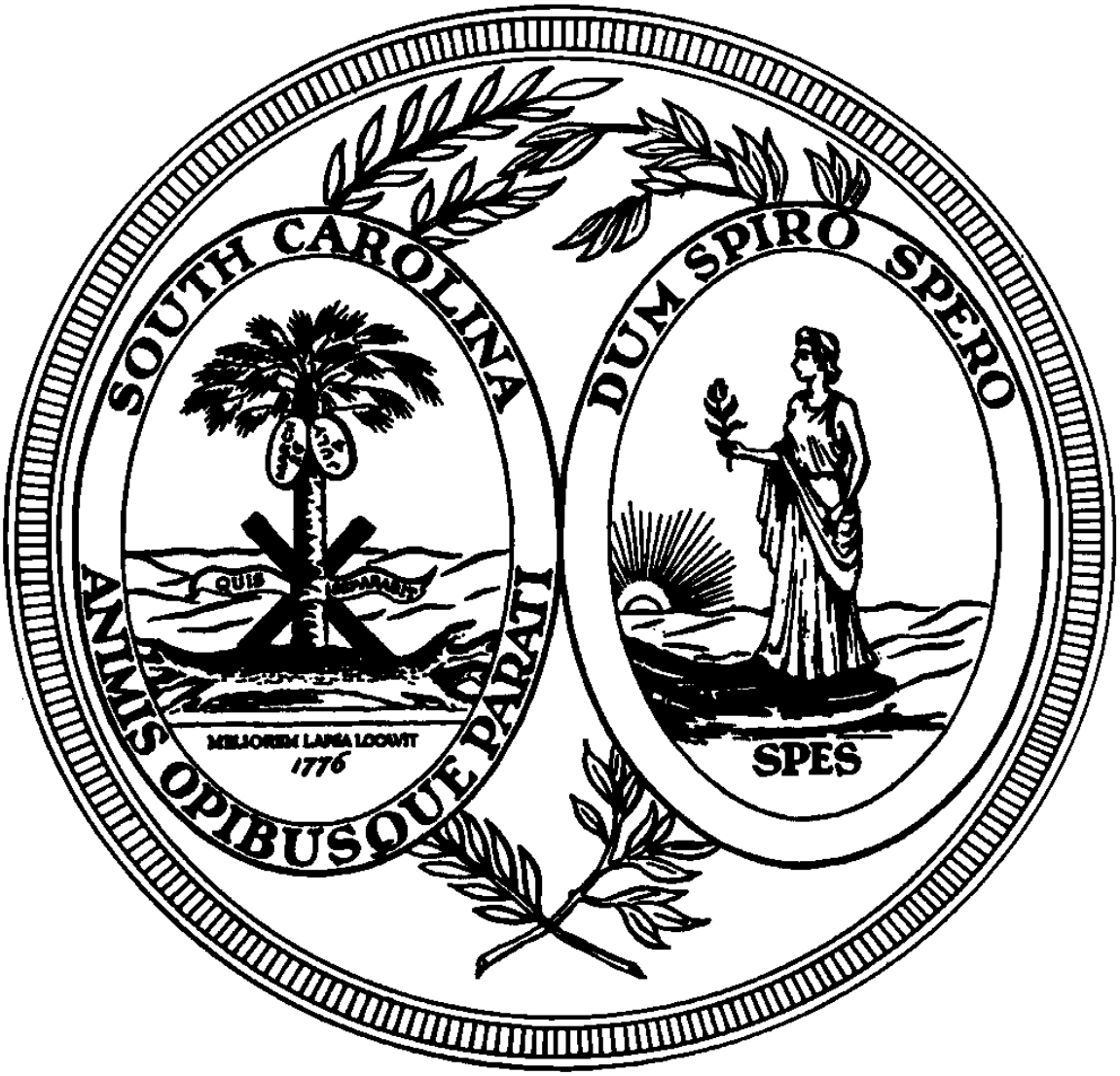
STATE OF SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30,

2015

Prepared by the Comptroller General's Office


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

CONTENTS

INTRODUCTORY SECTION

Page

Letter of Transmittal 6
Certificate of Achievement for Excellence in Financial Reporting 13
Principal State Officials 14
Organizational Chart 15

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT 18

MANAGEMENT'S DISCUSSION AND ANALYSIS—REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) 23

BASIC FINANCIAL STATEMENTS 37
Government-wide Financial Statements 38
Exhibit A-1: Statement of Net Position 38
Exhibit A-2: Statement of Activities 40

Fund Financial Statements 42
Exhibit B-1: Balance Sheet—Governmental Funds 42
Exhibit B-1a: Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 44
Exhibit B-2: Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds 46
Exhibit B-2a: Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 48
Exhibit B-3: Statement of Net Position—Proprietary Funds 50
Exhibit B-4: Statement of Revenues, Expenses, and Changes in Fund Net Position—Proprietary Funds 53
Exhibit B-5: Statement of Cash Flows—Proprietary Funds 54
Exhibit B-6: Statement of Fiduciary Net Position—Fiduciary Funds 58
Exhibit B-7: Statement of Changes in Fiduciary Net Position—Fiduciary Funds 59

Component Unit Financial Statements 60
Exhibit C-1: Statement of Net Position—Discretely Presented Component Units 60
Exhibit C-2: Statement of Activities—Discretely Presented Component Units 62

Notes to the Financial Statements 64

REQUIRED SUPPLEMENTARY INFORMATION—OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) 157
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)—Budgetary General Fund 158
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)—Other Budgeted Funds 160
Notes to the Required Supplementary Information—Budgetary 161
Net Pension Liabilities 165

SUPPLEMENTARY INFORMATION 179
Governmental Funds 180
Exhibit D-1: Combining Balance Sheet—Nonmajor Governmental Funds 182
Exhibit D-2: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds 184
Exhibit D-3: General Reserve Fund Activity—Budgetary General Fund 186

CONTENTS (Continued)

Page

Proprietary Funds **188**
Exhibit E-1: Combining Statement of Net Position—Nonmajor Enterprise Funds 190
Exhibit E-2: Combining Statement of Revenues, Expenses, and Changes in Fund Net Position—Nonmajor Enterprise Funds 194
Exhibit E-3: Combining Statement of Cash Flows—Nonmajor Enterprise Funds 196
Exhibit E-4: Combining Statement of Net Position—Internal Service Funds 200
Exhibit E-5: Combining Statement of Revenues, Expenses, and Changes in Fund Net Position—Internal Service Funds 204
Exhibit E-6: Combining Statement of Cash Flows—Internal Service Funds 206

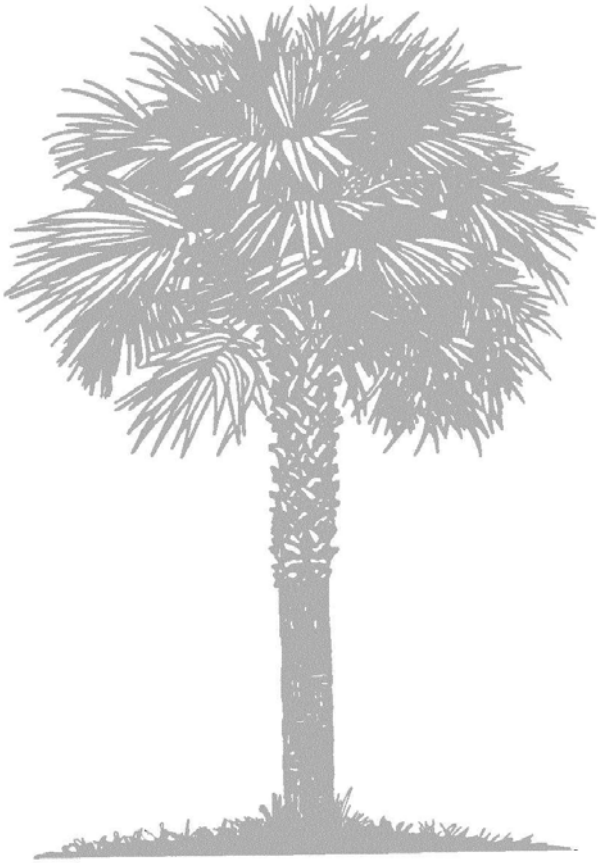
Fiduciary Funds **211**
Exhibit F-1: Combining Statement of Plan Net Position—Pension and Other Post-Employment Benefit Trust Funds 212
Exhibit F-2: Combining Statement of Changes in Plan Net Position—Pension and Other Post-Employment Benefit Trust Funds 214
Exhibit F-3: Combining Statement of Fiduciary Net Position—Private-Purpose Trust Funds 216
Exhibit F-4: Combining Statement of Changes in Fiduciary Net Position—Private-Purpose Trust Funds 217
Exhibit F-5: Combining Statement of Changes in Assets and Liabilities—Agency Funds 218

Discretely Presented Component Units **219**
Exhibit G-1: Combining Statement of Net Position—Nonmajor Discretely Presented Component Units 220
Exhibit G-2: Combining Statement of Activities—Nonmajor Discretely Presented Component Units 224

STATISTICAL SECTION
(UNAUDITED)

Table 1: Net Position by Component 230
Table 2: Changes in Net Position 232
Table 3: Fund Balances—Governmental Funds 236
Table 4: Changes in Fund Balances—Governmental Funds 238
Table 5: Personal Income by Industry 240
Table 6: Taxable Sales by Industry 242
Table 7: Percent Distribution of Taxable Sales by Industry 242
Table 8: Personal Income Tax Rates 244
Table 9: Personal Income Tax Filers and Liability by Income Level 245
Table 10: Ratios of Outstanding Debt by Type 246
Table 11: Ratios of General Bonded Debt Outstanding 248
Table 12: Computation of Legal Debt Margin 250
Table 13: Legal Debt Margin Information 252
Table 14: Pledged Revenue Coverage 254
Table 15: Demographic Statistics 255
Table 16: Employment by Industry 256
Table 17: Ten Largest Employers 257
Table 18: Government Employees by Function 258
Table 19: Operating Indicators by Function 260
Table 20: Capital Assets by Function 262

Introductory Section



Letter of Transmittal
Certificate of Achievement
Principal State Officials
Organizational Chart

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) 734-2064
E-Mail: cgoffice@cg.sc.gov

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

November 25, 2015

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, 2015. 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, 2015. 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-fourth in population with approximately 4.7 million citizens. According to the U.S. Census Bureau, the State's rate of population growth is presently the fourteenth 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.

Additional information on the State's component units can be found in the notes to the accompanying financial statements and in the separately issued financial statements of those component units.

South Carolina's annual Appropriations Act includes legally adopted budgets by agency for the Budgetary General Fund and for Total Funds. After the budget year begins, the State Budget and Control Board (became the State Fiscal Accountability Authority effective July 1, 2015), composed of five key executive and legislative officials, 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 Budget and Control Board 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, 2015, total non-farm employment in the state increased by 64,100 to 1,998,500. Industry sectors reflecting gains were Professional and Business Services (+16,200); Trade, Transportation, and Utilities (+15,200); Education and Health Services (+9,800); Government (+7,900); Leisure and Hospitality (+7,700); Construction (+6,700); and Financial Activities (+1,100). A modest decline was experienced in Manufacturing (-500).

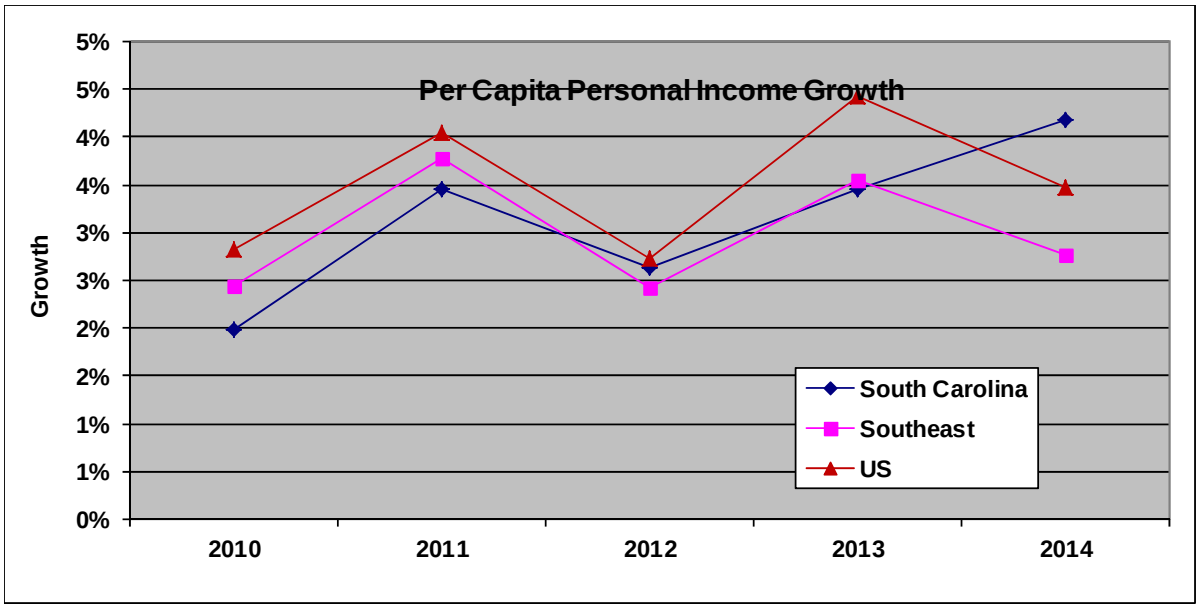
South Carolina's unemployment rate was 6.6% in June 2015, which was slightly above the June 2014 rate of 6.3%. It had improved to 5.7% in September 2015. In comparison, the U.S. unemployment rate in June 2015 was 5.3% and 5.1% in September 2015.

The South Carolina Leading Index (SCLI) increased by 0.42 points from June 2014 to June 2015 to 101.80. Above the 100 mark, the SCLI forecasts improving economic conditions for South Carolina over the upcoming three to six months. The SCLI closed the month of August 2015 at 101.77, the most current month available.

The number of real estate closings in June 2015, up 16.2 percent compared to a year ago, and the declining number of foreclosures in the state, down 8.8 percent in June 2015 compared to June 2014, have reduced the supply of available homes on the market. As inventory tightens, real estate values in South Carolina have gained ground. Residential building permits compared to a year ago are up 15.2 percent in volume and 19.9 percent in valuation.

The South Carolina housing market continued to improve, with the Charleston, Columbia, and Greenville housing markets experiencing strong home sales in the first half of calendar year 2015. This growth was also complemented by median home prices of homes sold increasing 4.7 percent when comparing June 2015 to June 2014.

Also, see below for a comparison of 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 1.0% or more of the total annual General Fund appropriations to provide an estimate of their projected General Fund expenditures for the next three fiscal years. The State Budget Office combines these expenditure estimates with long-term revenue estimates made by the State's Board of Economic Advisors (BEA) to create a three-year financial plan. The three-year financial plan assists the State in strategically assessing its future financial commitments. The plan is updated annually and provided to the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate during the second quarter of each fiscal year.

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

The State's long-term financial management practices include a five–year comprehensive permanent 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. If the BEA reduces revenue projections significantly once the budget year begins, the State Fiscal Accountability Authority (SFAA) is responsible for taking appropriate action to keep the State's budget in balance. If the SFAA anticipates a year-end operating deficit as a result of the BEA reducing its revenue projections during the year, it must reduce most agency appropriations evenly across-the-board. The State is also required to maintain a General Reserve Fund amounting to 5.0% of total General Fund revenues for the latest completed fiscal year that can be used only for eliminating a year-end operating deficit. If the State's budgetary General Fund subsequently experiences a year-end operating deficit even after applying all the actions described above, the SFAA is required to meet within sixty days of August 31 to adopt a plan to eliminate the deficit and restore a balanced budget. 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 exists directing that in closing the books each year the Comptroller General shall suspend, to the extent necessary, any budgetary surplus appropriations in a general or supplemental act or Capital Reserve Fund appropriations if the State's General Fund has a negative unrestricted, unassigned fund balance when reported on a Generally Accepted Accounting Principles-basis.

The State ended fiscal year 2015 with a positive budgetary General Fund fund balance of $1.194 billion, which was made up of legislatively approved agency carryover appropriations of $415.073 million, the General Reserve of $319.479 million, the Capital Reserve of $127.790 million, the Contingency Reserve of $19.741 million, and unassigned surplus of $299.743 million.

MAJOR INITIATIVES

In accordance with the *South Carolina Restructuring Act of 2014 (Act 121)*, effective July 1, 2014, the State Budget Division was eliminated and its functions divided among two newly created offices: the Executive Budget Office and the Revenue and Fiscal Affairs Office.

The Executive Budget Office became a stand-alone agency reporting to the Governor's Office. It was assigned many of the former State Budget Division's responsibilities, including development and oversight of the process for preparing the annual state budget.

Also, in accordance with Act 121, the State Budget and Control Board ceased operations on June 30, 2015. Effective July 1, 2015, most of its functions and responsibilities were transferred to a newly created Department of Administration in the Governor's Office, a newly created State Fiscal Accountability Authority, and the Confederate Relic Room and Military Museum Commission. Also under Act 121, effective July 1, 2015 the Executive Budget Office and the Governor's Office of Executive Policy and Programs were transferred and incorporated into the Department of Administration, the SC Energy Office was transferred to the Office of Regulatory Staff, and the Office of Local Government was transferred to the Rural Infrastructure Authority.

The Revenue and Fiscal Affairs Office consists of the Division of Research and Statistics and the Board of Economic Advisors. Functions of the Revenue and Fiscal Affairs Office include preparing fiscal and revenue impact statements on proposed legislation and assisting the General Assembly and the House Ways and Means and Senate Finance Committees in developing the annual appropriations act.

The State continues to fund programs related to job creation. In calendar year 2014, the State committed $16.9 million to the South Carolina Coordinating Council on Economic Development's Set-Aside Fund, which is dedicated to improving the economic well-being of the State by providing funds to local government to develop the infrastructure necessary for new and expanding business. Programs like this helped to attract Volvo to Berkeley County in fiscal year 2015. Volvo is expected to create 4,000 jobs in the State in the coming years.

South Carolina's job creation and capital investment from manufacturers have experienced steady growth since the end of the 2007 - 2009 Recession. In 2014 alone, the state attracted more than $5.1 billion in new capital investment from manufacturing companies, which resulted in the creation of more than 19,000 jobs.

South Carolina consistently ranks high on Site Selection magazine's "Top State Business Climate Rankings." The state ranked sixth overall in the most recently released 2014 survey. South Carolina scored high with business executives surveyed by Site Selection, ranking third, behind Texas and Georgia.

South Carolina's Growing Economic Environment

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

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

South Carolina's exports reached record levels in 2014 with exports increasing by 13.1% from 2013 to 2014. As such, South Carolina was ranked as the top Southeastern state for export growth during 2014. In 2014, South Carolina ranked 17th 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, which made up $9.2 billion of the State's export sales. Additionally, the State led the nation in the export of tires, which accounts for approximately 30 percent 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 the end of the decade, 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 $174.573 billion in 2014. Between 2014 and 2015, our real GDP grew 2.2%, which compares to the southeast states average growth of 1.7%.

With our cost of living 7.3% 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 2014 had the second lowest unionization rate in the nation, at 2.2% of the workforce. CNBC recently ranked the South Carolina workforce ninth in the nation in terms of quality and availability of workers, also citing lower union membership and the success of state worker training programs in placing people in jobs.

AWARDS AND ACKNOWLEDGMENTS

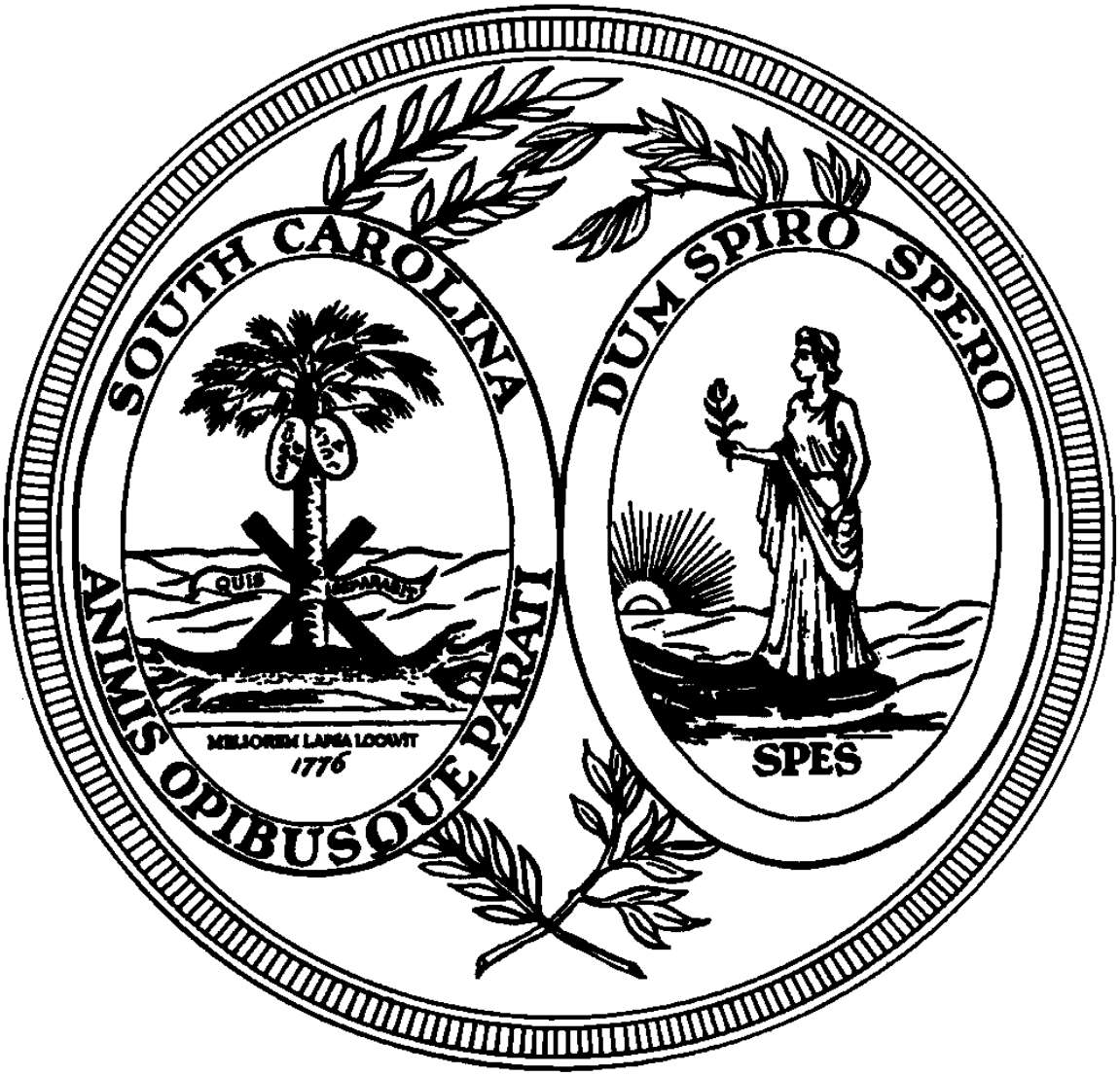
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina for its Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended June 30, 2014. This was the twenty-seventh 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


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

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, 2014

Executive Director/CEO

Principal State Officials

LEGISLATIVE—THE GENERAL ASSEMBLY

Henry D. McMaster, President of the Senate and Lieutenant Governor
Hugh K. Leatherman, Sr., President Pro Tempore of the Senate
James H. Lucas, Speaker, House of Representatives

EXECUTIVE

STATE BUDGET AND CONTROL BOARD*
Nikki R. Haley, Chairman, Governor
Curtis M. Loftis, State Treasurer
Richard Eckstrom, Comptroller General
Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee
W. Brian White, Chairman, House Ways and Means Committee

Henry D. McMaster, President of the Senate and Lieutenant Governor
Mark Hammond, Secretary of State
Alan Wilson, Attorney General
Molly Spearman, State Superintendent of Education
Major General Robert E. Livingston, Jr, Adjutant General
Hugh E. Weathers, Commissioner of Agriculture

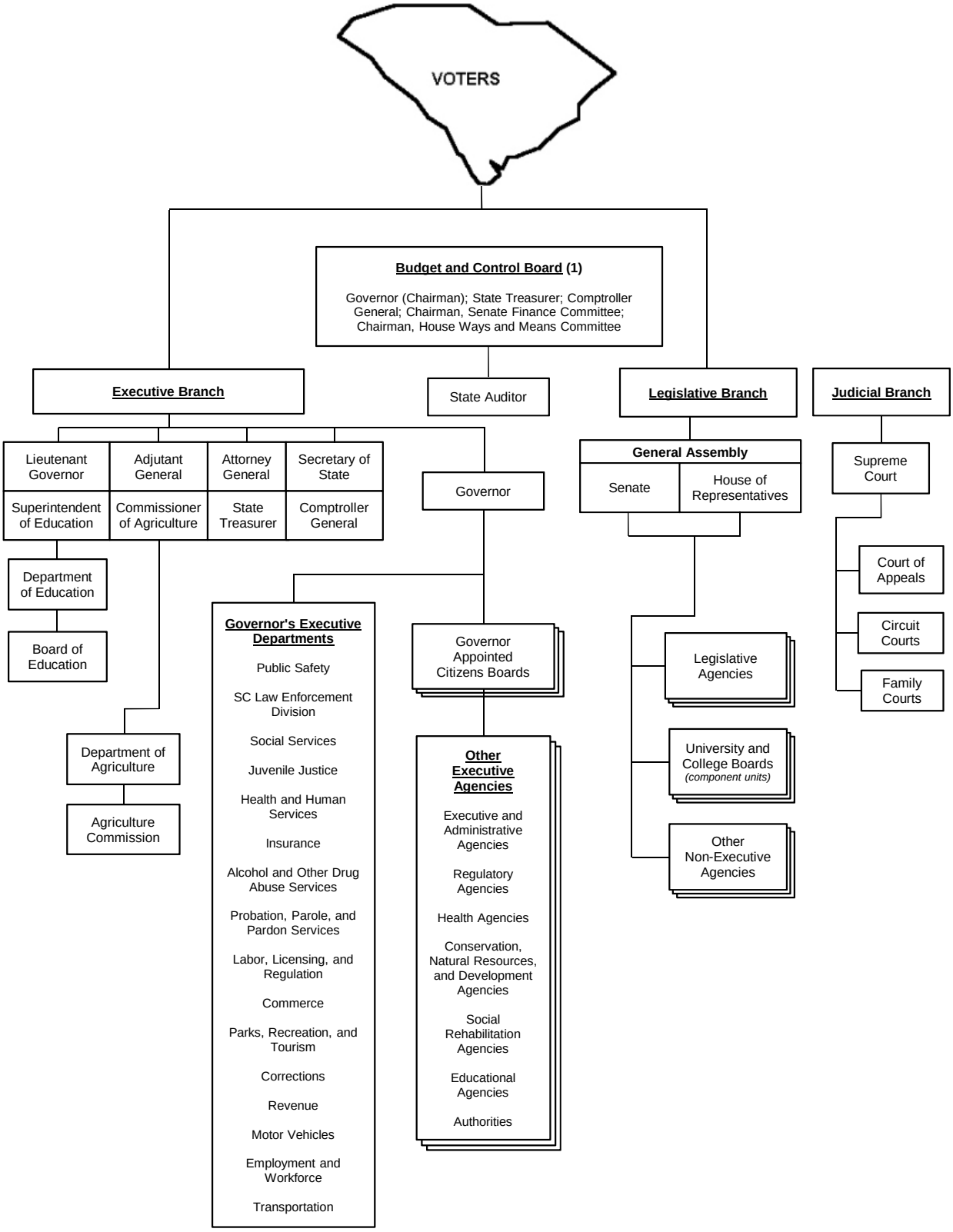
JUDICIAL

Jean H. Toal, Chief Justice, Supreme Court

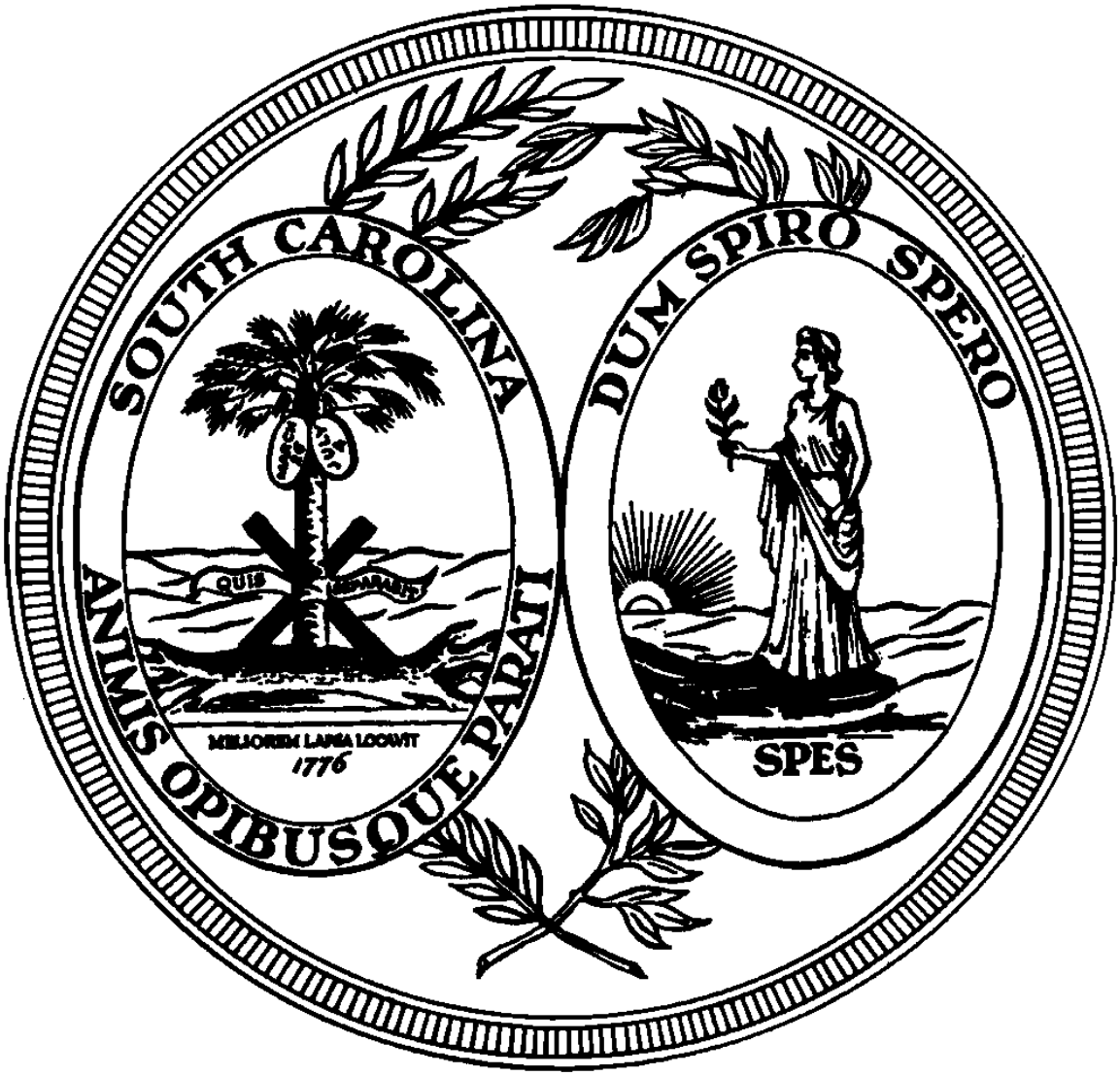
The State's citizens elect the legislative and executive branch officials named above. The General Assembly elects certain members of the judicial branch, including the Supreme Court.

*- Became the State Fiscal Accountability Authority as of July 1, 2015.

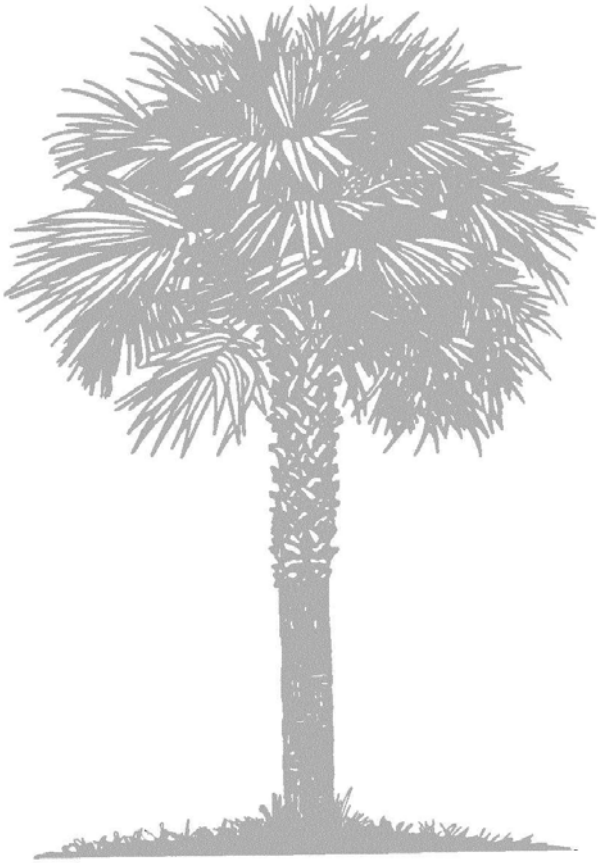
Organizational Chart



(1) Effective July 1, 2015, the Budget and Control Board was restructured into 2 separate agencies: The Department of Administration and the State Fiscal Accountability Authority.


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

Financial Section



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

State of South Carolina

Office of the State Auditor

CliftonLarsonAllen

Independent Auditors' Report

The Honorable Nikki R. Haley, 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, 2015, 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 of South Carolina, which represent the indicated percent of total assets 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%	10%	63%	9%
Business-type activities	-	-	64%	79%
Component units	-	-	99%	99%
Fund Statements				
Governmental Funds	-	-	19%	8%
Enterprise Funds	-	-	64%	79%
Internal Service Funds	28%	88%	61%	8%
Fiduciary Funds	82%	26%	18%	74%
Discretely Presented Component Units	-	-	99%	99%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the State Ports Authority, Connector 2000 Association, 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 of South Carolina as of June 30, 2015, 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 Principles

During the fiscal year ended June 30, 2015, the State adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the State reported a restatement for the change in accounting principle (see Note 2 and 14). Our auditors' opinion was not modified with respect to the restatement.

Correction of Errors

As described in Note 14 to the financial statements, the State restated beginning balances resulting from the correction of accounting errors that occurred in the prior period. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 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 of South Carolina's basic financial statements. The introductory section, supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

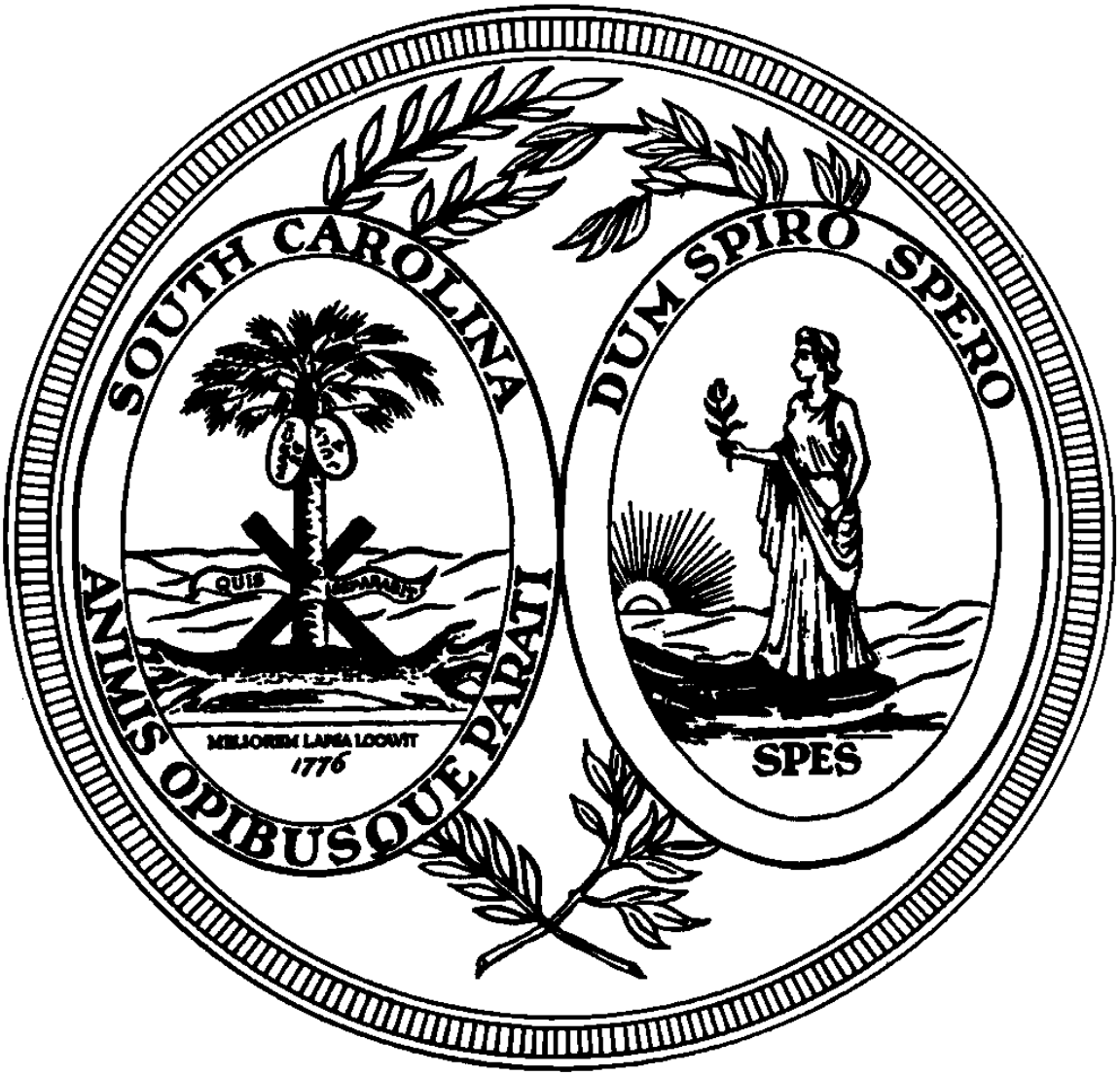
In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

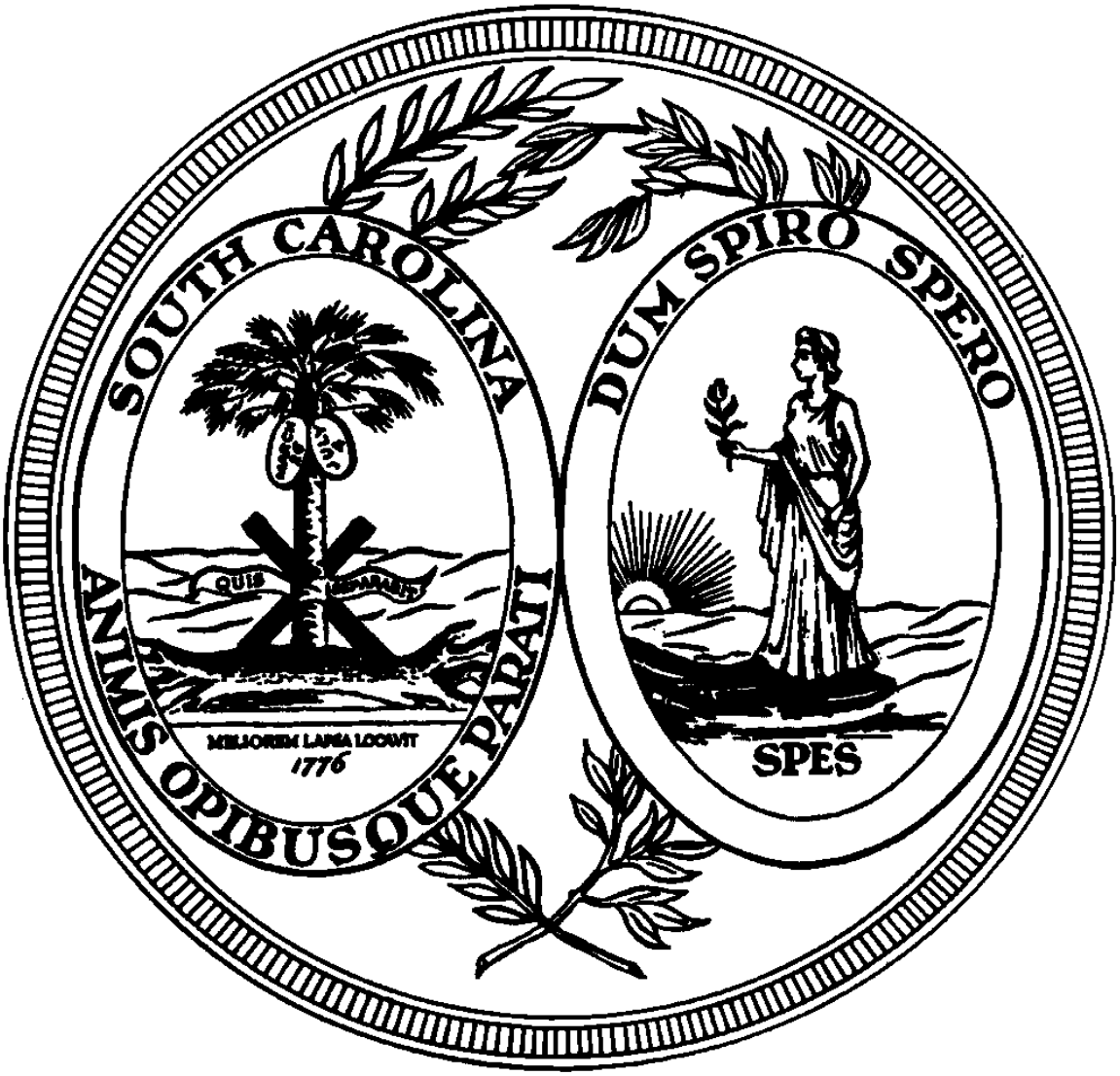
George L. Kennedy, III

Columbia, South Carolina
November 25, 2015

CliftonLarsonAllen LLP

Baltimore, Maryland
November 25, 2015


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


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

MANAGEMENT'S DISCUSSION AND ANALYSIS—

Required Supplementary Information (Unaudited)

Management's Discussion and Analysis

In this section of the State of South Carolina's annual report, we provide a narrative overview and analysis of the State's financial performance for its accounting year (*fiscal year*) that ended June 30, 2015. 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) *component unit financial statements,* and (4) *notes to the financial statements*. This annual report also contains certain *required supplementary information* and other *supplementary information* to aid in understanding the operations of the State.

Government-wide Financial Statements

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

There are two government-wide financial statements:

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

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

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

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

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

Component units: Although component units are legally separate from the State, the State's elected officials are financially accountable for them. The Public Service Authority (Santee-Cooper, an electric utility company), the State Ports Authority, the State Housing Authority, 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 70).

Fund Financial Statements

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

The State reports three types of *funds*:

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

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

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

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

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

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

Component Unit Financial Statements

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

Notes to the Financial Statements

Immediately following the financial statements are *notes* that provide additional and pertinent information to the financial statement amounts. The notes on pages 64 through 155 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. Note 5 on page 163 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 157 through 178 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 schedules can be found on pages 179 through 225 of this report.

Government-wide Financial Analysis

Exhibits 1 and *2* summarize the State's overall financial position and results of operations 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, 2015
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Totals— Primary Government		Total Percent Change
	2015	*(as restated)* 2014	2015	*(as restated)* 2014	2015	*(as restated)* 2014	2015-2014
Assets							
Current and other assets	$ 10,070,041	$ 9,460,268	$ 609,897	$ 750,720	$ 10,679,938	$ 10,210,988	4.6%
Capital assets	15,574,782	15,275,827	156,795	136,433	15,731,577	15,412,260	2.1%
Total assets	**25,644,823**	**24,736,095**	**766,692**	**887,153**	**26,411,515**	**25,623,248**	**3.1%**
Deferred Outflows of Resources	**405,240**	**298,993**	**354**	**234**	**405,594**	**299,227**	**35.5%**
Liabilities							
Long-term liabilities	7,025,853	7,433,379	363,021	789,347	7,388,874	8,222,726	(10.1%)
Other liabilities	2,700,164	2,783,987	183,157	201,291	2,883,321	2,985,278	(3.4%)
Total liabilities	**9,726,017**	**10,217,366**	**546,178**	**990,638**	**10,272,195**	**11,208,004**	**(8.3%)**
Deferred Inflows of Resources	**280,306**	**—**	**349**	**—**	**280,655**	**—**	**100.0%**
Net Position							
Net investment in capital assets	12,667,605	11,892,515	146,739	124,223	12,814,344	12,016,738	6.6%
Restricted	6,062,068	5,488,629	70,395	185,732	6,132,463	5,674,361	8.1%
Unrestricted	(2,685,933)	(2,128,973)	3,385	(413,206)	(2,682,548)	(2,542,179)	5.5%
Total net position	**$ 16,043,740**	**$ 15,252,171**	**$ 220,519**	**$ (103,251)**	**$ 16,264,259**	**$ 15,148,920**	**7.4%**

Net Position

The comparison of net position to liabilities may serve, over time, as a useful indicator of the State's financial strength. At the end of the 2015 fiscal year, the State's net position totaled $16.264 billion.

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

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

Unrestricted net position—resources normally available for future spending without restrictions—reported a deficit balance of ($2.683) billion at June 30, 2015. This represents a decrease of $140.369 million over the prior year. The primary government's unrestricted deficit net position primarily consists of the $2.964 billion net pension liability, which is required to be recognized by the newly-established GASB 68 (see Note 2 on page 77). The decrease in the primary government's unrestricted net position was partially offset by the $416.591 million increase in the unrestricted net position reported for the State's *business-type activities*. This was mostly the result of assessment revenue realized within the Unemployment Compensation Fund outweighing claims expenses by $208.519 million and assessment revenue realized within the Second Injury Fund outweighing claims expenses by $52.539 million. It should be noted that the decrease in unrestricted net position was 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 $3.385 million unrestricted net position. This balance was mostly comprised of a ($60.560) million unrestricted net position in the State-run Patient Compensation Fund, a ($55.906) million unrestricted net position in the State-run college Tuition Prepayment Program, a ($139.122) million unrestricted net position in the Second Injury Fund, offset by a $249.160 million unrestricted net position in the Unemployment Compensation Fund. The negative unrestricted net position in the Patient Compensation Fund, the Tuition Prepayment Program, and the Second Injury Fund, was the result of the full amount of claims exceeding assets on hand on June 30, 2015.

Exhibit 2

Government-wide Changes in Net Position

For the Fiscal Year Ended June 30, 2015

(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Totals— Primary Government		Total Percentage Change
	2015	*(as restated)* 2014	2015	*(as restated)* 2014	2015	*(as restated)* 2014	2015-2014
Revenues							
Program revenues:							
Charges for services	$ 3,249,778	$ 3,217,602	$ 565,032	$ 613,765	$ 3,814,810	$ 3,831,367	(0.4%)
Operating grants and contributions	8,388,996	7,661,223	14,335	90,107	8,403,331	7,751,330	8.4%
Capital grants and contributions	680,842	806,657	12,567	210	693,409	806,867	(14.1%)
General revenues:							
Individual income tax	3,741,800	3,422,532	—	—	3,741,800	3,422,532	9.3%
Retail sales and use tax	4,357,672	4,178,102	—	—	4,357,672	4,178,102	4.3%
Other tax	2,105,755	1,966,716	—	—	2,105,755	1,966,716	7.1%
Unrestricted grants and contributions	1	1	—	—	1	1	0.0%
Unrestricted investment income	71,691	115,150	16,306	26,107	87,997	141,257	(37.7%)
Tobacco legal settlement	70,419	109,113	—	—	70,419	109,113	(35.5%)
Other	280,491	684,412	3,141	204	283,632	684,616	(58.6%)
Total revenues	**22,947,445**	**22,161,508**	**611,381**	**730,393**	**23,558,826**	**22,891,901**	**2.9%**
Expenses							
Governmental activities:							
General government	5,348,501	5,377,689	—	—	5,348,501	5,377,689	(0.5%)
Education	4,742,995	4,250,632	—	—	4,742,995	4,250,632	11.6%
Health and environment	7,832,147	7,071,800	—	—	7,832,147	7,071,800	10.8%
Social services	1,821,016	1,977,904	—	—	1,821,016	1,977,904	(7.9%)
Administration of justice	873,450	830,536	—	—	873,450	830,536	5.2%
Resources and economic development	389,814	334,898	—	—	389,814	334,898	16.4%
Transportation	1,118,603	1,159,917	—	—	1,118,603	1,159,917	(3.6%)
Other	33,322	36,896	—	—	33,322	36,896	(9.7%)
Business-type activities:							
Unemployment compensation benefits	—	—	226,470	342,741	226,470	342,741	(33.9%)
Second Injury Fund	—	—	7,461	2,547	7,461	2,547	192.9%
Other	—	—	49,708	35,194	49,708	35,194	41.2%
Total expenses	**22,159,848**	**21,040,272**	**283,639**	**380,482**	**22,443,487**	**21,420,754**	**4.8%**
Excess before transfers	**787,597**	**1,121,236**	**327,742**	**349,911**	**1,115,339**	**1,471,147**	**(24.2%)**
Net transfers	3,972	(47,900)	(3,972)	47,900	—	—	—
Increase in net position	**791,569**	**1,073,336**	**323,770**	**397,811**	**1,115,339**	**1,471,147**	**(24.2%)**
Net position at beginning of year	15,252,171	17,105,388	(103,251)	(497,185)	15,148,920	16,608,203	(8.8%)
Restatements [a]	—	(2,926,553)	—	(3,877)	—	(2,930,430)	
Net position at beginning of year, as restated [a]	**15,252,171**	**14,178,835**	**(103,251)**	**(501,062)**	**15,148,920**	**13,677,773**	**10.8%**
Net position, end of year	**$ 16,043,740**	**$ 15,252,171**	**$ 220,519**	**$ (103,251)**	**$ 16,264,259**	**$ 15,148,920**	**7.4%**

a - 2014 restatement due to the GASBs 68 and 71 implementation and the correction of errors. See Note 14, Fund Equity Reclassifications and Restatements, on pages 141 - 142 of the financial statements.

Changes in Net Position

The State's total net position increased by $1.115 billion, or 7.4%, over the prior year's net position as a result of its governmental activities and its business-type activities. The overall improvement in the financial position of the State was experienced primarily through increased tax and program revenues of the State's governmental activities.

Governmental Activities

The net position of the State's governmental activities increased by $791.569 million, or 5.2%. Revenue increased from last year by $785.937 million, or 3.5%, which is an increase of $151.803 million, or 1.4%, in general revenue and an increase of $634.134 million, or 5.4%, in program revenue. Revenues that support governmental activities are derived mostly from

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

Expenses associated with governmental activities increased by $1.120 billion, or 5.3%, for the fiscal year ended June 30, 2015. These expenses were mostly associated with services provided for health and environment, education, general government, transportation, and social services. *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, 2015, the State used $9.840 billion in tax and other general revenues to offset the net cost of all services that the State's governmental activities provided. Governmental activities reported $3.972 million in net transfers from the State's business-type activities.

The following paragraphs highlight the most significant changes in revenues and expenses for governmental activities during the 2015 fiscal year:

- Program revenues were $12.320 billion, which was an increase of $634.134 million, or 5.4%. The increase was primarily due to the increased demand for health and environmental services and increased tax collections (see below for further detail).
- Individual income tax revenues increased by $319.268 million, or 9.3%, retail sales and use tax revenues increased by $179.570 million, or 4.3%, and other taxes revenues increased by $139.039 million, or 7.1%. Overall tax collections increased during fiscal year 2015 due to increased enforcement and improvements in consumer spending within the state and national economies.
- Education expenses increased by $492.363 million, or 11.6%, from last year. The increase is primarily the result of general increases in the costs of providing public education. Secondarily, additional appropriations were available from improved economic conditions.
- Resources and economic development expenses increased by $54.916 million, or 16.4%, which is primarily a result of $12.562 million expended to Palmetto Railways for capital acquisitions.
- Transportation expenses decreased by $41.314 million, or 3.6%, from last year. The decrease is primarily the result of major infrastructure projects coming to a close, as displayed in the reduction in construction in progress and the increase in infrastructure within the capital asset disclosure.
- Health and environmental expenses increased by $760.347 million, or 10.8%, which can be attributed to an increase in demand for services.

Exhibit 3
Sources of Revenues Supporting Governmental Activities
For the Fiscal Year Ended June 30, 2015

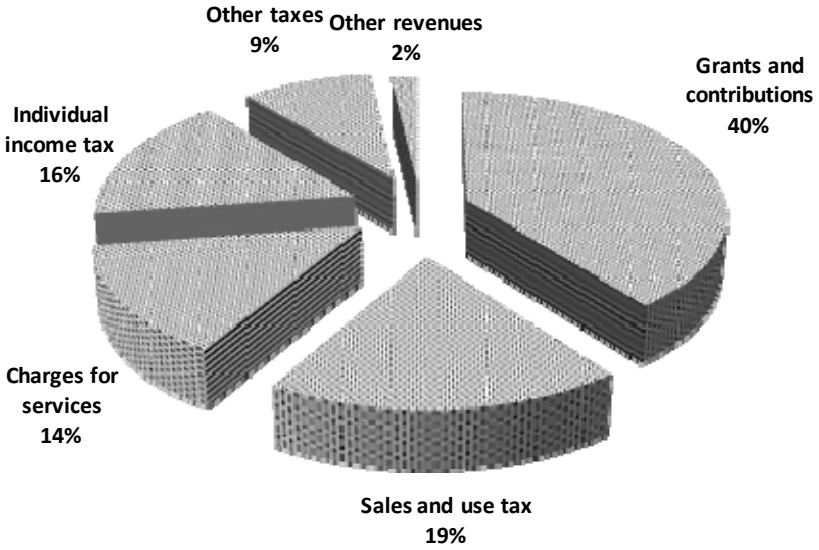
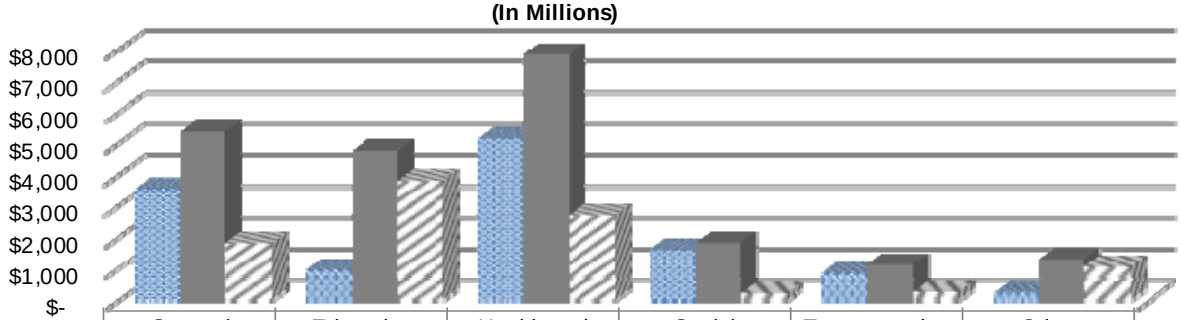


Exhibit 4
Governmental Activities - Net Cost of Services
For the Fiscal Year Ended June 30, 2015
(In Millions)



	General Government	Education	Health and Environment	Social Services	Transportation	Other
Revenues	$3,541	$942	$5,146	$1,597	$846	$248
Expenses	$5,349	$4,743	$7,832	$1,821	$1,119	$1,296
Net Cost	$1,808	$3,801	$2,686	$224	$273	$1,048

Business-type Activities

The net position of the State's business-type activities increased by $323.770 million, or 313.58%.

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 pay for the services that the Unemployment Compensation Fund provides. The Unemployment Compensation Fund's net position as of June 30, 2015 was $319.555 million, which was an increase of $248.284 million, or 348.37%. The Second Injury Fund serves as a claims processor for insurance carriers, self-insurers, and State Accident Fund. The Second Injury Fund's net position as of June 30, 2015 was ($139.122) million, which was increase of $53.290 million, or 27.70%.

Operating revenues of the Unemployment Compensation Fund decreased by $122.736 million, or 20.6%, and operating expenses for the payment of unemployment compensation benefits decreased by $116.271 million, or 33.9%, during the 2015 fiscal year. Additionally, the Unemployment Compensation Fund's nonoperating revenues increased by $878 thousand, or 1032.94%. The decreases resulted from the general decline in unemployment rates throughout the country. Additionally, operating revenues for the Second Injury Fund have decreased by $2.466 million, or 3.9%, and operating expenses for the payment of Second Injury Fund claims increased by $4.914 million, or 192.9%.

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, 2015.

Exhibit 5
Governmental Fund Balances
As of June 30, 2015
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 74,743	$ 5,885	$ 777,365	$ 8,354	$ 9,109	$ 875,456
Restricted	502,620	706,535	1,364,431	10,000	500,133	3,083,719
Committed	976,846	15,105	—	364,054	96,427	1,452,432
Assigned	369,967	—	—	—	6,842	376,809
Unassigned	1,019,061	(484,586)	—	(171,650)	—	362,825
Totals	**$ 2,943,237**	**$ 242,939**	**$ 2,141,796**	**$ 210,758**	**$ 612,511**	**$ 6,151,241**
Change from prior year	**$ 20,299**	**$ (2,960)**	**$ 17,438**	**$ 217,980**	**$ (28,254)**	**$ 224,503**
Percentage change	**0.7%**	**(1.2%)**	**0.8%**	**3018.3%**	**(4.4%)**	**3.8%**

At June 30, 2015, total ending fund balance for the State's governmental funds was $6.151 billion, which represents an increase of $224.503 million, or 3.8%, from the prior year. This total contains an *unrestricted, unassigned* fund balance of $362.825 million. The total also includes $1.019 billion reported by the General Fund as unrestricted, unassigned and available with no constraints for spending in the coming year. In addition, governmental funds that are *restricted* by external parties or enabling legislation which includes creation through state law or constitutional provision constitute 50.1% of the total fund balance. The majority of the remaining fund balance is *non-spendable, 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 $318.043 million, 9.4%, retail sales and use tax of $201.192 million, 5.8%, other tax (which includes domestic corporate license taxes, taxes on alcoholic beverages and tobacco, and bank taxes) of $44.275 million, 9.3%, from the prior year. These increases were partially offset by a decrease in departmental services revenues (which mostly includes Medicaid and Medicare reimbursements) of $109.038 million, 13.7%, and a decrease of $370.257 million, 74.2%, in other General Fund revenues, which was related to the elimination of internal activity for the Temporary Assistance for Needy Families Grant. The increase in expenditures of $583.965 million, 6.2%, is 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 2015 fiscal year, the total fund balance decreased by $2.960 million, or 1.2%, from the prior year. The primary source of revenue for the fund is federal revenues which account for $7.597 billion or 93.6% of the total revenue reported. These grants are reimbursement based thereby creating a higher negative unassigned fund balance until the funds are received.

The *Department of Transportation (DOT) Special Revenue Fund* accounts for various gasoline taxes, fees, fines, and federal grant resources. The 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 $217.980 million, or 3018.3%, during the 2015 fiscal year leaving a balance of $210.758 million at the end of the fiscal year. The increase in fund balance resulted primarily from an increase of $100.698 million in federal revenues. The increase in these revenues was attributed primarily to the FEMA reimbursement for the prior year ice storm.

Proprietary Funds

Exhibit 6 shows the components of the net position for the State's various proprietary funds at June 30, 2015.

Exhibit 6
Proprietary Fund Net Position
As of June 30, 2015
(Expressed in Thousands)

Fund Net Position	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Total Enterprise	Internal Service Funds
Net investment in capital assets	$ —	$ —	$ 146,739	$ 146,739	$ 99,742
Restricted, expendable	70,395	—	—	70,395	210,265
Unrestricted	249,160	(139,122)	(106,653)	3,385	179,735
Totals	**$ 319,555**	**$ (139,122)**	**$ 40,086**	**$ 220,519**	**$ 489,742**
Change from prior year	**$ 248,284**	**$ 53,290**	**$ 22,196**	**$ 323,770**	**$ (3,859)**
Percentage change	**348.37%**	**27.70%**	**124.07%**	**313.58%**	**(0.78%)**

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 $248.284 million, or 348.37%, over the prior year. Decreases in the number of individuals eligible for and claiming State unemployment insurance benefits resulted in the improved net position and enabled the Fund to operate without obtaining additional advances from the Federal government since May of 2011. Additional information on the repayment of the advances is included in Note 11i.

The net position of the *Second Injury Fund*, a major enterprise fund, increased by $53.290 million, or 27.70%, over the prior year. The increase was largely attributed to charges for services being $52.539 million larger than claims paid in the 2015 fiscal year.

The net position of the State's *nonmajor enterprise funds* increased by $22.196 million, or 124.07%, over the prior year. The increase in the State's *nonmajor enterprise funds'* net position was primarily due to $12.562 million in capital contributions received by the *Palmetto Railways Fund* for land improvements.

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. These funds experienced a decrease in net position of $3.859 million, or 0.78%, in the 2015 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 primarily benefit State government, South Carolina reports them as governmental activities in the government-wide financial statements.

Budgetary General Fund Highlights

Estimated revenues for the 2015 fiscal year were $6.660 billion. Actual revenues at June 30, 2015, were $300.241 million, or 4.5%, over the estimated revenue used in the fiscal year 2015 budget appropriations act and which also represented an increase in collections over the prior year of $407.999 million, or 6.2%. 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 $146.384 million and sales tax collections ended the year over the adjusted estimate by $66.862 million.

Actual expenditures were $145.417 million less than actual revenues because revenue collections exceeded the original budget, while expenditures were kept $415.253 million under fiscal year 2015 adjusted appropriations. In addition, $1.565 million of unbudgeted spending was allowed through "open-ended" appropriations.

Based on the above results of operations, fiscal year 2015 ended with a budgetary surplus. The State ended the year with a budgetary General Fund balance of $1.194 billion.

See the *Required Supplementary Information* section on pages 157 through 163 of this report for a detailed budgetary comparison schedule.

Capital Assets and Debt Administration

Capital Assets

At the end of the 2015 fiscal year, the State had $15.732 billion invested in capital assets, net of depreciation. This represented a net increase (including additions and deductions) of $319.317 million, or 2.1%, over the previous accounting 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
	2015	2014	2015	2014	2015	2014	2015-2014
Land and improvements	$ 1,998,437	$ 1,943,407	$ 109,271	$ 92,862	$ 2,107,708	$ 2,036,269	3.5%
Infrastructure	9,465,852	9,313,843	—	—	9,465,852	9,313,843	1.6%
Buildings and improvements	1,032,851	1,081,718	16,275	17,834	1,049,126	1,099,552	(4.6%)
Vehicles	136,702	96,440	24	3	136,726	96,443	41.8%
Machinery and equipment	145,129	139,804	3,804	3,727	148,933	143,531	3.8%
Works of art and historical treasures	8,359	8,415	—	—	8,359	8,415	(0.7%)
Construction in progress	2,752,351	2,645,274	26,485	21,892	2,778,836	2,667,166	4.2%
Intangible assets	35,101	46,926	936	115	36,037	47,041	(23.4%)
Total	**$ 15,574,782**	**$ 15,275,827**	**$ 156,795**	**$ 136,433**	**$ 15,731,577**	**$ 15,412,260**	**2.1%**

Growth in capital asset investment occurred mostly in construction in progress and infrastructure. The construction in progress relates to new and on-going infrastructure (roads and bridges) projects within the Department of Transportation Special Revenue Fund. The Department of Transportation recognized $130.1 million in contributed infrastructure from various county projects. During the current year, buildings and improvements have continued to decrease due to general aging, as reflected in the net book value through depreciation.

See Note 6 in the notes to the financial statements on page 99 of this report for additional information on the State's capital assets.

Debt Outstanding

At June 30, 2015, the State had $3.104 billion in bonds and notes outstanding—a decrease of $279.817 million, or an 8.3% decline from last 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
	2015	2014	2015	2014	2015	2014	2015-2014
Backed by the State:							
General obligation bonds	$ 1,126,138	$ 1,320,532	$ —	$ —	$ 1,126,138	$ 1,320,532	(14.7%)
Backed by Specific Revenues:							
Revenue bonds and notes	28,865	39,337	6,055	6,210	34,920	45,547	(23.3%)
Infrastructure Bank bonds	1,942,456	2,016,518	—	—	1,942,456	2,016,518	(3.7%)
Limited obligation bonds	185	919	—	—	185	919	(79.9%)
Total	**$3,097,644**	**$ 3,377,306**	**$ 6,055**	**$ 6,210**	**$3,103,699**	**$ 3,383,516**	**(8.3%)**

The reduction of principal on outstanding debt exceeded the issuance of debt resulting in a decrease in debt outstanding for governmental activities of $279.662 million. Activity in the debt reported by the governmental activities included the issuance of $18.110 million in economic development general obligation bonds.

Three bond rating services assign ratings to bonds that the State backs 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, 2015, 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, 2015, the State legally could issue additional bonds as long as the new debt would not increase the State's annual principal and interest payments by more than the following amounts: $39.710 million for highway bonds, $251.463 million for general obligation bonds (excluding institution and highway bonds), $8.233 million for economic development bonds, and $11.185 million for research university infrastructure bonds.

State institution bonds and bond anticipation notes of $512.455 million were outstanding at June 30, 2015.

See Note 11 in the notes to the financial statements on page 123 of this report for additional information about the State's long-term debt.

Economic Factors and Next Year's Budget

The "Rainy Day Account"

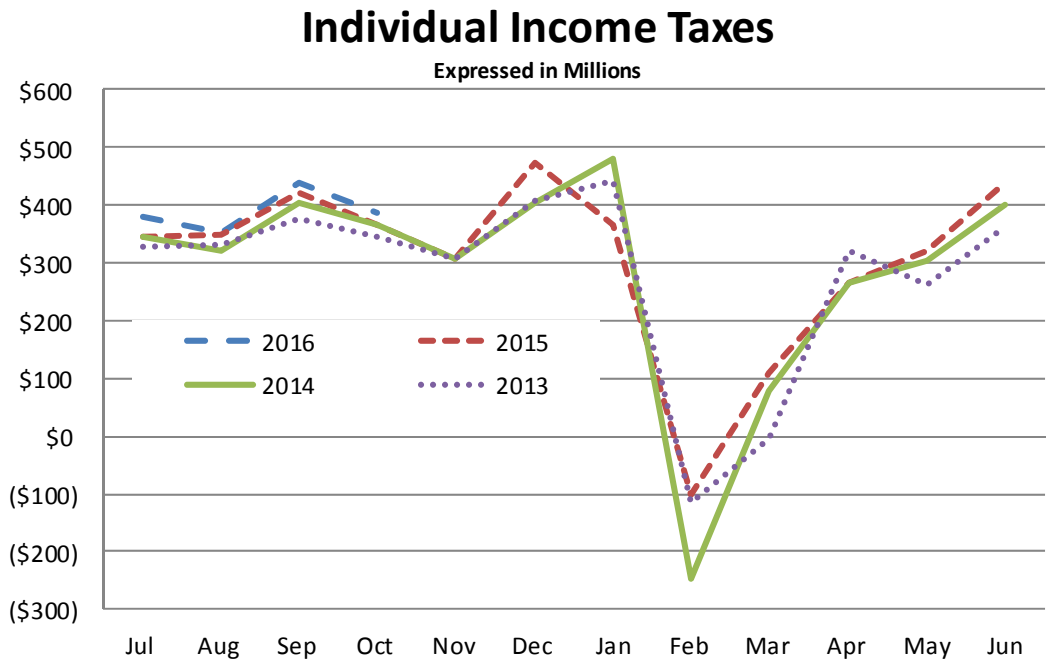
At June 30, 2015, the General Reserve Fund, sometimes called the *rainy day account*, had a balance of $319.479 million which increased from the prior year by $26.589 million appropriated by the 2014-2015 Appropriations Act. The balance is fully funded in accordance with the State's Constitution. The State's Constitution requires restoration of the reserve to full funding within three fiscal years after a withdrawal. For the fiscal year 2015, State law defines full funding for the reserve as 5.0% of the Budgetary General Fund's revenues of the prior fiscal year.

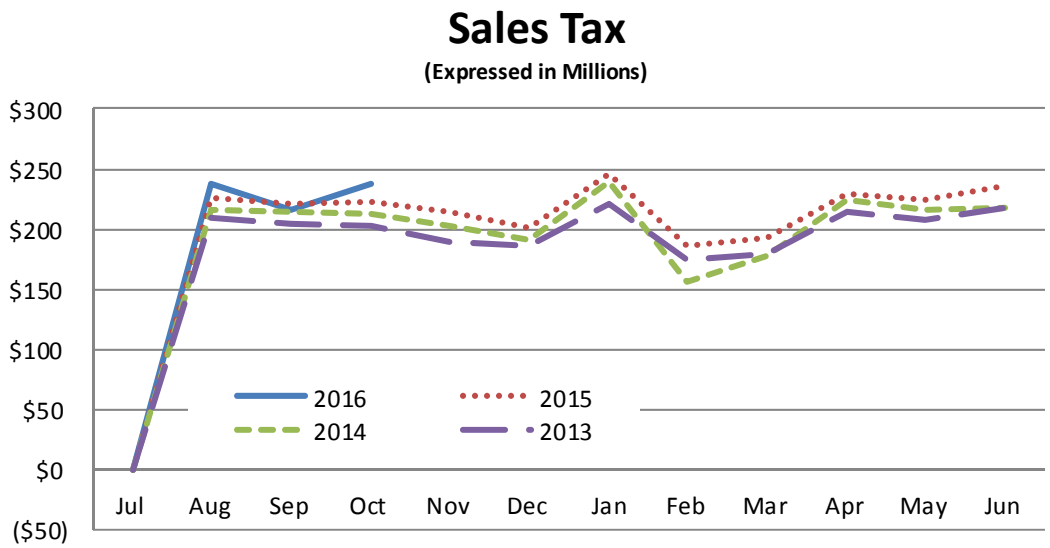
Budgetary General Fund for the 2015-2016 Accounting Year

For fiscal year 2016, the Board of Economic Advisors estimated General Fund cash basis revenue of $6.895 billion, which was $65.099 million, or 0.9%, less than fiscal year 2015 actual revenue collections. The State's Board of Economic Advisors November 2015 estimate reflects an additional increase of $189.723 million, or 2.5%, over the original revenue estimate for fiscal year 2016.

Economic Conditions

Budgetary General Fund revenues for the first four months of fiscal year 2016 were $2.520 billion, an increase of $96.060 million, or 4.0%, over the same period for fiscal year 2015. Total individual income taxes collected have increased by $75.073 million, or 5.1%, over the same period in the prior year. Sales taxes have also increased by $20.824 million, or 3.1%, from the first four months of fiscal year 2015.

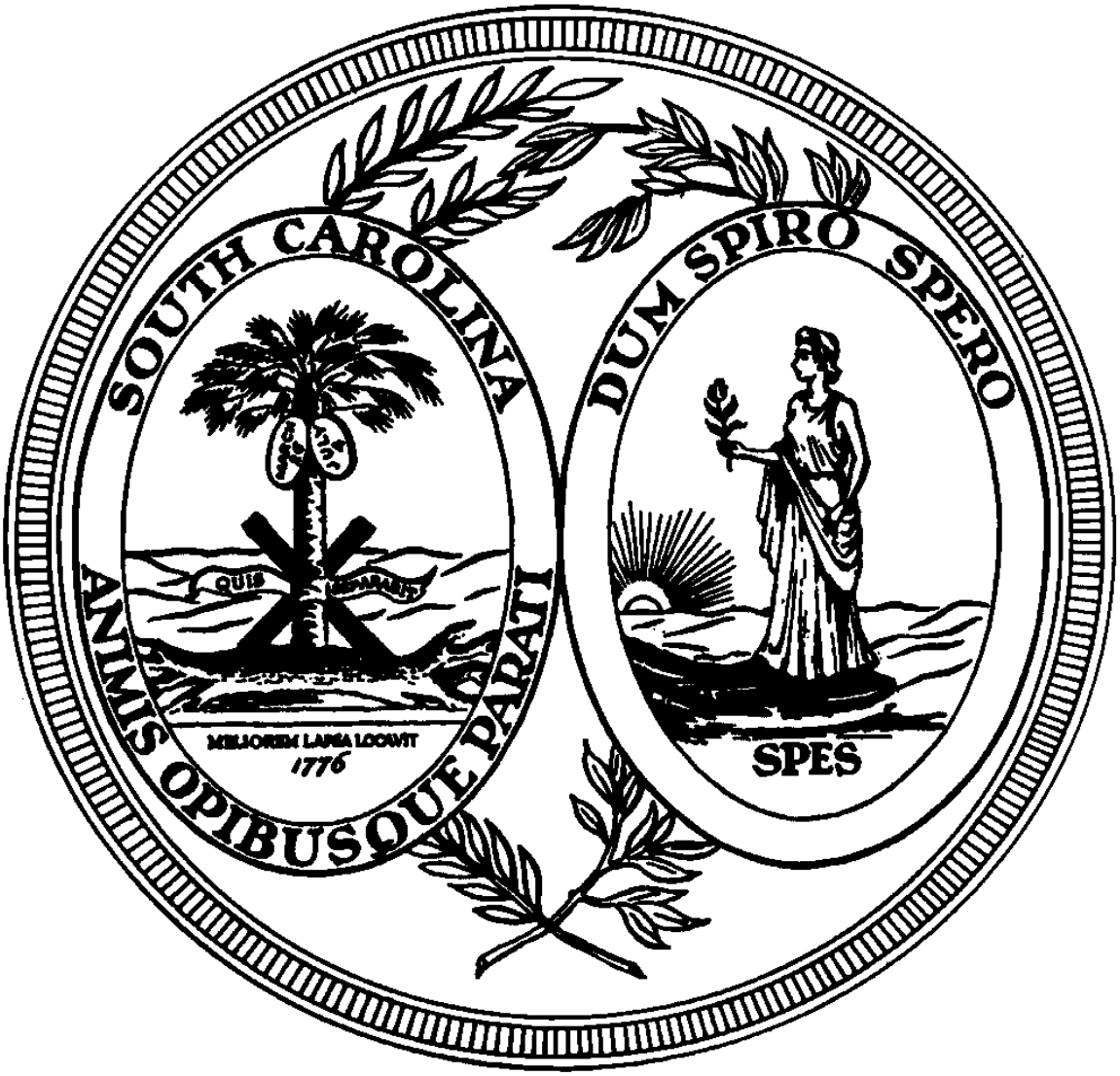


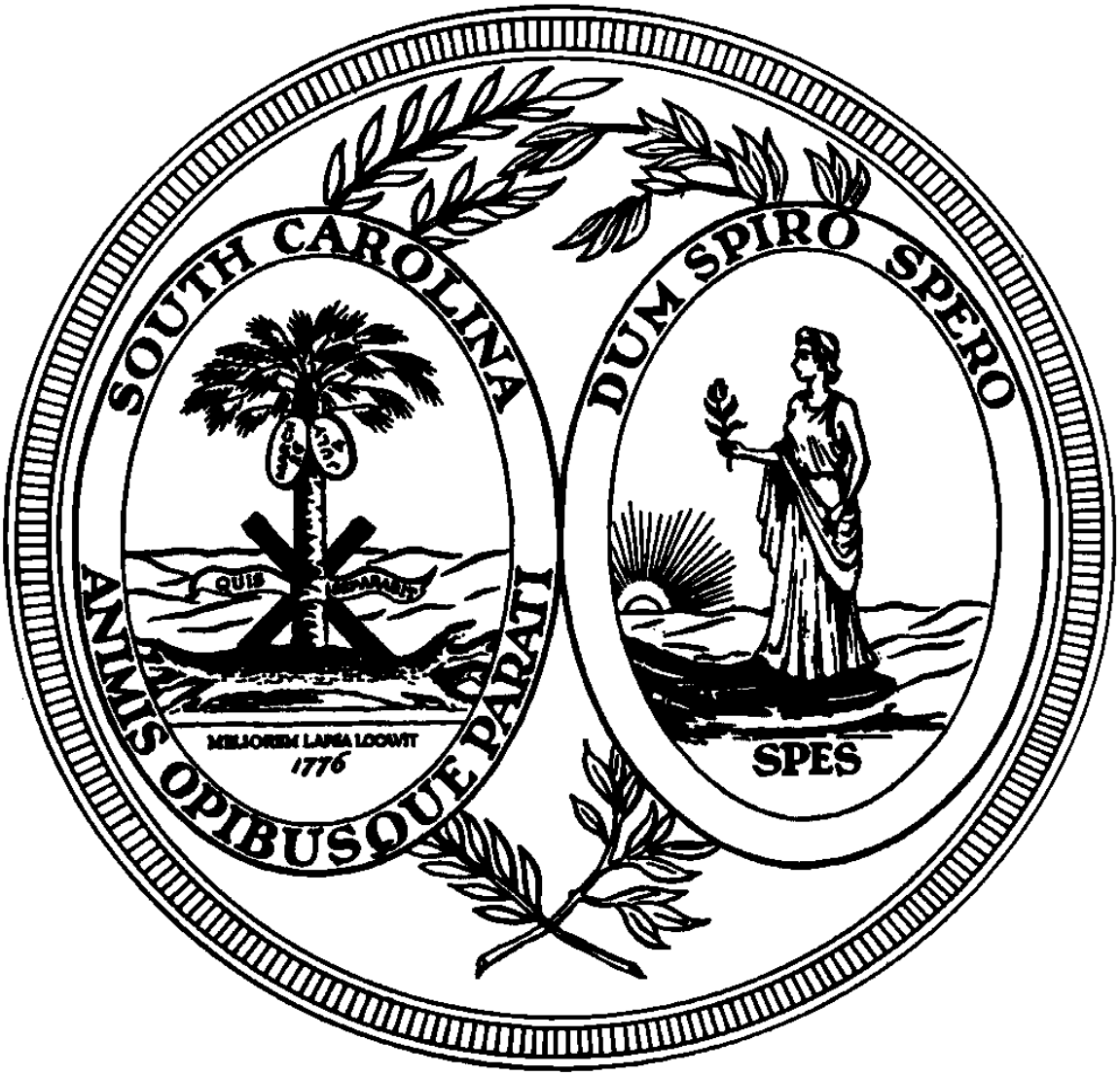


Requests for Information

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

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


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


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

BASIC
FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2015
(Expressed in Thousands)

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Totals	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	$ 1,507,704	$ 210,152	$ 1,717,856	$ 2,096,266
Investments	4,540,526	265,384	4,805,910	1,323,557
Invested securities lending collateral	10,037	123	10,160	2,207
Receivables, net:				
Accounts	369,713	19,792	389,505	363,335
Contributions	219	—	219	142,779
Participants	—	2,774	2,774	—
Accrued interest	14,803	290	15,093	6,110
Income taxes	472,433	—	472,433	—
Sales and other taxes	612,121	—	612,121	—
Student accounts	54	—	54	60,914
Patient accounts	19,348	—	19,348	221,337
Loans and notes	603,244	—	603,244	110,276
Assessments	—	113,139	113,139	—
Due from Federal government and other grantors	673,732	—	673,732	110,655
Internal balances	5,803	(5,803)	—	—
Due from component units	60,285	—	60,285	—
Due from primary government	—	—	—	263,145
Inventories	32,919	2,637	35,556	650,002
Restricted assets:				
Cash and cash equivalents	856,346	1	856,347	1,354,631
Investments	—	—	—	2,691,608
Accounts receivable	180,489	—	180,489	—
Loans receivable	—	940	940	550,576
Other	71,656	—	71,656	26,865
Prepaid items	38,067	460	38,527	75,654
Other assets	542	8	550	562,459
Other assets- asset retirement obligation	—	—	—	907,540
Investment in joint venture	—	—	—	8,584
Capital assets-nondepreciable	4,702,365	135,434	4,837,799	4,172,962
Capital assets-depreciable, net	10,872,417	21,361	10,893,778	8,912,447
Total assets	$ 25,644,823	$ 766,692	$ 26,411,515	$ 24,613,909
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	$ 30,098	$ —	$ 30,098	$ 75,004
Deferred amount on refunding	99,090	—	99,090	198,445
Pension contributions subsequent to measurement date	198,706	246	198,952	193,130
Difference between actual and expected experience	77,346	108	77,454	90,982
Total deferred outflows	$ 405,240	$ 354	$ 405,594	$ 557,561
LIABILITIES				
Accounts payable	$ 563,488	$ 2,632	$ 566,120	$ 466,027
Accrued salaries and related expenses	147,009	598	147,607	179,476
Accrued interest payable	3,159	—	3,159	103,318
Retainages payable	469	—	469	16,957
Tax refunds payable	752,543	17,885	770,428	—
Payables-aid to individuals/families	3,663	—	3,663	—
Prizes payable	—	—	—	30,896
Unemployment benefits payable	—	1,011	1,011	—
Intergovernmental payables	437,843	3,215	441,058	478
Tuition benefits payable	—	150,282	150,282	—
Due to component units	263,145	—	263,145	—
Due to primary government	—	—	—	60,285
Due to fiduciary funds	12,847	—	12,847	—
Unearned revenues and asset retirement obligation	341,652	2,786	344,438	1,234,723
Deposits	41	—	41	16,460
Amounts held in custody for others	—	—	—	79,787
Securities lending collateral	26,040	356	26,396	5,058
Liabilities payable from restricted assets:				
Accrued interest payable	28,133	—	28,133	—
Other	—	2,321	2,321	17,933
Other liabilities	120,132	2,071	122,203	790,975
Long-term liabilities:	—			
Due within one year	968,386	45,916	1,014,302	406,741
Due in more than one year	6,057,467	317,105	6,374,572	13,366,798
Total liabilities	$ 9,726,017	$ 546,178	$ 10,272,195	$ 16,775,912
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	$ —	$ —	$ —	$ 1,138
Difference between actual and expected experience	4,113	—	4,113	—
Net difference earnings pension plan investment	262,266	349	262,615	271,653
Deferred gain on refunding	—	—	—	1,041
Deferred nuclear decommissioning costs	—	—	—	207,363
Deferred service concession arrangement receipts	—	—	—	263
Deferred nonexchange revenues	13,927	—	13,927	349
Total deferred inflows	$ 280,306	$ 349	$ 280,655	$ 481,807

Exhibit A-1

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Totals	COMPONENT UNITS
NET POSITION				
Net investment in capital assets	$ 12,667,605	$ 146,739	$ 12,814,344	$ 4,772,868
Restricted:				
Expendable:				
General government	1,556,750	—	1,556,750	—
Education	345,622	—	345,622	887,645
Health	653,701	—	653,701	—
Transportation	586,584	—	586,584	487
Capital projects	431,475	—	431,475	494,443
Debt service	1,137,585	—	1,137,585	261,087
Loan programs	32,140	—	32,140	382,341
Waste management	174,553	—	174,553	—
Insurance programs	178,125	—	178,125	—
Administration of justice	18,698	—	18,698	—
Economic development	55,436	—	55,436	—
Social programs	15,943	—	15,943	—
Unemployment compensation benefits	—	70,395	70,395	—
Other	—	—	—	2,678
Nonexpendable:				
Education	9,057	—	9,057	1,072,589
Other	866,399	—	866,399	—
Unrestricted	(2,685,933)	3,385	(2,682,548)	39,613
Total net position	**$ 16,043,740**	**$ 220,519**	**$ 16,264,259**	**$ 7,913,751**

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

Statement of Activities

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses)
Functions					
Primary government:					
Governmental activities:					
General government	$ 5,348,501	$ 2,592,512	$ 791,213	$ 156,782	$ (1,807,994)
Education	4,742,995	58,939	876,384	6,763	(3,800,909)
Health and environment	7,832,147	307,384	4,810,607	28,197	(2,685,959)
Social services	1,821,016	12,566	1,584,540	16	(223,894)
Administration of justice	873,450	52,192	23,086	45,326	(752,846)
Resources and economic development	389,814	67,013	54,977	4,905	(262,919)
Transportation	1,118,603	159,172	248,189	438,853	(272,389)
Unallocated interest expense	33,322	—	—	—	(33,322)
Total governmental activities	**22,159,848**	**3,249,778**	**8,388,996**	**680,842**	**(9,840,232)**
Business-type activities:					
Unemployment compensation benefits	226,470	460,824	13,235	—	247,589
Second Injury	7,461	60,000	—	—	52,539
Other enterprise activities	49,708	44,208	1,100	12,567	8,167
Total business-type activities	**283,639**	**565,032**	**14,335**	**12,567**	**308,295**
Total primary government	**$ 22,443,487**	**$ 3,814,810**	**$ 8,403,331**	**$ 693,409**	**$ (9,531,937)**
Component units:					
Public Service Authority	1,896,017	1,997,347	27,577	—	128,907
Medical University of South Carolina	1,993,176	1,868,725	172,206	44,524	92,279
University of South Carolina	1,165,112	899,148	301,554	34,829	70,419
Clemson University	861,324	599,112	210,177	12,595	(39,440)
State Ports Authority	169,379	198,168	5,548	1,776	36,113
Housing Authority	217,049	48,521	183,882	—	15,354
Other	3,215,648	2,528,197	687,684	68,112	68,345
Total component units	**$ 9,517,705**	**$ 8,139,218**	**$ 1,588,628**	**$ 161,836**	**$ 371,977**

Exhibit A-2

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net revenues (expenses)	$ (9,840,232)	$ 308,295	$ (9,531,937)	$ 371,977
General revenues:				
Taxes:				
Individual income	3,741,800	—	3,741,800	—
Retail sales and use	4,357,672	—	4,357,672	—
Corporate income	377,329	—	377,329	—
Gas and motor vehicle	666,772	—	666,772	—
Insurance	152,314	—	152,314	—
Hospital	263,557	—	263,557	—
Other	645,783	—	645,783	—
Total taxes	10,205,227	—	10,205,227	—
Unrestricted grants and contributions	1	—	1	—
Unrestricted investment income	71,691	16,306	87,997	—
Tobacco legal settlement	70,419	—	70,419	—
Other revenues	280,491	3,141	283,632	—
Additions to endowments	—	—	—	40,725
Transfers–internal activities	3,972	(3,972)	—	—
Total general revenues, additions to endowments, and transfers	**10,631,801**	**15,475**	**10,647,276**	**40,725**
Change in net position	**791,569**	**323,770**	**1,115,339**	**412,702**
Net position (deficit) at beginning of year, restated	**15,252,171**	**(103,251)**	**15,148,920**	**7,501,049**
Net position at end of year	**$ 16,043,740**	**$ 220,519**	**$ 16,264,259**	**$ 7,913,751**

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

Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2015
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure
ASSETS			
Cash and cash equivalents	$ 4,860	$ 60,139	$ 68,140
Investments	3,107,794	88,362	453,086
Invested securities lending collateral	4,409	60	1,508
Receivables, net:			
Accounts	44,571	106,626	31,484
Contributions	217	2	—
Accrued interest	5,349	136	4,945
Income taxes	472,433	—	—
Sales and other taxes	501,677	11,400	—
Student accounts	54	—	—
Patient accounts	13,225	6,123	—
Loans and notes	39,887	515	560,364
Due from Federal government and other grantors	2,882	595,445	—
Due from other funds	81,791	10,611	2,239
Due from component units	13,838	1,753	—
Interfund receivables	2,767	760	250,114
Inventories	24,382	3,034	—
Restricted assets:			
Cash and cash equivalents	—	—	846,315
Accounts receivable	—	—	180,489
Other	—	—	36,657
Prepaid items	11,094	1,576	—
Other assets	—	—	—
Total assets	**$ 4,331,230**	**$ 886,542**	**$ 2,435,341**
LIABILITIES			
Accounts payable	139,796	259,862	11,959
Accrued salaries and related expenditures	94,782	27,280	71
Retainages payable	74	144	—
Tax refunds payable	752,417	—	—
Payable–aid to individuals/families	1,721	1,942	—
Intergovernmental payables	52,512	181,829	398
Due to other funds	62,371	78,054	22
Due to component units	212,465	46,702	—
Interfund payables	778	625	—
Unearned revenues	9,724	23,997	116,636
Securities lending collateral	15,744	174	3,329
Other liabilities	31,261	1,892	70
Total liabilities	**1,373,645**	**622,501**	**132,485**
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	421	21,102	161,060
Deferred nonexchange revenues	13,927	—	—
Total deferred inflows of resources	**14,348**	**21,102**	**161,060**
FUND BALANCES			
Nonspendable	74,743	5,885	777,365
Restricted	502,620	706,535	1,364,431
Committed	976,846	15,105	—
Assigned	369,967	—	—
Unassigned	1,019,061	(484,586)	—
Total fund balances	**2,943,237**	**242,939**	**2,141,796**
Total liabilities and fund balances	**$ 4,331,230**	**$ 886,542**	**$ 2,435,341**

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

Exhibit B-1

Department of Transportation Special Revenue	Nonmajor Governmental Funds	Totals
$ 482,640	$ 247,666	$ 863,445
—	450,850	4,100,092
316	362	6,655
30,317	18	213,016
—	—	219
382	650	11,462
—	—	472,433
8,603	90,441	612,121
—	—	54
—	—	19,348
2,474	4	603,244
75,405	—	673,732
36,855	53	131,549
402	33,781	49,774
—	18	253,659
2,437	—	29,853
10,031	—	856,346
—	—	180,489
—	35,000	71,657
3,964	34	16,668
248	—	248
$ 654,074	**$ 858,877**	**$ 9,166,064**
117,766	$ 31,395	$ 560,778
20,745	192	143,070
—	251	469
—	126	752,543
—	—	3,663
—	203,018	437,757
14,572	55	155,074
118	3,860	263,145
250,114	6,470	257,987
37,270	—	187,627
911	999	21,157
—	—	33,223
441,496	**246,366**	**2,816,493**
1,820	—	184,403
—	—	13,927
1,820	**—**	**198,330**
8,354	9,109	875,456
10,000	500,133	3,083,719
364,054	96,427	1,452,432
—	6,842	376,809
(171,650)	—	362,825
210,758	**612,511**	**6,151,241**
$ 654,074	**$ 858,877**	**$ 9,166,064**

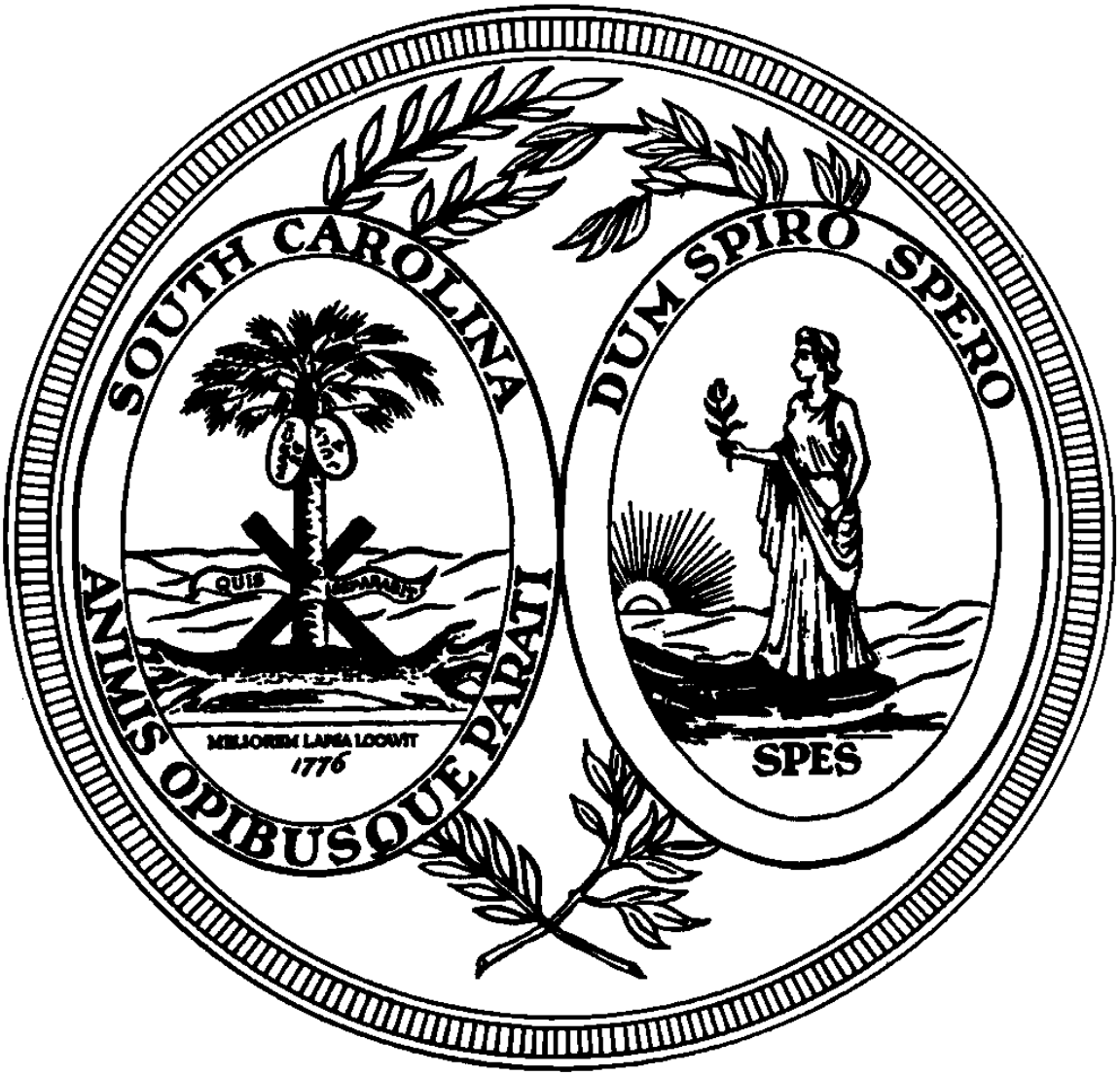
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Exhibit B-1a

June 30, 2015
(Expressed in Thousands)

Total fund balances–governmental funds		**$ 6,151,241**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Non-depreciable capital assets	$ 4,695,267	
Depreciable capital assets	16,209,011	
Accumulated depreciation	(5,436,663)	
Total capital assets		15,467,615
Deferred outflows of resources are recognized in the statement of net position, but are not reported in governmental funds		
Hedging portion of derivative instruments		30,098
Deferred loss on refunding bonds		99,090
Pension contributions made after the measurement date		195,666
Difference between expected and actual retirement plan experience		76,018
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		(4,113)
Difference between projected and actual investment earnings		(258,085)
Certain State revenues will be collected after year-end but are not available soon enough to pay for the the current period's expenditures, and therefore are considered deferred inflows of resources		184,403
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		489,742
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	(3,079,575)	
Notes payable	(10,644)	
Accrued interest on bonds	(31,126)	
Capital leases	(4,493)	
Net pension liability	(2,913,171)	
Compensated absences	(212,072)	
Policy claims	(36,228)	
Other	(100,626)	
Total long-term liabilities		(6,387,935)
Net position of governmental activities		**$ 16,043,740**

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


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

Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	General Fund	Departmental Program Services	Local Government Infrastructure
Revenues:			
Taxes:			
Individual income	$ 3,717,482	$ —	$ 24,318
Retail sales and use	3,665,745	2,056	—
Corporate Income	377,329	—	—
Gas and motor vehicle	—	—	—
Insurance	152,314	—	—
Hospital	263,557	—	—
Other	521,557	119,992	—
Licenses, fees, and permits	318,560	29,736	170,004
Interest and other investment income	8,442	291	37,028
Federal	56,946	7,597,222	39,320
Local and private grants	4,079	53,898	—
Departmental services	684,191	80,567	160
Contributions	13,738	37,020	65,674
Fines and penalties	101,248	8,430	—
Tobacco legal settlement	—	—	—
Other	128,781	183,287	—
Total revenues	**10,013,969**	**8,112,499**	**336,504**
Expenditures:			
Current:			
General government	679,251	13,478	453
Education	548,098	145,214	—
Health and environment	2,840,911	5,175,011	—
Social services	178,122	1,624,395	—
Administration of justice	790,816	23,624	—
Resources and economic development	163,240	56,646	1,236
Transportation	1,682	2,172	441
Capital outlay	85,456	29,627	—
Debt service:			
Principal retirement	161,280	3,622	69,195
Interest and fiscal charges	41,480	441	89,808
Intergovernmental	4,461,913	1,050,988	151,970
Total expenditures	**9,952,249**	**8,125,218**	**313,103**
Excess of revenues over (under) expenditures	**61,720**	**(12,719)**	**23,401**
Other financing sources (uses):			
Bonds issued	—	—	—
Premiums on bonds issued	—	—	—
Transfers in	113,659	25,854	—
Transfers out	(155,080)	(16,095)	(5,963)
Total other financing sources (uses)	**(41,421)**	**9,759**	**(5,963)**
Net change in fund balances	**20,299**	**(2,960)**	**17,438**
Fund balances (deficit) at beginning of year, as restated	**2,922,938**	**245,899**	**2,124,358**
Fund balances at end of year	**$ 2,943,237**	**$ 242,939**	**$ 2,141,796**

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
$ —	$ —	$ 3,741,800
—	689,871	4,357,672
—	—	377,329
666,772	—	666,772
—	—	152,314
—	—	263,557
—	4,234	645,783
—	70,294	588,594
3,379	3,134	52,274
740,576	53	8,434,117
—	—	57,977
33,453	10,141	808,512
—	331,582	448,014
—	77,846	187,524
—	70,419	70,419
24,519	1,880	338,467
1,468,699	**1,259,454**	**21,191,125**
—	74,305	767,487
—	278,649	971,961
—	74,418	8,090,340
—	—	1,802,517
—	3	814,443
—	228	221,350
763,901	—	768,196
389,835	94,398	599,316
43,294	1,338	278,729
22,054	17,323	171,106
81,992	762,925	6,509,788
1,301,076	**1,303,587**	**20,995,233**
167,623	**(44,133)**	**195,892**
—	18,110	18,110
—	3,070	3,070
50,357	80,532	270,402
—	(85,833)	(262,971)
50,357	**15,879**	**28,611**
217,980	**(28,254)**	**224,503**
(7,222)	**640,765**	**5,926,738**
$ 210,758	**$ 612,511**	**$ 6,151,241**

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, 2015
(Expressed in Thousands)

Net change in fund balances–total governmental funds		**$ 224,503**
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 as depreciation expense. In the current period these amounts are:		
Capital outlay	$ 599,316	
Depreciation expense	(338,307)	
Excess of capital outlay over depreciation expense		261,009
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		59,084
Loss on disposals of capital assets are reported as a expense in the statement of activities		(25,591)
Bond and note 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 and notes issued	(18,110)	
Net bond premiums and discounts	(3,070)	
Net bond and note proceeds		(21,180)
Losses on bond refundings and hedging portion of derivatives are considered deferred outflows of resources in the statement of net position		20,846
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 principal retirement	270,410	
Note principal retirement	6,807	
Capital lease payments	1,511	
Total long-term debt repayment		278,728
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds is included in governmental activities in the statement of activities, net of restatements		(3,859)
Because certain receivables will not be collected soon enough after the State's fiscal year ends, the related revenues are not considered "available" and are deferred in the governmental funds.		
Decrease in unearned revenues		(34,547)

Exhibit B-2a

Increase 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		(174,875)
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	$ 5,837	
Unamortized bond premiums and discounts	20,561	
Net pension liability	156,210	
Compensated absences payable	1,220	
Policy claims payable	11,772	
Other long-term liabilities	11,851	
Total additional expenses		207,451
Change in net position of governmental activities		**$ 791,569**

Statement of Net Position

PROPRIETARY FUNDS

June 30, 2015
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Cash and cash equivalents	$ 195,431	$ —	$ 14,721	$ 210,152	$ 644,259
Investments	18,134	149,854	97,396	265,384	2,087
Invested securities lending collateral	13	109	1	123	3,382
Receivables, net:					
Accounts	17,764	142	1,886	19,792	155,685
Participants	—	—	720	720	—
Accrued interest	22	180	88	290	3,341
Assessments	113,139	—	—	113,139	—
Due from other funds	—	—	—	—	14,605
Due from component units	—	—	—	—	10,511
Inventories	—	—	2,637	2,637	3,066
Restricted assets:					
Cash and cash equivalents	—	—	1	1	—
Prepaid items	—	—	460	460	21,162
Other current assets	—	—	8	8	—
Total current assets	344,503	150,285	117,918	612,706	858,098
Long-term assets:					
Investments	—	—	—	—	438,347
Receivables, net:					
Accounts	—	—	—	—	1,012
Participants	—	—	2,054	2,054	—
Interfund receivables	—	—	—	—	12,110
Restricted assets:					
Loans receivable	—	—	940	940	—
Prepaid items	—	—	—	—	236
Other long-term assets	—	—	—	—	294
Non-depreciable capital assets	—	—	135,434	135,434	7,098
Depreciable capital assets, net	—	—	21,361	21,361	100,069
Total long-term assets	—	—	159,789	159,789	559,166
Total assets	**344,503**	**150,285**	**277,707**	**772,495**	**1,417,264**
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	—	—	246	246	3,040
Difference between actual and expected experience	—	—	108	108	1,328
Total deferred outflows of resources	**—**	**—**	**354**	**354**	**4,368**

Exhibit B-3

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
LIABILITIES					
Current liabilities:					
Accounts payable	$ 27	$ 1,065	$ 1,540	$ 2,632	$ 2,710
Accrued salaries and related expenses	—	—	598	598	3,939
Tax refunds payable	17,885	—	—	17,885	—
Unemployment benefits payable	1,011	—	—	1,011	—
Intergovernmental payables	3,215	—	—	3,215	86
Tuition benefits payable	—	—	26,233	26,233	—
Policy claims	—	37,425	7,815	45,240	542,832
Due to other funds	2,772	—	91	2,863	1,064
Unearned revenues	—	—	2,786	2,786	154,025
Deposits	—	—	—	—	41
Securities lending collateral	38	316	2	356	4,883
Liabilities payable from restricted assets:	—				
Accrued interest payable	—	—	—	—	166
Notes payable	—	—	—	—	268
Revenue bonds payable	—	—	160	160	2,055
Limited obligation bonds payable	—	—	—	—	185
Compensated absences payable	—	—	516	516	2,538
Other current liabilities	—	—	71	71	2,831
Total current liabilities	24,948	38,806	39,812	103,566	717,623
Long-term liabilities:					
Tuition benefits payable	—	—	124,049	124,049	—
Policy claims	—	250,601	56,515	307,116	151,679
Interfund payables	—	—	2,940	2,940	4,842
Other liabilities payable from restricted assets	—	—	2,321	2,321	—
Notes payable	—	—	—	—	273
Revenue bonds payable	—	—	5,895	5,895	4,644
Compensated absences payable	—	—	228	228	1,403
Other long-term liabilities	—	—	2,000	2,000	—
Net pension liability	—	—	3,866	3,866	47,245
Total long-term liabilities	—	250,601	197,814	448,415	210,086
Total liabilities	**24,948**	**289,407**	**237,626**	**551,981**	**927,709**
DEFERRED INFLOWS OF RESOURCES					
Net difference earnings pension plan investment	—	—	349	349	4,181
Total deferred inflows of resources	**—**	**—**	**349**	**349**	**4,181**

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

Continued on Next Page

Statement of Net Position

Exhibit B-3

PROPRIETARY FUNDS (Continued)

June 30, 2015
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
NET POSITION (DEFICIT)					
Net investment in capital assets	$ —	$ —	$ 146,739	$ 146,739	$ 99,742
Restricted:					
Expendable:					
Loan programs	—	—	—	—	32,140
Unemployment compensation benefits	70,395	—	—	70,395	—
Insurance programs	—	—	—	—	178,125
Unrestricted	249,160	(139,122)	(106,653)	3,385	179,735
Total net position (deficit)	**$ 319,555**	**$ (139,122)**	**$ 40,086**	**$ 220,519**	**$ 489,742**

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

Exhibit B-4

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
Operating revenues:					
Assessments	$ 434,989	$ 60,000	$ —	$ 494,989	$ —
Charges for services	—	—	44,093	44,093	2,507,701
Contributions	—	—	1,100	1,100	—
Interest and other investment income	102	999	15,247	16,348	—
Licenses, fees, and permits	—	—	—	—	7
Federal operating grants and contracts	13,235	—	—	13,235	—
Other operating revenues	25,835	—	115	25,950	174,784
Total operating revenues	**474,161**	**60,999**	**60,555**	**595,715**	**2,682,492**
Operating expenses:					
General operations and administration	—	—	28,795	28,795	576,068
Benefits and claims	226,470	7,461	5,187	239,118	2,121,072
Tuition plan disbursements	—	—	14,524	14,524	—
Depreciation and amortization	—	—	1,199	1,199	9,864
Other operating expenses	—	—	3	3	750
Total operating expenses	**226,470**	**7,461**	**49,708**	**283,639**	**2,707,754**
Operating income (loss)	**247,691**	**53,538**	**10,847**	**312,076**	**(25,262)**
Nonoperating revenues (expenses):					
Interest income	—	—	135	135	19,714
Contributions	—	—	12,567	12,567	87
Interest expense	—	—	(177)	(177)	(309)
Net other nonoperating revenues (expenses)	793	2	2,346	3,141	5,429
Losses on sale of capital assets	—	—	—	—	(59)
Total nonoperating revenues (expenses)	**793**	**2**	**14,871**	**15,666**	**24,862**
Income before transfers	**248,484**	**53,540**	**25,718**	**327,742**	**(400)**
Transfers in	—	—	10	10	4,330
Transfers out	(200)	(250)	(3,532)	(3,982)	(7,789)
Change in net position	**248,284**	**53,290**	**22,196**	**323,770**	**(3,859)**
Net position (deficit), beginning, as restated	71,271	(192,412)	17,890	(103,251)	493,601
Net position (deficit) at end of year	**$ 319,555**	**$ (139,122)**	**$ 40,086**	**$ 220,519**	**$ 489,742**

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

Statement of Cash Flows

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Cash flows from operating activities:					
Receipts from customers, patients, and third-party payers	$ 32,540	$ —	$ 42,990	$ 75,530	$ 2,303,102
Assessments received	443,589	60,206	—	503,795	—
Grants received	13,573	—	—	13,573	—
Tuition plan contributions received	—	—	2,138	2,138	—
Claims and benefits paid	(226,526)	(50,431)	(43,037)	(319,994)	(294,681)
Payments to suppliers for goods and services	—	(91)	(18,195)	(18,286)	(2,316,939)
Payments to employees	—	—	(7,939)	(7,939)	(49,616)
Internal activity–payments from other funds	—	—	—	—	197,721
Internal activity–payments to other funds	—	—	—	—	(3,656)
Other operating cash receipts	—	22,592	121	22,713	193,208
Other operating cash payments	—	—	(1,352)	(1,352)	(166)
Net cash provided by (used in) operating activities	**263,176**	**32,276**	**(25,274)**	**270,178**	**28,973**
Cash flows from noncapital financing activities:					
Principal payments received from other funds	—	—	—	—	1,214
Receipt of interest from other funds	—	—	—	—	267
Repayment of Advances from Federal government	(395,708)	—	—	(395,708)	—
Interest payments on noncapital debt	—	—	(110)	(110)	—
Other noncapital financing cash receipts	—	—	1,840	1,840	3,794
Other noncapital financing cash payments	—	—	(2,020)	(2,020)	(171)
Transfers in	—	—	10	10	4,330
Transfers out	(200)	(250)	(3,532)	(3,982)	(7,789)
Net cash provided by (used in) noncapital financing activities	**(395,908)**	**(250)**	**(3,812)**	**(399,970)**	**1,645**

Exhibit B-5

	ENTERPRISE FUNDS				
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	INTERNAL SERVICE FUNDS
Cash flows from capital and related financing activities:					
Acquisition of capital assets	$ —	$ —	$ (21,664)	$ (21,664)	$ (11,571)
Principal payments on limited obligation bonds	—	—	—	—	(735)
Principal payments on capital debt	—	—	(155)	(155)	(2,238)
Interest payments on capital debt	—	—	—	—	(471)
Capital grants and gifts received	—	—	12,562	12,562	—
Proceeds from sale or disposal of capital assets	—	—	585	585	—
Net cash used in capital and related financing activities	**—**	**—**	**(8,672)**	**(8,672)**	**(15,015)**
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	—	—	14,794	14,794	86,729
Purchase of investments	(18,134)	(149,854)	(1,401)	(169,389)	(80,419)
Interest and dividends on investments	109	851	15,565	16,525	21,332
Net cash provided by (used in) investing activities	**(18,025)**	**(149,003)**	**28,958**	**(138,070)**	**27,642**
Net increase (decrease) in cash and cash equivalents	**(150,757)**	**(116,977)**	**(8,800)**	**(276,534)**	**43,245**
Cash and cash equivalents at beginning of year	**346,188**	**116,977**	**23,522**	**486,687**	**601,014**
Cash and cash equivalents at end of year	**$ 195,431**	**$ —**	**$ 14,722**	**$ 210,153**	**$ 644,259**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 247,691	$ 53,538	$ 10,847	$ 312,076	$ (25,262)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	—	1,199	1,199	9,864
Provision for bad debts	76,144	—	—	76,144	—
Interest payments reclassified as capital and related financing activities	—	—	—	—	(108)
Interest and dividends on investments and interfund loans	(109)	(851)	(15,241)	(16,201)	412
Realized losses on sale of assets	—	—	(4)	(4)	(59)
Other nonoperating revenues	—	34	59	93	1,240
Other nonoperating expenses	—	—	—	—	(314)

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

Continued on Next Page

Statement of Cash Flows

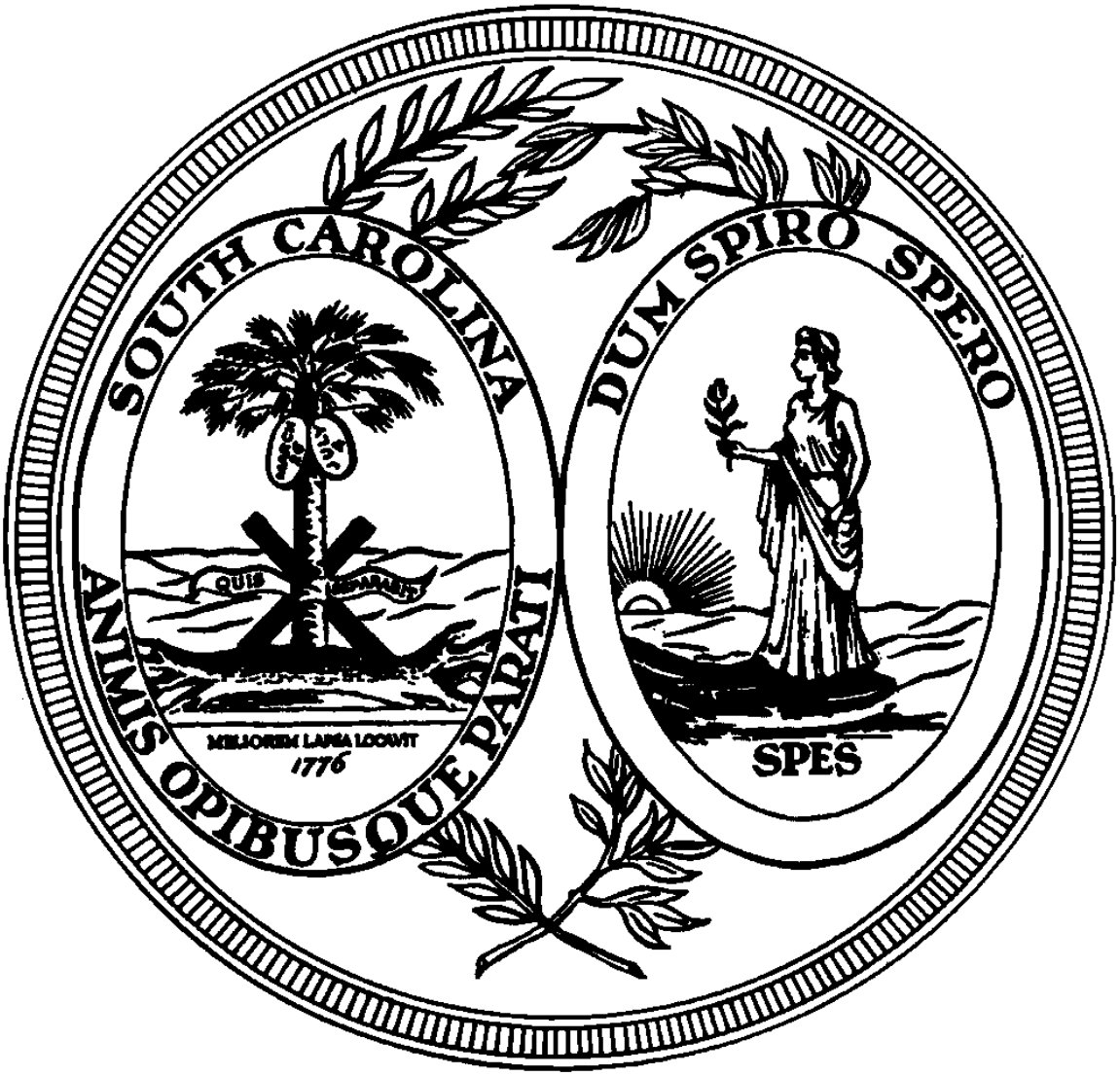
Exhibit B-5

PROPRIETARY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	ENTERPRISE FUNDS				INTERNAL SERVICE FUNDS
	Unemployment Compensation	Second Injury	Nonmajor Enterprise	Totals	
Effect of changes in operating assets and liabilities:					
Accounts receivable, net	$ (36,513)	$ (2)	$ 1,785	$ (34,730)	$ 26,846
Accrued interest	8	(179)	—	(171)	—
Assessments receivable, net	(24,329)	—	—	(24,329)	—
Due from Federal government and other grantors	339	—	—	339	—
Due from other funds	—	203	—	203	(19,803)
Inventories	—	—	238	238	264
Other assets	—	—	(22)	(22)	1,370
Deferred outflows	—	—	(354)	(354)	(4,368)
Accounts payable	(160)	1,048	(1,074)	(186)	(793)
Accrued salaries and related expenses	—	—	36	36	(222)
Tax refunds payable	1,265	—	—	1,265	—
Unemployment benefits payable	(553)	—	—	(553)	—
Tuition benefits payable	—	—	(15,388)	(15,388)	—
Policy claims	—	(21,515)	(7,938)	(29,453)	29,519
Due to other funds	(607)	—	1,998	1,391	(28)
Unearned revenues	—	—	(1,863)	(1,863)	7,370
Compensated absences payable	—	—	(2)	(2)	(294)
Other liabilities	—	—	101	101	(842)
Deferred inflows	—	—	349	349	4,181
Net cash provided by (used in) operating activities	**$ 263,176**	**$ 32,276**	**$ (25,274)**	**$ 270,178**	**$ 28,973**
Noncash capital, investing, and financing activities:					
Disposal of capital assets	$ —	$ —	$ —	$ —	$ 6,738
Reduction in advances other than payments	793	—	—	793	—
Increase (decrease) in fair value of investments	—	—	2,307	2,307	(7,570)
Total noncash capital, investing, and financing activities	**$ 793**	**$ —**	**$ 2,307**	**$ 3,100**	**$ (832)**

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


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

Statement of Fiduciary Net Position

Exhibit B-6

FIDUCIARY FUNDS

June 30, 2015
(Expressed in Thousands)

	Pension and Other Post-Employment Benefit Trust	Investment Trust Local Government Investment Pool	Private-Purpose Trust	Agency
ASSETS				
Cash and cash equivalents	$ 2,995,544	$ 2,577,678	$ 2,522	$ 300,797
Receivables, net:				
Accounts	—	—	—	10,538
Contributions	221,870	—	—	—
Accrued interest	53,603	2,117	2,299	210
Unsettled investment sales	449,980	—	2,833	—
Loans and notes receivables	—	—	—	27
Other investment receivables	2,634	—	—	—
Taxes	—	—	—	9,811
Total receivables	728,087	2,117	5,132	20,586
Due from other funds	60,829	—	—	12,847
Investments, at fair value:				
Short term investments	766,157	—	—	17,860
Debt-domestic	6,938,467	1,710,266	—	—
Debt-international	1,872,842	—	—	—
Equity-domestic	2,014,961	—	—	—
Equity-international	7,350,705	—	—	—
Alternatives	8,976,059	—	—	—
Financial and other	11,213	74,942	2,388,270	—
Total investments	27,930,404	1,785,208	2,388,270	17,860
Invested securities lending collateral	73,830	—	8	151
Capital assets, net	3,005	—	—	—
Prepaid items	3,071	—	—	—
Other assets	—	—	4,668	—
Total assets	**31,794,770**	**4,365,003**	**2,400,600**	**352,241**
LIABILITIES				
Accounts payable	8,470	—	1,482	8,063
Accounts payable–unsettled investment purchases	1,198,393	—	3,121	—
Policy claims	288	—	—	—
Due to other funds	60,829	—	—	—
Tax refunds payable	—	—	—	4
Intergovernmental payables	—	—	—	46,017
Deposits	—	—	—	3,486
Amounts held in custody for others	—	—	—	294,212
Deferred retirement benefits	68,104	—	—	—
Securities lending collateral	121,461	—	15	436
Due to participants	—	24,495	—	23
Other liabilities	30,149	—	—	—
Total liabilities	**1,487,694**	**24,495**	**4,618**	**352,241**
NET POSITION				
Held in trust for:				
Pension and other post-employment benefits	30,307,076	—	—	—
External investment pool participants	—	4,340,508	—	—
Other purposes	—	—	2,395,982	—
Total net position	**$ 30,307,076**	**$ 4,340,508**	**$ 2,395,982**	**$ —**

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

Statement of Changes in Fiduciary Net Position

Exhibit B-7

FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Pension and Other Post-Employment Benefit Trust	Investment Trust Local Government Investment Pool	Private-Purpose Trust
Additions:			
Licenses, fees, and permits	$ —	$ —	$ 43
Contributions:			
Employer	1,787,009	—	—
Employee	826,483	—	—
Deposits from pool participants	—	8,349,595	—
Tuition plan deposits	—	—	1,000
Other	—	—	170,066
Total contributions	2,613,492	8,349,595	171,066
Investment income:			
Interest income and net appreciation in investments	804,447	10,608	80,210
Securities lending income	2,334	4	—
Total investment income	806,781	10,612	80,210
Less investment expense:			
Investment expense	361,046	—	—
Securities lending expense	5	—	—
Net investment income	445,730	10,612	80,210
Assets moved between pension trust funds	1,354	—	—
Total additions	**3,060,576**	**8,360,207**	**251,319**
Deductions:			
Regular retirement benefits	2,729,289	—	—
Supplemental retirement benefits	529	—	—
Deferred retirement benefits	211,982	—	—
Refunds of retirement contributions to members	112,557	—	—
Death benefit claims	22,319	—	—
Accidental death benefits	1,555	—	—
Other post-employment benefits	413,396	—	—
Withdrawals, pool participants	—	8,139,323	—
Distributions to pool participants	—	9,179	—
Depreciation	258	—	—
Administrative expense	14,469	481	23,505
Other expenses	—	—	675
Assets moved between pension trust funds	1,354	—	—
Total deductions	**3,507,708**	**8,148,983**	**24,180**
Change in net position	**(447,132)**	**211,224**	**227,139**
Net position, beginning, as restated	**30,754,208**	**4,129,284**	**2,168,843**
Net position at end of year	**$ 30,307,076**	**$ 4,340,508**	**$ 2,395,982**

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

Statement of Net Position

DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2015

(Expressed in Thousands)

	Public Service Authority	Medical University of South Carolina	University of South Carolina	Clemson University	State Ports Authority
ASSETS					
Cash and cash equivalents	$ 171,830	$ 352,084	$ 428,616	$ 222,016	$ 269,901
Investments	520,282	151,798	346,110	2,591	15,827
Invested securities lending collateral	—	32	875	454	559
Receivables, net:					
Accounts	187,324	16,948	6,944	10,264	30,736
Contributions	—	32,181	43,049	33,264	—
Accrued interest	1,786	701	1,144	814	—
Student accounts	—	1,026	19,258	5,648	—
Patient accounts	—	221,337	—	—	—
Loans and notes	—	433	2,427	47	—
Due from Federal government and other grantors	—	17,443	15,779	18,438	—
Due from primary government	—	34,285	4,918	17,784	195,414
Inventories	597,860	25,086	2,913	2,356	7,218
Restricted assets:					
Cash and cash equivalents	289,501	74,655	301,875	338,059	—
Investments	958,689	411,059	72,960	647,795	—
Loans receivable	—	12,446	18,034	8,323	—
Other	—	—	—	—	—
Prepaid items	15,244	25,133	7,674	7,494	4,110
Other assets	392,265	9,661	7,409	3,467	5,732
Other regulatory assets- asset retirement obligation	907,540	—	—	—	—
Investment in joint venture	8,584	—	—	—	—
Capital assets-nondepreciable	2,858,052	113,072	216,303	163,475	463,175
Capital assets-depreciable, net	4,059,734	1,060,868	1,104,165	709,292	295,558
Total assets	$ 10,968,691	$ 2,560,248	$ 2,600,453	$ 2,191,581	$ 1,288,230
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated decrease in fair value of hedging derivatives	$ 69,958	$ 5,046	$ —	$ —	$ —
Deferred amount on refunding	133,680	53,887	6,306	2,204	—
Pension contributions subsequent to measurement date	—	55,501	42,565	27,589	4,166
Difference between actual and expected experience	—	25,835	20,205	12,826	1,837
Total deferred outflows	$ 203,638	$ 140,269	$ 69,076	$ 42,619	$ 6,003
LIABILITIES					
Accounts payable	$ 251,918	$ 72,163	$ 17,093	$ 34,925	$ 15,471
Accrued salaries and related expenses	8,809	89,251	16,298	18,209	4,579
Accrued interest payable	79,061	2,493	4,670	2,990	7,051
Retainages payable	6,377	175	3,588	3,181	1,876
Prizes payable	—	—	—	—	—
Intergovernmental payables	—	—	—	—	11
Due to primary government	—	1,753	5,069	3,261	—
Unearned revenues and asset retirement obligation	1,043,629	22,549	46,475	36,586	—
Deposits	—	—	2,295	966	—
Amounts held in custody for others	—	17,852	10,513	42,559	—
Securities lending collateral	—	86	1,492	1,053	1,613
Liabilities payable from restricted assets:					
Other	—	—	—	—	—
Other liabilities	631,205	68,863	35,166	12,861	15,332
Long-term liabilities:					
Due within one year	171,106	51,034	52,725	34,163	9,501
Due in more than one year	6,639,162	1,501,025	1,356,085	820,841	352,068
Total liabilities	$ 8,831,267	$ 1,827,244	$ 1,551,469	$ 1,011,595	$ 407,502
DEFERRED INFLOWS OF RESOURCES					
Accumulated increase in fair value of hedging derivatives	$ 1,138	$ —	$ —	$ —	$ —
Net difference earnings pension plan investment	—	77,198	60,482	38,347	5,470
Deferred gain on refunding	—	—	—	—	—
Deferred nuclear decommissioning costs	207,363	—	—	—	—
Deferred service concession arrangement receipts	—	—	—	—	—
Deferred nonexchange revenues	—	—	—	—	—
Total deferred inflows	$ 208,501	$ 77,198	$ 60,482	$ 38,347	$ 5,470
NET POSITION					
Net investment in capital assets	$ 957,835	$ 627,908	$ 747,327	$ 689,757	$ 461,770
Restricted:					
Expendable:					
Education	—	239,762	182,710	262,134	—
Transportation	—	—	—	—	—
Capital projects	6,515	54,988	95,495	75,407	—
Debt service	108,457	48,792	3,469	5,605	9,194
Loan programs	—	—	—	—	—
Other	—	—	—	—	—
Nonexpendable:					
Education	—	228,240	295,449	333,629	—
Unrestricted	1,059,754	(403,615)	(266,872)	(182,274)	410,297
Total net position	**$ 2,132,561**	**$ 796,075**	**$ 1,057,578**	**$ 1,184,258**	**$ 881,261**

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

Exhibit C-1

Housing Authority	Nonmajor Component Units	Total
$ 39,956	$ 611,863	$ 2,096,266
—	286,949	1,323,557
90	197	2,207
433	110,686	363,335
—	34,285	142,779
66	1,599	6,110
—	34,982	60,914
—	—	221,337
27,518	79,851	110,276
315	58,680	110,655
1,922	8,822	263,145
—	14,569	650,002
50,461	300,080	1,354,631
287,580	313,525	2,691,608
498,628	13,145	550,576
3,731	23,134	26,865
—	15,999	75,654
455	143,470	562,459
—	—	907,540
—	—	8,584
—	358,885	4,172,962
214	1,682,616	8,912,447
$ 911,369	$ 4,093,337	$ 24,613,909
$ —	$ —	$ 75,004
—	2,368	198,445
694	62,615	193,130
352	29,927	90,982
$ 1,046	$ 94,910	$ 557,561
$ —	$ 74,457	$ 466,027
800	41,530	179,476
—	7,053	103,318
—	1,760	16,957
—	30,896	30,896
—	467	478
—	50,202	60,285
5,397	80,087	1,234,723
—	13,199	16,460
—	8,863	79,787
259	555	5,058
14,536	3,397	17,933
4,550	22,998	790,975
12,808	75,404	406,741
486,394	2,211,223	13,366,798
$ 524,744	$ 2,622,091	$ 16,775,912
$ —	$ —	$ 1,138
1,046	89,110	271,653
1,041	—	1,041
—	—	207,363
—	263	263
—	349	349
$ 2,087	$ 89,722	$ 481,807
$ 214	$ 1,288,057	$ 4,772,868
—	203,039	887,645
—	487	487
—	262,038	494,443
37,731	47,839	261,087
318,433	63,908	382,341
—	2,678	2,678
—	215,271	1,072,589
29,206	(606,883)	39,613
$ 385,584	**$ 1,476,434**	**$ 7,913,751**

Statement of Activities

DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Service Authority	$ 1,896,017	$ 1,997,347	$ 27,577	$ —
Medical University of South Carolina	1,993,176	1,868,725	172,206	44,524
University of South Carolina	1,165,112	899,148	301,554	34,829
Clemson University	861,324	599,112	210,177	12,595
State Ports Authority	169,379	198,168	5,548	1,776
Housing Authority	217,049	48,521	183,882	—
Nonmajor component units	3,215,648	2,528,197	687,684	68,112
Totals	**$ 9,517,705**	**$ 8,139,218**	**$ 1,588,628**	**$ 161,836**

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

Exhibit C-2

Net Revenue (Expenses)	Additions to Endowments	Net Position Beginning (Restated)	Net Position Ending
$ 128,907	$ —	$ 2,003,654	$ 2,132,561
92,279	7,531	696,265	796,075
70,419	12,589	974,570	1,057,578
(39,440)	12,690	1,211,008	1,184,258
36,113	—	845,148	881,261
15,354	—	370,230	385,584
68,345	7,915	1,400,174	1,476,434
$ 371,977	**$ 40,725**	**$ 7,501,049**	**$ 7,913,751**

Notes to the Financial Statements—Contents

	Page
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	67
a. Scope of Reporting Entity	67
Primary Government	67
Blended Component Units	67
Discretely Presented Component Units	68
Related Organizations	70
Jointly Governed Organizations	70
b. Basis of Presentation	71
Government-wide Financial Statements	71
Fund Financial Statements	71
Component Unit Financial Statements	72
c. Measurement Focus and Basis of Accounting	73
Accrual Basis	73
Modified Accrual Basis	73
Recognition of Specific Grant and Shared Revenue Transactions	73
d. Cash and Cash Equivalents	73
e. Cash Management Pool-Allocation of Interest	74
f. Investments	74
g. Receivables and Payables	74
h. Inventories	74
i. Prepaid Items	74
j. Capital Assets	75
k. Other regulatory assets- asset retirement obligation	75
l. Tax Refunds Payable	76
m. Long-Term Obligations	76
n. Compensated Absences	76
o. Net Position and Fund Balance	76
p. Flow Assumption, Net Position or Fund Balance	76
q. Deferred Outflows/Inflows of Resources	76
NOTE 2: ACCOUNTING AND REPORTING CHANGES	77
NOTE 3: DEFICITS OF INDIVIDUAL FUNDS	78
NOTE 4: DEPOSITS AND INVESTMENTS	78
a. Deposits	78
b. Investments	79
c. Securities Lending Program	82
d. Investment Market Uncertainty	83
e. South Carolina Retirement Systems	83
f. Other Post-Employment Benefit Trust Funds	94
NOTE 5: RECEIVABLES	97
NOTE 6: CAPITAL ASSETS	99

Notes to the Financial Statements—Contents (Continued)

Page

NOTE 7: RETIREMENT PLANS 105
a. Plan Descriptions 105
b. Summary of Significant Accounting Policies—Basis of Accounting and Valuation of Investments 107
c. Funding Policies 107
d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions 108
e. Receivables and Investments 112
f. Deferred Retirement Option Plans 112
g. Optional Retirement Program 112

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS 113
a. Plan Description 113
b. Funding Policies 113
c. Trend Information 113
d. Funding Progress 114
e. Receivables and Investments 114

NOTE 9: INSURANCE ACTIVITIES 115
a. Insurance Reserve Fund 115
b. Employee Insurance Programs Fund 115
c. State Accident Fund 116
d. Uninsured Employers' Fund 116
e. Patients' Compensation Fund and Medical Malpractice Liability Insurance Joint Underwriting Association 117
f. Second Injury Fund 117
g. Discretely Presented Component Unit—Public Service Authority (Santee Cooper) 118

NOTE 10: LEASES 120
a. Capital Leases 120
b. Operating Leases 121
c. Facilities and Equipment Leased to Others 122

NOTE 11: BONDS AND NOTES PAYABLE 123
a. General Obligation Bonds 123
b. Limited Obligation Bonds 125
c. Revenue, Infrastructure Bank, and Other Bonds and Notes 126
d. Bond Anticipation Notes 130
e. Defeased Bonds 130
f. Arbitrage Rebate Payable 131
g. Conduit Debt 131
h. Commercial Paper Notes and Letters of Credit 132
i. Advances from Federal Government 132

NOTE 12: CHANGES IN LIABILITIES 134
a. Long-Term Liabilities 134
b. Short-Term Debt 137

NOTE 13: FUND BALANCES IN GOVERNMENTAL FUNDS 138
a. Non-spendable 138
b. Restricted 139
c. Committed 139
d. Assigned 140
e. Unrestricted, unassigned 140

Notes to the Financial Statements—Contents (Continued)

Page

NOTE 14: FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS 141

NOTE 15: INTERFUND BALANCES AND TRANSFERS 143

NOTE 16: JOINT VENTURE AND JOINT OPERATION 146
a. Joint Venture 146
b. Joint Operation 146

NOTE 17: RELATED PARTY TRANSACTIONS 147

NOTE 18: MAJOR DISCRETELY PRESENTED COMPONENT UNITS 147
a. Significant Transactions of Major Component Units with the Primary Government 147
b. Concentrations of Customer Credit Risk 147
c. Intra-Entity Balances 149

NOTE 19: CONTINGENCIES AND COMMITMENTS 150
a. Litigation 150
b. Federal Grants 152
c. Other Loan Guarantees 153
d. Purchase Commitments 153
e. Commitments to Provide Grants and Other Financial Assistance 153
f. Unemployment Compensation Benefits Fund—Liquidity. 154
g. DHEC Remedial Activities. 154

NOTE 20: SUBSEQUENT EVENTS 154
a. Debt Issuances 154
b. Sale of Portion of V.C. Summer Nuclear Station Units 2 and 3 to South Carolina Electric & Gas 155
c. South Carolina State University Loans 155
d. Medical University of South Carolina Construction Project 155
e. Flooding Disaster 155

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, serves as trustee of the systems and the trust funds. The State Budget and Control Board (seceded, in part, by the State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain decisions made by the PEBA Board of Directors regarding the funding of the retirement systems and serves as a co-trustee of the retirement systems in conducting that review. The State Treasurer is custodian of the funds.

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, 2015.

Tobacco Settlement Revenue Management Authority

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

Palmetto Railways Division

The Palmetto Railways Division of the Department of Commerce, a blended component unit accounted for as an enterprise fund, has a fiscal year ended December 31, 2014. The State has the ability to impose its will on Palmetto Railways.

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
122 Wade Hampton Office Building
Columbia, South Carolina 29201
www.treasurer.sc.gov

Palmetto Railways Division
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201-3200

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, 2015. 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, 2014. A financial benefit/burden relationship exists between the State and the Public Service Authority.

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.

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.

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. Removal of the Governor's appointed members requires a breach of duty or entering into a conflict of interest transaction. The State's primary government has provided financial support to the State Ports Authority in the past, and State law grants the State access to the State Ports Authority's surplus net revenues. 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 Governor appoints the chairman from among the seven commissioners. The State has the ability to impose its will on the Housing Finance and Development Authority.

Other Discretely Presented Component Units (Nonmajor)

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, 2014.

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, 2014. DOT is responsible for confirming the effectiveness and reasonableness of proposed toll rate changes in order for new toll rates to be established. Toll revenues, to the extent available, in accordance with the amended license agreement, are used to offset the highway maintenance commitments of DOT related to the Southern Connector. 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. Management oversight for the Authority is provided by the State Budget and Control Board. 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.

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 (board) 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 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.

The South Carolina Medical Malpractice Liability Joint Underwriting Association was established to provide medical malpractice insurance on a self-supporting basis. The Association is legally separate and is governed by a board of thirteen directors, all of whom are appointed by the Governor. The Governor has the ability to remove the appointed members at will. The financial information presented is for the Association's fiscal year ended December 31, 2014.

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

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

The following technical colleges are nonmajor component units: Aiken Technical College, Central Carolina Technical College, Denmark Technical College, Florence-Darlington Technical College, Greenville Technical College, Horry-Georgetown Technical College, Midlands Technical College, Northeastern Technical College, Orangeburg-Calhoun Technical College, Piedmont Technical College, Spartanburg Community College, Technical College of the Lowcountry, Tri-county Technical College, Trident Technical College, Williamsburg Technical College, and York Technical College. The

colleges are legally separate entities, with boards appointed by the State. A benefit/burden relationship exists between the State and each individual college because the State provides significant funding to these institutions.

Obtaining More Information about Discretely Presented Component Units

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

South Carolina Public Service Authority
(Santee Cooper)
One Riverwood Drive
Post Office Box 2946101
Moncks Corner, South Carolina 29461
www.santeecooper.com

South Carolina State Ports Authority
Post Office Box 22287
Charleston, South Carolina 29413
www.port-of-charleston.com

South Carolina State Housing Finance and Development Authority
300-C Outlet Pointe Boulevard
Columbia, South Carolina 29210
http://www.schousing.com

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://www.che.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://www.che.sc.gov

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

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

South Carolina Education Assistance Authority
Post Office Box 102425
Columbia, SC 29224
https://www.scstudentloan.org

South Carolina First Steps to School Readiness
1300 Sumter Street, Suite 100
Columbia, SC 29201
http://www.scfirststeps.org

South Carolina Jobs-Economic Development Authority
1201 Main Street, Suite 1600
Columbia, SC 29201
http://www.scjeda.com/

South Carolina Lottery Commission
Post Office Box 11949
Columbia, South Carolina 29211
www.sceducationlottery.com

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

Patriots Point Development Authority
40 Patriots Point Road
Mount Pleasant, SC 29464
http://www.patriotspoint.org

Related Organizations

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

Jointly Governed Organizations

The Governor, in conjunction with officials of certain local governments, appoints the board members of three military-defense facility redevelopment authorities. The three authorities include the Charleston Naval Complex Redevelopment Authority, the Myrtle Beach Air Force Base Redevelopment Authority and the Savannah River Site Redevelopment Authority. The State does not have an ongoing financial interest in these authorities.

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

b. Basis of Presentation

Government-wide Financial Statements

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

Statement of Activities and Eliminations

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

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

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

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

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

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

Enterprise Funds

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

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 Budget and Control Board.

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 Retirement System, and the post-employment health, dental, and long-term disability insurance benefits provided by the State to its retirees.

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

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

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

Operating and Nonoperating Revenues and Expenses in Proprietary Fund Financial Statements

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

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

Component Unit Financial Statements

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

c. Measurement Focus and Basis of Accounting

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

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

Accrual Basis

The State uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary and fiduciary fund financial statements and its major 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. Revenues collected in advance are deferred until the period in which they are earned.

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

Modified Accrual Basis

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within one month of the end of the current fiscal period with the following exceptions: tax and grant revenues are considered available if collected within one year; interest on investments is recorded as earned because it is deemed available when earned. Revenues not considered available are reported as deferred inflows of resources.

Recognition of Specific Grant and Shared Revenue Transactions

The State reports the receipt of food commodities as revenue and the distribution of commodities as expenditure or expense. The fair value of the donated commodities is 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). Of the discretely presented component units, the State Ports Authority, the Housing Authority, Central Carolina Technical College, and the South Carolina First Steps to School Readiness Board of Trustees participate in the pool. For activities excluded from the pool, cash equivalents include investments in short-term, highly liquid securities having a maturity at the time of purchase of three months or less.

e. Cash Management Pool–Allocation of Interest

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

f. Investments

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

To insure safety of principal, the State Treasurer's policy is to limit liquid investments (i.e., those with maturities not exceeding one year) to cash, repurchase agreements (when collateralized by United States Treasury or federal agency obligations with a market value in excess of 100.0% of funds advanced), United States Treasury bills, federal agency discount notes, and commercial paper. The State Treasurer further preserves principal by investing in only the highest investment grade securities (i.e., those rated at least A by two leading national rating services). 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 a six-member Investment Commission with fiduciary responsibility for investment of all of the State Retirement Systems' investments. The chief investment officer 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; securities are valued at the last reported sales price as provided by an independent pricing service.

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 by writing to the following address:

Office of State Treasurer
Local Government Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

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 fair value on the donation date. Infrastructure assets acquired prior to fiscal years ended after June 30, 1980, are reported at cost beginning in the 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 was no impairment as of June 30, 2015.

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, 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. Other 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 other regulatory assets- asset retirement obligation. 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.

Losses and gains on bond refundings are reported as deferred outflows or inflows of resources, respectively, and are amortized as described in Note 1m.

l. Tax Refunds Payable

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

m. Long-Term Obligations

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

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

n. Compensated Absences

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

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

o. Net Position and Fund Balance

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

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. At June 30, 2015, $573.320 million was reported as restricted net position because of restrictions imposed by enabling legislation.

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

p. Flow Assumption, Net Position or Fund Balance

The State's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

q. Deferred Outflows/Inflows of Resources

A deferred outflow/inflow of resources is a consumption/acquisition of net assets 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 decommissiong costs, non-exchange revenues, pension contributions

subsequent to the measurement date, difference between actual and expected experience on investments, service concession arrangements and net difference earnings on pension plan investments.

.

NOTE 2: ACCOUNTING AND REPORTING CHANGES

Adoption of New Accounting Standards

For the fiscal year ended June 30, 2015, the State implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* (Statement No. 68) is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. See Note 14, Fund Equity Reclassifications and Restatements, on page 141 for further detail.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measement Date – an Amendment of GASB Statement No. 68*, addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 3: DEFICITS OF INDIVIDUAL FUNDS

The accompanying fund financial statements display deficit fund balances and deficit net position balances for individual major funds, if applicable. Nonmajor funds had the following deficit net position balances (expressed in thousands) at June 30, 2015:

Nonmajor Enterprise Funds:	
Patients' Compensation	$ 59,623
Tuition Prepayment Program	55,906
Internal Service Funds:	
State Accident Fund	$ 2,271

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

NOTE 4: DEPOSITS AND INVESTMENTS

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

a. Deposits

The following deposits disclosure excludes the primary government's Pension Trust Funds of the South Carolina Retirement Systems (the Systems) which are described in section e of this note and the primary government's Other Post-Employment Benefit Trust Funds which are described in section f 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. Note 1, sections d and e explain other policies concerning deposits.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a depository financial institution's failure, the State will not be able to recover the value of the deposits with the collateral securities that are in the possession of an outside party. Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. All deposits under the control of the State Treasurer are fully insured or collateralized. The reported amount of the State Treasurer's deposits as of June 30, 2015 was $309.575 million and the bank balance was $787.511 million. As of June 30, 2015, the reported amount of the primary government's deposits outside of the State Treasurer was $118.127 million and the bank balance was $119.685 million. Of the $108.141 million bank balance exposed to custodial credit risk, $30 thousand was uninsured and uncollateralized, $9.033 million was uninsured and collateralized with securities held by the pledging financial institution, and $99.078 million was uninsured and collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

As of June 30, 2015, the reported amount of the major discretely presented component units' deposits was $411.966 million and the bank balance was $428.116 million. Of the $314.018 million bank balance exposed to custodial credit risk, $114.947 million was uninsured and uncollateralized, $58.136 million was uninsured and collateralized with securities held by the pledging financial institution, and $140.935 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 e of this note and the primary government's Other Post-Employment Benefit Trust Funds which are described in section f 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.

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. The portion of the primary government's investments with custodial credit risk is detailed (expressed in thousands) at June 30, 2015, as follows:

Primary Government Investment Type	Reported Amount
U.S. treasuries	286,630
U.S. agencies	1,795,704
Mortgage backed obligations	283,809
Equity securities	958,132
Corporate bonds	6,427,776
Muncipal bonds	66,847
Repurchase agreements	2,341,818
Common stock	47,764
Asset backed securities	3,335
Commercial paper	4,452,700
Money market mutual funds	183,246
Mutual Bonds Funds	9,710
Other	17,433
Totals	**$16,874,904**

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. Category B includes investment securities that are uninsured, not registered in the name of the state, and are held by a counterparty. The portion of the State's major discretely presented component units investments with custodial credit risk is detailed (expressed in thousands) at June 30, 2015, as follows:

DCU Investment Type	Category B	Reported Amount
U.S. treasuries	$ 4,589	$ 78,501
U.S. agencies	52,744	1,583,480
Mortgage backed obligations	—	7,761
Other equity securities	—	680,585
Corporate bonds	—	36,898
Repurchase agreements	—	304,422
Asset backed securities	—	10,258
Commercial paper	—	9,984
Money market mutual funds	—	41,431
Mutual Bonds Funds	244	73,109
Guaranteed investment contracts	529	529
Other	—	130,017
Totals	**$ 58,106**	**$ 2,956,975**

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, 2015 using the Standard and Poor's rating scale or Moody's, when no other rating was available, as follows (expressed in thousands):

Investment Type and Fair Value	AAA	AA	A / A1/ A2	BBB	BB	CCC & Below	Not Rated
U.S. agencies	$ —	$ 1,777,111	$ —	$ —	$ —	$ —	$ 18,593
Mortgage backed obligations	—	—	283,809	—	—	—	—
Corporate bonds	77,477	1,733,047	2,358,310	1,676,044	33,659	2,418	546,821
Municipal bonds	—	66,591	256	—	—	—	—
Repurchase agreements	1,375,289	—	—	—	—	—	966,529
Asset backed securities	—	—	—	—	—	—	3,335
Commercial paper	184,968	2,561,732	856,978	795,922	—	—	53,100
Money market mutual funds	7,101	—	—	—	—	—	176,145
Mutual bond funds	—	—	—	—	—	—	9,710
Other	—	294	—	—	—	—	17,139
Totals	**$ 1,644,835**	**$ 6,138,775**	**$ 3,499,353**	**$ 2,471,966**	**$ 33,659**	**$ 2,418**	**$ 1,791,372**

At fiscal year end, the Clemson University (June 30, 2015), the State Housing Authority (June 30, 2015), the Medical University of South Carolina (June 30, 2015), State Ports Authority (June 30, 2015), the Public Service Authority (December 31, 2014), and the University of South Carolina (June 30, 2015), 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	Not Rated
U.S. agencies	$ 1,530,736	$ 47,750	$ —	$ 4,994
Mortgage backed obligations	—	7,761	—	—
Other equity securities	—	—	—	680,585
Corporate bonds	—	15,179	21,719	—
Repurchase agreements	304,422	—	—	—
Asset backed securities	—	10,258	—	—
Commercial paper	—	—	9,984	—
Money market mutual funds	13,894	23,040	—	4,497
Mutual bond funds	—	—	—	73,109
Guaranteed investment contracts	—	—	—	529
Other	—	130,017	—	—
Totals	**$ 1,849,052**	**$234,005**	**$ 31,703**	**$ 763,714**

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, 2015, the maturities of the securities that will mature were limited according to the following segmented time distribution (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 250,164	$ 250,164	$ —	$ —	$ —
U.S. agencies	999,691	252,117	110,487	87,778	549,309
Mortgage backed obligations	275,771	—	15,768	56,273	203,730
Corporate bonds	4,495,841	3,241,089	731,103	509,478	14,171
Repurchase agreements	1,373,293	1,373,293	—	—	—
Common stock	3,048	—	—	—	3,048
Asset backed securities	3,335	—	—	—	3,335
Commercial paper	2,746,701	2,746,701	—	—	—
Other	15,528	—	—	—	15,528
Totals	**$ 10,163,372**	**$ 7,863,364**	**$ 857,358**	**$ 653,529**	**$ 789,121**

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, 2015, agencies within the State's primary government that manage their own investments limited the maturities of their interest-earning securities according to the following segmented time distribution (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 36,466	$ 318	$ 31,975	$ 450	$ 3,723
U.S. agencies	796,013	—	781,715	14,298	—
Mortgage backed obligations	8,038	—	—	—	8,038
Other equity securities	958,132	—	—	—	958,132
Corporate bonds	1,931,935	5,858	1,447,213	478,822	42
Municipal bonds	66,847	—	—	62,286	4,561
Repurchase agreements	968,525	966,529	—	1,996	—
Common stock	44,716	—	—	—	44,716
Commercial paper	1,705,999	1,705,999	—	—	—
Money market mutual funds	183,246	7,159	—	—	176,087
Mutual funds	9,710	—	—	—	9,710
Other	1,905	—	—	294	1,611
Totals	**$ 6,711,532**	**$ 2,685,863**	**$ 2,260,903**	**$ 558,146**	**$ 1,206,620**

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, 2015, 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) Less than 1	1 - 5	6 - 10	More than 10
U.S. treasuries	$ 78,501	$ —	$ 32,855	$ 45,646	$ —
U.S. agencies	1,583,480	489,099	1,042,407	680	51,294
Mortgage backed obligations	7,761	—	7,761	—	—
Other equity securities	680,585	—	—	—	680,585
Corporate bonds	36,898	3,029	24,478	—	9,391
Repurchase agreements	304,422	304,422	—	—	—
Asset backed securities	10,258	—	10,258	—	—
Commercial paper	9,984	9,984	—	—	—
Money Market Mutual Funds	41,431	36,690	—	—	4,741
Mutual bond funds	73,109	—	—	408	72,701
Guaranteed investment contracts	529	—	—	—	529
Other	130,017	—	130,017	—	—
Totals	**$ 2,956,975**	**$ 843,224**	**$ 1,247,776**	**$ 46,734**	**$ 819,241**

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, 2015, the State Treasurer had 22.27% of the LGIP investment portfolio in an overnight repurchase agreement with Bank of America that was fully collateralized by U.S. Treasury and agency obligations. As of June 30, 2015, less than 5% of the State's general investment portfolio was in an overnight repurchase agreement with Bank of America.

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 e 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 f of this note.

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

The weighted average maturity of the State's collateral investments generally matched the maturity of the securities loaned during the fiscal year and at June 30, 2015. At June 30, 2015, 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, 2015, 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, 2015, 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, 2015, 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, 2015:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 31,110
Total securities lent for cash collateral	**$ 31,110**
Securities lent for non-cash collateral:	
U.S. Corporate-fixed income	$ 10,239
Total securities lent for non-cash collateral	**$ 10,239**
Cash collateral invested as follows:	
Asset backed securities	$ 7,025
Repurchase agreements	5,501
Total for cash collateral invested	**$ 12,526**
Securities received as collateral:	
U.S. treasuries	$ 10,578
Total for securities collateral invested	**$ 10,578**

d. Investment Market Uncertainty

The diversification of the State's investment portfolio exposes it to various risks as discussed in previous sections of this note. These risks result in 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.

e. 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. As prescribed by South Carolina state statute, the State Treasurer is the custodian of all deposits and is responsible for securing all deposits held by banks. 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 in the State Treasurer's name as custodian.

As of June 30, 2015, the carrying amount of the Systems' deposits was $23.112 million and the bank balance was $40.724 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.

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 (RSIC) 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 changes 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, 2015, are noted below (dollar amounts expressed in thousands):

Investment Type	Fair Value	Fair Value Duration Not Available	Fair Value Duration Available	Effective Duration
Short Term Investments				
Short Term Investment Funds (U.S. Regulated)	$ 1,331,470	$ —	$ 1,331,470	0.08
Repurchase Agreements	292,196	—	292,196	0.08
Invested Securities Lending Collateral	70,177	70,177	—	
Commercial Paper	347,702	—	347,702	0.04
U.S. Treasury Bills	113,902	—	113,902	0.26
Discount Notes	22,798	—	22,798	0.11
Corporate Bonds	873	—	873	0.17
Strategic Partnership Short Duration	585,171	—	585,171	1.32
Options - Cash	(420)	(319)	(101)	(3.12)
Futures - Cash	(630)	—	(630)	0.26
Equity Allocation				
Preferred	59,679	6,293	53,386	7.13
Fixed Income Allocation				
U.S. Government:				
U.S. Government Treasuries	1,398,246	—	1,398,246	6.96
U.S. Government Agencies	619,405	159,834	459,571	4.05
Mortgage Backed:				
Government National Mortgage Association	85,544	—	85,544	3.23
Federal National Mortgage Assocation	155,837	214	155,623	3.53
Federal Home Loan Mortgage Association	32,737	—	32,737	3.64
Federal Home Loan Mortgage Association (multiclass)	762	—	762	0.64
Collateralized Mortgage Obligations	6,137	—	6,137	3.45
Municipals	41,989	566	41,423	9.91
Corporate:				
Corporate Bonds	2,597,434	441,453	2,155,981	3.50
Mixed Credit	502,629	—	502,629	2.45
Convertible Bonds	797	—	797	1.91
Asset Backed Securities	95,145	5,012	90,133	0.62
Private Placements	568,952	162,543	406,409	3.39
Yankee Bonds	2,917	—	2,917	10.41
Options - Domestic Fixed Income	(98)	(294)	196	(422.25)
Futures - Domestic Fixed Income	(362)	—	(362)	14.96
Swaps - Domestic Fixed Income	5,166	(28)	5,194	20.04
Global Fixed Income:				
International Asset Backed Securities	3,597	—	3,597	0.07
International Commingled Funds	369,114	—	369,114	5.20
International Corporate Bonds	6,613	1,899	4,714	2.07
International Emerging Debt	847,552	376,624	470,928	5.40
International Government Bonds	637,045	18,187	618,858	7.47
International Private Placements	10,922	1,828	9,094	7.15
Options - Global Fixed Income	(220)	(169)	(51)	603.44
Futures - Global Fixed Income	(858)	—	(858)	8.96
Swaps - Global Fixed Income	(923)	—	(923)	9.64
Total Invested Assets	**$ 10,808,997**	**$ 1,243,820**	**$ 9,565,177**	
Total Portfolio Effective Duration (option adjusted duration)				**3.52**

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Systems. As a matter of practice, there are no overarching limitations for credit risk exposures within the overall fixed income portfolio. 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 Commission's consultant and staff. The Systems' fixed income investments 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	NR[1]
Short Term Investments									
Short Term Investment Funds (U.S. Regulated)	$ 1,331,470	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Repurchase Agreements	—	—	—	—	—	—	—	—	292,196
Commercial Paper	—	122,971	—	224,731	—	—	—	—	70,177
Discount Notes	22,798	—	—	—	—	—	—	—	—
Corporate Bond	—	—	—	873	—	—	—	—	—
Strategic Partnership Short Duration	—	—	—	—	—	—	—	—	585,171
Options - Cash	—	—	—	—	—	—	—	—	(420)
Futures - Cash	—	—	—	—	—	—	—	—	(630)
Equity Investments									
Preferred	—	—	589	19,620	12,684	1,959	—	—	23,846
Fixed Income Allocation[2]									
Mortgage Backed:									
Federal National Mortgage Association	155,837	—	—	—	—	—	—	—	—
Federal Home Loan Mortgage Association (Multiclass)	762	—	—	—	—	—	—	—	—
Federal Home Loan Mortgage Association	32,737	—	—	—	—	—	—	—	—
Collateralized Mortgage Association	6,137	—	—	—	—	—	—	—	—
Municipals	—	24,836	13,954	—	—	—	—	—	3,199
Corporate:									
Corporate Bonds	39,138	55,376	420,001	653,269	401,862	318,519	71,452	1,629	636,188
Mixed Credit	—	—	—	—	—	—	—	—	502,629
Convertible Bonds	—	—	—	—	—	—	—	—	797
Asset Backed Securities	31,877	91	11,275	15,688	3,500	—	2,714	4,857	25,143
Private Placements	43,317	17,229	70,215	37,136	53,767	85,638	49,384	—	212,267
Yankee Bonds	—	—	697	2,221	—	—	—	—	—
Options - Domestic Fixed Income	—	—	—	—	—	—	—	—	(98)
Futures - Domestic Fixed Income	—	—	—	—	—	—	—	—	(362)
Swaps - Domestic Fixed Income	—	—	—	—	—	—	—	—	5,166
Global Fixed Income:									
International Asset Backed	3,395	—	—	—	—	—	—	—	202
International Commingled Funds	—	—	—	—	—	—	—	—	369,114
International Corporate Bonds	507	3,212	—	—	—	—	—	—	2,894
International Emerging Debt	—	—	—	—	131,904	—	—	—	715,648
International Government Bonds	16,083	—	103,362	345,114	117,368	—	21,302	9,434	24,382
International Private Placements	747	—	—	1,583	—	3,213	—	—	5,379
Options - Global Fixed Income	—	—	—	—	—	—	—	—	(220)
Futures - Global Fixed Income	—	—	—	—	—	—	—	—	(858)
Swaps - Global Fixed Income	—	—	—	—	—	—	—	—	(923)
Totals	**$1,684,805**	**$223,715**	**$620,093**	**$1,300,235**	**$721,085**	**$409,329**	**$144,852**	**$15,920**	**$3,470,887**

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

[2]*U.S. Government guaranteed securities with a fair value of $2.72 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 percent exposure to any single issuer." As of June 30, 2015, there is no single issuer exposure within the portfolio that comprises 5 percent 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. Exposure to foreign investments has, to date, been achieved synthetically using financial futures, forwards and swaps. Currency forwards are used to manage currency fluctuations and are permitted by investment policy. Policy forbids speculating in forwards and other derivatives.

The table below presents the Systems' exposure to foreign currency risk in U.S. dollars as of June 30, 2015 (expressed in thousands):

Currency	Cash & Cash Equivalents	Forward Contracts	Futures Contracts	Private Equity	Private Debt	Preferred Securities	Fixed Income	Equity
Australian Dollar	$ 1,337	$ 85,985	$ (1,629)	$ —	$ —	$ —	$ —	$ 27,107
Brazil Real	—	(967)	—	—	—	—	5,309	—
Canadian Dollar	(948)	114,884	(1,413)	—	—	—	—	64,579
Colombian peso	—	—	—	—	—	—	3,501	—
Danish Krone	—	—	—	—	—	—	—	15,749
Euro Currency	(9,755)	664,494	569	162,805	3,170	982	28,863	143,685
Hong Kong Dollar	1,328	56,993	(1,694)	—	—	—	—	26,052
Hungarian Forint	21	(21)	—	—	—	—	2,540	—
Indian Rupee	—	1,211	—	—	—	—	—	—
Indonesian Rupiah	71	—	—	—	—	—	4,499	—
Israeli Shekel	—	(6)	—	—	—	—	—	3,104
Japanese Yen	6,567	358,745	(5,417)	—	—	—	12	118,611
Malaysian Ringgit	—	—	—	—	—	—	5,178	—
Mexico New Peso	1,702	(540)	—	—	—	—	4,214	—
New Turkish Lira	—	—	—	—	—	—	5,065	—
New Zealand Dollar	—	—	—	—	—	—	—	335
Nigerian Naira	—	—	—	—	—	—	780	—
Norwegian Krone	28	—	—	—	—	—	—	657
Peruvian Nuevo Sol	—	—	—	—	—	—	668	—
Polish Zloty	—	—	—	—	—	—	5,095	—
Pound Sterling	(4,430)	345,255	(8,162)	—	—	—	2,894	104,820
Romanian Leu	—	—	—	—	—	—	1,084	—
Russian Ruble (New)	—	—	—	—	—	—	2,673	—
S African Comm Rand	—	—	—	—	—	—	5,249	—
Singapore Dollar	30	—	—	—	—	—	—	1,996
South Korean Won	—	(3,131)	—	—	—	—	—	—
Swedish Krona	(1,116)	49,483	(847)	—	—	—	—	15,405
Swiss Franc	10	—	—	—	—	—	—	40,557
Thailand Baht	—	—	—	—	—	—	3,754	—
Totals	**$ (5,155)**	**$1,672,385**	**$(18,593)**	**$162,805**	**$3,170**	**$ 982**	**$ 81,378**	**$ 562,657**

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, and total return swaps; interest-only strips; and CMOs to enhance the performance and reduce volatility. 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 Investment 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, 2015 (expressed in thousands):

	Changes in Fair Value	
	Classification	Gain/(Loss)
Futures Contracts	Net appreciation/(depreciation)	$ (55,421)
Forward Contracts	Net appreciation/(depreciation)	(14,940)
Swaps	Net appreciation/(depreciation)	4,173
Options	Net appreciation/(depreciation)	147

	Fair Value			
	Forward Contracts	Futures	Options	Swaps
Cash & Cash Equivalents	$ 8,336	$ (630)	$ (420)	$ —
Domestic Fixed Income	—	(362)	(98)	5,166
International Fixed Income	—	(858)	(220)	(923)
Domestic Equity	—	(16,834)	—	(982)
Global Equity	—	(17,541)	—	—
	$ 8,336	**$ (36,225)**	**$ (738)**	**$ 3,261**

As of June 30, 2015, the Systems had the following exposure via futures contracts (dollar amounts expressed in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value*
90 day Eurodollar Future (CME).....	March 2017	Short	(157)	$ (38,640)
90 day Eurodollar Future (CME).....	March 2018	Short	(139)	(33,998)
90 day Eurodollar Future (CME).....	June 2017	Short	(265)	(65,100)
90 day Eurodollar Future (CME).....	September 2015	Long	185	46,081
90 day Eurodollar Future (CME).....	September 2016	Short	(113)	(27,925)
90 day Eurodollar Future (CME).....	December 2016	Long	388	95,671
90 day Eurodollar Future (CME).....	December 2016	Short	(1,248)	(307,726)
90 day Eurodollar Future (CME).....	December 2017	Short	(388)	(95,021)
Total Cash & Cash Equivalents				(426,658)
S&P 500 Emini Ind Future (CME).....	September 2015	Long	10,288	1,056,784
Total Large Cap Equity				1,056,784
SPI 200 Index Futures (SFE).....	September 2015	Long	815	84,518
S&P/TSE 60 Index Future (MSE).....	September 2015	Long	847	114,507
DAX Index Future (EUX).....	September 2015	Long	502	153,836
IBEX 35 Index Future (MFM).....	July 2015	Long	419	50,302
CAC40 EURO Index Future (EOP).....	July 2015	Long	2,946	157,114
S&P/MIB Index Future (MIL).....	September 2015	Long	296	37,223
Amsterdam Index Future (EOE).....	July 2015	Long	468	49,230
DJ EURO STOXX Index 50 Future (EUX)	September 2015	Long	4,245	162,515
FTSE 100 Index Future (LIF).....	September 2015	Long	3,088	315,381
HANG SENG Index Future (HKG).....	July 2015	Long	325	54,926
TOPIX Index Future (TSE).....	September 2015	Long	2,245	299,144
OMXS30 Index Future (SSE).....	July 2015	Long	2,554	47,456
Total Global Equity				1,526,152
US Treasury Bond Future (CBT).....	September 2015	Short	(116)	(17,498)
US Treasury Bond Future (CBT).....	September 2015	Long	240	36,202
US 10 Year Treasury Note Future (CBT)..	September 2015	Long	219	27,631
US 10 Year Treasury Note Future (CBT)..	September 2015	Long	29	3,659
US 10 Year Treasury Note Future (CBT)..	September 2015	Short	(289)	(36,464)
US 5 Year Treasury Note Future (CBT)....	September 2015	Long	239	28,503
US 5 Year Treasury Note Future (CBT)....	September 2015	Short	(86)	(10,256)
US 5 Year Treasury Note Future (CBT)....	September 2015	Long	85	10,137
US 2 Year Treasury Note Future (CBT)....	September 2015	Long	180	39,409
US 2 Year Treasury Note Future (CBT)....	September 2015	Long	194	42,474
US Ultra Bond (CBT).....	September 2015	Short	(5)	(770)
Total Domestic Fixed Income				123,027
EURO-BOBL Future (EUX).....	September 2015	Long	57	8,230
EURO-BOBL Future (EUX).....	September 2015	Long	156	22,523
EURO-SCHATZ Future (EUX).....	September 2015	Long	75	9,299
EURO-BUND Future (EUX).....	September 2015	Long	572	96,873
EURO-BUND Future (EUX).....	September 2015	Long	319	54,025
EURO-BUND Future (EUX).....	September 2015	Short	(22)	(3,726)
EURO-BTP Future (EUX).....	September 2015	Long	27	3,917
UK Long GILT Future (LIF).....	September 2015	Long	139	25,299
Japan 10 Year Bond Future (TSE).....	September 2015	Long	77	92,483
Total Global Fixed Income				308,923
Totals				**$ 2,588,228**

*****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, 2015, the Systems had the following forward exposures, listed by counterparty (dollar amounts expressed in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Australia & New Zealand Banking Group Ltd..	$ 615	$ —	0.03%
Bank of America	303,513	(1,274)	11.89%
Barclays London	4,803	29	0.19%
BNP Paribas	22,928	(170)	0.90%
Bank of New York Mellon	311,266	1,849	12.19%
Brown Brothers Harriman	82	—	0.00%
Citibank NA	29,119	(468)	1.14%
Commonwealth Bank of Australia	305,995	1,695	11.98%
Credit Suisse International London	2,261	28	0.09%
Deutsche Bank London	12,049	(46)	0.47%
Goldman Sachs	79,860	2,307	3.13%
HSBC Bank USA	405,092	1,322	15.87%
JP Morgan Chase Bank	407,427	3,579	15.96%
Morgan Stanley Capital Services	124,444	(9)	4.87%
National Australia Bank Ltd	305,899	1,790	11.98%
Royal Bank of Canada	101	(2)	0.00%
Standard Chartered Bank	1,090	—	0.04%
State Street Corp	127,000	(661)	4.97%
UBS AG	109,907	(1,633)	4.30%
Totals	**$ 2,553,451**	**$ 8,336**	**100.00%**

Swaps

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

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

Counterparty risk, or default risk, is the risk that a party will not honor its contractual obligations. The Systems seeks to actively manage its counterparty risk by thorough analysis and evaluation of all potential counterparties by investment staff and the independent overlay manager. Risk is further minimized through diversification among counterparties with high credit ratings and collateralizing unrealized gains and losses. The Systems currently does not participate in a master netting agreement. Unrealized gains and losses are not netted across instrument types and are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. The table below reflects the counterparty credit ratings at June 30, 2015, for currency forwards, swap agreements, and options (expressed in thousands):

Quality Rating	Forwards	Swaps	Options	Total
Aa1	$ 5,299	$ 3,640	$ (68)	$ 8,871
Aa2	1,790	—	—	1,790
Aa3	5,507	(2,853)	(121)	2,533
A1	(2,940)	379	(159)	(2,720)
A2	(1,274)	(2,302)	35	(3,541)
A3	(46)	8	—	(38)
Baa1	—	(21)	24	3
NR	—	—	(449)	(449)
Total subject to credit risk	$ 8,336	$ (1,149)	$ (738)	$ 6,449
Centrally cleared:				
Chicago Mercantile Exchange Inc	$ —	$ 3,398	$ —	$ 3,398
Intercontinental Exchange Holdings	—	312	—	312
LCH. Clearnet Ltd	—	700	—	700
Total not subject to credit risk	$ —	$ 4,410	$ —	$ 4,410
Total	**$ 8,336**	**$ 3,261**	**$ (738)**	**$ 10,859**

At June 30, 2015, the Systems held swaps as shown in the tables below (amounts expressed in thousands):

Counterparty	Total Return Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Gain (Loss) Since Trade
Bank of America	Russell 2000 Total Return (Short)	Russell 2000 Total Index Return	3 Month US LIBOR - 61 bps	8/11/2015	$ (209,873)	$ (9,874)
Bank of America	Russell 2000 Total Return (Short)	Russell 2000 Total Index Return	3 Month US LIBOR - 61 bps	8/10/2015	(209,617)	(9,618)
Barclays	Barclays Commodity Strategy 1709	43.3 bps	BXCS1709 Commodity Index	8/28/2015	235,707	(64,293)
BNP Paribas	S&P 500 Total Return	3 Month LIBOR + 21 bps	S&P 500 Total Return Index	8/11/2015	201,055	1,056
BNP Paribas	S&P 500 Total Return	3 Month LIBOR + 21 bps	S&P 500 Total Return Index	8/10/2015	201,119	1,119
JP Morgan	J.P. Morgan Enhanced Beta + Filtered Seasonal	46.9 bps	JMABEBSP Index	8/28/2015	244,804	(5,196)
JP Morgan	J.P Morgan Palmetto Equinox TR	3 Month T-Bill + 46.9 bps	JMABEQXT Index	5/31/2016	126,646	1,646
Societe Generale	Societe Generale Custom Index	19 bps	SGCOP26E Index	3/31/2016	260,339	10,339
			Total		**$ 850,180**	**$ (74,821)**

Counterparty	Fixed Income Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value*
Bank of America NA	Credit Default Swaps	Variable Rate	Fixed Rate	Various	$ 4,782	$ 32
Barclays Bank PLC	Credit Default Swaps	Fixed / Variable Rate	Fixed / Variable Rate	Various	(1,182)	(12)
Deutsche Bank AG/London	Credit Default Swaps	Variable Rate	Fixed Rate	Various	1,082	8
Goldman Sachs International	Credit Default Swaps	Variable Rate	Fixed Rate	12/20/2017	82	1
Intercontinental Exchange	Credit Default Swaps	Variable Rate	Fixed Rate	6/20/2020	21,900	312
JP Morgan Chase Bank NA	Credit Default Swaps	Variable Rate	Fixed Rate	Various	1,027	114
Morgan Stanley Capital Services LLC	Credit Default Swaps	Variable Rate	Fixed / Variable Rate	Various	3,600	378
Royal Bank of Scotland PLC	Credit Default Swaps	Fixed Rate	Variable Rate	Various	(1,700)	(21)
Chicago Mercantile Exchange Inc	Interest Rate Swaps	Fixed / Variable Rate	Fixed / Variable Rate	Various	262,064	3,398
LCH. Clearnet Ltd	Interest Rate Swaps	Fixed Rate	Fixed / Variable Rate	Various	114,400	700
			Total		**$ 406,055**	**$ 4,910**

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

Options

Options are exchange traded agreements between two parties for a future transaction on an underlying asset at a reference or strike price. The buyer of an option has the right, but not the obligation, to transact. The seller of an option has the obligation to transact if forced by the buyer. The price of an option is derived by taking the difference in the underlying asset and the strike price plus a premium for the remaining time until expiration. As of June 30, 2015, the Systems had the following option positions (amounts expressed in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
Put Dec 15 098.000 ED 12/14/15	90DAY EURODOLLAR FUT DEC 15	December	566	$ 4
Put Dec 15 099.000 ED 12/14/15	90DAY EURODOLLAR FUTURE DEC 15	December	566	11
Put Dec 15 098.500 ED 12/11/15	90DAY EURODOLLAR FUTURE DEC 15	December	(1,133)	(7)
Call Jul 15 065.000 ED 07/15/15	INR/USD SPOT OPTION 2015	July	(1,300,000)	(1)
Call Jul 15 064.500 ED 07/14/15	INR/USD SPOT OPTION 2015	July	(10,600,000)	(12)
Put Jul 15 061.500 ED 07/15/15	INR/USD SPOT OPTION 2015	July	(1,300,000)	—
Call Jul 15 123.550 ED 07/28/15	JPY/USD SPOT OPTION 2015	July	(5,063,000)	(28)
Call Jul 15 123.150 ED 07/29/15	JPY/USD SPOT OPTION 2015	July	(5,163,000)	(35)
Call Jul 15 123.150 ED 07/29/15	JPY/USD SPOT OPTION 2015	July	(1,537,000)	(11)
Call Jul 15 123.400 ED 07/28/15	JPY/USD SPOT OPTION 2015	July	(1,237,000)	(7)
Put Jul 15 117.000 ED 07/02/15	JPY/USD SPOT OPTION 2015	July	(3,600,000)	(21)
Call Jul 15 001.140 ED 07/23/15	USD/EUR SPOT OPTION 2015	July	(5,877,000)	(40)
Call Jul 15 001.140 ED 07/21/15	USD/EUR SPOT OPTION 2015	July	(3,600,000)	(21)
Call Jul 15 001.145 ED 07/30/15	USD/EUR SPOT OPTION 2015	July	(5,823,000)	(34)
Put Aug 15 001.090 ED 08/06/15	USD/EUR SPOT OPTION 2015	August	(1,900,000)	(18)
Put Jul 15 001.101 ED 07/28/15	USD/EUR SPOT OPTION 2015	July	(4,141,000)	(47)
Put Jul 15 001.109 ED 07/30/15	USD/EUR SPOT OPTION 2015	July	(5,705,000)	(85)
Put Jul 15 001.104 ED 07/28/15	USD/EUR SPOT OPTION 2015	July	(859,000)	(11)
Put Jul 15 001.110 ED 07/29/15	USD/EUR SPOT OPTION 2015	July	(3,795,000)	(57)
Total Cash & Cash Equivalents				(420)
Call Jul 15 001.750 ED 07/30/15	IRS P USD 10Y 100BPS R 1.750%	July	2,800,000	—
Put May 16 002.580 ED 05/23/16	IRS P USD 10Y 283BPS R 2.58%	May	12,500,000	459
Put May 16 002.580 ED 05/12/16	IRS P USD 10Y 320 BPS R 2.58%	May	5,400,000	194
Call Jan 16 001.100 ED 01/29/16	IRS P USD 2Y 100BPS R 1.100%	January	60,600,000	135
Call Jan 18 002.100 ED 01/30/18	IRS P USD 2Y 14BPS R 2.1%	January	11,200,000	89
Call Jul 15 001.150 ED 07/2015	IRS P USD 3Y 46BPS R 1.15% 201	July	11,300,000	6
Call Jan 16 001.500 ED 01/29/16	IRS P USD 5Y 100BPS R 1.500%	January	5,600,000	17
Call Jan 16 000.800 ED 1/19/16	IRS P US0003M R 0.80% 01/21/17	January	33,300,000	35
Call Jan 16 001.100 ED 1/19/16	IRS P US003 M R 1.10% 01/21/18	January	11,300,000	25
Put Sep 15 003.450 ED 09/21/15	IRS R US003M P 3.45% CBK	September	4,400,000	29
Put Sep 15 003.450 ED 09/21/15	IRS R US003M P 3.45% 09/23/45	September	8,400,000	55
Call Jan 16 001.750 ED 01/29/16	IRS R 1.750% P US 0003M 2/02/26	January	5,600,000	14
Put Jul 003.500 ED 07/07/15	COMMIT TO PUR FNMA SF MTG OTC	July	(3,000,000)	(10)
Put Jul 101.769531 ED 07/07/15	COMMIT TO PUR FNMA SF MTG OTC	July	(3,000,000)	(10)
Put Jul 101.90625 ED 07/07/15	COMMIT TO PUR FNMA SF MTG OTC	July	(1,000,000)	(3)
Put Jul 15 102.277343	COMMIT TO PUR FNMA SF MTG 3	July	(3,000,000)	(11)

Call Jan 16 000.660 ED 01/19/16	IRS P USD 1Y 10BPS R .66%	January	(11,100,000)	(6)
Call Jan 16 000.650 ED 01/19/16	IRS P USD 1Y 11BPS R .65%	January	(22,200,000)	(12)
Call Jan 16 000.500 ED 01/19/16	IRS P USD 1Y 6BPS R .5%	January	(22,200,000)	(5)
Call Jan 16 000.520 ED 011916	IRS P USD 1Y 6BPS R .52%	January	(11,100,000)	(3)
Call Jan 16 001.330 ED 01/29/16	IRS P USD 10Y 100BPS R 1.330%	January	(5,600,000)	(3)
Call Jul 15 001.430 ED 07/30/15	IRS P USD 10Y 100BPS R 1.430%	July	(2,800,000)	—
Call Jan 16 001.540 ED 01/29/16	IRS P USD 10Y 100BPS R 1.540%	January	(5,600,000)	(7)
Call Jul 15 001.590 ED 07/30/15	IRS P USD 10Y 100BPS R 1.590%	July	(2,800,000)	—
Call Jan 16 000.730 ED 01/29/16	IRS P USD 2Y 100 BPS R .730%	January	(60,600,000)	(30)
Call Jan 16 000.915 ED 01/29/16	IRS P USD 2Y 100 BPS R .915%	January	(60,600,000)	(69)
Call Jan 18 001.600 ED 01/30/18	IRS P USD 2Y 100BPS R1.600%	January	(11,200,000)	(51)
Call Jan 16 000.700 ED 01/19/16	IRS P USD 2Y 16BPS R .7%	January	(11,300,000)	(5)
Call Jan 16 000.900 ED 0/11/916	IRS P USD 2Y 27BPS R .9%	January	(11,300,000)	(12)
Call Jul 15 000.850 ED 07/20/15	IRS P USD 3Y 17BPS R .85%	July	(11,300,000)	—
Call Jul 15 001.000 ED 07/20/15	IRS P USD 3Y 30BPS R 1%	July	(11,300,000)	(1)
Call Jan 16 001.100 ED 01/29/16	IRS P USD 5Y 100BPS R 1.100%	January	(5,600,000)	(4)
Call Jan 16 001.300 ED 01/29/16	IRS P USD 5Y 100BPS R 1.300%	January	(5,600,000)	(9)
Call Jan 18 001.100 ED 0/13/018	IRS P USD2Y 100BPS R 1.100%	January	(11,200,000)	(25)
Call Aug 15 002.350 ED 08/03/15	IRS P US0003M R 2.35% 08052025	August	(12,800,000)	(67)
Put Aug 15 002.750 ED 08/03/15	IRS P US0003M R 2.75% 08052025	August	(12,800,000)	(35)
Put May 16 002.500 ED 05/23/16	IRS P 2Y 32 BPS R 2.5%	May	(118,800,000)	(387)
Put May 16 002.500 ED 05/12/16	IRS P 2Y 34BPS R 2.5%	May	(51,100,000)	(160)
Put Sep 15 002.500 ED 09/21/15	IRS R US0003M P 2.5% 9/23/20	September	(35,000,000)	(31)
Put Sep 15 002.500 ED 09/21/15	IRS_P US0003M R 3ML 2.5% CBK	September	(20,200,000)	(18)
Call Aug 15 127.00 ED 07/24/15	US 10YR TREAS NTS FUT SEP 15	July	(127)	(64)
Call Aug 15 126.500 ED 07/24/15	US 10YR TREAS NTS FUT SEP 15	July	(63)	(43)
Put Aug 15 125.000 ED 07/24/15	US 10YR TREAS NTS FUT SEP 15	July	(76)	(29)
Put Aug 15 125.500 ED 07/24/15	US 10YR TREAS NTS FUT SEP 15	July	(44)	(23)
Call Jul 15 127.500 ED 07/24/15	US 10YR TREAS NTS FUTURE (CBT)	July	(64)	(23)
Total Domestic Fixed Income				(98)
Call Aug 15 155.000 ED 07/24/15	EURO-BUND FUTURE AUG 15	July	(87)	(40)
Call Aug 15 154.500 ED 7/24/15	EURO-BUND FUTURE SEP 15	July	(114)	(66)
Call Aug 15 154.000 ED 07/24/15	EURO-BUND FUTURE SEP 15	July	(71)	(51)
Call Aug 15 153.500 ED 07/24/15	EURO-BUND FUTURE SEP 15	July	(42)	(37)
Put Aug 15 000.950 ED 08/19/15	SDS SP ULITRA XX 23	August	(6,700,000)	(14)
Put Aug 15 000.950 ED 08/19/15	CDS SP ULITRA XX 23 06/20/2020	August	(6,200,000)	(12)
Total Global Fixed Income				(220)
Total				**$ (738)**

Alternative Investments

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

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/opportunistic credit and real estate investments. As of June 30, 2015, the Systems' commitments, including commitments within Strategic Partnerships, are shown in the following table (amounts expressed in thousands):

Limited Partnerships USD	Total Commitment	Amount Funded To Date	Remaining Unfunded Commitment
Private Equity	$ 4,064,917	$ 3,165,794	$ 899,123
Private Debt	3,482,452	2,616,280	866,172
Real Estate	2,000,577	1,399,992	600,585
Real Assets	30,000	26,179	3,821
Total	$ 9,577,946	$ 7,208,245	$ 2,369,701
Limited Partnerships Euros			
Private Equity	€ 275,750	€ 164,909	€ 110,841
Private Debt	75,917	75,917	—
Total	€ 351,667	€ 240,826	€ 110,841

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 102.0 percent of the market value of the securities loaned, providing a margin against a decline in the market value of collateral. If the collateral value falls below 100.0 percent, 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, 2015 included U.S. Government securities, U.S. Government agencies, corporate bonds and equities. The contractual agreement between the State Treasurer as custodian and BNY Mellon provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan. Cash and U.S. Government securities 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, 2015, the fair value of securities on loan was $179.613 million. The fair value of the invested cash collateral was $70.177 million. Securities lending obligations were $117.718 million with an unrealized loss in invested cash collateral of $47.541 million. The gross securities lending revenue for the fiscal year was $1.978 million, an increase from $1.730 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, 2015, 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, 2015:

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS
Securities lent for cash collateral:						
U.S. Government securities	$ 12,660	$ 1,993	$ 15	$ 72	$ 11	$ 14,751
Corporate bonds	52,564	8,273	64	300	44	61,245
Common stock	33,102	5,210	41	189	28	38,570
Total securities lent for cash collateral	**$ 98,326**	**$ 15,476**	**$ 120**	**$ 561**	**$ 83**	**$ 114,566**
Securities lent for non-cash collateral:						
Corporate bonds	$ 22,666	$ 3,567	$ 28	$ 130	$ 19	$ 26,410
Common stock	33,160	5,220	40	189	28	38,637
	$ 55,826	**$ 8,787**	**$ 68**	**$ 319**	**$ 47**	**$ 65,047**
Cash collateral invested as follows:						
Repurchase agreements	$ 60,229	$ 9,479	$ 74	$ 344	$ 51	$ 70,177
Total for cash collateral invested	**$ 60,229**	**$ 9,479**	**$ 74**	**$ 344**	**$ 51**	**$ 70,177**
Securities received as collateral:						
U.S. Government securities	$ 57,192	$ 9,002	$ 70	$ 327	$ 48	$ 66,639
	$ 57,192	**$ 9,002**	**$ 70**	**$ 327**	**$ 48**	**$ 66,639**

f. 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, 2015, 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 investments in the State internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name.

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, 2015, the Trusts' debt investments were rated by Standard & Poor's as follows (expressed in thousands):

Investment Type and Fair Value	AAA / AA	A / A1 / A2	BBB / BB	B/1/B/2/B/3	Not Rated
U.S. agencies	$ 25,013	$ —	$ —	$ —	$ —
Mortgage backed obligations	18,900	—	—	—	—
Corporate bonds	77,238	265,177	374,776	238	3,613
Repurchase agreements	—	—	—	—	100,180
Commercial paper	—	571	588	—	10,054
Municipal bonds	2,000	2,243	—	—	—
Totals	**$ 123,151**	**$ 267,991**	**$ 375,364**	**$ 238**	**$113,847**

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, 2015, the maturities of the securities that will mature were limited according to the following segmented time distribution (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
U.S. treasuries	$ 56,034	$ —	$ 7,844	$ 3,069	$ 45,121
U.S. agencies	25,013	15,007	10,006	—	—
Mortgage backed obligations	18,900	—	395	3	18,502
Corporate bonds	721,042	94,116	423,333	200,478	3,115
Repurchase agreements	100,180	100,180	—	—	—
Commercial paper	11,213	10,054	1,159	—	—
Municipal bonds	4,243	2,000	2,243	—	—
Totals	**$ 936,625**	**$ 221,357**	**$ 444,980**	**$ 203,550**	**$ 66,738**

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, 2015, the State Treasurer had approximately 10.70% Trust's investment portfolio in an overnight repurchase agreement with Bank of America that was fully collateralized by U.S. Treasury and agency obligations.

Securities Lending

The Trusts participate in the Securities Lending Program as described in section c of this note. 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, 2015:

	Amount
Securities lent for cash collateral:	
U.S. Corporate-fixed income	$ 3,743
Total securities lent for cash collateral	**$ 3,743**
Securities lent for non-cash collateral:	
U.S. Corporate-fixed income	$ 9,598
Total securities lent for non-cash collateral	**$ 9,598**
Cash collateral invested as follows:	
Repurchase agreements	$ 3,653
Total for cash collateral invested	**$ 3,653**
Securities received as collateral:	
U.S. treasuries	$ 9,290
Total for securities collateral invested	**$ 9,290**

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 uncollectible receivables (expressed in thousands) at June 30, 2015, for the primary government were as follows:

	Governmental Activities					
	Governmental Funds					
	General	Departmental Program Services	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Income taxes receivable	$ 303,358	$ —	$ —	$ —	$ —	$ 303,358
Sales and other taxes receivable	121,930	11	—	19,773	—	141,714
Patient accounts receivable	41	1,183	—	—	—	1,224
Student accounts receivable	5	—	—	—	—	5
Other receivables	12,490	41,512	1,420	—	169	55,591
Total allowances for uncollectibles	**$ 437,824**	**$ 42,706**	**$ 1,420**	**$ 19,773**	**$ 169**	**$ 501,892**

	Business-type Activities (Enterprise Funds)
	Unemployment Compensation Benefits
Assessments receivable	$ 49,351
Other receivables	47,686
Total allowances for uncollectibles	**$ 97,037**

The enterprise fund financial statements separately present long-term receivables (net receivable balances not expected to be collected within one year). Net receivables not expected to be collected within one year in governmental and internal service funds (expressed in thousands) at June 30, 2015, were as follows:

Net Long-term Receivables	General	Departmental Program Services	Local Government Infrastructure	Transportation Special Revenue	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts receivable	$ 28,741	$ 25,460	$ 5,079	$ —	$ —	$ 1,012	$ 60,292
Income taxes receivable	34,004	—	—	—	—	—	34,004
Sales and other taxes receivable	2,063	—	—	—	1,390	—	3,453
Patient accounts receivable	2,569	5,095	—	—	—	—	7,664
Loans and notes receivable	36,500	515	527,251	1,953	—	—	566,219
Accounts receivable—restricted	—	—	180,489	—	—	—	180,489
Total long-term receivables, net	**$ 103,877**	**$ 31,070**	**$ 712,819**	**$ 1,953**	**$ 1,390**	**$ 1,012**	**$ 852,121**

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The components of unearned revenue in the governmental funds (expressed in thousands) at June 30, 2015, were as follows:

	Unavailable	Unearned	Total Governmental Funds
Taxes	$ 421	$ —	$ 421
Federal grants	21,102	27,408	48,510
Contributions	162,880	153,906	316,786
Departmental services	—	6,313	6,313
Total unearned revenues	$ 184,403	187,627	$ 372,030
Internal service funds		154,025	
Total governmental activities		$ 341,652	

NOTE 6: CAPITAL ASSETS

Capital asset activity (expressed in thousands) for the fiscal year ended June 30, 2015, for the primary government was as follows:

	Beginning Balances July 1, 2014	Increases	Decreases	Ending Balances June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	$ 1,884,852	$ 58,060	$ (494)	$ 1,942,418
Construction in progress	2,645,274	513,618	(406,541)	2,752,351
Works of art and historical treasures	7,276	—	—	7,276
Intangibles	334	26	(40)	320
Total capital assets not being depreciated	4,537,736	571,704	(407,075)	4,702,365
Capital assets being depreciated:				
Land improvements	113,426	396	(270)	113,552
Infrastructure (road and bridge network)	12,619,989	344,245	(10,757)	12,953,477
Buildings and improvements	2,009,456	33,148	(11,808)	2,030,796
Vehicles	658,101	82,160	(33,999)	706,262
Machinery and equipment	547,285	43,282	(32,713)	557,854
Works of art and historical treasures	1,500	4	—	1,504
Intangibles	135,336	7,559	(7,314)	135,581
Total capital assets being depreciated	16,085,093	510,794	(96,861)	16,499,026
Less accumulated depreciation for:				
Land improvements	(54,871)	(2,788)	126	(57,533)
Infrastructure (road and bridge network)	(3,306,146)	(181,559)	80	(3,487,625)
Buildings and improvements	(927,738)	(76,477)	6,270	(997,945)
Vehicles	(561,661)	(40,322)	32,423	(569,560)
Machinery and equipment	(407,481)	(33,648)	28,404	(412,725)
Works of art and historical treasures	(361)	(60)	—	(421)
Intangibles	(88,744)	(13,318)	1,262	(100,800)
Total accumulated depreciation	(5,347,002)	(348,172)	68,565	(5,626,609)
Total capital assets being depreciated, net	10,738,091	162,622	(28,296)	10,872,417
Capital assets for governmental activities, net	**$ 15,275,827**	**$ 734,326**	**$ (435,371)**	**$ 15,574,782**

	Beginning Balances July 1, 2014	Increases	Decreases	Ending Balances June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	$ 92,510	$ 20,352	$ (3,913)	$ 108,949
Construction in progress	21,892	6,230	(1,637)	26,485
Total capital assets not being depreciated	114,402	26,582	(5,550)	135,434
Capital assets being depreciated:				
Land improvements	1,244	—	—	1,244
Buildings and improvements	22,170	1,000	(2,164)	21,006
Vehicles	762	25	(50)	737
Machinery and equipment	7,440	1,365	(1,183)	7,622
Intangibles	2,300	944	(2,300)	944
Total capital assets being depreciated	33,916	3,334	(5,697)	31,553
Less accumulated depreciation for:				
Land improvements	(892)	(30)	—	(922)
Buildings and improvements	(4,336)	(547)	152	(4,731)
Vehicles	(759)	(4)	50	(713)
Machinery and equipment	(3,713)	(410)	305	(3,818)
Intangibles	(2,185)	(208)	2,385	(8)
Total accumulated depreciation	(11,885)	(1,199)	2,892	(10,192)
Total capital assets being depreciated, net	22,031	2,135	(2,805)	21,361
Capital assets for business-type activities, net	**$ 136,433**	**$ 28,717**	**$ (8,355)**	**$ 156,795**

Capital assets for the State's fiduciary funds were comprised of land totaling $582 thousand, a building totaling $4.749 million and equipment totaling $2.057 million with accumulated depreciation of $4.383 million. Depreciation expense for fiscal year 2015 was $258 thousand. There were additions of $351 thousand for equipment and no dispositions of capital assets during the year.

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

	Beginning Balances January 1, 2014	Increases	Decreases	Ending Balances December 31, 2014
Public Service Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 142,067	$ 3,157	$ (23)	$ 145,201
Construction in progress	2,100,631	768,587	(156,367)	2,712,851
Total capital assets not being depreciated	2,242,698	771,744	(156,390)	2,858,052
Capital assets being depreciated:				
Buildings and improvements (utility plant)	7,103,153	107,819	—	7,210,972
Vehicles	65,916	2,173	(5,386)	62,703
Machinery and equipment	45,020	1,034	(1,371)	44,683
Intangibles	73,037	16,996	(11,638)	78,395
Total capital assets being depreciated	7,287,126	128,022	(18,395)	7,396,753
Less accumulated depreciation for:				
Buildings and improvements (utility plant)	(3,033,966)	(190,235)	—	(3,224,201)
Vehicles	(30,433)	(3,512)	5,359	(28,586)
Machinery and equipment	(17,336)	(2,801)	1,352	(18,785)
Intangibles	(73,038)	(4,047)	11,638	(65,447)
Total accumulated depreciation	(3,154,773)	(200,595)	18,349	(3,337,019)
Total capital assets being depreciated, net	4,132,353	(72,573)	(46)	4,059,734
Public Service Authority, net	**$ 6,375,051**	**$ 699,171**	**$ (156,436)**	**$ 6,917,786**

	Beginning Balances July 1, 2014	Increases	Decreases	Ending Balances June 30, 2015
State Ports Authority:				
Capital assets not being depreciated:				
Land and improvements	$ 201,675	$ 1,607	$ (1)	$ 203,281
Construction in progress	226,770	48,298	(17,364)	257,704
Intangibles	2,190	—	—	2,190
Total capital assets not being depreciated	430,635	49,905	(17,365)	463,175
Capital assets being depreciated:				
Land improvements	325,847	5,857	—	331,704
Buildings and improvements	339,654	1,821	(2,261)	339,214
Machinery and equipment	170,485	10,047	(6,367)	174,165
Intangibles	876	—	—	876
Total capital assets being depreciated	836,862	17,725	(8,628)	845,959
Less accumulated depreciation for:				
Land improvements	(178,417)	(14,576)	—	(192,993)
Buildings and improvements	(222,538)	(9,834)	2,261	(230,111)
Machinery and equipment	(121,589)	(9,444)	4,419	(126,614)
Intangibles	(649)	(34)	—	(683)
Total accumulated depreciation	(523,193)	(33,888)	6,680	(550,401)
Total capital assets being depreciated, net	313,669	(16,163)	(1,948)	295,558
State Ports Authority, net	**$ 744,304**	**$ 33,742**	**$ (19,313)**	**$ 758,733**

	Beginning Balances July 1, 2014	Increases	Decreases	Ending Balances June 30, 2015
Medical University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 68,751	$ 17,833	$ (1,034)	$ 85,550
Construction in progress	90,954	42,982	(106,602)	27,334
Works of art and historical treasures	188	—	—	188
Total capital assets not being depreciated	159,893	60,815	(107,636)	113,072
Capital assets being depreciated:				
Land improvements	14,136	1,246	(730)	14,652
Buildings and improvements	1,531,839	79,334	(1,094)	1,610,079
Vehicles	5,215	353	(112)	5,456
Machinery and equipment	405,113	30,571	(39,580)	396,104
Intangibles	29,932	44,027	(11,909)	62,050
Total capital assets being depreciated	1,986,235	155,531	(53,425)	2,088,341
Less accumulated depreciation for:				
Land improvements	(7,284)	(640)	395	(7,529)
Buildings and improvements	(657,076)	(66,712)	1,093	(722,695)
Vehicles	(4,737)	(403)	112	(5,028)
Machinery and equipment	(276,202)	(33,639)	38,471	(271,370)
Intangibles	(18,826)	(10,701)	8,676	(20,851)
Total accumulated depreciation	(964,125)	(112,095)	48,747	(1,027,473)
Total capital assets being depreciated, net	1,022,110	43,436	(4,678)	1,060,868
MUSC, net	**$ 1,182,003**	**$ 104,251**	**$ (112,314)**	**$ 1,173,940**

	Beginning Balances July 1, 2014	Increases	Decreases	Ending Balances June 30, 2015
University of South Carolina:				
Capital assets not being depreciated:				
Land and improvements	$ 79,919	$ —	$ —	$ 79,919
Construction in progress	47,352	60,452	(2,756)	105,048
Works of art and historical treasures	27,422	3,914	—	31,336
Total capital assets not being depreciated	154,693	64,366	(2,756)	216,303
Capital assets being depreciated:				
Land improvements	104,934	3,804	—	108,738
Buildings and improvements	1,543,039	33,381	(1,837)	1,574,583
Vehicles	16,515	1,467	(473)	17,509
Machinery and equipment	181,936	13,817	(4,777)	190,976
Intangibles	42,671	13,995	—	56,666
Total capital assets being depreciated	1,889,095	66,464	(7,087)	1,948,472
Less accumulated depreciation for:				
Land improvements	(27,483)	(4,345)	—	(31,828)
Buildings and improvements	(598,259)	(42,694)	137	(640,816)
Vehicles	(11,020)	(1,150)	469	(11,701)
Machinery and equipment	(138,597)	(12,414)	4,069	(146,942)
Intangibles	(7,269)	(5,751)	—	(13,020)
Total accumulated depreciation	(782,629)	(66,354)	4,675	(844,307)
Total capital assets being depreciated, net	1,106,466	110	(2,412)	1,104,165
USC, net	**$ 1,261,159**	**$ 64,476**	**$ (5,168)**	**$ 1,320,468**

	Beginning Balances July 1, 2014	Increases	Decreases	Ending Balances June 30, 2015
Clemson University:				
Capital assets not being depreciated:				
Land and improvements	$ 41,674	$ 1,414	$ —	$ 43,088
Construction in progress	23,202	100,235	(3,050)	120,387
Total capital assets not being depreciated	64,876	101,649	(3,050)	163,475
Capital assets being depreciated:				
Buildings and improvements	914,062	3,996	(3,865)	914,193
Vehicles	15,509	1,885	(2,666)	14,728
Machinery and equipment	335,461	20,499	(11,493)	344,467
Intangibles	19,080	1,464	—	20,544
Total capital assets being depreciated	1,284,112	27,844	(18,024)	1,293,932
Less accumulated depreciation for:				
Buildings and improvements	(336,151)	(22,277)	914	(357,514)
Vehicles	(4,629)	(8,737)	1,549	(11,817)
Machinery and equipment	(200,071)	(12,854)	10,111	(202,814)
Intangibles	(7,007)	(5,488)	—	(12,495)
Total accumulated depreciation	(547,858)	(49,356)	12,574	(584,640)
Total capital assets being depreciated, net	736,254	(21,512)	(5,450)	709,292
Clemson University, net	**$ 801,130**	**$ 80,137**	**$ (8,500)**	**$ 872,767**

During the fiscal year ended June 30, 2015, depreciation expense was charged to functions of the primary government and its major discretely presented component units (expressed in thousands):

	Governmental Funds	Internal Service Funds	Total Governmental Activities
General government	$ 28,547	$ 9,357	$ 37,903
Education	17,720	—	17,720
Health and environment	13,324	—	13,324
Social services	569	—	569
Administration of justice	28,120	508	28,628
Resources and economic development	50,297	—	50,297
Transportation	199,730	—	199,730
Total depreciation expense, governmental activities	**$ 338,307**	**$ 9,864**	**$ 348,172**

	Major Component Units
Public Service Authority	$ 200,595
State Ports Authority	33,888
MUSC	112,095
USC	66,354
Clemson University	49,356

At June 30, 2015, the primary government had outstanding construction commitments totaling $23.748 million for capital projects in progress. In addition, outstanding construction commitments at that date totaled $9.801 million for significant permanent improvement projects that will not increase State assets. 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 $2.736 million at June 30, 2015, related to information technology projects.

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

	Outstanding Construction Commitments
Public Service Authority	$ 3,027,514
State Ports Authority	35,700
MUSC	11,013
USC	117,248
Clemson University	68,237

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 was as follows:

	Capitalized Interest Costs
State Ports Authority	$ 6,716
MUSC	311
USC	1,584
Clemson University	2,423

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. Effective July 1, 2012, the South Carolina Public Employee Benefit Authority (PEBA) was created as a separate agency and governing body. As a result, the Systems, which was formerly a division of the South Carolina Budget and Control Board, was transferred from the Budget and Control Board to the new administrative agency. PEBA administers the various retirement systems and retirement programs managed by the Retirement Division. PEBA also 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 State Fiscal Accountability Authority, which consists of five 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. This function was previously performed by the Budget and Control Board, which ceased operations effective July 1, 2015. 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
www.retirement.sc.gov

The **South Carolina Retirement System** (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for public school districts and employees of the State and political subdivisions thereof. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. A member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class III member.

A Class II member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class III member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Beginning July 1, 2012, and annually thereafter, the annual retirement allowance received by retirees or their surviving annuitants must be increased by the lesser of one percent or five hundred dollars. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

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

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

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

Members are eligible to commence a retirement benefit after they have (i) attained age 60 with eight years of earned service or (ii) the combination of the member's age and years of credited service equals or exceeds 90 (i.e. the rule of 90). At each July 1 after their first

full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00% of their retirement benefit or $500 per annum.

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

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

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

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

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

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

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

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

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

The **Retirement System for Judges and Solicitors of the State of South Carolina** (JSRS), a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges, solicitors, and circuit public

defenders of the State. All solicitors, circuit public defenders, judges of a Circuit or Family Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the system upon taking office.

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

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

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

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

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

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.

Note 1d specifies the method used to value pension trust fund investments.

c. Funding Policies

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

between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

By law, employee contribution requirements for the fiscal year ended June 30, 2015, were as follows:

Plan	Rate
SCRS	8.00% of earnable compensation
PORS	8.41% 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, 2015, were as follows:

Plan	Rate
SCRS	10.90%
PORS	13.41%
JSRS	47.97%

Contributions to SCRS, PORS, and JSRS from the State were $130.062 million, $49.915 million, and $10.109 million, respectively, for the year ended June 30, 2015. The GARS employer contribution of $4.275 million was actuarily determined and included incidental death benefits. The State appropriated $4.591 million to fund the SCNG actuarially-determined employer contribution for the year ended June 30, 2015.

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

At June 30, 2015, the State reported $2.186 billion and $581.343 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, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to June 30, 2014, and financial information of the pension trust funds as of June 30, 2014, 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, 2014, the State's SCRS proportion was 12.70%, which was the same as its proportion of the net pension liability measured as of June 30, 2013. The State's PORS proportion of the net pension liability at June 30, 2014 was 30.37%, which was the same as its proportion as of June 30, 2013.

The State's JSRS, GARS, and SCNG net pension liabilities were also measured by actuarial valuations as of July 1, 2013, using membership data as of July 1, 2013, projected forward to June 30, 2014, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. The State assumes 100% of the JSRS, GARS, and SCNG liabilities.

For the year ended June 30, 2015, the State recognized pension expenses of $153.212 million for SCRS, $50.860 million for PORS, $9.358 million for JSRS, $1.642 million for GARS, and $3.363 million for SCNG.

According to South Carolina Code of Laws 9-1-1180, the State is responsible for contributing the employer contributions related to all publicly funded teachers and the employees of the State's technical colleges. However, as these employer contributions related to the State's teachers and technical college employees are not paid by the State directly to SCRS and PORS, but remitted instead to each school district and technical college for their contribution payments, GASB 68 requires that the school districts and technical colleges recognize the portions of the SCRS and PORS net pension liabilities that relate to their respective employees. As the State is actually responsible for these net pension liabilities, the State's effective share of the SCRS net pension liability was approximately $10.127 billion (or 58.82% of the total net SCRS pension liability) at June 30, 2015, with related pension expenses of approximately $709.834 million for the year ended June 30, 2015. Likewise, the State's effective share of the PORS net pension liability was approximately $592.453 million at June 30, 2015 (or 30.95% of the total net PORS pension liability), with related pension expenses of approximately $51.832 million for the year ended June 30, 2015. 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 and in the State's pension expense.

At June 30, 2015, 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
Deferred Outflows of Resources					
State Contributions Subsequent to the Measurement Date	$ 130,062	$ 49,915	$ 4,275	$ 10,109	$ 4,591
Differences Between Expected and Actual Experience	61,941	15,513	—	—	—
	$ 192,003	$ 65,428	$ 4,275	$ 10,109	$ 4,591
Deferred Intflows of Resources					
Differences Between Expected and Actual Experience	$ —	$ —	$ 2,523	$ 1,352	$ 238
Net differences Between Projected and Actual Earnings on Pension Plan Investments	184,293	67,275	8,184	1,794	1,069
Total	$ 184,293	$ 67,275	$ 10,707	$ 3,146	$ 1,307

Amounts reported as deferred outflows of resources and 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
2016	$ 26,911	$ 12,796	$ 2,763	$ 1,681	$ 292
2017	26,911	12,796	2,763	568	292
2018	26,911	12,796	2,763	449	292
2019	41,619	13,374	2,418	448	292
2020	—	—	—	—	139
Thereafter	—	—	—	—	—
	122,352	51,762	10,707	3,146	1,307

The total pension liabilities in the July 1, 2013 actuarial valuation was 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	7.5%	7.5%	7.5%	7.5%	7.5%
Projected Salary Increases	Levels Off at 3.5%	Levels Off at 4.0%	None	3.0%	None
Inflation Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or $500	Lesser of 1% or $500	None	3.0%	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, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

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 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and Members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. 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 in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% 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
Short Term	**5.0%**		
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income	**13.0%**		
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixeed Income	**9.0%**		
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Equity	**31.0%**	7.8	2.42
Global Tactical Asset Allocation	**10.0%**	5.1	0.51
Alternatives	**32.0%**		
Hedge Funds (Low Beta)	8.0%	4.0	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total Expected Real Return	**100.0%**		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			**8.63**

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 (expressed in thousands).

Changes in the Net Pension Liability

	GARS	JSRS	SCNG
Total Pension Liability			
Service Cost	$ 572	$ 5,571	$ 697
Interest	5,437	18,857	4,417
Difference Between Actual and Expected Experience	(2,585)	(3,240)	(262)
Benefit Payments	(6,861)	(16,684)	(4,248)
Net Change in Total Pension Liability	(3,437)	4,504	604
Total Pension Liability at June 30, 2014	78,224	260,228	60,926
Total Pension Liability at June 30, 2015 (a)	$ 74,787	$ 264,732	$ 61,530
Plan Fiduciary Net Position			
Contributions - Employer	$ 4,063	$ 9,659	$ 4,586
Contributions - Member	384	2,448	—
Refunds of Contributions to Members	(41)	—	—
Retirement Benefits	(6,799)	(16,675)	(4,248)
Death Benefits	(20)	(10)	—
Net Investment Income (Loss)	4,545	19,962	2,806
Administrative Expense	(17)	(68)	(10)
Other	15	195	—
Net Change in Plan Fiduciary Net Position	2,130	15,511	3,134
Plan Fiduciary Net Position at June 30, 2014	31,904	131,985	19,424
Plan Fiduciary Net Position at June 30, 2015 (b)	$ 34,034	$ 147,496	$ 22,558
Net Pension Liability at June 30, 2015 (a) - (b)	$ 40,753	$ 117,236	$ 38,972

The following table presents the State's proportionate share of the net SCRS and PORS pension liabilities and the GARS, JSRS, and SCNG net pension liabilities calculated using the discount rate of 7.50%, 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 (6.50%) or 1.00% higher (8.50%) than the current rate.

Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
SCRS	$ 2,828,791	$ 2,185,979	$ 1,649,688
PORS	812,412	581,343	390,153
GARS	47,373	40,753	35,077
JSRS	146,229	117,236	92,716
SCNG	46,386	38,972	32,838

e. Receivables and Investments

The principal components of receivables and investments (expressed in thousands) at June 30, 2015, for the plans administered by the South Carolina Retirement Systems were as follows:

	SCRS	PORS	GARS	JSRS	SCNG	Totals
Receivables:						
Contributions	$ 198,636	$ 22,325	$ 104	$ 789	$ 16	$ 221,870
Accrued interest	41,887	6,593	51	239	35	48,805
Unsettled investment sales	386,193	60,784	473	2,204	326	449,980
Other investment receivables	2,261	356	2	13	2	2,634
Total receivables	**$ 628,977**	**$ 90,058**	**$ 630**	**$ 3,245**	**$ 379**	**$ 723,289**
Due from other funds	**$ —**	**$ 169**	**$ —**	**$ 4**	**$ —**	**$ 173**
Investments and invested securities lending collateral:						
Short-term securities	$ 657,551	$ 103,494	$ 804	$ 3,753	$ 555	$ 766,157
Debt-domestic	5,246,660	825,787	6,417	29,942	4,431	6,113,237
Debt-international	1,607,359	252,987	1,966	9,173	1,357	1,872,842
Equity-domestic	1,729,331	272,185	2,115	9,869	1,461	2,014,961
Equity-international	6,308,711	992,947	7,717	36,002	5,328	7,350,705
Alternatives	7,703,664	1,212,502	9,423	43,964	6,506	8,976,059
Invested securities lending collateral	60,229	9,479	74	344	51	70,177
Total investments	**$ 23,313,505**	**$ 3,669,381**	**$ 28,516**	**$ 133,047**	**$ 19,689**	**$ 27,164,138**

f. Deferred Retirement Option Plans

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

TERI participants retain the same status and employment rights they held upon entering the program but are not considered active employees for purposes of the disability retirement programs. A TERI retiree's monthly benefits are accrued and remain in the SCRS trust account during the TERI participation period, but no interest is accrued or paid thereon. Upon termination of employment or at the end of the TERI participation period (whichever is earlier), a retiree may roll over some or all of the accumulated TERI balance into a qualified, tax-sheltered retirement plan and/or receive a lump-sum distribution. The TERI program will be closed effective June 30, 2018. Any member entering the TERI program after July 1, 2013 will only be able to participate in program until June 30, 2018.

A total of 9,327 members were participating in the TERI program at June 30, 2015. The financial activity of the program (expressed in thousands) during the fiscal year ended June 30, 2015, was as follows:

Beginning balance of TERI trust accounts	$ 570,167
Additions	276,352
TERI distributions at termination	(200,780)
Ending balance of TERI trust accounts	**$ 645,739**

A deferred retirement option program also exists under the Retirement System for JSRS. A member who has not yet reached the age of 60 years, but who is eligible to retire and receive the maximum monthly benefit, may retire and continue to serve as a judge, a solicitor, or a circuit public defender. The member's normal monthly retirement benefit is deferred and placed in the system's trust fund on behalf of the member. Upon reaching the age of 60 years, the balance of the member's deferred retirement benefit is distributed to the member. As of June 30, 2015, there were no benefits held in trust.

g. Optional Retirement Program

As an alternative to membership in SCRS, certain State, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program. Participants in the State ORP direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP benefits. Rather,

the benefits are the liability of the investment providers and are governed by the terms of the contracts that those providers issue. Accordingly, balances of the State ORP are not reported in the accompanying financial statements.

Under State law, contributions to the State ORP are at the same rates as for the SCRS (see Subsection c, Funding Policies). A direct remittance is required from the employers to the investment providers for the employee contribution (8.00%) 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 (5.75%) 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	$ 1,265,823
Employee contributions to providers	101,266
Employer contributions to providers	63,291

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 (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. 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 though 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 State Budget, 5.00% of annual covered payroll for fiscal year 2015. The IBD sets the employer contribution rate based on a pay-as-you-go basis. The State paid $395.431 million applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal year ended June 30, 2015. 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, 2015.

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. The South Carolina Retiree Health Insurance Trust Fund (SCRHITF) is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars ($2.375 million), accumulated PEBA-Insurance Benefits cash reserves ($173.219 million), and income generated from investments ($13.756 million). The Long Term Disability Insurance Trust Fund (LTDITF) is primarily funded through investment income and employer contributions.

c. Trend Information

The State's required contributions for the OPEB plans in dollars (expressed in thousands) and the percentages of those amounts contributed for the three latest available years were as follows:

	Fiscal Year Ended					
	June 30, 2015		June 30, 2014		June 30, 2013	
	Actuarially Required	% Contributed	Actuarially Required	% Contributed	Actuarially Required	% Contributed
SCRHI	$ 747,746	76.44%	$ 778,969	60.73%	$ 818,861	50.02%
LTDI	10,392	67.37%	7,251	95.77%	9,410	72.23%

d. Funding Progress

The schedule of funding progress for the OPEB plans based on the most recent actuarial valuation date is as follows (dollar amounts expressed in thousands):

OPEB Plan	Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of covered Payroll ([b-a] / c)
SCRHITF	2014	$ 784,970	$ 10,124,467	$ 9,339,497	8%	$ 7,669,939	122%
SCRHITF	2013	668,972	10,072,927	9,403,955	7%	7,471,142	126%
SCRHITF	2012	592,337	10,328,465	9,736,128	6%	7,161,059	136%
LTDITF	2014	36,447	31,048	(5,399)	117%	8,047,421	<1%
LTDITF	2013	35,426	28,248	(7,178)	125%	8,163,269	<1%
LTDITF	2012	35,576	23,586	(11,990)	151%	7,871,635	<1%

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

e. Receivables and Investments

The principal components of receivables and investments (expressed in thousands) at June 30, 2015, for the OPEB plans administered by the Insurance Benefits Division were as follows:

	SCRHI	LTDI	Totals
Receivables:			
Accrued interest	**$ 4,538**	**$ 260**	**$ 4,798**
Due from other funds	**$ 60,656**	**$ —**	**$ 60,656**
Investments and invested securities lending collateral:			
Debt domestic instruments	$ 792,073	$ 33,157	$ 825,230
Financial paper	10,054	1,159	11,213
Invested securities lending collateral	3,653	—	3,653
Total investments	**$ 805,780**	**$ 34,316**	**$ 840,096**

NOTE 9: 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	Actuarial Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2015	$ 258,398	$ 79,931	$ (73,990)	$ 264,339
2014	259,649	72,921	(74,172)	258,398

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.

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 either self-insured health maintenance organizations (HMO) or State self-insured plans. All dental, group life, and long-term disability coverages are provided through the State's self-insured plans. State funds and payroll deductions pay health and dental premiums for eligible State and public school employees. Agencies and school districts pay the employer share of premiums for retirees. Retirees directly pay their own share of premiums. Agencies and school districts pay the premiums for group life and long-term disability for their employees.

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

The Employee Insurance Programs Fund establishes claims liabilities when information before the issuance of the financial statements indicates that a liability is probable and estimable at the date of the financial statements. The calculation of the unpaid claims liability includes amounts for allocated and unallocated claims adjustment expenses. The unpaid policy claims liability includes a provision for reported claims and for claims incurred but not reported. The Fund actuarially estimates the liability for claims incurred but not reported based on the most current historical claims experience including factors for changes in number of members and participants, inflation, award trends, and estimates of health care trend changes (cost, utilization, and intensity of services). This process does not necessarily result in an exact amount. The Fund

continually reviews estimates of liabilities for incurred claims and revises those estimates as changes occur. The current year's operating statement reflects the revisions.

None of the total claims liability reported for the Employee Insurance Programs Fund at June 30, 2015, relates to the HMO self-insured managed care plan liability. The State does not discount its claims liabilities for health and dental insurance coverage to present value.

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

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2015	$ 158,988	$ 1,997,991	$ (1,966,257)	$ 190,722
2014	214,496	1,836,473	(1,891,981)	158,988

c. State Accident Fund

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

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

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

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

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2015	$ 248,100	$ 39,701	$ (48,351)	$ 239,450
2014	236,000	62,387	(50,287)	248,100

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.

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 fund is included in the Other Special Revenue Fund located in Exhibit D-1.

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

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

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2015	$ 48,000	$ -	$ (11,772)	$ 36,228
2014	95,884	(41,525)	(6,359)	48,000

e. Patients' Compensation Fund and Medical Malpractice Liability Insurance Joint Underwriting Association

The South Carolina Medical Malpractice Patients' Compensation Fund (PCF) and the South Carolina Medical Malpractice Liability Insurance Joint Underwriting Association (JUA) were created by State law. The PCF is accounted for as a nonmajor enterprise fund, and the JUA is a nonmajor discretely presented component unit of the State. The State accounts for the PCF and the JUA as insurance enterprises because they primarily cover non-governmental entities. Accordingly, the PCF and JUA follow 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. 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 and for the JUA include 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
2015	$ 72,268	$ 10,099	$ (18,037)	$ 64,330
2014	90,453	(8,070)	(10,115)	72,268

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

Fiscal Year Ended December 31	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2014	$ 92,175	$ 7,100	$ (16,728)	$ 82,547
2013	110,508	2,117	(20,450)	92,175

f. Second Injury Fund

The Second Injury Fund, a major enterprise fund, was created by Code of Laws Section 42-7-310. It established the guidelines by which to pay compensation claims in those cases where an individual having an existing permanent physical

impairment incurs a subsequent disability from injury by accident arising out of and in the course of employment. Funding for payment of compensation awards and for Fund operating costs is provided by equitable assessments upon all workmen's compensation insurance carriers, self-insurers, and the South Carolina State Accident Fund (approximately 360 entities). Participation is mandatory as required by State law. Participants of the fund are responsible for the fund's liabilities. Payments of claims and awards are made directly to the carriers and self-insurers. The State of South Carolina will not be responsible for any expense or liabilities of the fund, except the State Accident Fund, who is a participant in the fund.

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

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2015	$ 309,542	$ 7,399	$ (28,915)	$ 288,026
2014	340,067	180	(30,705)	309,542

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 Budget and Control Board.

g. Discretely Presented Component Unit—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 2014. Policies are subject to deductibles ranging from $500 to $2.0 million, with the exception of named storm losses which carry deductibles from $2.0 million up to $5.0 million. Also a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2014, 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 $2.0 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, 2014. There have been no third-party claims for environmental damages for 2014.

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 $13.6 billion by the Price-Anderson Indemnification Act. This $13.6 billion would be covered by nuclear liability insurance of $375.0 million per reactor unit, with potential retrospective assessments of up to $127.3 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $18.9 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 $42.4 million, not to exceed approximately $6.3 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), $1.5 billion primary and $1.25 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 $6.4 million for the primary policy, $2.2 million for the excess policy and $1.6 million for the accidental outage policy.

SCE&G and the Authority maintain builder's risk insurance and marine cargo insurance for the V.C. Summer Units 2 and 3 construction. The builder's risk policy provides coverage of $2.75 billion accidental nuclear property damage with a sub-limit of $500.0 million for accidental property damage that is caused by or results from any covered peril other than radioactive contamination resulting from nuclear reaction, nuclear radiation or the release of radioactive materials, with deductibles ranging from $250 thousand to $5.0 million. This policy also carries a potential retrospective premium of approximately $42.0 million. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately $18.9 million. The marine cargo/transit policy provides coverage of $300.0 million, with deductibles ranging from $25 thousand to $75 thousand.

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, 2014.

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

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

Fiscal Year Ended December 31	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2014	$ 2,538	$ 2,043	$ (3,260)	$ 1,321
2013	1,778	2,940	(2,180)	2,538

NOTE 10: LEASES

a. Capital Leases

The State leases 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, 2015 for the primary government and the State's discretely presented component units were as follows (expressed in thousands):

Fiscal Year Ending June 30	Primary Government Governmental Activities
2016	$ 1,901
2017	1,834
2018	1,828
Total minimum payments	**5,563**
Less: interest and executory costs	(1,070)
Net minimum payments	**$ 4,493**

Fiscal Year Ending June 30	Discretely Presented Component Units: Clemson University	MUSC	USC
2016	$ 1,043	$ 852	$ 1,669
2017	1,027	516	5,505
2018	723	503	1,227
2019	574	483	1,220
2020	574	437	1,055
2021-2025	2,872	490	4,945
2026-2030	2,872	—	4,944
2031-2035	2,872	—	738
2036-2038	1,554	—	—
Total minimum payments	**14,111**	**3,281**	**21,303**
Less: interest and executory costs	(118)	(371)	(5,426)
Net minimum payments	**$ 13,993**	**$ 2,910**	**$ 15,877**

Assets under capital leases recorded in the accompanying government-wide statement of net assets at June 30, 2015, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Primary Government: Governmental Activities	Discretely Presented Component Units: Public Service Authority	Clemson University	MUSC	USC
Land and non-depreciable improvements	$ —	$ —	$ —	$ —	$ 270
Buildings and improvements	—	10,200	14,300	—	18,815
Machinery and equipment	688	—	2,023	6,040	548
Works of art and historical treasures	—	—	—	—	204
Assets acquired under capital leases before accumulated amortization	**688**	**10,200**	**16,323**	**6,040**	**19,837**
Less: accumulated amortization	(638)	(8,700)	(1,829)	(1,399)	(3,623)
Assets acquired under capital leases, net	**$ 50**	**$ 1,500**	**$ 14,494**	**$ 4,641**	**$ 16,214**

b. Operating Leases

For the primary government's fiscal year ended June 30, 2015, minimum rental payments under operating leases were $48.795 million and contingent rental payments were $5.663 million. The State's contingent rental payments are primarily for copiers, with expense being determined on a cost-per-copy basis.

For the Public Service Authority, a major discretely presented component unit, minimum rental payments under operating leases for the fiscal year totaled $2.100 million. The Housing Authority, a major discretely presented component unit, had minimum rental payments under operating leases for the fiscal year which totaled $353 thousand. For Clemson University, a major discretely presented component unit, minimum rental payments under operating leases for the fiscal year totaled $123 thousand. MUSC, a major discretely presented component unit, had minimum rental payments under operating leases for the fiscal year which totaled $4.079 million. USC, a major discretely presented component unit, had minimum rental payments under operating leases for the fiscal year which totaled $3.866 million. For the State Ports Authority, a major discretely presented component unit, minimum rental payments under operating leases with terms of less than twelve months totaled $1.853 million for the fiscal year.

At June 30, 2015, future minimum payments under noncancelable operating leases with remaining terms in excess of one year were as follows (expressed in thousands):

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities	Totals
2016	$ 23,873	$ 33	$ 23,906
2017	20,613	33	20,646
2018	16,219	—	16,219
2019	13,692	—	13,692
2020	11,737	—	11,737
2021-2025	25,595	—	25,595
2026-2030	1,142	—	1,142
2031-2035	154	—	154
Net minimum payments.....	**$ 113,025**	**$ 66**	**$ 113,091**

Fiscal Year Ending December 31	Discretely Presented Component Unit Public Service Authority
2015	$ 1,272
2016	600
2017	600
2018	600
2019	600
Net minimum payments.....	**$ 3,672**

Fiscal Year Ending June 30	Discretely Presented Component Units			
	Housing Authority	Clemson University	MUSC	USC
2016	$ 360	$ 124	$ 16,655	$ 1,591
2017	124	107	12,112	1,068
2018	—	88	8,959	755
2019	—	—	7,658	602
2020	—	—	5,602	257
2021-2025	—	—	12,913	173
Net minimum payments.....	**$ 484**	**$ 319**	**$ 63,899**	**$ 4,446**

c. Facilities and Equipment Leased to Others

At June 30, 2015, the State agencies within the primary government had leased to non-State parties certain land, facilities, or equipment having a cost of approximately $57.822 million and related accumulated depreciation of $15.804 million. In addition at June 30, 2015, the State Ports Authority, a major discretely presented component unit, had leased to non-State parties certain land and facilities having a cost of approximately $18.465 million and related accumulated depreciation of $12.556 million. Also, at June 30, 2015, MUSC, a major discretely presented component unit, had leased to non-State parties certain land and facilities having a cost of approximately $13.091 million and related accumulated depreciation of $3.944 million. Future minimum rental payments to be received at June 30, 2015, under these operating leases were as follows (expressed in thousands):

Fiscal Year Ending June 30	Primary Government	Discretely Presented Component Units	
	Governmental Activities	State Ports Authority	MUSC
2016	$ 4,591	$ 2,012	$ 928
2017	3,497	1,294	859
2018	2,541	1,369	857
2019	1,118	1,318	857
2020	953	1,317	857
2021-2025	2,915	5,676	1,965
2026-2030	258	4,912	421
2031-2035	80	4,912	421
2036-2040	—	5,297	421
Thereafter	—	5,634	5,455
Total.....	**$ 15,953**	**$ 33,741**	**$ 13,041**

NOTE 11: 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, 2015, were (net of unamortized premiums/discounts, expressed in thousands):

Governmental Activities:	
Capital improvement bonds, 4.00% to 5.00%, maturing serially through 2019	$ 99,296
State highway bonds, 3.875% to 5.00%, maturing serially through 2023	311,034
State school facilities bonds, 5.00%, maturing serially through 2018	76,909
Infrastructure Bank bonds, 2.50% to 5.00%, maturing serially through 2028	42,061
State economic development bonds, 1.00% to 5.25%, maturing serially through 2031	427,646
Research university infrastructure bonds, 3.00% to 5.00%, maturing serially through 2029	133,165
Air carrier hub terminal facilities bonds, 1.00% to 4.00%, maturing serially through 2025	36,027
Totals—primary government	**$ 1,126,138**
Major Discretely Presented Component Units:	
Clemson University institution bonds, 2.25% to 5.00%, maturing serially through 2034	$ 117,780
University of South Carolina institution bonds, 2.00% to 5.25%, maturing serially through 2035	159,830
Medical University of South Carolina institution bonds, 2.25% to 5.00%, maturing serially through 2031	36,006

At June 30, 2015, $6.344 million of capital improvement bonds, $106.000 million of State highway bonds, $165.185 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, 2015, future debt service requirements for general obligation bonds for the primary government were (expressed in thousands):

	Governmental Activities	
Year Ending June 30	**Principal**	**Interest**
2016	$ 179,030	$ 44,583
2017	143,580	36,476
2018	126,080	29,416
2019	114,210	23,382
2020	97,580	17,997
2021-2025	340,890	35,809
2026-2030	34,065	3,303
2031	3,255	53
Total debt service requirements	**1,038,690**	**$ 191,019**
Unamortized premiums	87,448	
Total principal outstanding	**$ 1,126,138**	

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, 2015, was $39.710 million for highway bonds,

$251.463 million for general obligation bonds excluding institution and highway bonds, $8.233 million for economic development bonds, and $11.185 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.

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

	Clemson University		Medical University of South Carolina	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2016	$ 6,180	$ 5,054	$ 4,360	$ 1,525
2017	6,480	4,756	4,495	1,346
2018	5,095	4,445	4,035	1,156
2019	4,800	4,204	3,460	989
2020	7,490	3,976	3,565	836
2021-2025	32,375	14,886	7,890	2,705
2026-2030	34,450	7,272	5,905	1,212
2031-2035	13,745	1,023	1,360	68
Total debt service requirements	**110,615**	**$ 45,616**	**35,070**	**$ 9,837**
Unamortized premiums	7,165		936	
Total principal outstanding	**$ 117,780**		**$ 36,006**	

	University of South Carolina	
Year Ending June 30	**Principal**	**Interest**
2016	$ 11,840	$ 6,666
2017	9,330	6,460
2018	9,725	6,057
2019	10,105	5,644
2020	10,590	5,143
2021-2025	50,110	18,364
2026-2030	33,765	7,990
2031-2035	24,365	2,314
Total debt service requirements	**$ 159,830**	**$ 58,638**

The State is authorized by the State Constitution to issue general obligation state institution bonds on behalf of state universities and technical colleges (included as discretely presented component units). Under state law, if an institution is unable to pay debt service from tuition fees, the General Fund would assume responsibility. These state institution bonds are presented as liabilities in the stand-alone audited financial statements of the respective universities and technical colleges. In addition to the general obligation nature of the bonds, state institution bonds are secured by the pledge of revenues from tuition fees received by the particular university or technical college for which the bonds are issued. The maximum annual debt service on the state institution bonds for a university or technical college may not exceed 90% of the tuition fees received for the fiscal year next preceding. Tuition fee receipts for each university or technical college are earmarked by the State to support the principal and interest payments for the applicable state institution bonds. State institution bonds and bond anticipation notes of $512.455 million were outstanding at June 30, 2015.

b. Limited Obligation Bonds

Limited obligation bonds are not backed by the full faith, credit, and taxing power of the State. Limited obligation bonds outstanding at June 30, 2015, which are reported in the internal service funds, totaled $185 thousand and mature serially through 2016. The interest rate on these bonds was 4.80%. At June 30, 2015, there were no limited obligation bonds authorized but unissued.

The State issued limited obligation lease revenue bonds to finance the cost of capital facilities for use by certain State agencies. Pledges of lease rental payments that the agencies will pay from their governmental funds secure the bonds.

At June 30, 2015, future debt service requirements for limited obligation bonds were (expressed in thousands):

	Governmental Activities (Internal Service Funds)	
Year Ending June 30	**Principal**	**Interest**
2016	185	9
Total debt service requirements	**$ 185**	**$ 9**

The internal service funds pay all debt service for the lease revenue bonds.

c. 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, 2015, were (net of unamortized premiums/discounts, expressed in thousands):

	Bonds	Notes
Primary Government:		
Governmental Activities:		
Infrastructure Bank bonds, 0.70% to 5.25%, maturing serially through 2041	$ 1,942,456	$ —
Heritage Trust Revenue bonds, 4.00% to 4.25%, maturing in 2022	10,981	—
Department of Public Safety bonds, 5.00%, maturing through 2018	6,699	—
Judicial Department note, 1.92%, maturing in 2016	—	400
Corrections Department notes, 1.81% to 5.97%, maturing through 2020	—	9,030
Criminal Justice Academy note, 3.41%, maturing through 2016	—	1,755
Totals—governmental activities	**1,960,136**	**11,185**
Business-Type Activities:		
Nonmajor enterprise fund bonds, 0.05%, maturing through 2038	**6,055**	**—**
Totals—primary government	**$ 1,966,191**	**$ 11,185**
Major Discretely Presented Component Units:		
Public Service Authority bonds, 1.10% to 8.37%, maturing serially through 2054	$ 6,743,895	$ —
Clemson University bonds and notes, 2.00% to 5.00%, maturing serially through 2045	242,993	—
University of South Carolina bonds and notes, 1.00% to 5.50%, maturing serially through 2045	477,686	7,158
Medical University of South Carolina bonds and notes, 2.25% to 7.50%, maturing serially through 2038	516,013	51,348
State Ports Authority bonds and notes, 2.56% to 5.50%, maturing serially through 2041	162,519	130,977
State Housing Authority bonds and notes, 0.35% to 6.00%, maturing serially through 2041	485,991	—

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 0.75%, or 75.0% of the one-month LIBOR plus 0.885%, depending on the participating bank, on such notional amount. For the fiscal year ended June 30, 2015, the Bank made variable bond interest payments of $3.355 million and fixed rate payments on the exchange agreement of $13.811 million. The Bank received variable swap payments on the exchange agreement of $395 thousand. The June 30, 2015 mark to market value of this swap was negative $30.097 million, representing a decrease in fair value of $8.296 million from prior year. The deferred outflow of the interest rate swap and the derivative instrument liability are shown on the statement of net position.

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 2.98% plus 8% of the one-month LIBOR rate. The interest rate swap agreement matures on July 1, 2037. The notional amount as of June 30, 2015 is $62.085 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 67.0% of the one-month LIBOR rate. The variable rate in effect at June 30, 2015 was 0.13%. The fair value of this swap, estimated using the zero-coupon method, was negative $3.214 million as of June 30, 2015. The negative fair value of the cash flow hedge swap has been recorded on the statement of net position as an asset and offset by an identical amount for the deferred inflows from this swap since the swap is considered an effective hedging instrument. The decrease in the fair value of the cash flow hedge swap from June 30, 2014 of $1.622 million is not recognized in these financial statements.

In addition, UMA has entered into an interest rate swap agreement with a financial institution to modify interest rates on an outstanding term loan in an effort to convert its variable rate to a synthetic fixed rate of 3.87%. The swap agreement related to the term loan matures January 2, 2019. The notional amount as of June 30, 2015 was $17.378 million, which equaled the principal outstanding on the term loan. Under this swap agreement, UMA pays the financial institution a fixed interest payment of 3.87% on the term loan. UMA receives a variable payment equal to the one-month LIBOR rate plus 1.30% on the swap associated with the taxable term loan. The variable rate for the term loan in effect at June 30, 2015 was 1.48%. The fair value of the term loan swap, estimated using the zero-coupon method, was negative $420 thousand as of June 30, 2015. The negative fair value of the term loan cash flow hedge swap has been recorded on the statement of net position as an asset and offset by an identical amount for the deferred outflows from this swap since the swap is considered an effective hedging instrument. The increase in the fair value of the term loan cash flow hedge swap from June 30, 2014 of $248 thousand is not recognized in these financial statements.

As of June 30, 2015, 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	Variable Rate Debt		Interest Rate	
June 30	Principal	Interest	Swaps, Net	Totals
2016	$ —	$ 632	$ 1,228	$ 1,860
2017	—	632	1,228	1,860
2018	1,700	615	1,194	3,509
2019	3,500	579	1,125	5,204
2020	2,925	549	1,067	4,541
2021-2025	13,330	2,347	4,559	20,236
2026-2030	15,315	1,609	3,125	20,049
2031-2035	17,575	761	1,479	19,815
2036-2038	7,740	40	78	7,858
Totals.....	**$ 62,085**	**$ 7,764**	**$ 15,083**	**$ 84,932**

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 70.0% of the one-month LIBOR on such notional amount. The notional amounts at June 30, 2015 were $52.833 million and $22.643 million. The swap contracts expire on July 1, 2026.

In addition, the Authority entered into a third interest swap contract intended to manage interest expense and offset the effects of its other interest rate swaps previously executed. This agreement provides that the Authority will pay the swap provider interest on a notional amount at a variable rate equal to the SIFMA Municipal Swap Index rate on the first day of each month through expiration on July 1, 2026. The swap provider will pay the Authority at a fixed rate of 3.51%. The notional amount under this swap agreement is $75.475 million at June 30, 2015.

As of June 30, 2015, the swaps had a negative fair value of approximately $974 thousand. The unrealized loss related to these agreements recorded at June 30, 2015 is $896 thousand and is included in interest expense on the Statement of Activities.

Pledged Revenues for Payment of Debt

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

Primary Government:
Governmental Activities:

	Infrastructure Bank Bonds	Heritage Trust Revenue Bonds	Budget and Control Board Bonds	Corrections Department Note
Specific revenue pledged	Truck and vehicle registration fees; One-cent gasoline tax; contributions receivable and intergovernmental loans receivable	State Deed Recording Fee dedicated to the Heritage Land Trust Fund	Delinquent registration and license penalties per SC Code Section 56-3-840	Wateree dairy farm facilities operations revenues
Approximate amount of pledge	$272.096 million	10 cents of the $1.30 state deed recording fee imposed on transfers of real property	Penalties range from $10 to $75 depending on length of time delinquent	$7.049 million
Identification of debt	Infrastructure Bank Revenue Bonds	Heritage Trust Revenue Bonds	State Facilities Installment Purchase Revenue Bonds	Wateree Farm Note Payable
General purpose for the debt	Provide financial assistance for major transportation projects for DOT	Acquisition of certain high-priority property qualifying for the State's Heritage Trust land conservation program	Acquisition of land and buildings in Blythewood for the new DPS headquarters	Dairy operations at Wateree facility
Term of commitment	FY 2041	FY 2022	FY 2018	FY 2016
% of revenue stream pledged	61.86%	7.69%	100%	100%
Pledged revenue recognized	$203.250 million	$5.295 million	$4.413 million	$6.739 million
Principal & interest paid	$158.110 million	$1.816 million	$2.387 million	$1.309 million

Major Discretely Presented Component Units:

The Public Service Authority, Clemson University, the University of South Carolina, the Medical University of South Carolina, the State Ports Authority, and the State Housing Authority (all major discretely presented component units) have bonds and notes that are associated with pledged revenues. But, these entities are legally separate that report as stand-alone business-type activities whose operations are financed primarily by a single revenue source.

Debt Service Requirements

At June 30, 2015, future debt service requirements for revenue, Infrastructure Bank, and other bonds and notes of the primary government were as follows (expressed in thousands):

	Primary Government			
	Governmental Activities		Business-Type Activities	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2016	$ 83,765	$ 86,804	$ 160	$ 9
2017	62,270	83,149	165	9
2018	77,376	79,678	175	9
2019	79,640	75,715	180	8
2020	78,779	71,710	190	8
2021-2025	366,480	301,260	1,075	36
2026-2030	420,605	210,127	1,325	27
2031-2035	459,010	103,293	1,630	16
2036-2040	191,320	37,150	1,155	3
2041	44,335	1,164	—	—
Total debt service requirements	**1,863,580**	**$ 1,050,050**	**6,055**	**$ 125**
Net unamortized premiums	107,741		—	
Total principal outstanding	**$ 1,971,321**		**$ 6,055**	

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, and the State Ports Authority ends June 30. These entities are major discretely presented component units. At December 31, 2014, the carrying value of the Public Service Authority's debt was $6.549 billion while the fair value was approximately $7.7 billion. At June 30, 2015, the carrying value of the State Ports Authority debt was $291.472 million while the fair value was approximately $178.074 million. The fair values were estimated using current rates available to the entities for similar borrowing arrangements and on the market rate of comparable traded debt.

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

	Public Service Authority	
Year Ending December 31	**Principal**	**Interest**
2015	$ 136,899	$ 320,602
2016	229,907	314,596
2017	144,258	306,867
2018	157,491	300,414
2019	187,282	292,591
2020-2024	890,526	1,339,811
2025-2029	714,933	1,168,522
2030-2034	775,041	999,078
2035-2039	855,820	780,827
2040-2044	819,530	568,149
2045-2049	973,875	320,763
2050-2054	618,620	91,926
Total debt service requirements	**6,504,182**	**$ 6,804,146**
Unamortized premiums	239,713	
Total principal outstanding	**$ 6,743,895**	

	Clemson University		University of South Carolina	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2016	$ 9,560	$ 9,125	$ 20,343	$ 20,239
2017	9,810	8,892	13,770	19,751
2018	11,695	8,618	13,985	19,169
2019	6,060	8,253	14,535	18,617
2020	6,320	7,990	15,205	17,971
2021-2025	32,240	35,996	84,500	78,848
2026-2030	27,610	29,134	95,605	57,955
2031-2035	34,325	22,410	100,455	34,550
2036-2040	41,605	15,129	67,470	12,256
2041-2045	50,510	6,214	16,105	1,679
Total debt service requirements	**$ 229,735**	**$ 151,761**	**$ 441,973**	**$ 281,035**
Unamortized discounts and premiums	13,258		42,871	
Total principal outstanding	**$ 242,993**		**$ 484,844**	

Year Ending June 30	Medical University of South Carolina Principal	Medical University of South Carolina Interest
2016	$ 28,646	$ 17,226
2017	29,693	16,361
2018	31,323	15,523
2019	32,322	14,494
2020	34,666	16,456
2021-2025	157,439	51,189
2026-2030	153,560	26,778
2031-2035	91,972	5,562
2036-2039	7,740	118
Total debt service requirements	**$ 567,361**	**$ 163,707**

Year Ending June 30	State Ports Authority Principal	State Ports Authority Interest	State Housing Authority Principal	State Housing Authority Interest
2016	$ 6,249	$ 9,858	$ 12,255	$ 19,747
2017	107,508	8,859	15,755	19,206
2018	7,370	8,397	16,675	18,645
2019	7,674	8,067	16,695	18,013
2020	7,986	7,722	15,600	17,357
2021-2025	57,395	31,510	87,605	75,631
2026-2030	25,590	21,209	97,140	54,399
2031-2035	27,540	14,636	104,460	31,721
2036-2040	35,800	6,150	62,025	12,207
2041	8,360	—	46,410	875
Total debt service requirements	**291,472**	**$ 116,408**	**474,620**	**$ 267,801**
Unamortized premiums and discounts.	2,024		11,371	
Total principal outstanding	**$ 293,496**		**$ 485,991**	

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, 2015, in governmental functions for these entities as follows (expressed in thousands):

	Amount
Transportation	$ 103,730
Total allocated interest expense	**$ 103,730**

d. Bond Anticipation Notes

At June 30, 2015, $26.500 million in short-term general obligation bond anticipation notes were outstanding at MUSC, a major discretely presented component unit. These notes are due on or before June 30, 2016.

e. Defeased Bonds

During May 2015, The University of South Carolina, a major discretely presented component unit, issued $30.625 million in 2015 State Institution Refunding Series B Bonds, with an aggregate all-in true interest cost of 2.08%. The net proceeds after payment of $254 thousand in issuance costs were used to refund $34.160 million of the 2006 Series B Bonds with an average interest rate of 4.17%. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations on a straight-line basis over the life of the bonds. The refunding transaction resulted in an aggregate debt payment reduction of $2.138 million over the next eleven years and an economic gain of $1.844 million.

In its fiscal year ended December 31, 2014, the Public Service Authority, a major discretely presented component unit, issued $42.275 million in 2014 Tax-Exempt Refunding Series B Bonds, with an aggregate all-in true interest cost of 4.41%. These bonds were used to refund $45.6 million of the 2004 Series A bonds with an average interest rate of 5.00%. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2038 using the effective-interest method. The bonds were refunded and restructured to increase total debt service payments over the next twenty-five years by approximately $7.0 million and to obtain an economic gain of approximately $3.7 million.

Also in its fiscal year ended December 31, 2014, the Public Service Authority issued $704.525 million in 2014 Tax-Exempt Refunding Series C Bonds and $31.795 million in 2014 Taxable Refunding Series D Bonds, with an aggregate all-in true interest cost of 3.78%. The $736.320 million of bonds issued were used to refund/restructure $774.4 million in bonds with an average interest rate of 4.87%. The refunding/restructuring included $10.870 million of the 2003 Refunding Series A bonds, $11.395 million of the 2005 Refunding Series A bonds, $419.105 million of the 2006 Series A bonds, $10.385 million of the 2006 Refunding Series C bonds, $175.775 million of the 2007 Series A bonds, $4.230 million of the 2007 Refunding Series B bonds, $15.000 million of the 2008 Series A bonds, $15.200 million of the 2009 Series B bonds, $12.920 million of the 2010 Refunding Series B bonds, $3.100 million of the 2011 Refunding Series B bonds, $5.625 million of the 2012 Refunding Series A bonds, $2.000 million of the 2012 Refunding Series B bonds, $15.185 million of the 2012 Refunding Series C bonds, $11.335 million of the 2012 Series D bonds, $18.185 million of the 2013 Taxable Series D (LIBOR Index) bonds, and $44.075 million of the Expansion Bond Refunding CP bonds. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2046 using the effective-interest method. The bonds were refunded and restructured to increase total debt service payments over the next thirty-three years by approximately $348.8 million and to obtain an economic gain of approximately $15.9 million.

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, 2015, the following outstanding bonds of the primary government were considered defeased (expressed in thousands):

	Governmental Activities
Economic Development bonds	$ 13,790
Department of Transportation bonds	70,900
Tobacco Authority bonds	64,890
Totals	**$ 149,580**

In addition, at December 31, 2014, $673.240 million of bonds associated with the Public Service Authority were considered defeased.

f. 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, 2015, there was no arbitrage rebate liability associated with the State's General Obligation Debt and a $1.213 million arbitrage rebate liability associated with revenue bonds of the Local Government Infrastructure Fund (a major governmental fund). Additionally, the Housing Authority, a major discretely presented component unit, recognized a $41 thousand arbitrage rebate liability.

g. 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, 2015, the outstanding balance of bonds issued was $186.606 million.

The Jobs-Economic Development Authority, a nonmajor discretely presented component unit, issues industrial revenue bonds to develop and benefit business enterprises. The bonds are payable solely by revenues of the business enterprise and generally are secured by an irrevocable letter of credit. At June 30, 2015, the outstanding balance of bonds issued after June 30, 1995, was $3.389 billion. The original amount of bonds issued prior to that date is not available.

The Housing Authority Fund, a major discretely presented component unit, 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, 2015, the outstanding balance of bonds issued was $186.609 million.

h. Commercial Paper Notes and Lines of Credit

Note 12 Changes in Liabilities, displays the activity of commercial paper notes and lines of credit during the fiscal year ended June 30, 2015, including beginning and ending balances (if any) as well as all draws and repayments. 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, 2015 are reported as notes payable. Other relevant information regarding these accounts is provided below.

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 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, 2015, the University of South Carolina Educational Foundation has an outstanding balance of $15 million on this line of credit. Interest only payments on this line of credit are due beginning in August 2015 and the entire principal balance and any outstanding interest are due in June 2017.

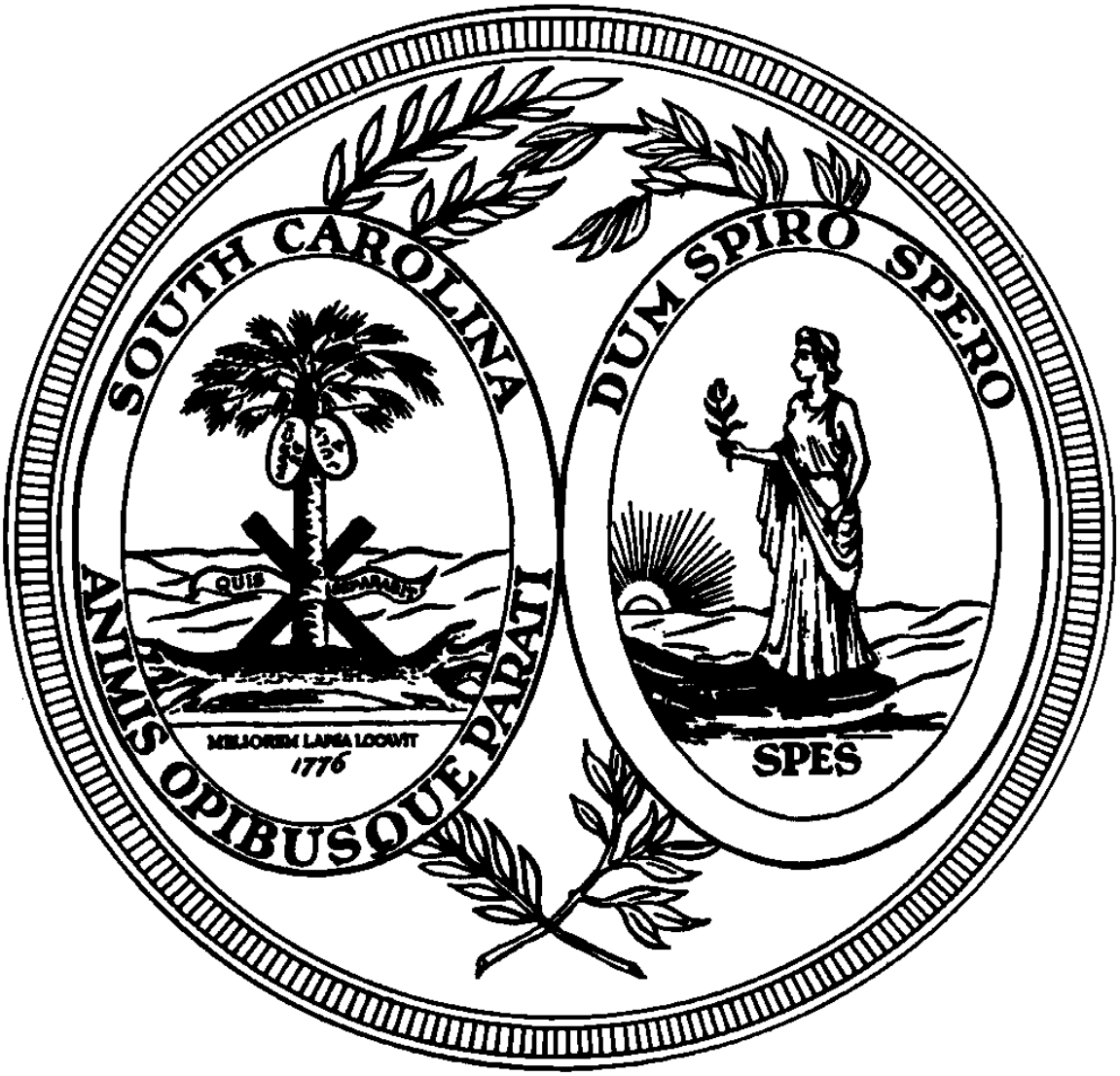
The University Medical Associates of the Medical University of South Carolina (UMA), a discretely presented component unit of MUSC, has a line of credit with a maximum borrowing limit of $10 million, on which UMA could draw for working capital. The loan bears interest at the 30-day LIBOR rate plus 1.15% and is secured by all unrestricted accounts receivable. During fiscal year ended June 30, 2015, there were no advances under this line of credit. The line of credit expired during June 2015 and was renewed with basically the same terms through June 30, 2016.

The Public Service Authority, a discretely presented component unit, has recorded a $410.139 million liability for commercial paper notes at its fiscal year ended December 31, 2014. The paper is issued for valid corporate purposes with terms not to exceed 270 days. The Authority has a $800 million revolving credit agreement to support the issuance of commercial paper. There were no borrowings under the agreement during 2014.

i. Advances from Federal Government

On December 26, 2008, the Unemployment Compensation Fund, a major enterprise fund, began to obtain advances from the Federal government in order to pay unemployment benefits due to the exhaustion of all other funds to pay benefits. These advances were obtained due to the significant increase in unemployment benefits resulting from a significant increase in the unemployment rate in the State and the extension of the period by the Federal government that benefits were paid to claimants. Section 1201 of Title XII of the Social Security Act provides that an advance from the Federal Unemployment Fund to the account of a state's unemployment trust fund is allowed if the governor of a state applies for payment for any 3-month period. Only amounts actually drawn down for benefit payments must be repaid. During the fiscal year ended June 30, 2015, the outstanding balance of these advances was paid in full, with the final interest payment of $3.159 million being made in July 2015.

Federal regulations specify that interest on Federal Unemployment Account Advances may not be paid, either directly or indirectly, from the Fund; therefore, no accrued interest is reported in the Unemployment Compensation Benefits Fund.


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

NOTE 12: CHANGES IN LIABILITIES

a. Long-Term Liabilities

Changes in major classes of long-term liabilities for the fiscal year ended June 30, 2015, were (expressed in thousands):

	Balances at July 1, 2014 as Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Primary Government:					
Governmental Activities					
Policy claims	$ 713,486	$ 2,117,623	$ (2,100,370)	$ 730,739	$ 553,711
Notes payable	18,265	—	(7,080)	11,185	4,470
General obligation bonds payable	1,222,530	18,110	(201,950)	1,038,690	179,030
Unamortized discounts and premiums	98,002	3,070	(13,624)	87,448	—
Total general obligation bonds payable	1,320,532	21,180	(215,574)	1,126,138	179,030
Infrastructure Bank bonds payable	1,902,065	—	(67,125)	1,834,940	75,850
Unamortized discounts and premiums	114,453	—	(6,937)	107,516	—
Total Infrastructure Bank bonds	2,016,518	—	(74,062)	1,942,456	75,850
Revenue bonds payable	20,755	—	(3,300)	17,455	3,445
Unamortized discounts and premiums	317	—	(92)	225	—
Total revenue bonds payable	21,072	—	(3,392)	17,680	3,445
Limited obligation bonds payable	920	—	(735)	185	185
Unamortized discounts	(1)	—	1	—	—
Total limited obligation bonds payable	919	—	(734)	185	185
Capital leases payable	6,004	—	(1,511)	4,493	1,437
Compensated absences payable	217,542	152,147	(153,676)	216,013	134,923
Net pension liability	3,118,860	—	(158,444)	2,960,416	—
Judgments and contingencies payable	17,010	23,537	(25,212)	15,335	15,335
Arbitrage payable	1,480	410	(677)	1,213	—
Total long-term liabilities	$ 7,451,688	$ 2,314,897	$ (2,740,732)	$ 7,025,853	$ 968,386

	Balances at July 1, 2014 as Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Primary Government:					
Business-type Activities					
Policy claims	$ 381,810	$ 17,498	$ (46,952)	$ 352,356	$ 45,240
Advances from Federal government	396,501	—	(396,501)	—	—
Revenue bonds payable	6,210	—	(155)	6,055	160
Compensated absences payable	769	575	(600)	744	516
Net pension liability	4,057	—	(191)	3,866	—
Total long-term liabilities	$ 789,347	$ 18,073	$ (444,399)	$ 363,021	$ 45,916

	Balances at January 1, 2014	Increases	Decreases	Balances at December 31, 2014	Amounts Due Within One Year
Major Discretely Presented Component Unit:					
Public Service Authority					
Policy claims	$ 2,538	$ 2,043	$ (3,260)	$ 1,321	$ 1,321
Revenue bonds payable	6,402,292	1,420,895	(1,319,005)	6,504,182	149,689
Unamortized discounts and premiums	142,558	144,069	(46,914)	239,713	—
Total revenue bonds payable	6,544,850	1,564,964	(1,365,919)	6,743,895	149,689
Capital leases payable	237	—	(237)	—	—
Compensated absences payable	19,553	2,739	(2,196)	20,096	20,096
Other long-term obligations	44,956	—	—	44,956	—
Total long-term liabilities	$ 6,612,134	$ 1,569,746	$ (1,371,612)	$ 6,810,268	$ 171,106

	Balances at July 1, 2014 as Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Major Discretely Presented Component Unit:					
State Ports Authority					
Notes payable	$ 29,458	$ 102,707	$ (1,188)	$ 130,977	$ 1,214
Revenue bonds payable	165,340	—	(4,845)	160,495	5,035
Unamortized discounts and premiums	2,151	—	(127)	2,024	—
Total revenue bonds payable	167,491	—	(4,972)	162,519	5,035
Compensated absences payable	2,948	2,664	(2,360)	3,252	3,252
Net pension liability	67,537	—	(2,716)	64,821	—
Total long-term liabilities	$ 267,434	$ 105,371	$ (11,236)	$ 361,569	$ 9,501

	Balances at July 1, 2014 as Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Major Discretely Presented Component Unit:					
Housing Authority					
Revenue bonds payable	$ 529,145	$ 87,115	$ (141,640)	$ 474,620	$ 12,255
Unamortized discounts and premiums	10,104	3,972	(2,705)	11,371	—
Total revenue bonds payable	539,249	91,087	(144,345)	485,991	12,255
Compensated absences payable	772	542	(553)	761	553
Arbitrage payable	39	2	—	41	—
Net pension liability	12,928	—	(519)	12,409	—
Total long-term liabilities	$ 552,988	$ 91,631	$ (145,417)	$ 499,202	$ 12,808

	Balances at July 1, 2014 as Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Major Discretely Presented Component Unit:					
Clemson University					
General obligation bonds payable	$ 116,770	$ —	$ (6,155)	$ 110,615	$ 6,180
Unamortized discounts and premiums	7,935	—	(770)	7,165	—
Total general obligation bonds payable	124,705	—	(6,925)	117,780	6,180
Revenue bonds payable	49,265	201,460	(20,990)	229,735	9,560
Unamortized discounts and premiums	1,452	12,605	(799)	13,258	—
Total revenue bonds	50,717	214,065	(21,789)	242,993	9,560
Capital leases payable	14,963	—	(970)	13,993	993
Compensated absences payable	26,342	17,422	(16,463)	27,301	17,430
Net pension liability	446,623	6,314	—	452,937	—
Total long-term liabilities	$ 663,350	$ 237,801	$ (46,147)	$ 855,004	$ 34,163

	Balances at July 1, 2014 as Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Major Discretely Presented Component Unit:					
University of South Carolina					
Notes payable	$ 5,799	$ 1,401	$ (42)	$ 7,158	$ 7,158
General obligation bonds payable	116,035	87,350	(43,555)	159,830	11,840
Revenue bonds payable	407,390	38,270	(10,845)	434,815	13,185
Unamortized discounts and premiums	32,831	12,010	(1,970)	42,871	—
Total revenue bonds	440,221	50,280	(12,815)	477,686	13,185
Capital leases payable	16,652	—	(775)	15,877	823
Compensated absences payable	33,656	22,801	(21,863)	34,594	19,719
Net pension liability	743,889	—	(30,224)	713,665	—
Total long-term liabilities	$ 1,356,252	$ 161,832	$ (109,274)	$ 1,408,810	$ 52,725

	Balances at July 1, 2014 as Restated	Increases	Decreases	Balances at June 30, 2015	Amounts Due Within One Year
Major Discretely Presented Component Unit:					
Medical University of South Carolina					
Notes payable	$ 47,598	$ 10,200	$ (6,450)	$ 51,348	$ 6,509
General obligation bonds payable	39,280	—	(4,210)	35,070	4,360
Unamortized discounts and premiums	1,237	—	(301)	936	—
Total general obligation bonds payable	40,517	—	(4,511)	36,006	4,360
Revenue bonds payable	522,159	14,175	(20,321)	516,013	22,137
Capital leases payable	930	2,512	(532)	2,910	738
Compensated absences payable	32,243	21,230	(19,995)	33,478	17,290
Net pension liability	950,787	—	(38,483)	912,304	—
Total long-term liabilities	$ 1,594,234	$ 48,117	$ (90,292)	$ 1,552,059	$ 51,034

b. Short-Term Debt

The Medical University of South Carolina and the University of South Carolina, major discretely presented component units, may issue bond anticipation notes (BANS) to provide interim financing for capital projects while in the process of issuing bonds. The Public Service Authority, a major discretely presented component unit, 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, 2015 included: BANS for MUSC 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 July 1, 2014	Increases	Decreases	Balances at June 30, 2015
Major Component Units:				
Medical University of South Carolina				
General obligation bond anticipation notes payable	$ 28,000	$ 26,500	$ (28,000)	$ 26,500
University of South Carolina				
Bond anticipation notes payable	$ —	$ 43,000	$ (43,000)	$ —

	Balances at January 1, 2014	Increases	Decreases	Balances at December 31, 2014
Public Service Authority				
Commercial paper notes	$ 372,073	$288,766	$(250,700)	$ 410,139

	Balances at July 1, 2014	Increases	Decreases	Balances at June 30, 2015
University of South Carolina				
Line of credit	$ —	$ 15,000	$ —	$ 15,000

NOTE 13: 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, 2015, the amounts constrained within the unrestricted fund balance in governmental funds (expressed in thousands) were as follows:

	General	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable:						
Interfund receivables	$ 2,767	$ 760	$ 250,114	$ —	$ 18	$ 253,659
Inventories	24,382	3,034	—	2,437	—	29,853
Prepaid items	11,094	1,576	—	3,964	34	16,668
Long-term loans and notes receivable	36,500	515	527,251	1,953	—	566,219
Endowments	—	—	—	—	9,057	9,057
Total Non-spendable	74,743	5,885	777,365	8,354	9,109	875,456
Restricted:						
Primary and Secondary Education	73,196	100,384	—	—	51,385	224,965
Health, Human Services and Environment	151,262	245,661	—	—	48,985	445,908
Transportation	—	—	513,196	10,000	—	523,196
Capital Projects	—	286,103	—	—	17,582	303,685
Debt Service	235,461	4,052	851,235	—	46,837	1,137,585
Waste management	—	—	—	—	174,553	174,553
General Government	42,701	70,335	—	—	160,791	273,827
Total Restricted	502,620	706,535	1,364,431	10,000	500,133	3,083,719
Committed:						
General Government	764,880	15,105	—	364,054	12,558	1,156,597
Capital reserve fund	52,288	—	—	—	75,502	127,790
Primary and Secondary Education	103,737	—	—	—	—	103,737
Health, Human Services and Environment	55,941	—	—	—	8,367	64,308
Total Committed	976,846	15,105	—	364,054	96,427	1,452,432
Assigned:						
Primary and Secondary Education	16,920	—	—	—	—	16,920
Health, Human Services and Environment	138,143	—	—	—	5,342	143,485
General Government	124,827	—	—	—	1,499	126,326
Administration of Justice	18,698	—	—	—	—	18,698
Economic Development	55,436	—	—	—	—	55,436
Social Programs	15,943	—	—	—	—	15,943
Total Assigned	369,967	—	—	—	6,841	376,808
Total Unrestricted, unassigned	1,019,061	(484,586)	—	(171,650)	—	362,825
Total Fund Balances	**$ 2,943,237**	**$ 242,939**	**$ 2,141,796**	**$ 210,758**	**$ 612,510**	**$ 6,151,240**

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

a. Non-spendable

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

b. Restricted

Primary and Secondary Education

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

Health, Human Services and Environment

This is 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 highway systems and access to commercial markets through rail, air, and transoceanic.

Capital Projects

The balance represents resources received from external parties or through enabling legislation which requires the use of the resources for the construction or acquisition and installation of a capitalizable asset. The resources will be expended over the life of the construction.

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.

Waste Management

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

General Government

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

c. Committed

General Government

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

Capital Reserve Fund

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

Primary and Secondary Education

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

Health, Human Services and Environment

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

d. Assigned

Primary and Secondary Education

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

Health, Human Services and Environment

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

General Government

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

Administration of Justice

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

Economic Development

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

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. Unrestricted, unassigned

Included in the unrestricted, unassigned fund balance classification is the General Reserve Fund (the Reserve). The South Carolina Constitution requires that the State maintain this reserve to prevent deficits in the Budgetary General Fund. The Reserve is fully funded for the June 30, 2015 fiscal year if it equals 5 percent of the Budgetary General Fund's revenue (budgetary basis) of the previous fiscal year.

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

At June 30, 2015, the Reserve was $319.479 million, which meets the required fully funded amount of $319.479 million.

NOTE 14: FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

The following table reconciles the beginning fund equity as previously reported to the beginning fund equity as restated (dollars in thousands). The amounts in the "Implementation of GASBs 68 & 71" column reflect restatements related to the implementation of GASB Statements No. 68 and 71. The amounts in the "Other Adjustments" column are primarily due to the correction of errors related to prior periods.

	7/1/2014 Fund Equity as Previously Reported	Implementation of GASBs 68 & 71	Other Adjustments	7/1/2014 Fund Equity as Restated
Primary Government				
Governmental Funds:				
General Fund	$ 2,923,035	$ —	$ (97)	$ 2,922,938
Departmental Program Services	245,940	—	(41)	245,899
Local Government Infrastructure	2,125,488	—	(1,130)	2,124,358
Department of Transportation Special Revenue	(7,123)	—	(99)	(7,222)
Other Nonmajor Governmental Funds	640,973	—	(208)	640,765
Total Governmental Funds	5,928,313	—	(1,575)	5,926,738
Internal Service Funds	542,403	(46,681)	(2,121)	493,601
Government-Wide Adjustments:				
Capital assets	15,173,131	—	—	15,173,131
Net deferred outflows and inflows	327,292	184,360	—	511,652
Long-term liabilities	(3,792,415)	(3,060,536)	—	(6,852,951)
Total Government-Wide Adjustments	11,708,008	(2,876,176)	—	8,831,832
Total Governmental Activities	18,178,724	(2,922,857)	(3,696)	15,252,171
Business-Type Activities - Enterprise Funds:				
Unemployment Compensation Fund	71,278	—	(7)	71,271
Second Injury Fund	(192,367)	—	(45)	(192,412)
Other nonmajor enterprise funds	21,715	(3,823)	(2)	17,890
Total Business-type activities - Enterprise Funds	(99,374)	(3,823)	(54)	(103,251)
Fiduciary Funds:				
Pension and Other Post-Employment Trust	30,749,129	—	5,079	30,754,208
Investment Trust Local Government Investment Pool	4,129,284	—	—	4,129,284
Private-Purpose Trust	2,168,858	—	(15)	2,168,843
Total Fiduciary Funds	37,047,271	—	5,064	37,052,335
Total Primary Government	$ 55,126,621	$ (2,926,680)	$ 1,314	$ 52,201,255
Component Units				
Public Service Authority	$ 2,003,654	$ —	$ —	$ 2,003,654
MUSC	1,595,854	(899,568)	(21)	696,265
USC	1,678,895	(703,749)	(576)	974,570
Clemson University	1,657,908	(446,623)	(277)	1,211,008
State Ports Authority	909,308	(63,910)	(250)	845,148
Housing Authority	370,814	(12,234)	11,650	370,230
Nonmajor component units	2,426,874	(1,023,904)	(2,796)	1,400,174
Total Component Units	$ 10,643,307	$ (3,149,988)	$ 7,730	$ 7,501,049

	7/1/2014 Assets and Liabilities as Previously Reported	Implementation of GASBs 68 & 71	Other Adjustments	7/1/2014 Assets and Liabilities as Restated
Agency Funds	$ 294,170	$ —	$ (63)	$ 294,107

During fiscal year 2015, the following errors resulting in a restatement of beginning fund balance were discovered: (1) an error was discovered by the State Treasurer's Office within their allocation of securities lending losses in prior years. The South Carolina Retiree Health Insurance Trust Fund and the Long-Term Disability Insurance Trust Fund (Pension and Other Post-Employment Benefit Trust Funds) were found to not have any securities lending losses and were understated by $4.904 million and $175 thousand, respectively. As such, the losses they had allocated to these funds were reclassified to the following funds that were in turn overstated: the General Fund by $97 thousand, the Departmental Program Services Fund by $41 thousand, the Local Government Infrastructure Fund by $1.130 million, the Department of Transportation Special Revenue Fund by $99 thousand, the other nonmajor governmental funds by a combined $208 thousand, the internal service funds by a combined $2.121 million, the Unemployment Compensation Fund by $7 thousand, the Second Injury Fund by $45 thousand, the other nonmajor enterprise funds by a combined $2 thousand, the private purpose trust funds by a combined $15 thousand, the agency funds by a combined $63 thousand, the Medical University of South Carolina by $21 thousand, the University of South Carolina by $576 thousand, Clemson University by $277 thousand, the State Ports Authority by $250 thousand, the Housing Authority by $23 thousand, and the nonmajor component units by a combined $104 thousand; (2) an error in the reporting of mortgage backed securities within the Housing Authority, a major discretely presented component unit, resulted in an increase in its beginning net position of $11.673 million; (3) an error in the reporting of construction in progress was discovered by Greenville Technical College, a nonmajor discretely presented component unit, which resulted in a decrease in its beginning net position of $975 thousand; (4) an error in recording student bad debt was discovered by Central Carolina Technical College, a nonmajor discretely presented component unit, which resulted in an increase in its beginning net position of $293 thousand and (5) an error in the reporting of annuities payable was discovered by Lander University, a nonmajor discretely presented component unit, which resulted in an increase in its beginning net position of $215 thousand.

Changes to the reporting entity in fiscal year 2015 caused a restatement of net position for discretely presented component units. The Coastal Carolina University Student Housing Foundation, a discretely presented component unit of Coastal Carolina University, a nonmajor discretely presented component unit of the State, was removed from the State's reporting entity, resulting in a decrease in the beginning net position of Coastal Carolina University as reported in the State's CAFR of $2.613 million. The Aiken Technical College Foundation, a discretely presented component unit of Aiken Technical College, a nonmajor discretely presented component unit of the State, was removed from the State's reporting entity, resulting in a decrease in the beginning net position of Aiken Technical College as reported in the State's CAFR of $7.133 million. The York Technical College Foundation, Inc., a discretely presented component unit of York Technical College, a nonmajor discretely presented component unit of the State, was added to the State's reporting entity, resulting in a increase in the beginning net position of York Technical College as reported in the State's CAFR of $7.521 million.

NOTE 15: INTERFUND BALANCES AND TRANSFERS

The following tables summarize interfund balances at June 30, 2015 (expressed in thousands):

Funds	Due From	Due To
General Fund		
Departmental Program Services	$ 77,780	$ 10,611
Department of Transportation Special Revenue	348	36,567
Local Government Infrastructure	22	1,195
Nonmajor governmental funds	55	—
Internal service	776	13,998
Unemployment Compensation	2,719	—
Nonmajor enterprise funds	91	—
	81,791	62,371
Departmental Program Services		
General Fund	10,611	77,780
Internal service	—	274
	10,611	78,054
Department of Transportation Special Revenue Fund		
General Fund	36,567	348
Local Government Infrastructure	—	1,044
Internal service	288	333
Fiduciary	—	12,847
	36,855	14,572
Local Government Infrastructure		
General Fund	1,195	22
Department of Transportation Special Revenue Fund	1,044	—
	2,239	22
Nonmajor Governmental Funds		
General Fund	—	55
Unemployment Compensation	53	—
	53	55
Internal Service		
General Fund	13,998	776
Departmental Program Services	274	—
Department of Transportation Special Revenue Fund	333	288
	14,605	1,064
Unemployment Compensation		
General Fund	—	2,719
Nonmajor governmental funds	—	53
	—	2,772
Nonmajor Enterprise Funds		
General Fund	—	91
Fiduciary		
Department of Transportation Special Revenue	12,847	—
Fiduciary	60,829	60,829
	73,676	60,829
Totals	**$ 219,830**	**$ 219,830**

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 are summarized (expressed in thousands):

Funds	Interfund Receivables	Interfund Payables	Receivables Long-term Portion
General Fund			
Departmental Program Services	$ 625	$ 760	—
Nonmajor governmental funds	—	18	—
Nonmajor enterprise funds	2,000	—	2,000
Internal service	142	—	142
	2,767	778	2,142
Departmental Program Services			
General Fund	760	625	—
Local Government Infrastructure			
Department of Transportation Special Revenue	250,114	—	226,669
Department of Transportation Special Revenue Fund			
Local Government Infrastructure	—	250,114	—
Nonmajor Governmental Funds			
General Fund	18	—	—
Internal service	—	6,470	—
	18	6,470	—
Nonmajor Enterprise Funds			
General Fund	—	2,000	—
Internal service	—	940	—
	—	2,940	—
Internal Service			
General Fund	—	142	—
Nonmajor governmental funds	6,470	—	4,415
Nonmajor enterprise funds	940	—	940
Internal service	4,700	4,700	4,700
	12,110	4,842	10,055
Totals	**$ 265,769**	**$ 265,769**	**$ 238,866**

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:

- $250.114 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.
- $6.470 million owed by the nonmajor governmental funds to the internal service funds. The nonmajor governmental funds borrowed the money to purchase and renovate new headquarters facilities for the State Department of Public Safety.

The following table summarizes interfund transfers during the fiscal year ended June 30, 2015 (expressed in thousands):

Funds	Transfers In	Transfers Out
General Fund		
Departmental Program Services	$ 16,095	$ 20,170
Local Government Infrastructure	4,542	—
Department of Transportation	—	50,357
Nonmajor governmental funds	84,630	80,532
Unemployment Compensation Benefits	200	—
Second Injury	250	—
Nonmajor enterprise funds	3,532	10
Internal service	4,410	4,011
	113,659	155,080
Departmental Program Services		
General Fund	20,170	16,095
Local Government Infrastructure	1,421	—
Nonmajor governmental funds	884	—
Internal service	3,379	—
	25,854	16,095
Local Government Infrastructure		
General Fund	—	4,542
Departmental Program Services	—	1,421
	—	5,963
Department of Transportation		
General Fund	50,357	—
Nonmajor Governmental Funds		
General Fund	80,532	84,630
Departmental Program Services	—	884
Internal Service	—	319
	80,532	85,833
Unemployment Compensation Benefits		
General Fund	—	200
Second Injury Fund		
General Fund	—	250
Nonmajor Enterprise Funds		
General Fund	10	3,532
Internal Service		
General Fund	4,011	4,410
Nonmajor governmental funds	319	—
Department Program Services	—	3,379
	4,330	7,789
Totals	**$ 274,742**	**$ 274,742**

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.

NOTE 16: JOINT VENTURE AND JOINT OPERATION

a. Joint Venture

The Public Service Authority (Authority) is a member of The Energy Authority (TEA). TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2014, the trade guarantees are an amount not to exceed approximately $85.3 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
www.teainc.org

b. Joint Operation

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall 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 2014, the Department of Energy suspended the collection of spent fuel disposal fees. Fuel amortization and disposal fees (through April 2014) are included in fuel expense and recovered through the Authority's rates.

The NRC requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2012 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals approximately $315.1 million in 2012 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates.

The Authority and SCE&G are constructing a plan to operate two additional nuclear generating units (Summer Units 2 and 3) at the V.C. Summer Nuclear Station. On May 22, 2008, the Authority's Board authorized the Authority to execute a Limited Agency Agreement appointing SCE&G to act as the Authority's agent in connection with the performance of an Engineering, Procurement and Construction (EPC) Agreement. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority, entered into an EPC Agreement with Westinghouse and Stone & Webster, Inc., (a subsidiary of Chicago Bridge & Iron Company), for the engineering, procurement and construction of two 1,117 MW nuclear generating units.

On October 20, 2011, the Authority and SCE&G entered into a Design and Construction Agreement. Among other things, the Design and Construction Agreement allows either or both parties to withdraw from the project under certain circumstances. Also on October 20, 2011, the Authority and SCE&G entered into an Operating and Decommissioning Agreement with respect to the two units. Both the Design and Construction Agreement and the Operating and

Decommissioning Agreement define the conditions under which the Authority or SCE&G may convey an undivided ownership interest in the new units to a third party. Together the Design and Construction Agreement and the Operating and Decommissioning Agreement provide for a 45% 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.

The Authority received the combined construction and operating licenses on March 30, 2012 and anticipates that V.C. Summer Units 2 and 3 will go into service in 2019 and 2020, respectively. On April 5, 2012, the Authority's Board authorized the Authority to expend up to $4.9 billion to fund the Authority's share of the EPC Agreement and associated Owner's Costs to complete the project.

As part of its capital improvement program, the Authority has evaluated its level of participation in the new units. Due to developments since initiation of the project, the Authority is taking actions necessary to reduce its 45% ownership interest. In 2011, the Authority began deferring a portion of interest expense representing the amount related to the assumed ownership reduction. In 2014, the Authority continued deferring and began capitalizing portions of related interest expense based on revised ownership assumptions.

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, 2015, the Educational Television Endowment of South Carolina, Inc., disbursed $5.449 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 $212 thousand at June 30, 2015.147

During the fiscal year ended June 30, 2015, the State Museum Foundation reimbursed $704 thousand to the State Museum for reimbursement for the *Windows to New Worlds* project. The contribution from the Foundation and expenditures of the Museum are reported in the Capital Projects Fund, a nonmajor governmental fund.

The Education Assistance Authority Fund, 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, 2015, the enterprise fund entered into various transactions with SLC. Approximate amounts within the enterprise fund that represent these transactions include: accounts receivable from SLC $117.470 million; program revenue from SLC $3.832 million; reimbursements to SLC for administrative costs $579 thousand; and payable to SLC $5.255 million.

NOTE 18: MAJOR DISCRETELY PRESENTED COMPONENT UNITS

a. Significant Transactions of Major Component Units with the Primary Government

Clemson University provided computer services and information systems development to other State agencies for a fee. These fees totaled $11.856 million and $20.795 million for the fiscal year ended June 30, 2015.

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 $20.7 million during the Authority's fiscal year ended December 31, 2014.

During the fiscal year ended June 30, 2002, the State Ports Authority resolved to contribute a total of $45.0 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 $1.0 million during the fiscal year ended June 30, 2015.

b. 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, 2014, as follows (expressed in thousands):

Customer	Revenue	Revenue
Central Electric Power Cooperative, Inc	$ 1,118,000	57%

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

State Ports Authority

During the fiscal year ended June 30, 2015, of the State Ports Authority's total revenues, three customers accounted for approximately 23%, 18%, and 10% 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.

c. Intra-Entity Balances

The following tables summarize intra-entity balances between the primary government and its discretely presented component units at June 30, 2015 (expressed in thousands):

Funds	Due From	Due To
General Fund		
Ports Authority	$ —	$ 195,414
Housing Authority	—	1,922
Clemson University	—	9,154
MUSC	—	634
USC	242	953
Nonmajor discretely presented component units	13,596	4,388
	13,838	212,465
Departmental Program Services		
Clemson University	—	8,462
MUSC	1,753	33,651
USC	—	3,934
Nonmajor discretely presented component units	—	655
	1,753	46,702
Department of Transportation Special Revenue Fund		
Clemson University	—	87
USC	—	31
Nonmajor discretely presented component units	402	—
	402	118
Nonmajor Governmental Funds		
Clemson University	—	81
Nonmajor discretely presented component units	33,781	3,779
	33,781	3,860
Internal Service		
Clemson University	3,261	—
USC	4,827	—
Nonmajor discretely presented component units	2,423	—
	10,511	—
Governmental activities total	**60,285**	**263,145**
Ports Authority		
General Fund	195,414	—
Housing Authority		
General Fund	1,922	—
Clemson University		
General Fund	9,154	—
Departmental Program Services	8,462	—
Department of Transportation Special Revenue Fund	87	—
Nonmajor governmental funds	81	—
Internal service	—	3,261
	17,784	3,261
MUSC		
General Fund	634	—
Departmental Program Services	33,651	1,753
	34,285	1,753
USC		
General Fund	953	242
Departmental Program Services	3,934	—
Department of Transportation Special Revenue Fund	31	—
Internal service	—	4,827
	4,918	5,069
Nonmajor Discretely Presented Component Units		
General Fund	4,388	13,596
Departmental Program Services	655	—
Department of Transportation Special Revenue Fund	—	402
Nonmajor governmental funds	3,779	33,781
Internal service	—	2,423
	8,822	50,202
Discretely presented component units total	**263,145**	**60,285**
Totals	**$ 323,430**	**$ 323,430**

NOTE 19: CONTINGENCIES AND COMMITMENTS

a. Litigation

Primary Government

Among the unresolved legal actions in which the State was involved at June 30, 2015, are two cases that challenge the legality of certain taxes **(Roper Medical v DOR and Duke Energy v DOR)**. In the event of unfavorable outcomes for these cases, the State estimates the potential loss of $39.9 million. Although State losses in these cases could reduce future revenues, the preceding estimates do not include any impact on future revenues or future accruals of interest on disputed refunds.

The South Carolina Retirement Systems (SCRS) is involved in a putative class action lawsuit involving legislation (Act No. 153, 2005 S.C. Acts and Joint Resolutions) requiring that employees who return to work after retirement (including employees participating in the Teacher and Employee Retention Incentive [TERI] Program) resume making contributions into the retirement system. The action was filed in federal court in August 2010 alleging the provisions of Act 153 are unconstitutional and illegal. The plaintiffs all retired after Act 153 was enacted and thus were on notice that they would pay retirement contributions if they chose to return to work. As of June 30, 2012, SCRS had collected approximately $121.000 million in the form of retirement contributions from members who are retired and returned to work on or after July 1, 2005. SCRS and the State filed a motion to dismiss this matter on a number of grounds. By Order and Decision dated September 27, 2012, the federal district court granted the Systems' motion and dismissed the Plaintiff's suit. Plaintiffs filed a motion to reconsider that decision. The District Court denied the Plaintiff's motion, and the Plaintiffs have appealed to the Fourth Circuit Court of Appeals. On December 5, 2014, the Fourth Circuit ruled in favor of SCRS. No further appeal was taken by the plaintiffs. On March 19, 2015, the same plaintiffs re-filed their claims in state court, alleging violation of their federal constitutional rights. Defendants have filed a motion to dismiss the action, which is currently pending before the circuit court. SCRS is vigorously contesting this litigation and believes that the likelihood of an unfavorable outcome is remote in light of prior decisions of the South Carolina Supreme Court.

SCRS is a defendant in a retirement case to ensure that SCRS does not suffer any monetary loss as a result of the service purchase. This case is **Anderson County v Joey Preston and the SCRS** and the defendant is a retired member of SCRS who was employed by Anderson County. Plaintiff seeks to rescind a severance agreement entered into between Plaintiff and Preston. Plaintiff agreed to pay, and did pay, approximately $355 thousand to the System to purchase retirement service credit on behalf of Preston. By an order dated May 3, 2013, the Circuit Court ruled against the Plaintiff Anderson County on all claims, including claims for the return of monies paid to the South Carolina Retirement System. Plaintiff has appealed to the South Carolina Court of Appeals. The case has been briefed and argued at the court of appeals and the parties are awaiting a decision.

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 one contending that the funding of public education in South Carolina is inequitable and inadequate **(Abbeville County School District vs State of South Carolina).** The State moved to dismiss the case, and the Circuit Court granted that motion. The plaintiffs appealed, and the State Supreme Court affirmed part of the Circuit Court's order, but remanded the case to the Circuit Court for further proceedings as to the issue of alleged inadequate educational opportunity. The Court denied the plaintiffs' request to add a damage claim. The Court issued an order during December 2005 in which the Court found in favor of the State on most issues, but ruled that the State is failing to fund early childhood intervention programs adequately. Motions to alter or amend the Circuit Judge's Order were filed in July 2007, but the Court denied the motions. The plaintiffs, the House and the Senate, appealed to the Supreme Court and the case was argued in June 2008. On November 12, 2014, the Supreme Court issued an opinion in favor of the Plaintiffs. The Court directed the Plaintiffs and the Defendants "to reappear before this Court within a reasonable time from the issuance of this opinion, and present a plan to address the constitutional violation … with special emphasis on the statutory and administrative pieces necessary to aid the myriad troubles facing these districts at both the state and local levels." On November 5, 2015 the S.C. Supreme Court issued an order that within one week of the conclusion of the 2016 legislative session, the State will submit a written summary to the Court detailing their efforts to implement a constitutionally compliant education system, including all proposed, pending or enacted legislation. The Court is mindful that staffing and other critical needs may require time to fully implement any proposed or adopted plan. Accordingly, the State should advise as to an expected time line for implementation of its proposed plan. The Court will conduct a review of the plan and issue an order of the summary analyzing whether the States' efforts are a rational means to bringing the system of public education in South Carolina into constitutional compliance and whether or not the Court's continued maintentance of jurisdiction is necessary. Given this stage of the matter, it is too early in the plan development to speculate a cost but it is expected the impact would be dealt with through the budgetary appropriations or allocation of budgetary funds. The legislation addressing this is issue would be drafted by the General Assembly. In a second case, **Kiawah Development Partners II vs SCDHEC-OCRM and State** 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 Office of Ocean and Coastal Resource Management'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) determines Kiawah's appeal of the permitting decision. The ALC ruled in favor of Kiawah and OCRM has appealed. The Supreme Court issued an opinion but withdrew it while it considers a petition for rehearing. On December 10, 2014, the Court reversed the ALC decision and remanding the case to that court for further consideration. This matter is still pending at the ALC, and the takings suit remains under a stay. Therefore, no determination has yet been made as to a risk of loss. Lastly, the plaintiffs in **T.R., P.R., and K.W., etc. v. Department of Corrections & Ozmint** contend that a lack of funding has resulted in the unconstitutional treatment of prison inmates with mental illnesses. The Judge recently issued an order granting judgment in favor of the Plaintiffs. The lawsuit did not seek specific monetary damages, but the Order references certain remedies that the Court is requiring the defendants to undertake i.e. developing an adequate system for providing inmates with serious mental illnesses services including additional and better-trained staff. The case is under appeal, but the appeal has been stayed while the parties participate in mediation.

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 $51.970 million. 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 9a), 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.

Major Discretely Presented Component Units—Public Service Authority and Ports Authority

The Public Service Authority, a major discretely presented component unit and electric utility company, is a party to or has an indirect interest in several lawsuits in which the amounts of potential losses, if any, are not presently determinable. The following paragraph discusses the most significant of these cases.

Landowners located along the Santee River contend that the Authority is liable for damage to their real estate because of flooding that has occurred since the U. S. Army Corps of Engineers completed its Cooper River Rediversion Project in 1985. A 1997 trial returned a jury verdict against the Authority on certain causes of action. The Authority has entered into a settlement agreement with the plaintiffs. Pursuant to this agreement, the Authority has made payments of all claims amounting to $221.0 million. In addition the Authority has paid the court ordered attorney fees and costs of $10.4 million. The contract between the Corps and the Authority requires that the Corps indemnify the Authority for certain claims arising out of the construction and operation of the project. The Authority has entered a claim seeking indemnification from the Corps. On February 14, 2013, the Armed Services Board of Contract Appeals (ASBCA) ruled that the Authority was entitled to $234.9 million for costs incurred as a result of this litigation. Additionally, the ASBCA ruled that the Authority is entitled to interest on the costs pursuant to the Contract Disputes Act, calculated from August 20, 2001 until paid. On June 11, 2013, the Corps appealed this decision to the United States Court of Appeals for the Federal Circuit. On May 28, 2014, the U.S. Department of Justice, acting on behalf of the Corp of Engineers, entered into a legal settlement with the Authority. Pursuant to the Settlement Agreement, the Corp of Engineers is required to pay the Authority $257.1 million plus interest on that amount running from May 1, 2014. On August 1, 2014, the Authority received payment in the amount of $258.5 million, which fully resolved the claim.

In May 2013, Horry Cooperative, a member of Central, sued the Authority seeking indemnification for claims in a class action lawsuit brought against Horry Cooperative by certain of its customers. The customers allege mold damage to their homes was caused by vapor barriers installed in accordance with the Authority's energy efficiency recommendations. Horry Cooperative's complaint alleges the Authority knew the vapor barrier could cause moisture problems but failed to disclose the information to Horry Cooperative and failed to advise Horry Cooperative that the vapor barrier should be a recommendation rather than a requirement. A settlement has been reached in the underlying class action lawsuit against Horry Cooperative. The settlement provides for the establishment of two funds, totaling $6.0 million, to pay the claims of the class members. As of the deadline for filing claims, $1.4 million in claims and attorney fees have been paid. The Authority filed a motion to dismiss the claims brought against it by Horry Cooperative. On June 11, 2014, the Court dismissed the suit, ruling that the majority of the claims were dismissed with prejudice and that the claim for equitable indemnification was dismissed without prejudice. Horry Cooperative has appealed the dismissal of the suit. The Authority cannot predict the outcome of the appeal. On October 20, 2014, the Authority was served with an additional complaint filed by Horry Cooperative in Horry County. The complaint alleges a single cause of action for indemnity arising out of the same underlying factual allegations as the original complaint filed in May of 2013. The Authority has filed a motion to dismiss the complaint. The Authority cannot predict the outcome of this lawsuit.

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, to challenge issuance of authority for the Ports Authority to drive pilings under a

building on Union Pier Terminal in renovating the building to accommodate passenger vessels. 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. The case is now on appeal, briefing is completed, and arguments should be scheduled in the second quarter of fiscal year 2016, with a decision likely within fiscal year 2016. The decision may be further appealed to the State Supreme Court. The Ports Authority intends to defend issuance of the permit. The effect of these administrative permit cases on the financial position of the Ports Authority cannot be determined at this time.

On October 14, 2012, a portion of the quay wall at Veterans' Terminal (VT) in North Charleston, failed, sending quantities of gravel, certain equipment, and miscellaneous structural materials into the Cooper River. This area is under lease from the Charleston Naval Complex Redevelopment Authority, a jointly governed entity. The failure was apparently due to overloading of the quay wall by Atlantic Coast Materials, LLC (ACM), a user of the facility that deposited stone in proximity to the wall. Appropriate State and Federal regulatory authorities were timely notified. The State Ports Authority is required to remove the material in the river and rebuild the quay wall facility. At this time, the regulatory process must be completed before obtaining permits to allow reconstruction contracts to be bid. Until contracts are let and the project is completed, there is no final determination of costs and financial impact. The regulatory process has been extended by required consultation procedures with National Marine Fisheries Service and the U.S. Army Corps of Engineers, who are studying potential environmental impacts and restrictions on the remedial work. Commencement of construction is estimated as the third quarter of fiscal year 2016. A preliminary estimate of project costs is approximately $28 million. Property insurance will cover a portion of the costs, but will not cover a significant portion of the loss, possibly $10 million of the loss, which is excluded under a pollution exclusion clause. This has not been determined with certainty as of this time.

On October 10, 2014, ACM filed suit against the Ports Authority, alleging various tort and contract claims, and seeking damages for lost material and equipment, estimated at approximately $2 million. The Ports Authority thereafter has served its suit by way of counterclaim against ACM to recover damages estimated at approximately $40 million, which is in excess of ACM's insurance coverage. The case is in discovery state at this time with mediation required by mid-November 2015. Recovery may be affected by insurance coverages, though it is too early in the discovery phase to estimate recovery.

A claim relating to the quay wall failure and remediation costs has also been asserted by the Ports Authority against the United States Navy for indemnity under Section 330 of the National defense Authorization Act of 1993 (P.L. 102-484), as amended by P.L. 103-160. The claim is related only to oil pollution left by the United States Navy in an underground pipe near the damaged area, which had not been designated as an area of concern, nor disclosed presence of oil, which should have been cleaned out and removed by the Federal Government. Small amounts of oil were released in an investigatory excavation before being sealed off and recovered. The presence of the oil has caused increased costs of remediation, in an amount which cannot be accurately determined until the contract for remedial work has been completed and costs tallied. Department of Defense is defending the 330 indemnity claim and has sought additional information. Under the indemnity claim, the Federal Government would likely be responsible only for the remediation costs related to the oil, which is excluded from insurance coverage by the Ports Authority's property insurance policy.

Construction of the Navy Base Container Terminal was delayed by discovery of issues associated with the design and administration of the project that have required re-engineering of the containment wall structures. An excess cost statement has been delivered to the responsible party to determine recovery of the additional construction costs caused by design and project management issues and to seek resolution by agreement. Discussions of the costs and responsibility will likely occur in the near future, and it is too early in the process to assess the likelihood of resolution or the amount of resolution.

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, 2015, or earlier years will not have a material impact on the State's financial statements.

c. Other Loan Guarantees

The South Carolina Education Assistance Authority, a non-major component unit, guarantees student loans. At June 30, 2015, these loans totaled $1.966 billion. The United States Department of Education reinsures 100.0% of losses under these guarantees for loans made prior to October 1, 1993; 98.0% of losses for loans made between October 1, 1993 and October 1, 1998; and 95.0% for loans made on or after October 1, 1998. If the loan default rate exceeds

5.0% of the loans in repayment status, the United States Department of Education decreases the reinsurance rate. The State's default rate during the fiscal year ended June 30, 2015, was 1.6%.

d. Purchase Commitments

A breach of taxpayer information was identified in fiscal year 2013. Approximately 3.5 million taxpayers, including individuals, dependents, and businesses, have been affected by the breach. The Department of Revenue initially arranged for CSID to provide free protective monitoring for all potential taxpayers affected who sign up for their service from October 2013 to October 2014. This contract was negotiated for a 5 year term with annual renewals required each October 1. Since that time, this contract has since been renewed until October 2016. The fee to the State is $6.00 per enrollment, however the fee decreases each month based upon the proration of the period remaining on the contract. The contract is capped at $6.5 million.

Major Discretely Presented Component Unit—Public Service Authority

At December 31, 2014, the Public Service Authority, a major discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling $994.206 million for coal. In addition, minimum obligations under two purchased power contracts as of December 31, 2014, were approximately $52.0 million with a remaining term of twenty years and $23.2 million with a remaining term of one year. Also at December 31, 2014, the Authority had commitments for nuclear fuel and nuclear fuel conversion contracts of $443.5 million over the next twenty-three years.

The Authority amended a service agreement to an approximate amount of $97.2 million. The agreement provides 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 2024, but can be terminated at the end of 2015.

Major Discretely Presented Component Unit—Ports Authority

At June 30, 2015, the Ports Authority had construction commitments of $35.7 million. The Ports Authority has $4.4 million remaining as its legal obligation to pay for the completion of the Harbor Deepening project.

e. Commitments to Provide Grants and Other Financial Assistance

As of June 30, 2015, 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 $1.478 billion remaining on agreements with various counties to provide financial assistance for highway and transportation facilities projects.
- The Department of Commerce has $188.925 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, $30.631 million will be funded by federal grants and $126.912 million will be funded with private aid.
- The Budget and Control Board has $101.300 million to provide loans and grants for water and wastewater projects and energy efficiency improvement projects. Federal grants will fund $4.731 million of this commitment.
- The Division of Aeronautics has $3.273 million for grants made to municipal and county airports for capital improvements. Federal grants will fund $1.065 million of this commitment.
- The State Board for Technical and Comprehensive Education has $46.606 million to provide training for new and expanding business and industry in the State.
- The Department of Public Safety has $17.893 million for pass-through grants to various State agencies, local governments, and not-for-profit entities, of which $17.669 million will be funded by federal grants.
- The South Carolina Law Enforcement Division has $14.283 million for grant program activities and pass-through grants to subrecipients, of which $14.283 million will be funded by federal grants.
- The South Carolina Judicial Department has $2.048 million outstanding commitments related to vendor service contracts.
- The South Carolina Department of Revenue has $56.233 million outstanding commitments related to vendor contracts for new tax reporting and processing software and identity theft protection.
- The Rural Infrastructure Authority has $22.013 million for loans to municipalities, counties, special purpose and public service districts and public works commissions for constructing and improving rural infrastructure facilities.
- The State Housing Finance and Development Authority has $350 thousand for special initiatives under the Program Fund and $9.368 million from the Housing Trust Fund for affordable housing projects and developments.

f. Unemployment Compensation Benefits Fund—Liquidity

During the most recent recession, the Unemployment Compensation Fund, a major enterprise fund, generated substantial operating losses and was required to use all of its cash resources to fund its operations. Due to the high unemployment rate and the resulting increased amount of unemployment benefits paid, and the increased length of time over which benefits were paid, the Fund was required to obtain advances from the Federal Unemployment Compensation Fund. The State paid the remaining balance owed at June 30, 2014 of $396.501 million during fiscal year 2015.

g. 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 2016 in maintaining these sites is $6.573 million. The Pinewood Site is $3.9 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. The department is currently seeking a new trustee and expects the annual monitoring costs to decrease as changes are made in operations with the new trustee.

NOTE 20: SUBSEQUENT EVENTS

a. Debt Issuances

On July 7, 2015, the Housing Authority, a major discretely presented component unit, issued $39.595 million in mortgage revenue refunding bonds, Series 2015A, which will be used to refund all of the Authority's remaining Series 2006A bonds.

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

- The State Transportation Infrastructure Bank, a major governmental fund, issued $157.095 million in revenue refunding bonds, Series 2015A, on July 7, 2015.
- The State issued higher education revenue bonds and revenue refunding bonds, Series 2015, in the amount of $48.175 million on behalf of the University of South Carolina, a major discretely presented component unit, on September 25, 2015.

The Public Service Authority, a major discretely presented component unit, issued the following revenue bonds after December 31, 2014:

- February 26, 2015 for $169.657 million for its capital program and $598.960 million for refunding a portion of the 2004 Series A bonds.
- April 7, 2015 for $64.870 million for refunding a portion of the 2004 Series A bonds.
- May 21, 2015 for $36.136 million in revenue bonds.
- October 6, 2015 for $270.170 million for refunding a portion of the 2004 Series A bonds.

Cash Defeasance of 2013D taxable Series D of $100.000 million closed on November 11, 2015.

On October 9, 2015, Clemson University's Board of Trustee, a major discretely presented component unit, approved a resolution to issue $19.5 million in Athletic Facilities revenue bonds. This bond issuance will partially fund the football operations building project. The bonds are currently expected to issue in December 2015.

On November 4, 2015, the South Carolina Ports Authority, a major discretely presented component unit, issued $294.025 million in revenue bonds. This bond issuance paid in full the Authority's line of credit of $108.093 million and funded the Authority's facilities project.

b. Sale of Portion of V. C. Summer Nuclear Station Units 2 and 3 to South Carolina Electric & Gas (SCE&G) and Pee Dee Assets

On January 27, 2014, the Public Service Authority's Board of Directors, a component unit, approved the sale of 5% of its ownership in V.C. Summer Units 2 and 3 to South Carolina Electric & Gas (SCE&G). Under the terms of the new agreement, SCE&G will own 60% of the new nuclear units and the Authority, 40%. Under the existing ownership agreement, SCE&G owns 55% and the Authority owns 45%. The five percent ownership interest would be acquired in three stages:

(1) one percent at the commercial operation date of the first new nuclear unit, anticipated to be in late 2017 or the first quarter of 2018;
(2) two percent no later than the first anniversary of such commercial operation date; and
(3) two percent no later than the second anniversary date of such commercial operation date.

The Agreement also provides that the Authority will not transfer any of its remaining ownership interest in the two new units until after the commercial operating date for both units.

The Authority is writing down the value of the Pee Dee generating station of $200.000 million over a six year period effective January, 2015. The annual write-off will be $33.333 million.

c. South Carolina State University Loans

On January 31, 2014, South Carolina State University, a non-major discretely presented component unit, notified the State that revenue collections had not met revenue estimates because student enrollment has lagged behind university projections. As a result, the University requested $13 million to pay current bills and the State's Budget and Control Board approved and the General Assembly committed an emergency $6 million loan to the University on April 30, 2014. The $6 million loan also has a stipulation that up to $500 thousand of the $6 million must be used to hire consultants to assess the University's financial needs and operations. The loan was due in full on June 30, 2015, although the University received a four-year extension on December 3, 2014, an additional $12 million to be added to the emergency loan. Of the $12 million commitment, $6 million was loaned to the University during fiscal year 2015. The remaining $6 million will be loaned to the University in two more increments: $4 million in fiscal year 2016, and $2 million in fiscal year 2017. Additionally, the $12 million loan commitment stipulates that the University may not run a deficit (excluding overdue bills) in fiscal year 2015 or future loan disbursement may not occur. The interest rates and other related loan stipulations are currently under negotiation between the State and the University.

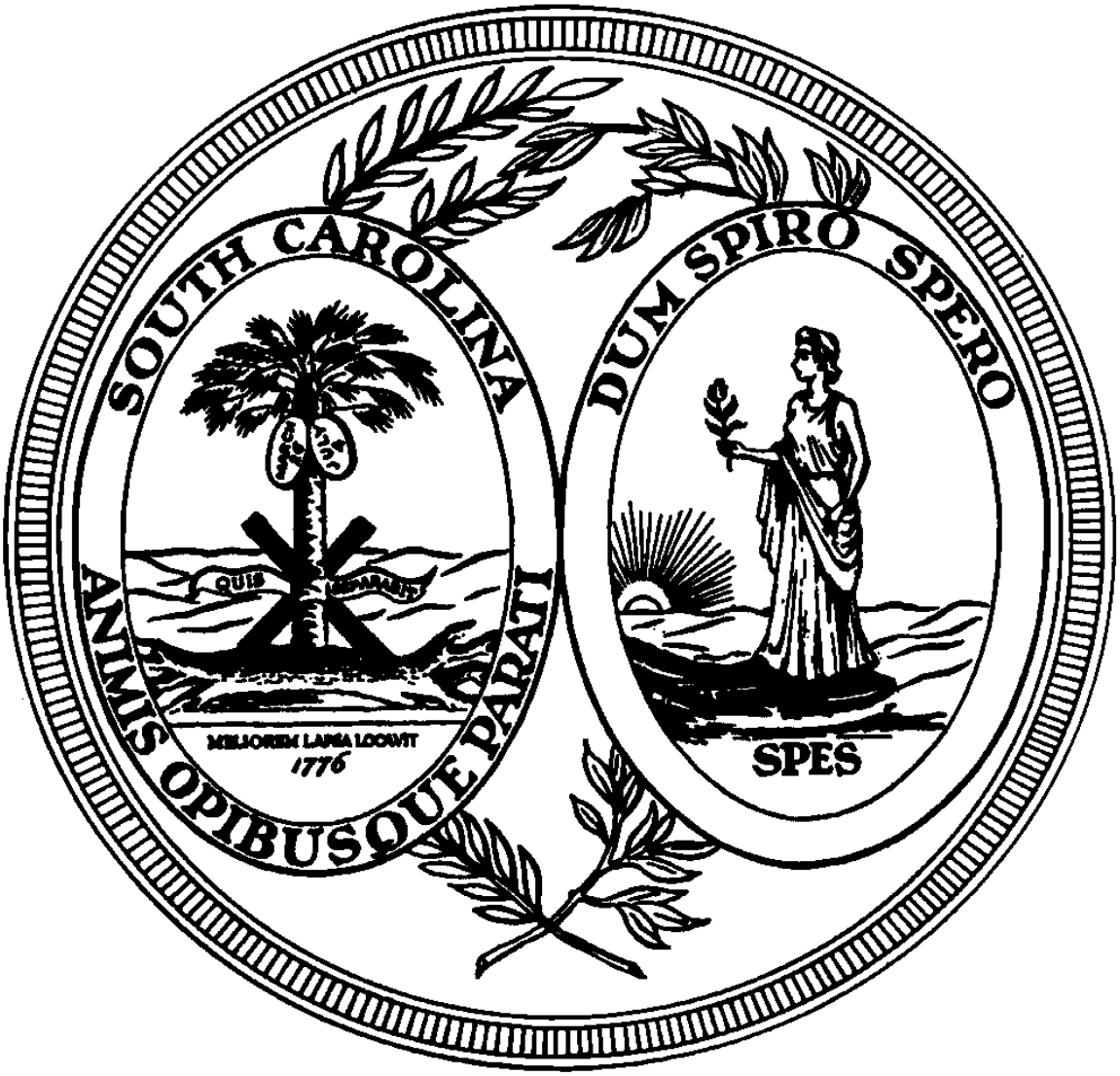
d. Medical University of South Carolina Construction Project

The Medical University of South Carolina (MUSC) will be constructing the Shawn Jenkins Children's Hospital and Women's Pavilion, which will consist of a seven-story, 261-bed patient tower atop a four-story Diagnostic and Treatment podium. The $350 million, 649,485 square foot design will include labor and delivery rooms, pediatric medical, neonatal intensive care, and ambulatory care clinics. The State appropriated $25 million in its fiscal year 2016 budget towards the construction of this facility. The majority of the financing is being proposed through the Department of Housing and Urban Development's FHA Section 241 Mortgage Insurance Program with a construction start date in the spring of 2016.

e. Flooding Disaster

During early October 2015, South Carolina received prolonged torrential rains spawned by Hurricane Joaquin that produced catastrophic statewide flooding. The extent and severity of flooding was unprecedented and resulted in extensive damage to roads and bridges and to private property, polluted water systems, compromised dams, and power outages. The Governor issued an immediate Declaration of a State of Emergency allowing S.C. National Guard resources to be deployed to assist with evacuations and rescues. On October 3, 2015, the President signed an Emergency Declaration for South Carolina, which allowed the Federal Emergency Management Agency (FEMA) to begin coordinating all disaster relief efforts by identifying, mobilizing, and providing resources to alleviate the impacts of the emergency.

South Carolina is in the early stages of recovery, and damage assessment is not yet complete although the State's highway infrastructure sustained damage to several hundred roads and bridges which currently are at various stages of repair. The State was provided immediate access to $5 million of emergency relief funds from the Federal Highway Administration (FHWA) to assist with immediate repair of essential roads and bridges, and additional financial assistance from FEMA and FHWA is being arranged for temporary and permanent repairs to damaged infrastructure. The State's share of these repair costs has not yet been determined. The State estimates it will incur approximately $37 million in rescue and recovery costs related to emergency personnel, response purchase orders, National Guard activation and emergency contract personnel from other states and federal agencies. These costs are expected to be reimbursed by FEMA at 75%.


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

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, 2015
(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Revenues:				
Regular sources				
Retail sales tax	$ 2,590,085	$ 2,590,085	$ 2,656,947	$ 66,862
Income tax, individual	3,012,820	3,012,820	3,159,204	146,384
Income tax, corporation	304,299	304,299	326,968	22,669
Total income and sales tax	5,907,204	5,907,204	6,143,119	235,915
Admissions tax	29,492	29,267	32,743	3,476
Aircraft tax	4,700	4,700	4,492	(208)
Alcoholic liquor tax	67,306	67,305	70,363	3,058
Bank tax	40,000	40,000	31,268	(8,732)
Beer and wine tax	102,564	102,564	104,865	2,301
Tobacco tax	27,126	27,126	25,482	(1,644)
Coin-operated device tax	1,570	1,570	1,198	(372)
Corporation license tax	83,833	83,833	129,851	46,018
Departmental revenue (primarily fees for services)	36,450	36,450	28,800	(7,650)
Documentary tax	32,872	32,872	40,640	7,768
Earned on investments	18,000	18,000	17,711	(289)
Insurance tax	221,492	221,492	216,590	(4,902)
Motor vehicle licenses	10,032	10,032	10,603	571
Private car lines tax	3,719	3,719	4,020	301
Public Service Authority	22,000	22,000	20,192	(1,808)
Retailers' license tax	827	827	804	(23)
Savings and loan association tax	3,261	3,261	1,994	(1,267)
Workers' compensation insurance tax	10,207	10,207	8,171	(2,036)
Total regular sources	6,622,655	6,622,429	6,892,906	270,477
Miscellaneous sources				
Circuit and family court fines	8,200	8,200	8,446	246
Debt service reimbursement	65	65	539	474
Indirect cost recoveries	11,061	11,061	13,512	2,451
Parole and probation supervision fees	3,393	3,393	3,393	—
Unclaimed property	15,000	15,000	15,000	—
Nonrecurring revenue	—	—	26,593	26,593
Total miscellaneous sources	37,719	37,719	67,483	29,764
Total revenues	**6,660,374**	**6,660,148**	**6,960,389**	**300,241**

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

BUDGETARY GENERAL FUND (Continued)

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Expenditures:				
Legislative	$ 45,239	$ 74,370	$ 41,984	$ 32,386
Judicial	45,303	50,439	47,049	3,390
Executive and administrative	269,688	216,348	189,995	26,353
Educational	3,098,044	3,269,753	3,230,230	39,523
Health	1,616,293	1,930,314	1,746,865	183,449
Social rehabilitation services	132,521	142,680	132,658	10,022
Correctional and public safety	571,485	601,596	586,001	15,595
Conservation, natural resources, and development	145,138	210,342	166,644	43,698
Regulatory	56,179	60,916	58,252	2,664
Transportation	51,891	108,642	77,695	30,947
Debt service	175,205	212,921	195,720	17,201
Aid to subdivisions	325,370	351,904	341,879	10,025
Total expenditures	**6,532,356**	**7,230,225**	**6,814,972**	**415,253**
Excess of revenues over (under) expenditures—budgetary basis	**128,018**	**(570,077)**	**145,417**	**715,494**
Fund balance, beginning — budgetary basis	**1,163,275**	**1,163,275**	**1,163,275**	**—**
Fund balance, ending — budgetary basis	**$ 1,291,293**	**$ 593,198**	**$ 1,308,692**	**$ 715,494**
Less:				
Capital Reserve appropriation			**(114,867)**	
Fund balance, ending — budgetary basis, after reservation			**$ 1,193,825**	

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

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget—Positive (Negative)
	Original	Final		
Revenues:				
Federal	$ 7,910,167	$ 8,206,544	$ 8,050,219	$ (156,325)
Earmarked	5,257,459	5,498,627	5,232,185	(266,442)
Restricted	3,490,475	3,513,338	3,967,910	454,572
Total revenues	**16,658,101**	**17,218,509**	**17,250,314**	**31,805**
Expenditures:				
Legislative	2,095	10,053	9,042	1,011
Judicial	21,447	21,732	20,257	1,475
Executive and administrative	459,704	709,810	740,463	(30,653)
Educational	6,103,223	6,391,383	5,548,230	843,153
Health	7,027,933	7,009,427	6,509,191	500,236
Social rehabilitation services	2,666,595	2,667,636	2,077,835	589,801
Correctional and public safety	209,005	212,857	167,061	45,796
Conservation, natural resources, and development	269,342	320,493	272,990	47,503
Regulatory	405,426	427,292	363,202	64,090
Transportation	1,729,702	1,868,748	1,388,472	480,276
Total expenditures	**18,894,472**	**19,639,431**	**17,096,743**	**2,542,688**
Net decrease in fund balance—budgetary basis	**(2,236,371)**	**(2,420,922)**	**153,571**	**2,574,493**
Fund balance at beginning of year—budgetary basis	**2,486,552**	**2,486,552**	**2,486,552**	**—**
Fund balance at end of year—budgetary basis	**$ 250,181**	**$ 65,630**	**$ 2,640,123**	**$ 2,574,493**

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 for the following two funds:

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 schedule 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, 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 estimated revenues* in the accompanying schedule for the Budgetary General Fund include amounts displayed in Section 116 (*Revenue*) 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 Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve transfers of appropriations between personal service and other operating accounts.

The authority to reduce enacted appropriations is provided to the Budget and Control Board if it is deemed necessary to prevent a deficit. Likewise, the State Board of Economic Advisors may approve revisions of estimated revenues for the Budgetary General Fund during the year.

b. Other Budgeted Funds

The *original appropriations* presented in the accompanying schedule for Other Budgeted Funds include the amounts displayed in the Appropriations Act as well as any appropriation reductions specifically authorized by law to prevent duplicate appropriations. The terminology, classifications, and format of the appropriations section of the accompanying schedule for Other Budgeted Funds is substantively the same as for the legally enacted budget.

The State's General Assembly does not approve estimated revenue or fund balance amounts for Other Budgeted Funds (or for Total Funds). However, Section 115 (*Recapitulation*) of the Appropriations Act includes net *source of funds* amounts (i.e., estimated cash brought forward from the previous fiscal year plus estimated revenue for the current fiscal year minus estimated cash to be carried forward to the following fiscal year) for three categories of Other Budgeted Funds: Federal, Earmarked, and Restricted. The *original estimated revenue* amounts in the accompanying schedule for Other Budgeted Funds were obtained from the State 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 the Budget and Control Board's approval. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects. The Budget and Control Board and the Joint Bond Review Committee must approve and review those changes.

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 2014-15 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 13.

(ii) Certain revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.

(iii) The following taxes are recorded on the modified accrual basis in accordance with State law: admissions tax, alcoholic liquors tax, beer and wine tax, business license tax, documentary tax, electric power tax, gasoline and motor fuel taxes, and sales, use, and casual excise taxes.

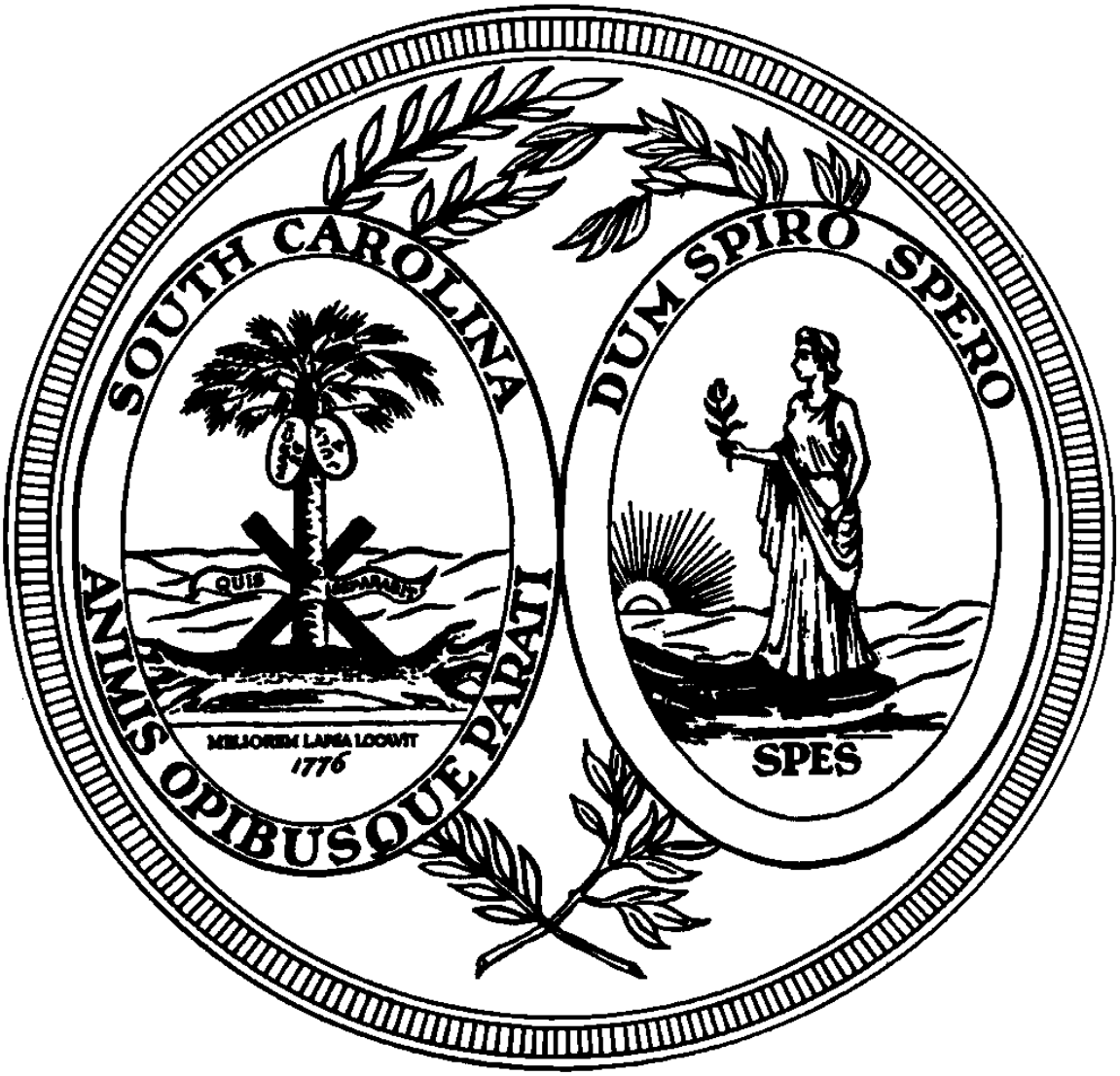
(iv) Certain non-cash activity, such as food stamp benefits, is recorded as revenue and expenditure in the fiscal year in which the resources are distributed to the beneficiaries.

(v) All other revenues are recorded only when the State receives the related cash.

NOTE 5: RECONCILIATION OF BUDGET TO GAAP REPORTING DIFFERENCES

The accompanying budgetary comparison schedules compare the State's legally adopted budget with actual data in accordance with the State's basis of budgeting. 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, 2015, were as follows (expressed in thousands):

Budgetary funds	***Budgetary General Fund***	***Other Budgeted Funds***	**Major Special Revenue Funds**		
GAAP funds	**General Fund**	**Not Applicable**	**Departmental Program Services**	**Local Government Infrastructure**	**Department of Transportation Special Revenue**
Net increase (decrease) in fund balance—budgetary basis	$ 145,417	$ 153,571	$ —	$ —	$ —
Perspective differences:					
Other Budgeted Funds attributable to nonmajor governmental and other GAAP funds	—	993,823	—	—	—
Other Budgeted Funds net increase (decrease) allocated among the State's major governmental GAAP funds	1,291,029	(1,147,394)	(143,086)	(549)	—
Basis of accounting differences	(1,421,140)	—	141,610	17,987	217,980
Entity differences	4,993	—	(1,484)	—	—
Net increase in fund balance—GAAP basis	**$ 20,299**	**$ —**	**$ (2,960)**	**$ 17,438**	**$ 217,980**


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

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, 2015
(Expressed in Thousands)

Last 10 Fiscal Years*

SCRS - South Carolina Retirement System	**2015**	**2014**
State's Proportion of the Net Pension Liability	12.70%	12.70%
State's Proportionate Share of the Net Pension Liability	$ 2,185,979	$ 2,277,364
State Covered-Employee Payroll	$ 973,471	$ 958,913
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	224.56%	237.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.92%	56.39%
PORS - South Carolina Police Officers Retirement System		
State's Proportion of the Net Pension Liability	30.37%	30.37%
State's Proportionate Share of the Net Pension Liability	$ 581,343	$ 629,487
State Covered-Employee Payroll	$ 337,916	$ 338,025
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	172.04%	186.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.55%	62.98%

* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of that day, projected forward to June 30 of the previous year. Additionally, the State implemented GASB 68 during fiscal year 2015. As such, only the last two years of information is available.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the State of South Carolina's SCRS and PORS Contributions
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

Last 10 Fiscal Years*

SCRS - South Carolina Retirement System

	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 130,062	$ 122,348	$ 123,651	$ 255,277	$ 252,814
Contributions in Relation to the Contractually Required Contribution	(130,062)	(122,348)	(123,651)	(255,277)	(252,814)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
State Covered-Employee Payroll	$ 973,471	$ 958,913	$ 956,163	$ 2,227,527	$ 2,247,145
Contributions as a Percentage of Covered-Employee Payroll	13.36%	12.76%	12.93%	11.46%	11.25%

PORS - South Carolina Police Officers Retirement System

Contractually Required Contribution	$ 49,915	$ 46,907	$ 44,393	$ 43,776	$ 42,699
Contributions in Relation to the Contractually Required Contribution	(49,915)	(46,907)	(44,393)	(43,776)	(42,699)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
State Covered-Employee Payroll	$ 337,916	$ 338,025	$ 339,686	$ 352,998	$ 346,404
Contributions as a Percentage of Covered-Employee Payroll	14.77%	13.88%	13.07%	12.40%	12.33%

* - 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 - 2006 have not been restated.

2010	2009	2008	2007	2006
$ 255,653	$ 260,536	$ 246,172	$ 202,865	$ 184,109
(255,653)	(260,536)	(246,172)	(202,865)	(184,109)
$ —	$ —	$ —	$ —	$ —
$ 2,280,108	$ 2,283,295	$ 2,238,486	$ 2,116,417	$ 2,025,086
11.21%	11.41%	11.00%	9.59%	9.09%
$ 42,268	$ 44,566	$ 41,962	$ 39,589	$ 37,256
(42,268)	(44,566)	(41,962)	(39,589)	(37,256)
$ —	$ —	$ —	$ —	$ —
$ 358,181	$ 372,869	$ 373,595	$ 350,681	$ 325,118
11.80%	11.95%	11.23%	11.29%	11.46%

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	**2015**	**2014**	**2013**	**2012**	**2011**
Contractually Required Contribution	$ 4,275	$ 4,063	$ 2,831	$ 2,532	$ 2,414
Contributions in Relation to the Contractually Required Contribution	(4,275)	(4,063)	(2,831)	(2,532)	(2,414)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
Covered-Employee Payroll	$ 2,383	$ 2,688	$ 3,854	$ 3,854	$ 3,854
Contributions as a Percentage of Covered-Employee Payroll	179.40%	151.15%	73.46%	65.70%	62.64%

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:	14 years
Asset Valuation Method:	5-year smothed market
Inflation:	2.75%
Salary Increases:	None
Investment Rate of Return:	7.5%, 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 2011 actuarial valuation, assumed life expectancies were adjusted as a result of adopting RP-2000 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on UP-94 Mortality Table rates, with the female rates set back one year.
Other Information:	GARS is closed to members of the General Assembly first elected in November 2012 or after.

2010	2009	2008	2007	2006
$ 2,598	$ 2,495	$ 2,440	$ 2,358	$ 2,171
(2,598)	(2,495)	(2,440)	(2,358)	(2,171)
$ —	$ —	$ —	$ —	$ —
$ 3,854	$ 3,854	$ 3,854	$ 3,854	$ 3,854
67.41%	64.74%	63.31%	61.18%	56.33%

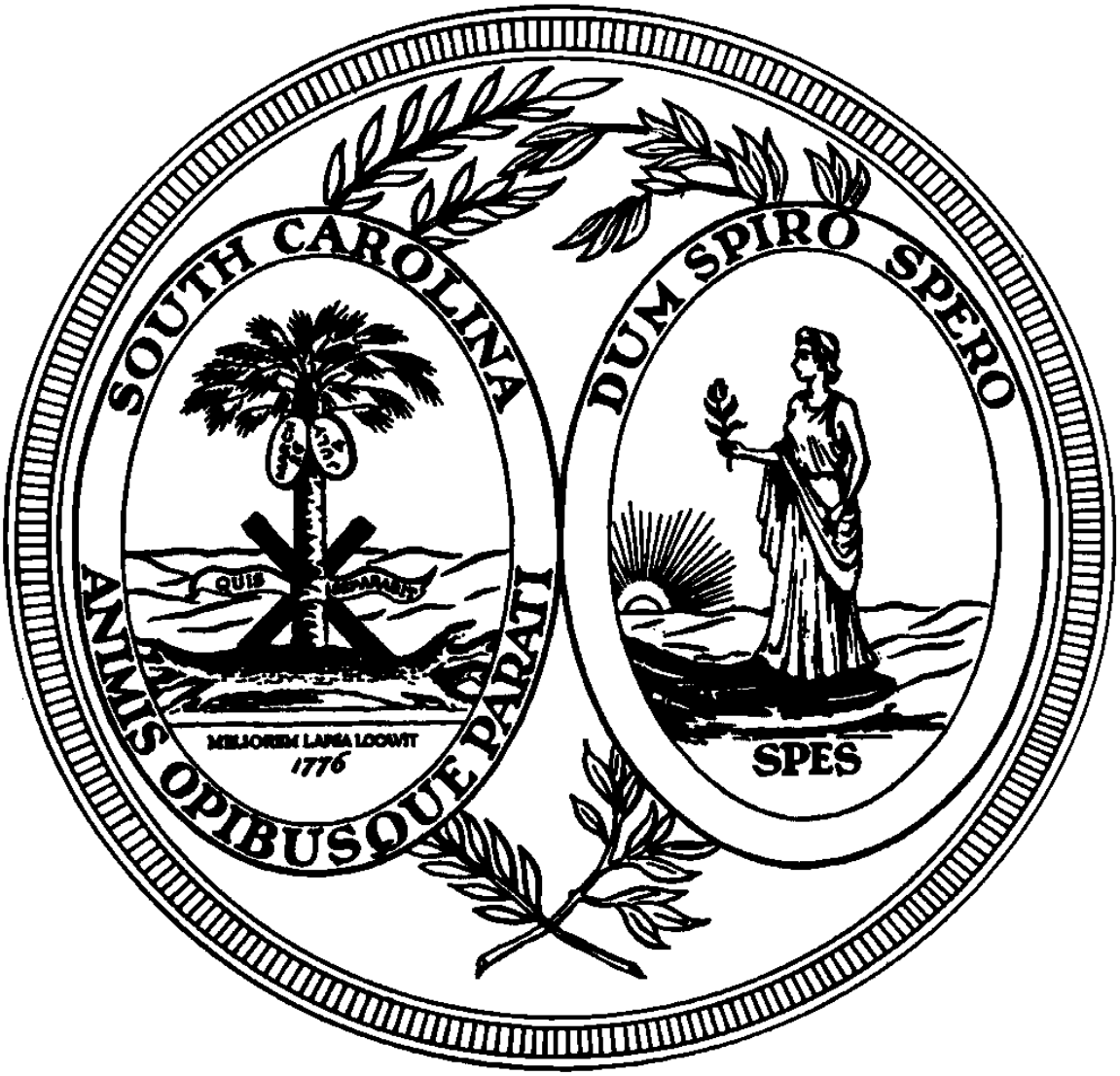
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the State of South Carolina's GARS Net Pension Liability and Related Ratios
(Expressed in Thousands)

Last 10 Fiscal Years*

GARS - Retirement System for the Members of the General Assembly of the State of South Carolina

	2015
Total Pension Liability	
Service Cost	$ 572
Interest	5,437
Difference Between Actual and Expected Experience	(2,585)
Benefit Payments	(6,861)
Net Change in Total Pension Liability	(3,437)
Total Pension Liability - Beginning	78,224
Total Pension Liability - Ending (a)	$ 74,787
Plan Fiduciary Net Position	
Contributions - Employer	$ 4,063
Contributions - Member	384
Refunds of Contributions to Members	(41)
Retirement Benefits	(6,799)
Death Benefits	(20)
Net Investment Income (Loss)	4,545
Administrative Expense	(17)
Other	15
Net Change in Plan Fiduciary Net Position	2,130
Plan Fiduciary Net Position - Beginning	31,904
Plan Fiduciary Net Position - Ending (b)	$ 34,034
Net Pension Liability - Ending (a) - (b)	$ 40,753
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.51%
Covered-Employee Payroll	$ 2,383
Net Pension Liability as a Percentage of Covered-Employee Payroll	1710.16%

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the current year's information is available.


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

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

	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 10,109	$ 9,659	$ 8,667	$ 8,414	$ 8,414
Contributions in Relation to the Contractually Required Contribution	(10,109)	(9,659)	(8,667)	(8,414)	(8,414)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
Covered-Employee Payroll	$ 18,138	$ 20,407	$ 19,221	$ 18,661	$ 18,661
Contributions as a Percentage of Covered-Employee Payroll	55.73%	47.33%	45.09%	45.09%	45.09%

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, open

Remaining Amortization Period: 28 years

Asset Valuation Method: 5-year smothed market

Inflation: 2.75%

Salary Increases: 3.00%

Investment Rate of Return: 7.5%, net of investment and administration expenses, including inflation

Retirement Age: In the 2008 valuation the retirement age changed from a varying formula based on years of service and age to age 60 or 25 years of service for judges and 24 years of service for solicitors or circuit public defenders regardless of age.

Mortality: In the 2011 actuarial valuation, assumed life expectancies were adjusted as a result of adopting RP-2000 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on UP-94 Mortality Table rates, with the female rates set back one year.

2010	2009	2008	2007	2006
$ 8,414	$ 8,414	$ 7,613	$ 6,706	$ 6,511
(8,414)	(8,414)	(7,613)	(6,706)	(6,511)
$ —	$ —	$ —	$ —	$ —
$ 18,661	$ 18,661	$ 16,407	$ 15,929	$ 15,464
45.09%	45.09%	46.40%	42.10%	42.10%

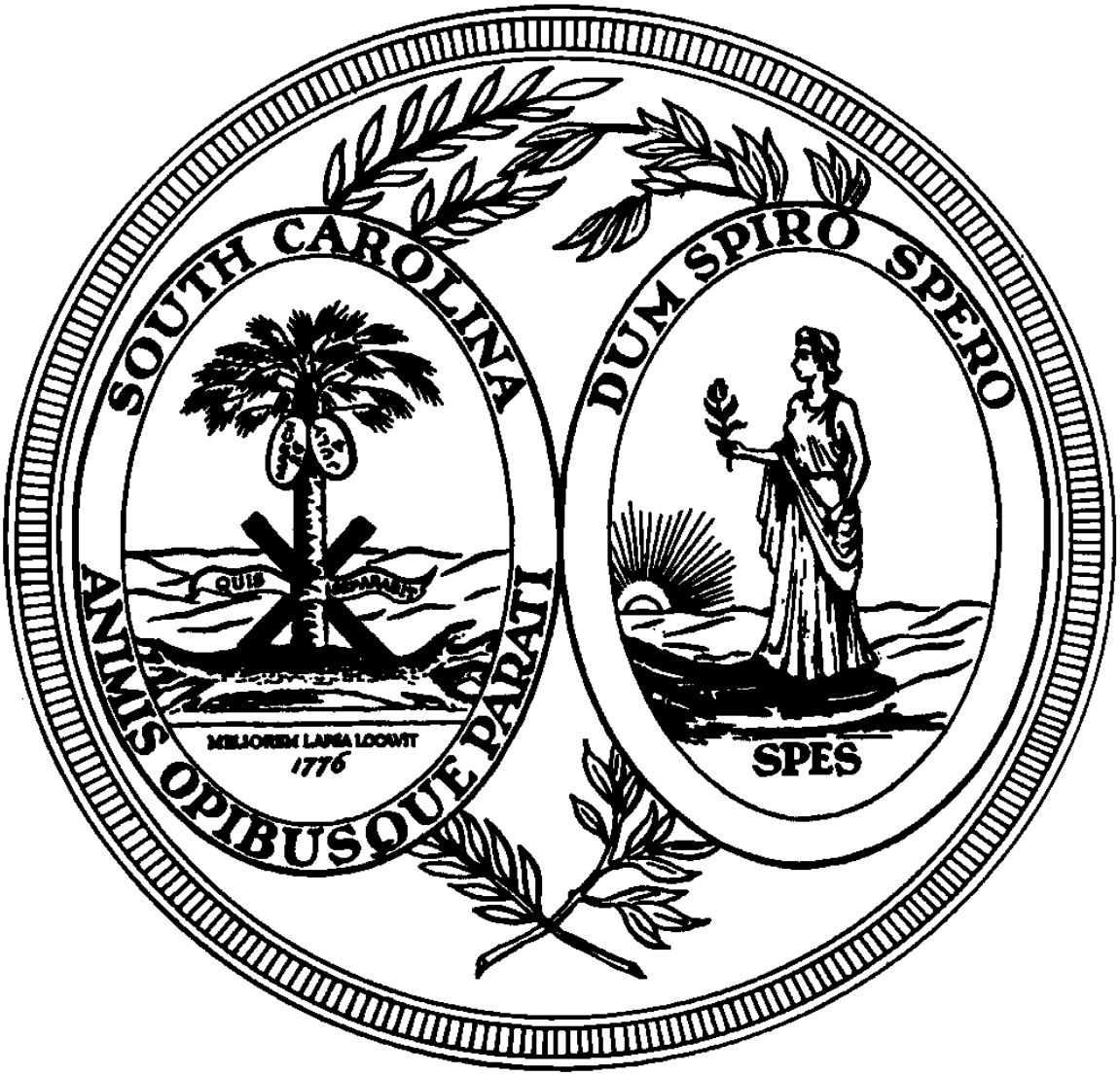
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the State of South Carolina's JSRS Net Pension Liability and Related Ratios
(Expressed in Thousands)

Last 10 Fiscal Years*

JSRS - Retirement System for Judges and Solicitors of the State of South Carolina

	2015
Total Pension Liability	
Service Cost	$ 5,571
Interest	18,857
Difference Between Actual and Expected Experience	(3,240)
Benefit Payments	(16,684)
Net Change in Total Pension Liability	4,504
Total Pension Liability - Beginning	260,228
Total Pension Liability - Ending (a)	$ 264,732
Plan Fiduciary Net Position	
Contributions - Employer	$ 9,659
Contributions - Member	2,448
Retirement Benefits	(16,675)
Death Benefits	(10)
Net Investment Income (Loss)	19,962
Administrative Expense	(68)
Other	195
Net Change in Plan Fiduciary Net Position	15,511
Plan Fiduciary Net Position - Beginning	131,985
Plan Fiduciary Net Position - Ending (b)	$ 147,496
Net Pension Liability - Ending (a) - (b)	$ 117,236
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.72%
Covered-Employee Payroll	$ 18,138
Net Pension Liability as a Percentage of Covered-Employee Payroll	646.36%

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the current year's information is available.


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

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

	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 4,591	$ 4,586	$ 4,539	$ 3,937	$ 3,905
Contributions in Relation to the Contractually Required Contribution	(4,591)	(4,586)	(4,539)	(3,937)	(3,905)
Contribution Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which they are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry age

Amortization Method: Level dollar, closed

Remaining Amortization Period: 19 years

Asset Valuation Method: 5-year smothed market

Inflation: 2.75%

Salary Increases: N/A

Investment Rate of Return: 7.5%, 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 2011 actuarial valuation, assumed life expectancies were adjusted as a result of adopting RP-2000 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1983 Group Annuity Mortality Table rates for males.

2010	2009	2008	2007	2006
$ 3,945	$ 4,052	$ 3,923	$ 3,948	$ 3,942
(3,945)	(4,052)	(3,923)	(3,948)	(3,942)
$ —	$ —	$ —	$ —	$ —
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

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

Last 10 Fiscal Years*

SCNG - South Carolina National Guard Supplemental Retirement Plan

	2015
Total Pension Liability	
Service Cost	$ 697
Interest	4,417
Difference Between Actual and Expected Experience	(262)
Benefit Payments	(4,248)
Net Change in Total Pension Liability	604
Total Pension Liability - Beginning	60,926
Total Pension Liability - Ending (a)	$ 61,530
Plan Fiduciary Net Position	
Contributions - Employer	$ 4,586
Retirement Benefits	(4,248)
Net Investment Income (Loss)	2,806
Administrative Expense	(10)
Net Change in Plan Fiduciary Net Position	3,134
Plan Fiduciary Net Position - Beginning	19,424
Plan Fiduciary Net Position - Ending (b)	$ 22,558
Net Pension Liability - Ending (a) - (b)	$ 38,972
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.66%
Covered-Employee Payroll	N/A
Net Pension Liability as a Percentage of Covered-Employee Payroll	N/A

* - The State implemented GASB 68 in fiscal year 2015, which changed prior calculations of the total pension liabilities. As such, only the current year's information is available.

SUPPLEMENTARY INFORMATION

Governmental Funds

Governmental funds include the General Fund, several special revenue funds, a Capital Projects Fund, a Debt Service Fund, and three permanent funds.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's 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 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 nonmajor discretely presented component unit, to transfer all proceeds from lottery ticket sales and other revenues net of expenses to the Education Lottery Fund. The Fund distributes these monies for education purposes and programs as stipulated in State law. These programs include tuition assistance, needs-based grants, scholarships for the State's universities and technical colleges and acquisition or improvement of physical resources for education.

Tobacco Settlement Revenue Management Authority Fund. The Tobacco Settlement Revenue Management Authority was created to issue bonds that securitized future payments received under the multi-state legal settlement with the tobacco industry. The State transferred to the Authority, from its General Fund, all of its rights to the future tobacco settlement revenues.

The *State Tobacco Settlement Fund* accounts for revenues received from the General Fund and from the Tobacco Settlement Revenue Management Authority. Various healthcare and local government programs use these funds and the related interest.

Public Telecommunications Fund. The Public Telecommunications Fund of the State's Office of Regulatory Staff accounts for revenues collected from telephone companies within the State and redistributed to certain telephone companies in an effort to align prices and cost recovery with costs. This program also is intended to ensure basic telephone service at affordable rates is available to all citizens. Other revenues of the Fund include telephone customer surcharges for the 911 emergency system mandated by the FCC. These monies are collected from the telephone companies and distributed to local governments for their 911 emergency telephone systems.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues that must be used for specific purposes. These funds include operations of various employment services, water recreation, agricultural boards, forest renewal programs, medical and dental scholarships, energy-related programs, and certain programs administered by the Department of Probation, Parole, and Pardon Services.

b. Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments). Capital outlays financed from general obligation bond proceeds are accounted for through the Capital Projects Fund.

c. Debt Service Fund

The Debt Service Fund accounts for financial resources to be used for the repayment of debt service where the document executed to acquire the debt requires that the funds be segregated from the uses of the proceeds and other operational activities.

d. Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs—that is, for the benefit of the State or its citizenry.

Bequests Fund. Sometimes private citizens make bequests of specific assets within their wills to the State. Typically, these gifts provide that the State may expend the earnings, but not the principal, to support certain State agencies or certain programs within a specific State agency. The Bequests Fund accounts for these funds.

*Children's Education Endowment Fund***.** This fund accounts for low-level radioactive waste fees collected from the Barnwell waste facility that are not required to be deposited to the General Fund or remitted to Barnwell County. These funds are to be used for public school facilities assistance and higher education scholarship grants.

Wildlife Endowment Fund. The Wildlife Endowment Fund accounts for funds received from private citizens as gifts and contributions, as well as fees for certain lifetime hunting and fishing licenses. The State may expend the earnings, but not the principal, in furthering the conservation of wildlife resources and the efficient operation of the State's Department of Natural Resources.

Combining Balance Sheet

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015
(Expressed in Thousands)

	SPECIAL REVENUE					
	Waste Management	Accommodations and Local Option Sales Tax	Education Lottery	Tobacco Settlement Revenue Management Authority	State Tobacco Settlement	Public Tele-commun-ications
ASSETS						
Cash and cash equivalents	$ 2,056	$ 134,197	$ —	$ 5,342	$ 5,220	$ 3,812
Investments	173,179	51,246	61,412	—	17,120	2,724
Invested securities lending collateral	126	37	45	—	13	2
Receivables, net:						
Accounts	—	—	10	—	—	—
Accrued interest	210	44	123	—	35	3
Sales and other taxes	29	88,271	—	—	—	—
Loans and notes	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Due from component units	—	—	25,546	—	—	—
Interfund receivables	—	—	—	—	—	—
Restricted assets:						
Other	—	—	—	35,000	—	—
Prepaid items	—	—	33	—	—	—
Total assets	**$ 175,600**	**$ 273,795**	**$ 87,169**	**$ 40,342**	**$ 22,388**	**$ 6,541**
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	212	2	23,050	—	—	—
Accrued salaries and related expenditures	13	—	28	—	—	—
Retainages payable	—	—	—	—	—	34
Tax refunds payable	—	126	—	—	—	—
Intergovernmental payables	452	187,659	9,574	—	—	—
Due to other funds	5	—	9	—	—	—
Due to component units	—	—	2,961	—	—	—
Interfund payables	—	—	—	—	—	—
Securities lending collateral	365	108	129	—	36	6
Total liabilities	**1,047**	**187,895**	**35,751**	**—**	**36**	**40**
Fund balances:						
Nonspendable	—	—	33	—	—	—
Restricted	174,553	85,900	51,385	35,000	13,985	6,501
Committed	—	—	—	—	8,367	—
Assigned	—	—	—	5,342	—	—
Total fund balances	**174,553**	**85,900**	**51,418**	**40,342**	**22,352**	**6,501**
Total liabilities and fund balances	**$ 175,600**	**$ 273,795**	**$ 87,169**	**$ 40,342**	**$ 22,388**	**$ 6,541**

Exhibit D-1

Other Special Revenue	Totals	CAPITAL PROJECTS	DEBT SERVICE	PERMANENT Bequests	PERMANENT Children's Education Endowment	PERMANENT Wildlife Endowment	PERMANENT Totals	TOTALS
$ 16,039	$ 166,666	$ 35,980	$ 44,656	$ —	$ 364	$ —	$ 364	$ 247,666
67,586	373,267	64,554	—	1,369	6,946	4,714	13,029	450,850
58	281	53	—	4	5	19	28	362
8	18	—	—	—	—	—	—	18
100	515	92	—	8	4	31	43	650
13	88,313	—	2,128	—	—	—	—	90,441
4	4	—	—	—	—	—	—	4
—	—	—	53	—	—	—	—	53
35	25,581	8,200	—	—	—	—	—	33,781
18	18	—	—	—	—	—	—	18
—	35,000	—	—	—	—	—	—	35,000
1	34	—	—	—	—	—	—	34
$ 83,862	**$ 689,697**	**$ 108,879**	**$ 46,837**	**$ 1,381**	**$ 7,319**	**$ 4,764**	**$ 13,464**	**$ 858,877**
134	23,398	7,986	—	7	—	4	11	31,395
151	192	—	—	—	—	—	—	192
—	34	217	—	—	—	—	—	251
—	126	—	—	—	—	—	—	126
5,251	202,936	82	—	—	—	—	—	203,018
41	55	—	—	—	—	—	—	55
—	2,961	899	—	—	—	—	—	3,860
—	—	6,470	—	—	—	—	—	6,470
150	794	159	—	6	15	25	46	999
5,727	**230,496**	**15,813**	**—**	**13**	**15**	**29**	**57**	**246,366**
19	52	—	—	689	5,189	3,179	9,057	9,109
64,040	431,364	17,582	46,837	679	2,115	1,556	4,350	500,133
12,576	20,943	75,484	—	—	—	—	—	96,427
1,500	6,842	—	—	—	—	—	—	6,842
78,135	**459,201**	**93,066**	**46,837**	**1,368**	**7,304**	**4,735**	**13,407**	**612,511**
$ 83,862	**$ 689,697**	**$ 108,879**	**$ 46,837**	**$ 1,381**	**$ 7,319**	**$ 4,764**	**$ 13,464**	**$ 858,877**

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

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	SPECIAL REVENUE					
	Waste Management	Accommodations and Local Option Sales Tax	Education Lottery	Tobacco Settlement Revenue Management Authority	State Tobacco Settlement	Public Tele-commun-ications
Revenues:						
Taxes:						
Retail sales and use	$ 1,819	$ 688,052	$ —	$ —	$ —	$ —
Other	—	—	—	—	—	—
Licenses, fees, and permits	1,196	—	—	—	—	46,001
Interest and other investment income	893	101	766	—	79	28
Federal	—	—	—	—	—	—
Departmental services	—	—	—	—	—	—
Contributions	—	—	330,971	—	—	—
Fines and penalties	—	—	—	—	69,418	—
Tobacco legal settlement	—	—	—	70,419	—	—
Other	812	—	14	—	—	—
Total revenues	**4,720**	**688,153**	**331,751**	**70,419**	**69,497**	**46,029**
Expenditures:						
Current:						
General government	460	—	—	3,573	45	44,661
Education	—	—	278,645	—	—	—
Health and environment	1,667	—	73	—	72,615	—
Administration of justice	—	—	—	—	—	—
Resources and economic development	—	—	—	—	—	—
Capital outlay	—	—	12,217	—	—	—
Debt service:						
Principal retirement	—	—	3	—	—	—
Interest and fiscal charges	—	—	—	—	—	—
Intergovernmental	1,380	676,433	71,307	—	—	—
Total expenditures	**3,507**	**676,433**	**362,245**	**3,573**	**72,660**	**44,661**
Excess of revenues over (under) expenditures	**1,213**	**11,720**	**(30,494)**	**66,846**	**(3,163)**	**1,368**
Other financing sources (uses):						
Bonds issued	—	—	—	—	—	—
Premiums on bonds issued	—	—	—	—	—	—
Transfers in	—	—	—	—	5,387	—
Transfers out	(11)	—	(2,583)	(65,891)	(3,528)	—
Total other financing sources (uses)	**(11)**	**—**	**(2,583)**	**(65,891)**	**1,859**	**—**
Net change in fund balances	**1,202**	**11,720**	**(33,077)**	**955**	**(1,304)**	**1,368**
Fund balances at beginning of year, as restated	**173,351**	**74,180**	**84,495**	**39,387**	**23,656**	**5,133**
Fund balances at end of year	**$ 174,553**	**$ 85,900**	**$ 51,418**	**$ 40,342**	**$ 22,352**	**$ 6,501**

Exhibit D-2

				PERMANENT				
Other Special Revenue	Totals	CAPITAL PROJECTS	DEBT SERVICE	Bequests	Children's Education Endowment	Wildlife Endowment	Totals	TOTALS
$ —	$ 689,871	$ —	$ —	$ —	$ —	$ —	$ —	$ 689,871
2,390	2,390	1,844	—	—	—	—	—	4,234
22,685	69,882	—	—	—	—	412	412	70,294
537	2,404	533	—	—	54	143	197	3,134
—	—	53	—	—	—	—	—	53
10,141	10,141	—	—	—	—	—	—	10,141
181	331,152	430	—	—	—	—	—	331,582
8,428	77,846	—	—	—	—	—	—	77,846
—	70,419	—	—	—	—	—	—	70,419
908	1,734	146	—	—	—	—	—	1,880
45,270	**1,255,839**	**3,006**	**—**	**—**	**54**	**555**	**609**	**1,259,454**
25,566	74,305	—	—	—	—	—	—	74,305
4	278,649	—	—	—	—	—	—	278,649
16	74,371	—	—	47	—	—	47	74,418
—	—	—	—	3	—	—	3	3
92	92	—	—	—	—	136	136	228
389	12,606	81,792	—	—	—	—	—	94,398
—	3	1,335	—	—	—	—	—	1,338
—	—	857	16,466	—	—	—	—	17,323
13,805	762,925	—	—	—	—	—	—	762,925
39,872	**1,202,951**	**83,984**	**16,466**	**50**	**—**	**136**	**186**	**1,303,587**
5,398	**52,888**	**(80,978)**	**(16,466)**	**(50)**	**54**	**419**	**423**	**(44,133)**
—	—	18,110	—	—	—	—	—	18,110
—	—	3,070	—	—	—	—	—	3,070
496	5,883	62,614	12,035	—	—	—	—	80,532
(10,063)	(82,076)	(3,757)	—	—	—	—	—	(85,833)
(9,567)	**(76,193)**	**80,037**	**12,035**	**—**	**—**	**—**	**—**	**15,879**
(4,169)	**(23,305)**	**(941)**	**(4,431)**	**(50)**	**54**	**419**	**423**	**(28,254)**
82,304	**482,506**	**94,007**	**51,268**	**1,418**	**7,250**	**4,316**	**12,984**	**640,765**
$ 78,135	**$ 459,201**	**$ 93,066**	**$ 46,837**	**$ 1,368**	**$ 7,304**	**$ 4,735**	**$ 13,407**	**$ 612,511**

General Reserve Fund Activity

Exhibit D-3

BUDGETARY GENERAL FUND

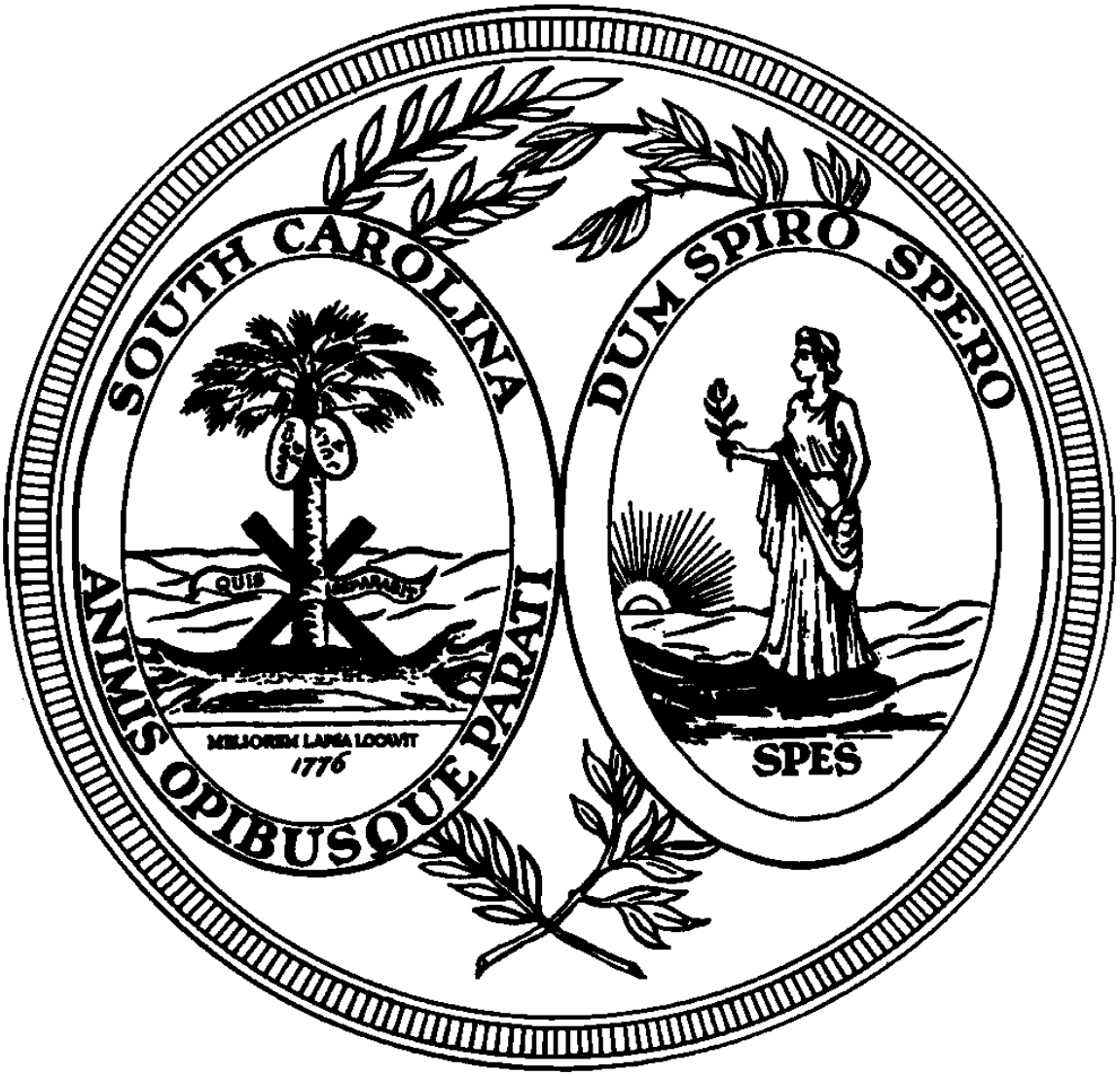
Last Ten Fiscal Years

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
2006	75,155	78,333	—	153,488	153,488	100%
2007	153,488	14,244	—	167,732	167,732	100%
2008	167,732	19,049	(91,658)	95,123	186,781	51%
2009	95,123	12,974	(108,097)	—	199,755	—
2010	—	110,883	—	110,883	191,772	58%
2011	110,883	55,442	—	166,325	166,325	100%
2012	166,325	17,141	—	183,466	183,466	100%
2013	183,466	98,175	—	281,641	225,313	125%
2014	281,641	11,249	—	292,890	263,601	111%
2015	292,890	26,589	—	319,479	319,479	100%


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

Proprietary Funds

Proprietary funds include enterprise and internal service funds. This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's 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.

Canteen Fund. This fund accounts for the operations of canteens at various correctional institutions.

Tuition Prepayment Program Fund. This fund, previously known as the PACE program, allows contributors to make payments, under the terms of a tuition prepayment contract, to cover future undergraduate tuition expenses of a designated beneficiary at a South Carolina public higher education institution. Alternatively, the benefits of this contract can be applied toward the cost of tuition, up to the weighted average tuition at South Carolina public institutions, at any accredited college or university to which the designated beneficiary has been admitted.

Palmetto Railways Fund. The Public Railways Division of the Department of Commerce d/b/a Palmetto Railways consists of two divisions: the Ports Utilities Commission and Port Terminal Railroad, which operates the railroad yard at the Charleston Harbor; and the East Cooper and Berkeley Railroad, which operates the railroad line in Berkeley County.

Other Enterprise Funds. Other enterprise activities of the State include: the Savannah Valley Development of the South Carolina Department of Commerce, operation of the Columbia Farmers' Market, and enterprise operations of the Adjutant General's Office and the State Board for Technical and Comprehensive Education.

b. Internal Service Funds

The State uses the internal service funds described below to report activities that provide goods or services to other State funds, departments, agencies, component units, and/or to other governments, on a cost-reimbursement basis if the State is the predominant participant in the activity. If the State is *not* the predominant participant, it reports the activity as an enterprise fund.

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. State law limits the Fund's customers to certain governmental persons/entities within the State and certain associated parties.

Employee Insurance Programs Fund. This is a risk management fund that underwrites the group health, dental, life, accidental death and dismemberment, disability, and long-term care benefits provided to State and public school employees and retirees.

State Accident Fund. This is a risk management fund that provides workers' compensation benefits predominantly to State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include telecommunication and computer services, rental of office buildings, janitorial services, building maintenance, and procurement services.

Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of internal service funds. Such activities include provision of training programs for State employees and work activity centers of the Vocational Rehabilitation Department.

Combining Statement of Net Position

NONMAJOR ENTERPRISE FUNDS

June 30, 2015
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program
ASSETS			
Current assets:			
Cash and cash equivalents	$ 504	$ 2,691	$ 615
Investments	6,779	—	90,582
Invested securities lending collateral	—	—	—
Receivables, net:			
Accounts	—	—	474
Participants	—	—	720
Accrued interest	67	—	—
Inventories	—	1,462	—
Restricted assets:			
Cash and cash equivalents	—	—	—
Prepaid items	228	—	—
Other current assets	—	—	—
Total current assets	7,578	4,153	92,391
Long-term assets:			
Participants	—	—	2,054
Loans receivable	—	—	—
Non-depreciable capital assets	—	—	—
Depreciable capital assets, net	937	23	—
Total long-term assets	937	23	2,054
Total assets	**8,515**	**4,176**	**94,445**
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	28	174	—
Difference between actual and expected experience	14	75	—
Total deferred outflows of resources	**42**	**249**	**—**

Exhibit E-1

Palmetto Railways	Other Enterprise	Totals
$ 9,151	$ 1,760	$ 14,721
—	35	97,396
1	—	1
1,380	32	1,886
—	—	720
9	12	88
1,175	—	2,637
—	1	1
232	—	460
8	—	8
11,956	1,840	117,918
—	—	2,054
—	940	940
134,926	508	135,434
19,188	1,213	21,361
154,114	2,661	159,789
166,070	**4,501**	**277,707**
—	44	246
—	19	108
—	**63**	**354**

Continued on Next Page

Combining Statement of Net Position

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2015
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program
LIABILITIES			
Current liabilities:			
Accounts payable	188	9	69
Accrued salaries and related expenses	25	120	—
Tuition benefits payable	—	—	26,233
Policy claims	7,815	—	—
Due to other funds	—	51	—
Unearned revenues	2,753	—	—
Securities lending collateral	—	—	—
Liabilities payable from restricted assets:			
Revenue bonds payable	—	—	—
Compensated absences payable	24	103	—
Other current liabilities	—	—	—
Total current liabilities	10,805	283	26,302
Long-term liabilities:			
Tuition benefits payable	—	—	124,049
Policy claims	56,515	—	—
Interfund payables	—	—	—
Other liabilities payable from restricted assets	309	—	—
Revenue bonds payable	—	—	—
Compensated absences payable	—	128	—
Other long-term liabilities	—	—	—
Net pension liability	508	2,677	—
Total long-term liabilities	57,332	2,805	124,049
Total liabilities	**68,137**	**3,088**	**150,351**
DEFERRED INFLOWS OF RESOURCES			
Net difference earnings pension plan investment	43	244	—
Total deferred inflows of resources	**43**	**244**	**—**
NET POSITION			
Net investment in capital assets	937	23	—
Unrestricted	(60,560)	1,070	(55,906)
Total net position	**$ (59,623)**	**$ 1,093**	**$ (55,906)**

Exhibit E-1

Palmetto Railways	Other Enterprise	Totals
1,273	1	$ 1,540
327	126	598
—	—	26,233
—	—	7,815
—	40	91
33	—	2,786
2	—	2
160	—	160
309	80	516
71	—	71
2,175	247	39,812
—	—	124,049
—	—	56,515
2,000	940	2,940
2,000	12	2,321
5,895	—	5,895
—	100	228
2,000	—	2,000
—	681	3,866
11,895	1,733	197,814
14,070	**1,980**	**237,626**
—	62	349
—	**62**	**349**
144,058	1,721	146,739
7,942	801	(106,653)
$ 152,000	**$ 2,522**	**$ 40,086**

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

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program	Palmetto Railways
Operating revenues:				
Charges for services	$ 11,142	$ 18,106	$ —	$ 11,716
Contributions	—	—	1,100	—
Interest and other investment income	—	—	15,240	6
Other operating revenues	—	—	—	115
Total operating revenues	**11,142**	**18,106**	**16,340**	**11,837**
Operating expenses:				
General operations and administration	1,775	14,836	292	8,121
Benefits and claims	5,187	—	—	—
Tuition plan disbursements	—	—	14,524	—
Depreciation and amortization	93	3	—	992
Other operating expenses	—	—	—	—
Total operating expenses	**7,055**	**14,839**	**14,816**	**9,113**
Operating income (loss)	**4,087**	**3,267**	**1,524**	**2,724**
Nonoperating revenues (expenses):				
Interest income	86	—	—	—
Contributions	—	—	—	12,562
Interest expense	—	—	—	(18)
Net other nonoperating revenues (expenses)	(101)	24	—	2,354
Total nonoperating revenues (expenses)	**(15)**	**24**	**—**	**14,898**
Income (loss) before transfers	**4,072**	**3,291**	**1,524**	**17,622**
Transfers in	—	10	—	—
Transfers out	—	(3,532)	—	—
Change in net position	**4,072**	**(231)**	**1,524**	**17,622**
Net position, at beginning of year, as restated	**(63,695)**	**1,324**	**(57,430)**	**134,378**
Net position at end of year	**$ (59,623)**	**$ 1,093**	**$ (55,906)**	**$ 152,000**

Exhibit E-2

Other Enterprise	Totals
$ 3,129	$ 44,093
—	1,100
1	15,247
—	115
3,130	**60,555**
3,771	28,795
—	5,187
—	14,524
111	1,199
3	3
3,885	**49,708**
(755)	**10,847**
49	135
5	12,567
(159)	(177)
69	2,346
(36)	**14,871**
(791)	**25,718**
—	10
—	(3,532)
(791)	**22,196**
3,313	**17,890**
$ 2,522	**$ 40,086**

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program	Palmetto Railways
Cash flows from operating activities:				
Receipts from customers, patients, and third-party payers	$ 10,408	$ 18,131	$ —	$ 10,442
Tuition plan contributions received	—	—	2,138	—
Claims and benefits paid	(13,125)	—	(29,912)	—
Payments to suppliers for goods and services	(1,221)	(13,385)	—	(2,066)
Payments to employees	(347)	(1,405)	—	(3,913)
Other operating cash receipts	—	—	—	121
Other operating cash payments	—	—	(1,352)	—
Net cash provided by (used in) operating activities	**(4,285)**	**3,341**	**(29,126)**	**4,584**
Cash flows from noncapital financing activities:				
Interest payments on noncapital debt	—	—	—	—
Other noncapital financing cash receipts	—	7	—	1,757
Other noncapital financing cash payments	—	—	—	(2,020)
Transfers in	—	10	—	—
Transfers out	—	(3,532)	—	—
Net cash used in noncapital financing activities	**—**	**(3,515)**	**—**	**(263)**
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(257)	(25)	—	(21,374)
Principal payments on capital debt	—	—	—	(155)
Capital grants and gifts received	—	—	—	12,562
Proceeds from sale or disposal of capital assets	—	—	—	585
Net cash used in capital and related financing activities	**(257)**	**(25)**	**—**	**(8,382)**
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	5,118	—	9,676	—
Purchase of investments	(1,366)	—	—	—
Interest and dividends on investments	306	—	15,240	18
Net cash provided by (used in) investing activities	**4,058**	**—**	**24,916**	**18**
Net increase (decrease) in cash and cash equivalents	**(484)**	**(199)**	**(4,210)**	**(4,043)**
Cash and cash equivalents at beginning of year	**988**	**2,890**	**4,825**	**13,194**
Cash and cash equivalents at end of year	**$ 504**	**$ 2,691**	**$ 615**	**$ 9,151**

Exhibit E-3

Other Enterprise	Totals
$ 4,009	$ 42,990
—	2,138
—	(43,037)
(1,523)	(18,195)
(2,274)	(7,939)
—	121
—	(1,352)
212	**(25,274)**
(110)	(110)
76	1,840
—	(2,020)
—	10
—	(3,532)
(34)	**(3,812)**
(8)	(21,664)
—	(155)
—	12,562
—	585
(8)	**(8,672)**
—	14,794
(35)	(1,401)
1	15,565
(34)	**28,958**
136	**(8,800)**
1,625	**23,522**
$ 1,761	**$ 14,722**

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Patients' Compensation	Canteen	Tuition Prepayment Program	Palmetto Railways
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 4,087	$ 3,267	$ 1,524	$ 2,724
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	93	3	—	992
Realized gains and losses on sale of assets	—	—	—	—
Interest and dividends on investments and interfund loans	—	—	(15,240)	—
Other nonoperating revenues	—	48	—	—
Effect of change in operating assets and liabilities:				
Accounts receivable, net	—	—	1,038	(150)
Due from other funds	—	—	—	—
Inventories	—	70	—	168
Other assets	(29)	—	—	7
Deferred outflows	(42)	(249)	—	—
Accounts payable	113	2	(1,060)	(127)
Accrued salaries and related expenses	—	(14)	—	58
Tuition benefits payable	—	—	(15,388)	—
Policy claims	(7,938)	—	—	—
Due to other funds	—	(2)	—	2,000
Unearned revenues	(734)	—	—	(1,125)
Compensated absences payable	9	(28)	—	49
Other liabilities	113	—	—	(12)
Deferred inflows	43	244	—	—
Net cash provided by (used in) operating activities	**$ (4,285)**	**$ 3,341**	**$ (29,126)**	**$ 4,584**
Noncash capital, investing, and financing activities:				
Increase in fair value of investments	$ 39	$ —	$ 2,268	$ —
	$ 39	$ —	$ 2,268	$ —

Exhibit E-3

Other Enterprise	Totals
$ (755)	$ 10,847
111	1,199
(4)	(4)
(1)	(15,241)
11	59
897	1,785
—	—
—	238
—	(22)
(63)	(354)
(2)	(1,074)
(8)	36
—	(15,388)
—	(7,938)
—	1,998
(4)	(1,863)
(32)	(2)
—	101
62	349
$ 212	**$ (25,274)**
$ —	$ 2,307
$ —	$ 2,307

Combining Statement of Net Position

INTERNAL SERVICE FUNDS

June 30, 2015
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services	Motor Pool
ASSETS					
Current assets:					
Cash and cash equivalents	$ 45,810	$ 318,003	$ 252,091	$ 14,536	$ 9,580
Investments	—	—	—	2,087	—
Invested securities lending collateral	2,968	228	184	2	—
Receivables, net:					
Accounts	16,607	74,595	62,238	603	331
Accrued interest	3,021	10	308	2	—
Due from other funds	11,456	711	—	2,233	205
Due from component units	9,759	—	—	752	—
Inventories	—	—	—	631	—
Prepaid items	19,436	1,145	13	568	—
Total current assets	109,057	394,692	314,834	21,414	10,116
Long-term assets:					
Investments	438,347	—	—	—	—
Accounts receivable, net	—	—	—	—	—
Interfund receivables	940	—	—	6,470	4,700
Prepaid items	—	—	—	236	—
Other long-term assets	—	—	294	—	—
Non-depreciable capital assets	—	—	—	7,098	—
Depreciable capital assets, net	—	357	131	77,598	17,106
Total long-term assets	439,287	357	425	91,402	21,806
Total assets	**548,344**	**395,049**	**315,259**	**112,816**	**31,922**
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	251	557	285	1,510	82
Difference between actual and expected experience	117	244	130	649	35
Total deferred outflows of resources	**368**	**801**	**415**	**2,159**	**117**

Exhibit E-4

Prison Industries	Other Internal Service	Totals
$ 3,082	$ 1,157	$ 644,259
—	—	2,087
—	—	3,382
1,303	8	155,685
—	—	3,341
—	—	14,605
—	—	10,511
2,435	—	3,066
—	—	21,162
6,820	1,165	858,098
—	—	438,347
1,012	—	1,012
—	—	12,110
—	—	236
—	—	294
—	—	7,098
4,877	—	100,069
5,889	—	559,166
12,709	**1,165**	**1,417,264**
348	7	3,040
150	3	1,328
498	**10**	**4,368**

Continued on Next Page

Combining Statement of Net Position

INTERNAL SERVICE FUNDS (Continued)

June 30, 2015
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services	Motor Pool
LIABILITIES					
Current liabilities:					
Accounts payable	$ 188	$ —	$ 160	$ 1,628	$ 724
Accrued salaries and related expenses	293	1,129	264	1,270	71
Accrued interest payable	—	—	—	165	—
Intergovernmental payables	—	—	—	86	—
Policy claims	264,339	190,722	87,771	—	—
Due to other funds	—	—	—	871	29
Unearned revenues	69,477	15,161	69,387	—	—
Deposits	—	—	41	—	—
Securities lending collateral	3,691	657	531	4	—
Notes payable	—	—	—	—	—
Revenue bonds payable	—	—	—	2,055	—
Limited obligation bonds payable	—	—	—	185	—
Compensated absences payable	180	518	228	1,196	80
Other current liabilities	—	—	2,831	—	—
Total current liabilities	338,168	208,187	161,213	7,460	904
Long-term liabilities:					
Policy claims	—	—	151,679	—	—
Interfund payables	—	—	—	4,842	—
Notes payable	—	—	—	—	—
Revenue bonds payable	—	—	—	4,644	—
Compensated absences payable	71	283	84	716	48
Net pension liability	4,134	8,602	4,583	23,206	1,266
Total long-term liabilities	4,205	8,885	156,346	33,408	1,314
Total liabilities	**342,373**	**217,072**	**317,559**	**40,868**	**2,218**
DEFERRED INFLOWS OF RESOURCES					
Net difference earnings pension plan investment	349	725	386	2,110	115
Total deferred inflows of resources	**349**	**725**	**386**	**2,110**	**115**
NET POSITION					
Net investment in capital assets	—	357	131	77,812	17,106
Restricted:					
Expendable:					
Loan programs	19,060	—	—	—	—
Insurance programs	—	178,125	—	—	—
Unrestricted	186,930	(429)	(2,402)	(5,815)	12,600
Total net position	**$ 205,990**	**$ 178,053**	**$ (2,271)**	**$ 71,997**	**$ 29,706**

Exhibit E-4

Prison Industries	Other Internal Service	Totals
$ 10	$ —	$ 2,710
907	5	3,939
1	—	166
—	—	86
—	—	542,832
162	2	1,064
—	—	154,025
—	—	41
—	—	4,883
268	—	268
—	—	2,055
—	—	185
327	9	2,538
—	—	2,831
1,675	16	717,623
—	—	151,679
—	—	4,842
273	—	273
—	—	4,644
196	5	1,403
5,344	110	47,245
5,813	115	210,086
7,488	**131**	**927,709**
486	10	4,181
486	**10**	**4,181**
4,336	—	99,742
13,080	—	32,140
—	—	178,125
(12,183)	1,034	179,735
$ 5,233	**$ 1,034**	**$ 489,742**

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

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services	Motor Pool
Operating revenues:					
Charges for services	$ 124,813	$ 2,207,605	$ 73,195	$ 58,455	$ 27,290
Licenses, fees, and permits	—	—	—	7	—
Other operating revenues	—	174,784	—	—	—
Total operating revenues	**124,813**	**2,382,389**	**73,195**	**58,462**	**27,290**
Operating expenses:					
General operations and administration	46,010	434,121	4,322	54,144	18,584
Benefits and claims	79,931	1,997,991	43,269	(119)	—
Depreciation and amortization	—	189	90	5,029	4,069
Other operating expenses	—	—	70	352	166
Total operating expenses	**125,941**	**2,432,301**	**47,751**	**59,406**	**22,819**
Operating income (loss)	**(1,128)**	**(49,912)**	**25,444**	**(944)**	**4,471**
Nonoperating revenues (expenses):					
Interest income	13,124	4,710	1,468	412	—
Contributions	—	—	—	33	54
Interest expense	—	—	—	(309)	—
Net other nonoperating revenues (expenses)	6	—	70	3,921	177
Losses on sale of capital assets	—	—	—	(1)	(58)
Total nonoperating revenues (expenses)	**13,130**	**4,710**	**1,538**	**4,056**	**173**
Income (loss) before transfers	**12,002**	**(45,202)**	**26,982**	**3,112**	**4,644**
Transfers in	—	—	—	4,222	108
Transfers out	—	—	—	(6,034)	(1,755)
Change in net position	**12,002**	**(45,202)**	**26,982**	**1,300**	**2,997**
Net position, beginning, as restated	**193,988**	**223,255**	**(29,253)**	**70,697**	**26,709**
Net position at end of year	**$ 205,990**	**$ 178,053**	**$ (2,271)**	**$ 71,997**	**$ 29,706**

Exhibit E-5

Prison Industries	Other Internal Service	Totals
$ 16,017	$ 326	$ 2,507,701
—	—	7
—	—	174,784
16,017	**326**	**2,682,492**
18,782	105	576,068
—	—	2,121,072
487	—	9,864
162	—	750
19,431	**105**	**2,707,754**
(3,414)	**221**	**(25,262)**
—	—	19,714
—	—	87
—	—	(309)
1,255	—	5,429
—	—	(59)
1,255	**—**	**24,862**
(2,159)	**221**	**(400)**
—	—	4,330
—	—	(7,789)
(2,159)	**221**	**(3,859)**
7,392	**813**	**493,601**
$ 5,233	**$ 1,034**	**$ 489,742**

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services
Cash flows from operating activities:				
Receipts from customers	$ 65,838	$ 2,201,680	$ 17,622	$ —
Internal activity–payments from other funds	51,334	—	58,433	58,950
Other operating cash receipts	—	193,208	—	—
Claims paid	(73,111)	(173,219)	(48,351)	—
Payments to suppliers for goods and services	(41,143)	(2,218,916)	(834)	(34,126)
Payments to employees	(2,998)	(7,319)	(3,517)	(20,344)
Internal activity–payments to other funds	—	—	(3,660)	—
Other operating cash payments	—	—	—	—
Net cash provided by (used in) operating activities	**(80)**	**(4,566)**	**19,693**	**4,480**
Cash flows from noncapital financing activities:				
Principal payments received from other funds	1,214	—	—	—
Receipt of interest from other funds	267	—	—	—
Other noncapital financing cash receipts	—	—	—	2,362
Other noncapital financing cash payments	—	—	—	—
Transfers in	—	—	—	4,222
Transfers out	—	—	—	(6,034)
Net cash provided by (used in) noncapital financing activities	**1,481**	**—**	**—**	**550**
Cash flows from capital and related financing activities:				
Acquisition of capital assets	—	(373)	(77)	(406)
Principal payments on limited obligation bonds	—	—	—	(735)
Principal payments on capital debt	—	—	—	(1,965)
Interest payments on capital debt	—	—	—	(454)
Net cash used in capital financing activities	**—**	**(373)**	**(77)**	**(3,560)**
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	86,729	—	—	—
Purchase of investments	(78,332)	—	—	(2,087)
Interest on investments	14,700	4,655	1,567	410
Net cash provided by (used in) investing activities	**23,097**	**4,655**	**1,567**	**(1,677)**
Net increase (decrease) in cash and cash equivalents	**24,498**	**(284)**	**21,183**	**(207)**
Cash and cash equivalents at beginning	**21,312**	**318,287**	**230,908**	**14,743**
Cash and cash equivalents at end of year	**$ 45,810**	**$ 318,003**	**$ 252,091**	**$ 14,536**

Exhibit E-6

Motor Pool	Prison Industries	Other Internal Service	Totals
$ —	$ 17,962	$ —	$ 2,303,102
28,683	—	321	197,721
—	—	—	193,208
—	—	—	(294,681)
(17,519)	(4,399)	(2)	(2,316,939)
(1,134)	(14,213)	(91)	(49,616)
—	4	—	(3,656)
(166)	—	—	(166)
9,864	**(646)**	**228**	**28,973**
—	—	—	1,214
—	—	—	267
177	1,255	—	3,794
—	(161)	(10)	(171)
108	—	—	4,330
(1,755)	—	—	(7,789)
(1,470)	**1,094**	**(10)**	**1,645**
(10,688)	(27)	—	(11,571)
—	—	—	(735)
—	(273)	—	(2,238)
—	(17)	—	(471)
(10,688)	**(317)**	**—**	**(15,015)**
—	—	—	86,729
—	—	—	(80,419)
—	—	—	21,332
—	**—**	**—**	**27,642**
(2,294)	**131**	**218**	**43,245**
11,874	**2,951**	**939**	**601,014**
$ 9,580	**$ 3,082**	**$ 1,157**	**$ 644,259**

Continued on Next Page

Combining Statement of Cash Flows

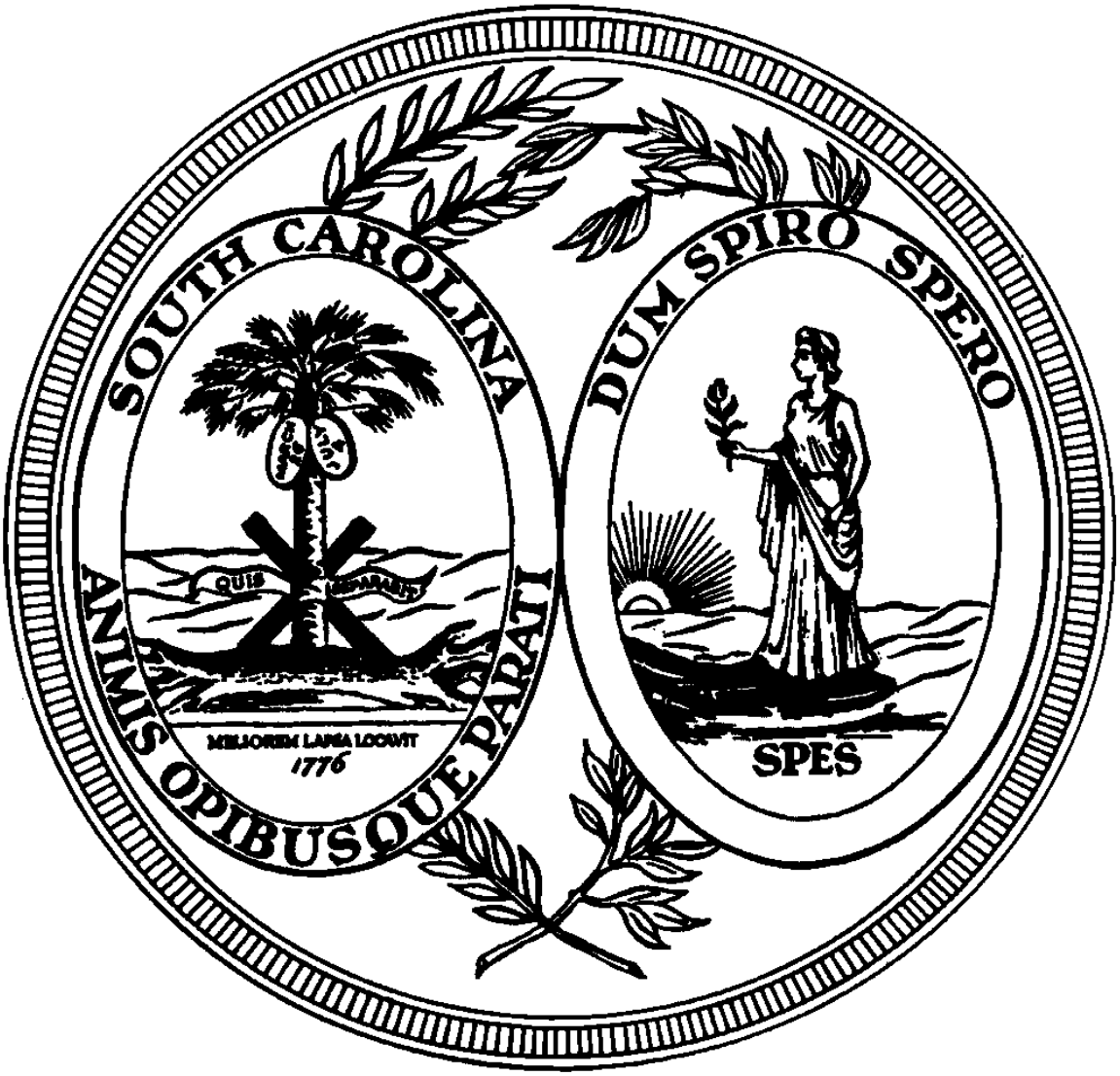
INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2015
(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)	$ (1,128)	$ (49,912)	$ 25,444	$ (944)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	—	189	90	5,029
Interest payments reclassified as capital and related financing activities	—	—	—	(92)
Interest and dividends on investments and interfund loans	—	—	—	412
Realized losses on sale of assets	—	—	—	(1)
Other nonoperating revenues	58	122	70	434
Other nonoperating expenses	—	—	—	(239)
Effect of change in operating assets and liabilities:				
Accounts receivable, net	—	19,374	4,134	320
Due from other funds	(20,366)	287	—	—
Inventories	—	—	—	61
Other assets	1,658	(1,145)	38	819
Deferred outflows	(368)	(801)	(415)	(2,159)
Accounts payable	449	—	(163)	(928)
Accrued salaries and related expenses	(245)	92	—	(24)
Policy claims	5,941	32,228	(8,650)	—
Due to other funds	—	—	—	(30)
Unearned revenues	13,602	(5,775)	(457)	—
Compensated absences payable	(30)	50	4	(234)
Other liabilities	—	—	(788)	(54)
Deferred inflows	349	725	386	2,110
Net cash provided by (used in) operating activities	**$ (80)**	**$ (4,566)**	**$ 19,693**	**$ 4,480**
Noncash capital, investing, and financing activities				
Disposal of capital assets	$ 100	$ —	$ —	$ (3,640)
Increase (decrease) in fair value of investments	(7,721)	58	93	—
Total noncash capital, investing, and financing activities	**$ (7,621)**	**$ 58**	**$ 93**	**$ (3,640)**

Exhibit E-6

Motor Pool	Prison Industries	Other Internal Service	Totals
$ 4,471	$ (3,414)	$ 221	$ (25,262)
4,069	487	—	9,864
—	(16)	—	(108)
—	—	—	412
(58)	—	—	(59)
257	293	6	1,240
(32)	(43)	—	(314)
1,071	1,947	—	26,846
276	—	—	(19,803)
—	203	—	264
—	—	—	1,370
(117)	(498)	(10)	(4,368)
(145)	(6)	—	(793)
(10)	(36)	1	(222)
—	—	—	29,519
(2)	4	—	(28)
—	—	—	7,370
(31)	(53)	—	(294)
—	—	—	(842)
115	486	10	4,181
$ 9,864	**$ (646)**	**$ 228**	**$ 28,973**
$ 10,243	$ 35	$ —	$ 6,738
—	—	—	(7,570)
$ 10,243	**$ 35**	**$ —**	**$ (832)**


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

Fiduciary Funds

Fiduciary funds include pension and other post-employment benefit trust funds, investment trust funds, private-purpose trust funds, and agency funds. Note 1b in the notes to the financial statements provides definitions of each of these fund types.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's fiduciary funds:

- Combining Statement of Plan Net Position—Pension and Other Post-Employment Benefit Trust Funds
- Combining Statement of Changes in Plan Net Position—Pension and Other Post-Employment Benefit Trust Funds
- Combining Statement of Fiduciary Net Position—Private-Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Position—Private-Purpose Trust Funds
- Combining Statement of Changes in Assets and Liabilities—Agency Funds

The State maintains only one investment trust fund, so no combining statements are necessary for that fund type. The paragraphs below describe all other individual fiduciary funds that the State uses.

a. Pension and Other Post-Employment Benefit Trust Funds

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

National Guard Retirement System. The State administers this single-employer pension system that provides a supplemental retirement benefit to members of the South Carolina National Guard. The State is a nonemployer contributor to the system.

South Carolina Retiree Health Insurance Trust Fund. This trust was established to fund the State's cost-sharing multiple employer post-employment health and dental benefit plans.

Long-term Disability Insurance Trust Fund. This trust was established to fund the State's cost-sharing multiple employer long-term disability insurance plans.

b. Private-Purpose Trust Funds

College Savings Plan Fund. The Future Scholar 529 College Savings Plan (the Plan), accounted for in this fund, provides participant families a tax-advantaged method of saving for future college costs. A primary objective of both the financial advisor program and the direct program within the Plan is to provide families with flexibility and professional investment management in meeting their college savings objectives.

Other Private-Purpose Trust Funds. This fund accounts for monies the State has received as trustee under various trust arrangements that specify how the principal and interest earnings must be used. In each case, all of the principal and income benefit individuals, private organizations, or governments outside the State reporting entity; none of the monies may be used for State purposes. The purposes to which the resources of these funds are dedicated include scholarships, the operation of the equestrian center and activities at the Springdale Race Course (for the exclusive benefit of the Carolina Cup Racing Association, Inc., a private nonprofit corporation), and the decommissioning of a low-level radioactive waste disposal facility on behalf of Chem-Nuclear Systems, Inc., a for-profit corporation.

c. Agency Funds

Agency Funds are used to account for resources held by the State in a short-term custodial capacity for individuals, private organizations, and other governments. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, miscellaneous clearing accounts, and other deposits.

Combining Statement of Plan Net Position

PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

June 30, 2015
(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	$ 2,473,892	$ 396,286	$ 4,744	$ 16,640	$ 4,115
Receivables:					
Contributions	198,636	22,325	104	789	16
Accrued interest	41,887	6,593	51	239	35
Unsettled investment sales	386,193	60,784	473	2,204	326
Other investment receivables	2,261	356	2	13	2
Total receivables	628,977	90,058	630	3,245	379
Due from other funds	—	169	—	4	—
Investments, at fair value:					
Short-term investments	657,551	103,494	804	3,753	555
Debt-domestic	5,246,660	825,787	6,417	29,942	4,431
Debt-international	1,607,359	252,987	1,966	9,173	1,357
Equity-domestic	1,729,331	272,185	2,115	9,869	1,461
Equity-international	6,308,711	992,947	7,717	36,002	5,328
Alternatives	7,703,664	1,212,502	9,423	43,964	6,506
Financial and other	—	—	—	—	—
Total investments	23,253,276	3,659,902	28,442	132,703	19,638
Invested securities lending collateral	60,229	9,479	74	344	51
Capital assets, net	2,693	291	7	13	1
Prepaid items	2,641	409	4	15	2
Total assets	**26,421,708**	**4,156,594**	**33,901**	**152,964**	**24,186**
LIABILITIES					
Accounts payable	7,270	1,144	9	41	6
Accounts payable–unsettled investment purchases	1,028,515	161,881	1,258	5,870	869
Policy claims	—	—	—	—	—
Due to other funds	59,041	1,788	—	—	—
Deferred retirement benefits	68,104	—	—	—	—
Securities lending collateral	101,031	15,901	124	577	85
Other liabilities	25,919	4,055	28	123	24
Total liabilities	**1,289,880**	**184,769**	**1,419**	**6,611**	**984**
NET POSITION					
Held in trust for pension and other post-employment benefits	**$ 25,131,828**	**$ 3,971,825**	**$ 32,482**	**$ 146,353**	**$ 23,202**

Exhibit F-1

OPEB TRUST		
South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
$ 97,810	$ 2,057	$ 2,995,544
—	—	221,870
4,538	260	53,603
—	—	449,980
—	—	2,634
4,538	260	728,087
60,656	—	60,829
—	—	766,157
792,073	33,157	6,938,467
—	—	1,872,842
—	—	2,014,961
—	—	7,350,705
—	—	8,976,059
10,054	1,159	11,213
802,127	34,316	27,930,404
3,653	—	73,830
—	—	3,005
—	—	3,071
968,784	**36,633**	**31,794,770**
—	—	8,470
—	—	1,198,393
—	288	288
—	—	60,829
—	—	68,104
3,743	—	121,461
—	—	30,149
3,743	**288**	**1,487,694**
$ 965,041	**$ 36,345**	**$ 30,307,076**

Combining Statement of Changes in Plan Net Position

PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

For the Fiscal Year Ended June 30, 2015
(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	$ 1,022,985	$ 166,473	$ 4,275	$ 10,109	$ 4,591
Employee	716,107	106,854	369	3,153	—
Total contributions	1,739,092	273,327	4,644	13,262	4,591
Investment income:					
Interest income and net appreciation in investments	682,361	107,166	878	3,976	573
Securities lending income	1,700	265	2	10	1
Total investment income	684,061	107,431	880	3,986	574
Less investment expense:					
Investment expense	309,909	48,726	380	1,770	261
Securities lending expense	—	—	—	—	—
Net investment income	374,152	58,705	500	2,216	313
Assets moved between pension trust funds	7	1,061	—	286	—
Total additions	**2,113,251**	**333,093**	**5,144**	**15,764**	**4,904**
Deductions:					
Regular retirement benefits	2,378,317	323,252	6,639	16,832	4,249
Supplemental retirement benefits	507	22	—	—	—
Deferred retirement benefits	211,982	—	—	—	—
Refunds of retirement contributions to members	95,104	17,453	—	—	—
Death benefit claims	20,144	2,150	21	4	—
Accidental death benefits	—	1,555	—	—	—
Other post-employment benefits	—	—	—	—	—
Depreciation	227	29	1	1	—
Administrative expense	12,327	1,909	17	70	11
Assets moved between pension trust funds	1,336	—	18	—	—
Total deductions	**2,719,944**	**346,370**	**6,696**	**16,907**	**4,260**
Change in net position	**(606,693)**	**(13,277)**	**(1,552)**	**(1,143)**	**644**
Net position at beginning of year, as restated	**25,738,521**	**3,985,102**	**34,034**	**147,496**	**22,558**
Net position at end of year	**$ 25,131,828**	**$ 3,971,825**	**$ 32,482**	**$ 146,353**	**$ 23,202**

Exhibit F-2

OPEB TRUST		
South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
$ 571,575	$ 7,001	$ 1,787,009
—	—	826,483
571,575	7,001	2,613,492
8,852	641	804,447
356	—	2,334
9,208	641	806,781
—	—	361,046
5	—	5
9,203	641	445,730
—	—	1,354
580,778	**7,642**	**3,060,576**
—	—	2,729,289
—	—	529
—	—	211,982
—	—	112,557
—	—	22,319
—	—	1,555
405,506	7,890	413,396
—	—	258
105	30	14,469
—	—	1,354
405,611	**7,920**	**3,507,708**
175,167	**(278)**	**(447,132)**
789,874	**36,623**	**30,754,208**
$ 965,041	**$ 36,345**	**$ 30,307,076**

Combining Statement of Fiduciary Net Position

Exhibit F-3

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2015
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
ASSETS			
Cash and cash equivalents	$ 1,083	$ 1,439	$ 2,522
Receivables, net:			
Accrued interest	2,281	18	2,299
Unsettled investment sales	2,833	—	2,833
Investments	2,382,789	5,481	2,388,270
Invested securities lending collateral	—	8	8
Other assets	—	4,668	4,668
Total assets	**2,388,986**	**11,614**	**2,400,600**
LIABILITIES			
Accounts payable	1,267	215	1,482
Accounts payable–unsettled investment purchases	3,121	—	3,121
Securities lending collateral	—	15	15
Total liabilities	**4,388**	**230**	**4,618**
NET POSITION			
Held in trust for other purposes	**$ 2,384,598**	**$ 11,384**	**$ 2,395,982**

Combining Statement of Changes in Fiduciary Net Position

Exhibit F-4

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
Additions:			
Licenses, fees, and permits	$ —	$ 43	$ 43
Tuition plan deposits	1,000	—	1,000
Contributions	168,583	1,483	170,066
Interest income	79,974	236	80,210
Total additions	**249,557**	**1,762**	**251,319**
Deductions:			
Administrative expense	9,198	14,307	23,505
Other expenses	505	170	675
Total deductions	**9,703**	**14,477**	**24,180**
Change in net position	**239,854**	**(12,715)**	**227,139**
Net position at beginning of year, as restated	**2,144,744**	**24,099**	**2,168,843**
Net position at end of year	**$ 2,384,598**	**$ 11,384**	**$ 2,395,982**

Combining Statement of Changes in Assets and Liabilities

Exhibit F-5

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Balance July 1, 2014 (as Restated)	Additions	Deductions	Balance June 30, 2015
Assets:				
Cash and cash equivalents	$ 272,315	$ 10,981,433	$ 10,952,951	$ 300,797
Accounts receivable	8,475	111,625	109,562	10,538
Accrued interest receivable	218	219	227	210
Taxes receivable	455	20,809	11,453	9,811
Loans and notes receivable	27	27	27	27
Due from other funds	12,588	14,079	13,820	12,847
Investments	—	35,720	17,860	17,860
Invested securities lending collateral	29	214	92	151
Total assets	**$ 294,107**	**$ 11,164,126**	**$ 11,105,992**	**$ 352,241**
Liabilities:				
Accounts payable	$ 8,298	$ 1,507,035	$ 1,507,270	$ 8,063
Due to other funds	—	77,705	77,705	—
Tax refunds payable	3	1	—	4
Intergovernmental payables	20,709	25,308	—	46,017
Deposits	3,668	424	606	3,486
Amounts held in custody for others	261,180	329,195	296,163	294,212
Securities lending collateral	210	226	—	436
Due to participants	39	39	55	23
Total liabilities	**$ 294,107**	**$ 1,939,933**	**$ 1,881,799**	**$ 352,241**

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 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. 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.

The *Patriots Point Development Authority* was established to develop and maintain a naval and maritime museum on Charleston Harbor, and to provide a place of education and recreation. The Patriots Point Development Authority Board also oversees the stewardship of over 350 acres of property on Charleston Harbor.

The *South Carolina Medical Malpractice Liability Joint Underwriting Association* was established to provide medical malpractice insurance on a self-supporting basis.

The *South Carolina First Steps to School Readiness* is a legally separate non-profit, tax-exempt public charity created specifically to carry out the objectives of The South Carolina First Steps to School Readiness Act and to lessen the burdens on government by overseeing the initiative for improving early childhood development of the Act.

The *Children's Trust Fund of South Carolina, Inc*. is a non-profit, tax-exempt public charity with a purpose to stimulate innovative prevention and treatment programming to meet critical needs of South Carolina's children by awarding grants to private non-profit organizations.

Combining Statement of Net Position

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2015
(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	$ 37,969	$ 43,720	$ 45,291	$ 18,174	$ 18,760	$ 5,023	$ 16,462
Investments	112,939	—	1,094	4,659	14,307	—	—
Invested securities lending collateral	18	58	72	7	6	5	18
Receivables, net:							
Accounts	4,336	4,062	2,564	672	554	746	203
Contributions	15,419	—	8,121	6,321	30	—	1,491
Accrued interest	101	127	92	12	255	—	21
Student accounts	976	1,501	1,498	472	454	1,520	3,162
Loans and notes	—	—	—	—	—	—	—
Due from Federal government and other grantors	513	10,818	4,435	611	2,069	2,348	1,916
Due from primary government	—	—	—	1,991	750	—	2,211
Inventories	1,750	579	252	—	274	—	379
Restricted assets:							
Cash and cash equivalents	12,333	79,395	138,949	11,703	1,130	13,415	12,758
Investments	145,602	—	80,243	18,990	—	113	46,283
Loans receivable	708	1,193	1,851	1,642	1,479	3,087	2,316
Other	1,964	—	—	—	—	—	—
Prepaid items	2,264	1,594	5,563	854	410	531	1,513
Other assets	812	—	609	926	225	—	—
Capital assets-nondepreciable	7,226	117,462	70,419	7,455	27,204	2,789	5,738
Capital assets-depreciable, net	118,180	294,698	304,758	77,498	60,686	116,999	109,167
Total assets	463,110	555,207	665,811	151,987	128,593	146,576	203,638
DEFERRED OUTFLOWS OF RESOURCES							
Unamortized loss on refunding	—	542	430	—	—	—	622
Pension contributions susbsequent to measurement date	3,867	6,651	8,130	2,732	1,844	3,197	4,563
Difference between actual & expected experience	1,809	2,971	3,747	1,328	869	1,651	2,201
Total deferred outflows of resources	5,676	10,164	12,307	4,060	2,713	4,848	7,386
LIABILITIES							
Accounts payable	7,091	9,726	9,665	1,016	1,542	12,846	1,119
Accrued salaries and related expenses	2,365	11,855	8,548	519	816	1,737	5,721
Accrued interest payable	12	1,157	2,311	434	191	1,015	676
Retainages payable	66	4	204	56	521	10	—
Prizes payable	—	—	—	—	—	—	—
Intergovernmental payables	—	—	—	—	—	—	—
Due to primary government	—	1,120	—	14	309	12,352	21
Unearned revenues and deferred credits	3,290	5,026	4,776	496	2,661	1,865	1,919
Deposits	2,893	—	1,979	—	265	414	7,419
Amounts held in custody for others	4,526	227	518	295	49	30	147
Securities lending collateral	50	167	207	21	16	10	46
Liabilities payable from restricted assets	—	—	—	—	—	—	2,765
Other liabilities	3,613	1,533	2,687	1,511	2,160	2,309	2,196
Long-term liabilities:							
Due within one year	4,990	7,836	10,044	2,575	2,766	5,075	7,433
Due in more than one year	91,457	355,638	360,128	77,381	69,193	120,017	134,648
Total liabilities	120,353	394,289	401,067	84,318	80,489	157,680	164,110
DEFERRED INFLOWS OF RESOURCES							
Net difference earnings pension plan investment	5,425	8,947	11,264	3,983	2,616	4,947	6,587
Deferred service concession arrangement receipts	—	263	—	—	—	—	—
Deferred nonexchange revenues	170	—	—	—	—	—	179
Total deferred inflows of resources	5,595	9,210	11,264	3,983	2,616	4,947	6,766
NET POSITION							
Net investment in capital assets	95,876	193,226	206,784	54,241	49,426	55,963	56,316
Restricted:							
Expendable:							
Education	90,719	—	50,426	12,467	12,025	2,546	5,555
Transportation	—	—	—	—	—	—	—
Capital projects	3,512	38,404	61,678	12,904	1,165	2,819	—
Debt service	502	4,994	7,045	—	10	7,934	926
Loan programs	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Nonexpendable:							
Education	91,311	100	38,376	14,437	4,464	1,018	42,640
Unrestricted	60,918	(74,852)	(98,522)	(26,303)	(18,889)	(81,483)	(65,289)
Total net position	$ 342,838	$ 161,872	$ 265,787	$ 67,746	$ 48,201	$ (11,203)	$ 40,148

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
$ 13,130	$ 6,264	$ 4,426	$ 9,350	$ 43,383	$ 19,483	$ 10,051	$ 17,535	$ 2,226	$ 11,349	$ 22,582
—	1,899	—	—	7,412	26,034	—	62,960	—	1,903	3,340
—	—	—	—	—	—	—	4	—	—	—
178	—	403	1,382	122	—	277	8	—	14	3
—	—	—	—	1,218	—	—	—	—	—	121
36	13	—	—	36	133	9	—	—	14	—
255	543	389	1,909	894	4,408	3,057	3,093	973	254	680
—	—	—	—	413	35	—	—	—	—	—
2,237	2,597	2,311	1,839	6,451	2,911	1,015	879	391	1,402	536
—	—	286	464	—	—	87	—	—	—	—
274	265	221	1,659	3,040	—	165	—	94	220	—
1,019	30	—	9,466	1,018	162	7	5,840	237	—	—
—	251	—	—	—	—	—	—	—	—	898
—	—	25	327	—	—	517	—	—	—	—
—	—	—	—	19,680	—	—	1,490	—	—	—
77	11	—	404	54	126	149	214	—	99	72
—	15	—	—	2,313	—	—	—	116	4	—
8,396	13,027	174	1,915	23,518	14,178	3,348	11,332	662	106	1,812
19,064	26,571	4,108	41,831	103,767	51,025	13,317	70,655	8,018	14,452	29,145
44,666	51,486	12,343	70,546	213,319	118,495	31,999	174,010	12,717	29,817	59,189
—	—	—	402	372	—	—	—	—	—	—
781	1,341	576	1,961	4,317	1,997	893	4,500	430	1,185	1,853
400	658	260	880	2,073	941	421	2,119	223	557	887
1,181	1,999	836	3,243	6,762	2,938	1,314	6,619	653	1,742	2,740
1,414	1,073	—	229	4,495	1,442	139	2,893	90	601	349
230	464	53	713	754	1,361	192	1,812	28	251	420
—	28	—	205	402	—	16	332	—	—	—
—	374	—	—	—	245	—	198	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	204	—	174	—	—	—	—	—
1,253	2,868	223	3,466	5,982	4,570	4,542	5,973	412	735	1,777
—	—	—	—	—	—	—	220	—	—	(8)
—	25	375	115	819	919	8	468	27	—	—
—	—	—	—	1	—	—	13	—	—	—
5	—	—	—	—	—	—	—	—	—	—
—	—	25	420	3,217	—	16	—	—	—	12
84	376	26	982	6,014	114	162	1,606	68	80	573
15,674	25,469	9,651	48,227	151,464	34,937	16,567	103,366	8,032	20,800	32,200
18,660	30,677	10,353	54,561	173,148	43,762	21,642	116,881	8,657	22,467	35,323
1,192	1,964	784	2,619	6,175	2,807	1,252	6,323	648	1,670	2,652
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
1,192	1,964	784	2,619	6,175	2,807	1,252	6,323	648	1,670	2,652
27,460	37,909	4,283	27,249	66,703	65,203	15,628	57,352	8,681	14,558	30,947
58	164	—	36	3,979	188	14	—	—	—	1,094
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	10,217	—	—	57,843	237	1,032	10,405
—	—	—	9,430	—	—	—	9,610	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	257	—	—	5,225	—	—	—	—	—	898
(1,523)	(17,486)	(2,241)	(20,106)	(45,366)	9,473	(5,223)	(67,380)	(4,853)	(8,168)	(19,390)
$ 25,995	**$ 20,844**	**$ 2,042**	**$ 16,609**	**$ 40,758**	**$ 74,864**	**$ 10,419**	**$ 57,425**	**$ 4,065**	**$ 7,422**	**$ 23,954**

Continued on Next Page

Combining Statement of Net Position (Continued)

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2015
(Expressed in Thousands)

	Spartanburg Community College	Tri-county Technical College	Trident Technical College	Williamsburg Technical College	York Technical College	Connector 2000	Education Assistance Authority
ASSETS							
Cash and cash equivalents	$ 19,913	$ 44,759	$ 34,921	$ 8,658	$ 22,045	$ 1,366	$ 91,630
Investments	6,379	—	3,996	—	11,907	—	—
Invested securities lending collateral	—	—	—	—	—	—	—
Receivables, net:							
Accounts	255	—	681	—	45	—	43,069
Contributions	346	306	—	—	912	—	—
Accrued interest	26	66	—	1	—	—	412
Student accounts	515	1,745	5,054	129	1,501	—	—
Loans and notes	2,396	—	—	—	—	—	77,007
Due from Federal government and other grantors	1,613	2,145	4,458	265	1,670	—	—
Due from primary government	750	—	2,283	—	—	—	—
Inventories	529	526	1,343	43	—	309	—
Restricted assets:							
Cash and cash equivalents	1,393	—	—	5	—	7,101	3,596
Investments	—	21,145	—	—	—	—	—
Loans receivable	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Prepaid items	333	1,193	440	12	—	56	5
Other assets	300	32	—	—	28	130,765	—
Capital assets-nondepreciable	8,636	5,336	16,344	127	6,883	—	—
Capital assets-depreciable, net	53,165	35,196	88,309	437	22,388	232	122
Total assets	96,549	112,449	157,829	9,677	67,379	139,829	215,841
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amount on refunding	—	—	—	—	—	—	—
Pension contributions susbsequent to measurement date	1,809	1,789	4,950	320	1,720	—	—
Difference between actual and expected experience	905	865	2,327	163	817	—	—
Total deferred outflows of resources	2,714	2,654	7,277	483	2,537	—	—
LIABILITIES							
Accounts payable	524	2,007	1,575	76	803	82	10,292
Accrued salaries and related expenses	647	75	1,298	293	982	—	—
Accrued interest payable	201	—	73	—	—	—	—
Retainages payable	—	—	82	—	—	—	—
Prizes payable	—	—	—	—	—	—	—
Intergovernmental payables	—	—	—	—	—	—	—
Due to primary government	—	—	—	—	159	402	208
Unearned revenues and deferred credits	1,626	6,640	5,065	2,002	2,102	271	—
Deposits	—	—	—	—	—	17	—
Amounts held in custody for others	—	—	198	—	44	—	—
Securities lending collateral	—	—	—	—	—	—	—
Liabilities payable from restricted assets	—	—	—	—	—	—	627
Other liabilities	—	—	34	—	—	—	1,468
Long-term liabilities:							
Due within one year	334	533	1,377	19	108	4,101	370
Due in more than one year	51,071	36,215	94,449	6,070	30,038	177,397	50,380
Total liabilities	54,403	45,470	104,151	8,460	34,236	182,270	63,345
DEFERRED INFLOWS OF RESOURCES							
Net difference earnings pension plan investment	2,694	2,582	7,005	489	2,437	—	—
Deferred service concession arrangement receipts	—	—	—	—	—	—	—
Deferred nonexchange revenues	—	—	—	—	—	—	—
Total deferred inflows of resources	2,694	2,582	7,005	489	2,437	—	—
NET POSITION							
Net investment in capital assets	43,805	35,557	95,275	564	29,271	232	122
Restricted:							
Expendable:							
Education	—	8,376	—	—	4,275	—	—
Transportation	—	—	—	—	—	487	—
Capital projects	14,079	32,144	15,599	—	—	—	—
Debt service	—	—	—	—	—	—	7,388
Loan programs	—	—	—	—	—	—	63,908
Other	—	—	—	—	—	—	—
Nonexpendable:							
Education	—	13,097	—	5	3,443	—	—
Unrestricted	(15,718)	(22,123)	(56,924)	642	(3,746)	(43,160)	81,078
Total net position	**$ 42,166**	**$ 67,051**	**$ 53,950**	**$ 1,211**	**$ 33,243**	**$ (42,441)**	**$ 152,496**

Exhibit G-1

Jobs-Economic Development Authority	Lottery Commission	Patriots Point Development Authority	South Carolina Medical Malpractice Liability Joint Underwriting Association	South Carolina First Steps to School Readiness Board of Trustees	Children's Trust Fund of S.C., Inc.	Totals
$ 383	$ 19,060	$ 4,679	$ 7,109	$ 11,725	$ 437	$ 611,863
2,000	—	—	24,967	—	1,153	286,949
—	—	4	—	5	—	197
2,691	46,014	456	1,951	—	—	110,686
—	—	—	—	—	—	34,285
40	—	—	205	—	—	1,599
—	—	—	—	—	—	34,982
—	—	—	—	—	—	79,851
—	—	—	—	704	2,546	58,680
—	—	—	—	—	—	8,822
—	2,349	298	—	—	—	14,569
66	437	20	—	—	—	300,080
—	—	—	—	—	—	313,525
—	—	—	—	—	—	13,145
—	—	—	—	—	—	23,134
—	—	9	—	—	16	15,999
—	6,180	—	1,145	—	—	143,470
—	—	4,798	—	—	—	358,885
—	744	17,481	—	587	16	1,682,616
5,180	74,784	27,745	35,377	13,021	4,168	4,093,337
—	—	—	—	—	—	2,368
18	690	348	—	153	—	62,615
9	363	162	—	321	—	29,927
27	1,053	510	—	474	—	94,910
67	1,613	44	428	44	1,172	74,457
—	—	396	—	—	—	41,530
—	—	—	—	—	—	7,053
—	—	—	—	—	—	1,760
—	30,896	—	—	—	—	30,896
—	—	—	—	—	467	467
—	25,544	8,307	—	1,388	—	50,202
—	619	1,156	8,366	—	406	80,087
—	—	—	—	—	—	13,199
—	—	—	73	—	—	8,863
—	—	10	—	14	—	555
—	—	—	—	—	—	3,397
—	1,355	—	—	380	62	22,998
—	493	23	17,000	242	—	75,404
339	13,052	6,164	65,547	5,619	33	2,211,223
406	73,572	16,100	91,414	7,687	2,140	2,622,091
26	1,084	482	—	456	—	89,110
—	—	—	—	—	—	263
—	—	—	—	—	—	349
26	1,084	482	—	456	—	89,722
—	744	14,079	—	587	16	1,288,057
—	—	—	—	11,117	—	203,039
—	—	—	—	—	—	487
—	—	—	—	—	—	262,038
—	—	—	—	—	—	47,839
—	—	—	—	—	—	63,908
—	437	—	2,241	—	—	2,678
—	—	—	—	—	—	215,271
4,775	—	(2,406)	(58,278)	(6,352)	2,012	(606,883)
$ 4,775	**$ 1,181**	**$ 11,673**	**$ (56,037)**	**$ 5,352**	**$ 2,028**	**$ 1,476,434**

Combining Statement of Activities

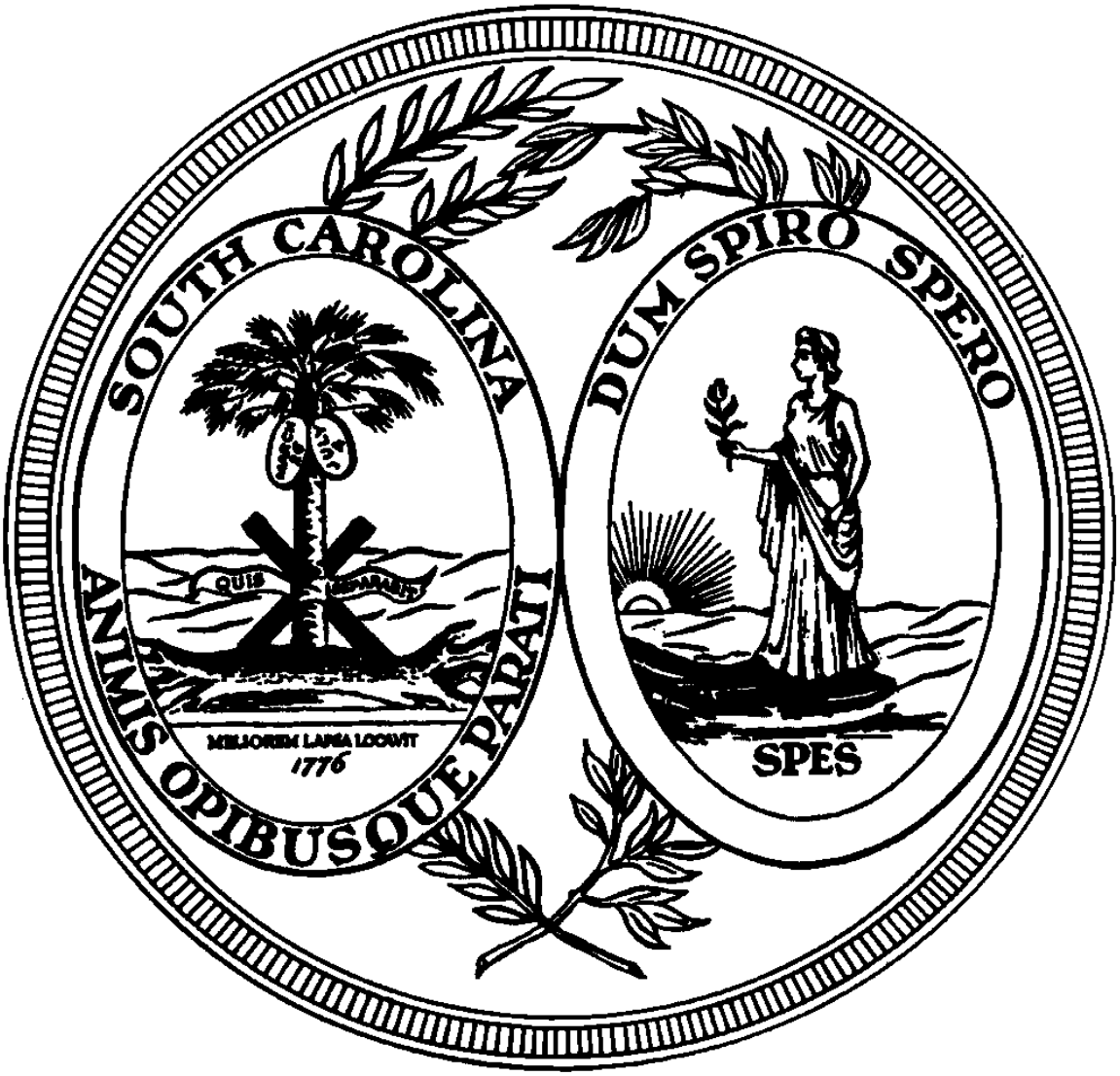
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

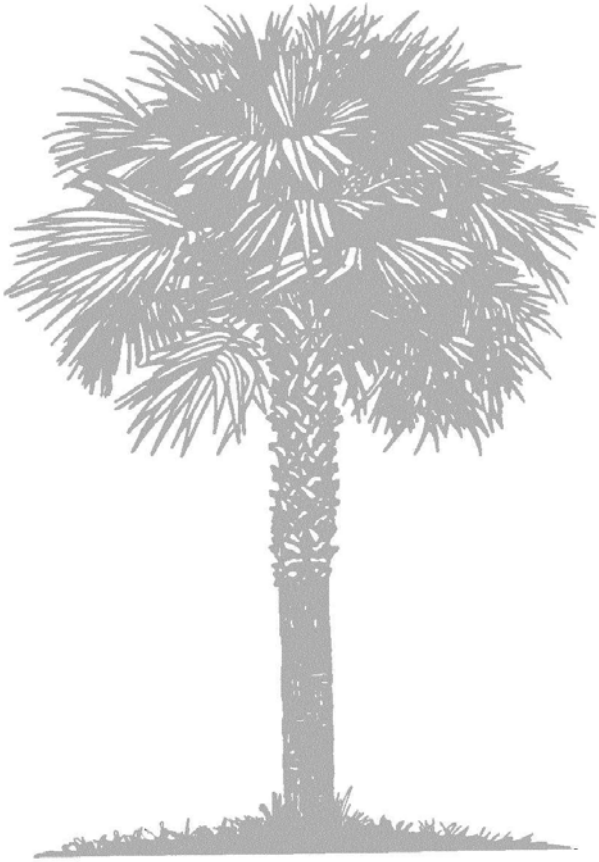
		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expenses)
The Citadel	$ 114,767	$ 79,810	$ 45,609	$ 712	$ 11,364
Coastal Carolina University	190,248	163,130	29,933	18,742	21,557
College of Charleston	263,102	220,701	45,979	3,813	7,391
Francis Marion University	68,518	38,261	26,359	5,974	2,076
Lander University	51,941	34,693	16,352	14	(882)
South Carolina State University	99,890	61,427	33,120	160	(5,183)
Winthrop University	123,050	92,702	30,140	544	336
Aiken Technical College	21,014	9,751	11,813	4,603	5,153
Central Carolina Technical College	33,374	14,718	18,044	9,420	8,808
Denmark Technical College	16,848	7,756	9,956	269	1,133
Florence- Darlington Technical College	56,661	25,565	31,290	—	194
Greenville Technical College	115,169	58,334	57,605	1,609	2,379
Horry- Georgetown Technical College	59,086	28,704	29,892	6,134	5,644
Technical College of the Lowcountry	22,666	11,023	11,392	—	(251)
Midlands Technical College	108,466	52,938	50,316	2,736	(2,476)
Northeastern Technical College	10,435	3,508	6,160	345	(422)
Orangeburg- Calhoun Techncial College	26,237	9,635	16,433	1,044	875
Piedmont Technical College	44,080	18,615	25,198	326	59
Spartanburg Community College	48,957	21,431	25,996	4,985	3,455
Tri-county Technical College	53,559	33,441	22,619	1,566	4,067
Trident Technical College	136,848	65,087	65,289	2,593	(3,879)
Williamsburg Technical College	6,563	2,065	4,357	91	(50)
York Technical College	42,251	19,963	23,499	1,017	2,228
Connector 2000	18,961	7,570	341	—	(11,050)
Education Assistance Authority	10,141	13,653	53	—	3,565
Jobs- Economic Development Authority	478	714	18	—	254
Lottery Commission	1,405,318	1,405,293	3	—	(22)
Patriots Point Development Authority	13,130	11,153	61	1,415	(501)
South Carolina Medical Malpractice Liability Joint Underwriting Association	11,584	16,556	697	—	5,669
South Carolina First Steps to School Readiness Board of Trustees	34,527	—	41,071	—	6,544
Children's Trust Fund of S.C., Inc.	7,779	—	8,089	—	310
Totals	**$ 3,215,648**	**$ 2,528,197**	**$ 687,684**	**$ 68,112**	**$ 68,345**

Exhibit G-2

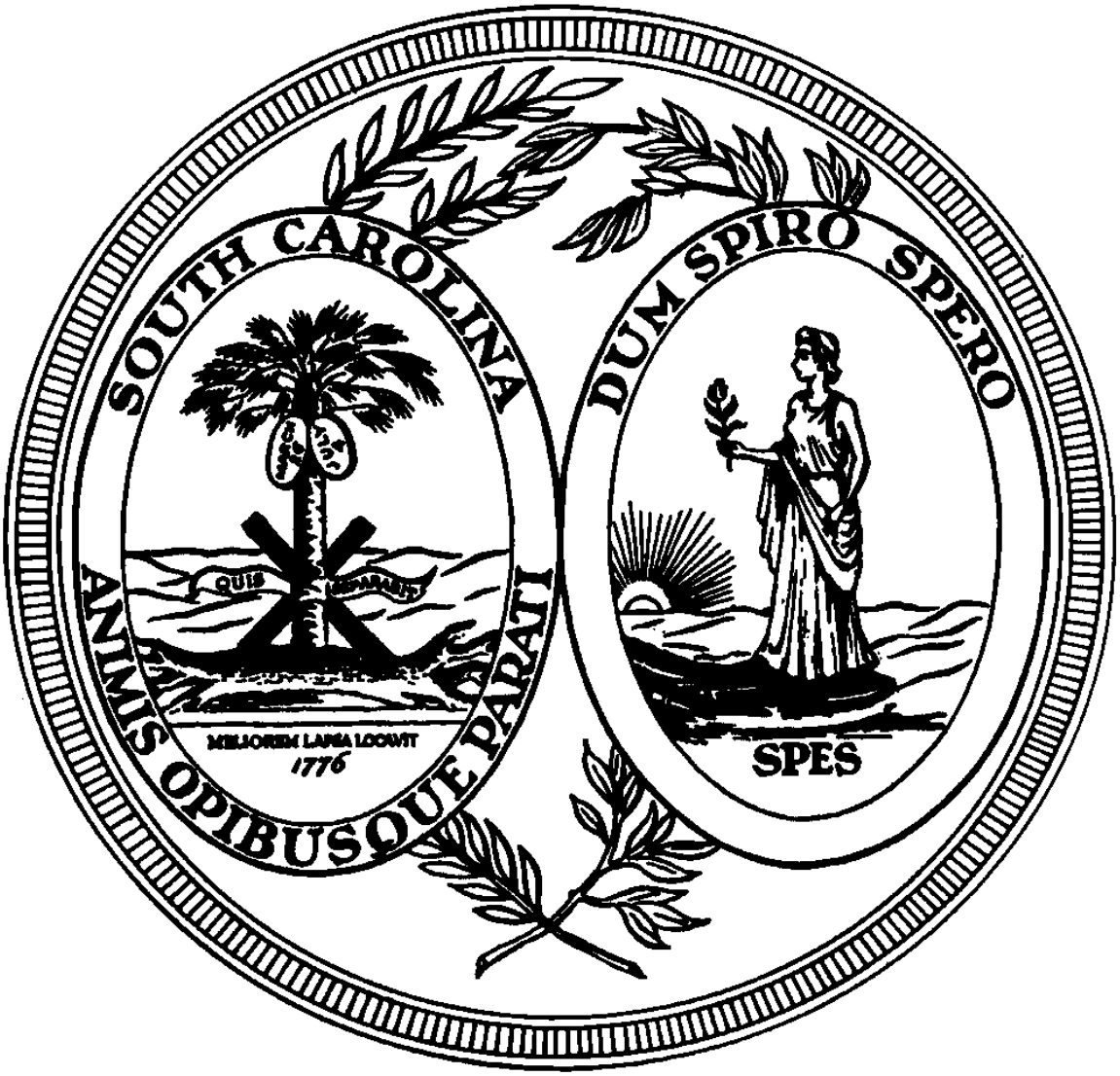
Additions to Endowments	Net Position (Deficit) Beginning Restated	Net Position (Deficit) Ending
$ 2,173	$ 329,301	$ 342,838
—	140,315	161,872
1,104	257,292	265,787
1,036	64,634	67,746
168	48,915	48,201
—	(6,020)	(11,203)
2,129	37,683	40,148
—	20,842	25,995
—	12,036	20,844
—	909	2,042
—	16,415	16,609
244	38,135	40,758
—	69,220	74,864
—	10,670	10,419
—	59,901	57,425
—	4,487	4,065
—	6,547	7,422
—	23,895	23,954
280	38,431	42,166
754	62,230	67,051
—	57,829	53,950
—	1,261	1,211
27	30,988	33,243
—	(31,391)	(42,441)
—	148,931	152,496
—	4,521	4,775
—	1,203	1,181
—	12,174	11,673
—	(61,706)	(56,037)
—	(1,192)	5,352
—	1,718	2,028
$ 7,915	**$ 1,400,174**	**$ 1,476,434**


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

Statistical Section (Unaudited)



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


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

Statistical Section

This section of the Comprehensive Annual Financial Report provides additional information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State of South Carolina's overall financial health.

CONTENTS

Page

Financial Trends 230

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 240

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 246

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 255

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 260

These schedules contain service and capital asset data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

SOURCES

Unless otherwise noted, the information in these schedules is derived from the State's Comprehensive Annual Financial Report for the relevant fiscal year.

Net Position by Component

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2015	2014 (as restated)	2013	2012
Governmental activities				
Net Investment in capital assets.....	$ 12,667,605	$ 11,892,515	$ 11,455,604	$ 11,251,603
Restricted.....	6,062,068	5,488,629	5,323,431	3,158,419
Unrestricted.....	(2,685,933)	(2,128,973)	326,353	1,760,245
Total governmental activities net position.....	**$ 16,043,740**	**$ 15,252,171**	**$ 17,105,388**	**$ 16,170,267**
Business-type activities				
Net Investment in capital assets.....	$ 146,739	$ 124,223	$ 72,497	$ 2,742,733
Restricted.....	70,395	185,732	56	1,438,402
Unrestricted.....	3,385	(413,206)	(541,375)	974,730
Total business-type activities net position.....	**$ 220,519**	**$ (103,251)**	**$ (468,822)**	**$ 5,155,865**
Primary government				
Net Investment in capital assets.....	$ 12,814,344	$ 12,016,738	$ 11,528,101	$ 13,994,336
Restricted.....	6,132,463	5,674,361	5,323,487	4,596,821
Unrestricted.....	(2,682,548)	(2,542,179)	(215,022)	2,734,975
Total primary government net position.....	**$ 16,264,259**	**$ 15,148,920**	**$ 16,636,566**	**$ 21,326,132**

For fiscal year 2015, the State implemented GASB Statement No. 68 (GASB 68). The implementation resulted in the restatement of prior year pension-related expenses and related net position balances. Amounts for fiscal years prior to 2014 have not been restated.

For fiscal year 2013, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in the reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category. Prior year amounts have not been restated.

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

Source: South Carolina Comptroller General's Office

Table 1

Ended June 30					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 10,766,855	$ 10,966,666	$ 10,276,019	$ 10,044,439	$ 9,728,397	$ 9,386,248
3,273,224	3,202,747	3,351,417	3,597,084	3,498,173	3,089,099
759,206	(371,761)	(161,946)	46,185	603,503	445,362
$ 14,799,285	**$ 13,797,652**	**$ 13,465,490**	**$ 13,687,708**	**$ 13,830,073**	**$ 12,920,709**
$ 2,628,292	$ 2,539,652	$ 2,429,521	$ 2,315,357	$ 2,133,862	$ 1,973,060
1,443,470	1,225,352	1,123,060	1,381,777	1,406,468	1,253,359
707,961	322,575	399,730	646,266	594,033	442,758
$ 4,779,723	**$ 4,087,579**	**$ 3,952,311**	**$ 4,343,400**	**$ 4,134,363**	**$ 3,669,177**
$ 13,395,147	$ 13,506,318	$ 12,705,540	$ 12,359,796	$ 11,862,259	$ 11,359,308
4,716,694	4,428,099	4,474,377	4,978,861	4,904,641	4,342,458
1,467,167	(49,186)	237,784	692,451	1,197,536	888,120
$ 19,579,008	**$ 17,885,231**	**$ 17,417,701**	**$ 18,031,108**	**$ 17,964,436**	**$ 16,589,886**

Changes in Net Position

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2015	**2014**	**2013**	**2012**
Expenses				
Governmental activities:				
General government	$ 5,348,501	$ 5,377,689	$ 5,303,836	$ 4,685,050
Education	4,742,995	4,250,632	4,243,187	4,163,313
Health and environment	7,832,147	7,071,800	6,403,284	5,778,883
Social services	1,821,016	1,977,904	2,087,077	2,066,923
Administration of justice	873,450	830,536	719,891	658,925
Resources and economic development	389,814	334,898	281,763	207,810
Transportation	1,118,603	1,159,917	931,980	1,194,222
Unallocated interest expense	33,322	36,896	44,451	87,929
Total governmental activities expenses	**22,159,848**	**21,040,272**	**20,015,469**	**18,843,055**
Business-type activities:				
Higher education	—	—	—	3,844,159
Higher education institution support	—	—	—	1,359,870
Unemployment compensation benefits	226,470	342,741	616,064	1,066,105
Second injury fund benefits	7,461	2,547	52,656	1,564
Financing of housing facilities	—	—	—	197,555
Medical malpractice insurance	—	—	—	9,705
Financing of student loans	—	—	—	15,336
Tuition prepayment program	—	—	—	737
State maritime museum	—	—	—	9,883
Insurance claims processing	—	—	—	1,830
Other	49,708	35,194	54,061	27,753
Total business-type activities expenses	**283,639**	**380,482**	**722,781**	**6,534,497**
Total primary government expenses	**22,443,487**	**21,420,754**	**20,738,250**	**25,377,552**
Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,592,512	2,426,885	2,327,752	2,039,415
Other activities	657,266	790,717	551,319	584,966
Operating grants and contributions	8,388,996	7,661,223	7,328,281	7,366,197
Capital grants and contributions	680,842	806,657	716,702	646,148
Total governmental activities program revenues	**12,319,616**	**11,685,482**	**10,924,054**	**10,636,726**
Business-type activities:				
Charges for services:				
Higher education	—	—	—	2,688,543
Higher education institution support	—	—	—	1,376,960
Unemployment compensation benefits	460,824	507,907	467,256	438,115
Second injury fund benefits	60,000	60,043	1,520	1,560
Other activities	44,208	45,815	42,790	133,133
Operating grants and contributions	14,335	90,107	323,321	1,553,432
Capital grants and contributions	12,567	210	3	84,654
Total business-type activities program revenues	**591,934**	**704,082**	**834,890**	**6,276,397**
Total primary government activities program revenues	**12,911,550**	**12,389,564**	**11,758,944**	**16,913,123**
Net Revenues (Expenses)				
Governmental activities	(9,840,232)	(9,354,790)	(9,091,415)	(8,206,329)
Business-type activities	308,295	323,600	112,109	(258,100)
Total primary government net revenues (expense)	**(9,531,937)**	**(9,031,190)**	**(8,979,306)**	**(8,464,429)**

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. Prior year amounts have not been restated.

Table 2

Ended June 30					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 4,462,454	$ 4,475,571	$ 4,331,740	$ 4,521,252	$ 3,430,569	$ 2,642,678
4,004,703	4,400,125	4,109,666	4,401,108	4,078,954	2,452,623
6,584,487	6,007,179	5,825,749	5,209,149	4,897,060	6,025,626
1,900,026	1,847,028	1,533,666	1,300,347	1,152,324	1,347,522
746,462	760,379	774,533	789,071	742,064	873,911
221,075	351,882	372,073	407,392	367,727	272,777
1,203,952	1,179,611	940,226	941,924	1,018,800	1,166,910
90,848	81,838	98,728	102,825	108,401	100,109
19,214,007	**19,103,613**	**17,986,381**	**17,673,068**	**15,795,899**	**14,882,156**
3,684,769	3,520,564	3,396,191	3,405,491	3,120,278	2,871,493
1,321,213	1,252,222	1,200,456	1,121,483	965,686	881,583
2,171,063	2,026,866	1,332,402	449,775	390,087	365,091
1,648	1,720	1,699	1,677	1,553	1,536
272,880	238,191	180,555	174,152	158,031	150,626
2,591	2,324	(6,724)	13,259	24,809	52,598
21,847	36,694	52,699	77,249	61,537	61,472
4,750	910	10,598	(5,844)	8,100	38,849
8,614	9,300	8,622	7,848	7,061	6,911
1,648	1,720	1,699	1,677	1,553	1,536
23,630	23,843	28,935	25,937	25,905	22,636
7,514,653	**7,114,354**	**6,207,132**	**5,272,704**	**4,764,600**	**4,454,331**
26,728,660	**26,217,967**	**24,193,513**	**22,945,772**	**20,560,499**	**19,336,487**
1,929,867	1,945,319	1,654,616	1,694,147	1,617,400	1,530,670
533,342	411,485	463,801	466,621	453,957	472,511
8,118,411	8,274,731	7,045,052	6,313,817	5,848,554	5,773,902
615,292	570,743	382,979	333,255	503,633	621,512
11,196,912	**11,202,278**	**9,546,448**	**8,807,840**	**8,423,544**	**8,398,595**
2,579,679	2,377,719	2,454,076	2,337,123	2,116,206	2,000,940
1,363,957	1,314,062	1,201,181	1,075,408	984,723	905,000
2,298,971	1,575,257	791,037	343,104	339,715	333,423
1,473	1,645	2,091	1,673	1,548	1,540
133,195	154,051	189,406	206,113	173,689	176,324
1,115,603	1,042,850	409,628	438,376	577,625	478,462
94,893	99,239	50,718	45,553	85,259	72,684
7,587,771	**6,564,823**	**5,098,137**	**4,447,350**	**4,278,765**	**3,968,373**
18,784,683	**17,767,101**	**14,644,585**	**13,255,190**	**12,702,309**	**12,366,968**
(8,017,095)	(7,901,335)	(8,439,933)	(8,865,228)	(7,372,355)	(6,483,561)
73,118	(549,531)	(1,108,995)	(825,354)	(485,835)	(485,958)
(7,943,977)	**(8,450,866)**	**(9,548,928)**	**(9,690,582)**	**(7,858,190)**	**(6,969,519)**

Continued on Next Page

Changes in Net Position (Continued)

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2015	2014	2013	2012
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Individual income	$ 3,741,800	$ 3,422,532	$ 3,479,143	$ 3,101,861
Retail sales and use	4,357,672	4,178,102	3,988,918	4,148,010
Corporate income	377,329	327,809	386,847	N/A
Gas and motor vehicle	666,772	636,216	557,209	N/A
Insurance	152,314	138,037	139,240	N/A
Hospital	263,557	262,962	263,435	N/A
Other	645,783	601,692	568,040	2,000,124
Unrestricted grants and contributions	1	1	159	93,970
Unrestricted investment income	71,691	115,150	66,152	77,729
Tobacco legal settlement	70,419	109,113	73,326	74,122
Other revenues	280,491	684,412	587,729	509,742
Special and extraordinary items	—	—	—	—
Transfers	3,972	(47,900)	(60,968)	(640,774)
Total governmental activities	**10,631,801**	**10,428,126**	**10,049,230**	**9,364,784**
Business-type activities:				
Unrestricted investment income	16,306	26,107	8,632	6,953
Other revenues	3,141	204	85	62
Additions to endowments	—	—	—	20,171
Gain on early extinguishment of debt	—	—	—	119
Special and extraordinary items	—	—	—	—
Transfers	(3,972)	47,900	60,968	640,774
Total business-type activities	**15,475**	**74,211**	**69,685**	**668,079**
Total primary government	**10,647,276**	**10,502,337**	**10,118,915**	**10,032,863**
Change in Net Position				
Governmental activities	791,569	1,073,336	957,815	1,158,455
Business-type activities	323,770	397,811	181,794	409,979
Total primary government	**$ 1,115,339**	**$ 1,471,147**	**$ 1,139,609**	**$ 1,568,434**

For fiscal year 2015, 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.

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

Source: South Carolina Comptroller General's Office

Table 2

Ended June 30					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 2,880,504	$ 2,659,728	$ 2,805,998	$ 3,341,265	$ 3,349,358	$ 3,156,028
3,969,218	3,855,095	3,908,318	4,236,156	3,803,732	3,613,754
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
1,835,036	1,616,347	1,682,300	1,838,101	1,787,974	1,753,214
223,959	205,965	23,896	19,279	15,642	18,664
15,097	41,555	86,639	156,974	134,196	69,438
69,808	68,709	95,115	83,494	79,912	67,841
571,998	433,166	301,321	57,256	61,926	67,012
—	—	—	5,611	—	—
(546,892)	(653,389)	(685,972)	(1,015,273)	(951,021)	(784,746)
9,018,728	**8,227,176**	**8,217,615**	**8,722,863**	**8,281,719**	**7,961,205**
—	—	—	—	—	—
—	—	—	—	—	—
36,945	30,480	31,934	19,118	—	—
35,189	—	—	—	—	—
—	—	—	—	—	(539)
546,892	653,389	685,972	1,015,273	951,021	784,746
619,026	**683,869**	**717,906**	**1,034,391**	**951,021**	**784,207**
9,637,754	**8,911,045**	**8,935,521**	**9,757,254**	**9,232,740**	**8,745,412**
1,001,633	325,841	(222,318)	(142,365)	909,364	1,477,644
692,144	134,338	(391,089)	209,037	465,186	298,249
$ 1,693,777	**$ 460,179**	**$ (613,407)**	**$ 66,672**	**$ 1,374,550**	**$ 1,775,893**

Fund Balances

GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2015	2014 (as restated)	2013	2012
General Fund				
Reserved [1]	$ —	$ —	$ —	$ —
Non-spendable	74,743	68,128	67,717	67,842
Restricted	502,620	359,073	337,687	1,335
Committed	976,846	967,245	650,545	384,252
Assigned	369,967	444,630	996,539	495,878
Unassigned, previously unreserved	1,019,061	1,083,862	489,197	944,742
Total General Fund	**2,943,237**	**2,922,938**	**2,541,685**	**1,894,049**
All other governmental funds				
Reserved [1]	—	—	—	—
Non-spendable	800,713	775,675	771,168	795,761
Restricted	2,581,099	2,624,909	2,045,302	2,330,297
Committed	475,586	346,688	166,205	145,613
Assigned	6,842	5,387	156,918	132,045
Special revenue funds	a	a	a	a
Capital projects fund	a	a	a	a
Permanent funds	a	a	a	a
Unassigned, previously unreserved	(656,236)	(748,859)	(366,066)	(635,940)
Total all other governmental funds	**3,208,004**	**3,003,800**	**2,773,527**	**2,767,776**
Total fund balances, governmental funds	**$6,151,241**	**$ 5,926,738**	**$ 5,315,212**	**$4,661,825**

Note: Certain fiscal year data has been restated for consistency.
Balances were not restated for GASB 54 effects in this presentation.

[1] Reserved Fund Balance is not reported after implementation of GASB Statement No. 54 in fiscal 2010-2011.
a Information detailed in presentation changed in fiscal 2010-2011 with the implementation of GASB 54.

Source: South Carolina Comptroller General's Office

Table 3

Ended June 30					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ —	$ 184,645	$ 231,201	$ 341,773	$ 413,157	$ 280,169
86,993	a	a	a	a	a
1,077	a	a	a	a	a
582,085	a	a	a	a	a
349,619	a	a	a	a	a
478,756	(36,290)	(125,972)	(9,977)	679,780	833,676
1,498,530	**148,355**	**105,229**	**331,796**	**1,092,937**	**1,113,845**
—	2,167,253	2,124,977	2,077,825	2,153,086	2,027,383
790,205	a	a	a	a	a
2,297,364	a	a	a	a	a
127,220	a	a	a	a	a
104,298	a	a	a	a	a
a	726,389	806,524	1,258,938	1,454,483	614,501
a	362,097	248,130	234,123	240,134	307,633
a	1,473	1,502	1,209	1,070	496,290
(1,000,102)	1,089,959	1,056,156	1,494,270	1,695,687	1,418,424
2,318,985	**3,257,212**	**3,181,133**	**3,572,095**	**3,848,773**	**3,445,807**
$3,817,515	**$3,405,567**	**$3,286,362**	**$3,903,891**	**$4,941,710**	**$4,559,652**

Changes in Fund Balances

GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2015	2014 (as restated)	2013 (as restated)	2012
Revenues				
Taxes:				
Individual income	$ 3,741,800	$ 3,422,532	$ 3,480,213	$ 3,114,888
Retail sales and use	4,357,672	4,178,102	3,961,867	4,148,009
Corporate Income	377,329	327,809	386,847	n/a
Gas and motor vehicle	666,772	636,216	557,209	n/a
Insurance	152,314	138,037	139,240	n/a
Hospital	263,557	262,962	263,435	n/a
Other	645,783	601,692	591,992	2,046,220
Licenses, fees, and permits	588,594	543,558	500,684	474,826
Interest and other investment income	52,274	97,308	48,449	140,384
Federal	8,434,117	7,812,816	7,464,240	7,615,387
Local and private grants	57,977	57,589	51,766	54,098
State grants	—	—	—	—
Departmental services	808,512	950,754	776,895	989,677
Contributions	448,014	433,931	390,124	371,989
Fines and penalties	187,524	146,722	131,236	115,161
Tobacco legal settlement	70,419	109,113	73,326	74,122
Other	338,467	741,857	523,672	672,398
Total revenues	**21,191,125**	**20,460,998**	**19,341,195**	**19,817,159**
Expenditures				
Current:				
General government	767,487	784,515	738,335	700,179
Education	971,961	948,137	993,174	946,054
Health and environment	8,090,340	7,323,555	6,646,790	6,397,669
Social services	1,802,517	1,978,585	2,075,475	2,056,782
Administration of justice	814,443	798,031	698,055	720,769
Resources and economic development	221,350	203,833	138,793	189,366
Transportation	768,196	692,243	731,793	835,064
Capital outlay	599,316	702,651	454,053	400,354
Debt service:				
Principal retirement	278,729	270,081	270,223	324,456
Interest and fiscal charges	171,106	183,008	201,304	217,890
Intergovernmental	6,509,788	6,043,436	5,763,966	5,602,752
Total expenditures	**20,995,233**	**19,928,075**	**18,711,961**	**18,391,335**
Excess of revenues over (under) expenditures	**195,892**	**532,923**	**629,234**	**1,425,824**
Other financing sources (uses)				
Refunding bonds issued	—	86,575	424,910	398,665
Bonds and notes issued	18,110	100,235	—	810
Accrued interest on refunding bonds issued	—	—	—	—
Premiums on bonds issued	3,070	30,389	53,560	47,398
Discounts on bonds issued	—	—	—	—
Capital leases	—	7,466	—	230
Receipts from swap counter-parties	—	—	—	—
Payment of termination fee to swap counter-party	—	—	—	—
Payments to refunded bond escrow agent	—	(101,062)	(476,620)	(422,456)
Redemption of refunded bonds	—	—	—	(19,834)
Transfers in	270,402	808,132	431,827	167,133
Transfers out	(262,971)	(849,982)	(484,200)	(820,960)
Total other financing sources (uses)	**28,611**	**81,753**	**(50,523)**	**(649,014)**
Net change in fund balances	**$ 224,503**	**$ 614,676**	**$ 578,711**	**$ 776,810**
Debt service as a percentage of noncapital expenditures	**2.2%**	**2.4%**	**2.6%**	**3.0%**

Table 4

Ended June 30					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 2,898,388	$ 2,658,700	$ 2,828,668	$ 3,360,054	$ 3,337,312	$ 3,127,734
3,969,218	3,855,095	3,908,318	4,254,318	3,805,628	3,631,350
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
1,753,388	1,586,023	1,653,678	1,810,088	1,762,708	1,740,273
511,818	468,758	502,811	522,131	519,707	493,527
81,772	172,561	225,837	315,962	273,949	157,015
8,404,416	8,475,813	6,801,787	6,015,003	5,770,911	5,949,905
55,466	40,287	50,523	52,347	9,715	11,448
—	—	—	—	—	65
625,124	232,079	746,106	747,419	638,441	727,251
437,570	434,832	379,042	331,689	373,238	406,031
122,790	163,389	120,705	121,359	113,340	111,480
69,808	68,709	95,115	83,493	79,912	67,841
572,361	446,384	376,747	129,096	126,857	98,457
19,502,119	**18,602,630**	**17,689,337**	**17,742,959**	**16,811,718**	**16,522,377**
690,566	711,761	752,983	824,171	857,359	633,822
809,161	820,352	811,215	872,898	811,465	752,980
6,867,229	5,963,035	6,219,832	5,564,099	5,243,672	5,143,590
1,878,099	1,831,650	1,529,925	1,271,986	1,143,967	1,048,720
681,808	686,975	716,476	751,182	698,429	637,444
173,047	163,858	205,489	256,526	231,468	198,445
867,372	902,784	655,964	715,538	742,299	779,985
568,225	470,201	384,197	220,744	342,857	623,365
313,261	713,643	353,204	789,639	264,967	250,785
205,811	200,409	220,309	341,027	254,938	257,609
5,705,721	6,109,264	5,869,496	6,178,735	5,113,092	4,985,632
18,760,300	**18,573,932**	**17,719,090**	**17,786,545**	**15,704,513**	**15,312,377**
741,819	**28,698**	**(29,753)**	**(43,586)**	**1,107,205**	**1,210,000**
676,115	388,450	—	275,730	102,015	221,045
205,507	301,672	91,521	—	306,991	289,475
—	—	—	957	—	—
37,581	49,600	4,541	—	9,456	22,222
(5,314)	(87)	—	(8,249)	(8)	—
166	—	19	513	—	250
—	—	—	7,599	—	—
—	—	—	(7,599)	—	—
(528,423)	—	—	(251,180)	(118,350)	(241,235)
(184,087)	—	—	—	—	—
311,010	735,715	759,447	1,099,105	384,755	488,833
(849,777)	(1,383,899)	(1,443,304)	(2,111,109)	(1,410,006)	(1,270,574)
(337,222)	**91,451**	**(587,776)**	**(994,233)**	**(725,147)**	**(489,984)**
$ 404,597	**$ 120,149**	**$ (617,529)**	**$ (1,037,819)**	**$ 382,058**	**$ 720,016**
2.9%	**5.0%**	**3.3%**	**6.5%**	**3.4%**	**3.5%**

Personal Income by Industry

Last Ten Calendar Years
(expressed in millions)

Sources	Calendar Year 2014	2013	2012
Farm earnings	$ 442	$ 667	$ 540
Agricultural services, forestry, fishing, and other	476	401	391
Mining	106	100	99
Construction	6,764	6,330	5,946
Manufacturing	16,888	15,979	15,427
Transportation and public utilities	4,887	4,610	4,359
Wholesale trade	5,449	5,092	4,933
Retail trade	8,709	8,356	7,969
Finance, insurance, and real estate	9,758	9,546	9,123
Services	41,961	39,778	38,423
Federal government, civilian	3,001	2,975	2,946
Military	3,571	3,632	3,677
State and local government	18,066	17,679	17,155
Other [a]	58,407	55,943	55,971
Total personal income	**$ 178,485**	**$171,088**	**$ 166,959**
Average effective rate [b]	[c]	1.8%	1.9%

Information has been updated when modifications are provided by the Federal Government Sources.

[a] Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

[b] The total direct tax rate for personal income is not available. Average effective rate equals total personal income tax liability divided by total personal income.

[c] Information not yet available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 5

2011	2010	2009	2008	2007	2006	2005
$ 346	$ 421	$ 493	$ 494	$ 292	$ 458	$ 646
367	360	325	329	344	352	322
97	87	80	110	95	100	95
5,518	5,637	6,055	7,065	7,756	7,684	6,867
14,820	13,616	13,466	15,063	14,981	14,666	14,432
4,256	4,000	3,944	4,152	4,145	4,055	3,745
4,717	4,446	4,456	4,954	4,804	4,428	4,072
7,828	7,589	7,494	7,865	8,055	7,821	7,436
7,270	8,058	8,271	7,411	6,798	6,648	6,095
36,825	34,635	33,228	33,886	32,363	30,448	28,240
2,869	2,798	2,609	2,501	2,349	2,218	2,134
3,611	3,589	3,540	3,302	3,048	2,877	2,792
17,029	16,608	16,731	16,555	15,628	14,720	13,707
53,714	49,623	48,099	46,509	43,139	39,129	34,793
$ 159,267	**$ 151,467**	**$ 148,791**	**$ 150,196**	**$ 143,797**	**$ 135,604**	**$ 125,376**
1.8%	1.8%	1.8%	1.9%	2.1%	2.2%	2.2%

Taxable Sales by Industry

Last Ten Fiscal Years
(expressed in millions)

Sources	For the Fiscal Year 2015 [b]	2014 [b]	2013 [b]	2012 [b]
Retail trade	$ 45,579	$ 42,828	$ 40,817	$ 32,435
Services	11,661	10,957	10,443	15,923
Transportation, communication, and utilities.	5,027	4,724	4,502	2,139
Wholesale trade	2,927	2,751	2,621	1,988
Other	1,599	1,502	1,432	925
Total taxable sales	**$ 66,793**	**$ 62,762**	**$ 59,815**	**$ 53,410**

Percent Distribution of Taxable Sales by Industry

Last Ten Fiscal Years

Sources	For the Fiscal Year 2015	2014	2013	2012
Retail trade	68.2%	68.2%	68.2%	60.7%
Services	17.5%	17.5%	17.5%	29.8%
Transportation, communication, and utilities.	7.5%	7.5%	7.5%	4.0%
Wholesale trade	4.4%	4.4%	4.4%	3.7%
Other	2.4%	2.4%	2.4%	1.8%
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 4% retail sales tax (5% beginning June 1, 2007) and 1% Education Improvement Act sales tax.

[b] Effective 2011 the Department of Revenue ceased collection of data using SIC with a change to NAICS coding.

Note: Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax revenues.

Source: South Carolina Department of Revenue

Table 6

Ended June 30					
2011 [b]	2010	2009	2008	2007	2006
$ 31,293	$ 37,132	$ 38,129	$ 44,061	$ 47,331	$ 44,258
14,990	4,976	5,189	5,754	5,426	5,172
2,125	5,403	5,292	5,229	5,041	4,682
2,041	2,338	2,519	2,869	2,851	3,466
933	1,276	1,539	1,748	1,935	1,781
$ 51,382	**$ 51,125**	**$ 52,668**	**$ 59,661**	**$ 62,584**	**$ 59,359**

Table 7

Ended June 30					
2011	2010	2009	2008	2007	2006
60.9%	72.6%	72.4%	73.9%	75.6%	74.6%
29.2%	9.7%	9.9%	9.6%	8.7%	8.7%
4.1%	10.6%	10.0%	8.8%	8.1%	7.9%
4.0%	4.6%	4.8%	4.8%	4.6%	5.8%
1.8%	2.5%	2.9%	2.9%	3.0%	3.0%
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
6.0%	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**5.0%**

Personal Income Tax Rates

Table 8

Last Ten Calendar Years

Tax Year	Tax Rates	Number of Brackets	Income Brackets Low	Income Brackets High	Average Effective Rate[a]
2014	0.0% - 7.0%	6	2,880	14,400	b
2013	0.0% - 7.0%	6	2,850	14,250	1.8%
2012	0.0% - 7.0%	6	2,800	14,000	1.9%
2011	0.0% – 7.0%	6	2,760	13,800	1.8%
2010	0.0% – 7.0%	6	2,740	13,700	1.8%
2009	0.0% – 7.0%	6	2,740	13,700	1.8%
2008	0.0% – 7.0%	6	2,670	13,350	1.9%
2007	0.0% – 7.0%	6	2,630	13,150	2.1%
2006	2.5% – 7.0%	6	2,570	12,850	2.2%
2005	2.5% – 7.0%	6	2,530	12,650	2.2%

[a] The total direct tax rate for personal income is not presented. Average effective rate equals total personal income tax liability divided by total personal income.

[b] Not yet available.

Note: The legislature can raise the sales or income tax rates by legislation; no vote of the populace is required. The State's personal income tax brackets are adjusted each year for inflation.

Source: South Carolina Department of Revenue

Personal Income Tax Filers and Liability by Income Level

Table 9

Calendar Years 2013 and 2004
(dollars, except income level, expressed in thousands)

2013 [a]

State Taxable Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	103,105	4.8%	$ 1,305,331	41.9%
$75,001 - $100,000	74,401	3.5%	385,332	12.4%
$50,001 - $75,000	146,985	6.9%	521,699	16.7%
$25,001 - $50,000	304,884	14.2%	585,688	18.8%
$10,001 - $25,000	352,120	16.4%	239,599	7.7%
$10,000 and lower	1,163,894	54.2%	77,039	2.5%
Total	**2,145,389**	**100.0%**	**$ 3,114,688**	**100.0%**

2004

State Taxable Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	60,043	3.2%	$ 903,977	36.4%
$75,001 - $100,000	48,464	2.6%	252,849	10.2%
$50,001 - $75,000	123,244	6.6%	441,942	17.8%
$25,001 - $50,000	285,198	15.3%	566,724	22.8%
$10,001 - $25,000	355,188	19.1%	271,689	10.9%
$10,000 and lower	992,302	53.2%	49,348	1.9%
Total	**1,864,439**	**100.0%**	**$ 2,486,529**	**100.0%**

[a] Information for 2014 not yet available.

Note: Due to confidentiality issues, the names of the largest personal income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's individual income tax revenues.

Source: South Carolina Department of Revenue

Ratios of Outstanding Debt by Type

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

	For the Fiscal Year			
	2015	**2014**	**2013**	**2012**
Governmental Activities				
General obligation bonds	$1,126,138	$1,320,532	$1,376,697	$1,571,957
Limited obligation bonds	185	919	2,408	3,822
Tobacco Authority bonds	—	—	—	—
Infrastructure Bank bonds	1,942,456	2,016,518	2,003,486	2,074,308
Revenue bonds	17,680	21,072	24,318	27,424
Notes payable	11,185	18,265	27,126	41,430
Capital leases	4,493	6,004	349	318
Total governmental activities	3,102,137	3,383,310	3,434,384	3,719,259
Business-Type Activities				
Revenue bonds	6,055	6,210	6,360	—
Total business-type activities	6,055	6,210	6,360	—
Total primary government	**$3,108,192**	**$3,389,520**	**$3,440,744**	**$3,719,259**
Debt as a percentage of personal income	a	1.9%	2.0%	2.2%
Debt per capita expressed in actual dollars	a	$ 701	$ 721	$ 787

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

Table 10

Ended June 30					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$1,756,397	$1,950,048	$1,857,510	$2,016,952	$2,214,865	$2,405,119
5,161	6,435	7,629	9,352	10,985	15,291
63,161	120,653	176,180	242,891	769,755	796,900
2,135,772	2,051,545	2,091,864	2,125,640	2,162,973	1,917,706
30,400	33,251	35,982	38,598	41,044	22,169
50,172	60,944	35,820	20,362	15,622	21,021
261	242	404	672	939	1,894
4,041,324	4,223,118	4,205,389	4,454,467	5,216,183	5,180,100
—	—	—	—	—	—
—	—	—	—	—	—
$4,041,324	**$4,223,118**	**$4,205,389**	**$4,454,467**	**$5,216,183**	**$5,180,100**
2.5%	2.8%	2.8%	3.0%	3.6%	3.8%
$ 865	$ 911	$ 916	$ 984	$ 1,174	$ 1,189

Ratios of General Bonded Debt Outstanding

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

	For the Fiscal Year			
	2015	**2014**	**2013**	**2012**
Governmental Activities				
Capital improvement bonds	$ 99,296	$ 148,642	$ 191,926	$ 243,248
State highway bonds	311,034	358,484	390,046	433,266
State school facilities bonds	76,909	143,868	204,120	264,245
Infrastructure Bank bonds	42,061	44,533	44,052	45,953
State economic development bonds	427,646	436,379	356,623	377,809
Research university infrastructure bonds	133,165	149,609	147,989	162,626
Air carrier hub terminal facilities bonds	36,027	39,017	41,941	44,810
Total governmental activities	1,126,138	1,320,532	1,376,697	1,571,957
Total primary government	**$ 1,126,138**	**$ 1,320,532**	**$ 1,376,697**	**$ 1,571,957**
Debt as a percentage of personal income	a	0.7%	0.8%	0.9%
Debt per capita expressed in actual dollars	a	$ 273	$ 288	$ 333

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					
2011	2010	2009	2008	2007	2006
$ 294,497	$ 355,264	$ 424,080	$ 514,410	$ 603,762	$ 693,815
470,125	510,365	548,278	622,145	663,582	699,669
321,243	375,742	427,355	476,498	523,305	567,873
48,055	50,026	51,921	53,742	55,491	57,171
398,026	417,633	206,371	217,449	227,992	238,109
176,817	190,594	199,505	132,708	140,733	148,482
47,634	50,424	—	—	—	—
1,756,397	1,950,048	1,857,510	2,016,952	2,214,865	2,405,119
$ 1,756,397	**$ 1,950,048**	**$ 1,857,510**	**$ 2,016,952**	**$ 2,214,865**	**$ 2,405,119**
1.1%	1.3%	1.2%	1.3%	1.5%	1.8%
$ 376	$ 421	$ 405	$ 445	$ 498	$ 552

Computation of Legal Debt Margin

June 30, 2015
(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

2013-2014 Budgetary General Fund revenues pledged for highway bonds	$ 11,234
2013-2014 other revenues pledged for highway bonds	630,394
2013-2014 revenues pledged for highway bonds	641,628
15% of 2013-2014 revenues pledged for highway bonds	96,244
Less: maximum annual debt service for highway bonds [a]	56,534
Legal debt service margin at June 30, 2015--highway bonds	**$ 39,710**

GENERAL OBLIGATION BONDS (EXCLUDING INSTITUTION BONDS, HIGHWAY BONDS, AND ANTICIPATION NOTES)[d]

2013-2014 Budgetary General Fund revenues	$ 6,552,390
Less: 2013-2014 Budgetary General Fund revenues pledged for highway bonds [b]	11,234
2013-2014 net Budgetary General Fund revenues	6,541,156
6% of 2013-2014 net Budgetary General Fund revenues	392,469
Less: maximum annual debt service for general obligation bonds excluding institution and highway bonds and bond anticipation notes [c]	141,006
Legal debt service margin at June 30, 2015--general obligation bonds excluding institution and highway bonds and bond anticipation notes	**$ 251,463**

Table 12

ECONOMIC DEVELOPMENT BONDS[e]	
2013-2014 Budgetary General Fund revenues	$ 6,552,390
Less: 2013-2014 Budgetary General Fund revenues pledged for highway bonds[b]	11,234
2013-2014 net Budgetary General Fund revenues	6,541,156
0.5% of 2013-2014 net Budgetary General Fund revenues	32,706
Less: maximum annual debt service for economic development bonds[f]	24,473
Legal debt service margin at June 30, 2015--economic development bonds	**$ 8,233**
RESEARCH UNIVERSITY INFRASTRUCTURE BONDS	
2013-2014 Budgetary General Fund revenues	$ 6,552,390
Less: 2013-2014 Budgetary General Fund revenues pledged for highway bonds[b]	11,234
2013-2014 net Budgetary General Fund revenues	6,541,156
0.5% of 2013-2014 net Budgetary General Fund revenues	32,706
Less: maximum annual debt service for research university infrastructure bonds[a]	21,521
Legal debt service margin at June 30, 2015--research university infrastructure bonds	**$ 11,185**

[a] As of June 30, 2015, the maximum annual debt service will occur in the fiscal year ending June 30, 2016.

[b] For the fiscal year ended June 30, 2015, there were no net Budgetary General Fund revenues pledged for State institution bonds and anticipation notes.

[c] As of June 30, 2015, the maximum annual debt service will occur in the fiscal year ending June 30, 2016.

[d] During the fiscal year ended June 30, 2010, the State issued $50 million of Air Carrier Hub Terminal Facilities bonds under the provisions of Section 55-11-520 of the South Carolina Code of Laws. Section 55-11-520(A) states that no more than $50 million of Air Carrier Hub Terminal Facilities bonds may be outstanding at any time.

[e] During the fiscal year ended June 30, 2010, the State issued $170 million of Economic Development bonds, during the fiscal year ended June 30, 2014, the State issued an additional $85 million of Economic Development bonds and during the fiscal year ended June 30, 2015, the State issued an additional $18.11 million of Economic Development bonds which, based on the provisions of Section 11-41-60 of the South Carolina Code of Laws, are not subject to the limitation on maximum annual debt service. This $170 million, $85 million, and $18.11 million bond issues have been excluded from the debt service limit calculations.

[f] As of June 30, 2015, the maximum annual debt service will occur in the fiscal year ending June 30, 2023.

Source: South Carolina Comptroller General's Office

Legal Debt Margin Information

Last Ten Fiscal Years
(expressed in thousands)

	For the Fiscal Year			
	2015	2014	2013	2012
State Highway Bonds				
Debt service limitation	$ 96,244	$ 93,314	$ 95,326	$ 95,525
Debt service applicable to limit	56,534	57,365	57,717	58,390
Legal debt margin at June 30	**$ 39,710**	**$ 35,949**	**$ 37,609**	**$ 37,135**
Legal debt margin as a percentage of debt service limitation	**41.3%**	**38.5%**	**39.5%**	**38.9%**
General Obligation Bonds excluding Institution and Highway Bonds and Bond Anticipation Notes				
Debt service limitation	$ 392,469	$ 382,796	$ 350,844	$ 337,073
Debt service applicable to limit	141,006	175,354	173,992	180,387
Legal debt margin at June 30	**$ 251,463**	**$ 207,442**	**$ 176,852**	**$ 156,686**
Legal debt margin as a percentage of debt service limitation	**64.1%**	**54.2%**	**50.4%**	**46.5%**
Economic Development Bonds				
Debt service limitation	$ 32,706	$ 31,900	$ 29,237	$ 28,089
Debt service applicable to limit	24,473	24,493	24,521	24,521
Legal debt margin at June 30	**$ 8,233**	**$ 7,407**	**$ 4,716**	**$ 3,568**
Legal debt margin as a percentage of debt service limitation	**25.2%**	**23.2%**	**16.1%**	**12.7%**
Research University Infrastructure Bonds				
Debt service limitation	$ 32,706	$ 31,900	$ 29,237	$ 28,089
Debt service applicable to limit	21,521	21,663	20,452	20,624
Legal debt margin at June 30	**$ 11,185**	**$ 10,237**	**$ 8,785**	**$ 7,465**
Legal debt margin as a percentage of debt service limitation	**34.2%**	**32.1%**	**30.0%**	**26.6%**

For fiscal year 2012-13, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category.

Source: South Carolina Comptroller General's Office

Table 13

Ended June 30					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
$ 93,729	$ 93,382	$ 98,037	$ 101,853	$ 96,128	$ 90,101
58,831	60,997	64,078	71,766	71,766	71,766
$ 34,898	**$ 32,385**	**$ 33,959**	**$ 30,087**	**$ 24,362**	**$ 18,335**
37.2%	**34.7%**	**34.6%**	**29.5%**	**25.3%**	**20.3%**
$ 313,772	$ 331,738	$ 382,086	$ 397,558	$ 370,495	$ 332,122
183,438	199,556	198,074	221,525	225,409	230,124
$ 130,334	**$ 132,182**	**$ 184,012**	**$ 176,033**	**$ 145,086**	**$ 101,998**
41.5%	**39.8%**	**48.2%**	**44.3%**	**39.2%**	**30.7%**
$ 26,148	$ 27,645	$ 31,841	$ 33,130	$ 30,875	$ 27,677
24,655	24,655	21,229	21,229	21,284	21,342
$ 1,493	**$ 2,990**	**$ 10,612**	**$ 11,901**	**$ 9,591**	**$ 6,335**
5.7%	**10.8%**	**33.3%**	**35.9%**	**31.1%**	**22.9%**
$ 26,148	$ 27,645	$ 31,841	$ 33,130	$ 30,875	$ 27,677
20,820	21,019	21,019	13,777	13,882	13,980
$ 5,328	**$ 6,626**	**$ 10,822**	**$ 19,353**	**$ 16,993**	**$ 13,697**
20.4%	**24.0%**	**34.0%**	**58.4%**	**55.0%**	**49.5%**

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	
Budget and Control Board—Revenue Bonds					
2015	$ 2,387	$ 1,965	$ 422	$ 2,387	1.00
2014	2,385	1,870	515	2,385	1.00
2013	2,384	1,780	604	2,384	1.00
2012	2,384	1,695	689	2,384	1.00
2011	2,382	1,620	762	2,382	1.00
2010	2,371	1,540	831	2,371	1.00
2009	2,367	1,470	897	2,367	1.00
2008	2,324	1,385	939	2,324	1.00
2007	2,298	1,320	978	2,298	1.00
2006	2,276	1,260	1,016	2,276	1.00
Infrastructure Bank Bonds					
2015	$ 219,487	$ 67,125	$ 89,129	$ 156,254	1.40
2014	208,256	71,550	92,522	164,072	1.27
2013	212,078	60,730	95,789	156,519	1.35
2012	217,883	54,410	103,703	158,113	1.38
2011	246,542	48,418	96,606	145,024	1.70
2010	213,689	46,275	99,624	145,899	1.46
2009	207,747	40,750	99,446	140,196	1.48
2008	194,969	44,355	103,541	147,896	1.32
2007	195,754	41,070	90,284	131,354	1.49
2006	166,443	37,940	93,409	131,349	1.27
Tobacco Settlement Revenue Management Authority Bonds					
2015	$ 70,419	$ —	$ —	$ —	N/A
2014	109,113	—	—	—	N/A
2013	73,326	—	—	—	N/A
2012	74,122	71,700	3,585	75,285	0.98
2011	69,808	65,265	3,585	68,850	1.01
2010	68,709	63,035	10,000	73,035	0.94
2009	95,115	75,730	13,787	89,517	1.06
2008	83,493	390,735	48,540	439,275	0.19
2007	79,912	—	50,761	50,761	1.57
2006	67,841	—	52,601	52,601	1.29

For fiscal year 2012-13, the State implemented GASB Statement No. 61 (GASB 61). The implementation resulted in reclassification of state universities, state technical colleges and other state-related entities from the primary government category to the component units category.

Demographic Statistics

Table 15

Last Ten Calendar Years

Year	Population at July 1 [a]	Per Capita Income [b]	Average Annual Unemployment Rate [c]
2014	4,832,482	$ 36,934	6.4%
2013	4,774,839	35,831	7.5%
2012	4,723,417	35,347	9.1%
2011	4,673,509	34,079	10.4%
2010	4,636,361	32,669	11.1%
2009	4,589,872	32,417	11.3%
2008	4,528,996	33,163	7.0%
2007	4,444,110	32,357	5.7%
2006	4,357,847	31,117	6.5%
2005	4,270,150	29,361	6.7%

Information has been updated when modifications are provided by the Federal Government Sources.

[a] Source: U.S. Census Bureau

[b] Source: U.S. Department of Commerce, Bureau of Economic Statistics

[c] Source: U.S. Department of Commerce, Bureau of Economic Statistics

Employment by Industry

Table 16

Latest Completed Calendar Year and Nine Years Prior

Sources	2014 Number of Employees	2014 Percent of Total	2005 Number of Employees	2005 Percent of Total
Farming	6,077	0.3%	7,083	0.4%
Agricultural services, forestry, fishing, and other	7,110	0.3%	7,169	0.4%
Mining	1,158	0.1%	1,529	0.1%
Construction	85,208	4.2%	122,598	6.3%
Manufacturing	230,602	11.3%	260,670	13.3%
Transportation and public utilities	68,854	3.4%	63,560	3.2%
Wholesale trade	68,449	3.4%	67,779	3.5%
Retail trade	239,102	11.8%	235,054	12.0%
Finance, insurance, and real estate	98,304	4.8%	97,255	5.0%
Services	829,110	40.7%	712,084	36.4%
Federal government, civilian	32,167	1.6%	28,795	1.5%
Military	53,136	2.6%	53,408	2.7%
State and local	315,623	15.5%	299,228	15.2%
Total wage and salary employment	**2,034,900**	**100.0%**	**1,956,212**	**100.0%**

Note: Due to confidentiality issues, the number of employees for individual companies within the State is not available. The categories presented are intended to provide alternative information regarding the principal employers within the State.

Source: U.S. Department of Commerce, Bureau of Economic Statistics

Ten Largest Employers

Table 17

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

2014	2005
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Charleston County School District
Greenville Health System	Greenville County School District
Michelin North America, Inc.	Greenville Health System
Palmetto Health Alliance, Inc.	Michelin North America, Inc.
U.S. Department of Defense	U.S. Department of Defense
U.S. Postal Service	U.S. Postal Service
University of South Carolina	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Washington Savannah River Company

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are 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			
	2015 [a]	2014 [a]	2013 [a]	2012
General government	6,068	6,023	5,748	5,927
Education	2,857	2,773	2,717	2,726
Higher education	—	—	—	29,518
Health and environment	9,741	9,683	9,675	9,875
Social services	3,438	3,294	3,222	3,150
Administration of justice	8,886	9,205	9,261	9,295
Resources and economic development	1,612	1,525	1,477	1,410
Transportation	4,361	4,291	4,417	4,471
Other	66	56	66	300
Totals	**37,029**	**36,850**	**36,583**	**66,672**

[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					
2011	**2010**	**2009**	**2008**	**2007**	**2006**
5,915	6,108	6,307	6,532	6,457	6,267
2,772	2,968	2,990	3,084	3,014	2,922
28,547	28,414	28,271	26,972	26,095	27,185
10,399	10,998	11,487	12,286	12,237	12,461
3,235	3,689	3,990	3,998	3,904	3,627
9,442	9,631	9,954	10,280	10,098	9,747
1,437	1,675	1,738	1,856	1,818	1,776
4,536	5,006	5,050	5,065	4,880	4,794
307	314	317	313	314	306
66,590	**68,803**	**70,104**	**70,386**	**68,817**	**69,085**

Operating Indicators by Function

Last Ten Fiscal Years

	For the Fiscal Year			
	2015 [a]	2014 [a]	2013 [a]	2012
General government				
Individual income tax returns processed	2,582,598	2,514,090	2,444,843	2,406,252
Corporate income tax returns processed	212,072	209,677	208,208	194,680
Department of Motor Vehicles transactions	13,401,505	12,767,033	11,541,043	10,522,707
Workers' compensation cases reviewed	63,164	63,541	53,683	44,327
Education				
Public school enrollment	753,485	742,325	731,679	719,201
Average operating miles per school bus	14,715	14,862	16,041	15,048
State Museum visitors	181,284	127,943	143,199	185,124
Health and environment				
Medicaid eligible participants	1,336,550	1,246,546	1,162,210	1,069,195
Women, Infant and Children (WIC) participants	114,562	112,131	125,368	130,646
Community mental health center clients	80,792	78,825 [b]	89,510	83,880
Social services				
Average food stamp households per month	382,054	403,281	415,475	444,268
Child Protective Services investigations	19,784	14,606	11,924	15,803
Administration of justice				
Adult prison average daily population	20,948	21,581	22,152	22,776
Juvenile facility average daily population	560	523	508	532
Resources and economic development				
Dept of Commerce capital investment projects	146	127	151	149
Welcome Center visitors	2,054,310	2,001,594	2,046,582	2,158,943
Hunting and fishing licenses processed	995,773	962,561	938,736	965,598
Watercraft registrations	481,144	460,300	462,926	450,935
Transportation				
Miles of surface repair	160,674	166,174	150,859	137,479
Miles of roadway inspections	178,761	354,953	341,907	325,930
Higher education and support				
Total headcount enrollment	n/a	n/a	n/a	208,302
Degrees awarded	n/a	n/a	n/a	38,545
Unemployment compensation benefits				
Initial claims	179,984	225,420	264,447	278,714
Total benefit weeks claimed	956,586	1,365,992	1,787,530	2,402,387
Financing of housing facilities				
Mortgage loans serviced	n/a	n/a	n/a	15,977
Families receiving rental assistance	n/a	n/a	n/a	19,886
Medical malpractice insurance				
Membership total	2,988	3,311	3,020	3,374
Financing of student loans				
Number of student loans outstanding	n/a	n/a	n/a	482,691
Tuition prepayment program				
Individual accounts	5,662	5,758	5,841	5,935
State maritime museum				
Museum visitors and other area patrons	n/a	n/a	n/a	273,283
Insurance claims processing				
Second Injury Fund claims paid	1,759	1,964	2,190	3,312
Other				
Public railway carloads (calendar year)	117,550	122,475	105,775	88,746

[a] Beginning with fiscal year 2012-2013, Higher education institutions, Housing Authority, Education Assistance Authority, and Patriots Point Development Authority are not part of the primary government.

[b] Processing changes resulted in evaluation differences for service monitoring.

Source: South Carolina Comptroller General's Office

Table 19

Ended June 30					
2011	2010	2009	2008	2007	2006
2,482,647	2,379,693	2,393,919	2,421,786	2,273,202	2,172,409
197,608	183,224	185,200	166,237	164,855	155,228
9,898,064 [b]	11,989,686	12,430,183	13,234,198	13,331,078	13,474,463
43,464	53,407	63,493	77,961	82,603	127,848
714,421	712,240	707,739	701,749	698,290	694,155
15,950	15,795	15,600	15,651	16,000	15,685
136,346	156,810	154,487	131,731	141,202	145,845
1,019,508	975,275	934,090	903,397	902,308	932,708
130,097	133,942	134,618	124,033	112,467	107,413
85,244 [b]	88,726	88,999	87,762	87,641	89,480
384,936	346,807	287,867	248,314	231,053	225,456
17,763	18,805	17,621	18,560	18,168	16,898
23,358	24,105	24,081	23,958	23,437	22,964
635	739	858	910	985	1,043
172	161	190	179	139	137
2,023,488	2,323,877	2,123,161	2,281,295	2,378,630	2,454,311
996,890	958,014	840,956	839,696	811,025	781,882
442,057	429,233	429,532	430,377	433,158	415,993
150,590	178,084	162,938	158,512	167,551	163,829
361,226	448,492	401,426	342,981	332,559	313,530
205,080	200,204	187,253	180,479	176,415	174,686
35,958	27,705	26,835	26,237	26,063	25,622
310,528	386,818	545,137	292,661	304,464	299,975
2,992,594	4,331,564	4,206,476	1,964,982	1,998,836	1,930,718
15,740	15,813	16,789	16,379	14,400	12,068
19,918	19,931	19,955	20,100	20,129	20,872
3,570	4,230	4,568	5,466	6,320	7,050
537,090	371,205	386,748	189,292	351,024	323,536
6,052	6,135	6,239	6,315	6,388	6,452
270,802	268,965	264,244	264,326	259,425	260,827
3,224	3,118	3,404	3,661	3,951	3,860
66,618	64,554	92,136	95,521	82,036	88,245

Capital Assets by Function

Last Ten Fiscal Years

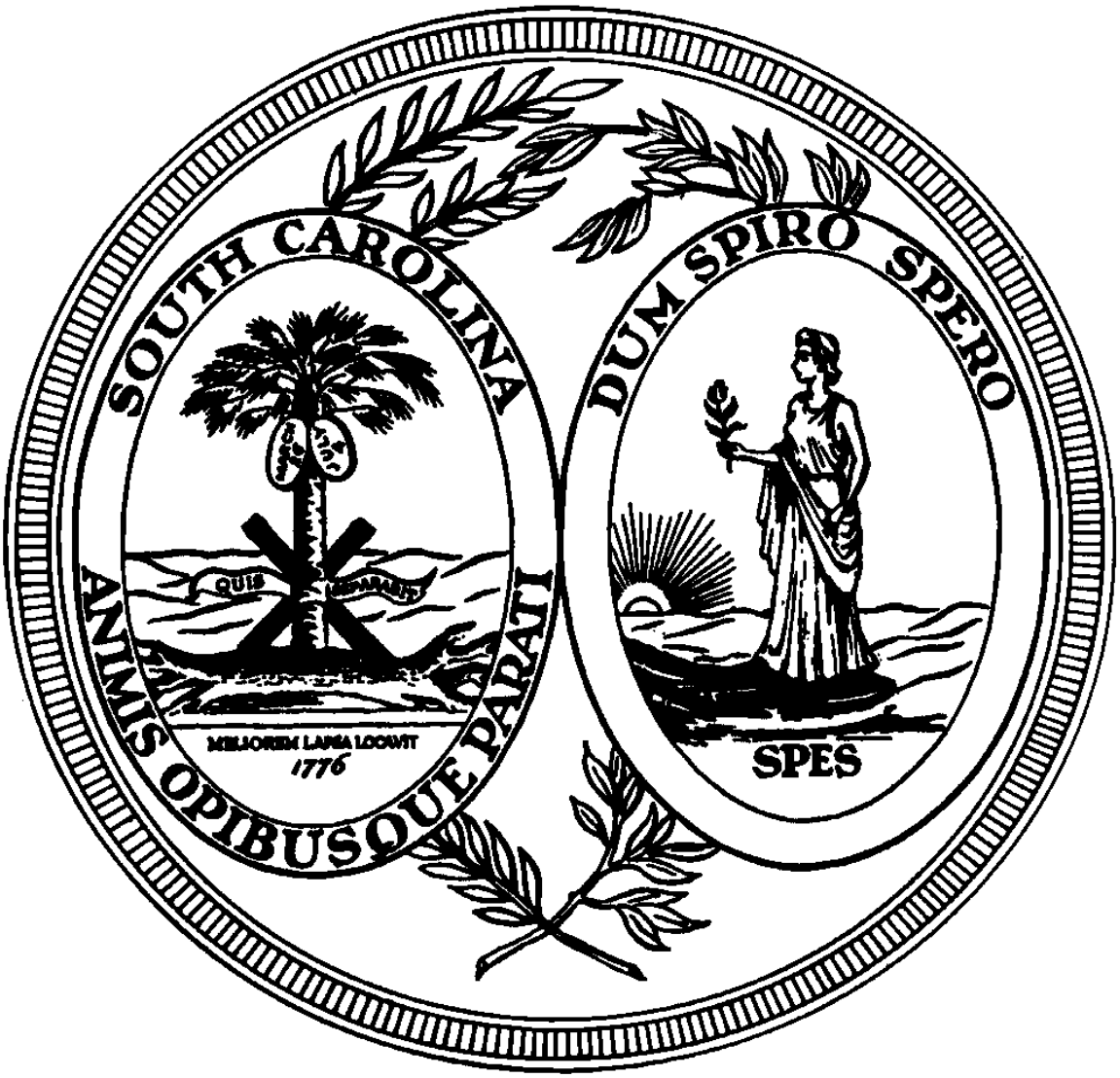
	For the Fiscal Year			
	2015[a]	2014[a]	2013[a]	2012
General government				
Buildings and facilities	49	49	46	33
State armories	58	59	66	63
Fleet vehicles	3,029	3,093	2,991	3,092
Motor vehicle district offices	66	66	67	67
Education				
School buses	5,776	5,640	5,705	5,630
Television transmitters	11	11	11	11
Vocational training/client centers	35	35	35	35
Health and environment				
Mental health buildings	144	149	148	149
Community mental health centers	64	64	51	48
Regional special needs centers	5	5	5	5
Social services				
Buildings and facilities	69	69	65	66
Administration of justice				
Adult correctional institutions	24	25	26	27
Juvenile correctional facilities	7	7	7	7
Highway patrol district offices	6	6	6	6
Highway patrol vehicles	1,442	1,351	1,050	1,054
Resources and economic development				
Acres of State parks	86,445	86,445	86,370	84,604
Acres of State forests	94,462	94,245	94,215	94,215
State parks and historical sites	53	53	53	53
State farmers' markets	3	3	3	3
Vehicles and boats	1,169	1,292	1,081	1,223
Transportation				
Miles of State highways	41,391	41,414	41,432	41,448
Weigh stations	8	8	8	8
Traffic cameras	360	360	360	360
Miles of cable median barriers	480	480	480	480
Higher education				
Number of campuses	n/a	n/a	n/a	33
Buildings-universities	n/a	n/a	n/a	852
Buildings-technical colleges	n/a	n/a	n/a	310
Buildings-student residences	n/a	n/a	n/a	319
State maritime museum				
Vintage aircraft	n/a	n/a	n/a	4
Historical period exhibits	n/a	n/a	n/a	15
Other				
Rail yards	3	3	3	3
State-owned locomotives	10	10	10	10

[a] Beginning with fiscal year 2012-2013, Higher education institutions and Patriots Point Development Authority are not part of the primary government.

Source: South Carolina Comptroller General's Office

Table 20

Ended June 30					
2011	2010	2009	2008	2007	2006
33	32	32	32	33	33
63	63	65	63	62	65
2,957	3,316	3,599	3,831	3,515	2,687
68	69	69	69	69	69
5,636	5,677	6,117	6,420	6,274	5,788
11	11	11	11	11	11
35	35	35	35	35	35
150	151	150	154	137	111
48	47	49	47	59	60
5	5	5	5	5	5
66	66	66	66	66	66
28	28	28	28	28	29
7	7	7	7	7	7
6	7	7	7	7	7
1,060	1,162	1,162	1,237	1,004	1,055
83,118	83,118	82,813	81,824	81,807	81,168
94,215	92,552	92,552	91,466	91,466	91,600
53	53	53	53	53	53
3	3	3	3	3	3
841	1,121	1,203	1,280	1,026	1,538
41,470	41,460	41,468	41,476	41,468	41,470
8	9	9	9	9	9
350	350	320	300	300	250
480	476	476	476	470	470
33	33	33	33	33	33
857	833	792	773	787	810
308	303	302	297	286	277
297	300	327	388	373	340
4	4	4	4	4	4
15	15	15	15	15	15
3	3	3	3	3	3
10	10	10	10	13	13



Section 1-11-425 of the South Carolina Code of Laws requires inclusion of the following information:
Total printing cost was $305.00; 100 copies were printed at a cost of $3.05 each.