
Direct		635,250	-
64.203 Veterans Cemetery Grants Program Total		635,250	-
Department of Veterans Affairs Total		35,246,888	-
Environmental Protection Agency			
66.034 Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act			
Direct		633,689	-
66.034 Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act Total		633,689	-
66.039 Diesel Emission Reduction Act (DERA) National Grants			
Direct		65,674	26,579
66.039 Diesel Emission Reduction Act (DERA) National Grants Total		65,674	26,579
66.040 Diesel Emissions Reduction Act (DERA) State Grants			
Direct		238,610	212,013
66.040 Diesel Emissions Reduction Act (DERA) State Grants Total		238,610	212,013
66.419 Water Pollution Control State, Interstate, and Tribal Program Support			
Direct		235,559	-
66.419 Water Pollution Control State, Interstate, and Tribal Program Support Total		235,559	-
66.454 Water Quality Management Planning			
Direct		133,960	66,329
66.454 Water Quality Management Planning Total		133,960	66,329

Grantor/Assistance Listing/Title	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
NonCluster Programs			
66.460 Nonpoint Source Implementation Grants			
Direct		1,931,118	1,115,488
66.460 Nonpoint Source Implementation Grants Total		1,931,118	1,115,488
66.461 Regional Wetland Program Development Grants			
Direct		266,507	-
66.461 Regional Wetland Program Development Grants Total		266,507	-
66.605 Performance Partnership Grants			
Direct		8,246,366	-
66.605 Performance Partnership Grants Total		8,246,366	-
66.608 Environmental Information Exchange Network Grant Program and Related Assistance			
Direct		5,000	-
66.608 Environmental Information Exchange Network Grant Program and Related Assistance Total		5,000	-
66.802 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements			
Direct		575,408	-
66.802 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements Total		575,408	-
66.804 Underground Storage Tank (UST) Prevention, Detection, and Compliance Program			
Direct		432,129	-
66.804 Underground Storage Tank (UST) Prevention, Detection, and Compliance Program Total		432,129	-
66.805 Leaking Underground Storage Tank Trust Fund Corrective Action Program			
Direct		1,182,175	-
66.805 Leaking Underground Storage Tank Trust Fund Corrective Action Program Total		1,182,175	-
66.809 Superfund State and Indian Tribe Core Program Cooperative Agreements			
Direct		126,766	-
66.809 Superfund State and Indian Tribe Core Program Cooperative Agreements Total		126,766	-
66.817 State and Tribal Response Program Grants			
Direct		660,476	-
66.817 State and Tribal Response Program Grants Total		660,476	-
66.818 Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements			
Direct		51,714	-
66.818 Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements Total		51,714	-
Environmental Protection Agency Total			14,785,151
Department of Energy			
81.041 State Energy Program			
Direct		2,263,462	1,485,060
81.041 State Energy Program Total		2,263,462	1,485,060
81.042 Weatherization Assistance for Low-Income Persons			
Direct		2,137,159	1,868,355
81.042 Weatherization Assistance for Low-Income Persons Total		2,137,159	1,868,355
81.086 Conservation Research and Development			
Direct		99,814	-
Clean Fuels Ohio (CFO)	DE-EE0008890	2,000	-
Clean Fuels Ohio (CFO) Total		2,000	-
81.086 Conservation Research and Development Total		101,814	-
81.104 Environmental Remediation and Waste Processing and Disposal			
Direct		55,073	-
81.104 Environmental Remediation and Waste Processing and Disposal Total		55,073	-

Grantor/Assistance Listing/Title	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
NonCluster Programs			
81.106 Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions			
Direct		39,739	-
Southern States Energy Board	DE-EM-0003189; SSEB-930WIPP-SC-DHEC-2015 SSEB-930WIPP-SC-SCEMD	130,064 74,788 204,852	- - -
Southern States Energy Board Total			
81.106 Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions Total		244,591	-
81.214 Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis			
Direct		3,494,688	128,288
81.214 Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis Total		3,494,688	128,288
81.U01 State Energy Conservation			
Direct		1,009,710	845,677
81.U01 State Energy Conservation Total		1,009,710	845,677
Department of Energy Total		9,306,497	4,327,380
Department of Education			
84.002 Adult Education - Basic Grants to States			
Direct		8,880,266	7,789,268
84.002 Adult Education - Basic Grants to States Total		8,880,266	7,789,268
84.010 Title I Grants to Local Educational Agencies			
Direct		240,419,821	237,558,613
84.010 Title I Grants to Local Educational Agencies Total		240,419,821	237,558,613
84.011 Migrant Education State Grant Program			
Direct		754,676	501,656
84.011 Migrant Education State Grant Program Total		754,676	501,656
84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth			
Direct		1,395,988	1,395,988
84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth Total		1,395,988	1,395,988
84.048 Career and Technical Education -- Basic Grants to States			
Direct		20,382,687	17,041,969
84.048 Career and Technical Education -- Basic Grants to States Total		20,382,687	17,041,969
84.126 Rehabilitation Services Vocational Rehabilitation Grants to States			
Direct		62,284,649	-
84.126 Rehabilitation Services Vocational Rehabilitation Grants to States Total		62,284,649	-
84.144 Migrant Education Coordination Program			
Direct		116,787	115,930
84.144 Migrant Education Coordination Program Total		116,787	115,930
84.169 Independent Living-State Grants			
Direct		4	-
84.169 Independent Living-State Grants Total		4	-
84.177 Rehabilitation Services Independent Living Services for Older Individuals Who are Blind			
Direct		287,290	-
84.177 Rehabilitation Services Independent Living Services for Older Individuals Who are Blind Total		287,290	-
84.181 Special Education-Grants for Infants and Families			
Direct		6,471,921	-
84.181 Special Education-Grants for Infants and Families Total		6,471,921	-

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
84.184 School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)			
Direct		73,099	-
84.184 School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs) Total		73,099	-
84.187 Supported Employment Services for Individuals with the Most Significant Disabilities			
Direct		320,907	-
84.187 Supported Employment Services for Individuals with the Most Significant Disabilities Total		320,907	-
84.196 Education for Homeless Children and Youth			
Direct		1,157,413	1,043,570
84.196 Education for Homeless Children and Youth Total		1,157,413	1,043,570
84.265 Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training			
Direct		104	-
84.265 Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training Total		104	-
84.282 Charter Schools			
Direct		3,754,918	3,663,350
84.282 Charter Schools Total		3,754,918	3,663,350
84.287 Twenty-First Century Community Learning Centers			
Direct		20,489,864	19,686,377
84.287 Twenty-First Century Community Learning Centers Total		20,489,864	19,686,377
84.305 Education Research, Development and Dissemination			
Direct		92,944	-
84.305 Education Research, Development and Dissemination Total		92,944	-
84.326 Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities			
Direct		159,395	-
84.326 Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities Total		159,395	-
84.358 Rural Education			
Direct		2,623,546	2,592,621
84.358 Rural Education Total		2,623,546	2,592,621
84.365 English Language Acquisition State Grants			
Direct		4,213,931	4,113,506
84.365 English Language Acquisition State Grants Total		4,213,931	4,113,506
84.367 Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			
Direct		24,650,290	23,254,842
84.367 Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) Total		24,650,290	23,254,842
84.369 Grants for State Assessments and Related Activities			
Direct		7,802,073	-
84.369 Grants for State Assessments and Related Activities Total		7,802,073	-
84.377 School Improvement Grants			
Direct		6,141,673	6,133,320
84.377 School Improvement Grants Total		6,141,673	6,133,320
84.424 Student Support and Academic Enrichment Program			
Direct		13,404,593	13,349,022
84.424 Student Support and Academic Enrichment Program Total		13,404,593	13,349,022
84.425 COVID-19 Education Stabilization Fund			
Direct		884,392	88,594
84.425 COVID-19 Education Stabilization Fund Total		884,392	88,594

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
84.U01 American Printing House for the Blind (APH) - Non Cash			
American Printing House	None	56,430	-
American Printing House Total		56,430	-
84.U01 American Printing House for the Blind (APH) - Non Cash Total		56,430	-
Department of Education Total		426,819,661	338,328,626
Election Assistance Commission			
90.404 2018 HAVA Election Security Grants			
Direct		3,548,859	-
90.404 2018 HAVA Election Security Grants Total		3,548,859	-
90.404 COVID-19 2018 HAVA Election Security Grants			
Direct		154,320	-
90.404 COVID-19 2018 HAVA Election Security Grants Total		154,320	-
Election Assistance Commission Total		3,703,179	-
Department of Health and Human Services			
93.008 Medical Reserve Corps Small Grant Program			
National Association of County and City Health Officials	6HITEP150032-02-12; 20019-010801	1,689	-
National Association of County and City Health Officials Total		1,689	-
93.008 Medical Reserve Corps Small Grant Program Total		1,689	-
93.041 Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation			
Direct		89,912	79,656
93.041 Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation Total		89,912	79,656
93.042 COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			
Direct		994	994
93.042 COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals Total		994	994
93.042 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals			
Direct		363,686	348,058
93.042 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals Total		363,686	348,058
93.043 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			
Direct		366,537	344,433
93.043 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services Total		366,537	344,433
93.048 COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects			
Direct		2,655	2,655
93.048 COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects Total		2,655	2,655
93.048 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects			
Direct		285,544	149,668
93.048 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects Total		285,544	149,668
93.052 COVID-19 National Family Caregiver Support, Title III, Part E			
Direct		21,976	21,976
93.052 COVID-19 National Family Caregiver Support, Title III, Part E Total		21,976	21,976
93.052 National Family Caregiver Support, Title III, Part E			
Direct		2,713,097	2,578,114
93.052 National Family Caregiver Support, Title III, Part E Total		2,713,097	2,578,114

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
93.069 Public Health Emergency Preparedness Direct		8,807,128	-
93.069 Public Health Emergency Preparedness Total		8,807,128	-
93.071 Medicare Enrollment Assistance Program Direct		593,716	593,716
93.071 Medicare Enrollment Assistance Program Total		593,716	593,716
93.072 Lifespan Respite Care Program Direct		218,611	171,606
93.072 Lifespan Respite Care Program Total		218,611	171,606
93.073 Birth Defects and Developmental Disabilities - Prevention and Surveillance Direct		150,733	-
93.073 Birth Defects and Developmental Disabilities - Prevention and Surveillance Total		150,733	-
93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Direct		878,302	56,882
93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Total		878,302	56,882
93.079 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance Direct		70,719	1,360
93.079 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance Total		70,719	1,360
93.092 Affordable Care Act (ACA) Personal Responsibility Education Program Direct		602,676	318,508
93.092 Affordable Care Act (ACA) Personal Responsibility Education Program Total		602,676	318,508
93.093 Health Profession Opportunity Grants Direct		2,236,987	-
93.093 Health Profession Opportunity Grants Total		2,236,987	-
93.103 Food and Drug Administration Research Association of Food and Drug Officials	G-1810-01487 G-1810-01500 G-ME-1904-01665 G-1910-02054 G-SE-1904-01647	4,425 4,208 617 4,229 4,587 18,066	- - - - - -
Association of Food and Drug Officials Total		1,345,334	69,032
93.103 Food and Drug Administration Research Total		1,345,334	69,032
93.110 Maternal and Child Health Federal Consolidated Programs Direct		190,195	-
93.110 Maternal and Child Health Federal Consolidated Programs Total		190,195	-
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs Direct		861,115	-
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs Total		861,115	-
93.118 Acquired Immunodeficiency Syndrome (AIDS) Activity Direct		86,111	-
93.118 Acquired Immunodeficiency Syndrome (AIDS) Activity Total		86,111	-
93.127 Emergency Medical Services for Children Direct		126,485	-
93.127 Emergency Medical Services for Children Total		126,485	-

Grantor/Assistance Listing/Title	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
NonCluster Programs			
93.130 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices			
Direct		175,227	-
93.130 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices Total		175,227	-
93.136 Injury Prevention and Control Research and State and Community Based Programs			
Direct		2,294,609	686,464
93.136 Injury Prevention and Control Research and State and Community Based Programs Total		2,294,609	686,464
93.150 Projects for Assistance in Transition from Homelessness (PATH)			
Direct		696,824	-
93.150 Projects for Assistance in Transition from Homelessness (PATH) Total		696,824	-
93.197 Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children			
Direct		522,752	23,279
93.197 Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children Total		522,752	23,279
93.217 Family Planning Services			
Direct		6,758,964	15,000
93.217 Family Planning Services Total		6,758,964	15,000
93.235 Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program			
Direct		790,829	616,441
93.235 Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program Total		790,829	616,441
93.236 Grants to States to Support Oral Health Workforce Activities			
Medical University of South Carolina	T12HP28882-04-00; MUSC18-133-8B366 5 T12HP28882-05-00;A00-2147-S001	12,138 92,488 104,626	- - -
Medical University of South Carolina Total		104,626	-
93.236 Grants to States to Support Oral Health Workforce Activities Total		104,626	-
93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance			
Direct		7,979,732	2,530,350
93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance Total		7,979,732	2,530,350
93.251 Early Hearing Detection and Intervention			
Direct		156,330	-
93.251 Early Hearing Detection and Intervention Total		156,330	-
93.268 Immunization Cooperative Agreements			
Direct		69,973,199	-
93.268 Immunization Cooperative Agreements Total		69,973,199	-
93.270 Viral Hepatitis Prevention and Control			
Direct		233,281	-
93.270 Viral Hepatitis Prevention and Control Total		233,281	-
93.297 Teenage Pregnancy Prevention Program			
South Carolina Campaign to Prevent Teen Pregnancy	1 TP1AH000126-01-00: UP-6-529 1 TP1AH000126-01-00; LC-6-527 1TP1AH000133-01-00 1 TP1AH000126-05-00: ML-0-315	17,506 31,216 30,798 15,243 94,763	- - - - -
South Carolina Campaign to Prevent Teen Pregnancy Total		94,763	-
93.297 Teenage Pregnancy Prevention Program Total		94,763	-
93.305 PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)			
Direct		1,168,174	249,741
93.305 PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF) Total		1,168,174	249,741

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
93.314 Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program			
Direct		42,125	-
93.314 Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program Total		42,125	-
93.323 COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			
Direct		3,875,606	-
93.323 COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Total		3,875,606	-
93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			
Direct		2,534,160	45,571
93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Total		2,534,160	45,571
93.324 State Health Insurance Assistance Program			
Direct		695,909	510,092
93.324 State Health Insurance Assistance Program Total		695,909	510,092
93.336 Behavioral Risk Factor Surveillance System			
Direct		229,689	-
93.336 Behavioral Risk Factor Surveillance System Total		229,689	-
93.354 COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			
Direct		5,839,978	-
93.354 COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Total		5,839,978	-
93.354 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			
Direct		1,793,505	-
93.354 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Total		1,793,505	-
93.366 State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes			
Direct		490,359	25,382
93.366 State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes Total		490,359	25,382
93.369 ACL Independent Living State Grants			
Direct		345,297	-
93.369 ACL Independent Living State Grants Total		345,297	-
93.387 National and State Tobacco Control Program			
Direct		100	-
93.387 National and State Tobacco Control Program Total		100	-
93.421 Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health			
The Nemours Foundation	5 NU38OT00304-01-02;SCDHEC-8614151009-	5,204	-
The Nemours Foundation Total		5,204	-
93.421 Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health Total		5,204	-
93.426 Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke			
Direct		2,007,956	378,380
93.426 Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke Total		2,007,956	378,380
93.434 Every Student Succeeds Act/Preschool Development Grants			
Direct		3,422,429	-
93.434 Every Student Succeeds Act/Preschool Development Grants Total		3,422,429	-

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
93.435 Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-			
Direct		1,462,037	702,522
93.435 Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke- Total		1,462,037	702,522
93.470 Alzheimer's Disease Program Initiative (ADPI)			
Direct		47,188	-
93.470 Alzheimer's Disease Program Initiative (ADPI) Total		47,188	-
93.539 PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds			
Direct		2,521,534	-
93.539 PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds Total		2,521,534	-
93.556 MaryLee Allen Promoting Safe and Stable Families Program			
Direct		4,350,772	366,316
93.556 MaryLee Allen Promoting Safe and Stable Families Program Total		4,350,772	366,316
93.558 Temporary Assistance for Needy Families			
Direct		114,775,048	1,698,760
93.558 Temporary Assistance for Needy Families Total		114,775,048	1,698,760
93.563 Child Support Enforcement			
Direct		62,335,187	14,666,875
93.563 Child Support Enforcement Total		62,335,187	14,666,875
93.566 Refugee and Entrant Assistance State/Replacement Designee Administered Programs			
Direct		667,909	116,786
93.566 Refugee and Entrant Assistance State/Replacement Designee Administered Programs Total		667,909	116,786
93.568 COVID-19 Low-Income Home Energy Assistance			
Direct		4,460,616	4,460,616
93.568 COVID-19 Low-Income Home Energy Assistance Total		4,460,616	4,460,616
93.568 Low-Income Home Energy Assistance			
Direct		46,602,571	45,385,120
93.568 Low-Income Home Energy Assistance Total		46,602,571	45,385,120
93.569 Community Services Block Grant			
Direct		11,201,434	10,794,168
93.569 Community Services Block Grant Total		11,201,434	10,794,168
93.569 COVID-19 Community Services Block Grant			
Direct		2,304,510	2,304,510
93.569 COVID-19 Community Services Block Grant Total		2,304,510	2,304,510
93.586 State Court Improvement Program			
Direct		387,882	-
93.586 State Court Improvement Program Total		387,882	-
93.597 Grants to States for Access and Visitation Programs			
Direct		103,831	-
93.597 Grants to States for Access and Visitation Programs Total		103,831	-
93.599 Chafee Education and Training Vouchers Program (ETV)			
Direct		233,828	-
93.599 Chafee Education and Training Vouchers Program (ETV) Total		233,828	-
93.603 Adoption and Legal Guardianship Incentive Payments			
Direct		5,235	-
93.603 Adoption and Legal Guardianship Incentive Payments Total		5,235	-

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
93.630 Developmental Disabilities Basic Support and Advocacy Grants			
Direct		832,641	454,878
93.630 Developmental Disabilities Basic Support and Advocacy Grants Total		832,641	454,878
93.634 Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals			
Direct		321,218	5,509
93.634 Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals Total		321,218	5,509
93.643 Children's Justice Grants to States			
Direct		202,379	-
93.643 Children's Justice Grants to States Total		202,379	-
93.645 Stephanie Tubbs Jones Child Welfare Services Program			
Direct		7,311,563	-
93.645 Stephanie Tubbs Jones Child Welfare Services Program Total		7,311,563	-
93.658 COVID-19 Foster Care Title IV-E			
Direct		801,746	-
93.658 COVID-19 Foster Care Title IV-E Total		801,746	-
93.658 Foster Care Title IV-E			
Direct		48,392,463	-
93.658 Foster Care Title IV-E Total		48,392,463	-
93.659 Adoption Assistance			
Direct		23,474,995	-
93.659 Adoption Assistance Total		23,474,995	-
93.659 COVID-19 Adoption Assistance			
Direct		846,282	-
93.659 COVID-19 Adoption Assistance Total		846,282	-
93.665 COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19			
Direct		99,431	-
93.665 COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19 Total		99,431	-
93.667 Social Services Block Grant			
Direct		28,763,455	-
93.667 Social Services Block Grant Total		28,763,455	-
93.669 Child Abuse and Neglect State Grants			
Direct		703,541	-
93.669 Child Abuse and Neglect State Grants Total		703,541	-
93.671 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			
Direct		2,144,676	1,278,443
93.671 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services Total		2,144,676	1,278,443
93.674 John H. Chafee Foster Care Program for Successful Transition to Adulthood			
Direct		826,890	260,491
93.674 John H. Chafee Foster Care Program for Successful Transition to Adulthood Total		826,890	260,491
93.686 Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B			
Direct		46,926	-
93.686 Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B Total		46,926	-
93.758 Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)			
Direct		1,071,242	61,366
93.758 Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) Total		1,071,242	61,366

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
93.767 Children's Health Insurance Program Direct		194,862,484	-
93.767 Children's Health Insurance Program Total		194,862,484	-
93.788 Opioid STR Direct		19,188,887	13,192,578
93.788 Opioid STR Total		19,188,887	13,192,578
93.791 Money Follows the Person Rebalancing Demonstration Direct		345,728	-
93.791 Money Follows the Person Rebalancing Demonstration Total		345,728	-
93.817 Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities Direct		2,366,998	2,366,814
93.817 Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities Total		2,366,998	2,366,814
93.870 Maternal, Infant and Early Childhood Home Visiting Grant The Children's Trust of South Carolina	X10MC31169; S-MIEC-F-2017-5-1 X10MC32219;S-MIEC-F-2018-5-1	57,216 124,315 181,531	- - -
The Children's Trust of South Carolina Total		181,531	-
93.870 Maternal, Infant and Early Childhood Home Visiting Grant Total		181,531	-
93.889 COVID-19 National Bioterrorism Hospital Preparedness Program Direct		39,137	-
The South Carolina Hospital Association	1 U3REP200666-01-00	7,500	-
The South Carolina Hospital Association Total		7,500	-
93.889 COVID-19 National Bioterrorism Hospital Preparedness Program Total		46,637	-
93.889 National Bioterrorism Hospital Preparedness Program Direct		1,875,561	688,930
93.889 National Bioterrorism Hospital Preparedness Program Total		1,875,561	688,930
93.898 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations Direct		5,632,549	642,869
93.898 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations Total		5,632,549	642,869
93.917 HIV Care Formula Grants Direct		39,195,552	18,234,559
93.917 HIV Care Formula Grants Total		39,195,552	18,234,559
93.940 HIV Prevention Activities Health Department Based Direct		5,750,342	1,190,406
93.940 HIV Prevention Activities Health Department Based Total		5,750,342	1,190,406
93.958 Block Grants for Community Mental Health Services Direct		10,703,515	-
93.958 Block Grants for Community Mental Health Services Total		10,703,515	-
93.959 Block Grants for Prevention and Treatment of Substance Abuse Direct		22,976,876	20,917,840
93.959 Block Grants for Prevention and Treatment of Substance Abuse Total		22,976,876	20,917,840
93.977 Sexually Transmitted Diseases (STD) Prevention and Control Grants Direct		1,547,546	44,037
93.977 Sexually Transmitted Diseases (STD) Prevention and Control Grants Total		1,547,546	44,037
93.982 Mental Health Disaster Assistance and Emergency Mental Health Direct		222,336	-
93.982 Mental Health Disaster Assistance and Emergency Mental Health Total		222,336	-

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
93.991 Preventive Health and Health Services Block Grant Direct		523,028	70,379
93.991 Preventive Health and Health Services Block Grant Total		523,028	70,379
93.994 Maternal and Child Health Services Block Grant to the States Direct		12,276,962	347,890
93.994 Maternal and Child Health Services Block Grant to the States Total		12,276,962	347,890
Department of Health and Human Services Total		817,241,391	150,070,020
Corporation for National and Community Service 94.006 AmeriCorps Direct		52,560	2,551
94.006 AmeriCorps Total		52,560	2,551
Corporation for National and Community Service Total		52,560	2,551
Executive Office of the President 95.001 High Intensity Drug Trafficking Areas Program Direct		557,803	-
95.001 High Intensity Drug Trafficking Areas Program Total		557,803	-
Executive Office of the President Total		557,803	-
Department of Homeland Security 97.008 Non-Profit Security Program Direct		10,993	10,993
97.008 Non-Profit Security Program Total		10,993	10,993
97.012 Boating Safety Financial Assistance Direct		2,565,682	-
97.012 Boating Safety Financial Assistance Total		2,565,682	-
97.023 Community Assistance Program State Support Services Element (CAP-SSSE) Direct		207,454	-
97.023 Community Assistance Program State Support Services Element (CAP-SSSE) Total		207,454	-
97.029 Flood Mitigation Assistance Direct		207,717	174,825
97.029 Flood Mitigation Assistance Total		207,717	174,825
97.036 COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) Direct		15,836,953	1,038,675
97.036 COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) Total		15,836,953	1,038,675
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) Direct		74,194,936	70,352,769
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) Total		74,194,936	70,352,769
97.039 Hazard Mitigation Grant Direct		18,290,122	17,383,063
97.039 Hazard Mitigation Grant Total		18,290,122	17,383,063
97.041 National Dam Safety Program Direct		201,864	-
97.041 National Dam Safety Program Total		201,864	-
97.042 Emergency Management Performance Grants Direct		5,811,447	5,811,447
97.042 Emergency Management Performance Grants Total		5,811,447	5,811,447

Grantor/Assistance Listing/Title NonCluster Programs	Pass-Through Grant Number	Federal Expenditures	Subrecipient Expenditures
97.043 State Fire Training Systems Grants			
Direct		17,626	-
97.043 State Fire Training Systems Grants Total		17,626	-
97.044 Assistance to Firefighters Grant			
Direct		80,171	-
97.044 Assistance to Firefighters Grant Total		80,171	-
97.045 Cooperating Technical Partners			
Direct		2,191,489	-
97.045 Cooperating Technical Partners Total		2,191,489	-
97.046 Fire Management Assistance Grant			
Direct		782	-
97.046 Fire Management Assistance Grant Total		782	-
97.047 BRIC: Building Resilient Infrastructure and Communities			
Direct		389,735	354,955
97.047 BRIC: Building Resilient Infrastructure and Communities Total		389,735	354,955
97.056 Port Security Grant Program			
Direct		45,263	-
97.056 Port Security Grant Program Total		45,263	-
97.067 Homeland Security Grant Program			
Direct		3,273,265	1,638,161
97.067 Homeland Security Grant Program Total		3,273,265	1,638,161
97.082 Earthquake Consortium			
Direct		31,844	-
97.082 Earthquake Consortium Total		31,844	-
97.088 Disaster Assistance Projects			
Direct		1,481,882	-
97.088 Disaster Assistance Projects Total		1,481,882	-
97.133 Preparing for Emerging Threats and Hazards			
Direct		326,755	-
97.133 Preparing for Emerging Threats and Hazards Total		326,755	-
Department of Homeland Security Total		125,165,980	96,764,888
Total NonCluster Programs		1,690,974,338	702,718,925
TOTAL FEDERAL EXPENDITURES		\$ 8,976,607,879	\$ 1,307,684,467

Notes to the Schedule of Expenditures of Federal Awards

STATE OF SOUTH CAROLINA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Entity

For purposes of complying with the Single Audit Act Amendments of 1996 and Uniform Guidance, the State of South Carolina (the State) is defined in a manner consistent with the entity defined in the basic financial statements as of and for the year ended June 30, 2020, except that certain agencies and component units included in the basic financial statements are excluded in the accompanying Schedule of Expenditures of Federal Awards because these agencies and component units engaged other auditors to perform an audit in accordance with the Single Audit Act and Uniform Guidance, as applicable. The excluded agencies and component units for the year ended June 30, 2020 are as follows:

Aiken Technical College	Northeastern Technical College
Central Carolina Technical College	Orangeburg-Calhoun Technical College
Clemson University	Piedmont Technical College
Coastal Carolina University	South Carolina State University
College of Charleston	Spartanburg Community College
Denmark Technical College	State Housing Finance and Development Authority
Department of Employment and Workforce	Technical College of the Lowcountry
Department of Transportation	The Citadel
Florence-Darlington Technical College	Tri-County Technical College
Francis Marion University	Trident Technical College
Greenville Technical College	University of South Carolina
Horry-Georgetown Technical College	Williamsburg Technical College
Lander University	Winthrop University
Medical University of South Carolina	York Technical College
Midlands Technical College	

Basis of Accounting

The expenditures presented in the accompanying Schedule of Expenditures of Federal Awards were developed from the South Carolina Enterprise Information System (SCEIS). SCEIS is the State's accounting system which serves as the primary source of information in the preparation of the State's financial statements.

The expenditures reported in Schedule 1 and the related note disclosures are reported in accordance with 2 CFR 200.502. Federal revenues and expenditures are included primarily in the governmental funds in the State's financial statements.

Non-Cash Federal Programs

The State is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "non-cash programs". The distributions under these programs are included in the accompanying Schedule of Expenditures of Federal Awards.

STATE OF SOUTH CAROLINA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Cash Federal Programs (Continued)

As of June 30, 2020 there were non-cash expenditures that occurred within the State. The non-cash expenditures are listed below.

Program Title	Assistance Listing	Non-Cash Expenditure
National School Lunch Program	10.555	\$29,527,507
Donation of Federal Surplus Property	39.003	\$3,370,341
American Printing House for the Blind	84.U01	\$56,430
Immunization and Vaccines for Children Program	93.268	\$67,798,493

Assistance Listings

The Catalog of Federal Domestic Assistance (CFDA) is a government-wide listing of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number) which is reflected in Schedule 1 as assigned by the beta.sam.gov website. The CFDA may also be referred to as Assistance Listings.

Federal financial assistance programs and contracts which have not been assigned a CFDA number or, where management has been unable to determine the CFDA number, are considered "Other Federal Assistance" and identified with the federal agency two-digit prefix and a State-assigned suffix in Schedule 1 (State agencies traditionally use U0# as the suffix).

NOTE 2 - DE MINIMIS INDIRECT COST RATE

The auditee did not use the de minimis cost rate.

NOTE 3 - LOAN PROGRAMS

For loan and loan guarantees, the Uniform Guidance states that since the federal government is at risk for loans until the debt is repaid it must be used to calculate the value of federal awards expended under loan programs. There were no outstanding federal loan balances and loan guarantees at the end of the year.

NOTE 4 - MATCHING COST

Matching costs, or the non-federal share of certain program costs, are included in the accompanying Schedule of Expenditures of Federal Awards when the federal and State portions of costs are combined and the State portion cannot be separately identified.

NOTE 5 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards are prepared on the basis explained in Note 1, and do not necessarily agree with amounts reported using regulations and guidelines of individual agencies or grants.

STATE OF SOUTH CAROLINA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

NOTE 6 - WIC REBATES

During the fiscal year ended June 30, 2020, the South Carolina Department of Health and Environmental Control received cash rebates from infant formula manufacturers in the amount of \$25,051,511 on sales of formula to participants in the WIC program (Assistance Listing 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs.

NOTE 7 - PASSTHROUGH OF EXPENDITURES WITHIN REPORTING ENTITIES

Some State entities transfer federal assistance to other State entities such as a pass-through of funds by the primary recipient State entity to a subrecipient State entity. In this case, the federal expenditures are only reported once on the Schedule of Expenditures of Federal Awards. This method avoids duplication and the overstatement of the aggregate level of federal financial assistance expended by the State.

NOTE 8 - UNAUDITED PERSONAL PROTECTIVE EQUIPMENT DONATED

As of June 30, 2020, there was personal protective equipment donated to the State. The unaudited fair market value of the donated personal protective equipment is listed below.

Program Title	Assistance Listing	Agency	Fair Market Value
COVID-19 Donations	93.U01	SC Department of Mental Health	\$20,104
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	SC Office of the Adjutant General	\$898,050
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	SC Department of Health and Environmental Control	\$5,058,430

Schedule of Findings and Questioned Costs

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS**Financial Statements**

Type of auditor’s report issued:	<i>Unmodified</i>	
Internal control over financial reporting:		
Material weaknesses identified?	<u> </u> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	<input checked="" type="checkbox"/> yes	<u> </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<u> </u> none reported
Type of auditor’s report issued on compliance for major programs:		
	<i>Unmodified</i> for all major programs except for the following programs which were <i>qualified</i> :	
	12.401, 93.659, 93.767, and Medicaid Cluster	

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS (CONTINUED)

Any audit findings disclosed that are required
 to be reported in accordance with 2 CFR 200.516(a) yes no
 of the Uniform Guidance?

Identification of major programs:

Assistance

<u>Listing</u>	<u>Name of Federal Program or Cluster</u>
12.401	National Guard Military Operations and Maintenance (O&M) Projects
64.005	Grants to States for Construction of State Home Facilities
84.010	Title I Grants to Local Education Agencies
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.767	Children’s Health Insurance Program
93.788	Opioid STR
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
Various ¹	Aging Cluster
Various ¹	Medicaid Cluster
Various ¹	SNAP Cluster
Various ¹	Special Education Cluster (IDEA)

¹ – See Schedule of Expenditures of Federal Awards for Assistance Listing

Dollar threshold used to distinguish between
 Type A and Type B programs: \$ 26,929,823

Auditee qualified as low-risk auditee? yes no

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA COMPTROLLER GENERAL'S OFFICE (E12)

2020 – 001. Financial Reporting - Preparation of Statewide Accounting Records and Comprehensive Annual Financial Report (Annual Report) Comptroller General's Office

Criteria: Statements on Auditing Standards (AU-C 200.14) requires that Management acknowledge and understand that they have responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: Internal controls over financial reporting were inadequate to prevent or detect misstatements during the preparation of the State's Comprehensive Annual Financial Report (Annual Report) and in the supporting accounting records, requiring the Comptroller General's Office (CGO) to post adjustments to the State's Annual Report.

Context: The CGO is responsible for compilation of the Annual Report from reporting packages and audited financial statements submitted from State agencies. There were several misstatements in the compilation of the Annual Report which were not detected or corrected by the CGO supervisory staff during the review process and as a result, audit adjustments were recorded.

Cause: These errors were not detected during CGO supervisory staff review.

Effect: Amounts included in the financial statements were inaccurate and as a result audit adjustments were required.

Recommendation: We recommend the CGO review its current processes and procedures over identifying and recording adjustments related to reporting packages and other audited financial statements for inclusion in the statewide Annual Report and strengthen its review procedures.

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 128.

2020 – 002. Financial Reporting – Accuracy and Timeliness of Agency Reporting Packages – Adjutant General's Office/Election Commission

Criteria: Section 1.7 of the Comptroller General's Reporting Policies and Procedures Manual states, "Each agency's executive director and finance director are responsible for submitting to the Comptroller General's Office reporting packages that are accurate and prepared in accordance with instructions, complete, and timely." This requirement acts as a control over financial reporting for the State's financial statements.

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA COMPTROLLER GENERAL'S OFFICE (E12) (CONTINUED)

2020 – 002. Financial Reporting – Accuracy and Timeliness of Agency Reporting Packages – Adjutant General's Office/Election Commission (Continued)

Condition: Internal controls over the financial close and reporting process related to grants and contributions reporting packages were inadequate to ensure accurate and timely submission of the grants and contributions reporting package to the Comptroller General's Office (CGO).

Context: Agencies are responsible for submitting to the CGO reporting packages that are accurate and prepared in accordance with CGO directives. The Adjutant General's Office and Election Commission submitted untimely and inaccurate reporting packages to CGO.

Cause: Agency reporting packages were submitted to CGO late and contained errors that were not detected by agency supervisory staff review.

Effect: Untimely submissions by the agencies caused delays in the State's Comprehensive Annual Financial Report preparation. Additionally, errors in the reporting packages resulted in audit adjustments.

Recommendation: We recommend that the agencies review their procedures over reporting package preparation and submission to ensure reporting packages are submitted in accordance with CGO directives.

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plans at page 129 and 131.

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES (J02)

2020 – 003. Allowable Costs/Cost Principles – Federal Share of Recoveries / Collections; Special Tests and Provisions

Federal Agency: Department of Health and Human Services

Federal Program Title: Medicaid Cluster

Assistance Listing: 93.775, 93.777, 93.778

Federal Grant ID Number: 05-1905SC5MAP, 05-2005SC5MAP

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES (J02)
(CONTINUED)

2020 – 003. Allowable Costs/Cost Principles – Federal Share of Recoveries / Collections; Special Tests and Provisions (Continued)

Criteria: Per 42 CFR 433.12 (c), the State is required to credit the Medicaid program for “...overpayments made to Medicaid providers...” In addition, Title 45 Section 2500.6 B of the Centers for Medicare & Medicaid Services’ (CMS) State Medicaid Manual states to “...determine the date or period of the expenditure for which the refund is made to establish the [Federal Medical Assistance Percentage] at which the original expenditure was matched by the federal government. Make refunds of the federal share at the FMAP for which you were reimbursed.”

Condition: The Department did not remit the federal share of recoveries and collections to the Medicaid program in accordance with federal regulations and the State Medicaid Manual.

Questioned Costs: Unknown

Context: We tested 60 receivables to ensure the Department properly credited the Medicaid program for the federal share of identified overpayments. For three receivables tested, the Department used the incorrect federal medical assistance percentage to calculate the federal share which resulted in an underpayment of \$288 to the federal grantor.

This is a repeat finding from the FY19 Single Audit. The Department stated on its Summary Schedule of Prior Year Audit Findings that this issue was “Fully Corrected with Previously Reported Corrective Action Implemented”. Due to this issue repeating for FY20, this issue has not been fully corrected.

Cause: Department personnel used the incorrect period of overpayment calculating and remitting the refunds due to human error.

Effect: The Department’s control procedures did not detect the errors identified in our testing which could lead to further improper remittances.

Recommendation: We recommend the Department continue its efforts to strengthen controls to ensure the federal share of recoveries and collections are remitted in accordance with applicable federal and State requirements.

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES (J02)
(CONTINUED)

2020 – 003. Allowable Costs/Cost Principles – Federal Share of Recoveries / Collections; Special Tests and Provisions (Continued)

Prior Year Single Audit Finding Number: 2019-003

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 132.

2020 – 004. Documentation of Eligibility

Federal Agency: Department of Health and Human Services

Federal Program Title: Medicaid Cluster; Children's Health Insurance Program (CHIP)

Assistance Listing: 93.775, 93.777, 93.778; 93.767

Federal Grant ID Number: 05-1905SC5MAP, 05-2005SC5MAP; 05-1805SC5021

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 42 CFR 435.914 (a) states, "The agency must include in each applicant's case record facts to support the agency's decision on his application." In addition, Section 4.7 of the Department's Title XIX (Medicaid) State Plan (Maintenance of Records) affirms that it meets the requirements outlined in 42 CFR 431.17 (b), which states, "A State plan must provide that the Medicaid agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan." Furthermore, the Department's Title XXI (CHIP) State Plan attests that CHIP will operate as a Medicaid expansion program; therefore, the aforementioned regulations apply to both programs.

Condition: Eligibility files did not contain adequate documentation to support the Medicaid and CHIP recipients' eligibility statuses.

Questioned Costs: Unknown

Context: We tested 120 individual recipients (60 each for Medicaid and CHIP) to ensure the Department was in compliance with applicable eligibility requirements. We determined the Department did not maintain adequate documentation of eligibility for six Medicaid recipients and three CHIP recipients.

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES (J02)
(CONTINUED)

2020 – 004. Documentation of Eligibility (Continued)

Cause: The Department transitioned to an online eligibility system, the Medicaid Eligibility Determination System (MEDS), in July 2013. According to Department personnel, documentation in some of the paper files may not have been scanned into the system since the transition. For cases opened after the transition, the omissions were due to worker error.

Effect: The Department could not support eligibility determinations in accordance with its State plan.

Recommendation: We recommend the Department continue its efforts to maintain documentation to support eligibility determinations in accordance with its State plan and federal regulations.

Prior Year Single Audit Finding Number: 2019-005

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 133.

2020 – 005. Discontinuation of Benefits

Federal Agency: Department of Health and Human Services

Federal Program Title: Children's Health Insurance Program (CHIP)

Assistance Listing: 93.767

Federal Grant ID Number: 05-1805SC5021

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2019

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Section 4.32 of the Department's Title XIX (Medicaid) State Plan (Income and Eligibility Verification System) affirms that it meets the requirements outlined in 42 CFR 435.930 (b), which states in part, "The agency must...continue to furnish Medicaid regularly to all eligible individuals until they are found to be ineligible." In addition, the Department's Title XXI (CHIP) State Plan attests that CHIP will operate as a Medicaid expansion program; therefore, the aforementioned regulation applies to both programs.

Condition: The Department did not consistently discontinue the benefits of ineligible recipients.

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES (J02)
(CONTINUED)

2020 – 005. Documentation of Benefits (Continued)

Questioned Costs: \$5,851

Context: We tested 60 individual recipients to ensure the Department was in compliance with applicable eligibility requirements. We determined the Department did not discontinue the benefits of three recipients on the dates they became ineligible.

Cause: Department personnel stated the closure process for these recipients ultimately was not completed due to their interpretation of the Families First Coronavirus Response Act.

Effect: The Department was not in compliance with applicable eligibility requirements. In addition, payments were made on behalf of ineligible recipients.

Recommendation: We recommend the Department discontinue the benefits of ineligible recipients in accordance with its State plan and federal regulations.

Prior Year Single Audit Finding Number: 2019-006

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 135.

2020 – 006. Annual Eligibility Reviews

Federal Agency: Department of Health and Human Services

Federal Program Title: Medicaid Cluster; Children's Health Insurance Program (CHIP)

Assistance Listing: 93.775, 93.777, 93.778; 93.767

Federal Grant ID Number: 05-1905SC5MAP, 05-2005SC5MAP, 05-1805SC5021, 05-1905SC5022

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2020

Type of Finding: Material weakness in internal control over compliance, material noncompliance

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SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES (J02)
(CONTINUED)

2019 – 006. Annual Eligibility Reviews (Continued)

Criteria: Section 2.1 of the Department's Title XIX (Medicaid) State Plan (Application, Determination of Eligibility and Furnishing Medicaid) affirms that it meets the requirements outlined in 42 CFR Part 435.916, which states in part, "the agency must promptly determine eligibility between regular renewals of eligibility." In addition, Section 101.10 of the South Carolina Medicaid Policies and Procedures Manual states that the Department must complete an annual review for certain payment categories. Furthermore, the Department's Title XXI (CHIP) State Plan attests that CHIP will operate as a Medicaid expansion program; therefore, the aforementioned regulation and policies apply to both programs.

Condition: The Department did not consistently perform timely annual eligibility reviews for Medicaid and CHIP recipients in accordance with Section 101.10 of the South Carolina Medicaid Policies and Procedures Manual.

Questioned Costs: Unknown

Context: We tested 120 individual recipients (60 each for Medicaid and CHIP) to ensure the Department was in compliance with applicable eligibility requirements. We determined the Department did not comply with the annual review requirement for 22 Medicaid recipients and 21 CHIP recipients.

Cause: Department personnel stated they did not comply with the annual review requirement for these recipients due to backlog in case processing.

Effect: In the absence of an annual review, Medicaid and CHIP recipients may continue to receive benefits without meeting eligibility requirements.

Recommendation: We recommend eligibility reviews be performed annually in accordance with the South Carolina Medicaid Policies and Procedures Manual.

Prior Year Single Audit Finding Number: 2019-007

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 138.

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SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION – EXECUTIVE BUDGET OFFICE
(D50)

2020 – 007. Statewide Cost Allocation Plan (SWCAP)

Federal Agency: U.S. Department of Health and Human Services

Federal Program Title: Statewide Cost Allocation Plan (SWCAP)

Assistance Listing: Not applicable

Federal Grant ID Number: Not applicable

Pass-Through Entity: Not applicable

Award Period: Not applicable

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 2 CFR § 200.404, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-federal entity is predominantly federally-funded.

Per 2 CFR § 200.334 (f), non-federal entities need to retain documentation related to indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates) for audits.

Condition: The Executive Budget Office (Office) was unable to provide the 2018 SWCAP and supporting documentation.

Questioned Costs: Undetermined

Context: Because the Office could not provide us with a federally approved 2018 SWCAP and supporting documentation in accordance with federal regulations, we were unable to perform audit procedures.

Cause: The Office could not provide a federally approved 2018 SWCAP and supporting documentation for audit.

Effect: The lack of an approved SWCAP increases the risk that unallowable costs will be claimed for federal reimbursement.

Recommendation: We recommend the Office submit the SWCAP in a timely manner for federal approval.

Prior Year Single Audit Finding Number: 2019-008

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SOUTH CAROLINA DEPARTMENT OF ADMINISTRATION – EXECUTIVE BUDGET OFFICE
(D50) (CONTINUED)

2020 – 007 Statewide Cost Allocation Plan (SWCAP) (Continued)

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 141.

SOUTH CAROLINA DEPARTMENT ON AGING (L06)

2020 – 008. Subrecipient Monitoring

Federal Agency: Department of Health and Human Services

Federal Program Title: Aging Cluster

Assistance Listing: 93.044, 93.045, 93.053

Federal Grant ID Number: Various

Pass-Through Entity: Not applicable

Award Period: Various

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 45 CFR § 1321.11 directs the State agency to develop policies to address the manner in which it will monitor the performance of all programs and activities for quality and effectiveness.

Condition: The Department failed to comply with its policies for monitoring the programs and activities of its subrecipients.

Questioned Costs: Unknown

Context: Our test of subrecipients indicated progress had been made with the implementation of corrective action to address this finding reported in the prior year. However, the annual onsite visits and monitoring required by Department policy were not fully completed for the five subrecipients selected for testing.

Cause: The Department's ability to perform onsite visits and monitoring of subrecipients was constrained significantly by the global pandemic.

Effect: Subrecipient programs and activities were not monitored in accordance with Department policies and federal requirements.

Recommendation: We recommend that the Department continue to implement policies and procedures to facilitate compliance with Department and federal monitoring requirements.

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SOUTH CAROLINA DEPARTMENT ON AGING (L06) (CONTINUED)

2020 – 008. Subrecipient Monitoring (Continued)

Prior Year Single Audit Report Finding Number: 2019-025

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 142.

2020 – 009. Matching

Federal Agency: Department of Health and Human Services

Federal Program Title: Aging Cluster

Assistance Listing: 93.044, 93.045, 93.053

Federal Grant ID: 17AASCT3SS, 17AASCT3CM, 17AASCT3HD

Pass-Through Entity: Not applicable

Award Period: October 1, 2016 through September 30, 2019

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Matching requirements of the program are mandated by 45 CFR § 1321.47 as follows: The statewide non-federal share for State or area plan administration must not be less than 25 percent of the funds used under this part. All services statewide, including ombudsman services and services funded under Title III-B, C, D, E and F, must be funded on a statewide basis with a non-federal share of not less than 15 percent. Matching requirements for individual area agencies are determined by the State agency.

Condition: Discrepancies existed between non-federal share amounts reported to meet matching requirements and the supporting accounting records.

Questioned Costs: Unknown

Context: The 2017 Title III-B and C grants, which closed during the audit period, were selected for detailed testing. While the total recipient share of expenditures reported for each grant met or exceeded the total share required, in comparison to the accounting system, the non-federal share amounts reported were overstated for administration and understated for services. These classification discrepancies totaled several hundred thousand dollars across all three Title III-B and C grants.

Cause: The Department chose to reclassify some non-federal services expenditures recorded in the accounting system as non-federal administration expenditures on the federal report.

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SOUTH CAROLINA DEPARTMENT ON AGING (L06) (CONTINUED)

2020 – 009. Matching (Continued)

Effect: The Department's accounting system does not support the amounts reported for non-federal administration and services expenditures. The risk of noncompliance is greater when classification discrepancies exist between amounts reported and the Department's accounting system.

Recommendation: We recommend that policies and procedures are put in place to ensure that non-federal share reported for each matching requirement is supported by and agrees to the Department's accounting system.

Prior Year Single Audit Report Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 142.

SOUTH CAROLINA DEPARTMENT OF EDUCATION (H63)

2020 – 010. Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Federal Agency: US Department of Education

Federal Program Title: Special Education Cluster (IDEA)

Assistance Listing: 84.027 and 84.173

Federal Grant ID Number: H027A170081

Pass-Through Entity: Not applicable

Award Period: July 01, 2017 through September 30, 2019

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 2 CFR § 200.303 Internal controls, the non-federal entity must: (a) Establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: An expenditure was posted to the incorrect fiscal year.

Questioned Costs: None

Context: One of thirty-two expenditures was posted to the incorrect fiscal year without being marked as a prior period expenditure.

STATE OF SOUTH CAROLINA
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SOUTH CAROLINA DEPARTMENT OF EDUCATION (H63) (CONTINUED)

2020 – 010. Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)

Cause: The Department's internal controls failed to detect an expenditure posted to the incorrect fiscal year.

Effect: Expenditure reported incorrectly.

Recommendation: We recommend that the Department strengthen internal controls regarding expenditure approval to ensure that expenditures are posted to the correct fiscal year.

Prior Year Single Audit Finding Number: Not Applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 144.

SOUTH CAROLINA VOCATIONAL REHABILITATION DEPARTMENT (H73)

2020 – 011. Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program Title: Rehabilitation Services-Vocational Rehabilitation Grants to States Assistance Listing No.: 84.126

Federal Grant ID Number: H126A180060

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2019

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: For costs to be allowable under federal awards, 2 CFR 200.403(c) requires that applicable policies and procedures must be applied uniformly to both federally-financed and other activities of the non-federal entity.

Additionally, 2 CFR 200.313(b) requires a State to use, manage and dispose of equipment acquired under a federal award in accordance with State laws and procedures.

Finally, the State of South Carolina Comptroller General's Reporting Policies and Procedures Manual describes how equipment should be tracked for the purpose of ensuring compliance with the annual inventory requirements mandated by Section 10-1-140 of the South Carolina Code of Laws.

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SOUTH CAROLINA VOCATIONAL REHABILITATION DEPARTMENT (H73) (CONTINUED)

2020 – 011. Allowable Costs/Cost Principles (Continued)

Condition: Equipment was purchased and not managed in accordance with certain State procedures.

Questioned Costs: Undetermined

Context: One of the disbursement transactions selected for testing included a preapproved purchase of numerous equipment items, some of which were not tracked by the Department in accordance with State policy. The amount of the equipment purchase that should have been tracked was not determined in our testing.

Cause: Department controls failed to identify the purchase as equipment.

Effect: Federally funded equipment was not tracked in accordance with State policy.

Recommendation: We recommend that the Department implement procedures to ensure any equipment purchased with federal funding is managed in accordance with State requirements.

Prior Year Single Audit Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 146.

SOUTH CAROLINA COMMISSION FOR THE BLIND (L24)

2020 – 012. Earmarking

Federal Agency: Department of Education

Federal Program Title: Rehabilitation Services-Vocational Rehabilitation Grants to States Assistance Listing No.: 84.126

Federal Grant ID Number: H126A180061

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2019

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 29 USC 730(d)(1) requires States to reserve no less than fifteen percent of the allotted funds to be spent for the provision of pre-employment transition services.

Condition: The Commission was not in compliance with the pre-employment transition services earmarking requirement.

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SOUTH CAROLINA COMMISSION FOR THE BLIND (L24) (CONTINUED)

2020 – 012. Earmarking (Continued)

Questioned Costs: None

Context: Testing of the one grant that closed during the audit period revealed that the amount charged to the grant for pre-employment transition services did not meet the fifteen percent requirement.

Cause: Commission controls failed to ensure that the earmarking requirement was met prior to finalizing the grant.

Effect: The Commission was not in compliance with the federal earmarking requirement.

Recommendation: We recommend that the Commission implement procedures to ensure that spending requirements for pre-employment transition services are met before the grant is closed.

Prior Year Single Audit Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 147.

2020 – 013. Reporting

Federal Agency: Department of Education

Federal Program Title: Rehabilitation Services-Vocational Rehabilitation Grants to States Assistance Listing No.: 84.126

Federal Grant ID Number: Various

Pass-Through Entity: Not applicable

Award Period: Various

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 34 CFR §361.47 requires States to maintain a case record for each applicant and eligible individual that must include documentation to support eligibility determinations, development of an individualized plan for employment, services provided, and case closure. Much of the information contained in these case records is reported as key data elements in the Case Service Report (RSA-911).

Condition: Key data elements reported on the Commission's RSA-911 performance reports did not agree with underlying case records.

Questioned Costs: None

Context: Two quarterly RSA-911 reports were selected for testing and the key data elements of twenty individuals were tested from each report. Discrepancies were noted

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SOUTH CAROLINA COMMISSION FOR THE BLIND (L24) (CONTINUED)

2020 – 013. Reporting (Continued)

for one application date, one eligibility determination date, three IPE dates, and one hourly rate at exit.

Cause: Commission controls failed to identify and correct the discrepancies noted in the RSA-911 reports prior to submission, and subsequent corrections were not possible through the RSA-911 reporting process.

Effect: Some of the data fields reported in the RSA-911 are inconsistent with the applicable supporting records.

Recommendation: We recommend that the Commission continue implementation of the associated corrective action plan.

Prior Year Single Audit Finding Number: 2019-028

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 147.

2020 – 014. Reporting

Federal Agency: Department of Education

Federal Program Title: Rehabilitation Services-Vocational Rehabilitation Grants to States

Assistance Listing No.: 84.126

Federal Grant ID Number: Various

Pass-Through Entity: Not applicable

Award Period: Various

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 34 CFR §361.40(a)(2), the designated State agency must comply with any requirements necessary to ensure the accuracy and verification of reports.

Condition: Discrepancies existed between federal financial reports and the Commission's supporting records.

Questioned Costs: None

Context: The 2019 RSA-2 Annual Vocational Rehabilitation Program/Cost Report and the final SF-425 report for the 2018 grant were selected for testing. Several of the items reported in Schedules I and III of the RSA-2 report did not agree to the Commission's supporting records. Additionally, the indirect expense base amount in the SF-425 report was not adequately supported by Commission documentation.

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SOUTH CAROLINA COMMISSION FOR THE BLIND (L24) (CONTINUED)

2020 – 014. Reporting (Continued)

Cause: Some of the original supporting data for the RSA-2 report was corrupted in a data loss event and the Commission was unable to reconstruct the lost data in the level of detail necessary to fully support the report. Staffing shortages and turnover also contributed to the discrepancies.

Effect: Some reported information could not be verified.

Recommendation: We recommend that the Commission develop and implement policies and procedures that ensure the security of all data compiled to support federal reports.

Prior Year Single Audit Finding Number: 2019-029

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 148.

2020 – 015. Cash Management

Federal Agency: Department of Education

Federal Program Title: Rehabilitation Services-Vocational Rehabilitation Grants to States Assistance Listing No.: 84.126

Federal Grant ID Number: H126A180061; H126A190061

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 2 CFR §200.303 requires non-federal entities to establish and maintain effective internal controls that ensure material compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Condition: Cash management compliance was not documented for some drawdowns.

Questioned Costs: Unknown

Context: For two of three drawdowns tested, adequate documentation was not maintained to support the amount of the drawdown.

Cause: The Commission had not completely implemented the corrective action associated with the finding from the prior year.

Effect: The Commission may drawdown funds in excess of eligible reimbursable expenditures.

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SOUTH CAROLINA COMMISSION FOR THE BLIND (L24) (CONTINUED)

2020 – 015. Cash Management (Continued)

Recommendation: We recommend that the Commission continue implementing the corrective action plan and strengthen the associated controls to ensure compliance is clearly documented.

Prior Year Single Audit Finding Number: 2019-030

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 148.

2020 – 016. Activities Allowed or Unallowed & Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program Title: Rehabilitation Services-Vocational Rehabilitation Grants to States Assistance Listing No.: 84.126

Federal Grant ID Number: H126A190061

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 2 CFR § 200.430 (a) states that the costs of compensation are allowable to the extent that the total compensation for individual employees is reasonable for the services rendered and conforms to the established written policy of the non-federal entity consistently applied to both federal and non-federal activities.

Condition: The allocation of some compensation costs was inadequately supported or improperly applied.

Questioned Costs: Unknown

Context: Forty payroll disbursements were randomly selected for testing and discrepancies associated with allocation of compensation to multiple grants were identified for six employees in the test. For four of the employees, the Commission used an outdated percentage to allocate costs. For the other two employees, adequate documentation was not maintained to substantiate the allocation.

Cause: Commission controls failed to prevent the identified issues, but staffing shortages and turnover during the audit period were also contributing factors.

Effect: The Commission may overcharge the grant for personnel cost.

Recommendation: We recommend that the Commission implement procedures which will provide assurance that personnel charges are accurate, allowable, and properly allocated to applicable grants.

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SOUTH CAROLINA COMMISSION FOR THE BLIND (L24) (CONTINUED)

2020 – 016. Activities Allowed or Unallowed & Allowable Costs/Cost Principles (Continued)

Prior Year Single Audit Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 149.

2020 – 017. Activities Allowed or Unallowed & Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program Title: Rehabilitation Services-Vocational Rehabilitation Grants to States Assistance Listing No.: 84.126

Federal Grant ID Number: H126A180061; H126A190061

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 2 CFR §200.303 requires non-federal entities to establish and maintain effective internal controls that ensure material compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Condition: The Commission's internal control procedures for disbursements were not documented consistently and an overpayment was noted for one non-payroll disbursement tested.

Questioned Costs: \$64

Context: While compensating controls were identified, there was inadequate evidence of proper approval for thirty of the eighty-one non-payroll disbursements selected for testing. For one of these payments, it was also noted that the amount paid exceeded the maximum amount allowed by Commission policy.

Cause: The Commission failed to retain documentation demonstrating performance of their internal control process, established during a period of staffing shortages and turnover.

Effect: The Commission did not maintain adequate documentation to demonstrate compliance with its own control procedures.

Recommendation: We recommend that the Commission properly document all control procedures.

Prior Year Single Audit Finding Number: Not applicable

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SOUTH CAROLINA COMMISSION FOR THE BLIND (L24) (CONTINUED)

2020 – 017. Activities Allowed or Unallowed & Allowable Costs/Cost Principles (Continued)

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 149.

SOUTH CAROLINA OFFICE OF THE ADJUTANT GENERAL (E24)

2020 – 018. Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Federal Agency: Department of Defense

Federal Program Title: National Guard Military Operations and Maintenance (O&M) Projects

Assistance Listing No.: 12.401

Federal Grant ID Number: W912QG-20-2-1001, W912QG-20-2-1021

Pass-Through Entity: Not applicable

Award Period: October 1, 2019 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 2 CFR § 200.430 (a) Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the non-federal entity consistently applied to both federal and non-federal activities; (2) Follows an appointment made in accordance with a non-federal entity's laws and/or rules or written policies and meets the requirements of federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

Condition: Funding information on agency approved Personnel Action Form did not agree to selected SCEIS Remuneration Statement and SCEIS Labor Distribution Report data. Additionally, excess overtime costs, resulting from employee work outside the program, were charged to program grants.

Questioned Costs: \$309

Context: Information on agency approved Personnel Action Forms did not agree to selected SCEIS Remuneration Statement and SCEIS Labor Distribution Report data for one of forty tested employees. Additionally, for one of forty tested employees, hours worked outside the program resulted in excess overtime costs of \$309 being charged to program grants.

Cause: State Personnel Action Forms for program employees are not adequately reviewed on a routine basis. Additionally, SCEIS payroll system assigned all overtime costs to employee's primary funding stream (non-program hours were entered manually by agency human resource personnel).

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SOUTH CAROLINA OFFICE OF THE ADJUTANT GENERAL (E24) (CONTINUED)

2020 – 018. Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)

Effect: The Office is not in compliance with applicable activities/costs requirements. Program expenditures may be overstated.

Recommendation: We recommend that the Office implement policies and procedures to ensure that review of documentation related to program employee salaries occurs and is documented on a regular basis, and that hours for work outside the program completed by program employees and all resulting costs are reviewed for impact on program expenditures.

Prior Year Single Audit Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 150.

2020 – 019. Cash Management

Federal Agency: Department of Defense

Federal Program Title: National Guard Military Operations and Maintenance (O&M) Projects Assistance Listing No.: 12.401

Federal Grant ID Number: W912QG-20-2-1001, W912QG-20-2-1002

Pass-Through Entity: Not applicable

Award Period: October 1, 2019 through September 30, 2020

Type of Finding: Material weakness in internal control over compliance, material noncompliance

Criteria: Per National Guard Regulation (NGR) 5-1, Chapter 11-5, the grantee agrees to minimize the time elapsing between the transfer of funds from the U.S. Treasury and their disbursement by the State (no more than forty-five days).

Condition: Advanced funds for three transactions were not expended within the required timeframe to minimize the time elapsing between drawdown and disbursement.

Questioned Costs: None.

Context: For three of forty-three tested transactions, advanced funds drawn exceeded the subsequent forty-five days of expenditures.

Cause: SF-270 Report and supporting information were not adequately reviewed to ensure the proper amount of advance funds were requested in order to be expended within forty-five days. Internal controls over cash advances are inadequate.

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SOUTH CAROLINA OFFICE OF THE ADJUTANT GENERAL (E24) (CONTINUED)

2020 – 019. Cash Management (Continued)

Effect: The Office may not expend advanced funds in a timely manner in accordance with program regulations.

Recommendation: We recommend the Office implement and/or strengthen existing policies and procedures to ensure that advanced funds are expended in a timely manner in accordance with NGR 5-1, Chapter 11-5.

Prior Year Single Audit Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 151.

2020 – 020. Period of Performance

Federal Agency: Department of Defense

Federal Program Title: National Guard Military Operations and Maintenance (O&M) Projects

Assistance Listing No.: 12.401

Federal Grant ID Number: W912QG-20-2-1001; W912QG-18-2-1001

Pass-Through Entity: Not applicable

Award Period: October 1, 2019 through September 30, 2020; October 1, 2017 through September 30, 2018

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 2 CFR 200.309 states that a non-federal entity may charge to the federal award only allowable costs incurred during the period of performance (except as described in §200.461 Publication and printing costs) and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity. NGR 5-1, Chapter 11-10 requires the recipient provide a detailed listing of unliquidated claims and undisbursed obligations that will remain 90 days after the close of the federal fiscal year. Costs incurred in a federal fiscal year which are not disclosed by the recipient within 90 days of the end of the federal fiscal year, except costs associated with unliquidated claims and undisbursed obligations that the recipient has reported, shall not be eligible for reimbursement.

Condition: Expenditures were incurred prior to the start of the program's grant period of performance. Additionally, expenditures that occurred beyond ninety days after the close of the Federal Fiscal Year (FFY) were not included on the detailed listing of unliquidated claims and undisbursed obligations.

Questioned Costs: Undetermined

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SOUTH CAROLINA OFFICE OF THE ADJUTANT GENERAL (E24) (CONTINUED)

2020 – 020. Period of Performance (Continued)

Context: One of eight tested expenditure transactions for costs recorded during the first period of FFY20 program grants were incurred prior to the start of the grant's period of performance (October 1, 2019). Additionally, three of forty tested expenditure transactions recorded to program grants beyond 90 days after the close of the FFY were not included on the detailed listing of unliquidated claims and undisbursed obligations.

Cause: Transactions were not adequately reviewed to ensure expenditures occurred during period of performance, and were included on the detailed listing of unliquidated claims and undisbursed obligations when necessary.

Effect: Expenditures may be charged to program grants outside of the period of performance.

Recommendation: We recommend that the Office strengthen its internal controls to ensure that awarded funds are expended within the award's period of performance and/or listed on the detailed listing of unliquidated claims and undisbursed obligations when necessary.

Prior Year Single Audit Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 153.

2020 – 021. Reporting

Federal Agency: Department of Defense

Federal Program Title: National Guard Military Operations and Maintenance (O&M) Projects

Assistance Listing No.: 12.401

Federal Grant ID Number: W912QG-18-2-1002, W912QG-18-2-1021, W912QG-19-2-1007

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2018 and October 1, 2018 through September 30, 2019

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 2 CFR § 200.303 Internal controls, the non-federal entity must: (a) Establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller

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SOUTH CAROLINA OFFICE OF THE ADJUTANT GENERAL (E24) (CONTINUED)

2020 – 021. Reporting (Continued)

General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Total program expenditures reported on final reports did not agree to SCEIS accounting records.

Questioned Costs: None.

Context: For all three final reports tested, the reported total expenditure amount was not supported by SCEIS data. The total variance between the reports and SCEIS data was \$13,555.

Cause: SF-270 Report, Grant Close-Out Report, and supporting information were not adequately reviewed to ensure that total reported expenditures were complete, accurate, and agreed to accounting records.

Effect: Accounting records do not accurately reflect program expenditures; program expenditures for impacted grants may be misstated.

Recommendation: We recommend the Office strengthen its internal controls to ensure that the total reported expenditures for program grants agree to underlying accounting data (SCEIS).

Prior Year Single Audit Finding Number: Not Applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 154.

SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND DRUG ABUSE SERVICES (J20)

2020 – 022. Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Federal Agency: Department of Health and Human Services

Federal Program Title: Prevention and Treatment of Substance Abuse

Assistance Listing No.: 93.959

Federal Grant ID Number: 3B08TI010048-19S2, 6B08TI083037-01M002

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2021

Type of Finding: Material weakness in internal control over compliance, other matters

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND DRUG ABUSE SERVICES (J20)
(CONTINUED)

2020 – 022. Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)

Criteria: Per 2 CFR § 200.430 (a) Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the non-federal entity consistently applied to both federal and non-federal activities; (2) Follows an appointment made in accordance with a non-federal entity's laws and/or rules or written policies and meets the requirements of federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

Condition: The Department did not have adequate controls in place to ensure timesheets were properly completed and reviewed by a supervisor, maintained by the agency and that the time and effort documentation agreed to salary allocations in the accounting system.

Questioned Costs: Unknown

Context: For 18 out of 60 paychecks tested, there were multiple instances where the time and effort documentation was either missing, did not contain all the required signatures, or there were discrepancies between the grant percentages from the time and effort documentation and the funding percentages paid in the accounting system.

This is a repeat finding from the FY19 Single Audit. The Department stated on its Summary Schedule of Prior Year Audit Findings that this issue was “Fully Corrected with Previously Reported Corrective Action Implemented”. Due to this issue repeating for FY20, this issue has not been fully corrected.

Cause: Department controls failed to prevent the identified issues. Additionally, management prepared funding allocation spreadsheets to override the allocations based on the employee time and effort records.

Effect: The Department is not in compliance with applicable allowable activities/costs requirements.

Recommendation: We recommend the Department implement policies and procedures to ensure time and effort reports are properly completed, reviewed, and maintained.

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND DRUG ABUSE SERVICES (J20)
(CONTINUED)

2020 – 022. Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)

We also recommend the Department ensure the accounting system accurately reports actual time worked.

Prior Year Single Audit Finding Number: 2019-018

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 155.

2020 – 023. Subrecipient Monitoring

Federal Agency: Department of Health and Human Services

Federal Program Title: Strategic Targeted Response Opioid Crisis Grant; Prevention and Treatment of Substance Abuse

Assistance Listing No.: 93.788; 93.959

Federal Grant ID Number: Various

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2021

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 2 CFR §331 All pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes all of the information required by 2 CFR 331(a)(1)(i-xiii) at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward.

Condition: The Department communicated grant and program information to each subrecipient annually through a standardized contracting agreement; however, not all of the required information was included in the agreement.

Questioned Costs: None

Context: For eight of eight subrecipients tested for the Prevention and Treatment of Substance Abuse program and for six of six subrecipients tested for the Strategic

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND DRUG ABUSE SERVICES (J20)
(CONTINUED)

2020 – 023. Subrecipient Monitoring (Continued)

Targeted Response Opioid Crisis Grant program, the subaward documents did not include all of the information required by 2 CFR 200.331(a).

This is a repeat finding from the FY19 Single Audit. Due to a timing issue on implementation of corrective action, we reviewed subawards made after January 2020 and still noted missing elements on the agreements. The Department stated on its Summary Schedule of Prior Year Audit Findings that this issue was “Fully Corrected with Previously Reported Corrective Action Implemented”. Due to this issue repeating for FY20, this issue has not been fully corrected.

Cause: The Department’s internal controls failed to ensure adequate communication to the subrecipients through the annual subaward process as required by federal regulations.

Effect: The Department is not in compliance with federal subrecipient monitoring requirements.

Recommendation: We recommend the Department update its subrecipient agreements to incorporate all required information to ensure adequate communication to subrecipients and to ensure compliance with federal requirements.

Prior Year Single Audit Finding Number: 2019-017 (Assistance Listing No. 93.959 only)

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 155.

2020 – 024. Reporting

Federal Agency: Department of Health and Human Services

Federal Program Title: Strategic Targeted Response Opioid Crisis Grant; Prevention and Treatment of Substance Abuse

Assistance Listing No.: 93.788; 93.959

Federal Grant ID Number: 3B08TI010048-18S1, 6H79TI081720-01M002 and 3H79TI081720-01S1

Pass-Through Entity: Not applicable

Award Period: October 1, 2017 through September 30, 2021

Type of Finding: Significant deficiency in internal control over compliance, other matters

STATE OF SOUTH CAROLINA
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SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND DRUG ABUSE SERVICES (J20)
(CONTINUED)

2020 – 024. Reporting (Continued)

Criteria: Per 2 CFR § 200.303 Internal controls, the non-federal entity must: (a) Establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Financial reports were not reviewed by an employee other than the report preparer prior to submission.

Questioned Costs: None

Context: We tested the sole SF-425 reports submitted during fiscal year 2020 for both grant programs and noted that the reports were not reviewed by an individual separate from the preparer prior to submission.

Cause: Department personnel stated there was a new reporting process whereby the reports were completed and submitted online. They did not update their internal control process to ensure that a supervisory review of the report was performed.

Effect: Without supervisory review, there is an increased possibility of inaccurate reporting.

Recommendation: We recommend the Department strengthen controls to ensure that reports are properly reviewed by supervisory personnel before submission.

Prior Year Single Audit Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 156.

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND DRUG ABUSE SERVICES (J20)
(CONTINUED)

2020 – 025. Reporting

Federal Agency: Department of Health and Human Services

Federal Program Title: Opioid STR

Assistance Listing No.: 93.788

Federal Grant ID Number: 6H79TI081720-01M002 and 3H79TI081720-01S1

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2021

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 2 CFR § 200.333, financial records, supporting documents, statistical records, and all other non-federal entity records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Condition: Certain information reported on the Performance Progress Report (PPR) did not agree to supporting documentation provided by the Department.

Questioned Costs: None

Context: We tested the PPR submission that was due on December 31, 2019 to ensure the reasonableness and accuracy of the report and were unable to verify the information reported in sections 1 through 4.

Cause: Department personnel did not retain documentation to support information reported on the PPR.

Effect: The Department may report incorrect information to the Substance Abuse and Mental Health Services Administration (SAMHSA), an operating division of the Department of Health and Human Services (HHS).

Recommendation: We recommend the Department strengthen controls to ensure information reported to the SAMHSA is accurate and properly supported by documentation.

Prior Year Single Audit Finding Number: Not applicable

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND DRUG ABUSE SERVICES (J20)
(CONTINUED)

2020 – 025. Reporting (Continued)

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 156.

SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04)

2020 – 026. Cash Management

Federal Agency: Department of Health and Human Services

Federal Program Title: Child Support Enforcement, Social Services Block Grant, Adoption Assistance

Assistance Listing: 93.563, 93.667, 93.659

Federal Grant ID Number: 1901SCCSES, 2001SCCSES, 1901SCSOSR, 2001SCSOSR, 1901SCADPT, 2001SCADPT

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: Per 31 CFR § 205.12(b)(5), reimbursable funding means that a federal program agency transfers federal funds to a State after that State has already paid out the funds for federal assistance program purposes.

Condition: Cash management compliance could not be confirmed for some federal cash draws.

Questioned Costs: None

Context: Supporting documentation was not adequate to determine that federal reimbursement was for the correct amount.

Cause: The Department was unable to fully implement the corrective action associated with the finding from the prior year.

Effect: The Department did not effectively document its cash management process to demonstrate compliance.

Recommendation: We recommend that the Department continue implementation of the associated corrective action plan.

Prior Year Single Audit Report Finding Number: 2019-011

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04) (CONTINUED)

2020 – 026. Cash Management (Continued)

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 157.

2020 – 027. Eligibility/Allowable Costs/Cost Principles

Federal Agency: Department of Health and Human Services

Federal Program Title: Adoption Assistance

Assistance Listing: 93.659

Federal Grant ID Number: 1901SADPT, 2001SCADPT

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Material weakness in internal control over compliance, material noncompliance

Criteria: 45 CFR § 75.361 outlines record retention requirements of the non-federal entity pertinent to the federal award.

45 CFR § 1356.40(b)(1) requires the adoption assistance agreement be signed and in effect at the time of or prior to the final decree of adoption.

42 U.S.C. § 673(a)(3) states that adoption assistance payments cannot exceed the foster care maintenance payment the child would have received in a foster family home for that period.

42 U.S.C. § 673(c) explains the children with special needs criteria.

42 U.S.C. § 675(8)(b) expands eligibility requirements for children over the age of eighteen.

Condition: Eligibility related discrepancies were encountered for some payments and some payments exceeded the allowable amount.

Questioned Costs: \$4,756

STATE OF SOUTH CAROLINA
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SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04) (CONTINUED)

2020 – 027. Eligibility/Allowable Costs/Cost Principles (Continued)

Context: Sixty payments were selected for testing eligibility compliance. Two of the subsidy payments tested exceeded the foster care maintenance payment rate the child would have received in a foster family home. For two payments tested, the adoption subsidy agreement was signed after the date the adoption was finalized. Additionally, seven of the subsidy payments tested were for children no longer eligible for payment. One nonrecurring expense payment tested was on behalf of a child that did not meet the special needs criteria. Finally, the Department was unable to provide adequate documentation to support eligibility for one other subsidy payment.

Cause: Department controls failed to ensure eligibility was properly determined, benefits were terminated timely, and records were retained for the required amount of time. The global pandemic also significantly limited the Department's ability to implement corrective action.

Effect: The Department did not comply with and/or could not demonstrate compliance with eligibility and allowable costs/cost principles requirements.

Recommendation: We recommend that the Department continue to implement corrective action for eligibility file controls.

Prior Year Single Audit Report Finding Number: 2019-015

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 158.

2020 – 028. Reporting

Federal Agency: Department of Health and Human Services

Federal Program Title: Adoption Assistance

Assistance Listing: 93.659

Federal Grant ID Number: 1901SCADPT, 2001SCADPT

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 45 CFR § 75.303 requires effective internal controls be established and maintained in order to provide reasonable assurance that the federal award is being managed in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

STATE OF SOUTH CAROLINA
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SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04) (CONTINUED)

2020 – 028. Reporting (Continued)

Condition: Discrepancies existed between federal financial reports and the Department's supporting records.

Questioned Costs: None

Context: For both CB-496 reports selected for testing, discrepancies were noted between the supporting documentation and the average monthly number of children assisted reported in Part 1, Section D of the report. Errors were also identified in the Adoption Savings Calculation used in determining the amounts reported In Part 4 of the report.

Cause: The Department had not completely implemented the corrective action associated with the finding from the prior year.

Effect: The accuracy of the CB-496 reports could not be fully validated.

Recommendation: We recommend that the Department continue to strengthen its internal controls to ensure that federal reports are free from error and clearly supported prior to submission.

Prior Year Single Audit Report Finding Number: 2019-012

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 159.

2020 – 029. Eligibility

Federal Agency: Department of Health and Human Services

Federal Program Title: Foster Care–Title IV-E

Assistance Listing: 93.658

Federal Grant ID Number: 1901SCFOST, 2001SCFOST

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

Criteria: 45 CFR § 75.361 states record retention requirements of the non-federal entity pertinent to the federal award.

42 USC § 671(a)(20) outlines requirements for criminal background checks of foster care providers, including those for child-care institutions.

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Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04) (CONTINUED)

2020 – 029. Eligibility (Continued)

42 U.S.C. § 672 describes the general eligibility requirements for foster care maintenance payments.

Condition: Discrepancies related to eligibility determinations were identified.

Questioned Costs: \$2,954

Context: Sixty payments were selected for testing eligibility compliance. Some eligibility documentation was incomplete or unsupported within the eligibility files of four of the test items, although eligibility could be confirmed through other support in three of those files. For two of the payments tested, the child was placed in a child-care institution that did not fully meet the criminal background check requirements. For two of the payments tested, clothing allowances were paid when the child was no longer eligible.

Cause: The issues encountered were primarily due to disposal of the original eligibility files for cases that had been closed. Staffing turnover also contributed.

Effect: The Department did not comply with federal eligibility, internal control, and record retention requirements.

Recommendation: We recommend that the Department implement policies and procedures to ensure eligibility documentation is maintained and supports all federal requirements.

Prior Year Single Audit Report Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 159.

2020 – 030. Special Tests and Provisions

Federal Agency: Department of Health and Human Services

Federal Program Title: Foster Care—Title IV-E

Assistance Listing: 93.658

Federal Grant ID Number: 1901SCFOST, 2001SCFOST

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04) (CONTINUED)

2020 – 030. Special Tests and Provisions (Continued)

Criteria: 42 U.S.C. § 671(a)(11) explains that in order for a State to be eligible for payments, it must have a plan approved by the Secretary which provides for periodic review of amounts paid as foster care maintenance payments to assure their continuing appropriateness.

Condition: We were unable to confirm the inclusion of written requirements for the periodic review of maintenance payment rates in the Department's approved plan.

Questioned Costs: None

Context: Foster care maintenance payment rates are periodically reviewed for appropriateness by the Department. However, we were unable to identify a written policy or procedure associated with an approved State plan that describes the periodic rate review process or establishes a rate review schedule.

Cause: State plan documentation and related policies did not contain a description of the periodic review process and timing that the Department follows.

Effect: It could not be determined if the periodic reviews, which were conducted, were carried out in accordance with management's intent, as expressed through approved written policies.

Recommendation: We recommend the Department review and update its State Plan documentation and associated policies and procedures to ensure all information referenced in its approved State Plan supports compliance with the applicable federal requirements.

Prior Year Single Audit Report Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 160.

2020 – 031. Reporting

Federal Agency: Department of Health and Human Services

Federal Program Title: Foster Care—Title IV-E

Assistance Listing: 93.658

Federal Grant ID Number: 1901SCFOST, 2001SCFOST

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

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Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04) (CONTINUED)

2020 – 031. Reporting (Continued)

Criteria: 45 CFR § 75.303 requires effective internal controls be established and maintained in order to provide reasonable assurance that the federal award is being managed in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: Discrepancies existed between federal financial reports and the Department's supporting records.

Questioned Costs: None

Context: Two quarterly CB-496 reports were selected for testing. Some administrative costs in Part 1, Section A were inadequately supported and, for one of the reports, some expenditures were omitted. Additionally, discrepancies were encountered between the number of children reported in Part 1, Section E of both reports and supporting documentation. Finally, in Part 2 of the reports, one adjustment was misclassified and another lacked supporting documentation.

Cause: Department controls failed to detect and correct the identified errors and ensure all reported amounts were appropriately supported by Department records.

Effect: The CB-496 reports contained errors, omissions and data which did not agree to supporting documentation.

Recommendation: We recommend that the Department continue to strengthen its internal controls to ensure that federal reports are free from error and clearly supported prior to submission.

Prior Year Single Audit Report Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 160.

2020 – 032. Activities Allowed or Unallowable and Allowable Costs/Cost Principles

Federal Agency: Department of Health and Human Services

Federal Program Title: Foster Care—Title IV-E

Assistance Listing: 93.658

Federal Grant ID Number: 1901SCFOST, 2001SCFOST

Pass-Through Entity: Not applicable

Award Period: October 1, 2018 through September 30, 2020

Type of Finding: Significant deficiency in internal control over compliance, other matters

STATE OF SOUTH CAROLINA
Schedule of Findings and Questioned Costs
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SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES (L04) (CONTINUED)

2020 – 032. Activities Allowed or Unallowable and Allowable Costs/Cost Principles (Continued)

Criteria: 45 CFR § 75.403 outlines factors affecting allowability of costs, including adequate documentation.

45 CFR § 75.405(d) requires costs that benefit two or more projects or activities to be allocated to the projects based on the proportional benefit or, if that cannot be determined feasibly, allocated on another reasonable, documented basis.

45 CFR § 1356.60 explains fiscal requirements for title IV-E.

Condition: Discrepancies related to allowable activities/costs were encountered for some program payments.

Questioned Costs: \$25

Context: One hundred non-payroll disbursements were selected for allowable activities/costs testing. For two of the disbursements tested, the Department was unable to provide sufficient documentation to support how the costs were allocated. For five of the disbursements tested, some portion of the costs charged to the grant should have been allocated to other Department program/service areas, but the exact amount could not be determined. For two of the disbursements tested, the amounts paid for foster care maintenance exceeded the monthly rate allowed by the Department's payment schedule by a combined total of \$25. For some disbursements tested, the rate paid for non-regular foster care maintenance lacked adequate supporting documentation to determine compliance with federal allowable activities/costs requirements.

Cause: Documentation and system issues caused the discrepancies noted.

Effect: Charges to the grant may have been for unallowable activities and costs.

Recommendation: We recommend that the Department implement policies and procedures that ensure all rates and payments charged to the program fully comply with federal requirements.

Prior Year Single Audit Report Finding Number: Not applicable

Views of Responsible Officials and Corrective Action Plan: Management agrees with the finding. See Corrective Action Plan at page 161.

Summary Schedule of Prior Audit Findings

STATE OF SOUTH CAROLINA
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Fiscal Year	Page Number	Finding Number	Title of Finding	Assistance Listing	State Agency	Agency Response	Auditor's Comment
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS							
COMPREHENSIVE ANNUAL FINANCIAL REPORT							
2019	48	2019-001	Financial Reporting	N/A	E12	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
US DEPARTMENT OF HEALTH AND HUMAN SERVICES							
2018	62	2018-015	Reporting	10.558	L04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	49	2019-003	Allowable Costs/Cost Principles - Federal Share of Recoveries/Collections	93.775 93.777 93.778	J02	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-003
2019	51	2019-004	Matching, Level of Effort, Earmarking	93.775 93.777 93.778	J02	Partially Resolved	Resolved
2019	52	2019-005	Eligibility	93.775 93.777 93.778	J02	Partially Resolved	See Finding Number 2020-004
2019	53	2019-006	Eligibility	93.775 93.777 93.778	J02	Partially Resolved	See Finding Number 2020-005
2019	54	2019-007	Eligibility	93.775 93.777 93.778	J02	Partially Resolved	See Finding Number 2020-006
2019	56	2019-008	Statewide Cost Allocation Plan (SWCAP)	N/A	D50	Partially Resolved	See Finding Number 2020-007
2019	57	2019-009	Reporting	93.563	L04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	58	2019-010	Reporting	93.563	L04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS							
2019	59	2019-011	Cash Management	93.453 93.667 93.659	L04	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-026
2019	60	2019-012	Reporting/Level of Effort	93.667 93.659	L04	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-028
2019	61	2019-013	Activities Allowed or Unallowed	93.659	L04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	62	2019-014	Allowable Cost/Cost Principles	93.359	L04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	63	2019-015	Eligibility	93.659	L04	Partially Resolved	See Finding Number 2020-027
2019	64	2019-016	Period of Performance	93.575 93.596	L04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	65	2019-017	Subrecipient Monitoring	93.959	J20	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-023
2019	66	2019-018	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	93.959	J20	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-022

STATE OF SOUTH CAROLINA
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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS							
2019	73	2019-024	Matching, Level of Effort, Earmarking - Maintenance of Effort	93.044 93.045 93.053	L06	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	74	2019-025	Subrecipient Monitoring	93.044 93.045 93.053	L06	Partially Resolved	See Finding Number 2020-008
2019	76	2019-026	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	93.044 93.045 93.053	L06	Partially Resolved	Resolved
2019	77	2019-027	Matching, Level of Effort, Earmarking	93.044 93.045 93.053	L06	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
US DEPARTMENT OF EDUCATION							
2018	93	2018-044	Procurement and Suspension and Debarment	84.126	H73	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2018	94	2018-045	Eligibility	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2018	97	2018-047	Special Tests and Provisions	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2018	98	2018-048	Procurement and Suspension and Debarment	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved

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<u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u>							
2019	78	2019-028	Reporting	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-013
2019	78	2019-029	Reporting	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-014
2019	80	2019-030	Cash Management	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	See Finding Number 2020-015
2019	81	2019-031	Reporting	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	82	2019-032	Activities Allowed or Unallowed & Allowable Costs/Cost Principle - Indirect Cost	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	82	2019-033	Matching, Level of Effort, Earmarking	84.126	L24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
<u>VARIOUS</u>							
2019	68	2019-019	Cash Management	Various	P24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	69	2019-020	Reporting	Various	P24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved

STATE OF SOUTH CAROLINA
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<u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u>							
2019	70	2019-021	Period of Performance	Various	J04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	71	2019-022	Subrecipient Monitoring	Various	J04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2019	72	2019-023	Subrecipient Monitoring	Various	P26	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
<u>US DEPARTMENT OF HOMELAND SECURITY</u>							
2019	48	2019-002	Subrecipient Monitoring	97.036	E24	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
<u>US DEPARTMENT OF AGRICULTURE</u>							
2018	62	2018-015	Reporting	10.558	L04	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved
2018	64	2018-017	Eligibility	10.558	L04	Partially Resolved	Resolved
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
2018	90	2018-041	Procurement and Suspension and Debarment	14.218	D50	Fully Corrected with Previously Reported Corrective Action Implemented	Resolved



HENRY McMASTER, GOVERNOR
MICHAEL LEACH, STATE DIRECTOR



**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2018-015
Federal Agency	Department of Health and Human Services U.S. Department of Agriculture
State Agency	South Carolina Department of Social Services
CFDA Number	93.563, 10.558
Federal Program Name	Child Support Enforcement Child and Adult Care Food Program
Compliance Requirement	L. Reporting
Type of Finding	Compliance & Control

Condition

A quarterly Financial Status Report, FNS-777, and quarterly OCSE-396 reports were submitted with errors included in the financial information reported.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Reference Number	2018-017
Federal Agency	U.S. Department of Agriculture
State Agency	South Carolina Department of Social Services
CFDA Number	10.558
Federal Program Name	Child and Adult Care Food Program
Compliance Requirement	E. Eligibility
Type of Finding	Compliance & Control

Condition

Documentation was not adequate to verify that institutions that submitted applications to participate in the Program were notified in writing of approval or disapproval by the Department within 30 days of receiving a complete application.

Current Status

Partially Resolved - Comment Below

Comment

The system automatically sends emails to applicants for Program participation that inform them when their applications are approved or denied, and staff also send letters informing them of these decisions. Management has designed a report that will summarize the system approval or denial actions, and this will be utilized by the Department to more readily determine when notices need to be sent. This report is still under development, and management expects to complete its implementation by November 30, 2020.



Henry McMaster, Governor
Marcia S. Adams, Executive Director

OFFICE of ADMINISTRATIVE SERVICES
Steven Lake, Director
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State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020

Reference Number	2018-041
Federal Agency	Department of Housing and Urban Development
State Agency	South Carolina Department of Administration
CFDA Number	14.218
Federal Program Name	Community Development Block Grants/Entitlement Grants
Compliance Requirement	I. Procurement and Suspension and Debarment
Type of Finding	Control

Condition

The Department does not have a process to verify that all outside entities are not suspended or debarred prior to entering into a covered transaction.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented





**State of South Carolina
Summary Schedule of Prior Audit Findings
06/30/2020**

Reference Number	2018-044
Federal Agency	Department of Education
State Agency	South Carolina Vocational Rehabilitation Department
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	I. Procurement and Suspension and Debarment Control
Type of Finding	

Condition

The Department does not have a process to verify that all outside entities are not suspended or debarred prior to entering into a covered transaction.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Felicia W. Johnson, Commissioner

The South Carolina Vocational Rehabilitation Department prepares and assists eligible South Carolinians with disabilities to achieve and maintain competitive employment

State Office • 1410 Boston Avenue • P.O. Box 15 • West Columbia, South Carolina 29170-0015 • scvrd.net
803-896-6500 (Office) • 803-896-6553 (TTY) • 800-832-7526 (Toll free) • 803-896-6558 (Fax) • info@scvrd.net



Darline Graham
Commissioner

South Carolina Commission for the Blind

1430 CONFEDERATE AVENUE • COLUMBIA, SC 29201
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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2018-045
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	E. Eligibility
Type of Finding	Compliance & Control

Condition

The Commission did not adequately document eligibility determinations within the required time period in accordance with their program policies and procedures.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



Darline Graham
Commissioner

South Carolina Commission for the Blind

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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2018-047
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	N. Special Tests and Provisions
Type of Finding	Compliance & Control

Condition

The Commission did not complete its Individualized Plan for Employment (IPEs) timely in accordance with federal regulations and Commission written procedures.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



Darline Graham
Commissioner

South Carolina Commission for the Blind

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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2018-048
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	I. Procurement and Suspension and Debarment Control
Type of Finding	

Condition

The Commission does not have a process to verify that all outside entities are not suspended or debarred prior to entering into a covered transaction.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



State of South Carolina
Office of Comptroller General

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RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

September 14, 2020

**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2019-001
Federal Agency	N/A-CAFR
State Agency	South Carolina Comptroller General's Office
CFDA Number	N/A-CAFR
Federal Program Name	N/A-CAFR
Compliance Requirement	N/A-CAFR
Type of Finding	N/A-CAFR

Condition

Internal controls over financial reporting were inadequate to prevent or detect misstatements during the preparation of the State's Comprehensive Annual Financial Report (CAFR) and in the supporting accounting records, requiring the Comptroller General's Office (CGO) to post adjustments to the State's CAFR.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The State of South Carolina

Military Department



OFFICE OF THE ADJUTANT GENERAL

R. Van McCarty
MAJOR GENERAL
THE ADJUTANT GENERAL

State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-002
Federal Agency	Department of Homeland Security
State Agency	South Carolina Adjutant General's Office
CFDA Number	97.036
Federal Program Name	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Compliance Requirement	M. Subrecipient Monitoring
Type of Finding	Compliance & Control

Condition

Documentation was not adequate to demonstrate that the pass-through entity verified each applicable subrecipient was audited as required.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented.

Emergency Management Division
2779 Fish Hatchery Road
West Columbia, South Carolina 29172
(803) 737-8500 Fax (803) 737-8570

Henry McMaster GOVERNOR**Joshua D. Baker DIRECTOR**

P.O. Box 8206 > Columbia, SC 29202

www.scdhhs.gov

State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020

Reference Number	2019-003
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Health and Human Services
CFDA Number	93.775, 93.777, 93.778
Federal Program Name	Medicaid Cluster
Compliance Requirement	B. Allowable Costs/Cost Principles
Type of Finding	Compliance & Control

Condition

The Department did not remit the federal share of recoveries and collections to the Medicaid program in accordance with Federal regulations and the State Medicaid Manual.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Comment

Currently, accounting operations' accounts receivable manager I is reviewing 25% of each month's receivables. Additionally, the program director is reviewing 10% of each quarter's receivables. In an effort to continue to eliminate federal share miscalculation, management will begin to review 50% of each month's receivables in FY2021 and the program director will increase the quarterly review to 20%. Management is currently in communication with South Carolina Enterprise Information System (SCEIS) personnel to create an accounts receivable workflow that will require management to approve all newly established receivables. Furthermore, management will continue researching best practices for minimizing and eliminating manual error and miscalculation within the Accounts Receivable department.

Estimated Completion Date: Ongoing



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**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2019-004
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Health and Human Services
CFDA Number	93.775, 93.777, 93.778
Federal Program Name	Medicaid Cluster
Compliance Requirement	G. Matching, Level of Effort, Earmarking
Type of Finding	Compliance & Control

Condition

The Department was not in compliance with the Federal matching requirement for family planning services or family planning related services.

Current Status

Partially Resolved - Comment Below

Comment

SCDHHS is continuing to investigate the presence of known determinants gleamed from data shared in previous updates. However, resource challenges have slowed the progression due to a loss of specific personnel originally assigned to this project. Additionally, regulatory clarifications have become necessary regarding a critical element identified in the proposed solution. Appropriate guidance is being solicited. SCDHHS is working to replace a dedicated resource. Once these factors have been addressed, the appropriate research and potential modifications will resume."



Henry McMaster GOVERNOR

Joshua D. Baker DIRECTOR

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www.scdhhs.gov

**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2019-005
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Health and Human Services
CFDA Number	93.775, 93.777, 93.778; 93.767
Federal Program Name	Medicaid Cluster; Children's Health Insurance Program (CHIP)
Compliance Requirement	E. Eligibility
Type of Finding	Compliance & Control

Condition

Eligibility files did not contain adequate documentation to support the Medicaid and CHIP recipients' eligibility statuses.

Current Status

Partially Resolved - Comment Below

Comment

SCDHHS Quality Assurance Strategy: The quality review process continues to include key elements for review which lead to a correct or incorrect determination. This includes the presence of a signed application (where appropriate) and presence of other documentation required for an eligibility determination. The Eligibility Quality Assurance Team (EQAT) continues to evaluate MAGI, Non-MAGI and Long-Term Care determinations for accuracy of those determinations, as well as vital procedural errors that are most likely to impact eligibility. Review findings are used as part of the monthly employee feedback process in conjunction with employee production metrics. On the first day of each month, supervisors received Employee Feedback results for their staff and review these results during one on one meetings. Action plans are established, implemented and reviewed for any needed corrective measures. In response to EQA and audit findings, eligibility procedures were updated in March 2020, clarifying expectations for eligibility specialists to review a case file prior to making a determination. The requirements guide both Eligibility Specialists in the eligibility determination process and Eligibility Quality Assurance Team members in the review of determinations for accuracy and the presence of these documents. This clarification does not change current policy but provides a required process for workers to thoroughly review the case file, even if there were actions taken by other workers prior to their interaction with the case. These clarifications were subsequently added to initial track and refresher training courses. Further planned



analysis of these trends and subsequent refresher training for workers responsible for specific types of applications most impacted by these findings has been delayed due to the public health emergency. It is anticipated that this will be completed by September 30, 2020.

Henry McMaster GOVERNOR**Joshua D. Baker DIRECTOR**

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**State of South Carolina
Summary Schedule of Prior Audit Findings**

6/30/2020

Reference Number	2019-006
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Health and Human Services
CFDA Number	93.775, 93.777, 93.778; 93.767
Federal Program Name	Medicaid Cluster; Children's Health Insurance Program (CHIP)
Compliance Requirement	E. Eligibility
Type of Finding	Compliance & Control

Condition

The Department did not consistently discontinue the Medicaid and CHIP benefits of ineligible recipients.

Current Status

Partially Resolved - Comment Below

Comment

Staff Capacity and Processing Centers: Five processing centers in Richland, Aiken, Spartanburg, and Florence Counties remain operational, even during the current public health emergency.

The COVID Public Health Emergency has slowed review processing, in addition to preventing discontinuation of benefits during the emergency period. Webinars have been held for staff processing existing reviews so that these reviews can be processed but preventing closures as prohibited by the Families First Coronavirus Response Act. A plan to resume the renewal process and sending review forms to beneficiaries is currently in discussion with CMS. Staff Performance Evaluation and Remediation: The performance evaluation plan continues operation, including employee feedback regarding established accuracy and timeliness metrics. Quality assurance data is being used to impact written procedures, staff training and individual employee intervention to facilitate individual and statewide improvements.





Henry McMaster GOVERNOR

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**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2019-007
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Health and Human Services
CFDA Number	93.775, 93.777, 93.778; 93.767
Federal Program Name	Medicaid Cluster; Children's Health Insurance Program (CHIP)
Compliance Requirement	E. Eligibility
Type of Finding	Compliance & Control

Condition

The Department did not consistently perform timely annual eligibility reviews for Medicaid and CHIP recipients in accordance with Section 101.10 of the South Carolina Medicaid Policies and Procedures Manual.

Current Status

Partially Resolved - Comment Below

Comment

Staff Capacity and Processing Centers: Five processing centers in Richland, Aiken, Spartanburg, and Florence Counties remain operational, even during the current public health emergency.

The COVID Public Health Emergency has slowed review processing, in addition to preventing discontinuation of benefits during the emergency period. Webinars have been held for staff processing existing reviews so that these reviews can be processed but preventing closures as prohibited by the Families First Coronavirus Response Act. A plan to resume the renewal process and sending review forms to beneficiaries is currently in discussion with CMS. Staff Performance Evaluation and Remediation: The performance evaluation plan continues operation, including employee feedback regarding established accuracy and timeliness metrics. Quality assurance data is being used to impact written procedures, staff training and individual employee intervention to facilitate individual and statewide improvements.



**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2019**

Reference Number	2019-008
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Administration
CFDA Number	N/A-SWCAP
Federal Program Name	N/A-SWCAP
Compliance Requirement	N/A-SWCAP
Type of Finding	N/A-SWCAP

Condition

The Office included unreasonable costs to be allocated to various agencies within the Statewide Cost Allocation Plan (SWCAP).

Current Status

Partially Resolved - Comment Below

Comment

Electronic files have been modified to reflect Government Restructuring Act of 2014, and worksheet values are linked to ensure correct amounts are transferred to the proper lines within the overall electronic workbook. Still working on formatting and linking prior year worksheets to provide analytical comparisons. Progress got delayed due to COVID-19 pandemic and loss of key staff member.





HENRY McMASTER, GOVERNOR
MICHAEL LEACH, STATE DIRECTOR



**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2019-009
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.563
Federal Program Name	Child Support Enforcement
Compliance Requirement	L. Reporting
Type of Finding	Compliance & Control

Condition

The automated data processing and information retrieval system had not been fully implemented during the audit period.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Reference Number	2019-010
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.563
Federal Program Name	Child Support Enforcement
Compliance Requirement	L. Reporting
Type of Finding	Compliance & Control

Condition

The Schedule of Expenditures of Federal Awards initially prepared by Department management contained several errors, including the incorrect amount of program funds passed through to subrecipients.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Reference Number	2019-011
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.563, 93.667, 93.659
Federal Program Name	Child Support Enforcement, Social Services Block Grant, Adoption Assistance
Compliance Requirement	C. Cash Management
Type of Finding	Compliance & Control

Condition

Documentation supporting federal cash draws was not adequate to confirm compliance with cash management requirements.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Reference Number	2019-012
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.667, 93.659
Federal Program Name	Social Services Block Grant, Adoption Assistance
Compliance Requirement	L. Reporting
Type of Finding	G. Matching, Level of Effort, Earmarking Compliance & Control

Condition

An annual Federal Financial Report, SF-425, and two quarterly CB-496 reports were submitted with financial and statistical errors.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Reference Number	2019-013
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.659
Federal Program Name	Adoption Assistance
Compliance Requirement	A. Activities Allowed or Unallowed
Type of Finding	Compliance & Control

Condition

A Department case service expenditure unrelated to the Adoption Assistance Program was charged to the grant.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Reference Number	2019-014
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.659
Federal Program Name	Adoption Assistance
Compliance Requirement	B. Allowable Costs/Cost Principles
Type of Finding	Compliance & Control

Condition

Allowable training costs charged to the Program were not adequately supported.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

Reference Number	2019-015
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.659
Federal Program Name	Adoption Assistance
Compliance Requirement	E. Eligibility
Type of Finding	Compliance & Control

Condition

Eligibility could not be confirmed for some payments tested.

Current Status

Partially Resolved - Comment Below

Comment

All adoption subsidy agreements are currently sent to the State Office Adoptions Manager for signature. When the agreements are entered into CAPSS, program staff verify that the agreement includes the proper signatures in accordance with the federal regulations. The Department has begun reviewing older files to ensure all subsidy agreements have the proper signatures in accordance with the federal regulations, but it has not fully completed the review of all historical files. The older files are not saved electronically; therefore, response to the COVID-19 pandemic has delayed progress because most of the program staff have worked remotely. Management expects these reviews to be completed by May 31, 2021.

The Department will also create a review tool to help verify eligibility and staff will pull fifteen (15) sample cases quarterly to conduct internal reviews to ensure all subsidy payments are adequately supported. The State Office Adoptions Manager will verify agreement of the subsidy agreements with the subsidy payments to ensure the amounts are correct. If a discrepancy is found, the manager will contact the region for clarification and will expand testing if it is not clear that the discrepancy is an isolated exception.

The Department is still working to implement a process for sending school verification letters prior to each child's 18th birthday, if documentation was not previously provided, to ensure subsidy payments are terminated at the end of the 18th birthday month and expects this process to be implemented by March 31, 2021.

Reference Number	2019-016
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Social Services
CFDA Number	93.575, 93.596
Federal Program Name	Child Care and Development Fund
Compliance Requirement	H. Period of Performance
Type of Finding	Compliance & Control

Condition

Matching funds charged to the grant were liquidated after the end of the succeeding fiscal year of the grant.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented



South Carolina Department of Alcohol and Other Drug Abuse Services

HENRY MCMASTER
Governor

SARA GOLDSBY
Director

State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-017
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Alcohol & Other Drug Abuse Service
CFDA Number	93.959
Federal Program Name	Prevention and Treatment of Substance Abuse
Compliance Requirement	M. Subrecipient Monitoring
Type of Finding	Compliance & Control

Condition

"The Department communicates grant and program information to each subrecipient annually through a standardized contracting agreement, however not all of the required information is included in the process.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented



South Carolina Department of Alcohol and Other Drug Abuse Services

HENRY McMASTER
Governor

SARA GOLDSBY
Director

State of South Carolina Summary Schedule of Prior Audit Findings

6/30/2020

Reference Number	2019-018
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Alcohol & Other Drug Abuse Services
CFDA Number	93.959
Federal Program Name	Prevention and Treatment of Substance Abuse
Compliance Requirement	A. Activities Allowed or Unallowed B. Allowable Costs/Cost Principles
Type of Finding	Compliance & Control

Condition

"The Department did not have adequately functioning controls over time and effort reporting to ensure timesheets were reviewed by a direct supervisor and supporting evidence was maintained. "

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

South Carolina Department of Natural Resources



Robert H. Boyles, Jr.
Director

Caleb-Scott Cohoon
Audits Manager

State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-019
Federal Agency	Various
State Agency	South Carolina Department of Natural Resources
CFDA Number	Various
Federal Program Name	Research and Development Cluster
Compliance Requirement	C. Cash Management
Type of Finding	Compliance & Control

Condition

For the full fiscal year, the Department did not have an internal control process in place to ensure that reimbursement requests sent to the federal cognizant agency were fully supported by expenditures previously paid out by the state.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

South Carolina Department of
Natural Resources



Robert H. Boyles, Jr.
Director

Caleb-Scott Cohoon
Audits Manager

State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020

Reference Number	2019-020
Federal Agency	Various
State Agency	South Carolina Department of Natural Resources
CFDA Number	Various
Federal Program Name	Research and Development Cluster
Compliance Requirement	L. Reporting
Type of Finding	Control

Condition

The Department submitted a Schedule of Expenditures of Federal Awards (SEFA) that contained incorrect information for certain awards.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented



**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2019-021
Federal Agency	Various
State Agency	South Carolina Department of Health and Environmental Control
CFDA Number	Various
Federal Program Name	Research and Development Cluster
Compliance Requirement	H. Period of Performance
Type of Finding	Compliance & Control

Condition

The Department charged the federal award for services performed prior to the related award's period of performance.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

**State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020**

Reference Number	2019-022
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department of Health and Environmental Control
CFDA Number	93.917
Federal Program Name	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Compliance Requirement	M. Subrecipient Monitoring
Type of Finding	Compliance & Control

Condition

The Department did not clearly communicate all of the required information to subrecipients.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented



S.C. SEA GRANT CONSORTIUM
Coastal Science Serving South Carolina

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**State of South Carolina
Summary Schedule of Prior Audit Findings
06/30/2020**

Reference Number: 2019-023

Federal Agency: Various

State Agency: South Carolina Sea Grant Consortium

CFDA Number: Various

Federal Program Name: Research and Development Cluster

Compliance Requirement: M. Subrecipient Monitoring

Type of Finding: Compliance & Control

Condition: The Consortium does not have adequate policies and procedures in place regarding subrecipient monitoring to facilitate compliance with federal requirements.

Current Status: Fully corrected with previously reported corrective action implemented.

Comment: On July 1, 2017, the Consortium developed and implemented a Corrective Action Plan associated with this exact finding for the fiscal year ending June 30, 2016. Due to the timing of the release for the fiscal year 2015-16 audit results, the same finding was carried into the following fiscal year 2016-17 report. Since the inception of the initial Corrective Action Plan, the Consortium has implemented new requirements for subrecipients in regards to reimbursement requests and financial reporting as well as an external audit process for select entities that received Sea Grant College funds.

The following year (fiscal year 2017-18), discussions with state audit staff determined the agency should assess each of our current sub-recipients from a risk-aversion prospective. Thus, the Consortium has amended its current subrecipient policies and procedures to include an annual risk assessment and historical tracking of past audit results. These adjustments will provide the Consortium with a documented selection process for future subrecipient audits based on various criteria.

These actions have yielded very positive results and significant progress has been made since the original single audit finding in fiscal year 2015-16. However, discussions with audit staff in January 2020 yielded another revision to the Consortium's internal agreement package (as of February 2020) to include federally mandated information required from all subrecipient awardees. Additionally, Consortium Administration will expand upon its current risk aversion processes and procedures to include all subrecipients receiving funds from the previous fiscal year (previously only Consortium member institutions were included in agency assessments).

See attached Corrective Action Policy memo revised and implemented as of February 1st, 2020 as well as a copy of a current sub-recipient award package implementing the required changes and updates per direction of the audit staff.

Ryan C. Bradley
Assistant Director for Administration

Enhancing the practical use and conservation of South Carolina's coastal and marine resources to foster a sustainable economy and environment.

MEMBER INSTITUTIONS

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State of South Carolina Department on Aging

Henry McMaster
Governor

Connie D. Munn
Director

State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020

Reference Number	2019-024
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department on Aging
CFDA Number	93.044, 93.045, 93.053
Federal Program Name	Aging Cluster
Compliance Requirement	G. Matching, Level of Effort, Earmarking
Type of Finding	Compliance & Control

Condition

"The Department's federal fiscal year 2018 MOE certification was not calculated correctly prior to submission to the federal oversight agency. "

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented



State of South Carolina Department on Aging

Henry McMaster
Governor

Connie D. Munn
Director

State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020

Reference Number	2019-025
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department on Aging
CFDA Number	93.044, 93.045, 93.053
Federal Program Name	Aging Cluster
Compliance Requirement	M. Subrecipient Monitoring
Type of Finding	Compliance & Control

Condition

"The Department does not have the necessary policies and procedures in place regarding subrecipient monitoring to facilitate compliance with federal requirements. "

Current Status

Partially Resolved - Comment Below

Comment

The new fiscal monitoring position has been hired and has completed his first monitoring visit and initial report. A monitoring calendar is created to cover the monitoring of all entities. Policies and procedures are being put in place as monitoring tools and such have been created.



State of South Carolina Department on Aging

Henry McMaster
Governor

Connie D. Munn
Director

State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-026
Federal Agency	Department of Health and Human Services South Carolina
State Agency	Department on Aging
CFDA Number	93.044, 93.045, 93.053
Federal Program Name	Aging Cluster
Compliance Requirement	A. Activities Allowed or Unallowed B. Allowable Costs/Cost Principles Compliance & Control
Type of Finding	

Condition

" Evidence of the Personnel/Budget Action Request in effect as of the time wages were earned were not maintained or were inconsistent with the amounts charged to the award. "

Current Status

Partially Resolved - Comment Below

Comment

While the policies are in place, having staff out of office and telecommuting has made getting these items completed timely a challenge but the problem is still being addressed and communicated.



State of South Carolina Department on Aging

Henry McMaster
Governor

Connie D. Munn
Director

State of South Carolina
Summary Schedule of Prior Audit Findings
6/30/2020

Reference Number	2019-027
Federal Agency	Department of Health and Human Services
State Agency	South Carolina Department on Aging
CFDA Number	93.044, 93.045, 93.053
Federal Program Name	Aging Cluster
Compliance Requirement	G. Matching, Level of Effort, Earmarking
Type of Finding	Compliance & Control

Condition
"The Department did not adequately track administrative costs charged to the grant."

Current Status
Fully Corrected with Previously Reported Corrective Action Implemented



Darline Graham
Commissioner

South Carolina Commission for the Blind

1430 CONFEDERATE AVENUE • COLUMBIA, SC 29201
PHONE (803) 898-8822 • FAX (803) 898-8845

State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-028
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	L. Reporting
Type of Finding	Compliance & Control

Condition

Key data elements reported on the Commission's RSA-911 performance reports did not agree with underlying case service documentation.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



Darline Graham
Commissioner

South Carolina Commission for the Blind

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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-029
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	L. Reporting
Type of Finding	Compliance & Control

Condition

Data submitted in the RSA-2 Annual Vocational Rehabilitation Program/Cost Report and SF-425 Federal were not submitted in a timely manner.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



Darline Graham
Commissioner

South Carolina Commission for the Blind

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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-030
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	C. Cash Management
Type of Finding	Compliance & Control

Condition

The Commission did not consider the effect of program expenditures that were refunded, resulting in reimbursements exceeding actual expenditures during the respective drawdown period. Per discussion with the Commission refunds are subtracted from the final reimbursement request for the respective grant period.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



Darline Graham
Commissioner

South Carolina Commission for the Blind

1430 CONFEDERATE AVENUE • COLUMBIA, SC 29201
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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-031
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	L. Reporting
Type of Finding	Control

Condition

The Commission submitted a Schedule of Expenditures of Federal Awards (SEFA) that contained incorrect information for certain awards.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



Darline Graham
Commissioner

South Carolina Commission for the Blind

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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-032
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services- Vocational Rehabilitation Grants to States
Compliance Requirement	A. Activities Allowed or Unallowed B. Allowable Costs/Cost Principles Compliance & Control
Type of Finding	

Condition

The Commission did not have adequate internal controls and policies/procedures in place to substantiate indirect costs charged to federal awards.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.



Darline Graham
Commissioner

South Carolina Commission for the Blind

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State of South Carolina Summary Schedule of Prior Audit Findings 6/30/2020

Reference Number	2019-033
Federal Agency	Department of Education
State Agency	South Carolina Commission for the Blind
CFDA Number	84.126
Federal Program Name	Rehabilitation Services-Vocational Rehabilitation Grants to States
Compliance Requirement	G. Matching, Level of Effort, Earmarking
Type of Finding	Compliance & Control

Condition

The Commission did not comply with the level of effort requirements for maintenance of effort.

Current Status

Fully Corrected with Previously Reported Corrective Action Implemented

The mission of the South Carolina Commission for the Blind is to provide quality, individualized vocational rehabilitation services, independent living services, and prevention of blindness services to blind and visually impaired consumers leading to competitive employment and social and economic independence.

Appendix A

Listing of Agencies Included in Schedule of Expenditures of Federal Awards

STATE OF SOUTH CAROLINA
Index of State Agencies Included in Schedule 1
For the Year Ended June 30, 2020

<u>Agency Code</u>	<u>Agency Name</u>
B04	Judicial Department
D10	State Law Enforcement Division (SLED)
D50	Department of Administration
E20	Attorney General's Office
E21	Commission on Prosecution Coordination
E23	Commission on Indigent Defense
E24	Adjutant General's Office
E26	Department of Veteran's Affairs
E28	State Election Commission
H03	State Commission on Higher Education
H59	State Board for Technical and Comprehensive Education
H63	Department of Education
H67	Educational Television Commission (ETV)
H71	Wil Lou Gray Opportunity School
H73	Vocational Rehabilitation Department
H75	School for the Deaf and the Blind
H79	Department of Archives and History
H87	State Library
H91	Arts Commission
H95	State Museum
J02	Department of Health and Human Services
J04	Department of Health and Environmental Control
J12	State Department of Mental Health
J16	Department of Disabilities and Special Needs
J20	Department of Alcohol and Other Drug Abuse Services
K05	Department of Public Safety
L04	Department of Social Services
L06	Department on Aging
L08	Children's Advocacy
L24	Commission for the Blind
L36	State Human Affairs Commission
N04	Department of Corrections
N08	Department of Probation, Parole and Pardon Services
N12	Department of Juvenile Justice
N20	Criminal Justice Academy
P12	State Forestry Commission
P16	Department of Agriculture
P24	Department of Natural Resources
P26	Sea Grant Consortium
P28	Department of Parks, Recreation, and Tourism
P32	Department of Commerce
P45	Rural Infrastructure Authority
R06	Office of Regulatory Staff
R36	Department of Labor, Licensing, and Regulation
R40	Department of Motor Vehicles
R44	Department of Revenue
U30	Division of Aeronautics

Appendix B

**Agency Corrective Action Plans to Findings and
Recommendations – Federal Award Programs Audit**



State of South Carolina

Office of Comptroller General

1200 Senate Street
305 Wade Hampton Office Building
Columbia, South Carolina 29201

Telephone (803) 734-2121
Fax (803) 734-1765
E-Mail: cgoffice@cg.sc.gov

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

November 13, 2020

Mr. George L. Kennedy III, CPA
State Auditor
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

Mr. Remi Omisore, CPA, CISA, CIA, MBA
CliftonLarsonAllen LLP
1966 Greenspring Drive, Suite 300
Timonium, Maryland 21093

Dear Sirs:

The Comptroller General's Office has reviewed the corrected misstatements listed in Exhibit A (Summary of Corrected Misstatements – Audit) to the Letter of Governance. Even though these may not have been of a material nature, we acknowledge that audit misstatements should be minimized. In that regard, we are developing additional controls with a goal of eliminating future misstatements as much as practicable.

Sincerely,

A handwritten signature in blue ink, appearing to read "David A. Starkey".

David A. Starkey, CPA
Senior Assistant Comptroller General

DS/js

cc: Richard A. Eckstrom

The State of South Carolina
Military Department



1 NATIONAL GUARD ROAD
COLUMBIA, SOUTH CAROLINA 29201-4752

16 December 2020

Mr. George L. Kennedy, CPA
State Auditor
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

Dear Mr. Kennedy:

In response to the tentative findings of the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governments Auditing Standards* dated 30 June 2020, enclosed is this Agency's response for the audit finding.

Thank you for your attention to this letter. If you should have any questions, please feel free to contact Ms. Cynthia Smith, Chief Financial Officer for State Operations, at (803) 299-2031 or smithc@tag.scmd.state.sc.us.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Van McCarty".

R. Van McCarty
Major General, SCNG
The Adjutant General

Enclosure

ADJUTANT GENERAL'S OFFICE
STATEWIDE CAFR AUDIT
YEAR ENDED JUNE 30, 2020

FINDING – Agency Response

ADJUTANT GENERAL'S OFFICE

- 2020-002 Significant Deficiency in Financial reporting – Accuracy and Timeliness of Agency Reporting Packages – Adjutant General's Office/Election Commission

Recommendation: We recommend that the agencies review their procedures over reporting package preparation and submission to ensure reporting packages are submitted in accordance with CGO directives.

Response: The Agency does not agree with the audit finding in its entirety. The Agency submitted the FY20 Closing Packages to the CGO before or on due dates, per instructions of the Master Closing Package. However, several of the Closing Packages were returned for corrections after the due dates.

Action taken in response to finding: The Office of the Adjutant General (TAG) has put in place policies and procedures for preparation and submission of timely and accurate closing packages. TAG Budget and Finance will give particular attention to instructions provided for completion of the closing package and will thoroughly review all packages for accuracy prior to submission. If items become of concern, TAG Budget and Finance will address the issue with CGO before the due date.

Name(s) of the contact person(s) responsible for corrective action: Dale Estrada and Cynthia Smith

Planned completion date for corrective action plan: 15 December 2020

SOUTH CAROLINA
ELECTION COMMISSION

December 18, 2020

Reed W. Binder, CPA
CLA (CliftonLarsonAllen LLP)
1966 Greenspring Drive, Suite 300
Timonium, MD 21093

Mr. Binder,

This letter is in response to the State CAFR audit and subsequent Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

I have reviewed the preliminary draft copy of the report that was provided to this agency, notwithstanding page five of the report which was omitted. The agency's response to finding "2020-002 Significant Deficiency in Financial Report – Accuracy and Timeliness of Agency Reporting Packages – Adjutant General's Office/Election Commission" is as follows:

COMMISSIONERS

JOHN WELLS
Chairperson

JOANNE DAY

CLIFFORD J. EDLER

LINDA MCCALL

SCOTT MOSELEY

MARCI ANDINO
Executive Director

The agency agrees with the finding that the filing of the grants and contributions reporting packages were untimely. These reports were due to be submitted on 09/11/2020. Although both Mrs. Stuckey and myself reviewed and signed these reports on 09/11/2020, due to a technical issue with Microsoft Outlook, these documents were inadvertently not submitted that day, as attempted. However, upon notification from the Comptroller General's Office that they did not receive the closing packages by the deadline, Mrs. Stuckey sent the packages to the Comptroller General's Office immediately. I have asked Mrs. Stuckey to copy me on future electronic submissions of reporting packages in the future to ensure timely submissions.

I cannot comment on the finding of inaccuracies or errors found in any reporting packages, since this audit report does not provide any detail on the nature of the inaccuracies or errors, beyond alleging their existence. This agency always strives to provide accurate information to all stakeholders and agency staff are always available to answer questions regarding our financial reports.

We are pleased that no material weaknesses were found in the audit report. In the future, this agency will make every effort to ensure timely submission of reporting packages submitted to the Comptroller General's Office.

Sincerely,



Howard M. Knapp, J.D.
Director of Voter Services

Henry McMaster GOVERNOR
T. Clark Phillip ACTING DIRECTOR
P.O. Box 8206 > Columbia, SC 29202
www.scdhhs.gov

**SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Department of Health & Human Services
Centers for Medicare & Medicaid Services
31 Forsyth Street, SW, Room 4T20
Atlanta, Georgia 30303-8909

The South Carolina Department of Health and Human Services respectfully submits the following corrective action plan for the year ended 6/30/20.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAM AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2020-003 Medicaid Cluster – Assistance Listing No. 93.775, 93.777, 93.778

Recommendation: We recommend the Department continue its efforts to strengthen controls to ensure the federal share of recoveries and collections are remitted in accordance with applicable federal and state requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

To continue to eliminate federal share miscalculation, the accounts receivable manager will continue to review 50% of each month's receivables in FY2021 and the program director will increase the quarterly review to 20%. Management has submitted a South Carolina Enterprise Information System (SCEIS) Enhancement Request Form to create an accounts receivable workflow that will require management to approve all newly established and adjusted receivables. Furthermore, management will continue

researching best practices for minimizing and eliminating manual error and miscalculation within the Accounts Receivable department.

Name(s) of the contact person(s) responsible for corrective action: Lynette Wilson, Nika Simmons

Planned completion date for corrective action plan: Ongoing

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2020-004 Medicaid Cluster; Children's Health Insurance Program (CHIP) – Assistance Listing No. 93.775, 93.777, 93.778; 93.767

Recommendation: We recommend the Department continue its efforts to maintain documentation to support eligibility determinations in accordance with its State plan and Federal regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Staff Performance Evaluation and Remediation: The Eligibility Performance Evaluation and Remediation process rolled out to staff in July 2019. This process includes key elements for review which lead to a correct or incorrect eligibility determination. This includes the presence of a signed application (where appropriate) and presence of other documentation required for the eligibility decision (e.g. Level of Care), correct application of financial and non-financial eligibility criteria, as well as timeliness metrics to assist the agency with meeting federally defined standards.

The Eligibility Quality Assurance Team (EQAT) consists of 52 team members. Team members are trained to evaluate MAGI, Non-MAGI or Long-Term Care determinations for accuracy of those determinations, as well as vital procedural errors that are most likely to impact eligibility. On the first business day of each month, supervisors receive Employee Performance results for their staff and review these results during one on one meetings. Action plans are established, implemented, and reviewed for any needed corrective measures.

Eligibility Policy and Procedures were updated March 1, 2020, providing instructions to workers to ensure the case file is complete for all eligibility criteria based on policy, prior to making an eligibility determination. This includes reviewing the case file for the following:

- Required documents are in the case file (e.g. signed application, review form, adoption decrees)
- Information from the application and other documents is correctly entered into the System of Record
- Required verification documents for financial, non-financial and categorical eligibility criteria are in OnBase and recorded on the Documentation Template and/or System of Record where appropriate (such as SSN if not system verified, MAO99, Level of Care)
- Documentation template has been completed, including details of verified information such as for income or resources
- The determination reflects reported changes found on application, review forms or other reported changes received in person, by mail, fax, or phone
- Information requested via FM 1233: Was requested information needed to make a determination? The worker should not deny/close a case for failure to return information if the requested information is not needed. (for instance, information is already in the case file)
- Completed budget workbook where appropriate

The updated policy has been incorporated into training and delivered to staff as part of new worker and refresher courses. Application of this policy is evaluated as part of the EQA process.

Implementation and Monitoring Plan:

Implementation and Monitoring is a shared responsibility among eligibility staff, supervisors, and managers, as well as key program areas within eligibility.

Supervisors are responsible for monitoring staff daily by using data available via system of record and workload management software, as well as through case spot reviews. Supervisors meet monthly with each staff member to review EQA findings and timeliness metrics to identify and address issues that impact performance, as well as to facilitate corrections to incorrect determinations identified through the EQA process

Errors are identified via error codes and descriptions. EQA reviews are conducted and housed in a state-developed tool to allow for creation of reports that can be generated based on supervisor, worker, work type, error code or overall accuracy. Beginning in October 2020, a monthly report of the top error codes identified for each work type (e.g. MAGI, Non-MAGI, Long Term Care) is generated. A sampling of incorrect cases is analyzed by EQA, Policy and Training for trends and root causes. From this analysis, mitigation strategies are developed and implemented. This may be a combination of supervisor intervention recommendations, policy clarifications or training to be improved, developed, and/or delivered. Data regarding these errors are tracked monthly to identify impact of these mitigation strategies.

Starting in the First Quarter (Q1) of CY 2021, the state will compare errors identified through audits and federal reviews such as PERM with EQA error trends and use this

monitoring method to determine impact of mitigation strategies on these errors. In addition, the agency will collaborate with our third-party quality review entity, the University of South Carolina Core for Applied Research and Evaluation (USC CARE) to conduct focused reviews to assist with monitoring trends and impact of mitigation strategies. Baseline error rates will be established, based on error codes. This reporting is in development and will be available by the end of Q1 CY 2021. Error codes have been further modified to better identify and monitor specific error trends as prioritized by the agency. System work to incorporate these updated codes in the EQA tool is in development with the agency's information technology team. An implementation date has not been established.

Summary of Eligibility Quality Assurance Process:

- A. Monthly EQA Reviews (10/worker) → Monthly Feedback Reports reviewed with worker by supervisor → Corrections made by worker/training needs identified and addressed → Monthly monitoring for progress and corrective actions
- B. Top errors identified through EQA process from previous quarter → Root cause analysis completed by training and policy team members → Mitigation strategies identified and implemented → Quarterly monitoring for progress and need for additional/alternative strategies → Continued monitoring and implementation
- C. Top errors identified through EQA process, PERM, MEQC, audits captured on a quarterly basis → USC CARE conducts third party reviews for additional analysis of root cause and makes recommendations for mitigation → SCDHHS and USC CARE review recommendations, compare with current strategies and implement as appropriate → Quarterly monitoring of findings and progress

Name(s) of the contact person(s) responsible for corrective action: Lori Risk

Planned completion date for corrective action plan: Ongoing

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2020-005 Children's Health Insurance Program (CHIP) – Assistance Listing No. 93.767

Recommendation: We recommend the Department discontinue the benefits of ineligible recipients in accordance with its State plan and Federal regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Root Cause: Case Reviews were not processed within the standard of promptness due to the large backlog of annual reviews and previously, a large backlog of applications.

Corrective Action: SCDHHS has implemented a plan to reduce and manage the eligibility processing backlog, while also protecting the integrity of eligibility decisions. The agency's approach has been to build staff capacity through the creation of processing centers and to maximize accuracy and timeliness of eligibility decisions via implementation of a Staff Performance Evaluation and Remediation process.

Staff Capacity and Processing Centers: The agency has created and staffed five (5) processing centers in Richland (2), Aiken (1), Spartanburg (1) and Florence (1) counties. Prior to the COVID-19 Public Health Emergency, staff webinars for processing reviews were conducted for MAGI and Non-MAGI review processing, as well as updates to job aids, based on updated policies and procedures.

Staff Performance Evaluation and Remediation: The Eligibility Performance Evaluation and Remediation process rolled out to staff in July 2019. This process includes key elements for review which lead to a correct or incorrect eligibility determination. This includes the presence of a signed application (where appropriate) and presence of other documentation required for the eligibility decision (e.g. Level of Care), correct application of financial and non-financial eligibility criteria, as well as timeliness metrics to assist the agency with meeting federally defined standards.

The Eligibility Quality Assurance Team (EQAT) consists of 52 team members. Team members are trained to evaluate MAGI, Non-MAGI or Long-Term Care determinations for accuracy of those determinations, as well as vital procedural errors that are most likely to impact eligibility. On the first business day of each month, supervisors receive Employee Performance results for their staff and review these results during one on one meetings. Action plans are established, implemented, and reviewed for any needed corrective measures.

Implementation and Monitoring Plan: Implementation and Monitoring is a shared responsibility among eligibility staff, supervisors, and managers, as well as key program areas within eligibility.

Supervisors are responsible for monitoring staff daily by using data available via system of record and workload management software, as well as though case spot reviews. Supervisors meet monthly with each staff member to review EQA findings and timeliness metrics to identify and address issues that impact performance, as well as to facilitate corrections to incorrect determinations identified through the EQA process.

Errors are identified via error codes and descriptions. EQA reviews are conducted and housed in a state-developed tool to allow for creation of reports that can be generated based on supervisor, worker, work type, error code or overall accuracy. Beginning in October 2020, a monthly report of the top error codes identified for each work type (e.g. MAGI, Non-MAGI, Long Term Care) is generated. A sampling of incorrect cases is analyzed by EQA, Policy and Training for trends and root causes. From this analysis, mitigation strategies are developed and implemented. This may be a combination of supervisor intervention recommendations, policy clarifications or training to be improved, developed, and/or delivered. Data regarding these errors are tracked monthly to identify impact of these mitigation strategies.

Starting in the First Quarter (Q1) of CY 2021, the state will compare errors identified in audits and federal reviews with EQA error trends and use this monitoring method to determine impact of mitigation strategies on these errors. In addition, the agency will collaborate with our third-party quality review entity, the University of South Carolina Core for Applied Research and Evaluation (USC CARE) to conduct focused reviews to assist with monitoring trends and impact of mitigation strategies. Baseline error rates will be established, based on error codes. This reporting is in development and will be available by the end of Q1, CY 2021. Error codes have been further modified to better identify and monitor specific error trends as prioritized by the agency. System work to incorporate these updated codes in the EQA tool is in development with the agency's information technology team. An implementation date has not been established.

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- C. Top errors identified through EQA process, PERM, MEQC, audits captured on a quarterly basis → USC CARE conducts third party reviews for additional analysis of root cause and makes recommendations for mitigation → SCDHHS and USC CARE review recommendations, compare with current strategies and implement as appropriate → Quarterly monitoring of findings and progress

Delays in review processing were due to the public health emergency. The agency is developing its plan to return to normal operations for review processing at the end of the public health emergency, based on guidance provided by CMS.

Name(s) of the contact person(s) responsible for corrective action: Lori Risk

Planned completion date for corrective action plan: December 2022

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2020-006 Medicaid Cluster; Children's Health Insurance Program (CHIP) – Assistance Listing No. 93.775, 93.777, 93.778; 93.767

Recommendation: We recommend eligibility reviews be performed annually in accordance with the South Carolina Medicaid Policies and Procedures Manual.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Root Cause: Case Reviews were not processed within the standard of promptness due to the large backlog of annual reviews and previously, a large backlog of applications.

Corrective Action: SCDHHS has implemented a plan to reduce and manage the eligibility processing backlog, while also protecting the integrity of eligibility decisions. The agency's approach has been to build staff capacity through the creation of processing centers and to maximize accuracy and timeliness of eligibility decisions via implementation of a Staff Performance Evaluation and Remediation process.

Staff Capacity and Processing Centers: The agency has created and staffed five (5) processing centers in Richland (2), Aiken (1), Spartanburg (1) and Florence (1) counties. Prior to the COVID-19 Public Health Emergency, staff webinars for processing reviews were conducted for MAGI and Non-MAGI review processing, as well as updates to job aids, based on updated policies and procedures.

Staff Performance Evaluation and Remediation: The Eligibility Performance Evaluation and Remediation process rolled out to staff in July 2019. This process includes key elements for review which lead to a correct or incorrect eligibility determination. This includes the presence of a signed application (where appropriate) and presence of other documentation required for the eligibility decision (e.g. Level of Care), correct application of financial and non-financial eligibility criteria, as well as timeliness metrics to assist the agency with meeting federally defined standards.

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Implementation and Monitoring Plan: Implementation and Monitoring is a shared responsibility among eligibility staff, supervisors, and managers, as well as key program areas within eligibility.

Supervisors are responsible for monitoring staff daily by using data available via system of record and workload management software, as well as through case spot reviews. Supervisors meet monthly with each staff member to review EQA findings and timeliness metrics to identify and address issues that impact performance, as well as to facilitate corrections to incorrect determinations identified through the EQA process.

Errors are identified via error codes and descriptions. EQA reviews are conducted and housed in a state-developed tool to allow for creation of reports that can be generated based on supervisor, worker, work type, error code or overall accuracy. Beginning in October 2020, a monthly report of the top error codes identified for each work type (e.g. MAGI, Non-MAGI, Long Term Care) is generated. A sampling of incorrect cases is analyzed by EQA, Policy and Training for trends and root causes. From this analysis, mitigation strategies are developed and implemented. This may be a combination of supervisor intervention recommendations, policy clarifications or training to be improved, developed, and/or delivered. Data regarding these errors are tracked monthly to identify impact of these mitigation strategies.

Starting in the First Quarter (Q1) of CY 2021, the state will compare errors identified by audits and federal reviews with EQA error trends and use this monitoring method to determine impact of mitigation strategies on these errors. In addition, the agency will collaborate with our third-party quality review entity, the University of South Carolina Core for Applied Research and Evaluation (USC CARE) to conduct focused reviews to assist with monitoring trends and impact of mitigation strategies. Baseline error rates will be established, based on error codes. This reporting is in development and will be available by the end of Q1 CY 2021. Error codes have been further modified to better identify and monitor specific error trends as prioritized by the agency. System work to incorporate these updated codes in the EQA tool is in development with the agency's information technology team. An implementation date has not been established.

Summary of Eligibility Quality Assurance Process:

- A. Monthly EQA Reviews (10/worker) → Monthly Feedback Reports reviewed with worker by supervisor → Corrections made by worker/training needs identified and addressed → Monthly monitoring for progress and corrective actions
- B. Top errors identified through EQA process from previous quarter → Root cause analysis completed by training and policy team members → Mitigation strategies identified and implemented → Quarterly monitoring for progress and need for additional/alternative strategies → Continued monitoring and implementation
- C. Top errors identified through EQA process, PERM, MEQC, audits captured on a quarterly basis → USC CARE conducts third party reviews for additional analysis of root cause and makes recommendations for mitigation → SCDHHS and USC CARE

review recommendations, compare with current strategies and implement as appropriate → Quarterly monitoring of findings and progress

Delays in review processing due to Public Health Emergency: The agency is developing its plan to return to normal operations for review processing at the end of the Public Health Emergency, based on guidance provided by CMS.

Name(s) of the contact person(s) responsible for corrective action: Lori Risk

Planned completion date for corrective action plan: December 2022

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Cynthia Moore, Controller at 803-898-1880.



Henry McMaster, Governor
Marcia S. Adams, Executive Director

EXECUTIVE BUDGET OFFICE
Brian J. Gaines, Director
1205 Pendleton Street, Suite 529
Columbia, SC 29201
803.734.2280
803.734.0645 Fax

**DEPARTMENT OF ADMINISTRATION – EXECUTIVE BUDGET OFFICE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

U.S. Department of Health and Human Services

State of S.C. Department of Administration – Executive Budget Office respectfully submits the following corrective action plan for the year ended 6/30/20.

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDING—FEDERAL AWARD PROGRAM AUDIT

U.S. Department of Health and Human Services

2020-007 Statewide Cost of Allocation Plan (SWCAP)

Recommendation: We recommend the Office submit the SWCAP in a timely manner for federal approval.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The State is in process of finalizing additional information required by the U.S. Department of Health and Human Services for Section II of the 2017 SWCAP. The State is required to reconcile Section II billed services to the Internal Service Funds presented in the State's Annual Financial Report. This was difficult to do as the financial data for the centralized billed services obtained from the State's enterprise information system (SCEIS) does not link directly to the consolidated Internal Service Fund data reported in the Annual Financial Report. The 2018 SWCAP can't be completed until the 2017 SWCAP is approved. We plan to submit the 2017 Section II reconciliations to HHS no later than April 15, 2021. We will then complete the Section II reconciliations for the 2018 SWCAP and submit to HHS no later than June 15, 2021.

Name(s) of the contact person(s) responsible for corrective action: David C. Seigler

Planned completion date for corrective action plan: June 15, 2021.

If the U.S. Department of Health and Human Services has questions regarding this plan, please call David Seigler at (803) 734-0485.



State of South Carolina Department on Aging

Henry McMaster
Governor

Connie D. Munn
Director

DEPARTMENT ON AGING CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2020

U.S. Department of Health and Human Services

The South Carolina Department on Aging respectfully submits the following corrective action plan for the year ended June 30, 2020.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAM AUDIT

U.S. Department of Health and Human Services

2020-008 Aging Cluster – Assistance Listing No. 93.044, 93.045, 93.053

Recommendation: We recommend that the Department continue to implement policies and procedures to facilitate compliance with Department and Federal monitoring requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: SCDOA has hired an additional staff member in the finance department to monitor subrecipients. As of the end of March 2021, six AAA have been monitored by the finance department despite the challenges of COVID, and the four remaining agencies will be monitored by June 30, 2021.

Name(s) of the contact person(s) responsible for corrective action: Rhonda Walker and Andrew Walsh.

Planned completion date for corrective action plan: June 30, 2021

2020-009 Aging Cluster – Assistance Listing No. 93.044, 93.045, 93.053

Recommendation: We recommend that policies and procedures are put in place to ensure that non-Federal share reported for each matching requirement is supported by and agrees to the Department's accounting system.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Policies have been created that require all match funds recorded into the statewide accounting system have the grant number included for the transaction when recorded by SCDOA. Policy and procedures also require that the match funds reported to the federal reports be confirmed in the SCEIS system prior to filing the federal report.

Name(s) of the contact person(s) responsible for corrective action: Lisa Crosby and Rhonda Walker.

Planned completion date for corrective action plan: March 31, 2021

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Connie D. Munn at (803) 734-9910.



STATE OF SOUTH CAROLINA

DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN

STATE SUPERINTENDENT OF EDUCATION

DEPARTMENT OF EDUCATION CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2020

U.S. Department of Education

S.C. Department of Education respectfully submits the following corrective action plan for the year ended 6/30/20.

The finding from the schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDING—FEDERAL AWARD PROGRAM AUDIT

DEPARTMENT OF EDUCATION

2020-010 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Special Education Cluster (IDEA) – Assistance Listing No. 84.027 and 84.173

Recommendation: We recommend that the Department strengthen internal controls regarding review and approval to ensure that expenditures are recorded in the correct fiscal year.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The steps below should be followed all fiscal year. However, these steps are especially important as a fiscal year closes and another begins to ensure documents are classified correctly.

The agency will strengthen its review of transactions to ensure all expenditures are recorded in the correct fiscal year. Each analyst will exercise greater caution when coding invoices determined to be prior year payables (PYP) (with appropriate amount indicated) as payments are entered into SCEIS. If the payments are processed via an interface, PYP should be added to the document's text field (with appropriate amount indicated) as soon as a document number is established. Additionally, agency approvers (AP Lead and/or Managers) will review documents closely to determine if any portion (or the entire payment) should be classified as PYP prior to approval. If a document is not classified as a PYP, it will be returned to the analyst for correction prior to approval.



STATE OF SOUTH CAROLINA

DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN

STATE SUPERINTENDENT OF EDUCATION

Name(s) of the contact person(s) responsible for corrective action: Lori Dean, Fiscal Accounting Manager

Planned completion date for corrective action plan: Immediately

If the U.S. Department of Education has questions regarding this plan, please call Nancy W. Williams, CFO at 803-734-8108.



**VOCATIONAL REHABILITATION DEPARTMENT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

U.S. Department of Education

The South Carolina Vocational Rehabilitation Department respectfully submits the following corrective action plan for the year ended June 30, 2020.

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAM AUDIT

U.S. Department of Education

2020-011 Vocational Services-Vocational Rehabilitation Grants to States – Assistance Listing No. 84.126

Recommendation: We recommend that the Department implement procedures to ensure any equipment purchased with Federal funding is managed in accordance with state requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Agency will review and update (as needed) existing procedures to correct this deficiency. Appropriate staff will receive additional training on the purchasing of equipment to ensure understanding of the requirement that capital assets are tagged and recorded appropriately within the system in order to meet both state and federal requirements.

Appropriate staff will review shopping carts on a weekly basis to verify that all equipment purchases are recorded as defined by state and federal requirements. Adjustments will be made as necessary for those shopping carts/purchase orders that will need to be corrected. Procurement card purchases will continue to be reviewed on a monthly basis and appropriate action will take place to ensure those assets are tagged and recorded appropriately.

Name of the contact person responsible for corrective action: Ryan Futral

Planned completion date for corrective action plan: 06/30/2021

If the US Department of Education has questions regarding this plan, please call Breta Rheney at (803) 896-6602.

Felicia W. Johnson, Commissioner

The South Carolina Vocational Rehabilitation Department prepares and assists eligible South Carolinians with disabilities to achieve and maintain competitive employment

State Office • 1410 Boston Avenue • P.O. Box 15 • West Columbia, South Carolina 29170-0015 • scvrd.net
803-896-6500 (Office) • 803-896-6553 (TTY) • 800-832-7526 (Toll free) • 803-896-6558 (Fax) • info@scvrd.net



Darline Graham
Commissioner

South Carolina Commission for the Blind

1430 Confederate Avenue • Columbia, SC 29201
803-898-8731 or 888-335-5951 • Fax: 803-898-8867

U.S. Department of Education

The South Carolina Commission for the Blind respectfully submits the following corrective action plan for the year ended June 30, 2020.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAM AUDIT

U.S. Department of Education

2020-012 Rehabilitation Services-Vocational Rehabilitation Grants to States
Assistance Listing No.: 84.126

Recommendation: We recommend that the Commission implement procedures to ensure that spending requirements for pre-employment transition services are met before the grant is closed.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Monthly grant expenditure reports will be completed and reviewed with management to ensure that the required expenditure level for Pre-Employment Transition Services is met before the grant is closed.

Name(s) of the contact person(s) responsible for corrective action: Carrie Morris

Planned completion date for corrective action plan: 5-1-21

2020-013 Rehabilitation Services-Vocational Rehabilitation Grants to States
Assistance Listing No.: 84.126

Recommendation: We recommend that the Commission continue implementation of the associated corrective action plan.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: SCCB will continue to conduct quarterly data validation reviews. Based on case file documentation, data discrepancies will be resolved prior to the submission of the RSA-911. Additional staff have been added to the Quality Assurance department to ensure expediency of identifying and resolving data discrepancies. It is to be noted that 100% accuracy of all RSA-911 data elements will not be immediately attainable. Since cases are selected randomly for testing, it is possible that cases which contained data

discrepancies prior to the implementation of the correction plan (May 31, 2019) may be included in the sample set due to the length of time that a consumer can be served. In addition, several of the RSA-911 data elements which are tested cannot be resubmitted to RSA for correction.

Name(s) of the contact person(s) responsible for corrective action: Shana Robinson

Planned completion date for corrective action plan: Ongoing

2020-014 Rehabilitation Services-Vocational Rehabilitation Grants to States
Assistance Listing No.: 84.126

Recommendation: We recommend that the Commission develop and implement policies and procedures that ensure the security of all data compiled to support federal reports.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Procedures are being developed to ensure that reports are adequately documented and that such documentation is maintained in a secure electronic manner, including an external hard drive for large amounts of data backup. Internal controls are now in place to adequately support indirect expense base. To prevent future loss of data, supporting documentation for federal reports will be uploaded to a shared drive which will be accessible by management and staff who are directly involved with compiling data and/or reporting. In addition, an external hard drive has been obtained and will be utilized as a secondary backup in case of system failures – e.g. server issues, network outages, etc.

Name(s) of the contact person(s) responsible for corrective action: Shana Robinson and Carrie Morris

Planned completion date for corrective action plan: 7-1-21

2020-015 Rehabilitation Services-Vocational Rehabilitation Grants to States
Assistance Listing No.: 84.126

Recommendation: We recommend that the Commission continue implementing the corrective action plan and strengthen the associated controls to ensure compliance is clearly documented.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Draw documentation is now being maintained electronically to prevent data loss. There is now an approval process in place to verify the accuracy of grant drawdowns. This includes a comparison of expenses incurred to cash draw.

Name(s) of the contact person(s) responsible for corrective action: Carrie Morris

Planned completion date for corrective action plan: completed

2020-016 Rehabilitation Services-Vocational Rehabilitation Grants to States
Assistance Listing No.: 84.126

Recommendation: We recommend that the Commission implement procedures which will provide assurance that personnel charges are accurate, allowable, and properly allocated to applicable grants.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Commission will implement procedures to properly allocate charges to the applicable grants, including the use of consumer counts and other appropriate allocation methods.

Name(s) of the contact person(s) responsible for corrective action: Carrie Morris

Planned completion date for corrective action plan: 7-1-21

2020-017 Rehabilitation Services-Vocational Rehabilitation Grants to States
Assistance Listing No.: 84.126

Recommendation: We recommend that the Commission properly document all control procedures.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Commission has new policies and procedures in place for all case service expenditures and other direct payments. These include new authorization approval processes in our case management system (AWARE) and new approval forms for non case service expenditures. This allows for a more efficient and thorough documentation review in the approval process.

Name(s) of the contact person(s) responsible for corrective action: Carrie Morris

Planned completion date for corrective action plan: completed

If the Federal Cognizant of Oversight Agency for Audit has questions regarding this plan, please call Matthew Daugherty at 803-898-8835.

The State of South Carolina
Military Department



Office of the Adjutant General

R. VAN MCCARTY
MAJOR GENERAL
THE ADJUTANT GENERAL

1 NATIONAL GUARD ROAD
COLUMBIA, S.C. 29201-4752

19 March 2021

SOUTH CAROLINA OFFICE OF THE ADJUTANT GENERAL
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020

The South Carolina Office of the Adjutant General respectfully submits the following Corrective Action Plan for the year ended 6/30/20.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAM AUDIT

Department of Defense

2020-018 National Guard Military Operations and Maintenance (O&M) Projects – Assistance Listing No. 12.401

Recommendation: We recommend that the Office implement policies and procedures to ensure that review of documentation related to program employee salaries occurs and is documented on a regular basis, and that hours for work outside the program completed by program employees and all resulting costs are reviewed for impact on program expenditures.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

The Agency's State Human Resources Office (SHRO) will conduct of an Agency-wide internal audit of all State employee salaries and expenditures to validate the information in SCEIS against the information contained on the Personnel Action Request (PAR) forms in the employee files. Implementation will begin immediately and will be completed by 1 June 2021. SHRO will also initiate a Standard Operating Procedure (SOP) starting in July 2021 to conduct quarterly checks of twenty-five

percent (25%) of Agency employees SCEIS information against their PARS in their files.

Beginning immediately, when SHRO receives a request for overtime expenditures for program employees, SHRO will conduct an audit to determine the purpose of the overtime. If SHRO determines the employee's overtime is outside program expenditures, SHRO will notify the Budget/Finance and Agreements sections to initiate an Journal Entry to move the costs to the correct cost center and to ensure the costs are either not reimbursed by the Federal program or that the Federal program is provided the appropriate credit.

Name(s) of the contact person(s) responsible for corrective action: Robert Faulk

Planned completion date for corrective action plan: June 01, 2021

U.S. Department of Defense

2020-019 National Guard Military Operations and Maintenance (O&M) Projects – Assistance Listing No. 12.401

Recommendation: We recommend the Office implement and/or strengthen existing policies and procedures to ensure that advanced funds are expended in a timely manner in accordance with NGR 5-1, Chapter 11-5.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

In October 2020 after the end of the 2020 Federal Fiscal Year (FFY), the State Cooperative Agreements Grants Management Section and the Grants Officer Representative (GOR) from the US Property and Fiscal Officer (USPFO) met to review and revise the SOP-Draw of Federal Funds for the Reports used in Support of Processing of Advances (Draws) in response to shortcomings identified during FFY 2020. As the result of this meeting, the following changes have already been put into place:

- The State Cooperative Agreements Grants Management Section updated the SOP “Draw of Federal Funds for the Reports used in Support of Processing of Advances (Draws)”.
- Beginning in FFY 2021, the State Cooperative Agreements Grants Management Section developed a report to show the estimated

balance of Federal cash on hand as of the beginning of each advance period. The report provides specific details for the computation of each estimated balance of Federal cash on hand for each Appendix for each Advance SF270. Only the dollar amount of the estimated balance of Federal cash on hand at the beginning of the advance period is listed in the “Comments” block on the actual SF270 form.

- The State Cooperative Agreements Grants Management Section created a report with specific details for the computation of each advance Federal funding amount requested for each Appendix for each Advance SF270.

Beginning NLT March 31, 2021, the State Cooperative Agreements Grants Management Section will:

- Submit the estimated balance of Federal cash on hand report and the specific details for the computation of each advance Federal funding for review by the Chief of Finance for State Operations, the GOR, and the Program Manager or Program Manager’s designee before the Advance SF270 is generated.
- Create a report to track the amount of the expenditures which have posted in SCEIS since the beginning date for each Advance SF270 for each Appendix to ensure advance funds are expended in a timely manner in accordance with NGR 5-1, Chapter 11-5. The State Cooperative Agreements Grants Management Section update and submit the expenditure report on a weekly basis to the Chief of Staff for State Operations, the Chief of Finance for State Operations, the Grants Office Representative (GOR), the Federal Budget Analysts, and the Federal Program Managers.

The Agency would like to point out the significant impact that COVID had on the Agency and the management of Federal advance funds specifically in the area of Facilities Management. In March 2020, Appendix 1 (ARNG Facilities Programs) requested and drew \$2M in Federal advance funds based on the anticipated approvals of planned construction projects by the SC Legislature’s Joint Bond Review Committee (JBRC). Due to the effects of COVID-19, the JBRC postponed its March meeting until April. In April, the JBRC cancelled its meeting with the intent to meet in May. The JBRC finally met in June. Unfortunately, due to the timelines required for the Phase I construction projects, the planned monies could not be executed within the time constraints of the FFY. The Facilities Construction Office attempted to redirect the funds but was not able to obtain the necessary approvals from National Guard Bureau resulting in the State having to return those funds to the Federal Treasury.

Name(s) of the contact person(s) responsible for corrective action: Alex Counts

Planned completion date for corrective action plan: March 31, 2021

U.S. Department of Defense

2020-020 National Guard Military Operations and Maintenance (O&M) Projects – Assistance Listing No. 12.401

Recommendation: We recommend that the Office strengthen its internal controls to ensure that awarded funds are expended within the award's period of performance and/or listed on the detailed listing of unliquidated claims and undisbursed obligations when necessary.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Federal Program Managers or their designees submit a cash requirements statements to the State Cooperative Agreements Grants Management Section by the 10th working day of each month for their plan to expend the amount of their federal funding during the period of performance. In the future, the State Cooperative Agreements Grants Management Section will provide additional information to the Federal Program Managers and Federal Program Managers' designees to strengthen and improve the accuracy and details of the cash requirements statements.

The State Cooperative Agreements Grants Management Section will create a detailed listing of unliquidated claims and undisbursed obligations and submit the report monthly to the Federal Program Managers and Federal Program Managers' designees. The detailed listing will be reviewed by the Chief of Finance for State Operations and the State Director of Procurement before submission to the Federal Program Managers and Federal Program Managers' designees.

State Operations will implement a procedure for the review of posting of all transactions in SCEIS to ensure the transactions are not charged to program grants outside of the period of performance.

Name(s) of the contact person(s) responsible for corrective action: Alex Counts

Planned completion date for corrective action plan: March 31, 2021

U.S. Department of Defense

2020-021 National Guard Military Operations and Maintenance (O&M) Projects – Assistance Listing No. 12.401

Recommendation: We recommend the Office strengthen its internal controls to ensure that the total reported expenditures for program grants agree to underlying accounting data (SCEIS).

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

The Chief of Finance for State Operations has revised the procedures and the deadlines for tasks on the monthly checklists for State Operations. One task for the State Cooperative Agreements Grants Management Section is to ensure all SCEIS postings for the month are correct for the O&M programs. If a posting is identified as incorrect, the State Cooperative Agreements Grants Management Section will create a journal entry to correct the posting in SCEIS. The State Cooperative Agreements Grants Management Section will complete all necessary corrective journal entries on a monthly basis. Once the State Cooperative Agreements Grants Management Section creates a final SF270 for each program grant, all of the necessary corrective journal entries should have been completed. If additional corrective journal entries are needed, the State Cooperative Agreements Grants Management Section will complete the necessary journal entries and post in SCEIS before the final SF270 is completed and submitted for approval by the Chief of Finance for State Operations and the Federal Program Manager. The State Cooperative Agreements Grants Management Section will generate SCEIS reports and submit the reports with each final SF270 to ensure the total reported expenditures for program grants posted in SCEIS agree with the total reported expenditures for the program grants on each final SF270.

Name(s) of the contact person(s) responsible for corrective action: Alex Counts

Planned completion date for corrective action plan: March 31, 2021

If the U.S. Department of Defense has questions regarding this plan, please contact COL Kenneth C. Braddock, USA Retired, Chief of Staff for State Operations, at 803-299-4445 or braddockk@tag.scmd.state.sc.us.



South Carolina Department of Alcohol and Other Drug Abuse Services

HENRY McMASTER
Governor

SARA GOLDSBY
Director

SOUTH CAROLINA DEPARTMENT OF ALCOHOL AND OTHER DRUG ABUSE SERVICES CORRECTIVE ACTION PLAN – YEAR ENDED JUNE 30, 2020

U.S. Department of Health and Human Services

The South Carolina Department of Alcohol and Other Drug Abuse Services (DAODAS) respectfully submits the following corrective action plan for the year ended 6/30/20.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered in accordance with the numbers assigned in the schedule.

FINDINGS – FEDERAL AWARD PROGRAM AUDIT

U.S. Department of Health and Human Services

2020-022 Prevention and Treatment of Substance Abuse – Assistance Listing No. 93.959

Recommendation: We recommend the Department implement policies and procedures to ensure time and effort reports are properly completed, reviewed, and maintained. We also recommend the Department ensure the accounting system accurately reports actual time worked.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: DAODAS plans to implement a more comprehensive control of Time & Effort allocations to include the following: The Human Resources (HR) Manager will send a monthly reminder to all staff with the current funding sources. Time & Effort sheets must be sent to all managers by the 5th working day of the month. Managers must review time sheets for correct allocations and ensure both signatures are applied. Once approved and signed, a copy must be stored in a designated location and sent to the HR Manager.

Name(s) of the contact person(s) responsible for corrective action:
Sharon Peterson and Angela Outing

Planned completion date for corrective action plan: Effective April 1, 2021

2020-023 Prevention and Treatment of Substance Abuse, Strategic Targeted Response Opioid Crisis Grant – Assistance Listing Nos. 93.959, 93.788

Recommendation: We recommend the Department update its subrecipient agreements to incorporate all required information to ensure adequate communication to subrecipients and to ensure compliance with Federal requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: DAODAS will ensure all new sub-awards granted on or after April 1, 2021, include all applicable requirements as detailed in 2 CFR 200.331(a)(1).

Name(s) of the contact person(s) responsible for corrective action:

Sharon Peterson, Hannah Bonsu, Michelle Nienhuis, and David Collier

Planned completion date for corrective action plan: April 1, 2021

2020-024 Prevention and Treatment of Substance Abuse, Strategic Targeted Response Opioid Crisis Grant – Assistance Listing Nos. 93.959, 93.788

Recommendation: We recommend the Department strengthen controls to ensure that reports are properly reviewed by supervisory personnel before submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Manager of Finance and Operations will review and approve quarterly or annual federal reports prior to report submission. This approval may be in the form of an e-mail to proceed or actual signing of a paper copy.

Name(s) of the contact person(s) responsible for corrective action:

Sharon Peterson and Tina Nichols

Planned completion date for corrective action plan: Effective April 1, 2021

2020-025 Strategic Targeted Response Opioid Crisis Grant – Assistance Listing No. 93.788

Recommendation: We recommend the Department strengthen controls to ensure information reported to the SAMHSA is accurate and properly supported by documentation.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Data storage and verification plan:

- External partners will be required to report process for verification of the data submitted.
- Internal partners will place all data/reports in folders in Microsoft Teams or Box Enterprise for storage and review by managers.
- Data and program protocols will be submitted for each project on a standardized form, including back-up staff assignment to each program for data verification and to serve as secondary program contacts.

Name(s) of the contact person(s) responsible for corrective action:

Roberta Braneck, Lisa Davis, and Sazid Khan, Ph.D.

Planned completion date for corrective action plan: Initial plan to be developed and installed by April 30, 2021, with continuous and ongoing monitoring

If the U.S. Department of Health and Human Services has questions regarding this plan, please call Sharon Peterson at 803-896-1145.

**DEPARTMENT OF SOCIAL SERVICES
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**



HENRY McMASTER, GOVERNOR
MICHAEL LEACH, STATE DIRECTOR



March 31, 2021

U.S. Department of Health and Human Services

The South Carolina Department of Social Services respectfully submits the following corrective action plan for the year ended June 30, 2020.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAM AUDIT

2020-026 Child Support Enforcement, Social Services Block Grant, Adoption Assistance – Assistance Listing No. 93.563, 93.667, 93.659

Recommendation: We recommend that the Department continue implementation of the associated corrective action plan.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Department put procedures in place to ensure proper supporting documentation from the accounting system is retained to support accurate reimbursement for all Federal cash draws. Staff turnover, and the Department's required enactment of work-from-home policies to combat the spread of the COVID-19 virus, created unanticipated barriers to ongoing compliance with its revised procedures. Required supporting documentation is now described in detail in the cash management procedures for drawdown of federal funds. Draws will be performed on a periodic basis determined by individual grant, but at least monthly if needed. Staff will review all grants periodically to determine whether qualified expenditures have posted to grants and require draws to cover them. A master draw log has been created and will be maintained by the Grants Accounting and Reporting Manager to document the completion of these reviews and the status of draw activity for each grant.

Name(s) of the contact person(s) responsible for corrective action: Reshma Parikh, Grants Accounting and Reporting Manager

**DEPARTMENT OF SOCIAL SERVICES
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Planned completion date for corrective action plan: April 30, 2021.

2020-027 Adoption Assistance – Assistance Listing No. 93.659

Recommendation: We recommend that the Department continue to implement corrective action for eligibility file controls.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: All adoption subsidy agreements are now sent to the State Office Adoptions Manager for signature. When the agreements are entered into the Child Welfare Information System (CAPSS), staff verify that the agreement includes the proper signature. Some of the payments tested and identified as exceptions this year were made pursuant to subsidy agreements executed in prior years. Prior to the Department's required enactment of work-from-home policies to combat the spread of the COVID-19 virus, the Department had begun reviewing older files to ensure the subsidy agreements included the proper signatures. The Department also had begun implementation of an eligibility review process whereby staff would pull sample cases quarterly for internal review to confirm compliance with various requirements and ensure all subsidy payments were adequately supported. The implementation of these processes was interrupted when staff began working from home because staff are not permitted to remove paper eligibility case files from Department offices, thus could no longer access case files to complete reviews.

With Department offices now re-opened, operation and implementation of these controls will resume. In signing the subsidy agreements and conducting the above compliance reviews, the State Office Adoptions Manager will verify the subsidy payment amounts are correct and agree with the subsidy agreements. She will also ensure all subsidy agreements have the proper signatures and that other compliance and documentation requirements are met in accordance with federal regulations. If discrepancies are found, the manager will contact the region for clarification or corrective action.

In addition, State Adoptions staff are now working with the Department's Information Technology team to add system controls and reports to ensure timely termination of payments and maintenance of documentary support for payments to children who are 18 years and older. The Department's CAPSS system now discontinues subsidy payments at the end of the month in which a child reaches age 21. In addition, monthly reports are under development that will facilitate advance requests for required updates to educational and medical information to assure timely receipt of support for continuing payments to children who are 18 and over. Each month staff will track the documentation requested to ensure the required updates have been received, and they will terminate payments that lack the required support.

Name(s) of the contact person(s) responsible for corrective action Plan: Rebecca Carrier, State Office Adoptions Manager

Planned completion date for corrective action plan: August 31, 2021

**DEPARTMENT OF SOCIAL SERVICES
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

2020-028 Adoption Assistance – Assistance Listing No. 93.659

Recommendation: We recommend that the Department continue to strengthen its internal controls to ensure that Federal reports are free from error and clearly supported prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Staff turnover, and the Department's required enactment of work-from-home policies to combat the spread of the COVID-19 virus, made complete implementation of improvements more difficult. The Department's Grants Accounting and Reporting team is implementing additional training on the proper completion of the Federal Financial Reports, and procedures for tie-in and retention of relevant supporting documentation. Reports are now reviewed by a manager or the Controller prior to submission.

Name(s) of the contact person(s) responsible for corrective action: Reshma Parikh, Grants Accounting and Reporting Manager

Planned completion date for corrective action plan: April 30, 2021

2020-029 Foster Care-Title IV-E – Assistance Listing No. 93.658

Recommendation: We recommend that the Department implement policies and procedures to ensure eligibility documentation is maintained and supports all Federal requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: All case files are now being retained in either paper or electronic form in accordance with federal and state record retention requirements.

The Department is reviewing its policies and procedures and will make necessary changes to better assure compliance by providers with criminal background check requirements.

The clothing allowances identified during the audit were disbursed by the Department's county offices during the audit period, under legacy procedures. In October 2020, the Department completed its conversion to centralized state office payment of these allowances through its CAPSS system and the state's accounting system (SCEIS). This new process permits charges to the IV-E program only for the allowances it pays for IV-E eligible children.

**DEPARTMENT OF SOCIAL SERVICES
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Name(s) of the contact person(s) responsible for corrective action: Laura Claspill, Director of Program Development; Jacqueline Lowe, Director of CPA & Group Home Licensing

Planned completion date for corrective action plan: June 30, 2021

2020-030 Foster Care-Title IV-E – Assistance Listing No. 93.658

Recommendation: We recommend the Department review and update its state plan documentation and associated policies and procedures to ensure all information referenced in its approved state plan supports compliance with the applicable Federal requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Department will incorporate documentation of its processes for periodic review and update of Foster Care rates into its approved State Plan.

Name(s) of the contact person(s) responsible for corrective action: Anthony Williams, Director, Office of Policy and Continuous Quality Improvement

Planned completion date for corrective action plan: January 31, 2022.

2020-031 Foster Care-Title IV-E – Assistance Listing No. 93.658

Recommendation: We recommend that the Department continue to strengthen its internal controls to ensure that Federal reports are free from error and clearly supported prior to submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Staff turnover, and the Department's required enactment of work-from-home policies to combat the spread of the COVID-19 virus, made complete implementation of improvements more difficult. The Department's Grants Accounting and Reporting team is implementing additional training on the proper completion of the Federal Financial Reports, including the proper classification of costs, and procedures for tie-in and retention of relevant supporting documentation. Reports are now reviewed by a manager or the Controller prior to submission.

**DEPARTMENT OF SOCIAL SERVICES
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Name(s) of the contact person(s) responsible for corrective action: Reshma Parikh, Grants Accounting and Reporting Manager

Planned completion date for corrective action plan: April 30, 2021

2020-032 Foster Care-Title IV-E – Assistance Listing No. 93.658

Recommendation: We recommend that the Department implement policies and procedures that ensure all rates and payments charged to the program fully comply with Federal requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The department will review the charges to the program for which amounts that should have been allocated were deemed unclear or insufficiently documented in order to identify and implement any improvements needed to ensure the charges are correctly allocated and that the allocations are fully documented.

The \$25 in question resulted from payments at established daily rates to two foster parents in the same month, when custody of the child was changed from one to the other. Payments were made to the respective parents for a total of 31 days, resulting in total payments for the month that exceeded the monthly rate equivalent computed on a 30-day basis. The Department will consult with the Children's Bureau and review its policies with regard to the handling of these payments under the various possible scenarios and implement any changes if needed to ensure the payment amounts comply with federal rules.

Name(s) of the contact person(s) responsible for corrective action: David O'Kelly, Controller; Laura Claspill, Director of Program Development

Planned completion date for corrective action plan: June 30, 2021

If the Federal Cognizant Agency of Oversight or Audit has questions regarding this plan, please call David O'Kelly at 803-898-3987.

Appendix C
Index of Findings

STATE OF SOUTH CAROLINA
Index of Findings by Federal Grantor and Program Name
For the Year Ended June 30, 2020

<u>Assistance Listing</u>	<u>Federal Grantor/Program Name</u>	<u>Finding Number</u>	<u>Compliance¹ Requirement</u>	<u>Type of Internal Control Finding</u>			<u>Page</u>
				<u>Significant Deficiency</u>	<u>Material Weakness</u>		
<u>State of South Carolina</u>							
N/A	Comprehensive Annual Financial Report	2020-001	(Annual Report)	X			45
		2020-002	(Annual Report)	X			45
<u>Department of Defense</u>							
12.401	National Guard Military Operations and Maintenance (O&M) Projects	2020-018	A,B	X			63
		2020-019	C			X	64
		2020-020	H	X			65
		2020-021	L	X			66
<u>Department of Education</u>							
84.027	Special Education Grants to States	2020-010	A,B	X			55
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	2020-011	B	X			56
		2020-012	G	X			57
		2020-013	L	X			58
		2020-014	L	X			59
		2020-015	C	X			60
		2020-016	A,B	X			61
		2020-017	A,B	X			62
84.173	Special Education Preschool Grants	2020-010	A,B	X			55
<u>Department of Health and Human Services</u>							
N/A	Statewide Cost Allocation Plan	2020-007	(SWCAP)	X			52

¹ Compliance Requirement Legend – See page 167

Appendix C

STATE OF SOUTH CAROLINA
Index of Findings by Federal Grantor and Program Name
For the Year Ended June 30, 2020

Assistance Listing	Federal Grantor/Program Name	Finding Number	Compliance¹ Requirement	Type of Internal Control Finding			Page
				Significant Deficiency	Material Weakness		
<u>Department of Health and Human Services (Continued)</u>							
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services And Senior Centers	2020-008 2020-009	M G	X X			53 54
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	2020-008 2020-009	M G	X X			53 54
93.053	Nutrition Services Incentive Program	2020-008 2020-009	M G	X X			53 54
93.563	Child Support Enforcement	2020-026	C	X			73
93.658	Foster Care-Title IV-E	2020-029 2020-030 2020-031 2020-032	E N L A,B	X X X X			76 77 78 79
93.659	Adoption Assistance	2020-026 2020-027 2020-028	C E,B L	X X	X		73 74 75
93.667	Social Services Block Grant	2020-026	C	X			73

¹ Compliance Requirement Legend – See page 167

STATE OF SOUTH CAROLINA
Index of Findings by Federal Grantor and Program Name
For the Year Ended June 30, 2020

Assistance Listing	Federal Grantor/Program Name	Finding Number	Compliance¹ Requirement	Type of Internal Control Finding			Page
				Significant Deficiency	Material Weakness		
<u>Department of Health and Human Services (Continued)</u>							
93.767	Children's Health Insurance Program (CHIP)	2020-004	E	X			48
		2020-005	E	X			49
		2020-006	E		X		50
93.775	State Medicaid Fraud Control Units	2020-003	B,N	X			46
		2020-004	E	X			48
		2020-006	E		X		50
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	2020-003	B,N	X			46
		2020-004	E	X			48
		2020-006	E		X		50
93.778	Medical Assistance Program	2020-003	B,N	X			46
		2020-004	E	X			48
		2020-006	E		X		50
93.788	Strategic Targeted Response Opioid Crisis Grant	2020-023	M	X			69
		2020-024	L	X			70
		2020-025	L	X			72

¹ Compliance Requirement Legend – See page 167

STATE OF SOUTH CAROLINA
Index of Findings by Federal Grantor and Program Name
For the Year Ended June 30, 2020

Assistance Listing	Federal Grantor/Program Name	Finding Number	Type of Internal Control Finding			Page
			Compliance¹ Requirement	Significant Deficiency	Material Weakness	
<u>Department of Health and Human Services (Continued)</u>						
93.959	Prevention and Treatment of Substance Abuse	2020-022	A,B		X	67
		2020-023	M	X		69
		2020-024	L	X		70

¹ Compliance Requirement Legend – See page 167

1 Compliance Requirement Legend

A – Activities allowed or unallowed
B – Allowable costs/cost principles
C – Cash management
D – Reserved
E – Eligibility
F – Equipment and real property management
G – Matching, level of effort, earmarking

H – Period of Performance
I – Procurement and suspension and debarment
J – Program income
K – Reserved
L – Reporting
M – Subrecipient monitoring
N – Special tests and provisions