



SOUTH CAROLINA'S FINANCES EARN 'D' GRADE

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THE FINANCIAL STATE OF SOUTH CAROLINA

A new analysis of the latest available audited financial reports found South Carolina has a Taxpayer Burden™ of \$18,100, earning it a "D" grade based on Truth in Accounting's grading scale.

Financial decisions made by the state's elected officials over the years have left South Carolina with a \$26.2 billion shortfall, which equates to \$18,100 for every taxpayer. Most of the state's overall debt comes from contractually protected pension benefits and retiree health care costs. Of the \$45.6 billion in retirement benefits promised, the state has not funded \$14.1 billion in pension and \$13.8 billion in retiree health care benefits.

South Carolina's financial condition is not only alarming but also misleading as government officials have failed to disclose significant amounts of retirement debt on the state's balance sheet. Residents and taxpayers have been presented with an unreliable and inaccurate accounting of the state government's finances.

Here's the truth:

39

Rank

\$26.2
billion

Money needed to
pay bills

-\$18,100

Taxpayer
Burden

D

Financial grade

Data included in this report is derived from the state of South Carolina's 2017 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

SOUTH CAROLINA FINANCIAL BREAKDOWN

FAST FACTS

- + South Carolina has \$12.5 billion available in assets to pay \$38.7 billion worth of bills.
- + The outcome is a \$26.2 billion shortfall and a \$18,100 Taxpayer Burden.
- + The state is hiding \$7.4 billion of pension debt and \$13.8 billion of retiree health care debt.
- + South Carolina's reported net position is inflated by \$1.4 billion, largely because the state defers recognizing losses incurred when the net pension liability increases.

THE STATE'S BILLS EXCEED ITS ASSETS

Assets	\$57,086,127,000
<i>Minus:</i> Capital assets	-\$32,302,279,000
Restricted assets	-\$12,265,489,000
Assets available to pay bills	\$12,518,359,000
<i>Minus:</i> Bills	-\$38,691,018,000
Money needed to pay bills	-\$26,172,659,000
Each taxpayer's share of this debt	-\$18,100

BILLS THE STATE HAS ACCUMULATED

Bonds	\$13,575,124,000
Other liabilities	\$9,916,701,000
<i>Minus:</i> Debt related to capital assets	-\$12,719,514,000
Unfunded pension benefits	\$14,149,396,000
Unfunded retiree health care	\$13,769,311,000
Bills	\$38,691,018,000

GRADE: D

Bottom line: South Carolina does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to states with a Taxpayer Burden between \$5,000 and \$20,000. Because of South Carolina's balanced budget requirement, its Taxpayer Burden should be \$0.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.