

SANTA CATARINA

2020 GENERAL BALANCE SHEET | SUMMARY



FACING DIFFICULTIES WITH RESILIENCE AND ECONOMIC RECOVERY

DIRETORIA DE
CONTABILIDADE E DE
INFORMAÇÕES FISCAIS

SECRETARIA
DE ESTADO
DA FAZENDA

GOVERNO DE
SANTA CATARINA



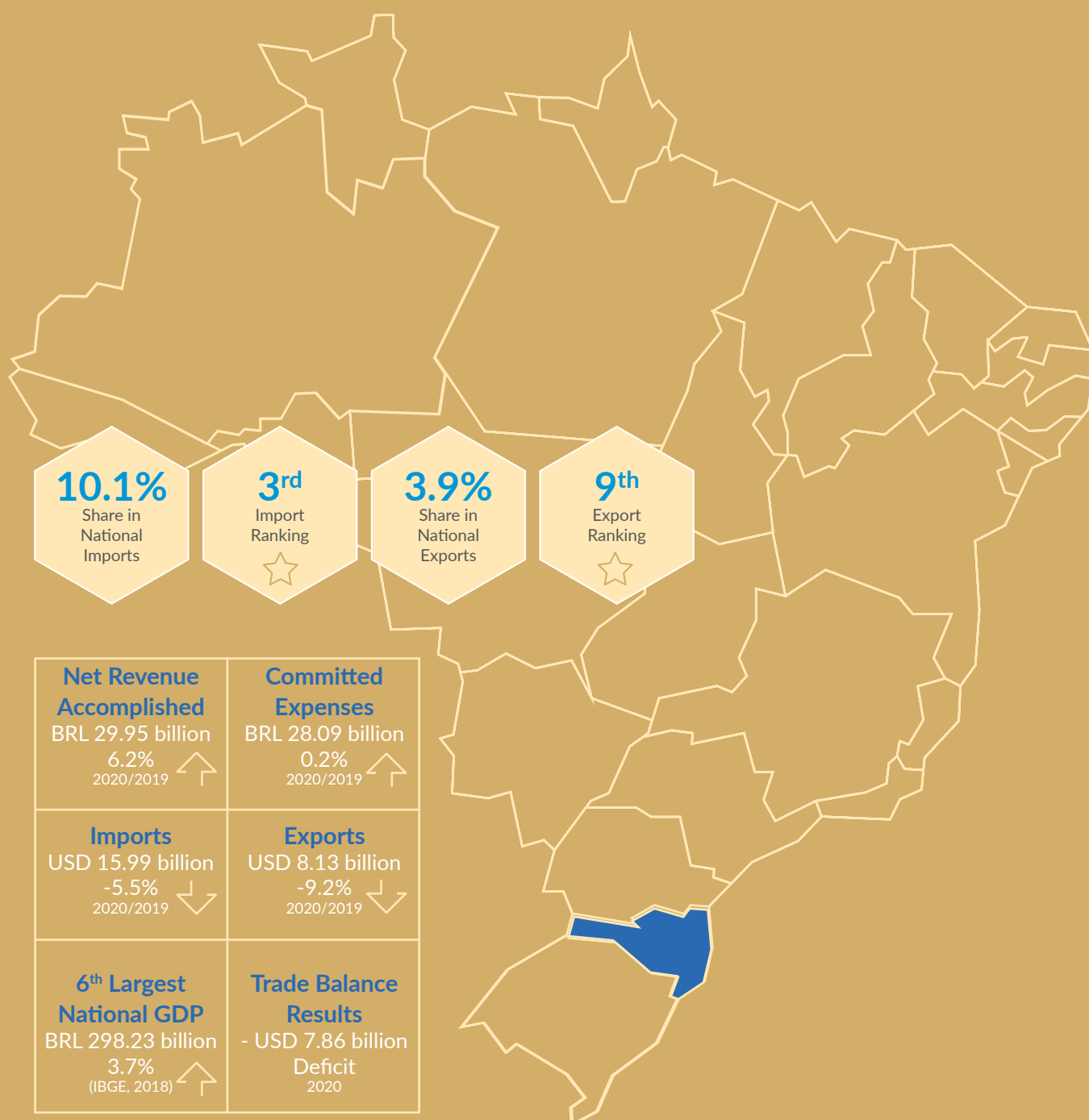
THE STATE

Santa Catarina is unique among the Brazilian states. With 1% of the national territory (95.7 thousand km² of territorial area) and 3% of the Brazilian population (7,252,502 inhabitants), the State has the highest life expectancy rate in the country, with 83.2 years for women and 76.7 years for men.

The state capital is Florianópolis, and the five most populous cities in the state are Joinville, Florianópolis, Blumenau, São José, and Chapecó.

SANTA CATARINA ECONOMY

Although some of the sectors were more affected and are still recovering from the pandemic, the results are still positive for 2020, based on the diversification of the state economy, which, being geographically well distributed, was able to develop itself in all the regions. Three cities of the state even feature among the 100 best cities in the country to open companies, with emphasis to Florianópolis (2nd), only behind the largest city in Brazil: São Paulo. Joinville (16th) and Blumenau (17th) are the other ones featuring on the list.



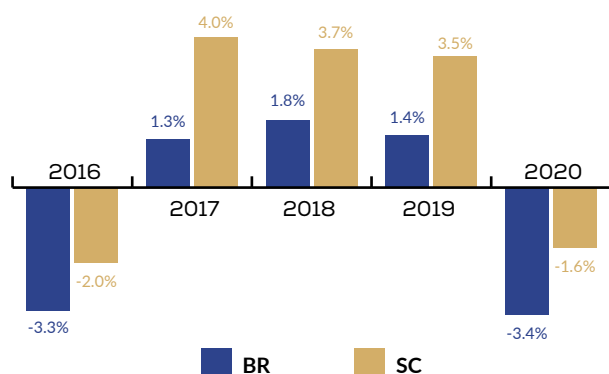
Gross Domestic Product (GDP)

After three years of growth, the state GDP presented retraction in 2020, according to the estimate by the State Secretariat of Sustainable Economic Development (SDE). However, even with this retraction, Santa Catarina closed the year as one of the states with the best economic performance in the country and continued gaining share in the national GDP.

The state is in great evidence within the domestic agribusiness scenario, being the greatest national producer of swine, apples, onion, fish, oyster, and clams. It is also considered the second largest producer of tobacco, palm hearts, poultry, garlic, and rice, as well as the fourth largest producer of grapes, barley, and milk in the country.

This performance originates from the approximately 183 thousand agricultural establishments, generating over 500 thousand direct job positions, of which 73% are derived from family farming. With the focus aiming at the foreign market, the Gross Value of Agricultural Production (*Valor Bruto da Produção Agropecuária - VBP*) in the state in VBP was near BRL 33.60 billion.

GDP GROWTH RATE (%) 2016-2018 (REAL) AND 2019-2020 (ESTIMATED)

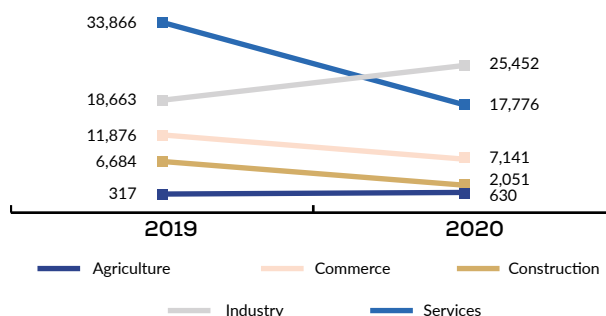


Source: State Secretariat of Sustainable Economic Development of Santa Catarina

Employment

The state continues presenting the lowest rate of unemployment of the country, with 5.3% against the national average of 13.9%. In addition, Santa Catarina was the state that generated most jobs in 2020, with a total of 53,050 jobs created. The industrial sector led the hirings, with 25,452 new jobs, followed by the service sector (17,776) and by commerce (7,141).

EVOLUTION OF JOB POSITIONS



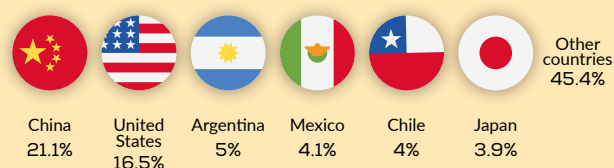
Source: Ministry of Labor and Employment - CAGED (2019 and 2020)



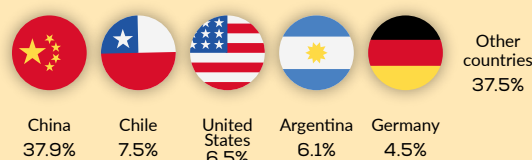
FOREIGN TRADE

In 2020, Santa Catarina was the third state with most imports in the country, and the ninth national exporter.

DESTINATION OF SANTA CATARINA EXPORTS IN 2020



ORIGIN OF SANTA CATARINA IMPORTS IN 2020



Source: Ministry of Development, Industry and Foreign Trade (MDIC)

ADMINISTRATIVE MANAGEMENT

In 2020, the Government of Santa Catarina continued the actions to broaden the services offered by the state administration to its citizens.

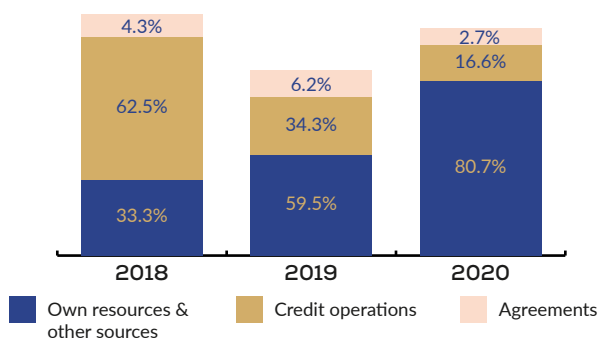
With a more integrated budgetary and financial management, the reduction of the structure, the review of contracts and the digitalization of the processes and services, the state avoid wasting resources and generate savings to invest back with its own resources.

In 2020, the Government of Santa Catarina invested over BRL 1 billion in resources directly collected by the state, without the need of credit operations or agreements. This amount corresponds to 80.7% of all investments made. Transport Infrastructure, Education and Health were the areas with the highest investments.

Investments

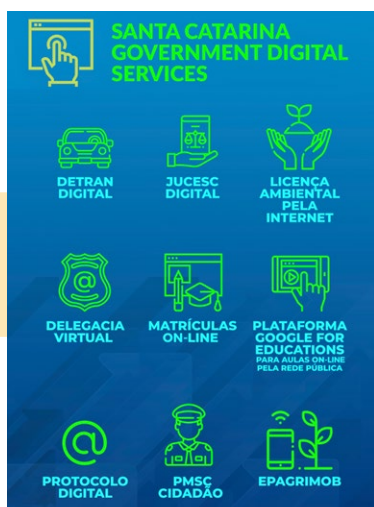
(BRL million)

Origin of Investments from the Executive Branch	2018	2019	2020
Own resources and other sources	457.09	605.52	1,052.57
Credit operations	858.23	349.00	216.06
Agreements	58.90	62.77	35.59
Total	1,374.22	1,017.30	1,304.22



Santa Catarina in 2020

1st place in the 2020 National Ranking of Offering Digital Services for Citizens



THE MOST EFFICIENT PUBLIC MACHINE IN BRAZIL

2nd place in the State Competitiveness Ranking

www.rankingdecompetitividade.org.br

The Pandemics in Santa Catarina in 2020

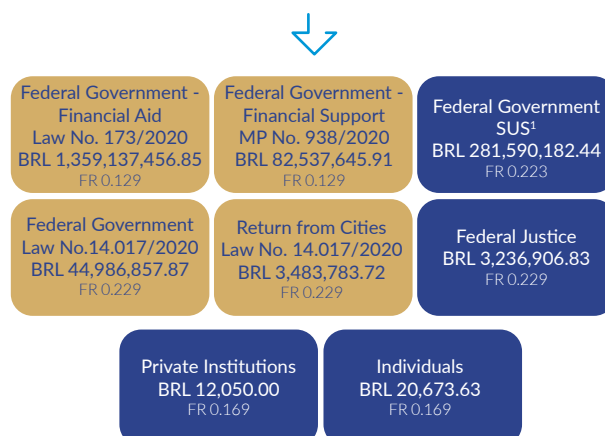


Source: State Health Secretariat

Resources Received for Fighting the Pandemic

BRL 1,775,005,557.25

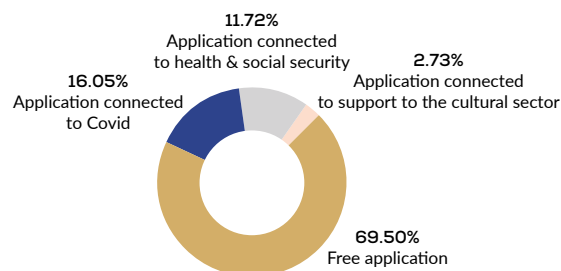
External resources received in 2020 by Santa Catarina for fighting the pandemic and to mitigate the financial difficulties resulting from the state of public calamity



■ Mandatory investment linked to the fighting against Covid-19
 ■ Free investment or investment on health, social security, or support to the cultural sector actions

Investment of the External Resources Received

Investment	Fighting Covid	Health & social security	Support to cultural sector	Resources with free investment
Origin	SUS Federal Justice Individuals and Companies	LC No. 173/2020 - Item I	Federal Law No. 14.017/2020	LC No. 173/2020 - Item II and MP No. 938/2020 (converted in Law No. 14.041/2020)
Amount (BRL)	284,859,812.90	208,046,972.97	48,470,641.59	1,233,628,129.79



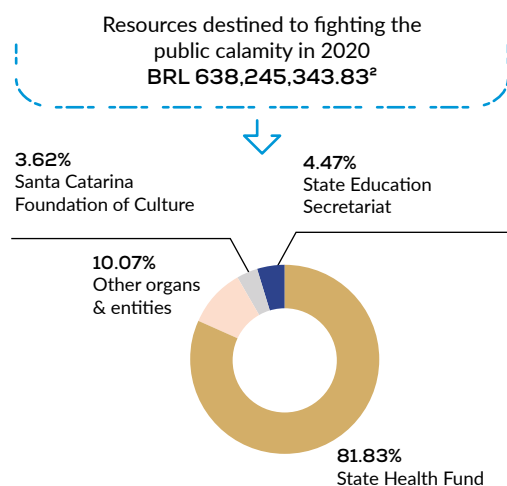
The Executive Branch also received resources from the Legislative Assembly (BRL 22 million), from the Court of Auditors (BRL 20 million) and from the Court of Justice (BRL 10 million) destined to fighting the pandemic.

¹ The amount forwarded by SUS had a deduction of BRL 432,000.00. In addition to this amount, the state also received BRL 16,614,259.00 for investments.

Resources Destined to Fighting the Pandemic

In addition to the external resources received, Santa Catarina also destined part of its own resources to serve the state population. In total, the 2020 expenses directly related to fighting the pandemic were of BRL 638,245,343.83.

In addition to this amount, other resources were applied by the state, without specific connection with the disease.



² Incurred amounts identified with the allotment complement 515 - Coronavirus. In addition to this amount, in 2020, other BRL 32.92 million destined to fighting the public calamity were committed, without identification with the allotment complement 515.

Breakdown of Amounts Spent Directly Linked to Fighting against COVID-19 in 2020

BRL 638,245,343.83		
Medical and Laboratory Services	185,274,233.63	29.03%
Medical Equipment & Devices	71,485,531.11	11.20%
Transfer to Hospitals and Health Institutions	49,660,220.71	7.78%
Retribution for Medical Productivity	40,824,149.89	6.40%
Temporary Services from Health Agents	29,264,707.07	4.59%
Food Items	24,233,270.45	3.80%
Transient Special Gratification	24,107,882.73	3.78%
Pharmacological Material	23,226,073.27	3.64%
Protection and Safety Material	21,923,725.24	3.43%
Capital from Semi-Public Corporations	20,500,007.00	3.21%
Cultural Awards	18,910,000.00	2.96%
Fund-to-Fund Transfers	15,922,441.09	2.49%
Hospital Materials	13,307,969.33	2.09%
Cleaning & Conservation	12,700,334.22	1.99%
INSS	12,273,998.53	1.92%
Advertising on Covid-19	11,652,457.51	1.83%
Complementary Installment Transitory	10,255,533.92	1.61%
Others	52,722,808.13	8.26%

BUDGETARY, FINANCIAL & EQUITY MANAGEMENT

The budget planning for Santa Catarina, based on the Pluri-annual Plan (PPA), the Budgetary Guidelines Law (LDO), and the Annual Budgetary Law (LOA) estimated the revenues and established the total expenses in the several areas of the state.

PPA 2020 - 2023

Law No. 17.874/2019

Defined the guidelines, objectives, and targets of the State Public Administration for the capital expenditure and others arising from it, in addition to those related to the long-lasting programs.



LDO 2020

Law No. 17.753/2019

Guided the development of the 2020 budget, setting out priorities and targets.



LOA 2020

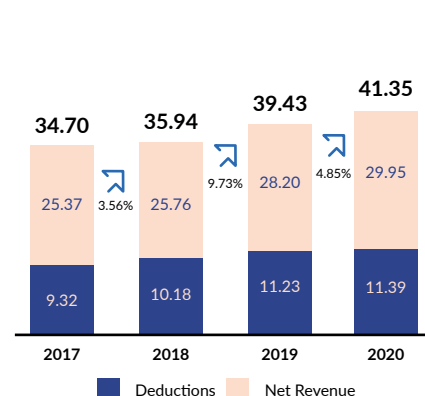
Law No. 17.875/2019

Estimated revenue and established expenses for 2020.

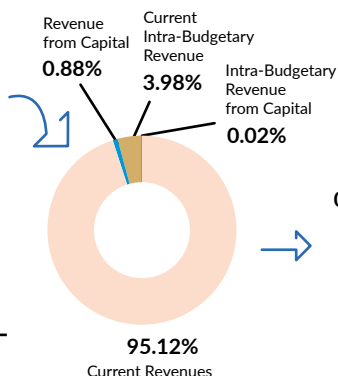
Revenue

The revenue corresponds to the resource input the State has available to maintain the services and finance its public investment needs. It has several origins: collection of taxes, fees and contributions, transfer of resources from other entities, exploitation of the state assets, or the capture of resources through loans and funding, for instance.

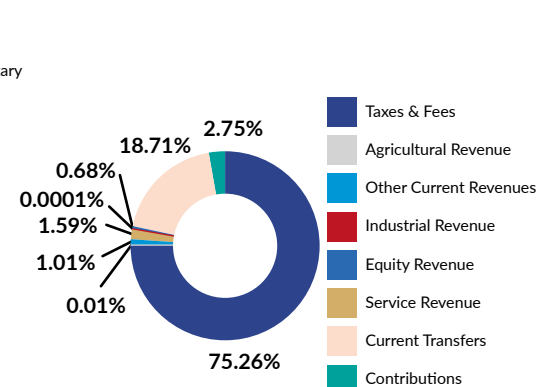
GROSS REVENUE EVOLUTION (BRL BILLION)



2020 GROSS REVENUE



COMPOSITION OF 2020 GROSS CURRENT REVENUE

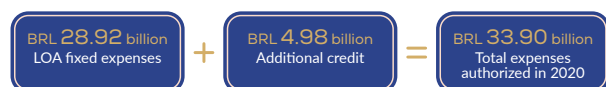


REVENUE COLLECTED PER ECONOMIC CATEGORY & SOURCE (BRL MILLION)

Revenue	2020			2019			Gross Collection Variation	
	Gross Collection	Deductions	Net Collection	Gross Collection	Deductions	Net Collection		
Current Revenues	39,326.51	11,393.32	27,933.19	37,314.85	11,234.50	26,080.35	↑	5.39%
Contributions	1,079.57	18.36	1,061.21	1,056.37	5.53	1,050.84	↑	2.20%
Taxes, Fees & Improvement Contributions	29,596.64	10,982.22	18,614.43	29,029.48	10,846.94	18,182.54	↑	1.95%
Agricultural Revenue	2.48	-	2.48	1.64	-	1.64	↑	50.70%
Service Revenue	624.04	0.19	623.85	857.25	0.04	857.21	↓	-27.21%
Industrial Revenue	0.026	-	0.026	0.030	-	0.030	↓	-12.52%
Equity Revenue	267.22	10.72	256.51	423.56	2.13	421.43	↓	-36.91%
Current Transfers	7,357.99	380.06	6,977.93	5,485.97	376.51	5,109.46	↑	34.12%
Other Current Revenues	398.54	1.78	396.76	460.55	3.35	457.20	↓	-13.46%
Capital Revenues	362.16	-	362.16	224.00	0.004	224.00	↑	61.68%
Disposal of Assets	10.21	-	10.21	9.15	0.004	9.15	↑	11.59%
Amortization of Loans	18.83	-	18.83	29.43	-	29.43	↓	-36.03%
Credit Operations	145.64	-	145.64	170.85	-	170.85	↓	-14.75%
Capital Transfers	42.25	-	42.25	14.57	-	14.57	↑	190.09%
Other Capital Revenues	145.22	-	145.22	-	-	-	↑	100.00%
Current Intra-Budgetary Revenue	1,646.95	0.05	1,646.90	1,894.82	0.10	1,894.72	↓	-13.08%
Revenue from Contributions	1,270.17	0.05	1,270.12	1,546.26	0.10	1,546.16	↓	-17.86%
Service Revenue	284.48	-	284.48	256.92	-	256.92	↑	10.73%
Equity Revenue	1.40	-	1.40	1.45	-	1.45	↓	-4.00%
Current Transfers	11.00	-	11.00	-	-	-	↑	100.00%
Other Current Revenues	79.90	-	79.90	90.18	-	90.18	↓	-11.40%
Intra-Budgetary Revenue from Capital	10.29	0.000004	10.29	-	-	-	↑	100.00%
Capital Transfers	1.39	0.000004	1.39	-	-	-	↑	100.00%
Disposal of Assets	8.90	-	8.90	-	-	-	↑	100.00%
Total	41,345.91	11,393.37	29,952.53	39,433.67	11,234.60	28,199.07	↑	4.85%

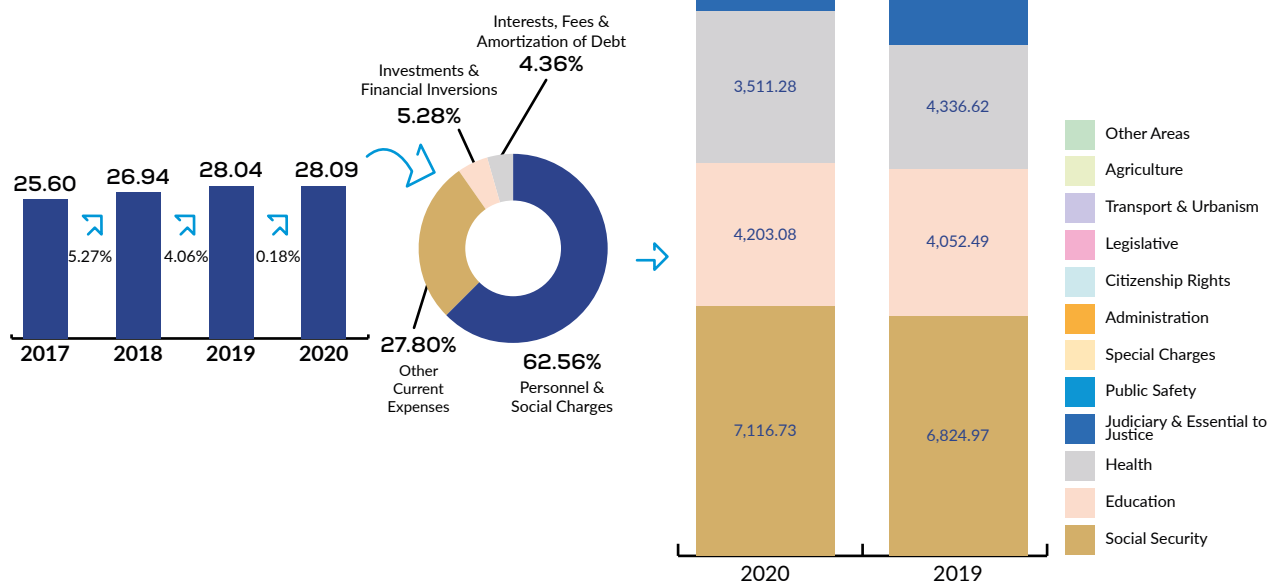
Expenses

For 2020, the laws governing the Tax and Social Security Budgets for the State authorized the execution of expenses in BRL 33.90 billion. From that amount, BRL 28.92 billion were initially budgeted, and BRL 4.98 billion were incorporated by means of additional credit.



In addition to the amount of BRL 28.92 billion fixed, the LOA also defined the amount of BRL 804.24 million of expenses with inactive amounts from the IPREV Financial Fund without coverage by the budgetary revenue, generating an initial budgetary deficit to that amount.

EXECUTED EXPENSES (BRL BILLION)



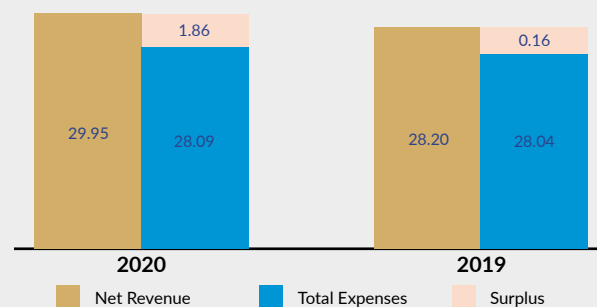
AUTHORIZED X EXECUTED EXPENSES IN 2020 – TAX AND SOCIAL SECURITY BUDGET (BRL MILLION)

Expenses	Fixed a	Additional Credits b	Authorized c = (a + b)	Execution d	% Executed d/c	% Composition of Total Expense Executed
Current	26,016.84	3,628.58	29,645.42	25,758.50	86.89%	91.70%
Personnel & Social Charges	16,880.35	1,794.06	18,674.42	17,573.16	94.10%	62.56%
Interests & Charges on Debt	1,152.12	- 635.29	516.83	375.99	72.75%	1.34%
Other Current Expenses	7,984.37	2,469.81	10,454.18	7,809.35	74.70%	27.80%
Capital	2,901.48	1,349.50	4,250.98	2,330.48	54.82%	8.30%
Investments	1,754.87	1,119.63	2,874.50	1,376.54	47.89%	4.90%
Financial Inversions	49.85	152.83	202.68	105.39	52.00%	0.38%
Amortization of Debt	1,096.77	77.04	1,173.80	848.55	72.29%	3.02%
Contingency Reserve	1.00	-	1.00	-	-	-
Total	28,919.32	4,978.08	33,897.40	28,088.98	82.86%	100.00%

Budget Execution Result

Considering the total net revenue accomplished minus the total expenses executed, the result of the surplus budget execution in the amount of BRL 1.86 billion can be observed for 2020. The postponement of deadlines for the settlement of public debt, which was listed in the budget for BRL 2.25 billion (of which BRL 1.2 billion were settled), and the revenue from transfers from the Federal Government were some of the actions which directly contributed for the positive balance of the State Budget Execution. The budget expected for those revenues in 2020 was BRL 2.49 billion, and the collected amount was BRL 4.24 billion.

BUDGET EXECUTION (BRL BILLION)

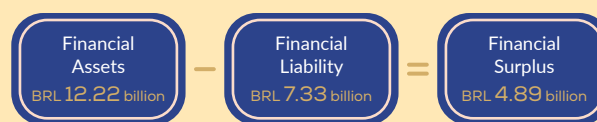


Financial Surplus

Financial Surplus includes the sum of the cash assets, represented by the Cash and Cash Equivalents group, and also of credits and financial assets that have not become cash yet, but are available, regardless of budgetary authorization. Third-party revenues are included in the calculation of the financial surplus.

Financial liability, in turn, includes several financial obligations, such as short-term debts, suppliers, and other commitments with payment not depending on budgetary authorization. Third-party resources are also included in the calculation.

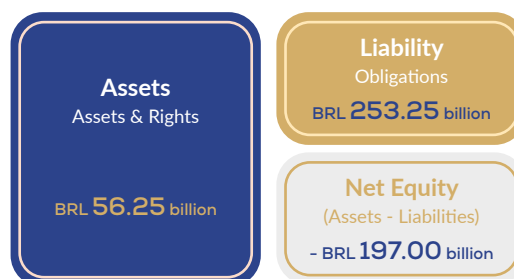
In 2020, the State presented BRL 4.89 billion of financial surplus, a 76.50% increase in relation to the surplus result calculated for 2019.



Equity Position

Santa Catarina finished the 2020 fiscal year with BRL 56.25 billion in assets and BRL 253.25 billion in liabilities, presenting BRL 197.00 billion in unsecured liability.

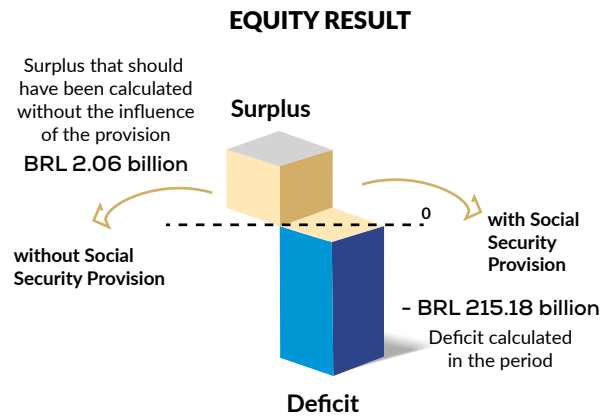
2020 Balance Sheet



In 2020, Santa Catarina started presenting the *Provisões Matemáticas Previdenciárias* (Social Security Mathematical Provisions - PMP) according to rules and accounting balance applied to the Social Security Plan, and the actuarial result started to have impact on the State equity.

Equity Result

The Equity Result for 2020 was negative in BRL 215.18 billion. If there had not been any changes to the form of registration of the Social Security Mathematical Provisions, the State would have presented a positive equity result of BRL 2.06 billion, a 48.70% increase in the state equity in relation to the 2019 equity, which was of BRL 1.38 billion.



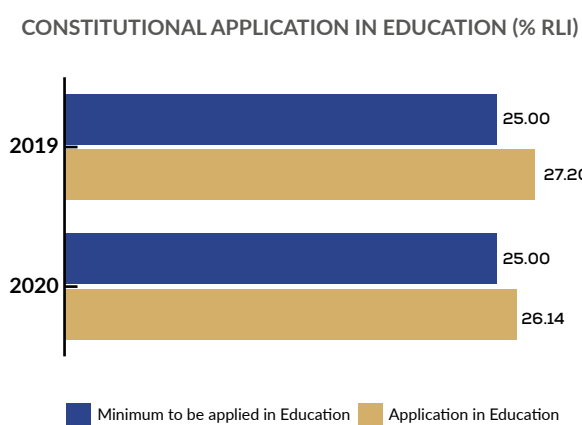
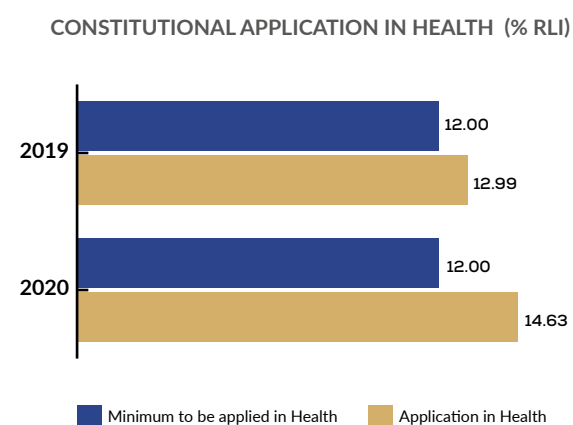
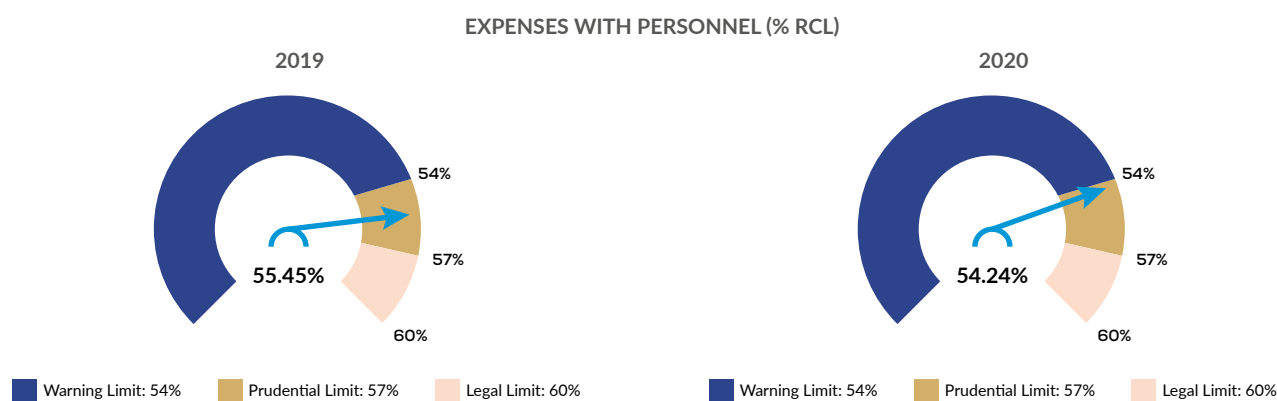
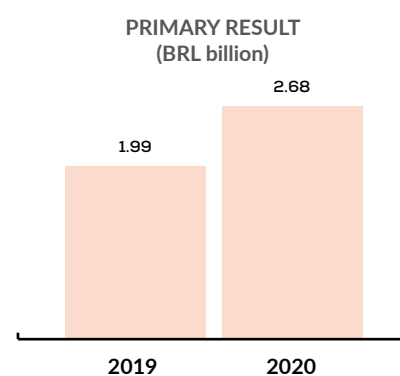
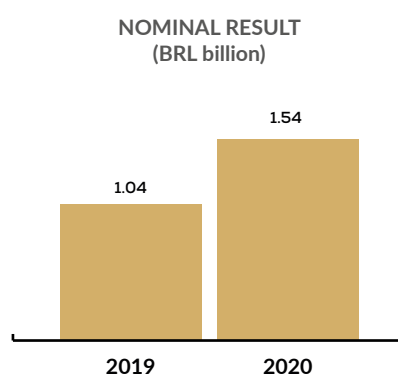
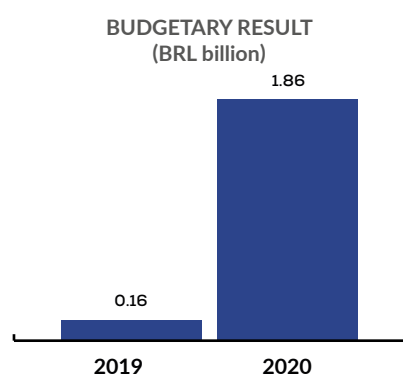
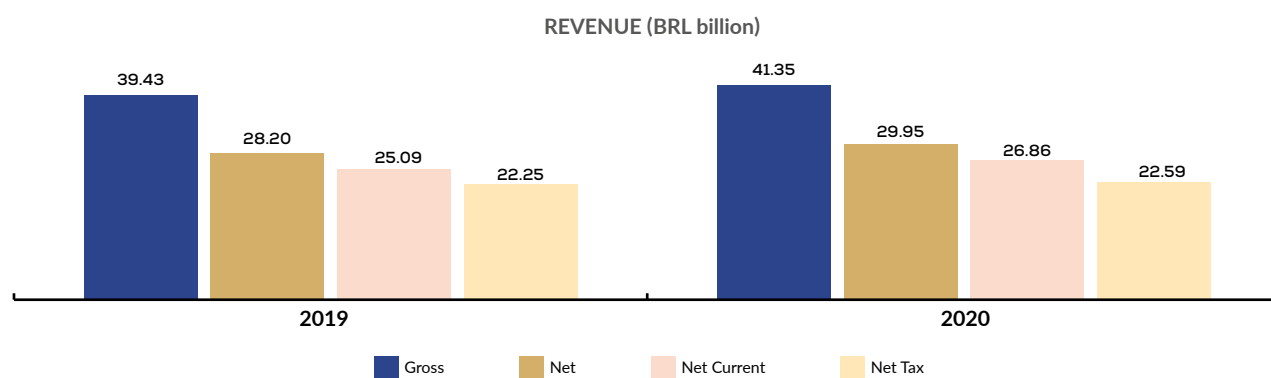
BALANCE SHEET ON 12/31/2020 (BRL BILLION)

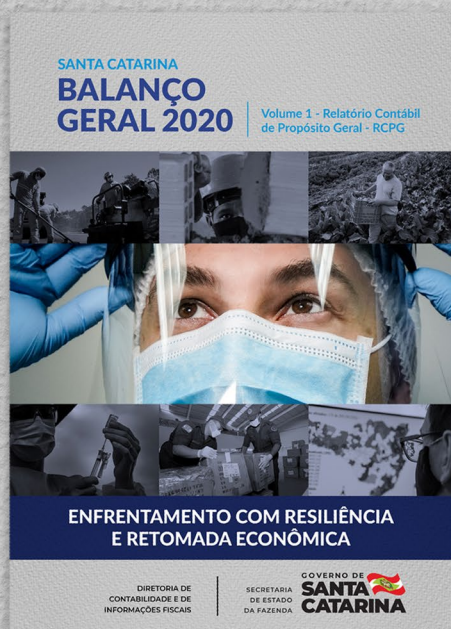
ASSETS			LIABILITIES	
CURRENT	Cash & Cash Equivalents	11.23	Labor, Social Security, and Assistance Obligations Payable	0.68
	Credit Receivable	2.88	Loans & Financing	2.03
	Investments & Temporary Applications	0.60	Suppliers	0.35
	Inventory	0.29	Tax Obligations	0.02
			Provisions	1.39
Other Assets	3.16	Other Liabilities	6.73	
NON-CURRENT	Credit Receivable	1.84	Labor, Social Security, and Assistance Obligations Payable	0.54
	Investments	3.55	Loans & Financing	18.80
	Fixed Assets	32.07	Suppliers	1.60
	Intangible	0.36	Tax Obligations	0.22
			Provisions	217.85
	Other Assets	0.27	Other Liabilities	3.04
TOTAL	TOTAL ASSETS56.25		TOTAL LIABILITIES	253.25
			NET EQUITY (PL)	-197.00
			TOTAL LIABILITIES AND PL	56.25

ACCOUNTING INDEXES

Index	2020	2019	Desired Situation
Budgetary Result	1.07	1.01	The higher, the better (above 1, budgetary surplus; revenue is greater than expenses)
Execution of Current Revenue	1.04	1.02	The higher, the better (revenue collected exceeds the forecast in LOA; there is an excess in collection in the year)
Budget Execution of Capital	0.16	0.10	The lower, the better (capital expenses are also met with the current revenue)
Financial Result	1.18	1.09	The higher, the better (above 1, the financial result is positive; financial balance is higher at the end of year)
Debt Amortization Capacity	0.37	0.10	The higher, the better (surplus from cash and cash equivalents generated in the year to amortize short-term debt)
Financial Status	5.36	3.03	The higher, the better (above 1, financial surplus; financial assets are higher than financial liabilities)
General Liquidity	0.08	0.49	The higher, the better (above 1, the sum of current assets and long-term realizable assets is higher than the total liabilities)
General Indebtedness	4.50	0.66	The lower, the better (below 1, total assets are higher than financial liabilities)
Short-Term Indebtedness	0.04	0.32	The lower, the better (lower short-term debt in relation to total liabilities; requires fewer short-term resources)
Total Interest-Bearing Liabilities	0.27	0.19	The higher, the better (how much of the availability can be used to settle loans and funding)
Active Debt Inventory	1.10	1.15	The lower, the better (below 1 there is a reduction in the inventory of the short- and long-term active debt)
Equity Result	0.27	1.01	The higher, the better (above 1, equity surplus; augmentative equity variations are higher than the diminutive variations)

TAX INDEXES





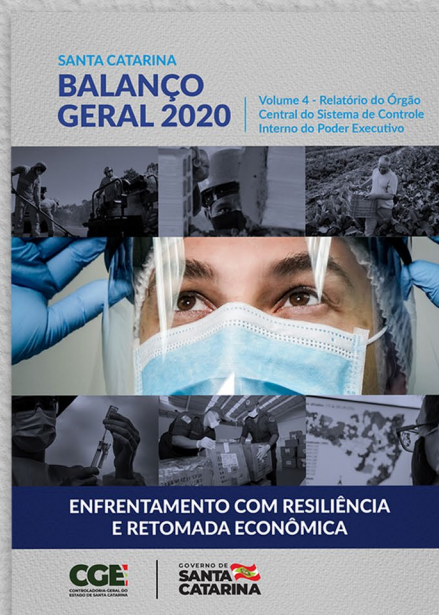
Volume 1



Volume 2



Volume 3



Volume 4

Further information on the performance of the State of Santa Catarina can be obtained in the 2020 General Balance Sheet available at the State Secretariat of Finance Website:

www.sef.sc.gov.br

The Balance Sheet is divided into four volumes, as well as the Message from the Governor presented to the Legislative Assembly. Volume 1 provides administrative, economic, social, financial, and accounting information related to the State. Volume 2 contains the exhibits as provided in Federal Law No. 4.320/64 and other legal standards. Volume 3 presents the Report on the Activities of the Executive Branch of the State of Santa Catarina,

which allows the physical and financial monitoring of the governmental programs, as well as the actions that are priorities in the Law of Budgetary Guidelines. And Volume 4 presents the Report from the Central Entity of the Internal Control System of the Executive Branch.



For further information on the government operation areas, the secretariats and the entities in the Executive Branch, visit:

www.sc.gov.br/governo/secretarias

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