

State of South Carolina

*Comprehensive
Annual
Financial
Report*

JUNE 30, 1995

EARLE E. MORRIS, JR.
Comptroller General

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Earle E. Morris, Jr. was first elected Comptroller General in 1976. He has been reelected to each subsequent term by the South Carolina electorate. Before becoming Comptroller General, he served in the State House of Representatives from 1951 to 1955, the State Senate from 1955 to 1970 and as the Lieutenant Governor from 1971 to 1975.

On the cover:

Carolina bays, elliptical in shape and mysterious of origin, support intricate, unusual plant and animal communities. South Carolina's wetlands—her bays, lakes, rivers, swamps and marshes—purify water, offer flood control, breathe life into her wildness, and soothe the human soul.

An outline map of the state of South Carolina, oriented horizontally. The map is white with a black border. Inside the map, the text for the financial report is centered.

**STATE OF
SOUTH CAROLINA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

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

1 9 9 5

Prepared by the Comptroller General's Office

COMPTROLLER'S MESSAGE...

DOING WITH WHAT COMES NATURALLY

South Carolina.

By some standards, not a wealthy state. By others, rich beyond belief.

A treasury of scenic beauty, from Keowee to Kiawah; from sandhills to swamps, from forests to fields.

A fortune of fin, fur and feather creatures, from wildlife to wild rivers, from reservoirs to refuges, a place of preservation and propagation.

South Carolina. An infinite mystery and contradiction, from mountains to mole hills; a state of complex problems and simple, pure beauty.

A state blessed with the largesse of nature and crowned with the greatest jewel of all natural resources—a bounty of human beings who breathe life, hope and value into the richness of its immensely diverse countryside.



EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

A STATE OF BEAUTY AND BOUNTY

Before it was a state, a colony or even a settlement, South Carolina was a jewel of natural beauty.

From its moss-draped, marshy seacoast across the pine flats of its midlands and up into the rich red hills of the piedmont, the place was a wonderland of variety—palmettos, magnolias and cypress woodlands in the lowlands, rhododendron, azaleas and laurels in its upper reaches, vast stretches of grassy prairies and rolling hills forested with oak, hickory and short-leaf pines across its inner recesses.

South Carolina was a place of gawky herons, graceful hawks and ponderous pelicans, migratory birds and warblers, cardinals, blue jays and orioles. Within the sanctity of its environment lived the buffalo, the elk, the alligator, the possum and the deer. In the State's murky waters were the primal worlds of saltwater and freshwater marine life.

Author Henry Savage wrote, "It was the wild creatures of the sunny beaches, endless marshes, gloomy swamps, and wilderness forests of Carolina that inspired one of the most devoted and fruitful collaborations in the story of American natural history." The collaboration was the nineteenth century work of French naturalist Jean Jacques Audubon and Charleston Lutheran minister John Bachman that made the State's heritage a part of the artistic and scientific history of the world.

South Carolinian Joel R. Poinsett introduced to the nation the flower that bears his name and that has become the world's Christmas favorite, the poinsettia. It was the Charleston naturalist Alexander Garden after whom the gardenia was given its name.

As generations have passed, the primitive world of nature has given way to the teeming cities, suburbs and commercial activity of a modern state. But the heritage of South Carolina's natural beauty has remained a living part of the everyday life of its people. The spotted owl, the striped bass and the iridescent turkey remain in abundance, and the azalea, palmetto, cypress and magnolia have flourished in the State's uniquely balanced economic and ecological system.

The pages of this year's Comprehensive Annual Financial Report tell of the profound and enduring influence that South Carolina's natural treasures have had on the way of life of the State's people. For all their commitment to the goals and aspirations of modern society, South Carolinians still retain a special place in their lives for the love and appreciation of the outdoor treasures with which the State has been so abundantly blessed.

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Chilly streams tumble from South Carolina's craggy upper reaches, nourishing and nurturing diverse plant and animal communities as they merge, then flow into and out of lake systems, warming and widening on their way to the ocean.

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STATISTICAL SECTION

(Not Covered by the Independent Auditors' Report)

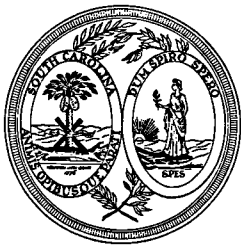
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Introductory Section

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Crystal-clear Lake Jocassee lures vacationers and residents to our northwest counties, where the Blue Ridge Mountains peek into the State. Startling terrain of sheer rock faces, high ridges, craggy peaks, raging rivers and dozens of waterfalls punctuate this mountain wilderness.



STATE OF SOUTH CAROLINA

Office of Comptroller General

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11228
COLUMBIA, S. C. 29211
TELEPHONE: 734-2121

December 1, 1995

To the Citizens, Governor and Members of the South Carolina General Assembly

It is my pleasure 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, 1995. The report provides financial information about the State's operations during the year and describes its financial position at the end of the year.

Contained in the report is information for the use of all those interested in the State's finances, including South Carolina taxpayers, members of the General Assembly and directors of the State's executive agencies as well as those investors and creditors with whom the State has an ongoing business relationship.

As the Comptroller General and chief financial officer of South Carolina, I present these financial statements as my representations, and I express confidence that the information is accurate in all material respects. The citizens of South Carolina may be further assured that this report contains all material facts about the State's financial condition and thereby reflects my total commitment to accountability to the taxpayers through full public disclosure.

For the convenience of users, we have divided the report into three sections as follows:

- The Introductory Section, containing this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for the June 30, 1994 report, a list of State officials and an organizational chart of State government.
- The Financial Section, consisting of the general purpose financial statements (combined statements, component unit combining statements, and notes), other combining financial statements, schedules, and required supplementary information.
- The Statistical Section, presenting comparative financial data and other non-financial data.

MAJOR INITIATIVES

The 1995 session of the South Carolina General Assembly produced initiatives centered on property tax relief and governmental down-sizing. Other targets for funding priorities were public education, higher education and prisons.

The State allocated \$195 million to provide homeowners with relief from property taxes for school operations—\$117.5 million from 1995-96 appropriations and \$77.5 million from 1994-95 surplus supplemental appropriations. All owner-occupied homes in South Carolina are subject to the tax reform exemption. This program provides that these homes will be exempt from the school operating millage in an amount not to exceed \$100,000 of each home's fair market value.

The State's steps to reduce the size of government included the application of a 5% across-the-board budget cut to most State agencies for 1995-96. This amounted to some \$55 million. Exempted from the cut were appropriations for: (1) public schools, which received an additional \$57.3 million of General Fund appropriations, including a 4.2% average salary increase for teachers, (2) higher education, which received a one-time appropriation of \$53.2 million, and (3) the Department of Corrections, which received additional appropriations of \$27.5 million, half of which is allocated to open a new prison. Despite these reductions, the State was able to provide State employee pay raises averaging 3.5%.

Other major legislative initiatives during the 1995 session were in the areas of crime and welfare reform. Criminal justice actions included adoption of a truth-in-sentencing measure designed to bring uniformity to the time an inmate serves before becoming eligible for work release or parole. The bill also addressed multiple offenses (provisions requiring life sentences for two or three convictions of certain offenses), expansion of the definition of "violent" crime, and the use of lethal injection for execution. Welfare reform legislation provided for initiatives which would limit eligibility for recipients, keep families intact, and discourage abuse of the system.

ECONOMIC CONDITION AND OUTLOOK

Over the last two decades, South Carolina's economy has grown faster than that of the rest of the country. Businesses have migrated here from all over the world to take advantage of the State's skilled labor force, competitive wages, lower-priced land, excellent port facilities, accessibility to markets, and in recent years, substantial tax incentives. Since 1970, industry has made \$42 billion of investments in plants within the State.

The State's tourism and retirement industries have also been rapidly growing economic sectors over the last two decades. Each year more retirees move here to take advantage of the area's mild climate, lower cost of living and special tax breaks for people over age 65. The number of individuals receiving Social Security retirement pay has grown at a rapid average annual rate of 4.5% since 1970. The annual income of retirees now exceeds an estimated \$4 billion.

The State's coastal areas have emerged as one of the leading tourism centers on the east coast, providing even more stimulus to South Carolina's growing economy.

Personal income in Horry County, which includes the Myrtle Beach area, has grown at an extraordinary 10.9% per year over the last two decades and now exceeds \$2 billion.

Since 1970, nearly 400,000 people have migrated to the State to take advantage of a growing economy and to retire here. Total personal income of South Carolina has grown over eight-fold, one-fifth faster than growth in personal income in the United States. During the high inflationary 1970's personal income grew at an average annual compound rate of 11.8% compared to a lower 10.6% nationwide. Even in the lower inflationary 1980's personal income in South Carolina grew a healthy 8.4% per year, compared to a lesser 7.5% nationwide. Employment in South Carolina over the last two decades has grown one-fifth faster than in the United States as a whole.

Although South Carolina has been one of the poorer states in the nation since the War Between the States, the State is closing the gap in wealth between it and the rest of the country. In 1970, per capita income of South Carolina was only 74% of the national average but has since increased to 81% of the national average.

The State's economy has begun 1995-96 on a positive footing. Funds are available to help prevent budgetary reductions in the event of an economic slowdown during the fiscal year. Employment in the State was up by nearly 120,000 in August 1995 versus its level during the recession of 1991. Although statistics for the fiscal year were not yet available from the Department of Commerce, the State's Board of Economic Advisors estimated that personal income growth was in the healthy range of 5% to 6%.

Even though the Federal government will complete closure of the Charleston Naval Base at the end of 1995, the outlook for the near term is for continued growth in the State's total income in the 5% range or more. The new Bavarian Motor Works (BMW) automobile assembly plant in Spartanburg County and the Hoffman-La Roche pharmaceutical facility in Florence County have begun production. This year the State passed the Enterprise Zone Act of 1995 providing significant tax incentives for new and expanded businesses. Numerous companies already have applied for enterprise zone incentives, and there have been other announcements of new plants or additions to existing plants in the State which will contribute to the State's continued growth.

The State's Board of Economic Advisors originally estimated that the State's Budgetary General Fund revenues for 1995-96 would be \$35.4 million less than the actual revenues for 1994-95. At the end of the first three months of 1995-96, however, Budgetary General Fund revenue collections were greater than anticipated. Accordingly, in November 1995 the Board of Economic Advisors increased its estimate of 1995-96 revenues by \$43.2 million. The Income Tax and Sales Tax, the State's two leading sources of revenues, were both healthy, indicating that the State's economy was growing as expected.

FINANCIAL CONTROLS

Internal Control Structure

The Statewide Accounting and Reporting System (STARS) is the State's budgetary-basis operating accounting system. This double-entry system, installed in 1981-82, processes cash and budgetary transactions and maintains records for all budgeted funds and some unbudgeted funds. The State's higher education institutions and most of the enterprise entities maintain separate accrual-basis accounting systems.

An automated system in the Comptroller General's Office designed to allow reporting in accordance with generally accepted accounting principles (GAAP) converts budgetary-basis STARS data into the format presented in this report. State agencies that use STARS complete forms at year-end to adjust the budgetary-basis balances to conform with GAAP. The Comptroller General's Office enters data into the GAAP reporting system from these forms as well as from audited financial statements for the higher education institutions, component units, and most State enterprise entities.

The State's internal control structure provides reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition
- Transactions are executed in accordance with management's authorization
- Transactions are recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary Controls

South Carolina's annual Appropriation Act includes legally adopted budgets for the Budgetary General Fund and for aggregated Other Budgeted Funds. Except for the Retail Sales Tax and selected other taxes, which are estimated on a modified accrual basis, the State estimates revenues on a cash receipts basis. Appropriations for 1994-95 covered all expenditures deemed applicable to that year and paid on or before July 20, 1995. Agencies may carry forward up to 10% of unexpended Budgetary General Fund appropriations to the next year. Any remaining unexpended Budgetary General Fund appropriations lapse unless the Appropriation Act specifically authorizes agencies to carry them forward to the next fiscal year.

State law does not require encumbrance accounting. Accordingly, the State does not record encumbrances (except for some higher education institutions). The State currently maintains budgetary control for expenditures at the level of summary object category within each program of each organizational unit. Except for accounts of higher education institutions, STARS checks to be sure that an account has sufficient remaining appropriations before it will charge an expenditure to that account. Organizational units may request transfers of appropriations among object categories and/or among programs within the same budgetary fund. The Budget and Control Board has authority to approve these appropriation transfers within certain limits.

The initial budget appears in the annual Appropriation Act. The Budget and Control Board reduces the Budgetary General Fund's appropriations during the year if it anticipates a year-end operating deficit. Likewise, the State Board of Economic Advisors may approve revisions of estimated revenues of the Budgetary General Fund during the year. One such upward revision was approved in February 1995.

During 1994-95, the General Assembly enacted a series of Joint Resolutions that added supplemental appropriations to the Budgetary General Fund for the fiscal year ended June 30, 1995. One of these resolutions appropriated \$38.8 million from Budgetary Fund Balance at the end of 1993-94. Of the \$38.8 million, \$25.3 million was disbursed during the fiscal year ended June 30, 1995, while the remaining \$13.5 million was reserved as Appropriations to be Carried Forward to 1995-96. The remaining resolutions set aside \$237.6 million of Budgetary Fund Balance, of which \$0.7 million was expended, \$10.6 million was used to fund the General Reserve, and the remaining \$226.3 million was appropriated and reserved as Appropriations to be Carried Forward to 1995-96.

State law specifies procedures for processing requested budget changes in Other Budgeted Funds and for permanent improvement projects.

THE REPORTING ENTITY

The State's reporting entity includes all of the funds and account groups that make up the primary government of the State of South Carolina as well as its component units. The funds and account groups of the primary government are under the oversight of the State's General Assembly and the Budget and Control Board. The primary government consists of agencies, departments, funds, and institutions that are not legally separate from the State.

Component units are legally separate entities for which the State and its elected officials are considered to be financially accountable. Criteria to determine financial accountability include the ability of State officials to appoint a voting majority of the

entity's governing body, the ability of the State to impose its will on the entity, and the potential for the entity to provide a financial benefit to the State or impose a financial burden upon the State. The State's discretely presented component units are: the South Carolina Public Service Authority (Santee-Cooper); South Carolina State Ports Authority; the Savannah Lakes Regional Loan Fund; and Enterprise Development, Incorporated, of South Carolina. Note 1a in the Notes to the Financial Statements provides a more complete description of the State's reporting entity.

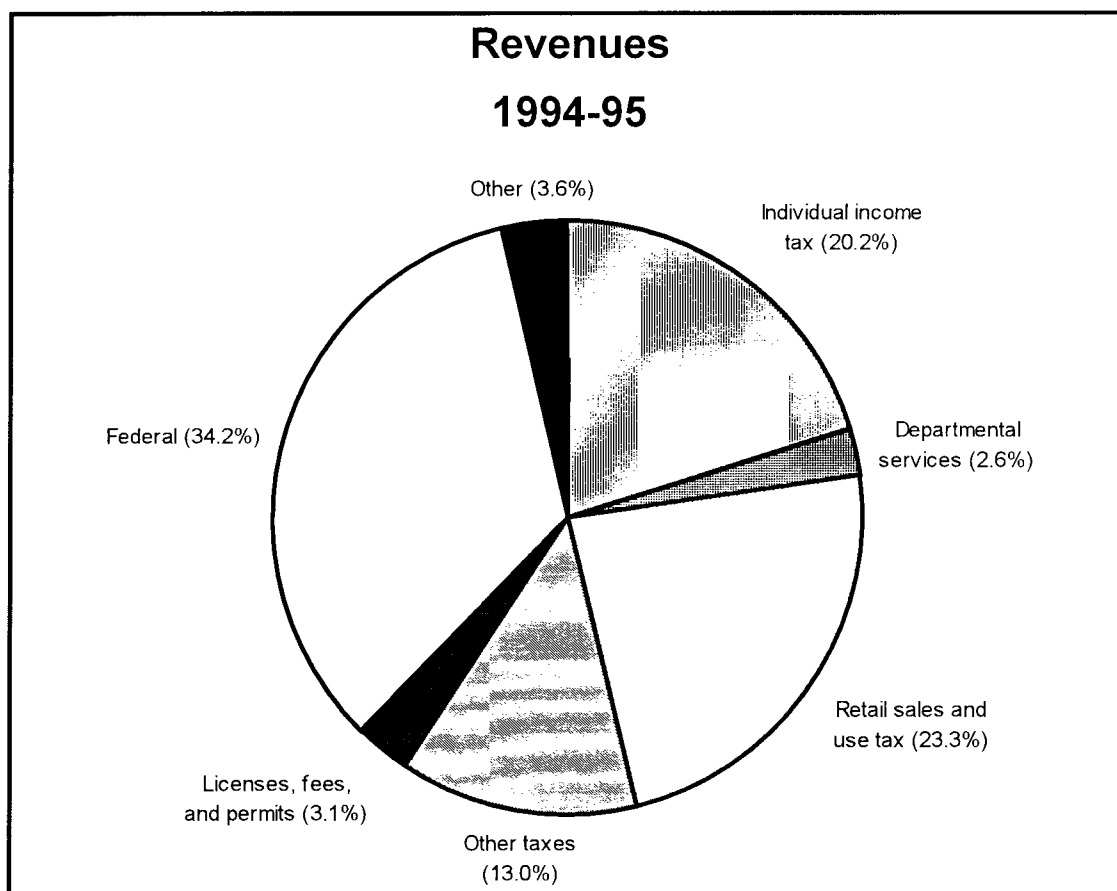
GENERAL GOVERNMENTAL FUNCTIONS

The State's general governmental functions include its General and Special Revenue Funds. The following sections detail revenues and expenditures of the State's general governmental functions. In addition, the general governmental functions recorded other financing sources (uses). For the fiscal year ended June 30, 1995, other financing uses exceeded other financing sources by \$511.029 million.

Revenues

The State's most significant sources of revenue are its 5% retail sales tax, its individual income tax (2.50% to 7% tax rates) and Federal grants. The following schedule summarizes revenues of the General and Special Revenue Funds for the fiscal year ended June 30, 1995 (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year revenues:

Revenues	1994-95 Amount	Percent of Total	Increase (Decrease) from 1993-94	Percentage Increase (Decrease)
Individual income tax.....	\$ 1,646,375	20.2%	\$ 127,345	8.4%
Retail sales and use tax.....	1,892,801	23.3%	136,644	7.8%
Other taxes.....	1,059,846	13.0%	60,769	6.1%
Licenses, fees, and permits.....	255,570	3.1%	(52,369)	(17.0%)
Interest and other investment income....	82,412	1.0%	33,816	69.6%
Federal.....	2,786,787	34.2%	204,289	7.9%
Departmental services.....	215,485	2.6%	54,110	33.5%
Contributions.....	89,797	1.2%	7,290	8.8%
Fines and penalties.....	54,881	0.7%	2,955	5.7%
Other.....	59,716	0.7%	6,521	12.3%
Totals.....	\$8,143,670	100.0%	\$ 581,370	7.7%



Licenses, Fees, and Permits revenue decreased because the Barnwell low-level radioactive waste facility was closed to radioactive waste generators, except for those in eight southeastern states, for one year beginning July 1, 1994.

Interest and Other Investment Earnings were higher than the previous year because more cash was available to invest and interest rates were higher.

Part of the increase in Departmental Services revenues was due to an increase in Medicaid reimbursements. In addition, due to a change in State law, the State's Department of Transportation performed additional contractual services for county governments. The State recorded these additional revenues in the Departmental Services category.

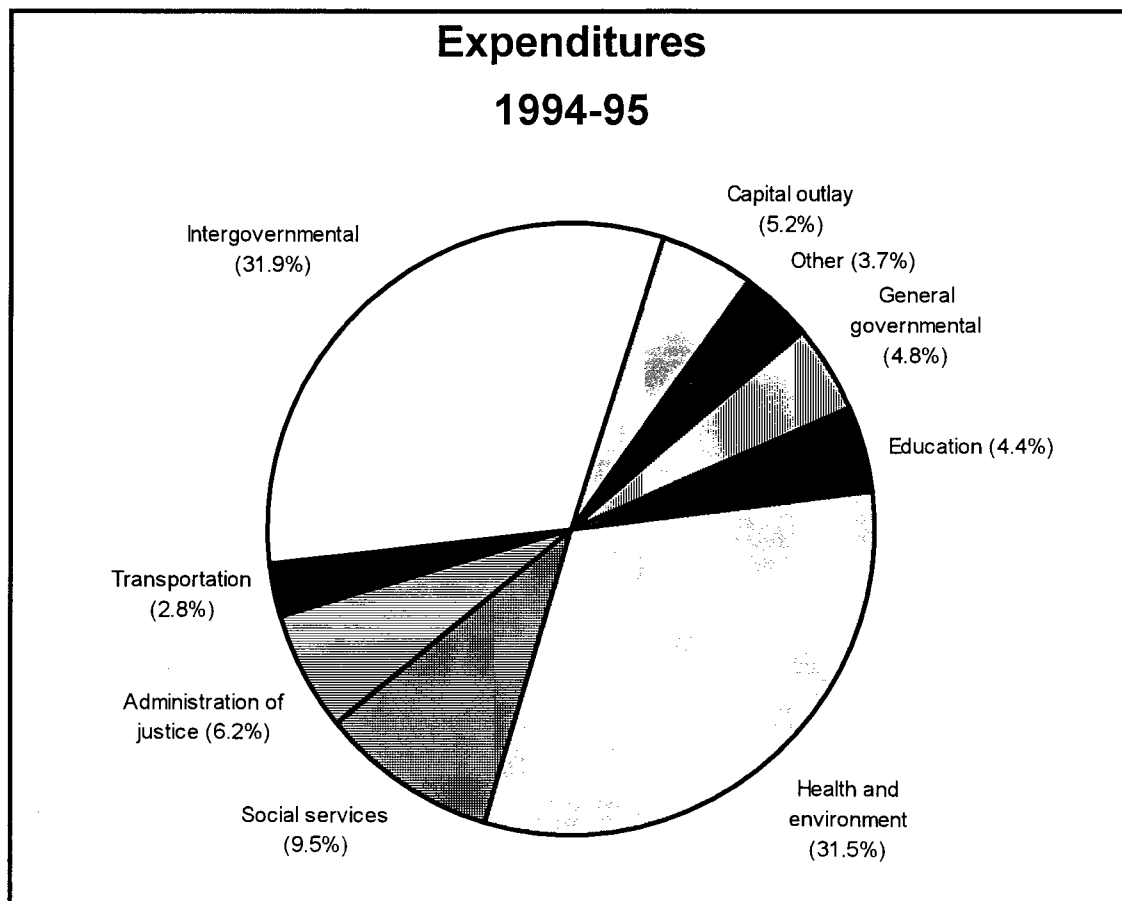
The increase in Other Revenues is attributable to an increase in the amount of matching funds for Federal grants provided by organizations outside State government.

Expenditures

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended June 30, 1995, (expressed in

thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year expenditures:

Expenditures	1994-95 Amount	Percent of Total	Increase (Decrease) from 1993-94	Percentage Increase (Decrease)
Current:				
General governmental.....	\$ 354,514	4.8%	\$ (44,942)	(11.3%)
Education.....	324,247	4.4%	31,089	10.6%
Health and environment.....	2,320,642	31.5%	154,554	7.1%
Social services.....	697,958	9.5%	19,186	2.8%
Administration of justice.....	457,008	6.2%	51,505	12.7%
Resources and economic development	139,274	1.9%	337	0.2%
Transportation.....	203,837	2.8%	(10,737)	(5.0%)
Capital outlay.....	385,698	5.2%	(6,150)	(1.6%)
Debt service:				
Principal retirement.....	88,765	1.2%	6,163	7.5%
Interest and fiscal charges.....	48,796	0.6%	(311)	(0.6%)
Intergovernmental.....	2,354,296	31.9%	196,430	9.1%
Totals.....	\$ 7,375,035	100.0%	\$ 397,124	5.7%



The decrease in General Governmental expenditures primarily related to settlement of a lawsuit involving federal retirees. The settlement resulted in expenditures of approximately \$53 million in 1993-94 but only \$12.5 million in 1994-95.

During 1994-95, the State used Capital Improvement Bond proceeds to purchase a large number of school buses and other vehicles to transport children. This resulted in a spending increase in the Education category for the year.

Administration of Justice expenditures increased in 1994-95 due to the addition of more than 600 new full-time-equivalent personnel positions and the opening of a new prison facility in Turbeville. In addition, preliminary preparations and hiring occurred for yet another new prison facility, the Ridgeland Institution, scheduled to open in 1995-96.

Status of Fund Balances

GAAP-basis fund balances for the General Fund and Special Revenue Funds at June 30 (expressed in thousands) for the last five years were:

	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
General Fund					
Reserved.....	\$ 461,303	\$ 335,709	\$ 153,194	\$ 40,649	\$ 98,988
Unreserved.....	(202,981)	(303,628)	(247,475)	(252,704)	(252,482)
Total General Fund.....	<u>\$ 258,322</u>	<u>\$ 32,081</u>	<u>\$ (94,281)</u>	<u>\$ (212,055)</u>	<u>\$ (153,494)</u>
Special Revenue Funds					
Reserved.....	\$ 172,487	\$ 126,482	\$ 94,928	\$ 103,799	\$ 82,260
Unreserved, designated.....	73,946	174,827	237,559	252,631	243,989
Unreserved, undesignated.....	383,970	292,657	257,552	261,766	253,317
Total Special Revenue Funds	<u>\$ 630,403</u>	<u>\$ 593,966</u>	<u>\$ 590,039</u>	<u>\$ 618,196</u>	<u>\$ 579,566</u>

The reserved component of fund balance represents amounts legally required to be segregated and amounts that cannot be appropriated for future expenditure. The unreserved component of fund balance is computed as total fund balance less reserved amounts. Even for years in which the total fund balance in the General Fund was positive, the unreserved component of fund balance was negative because the reserve requirements exceeded total fund balance.

The designated portion of unreserved fund balance reflects tentative plans for future use of available financial resources.

PROPRIETARY OPERATIONS

Primary Government

There are several proprietary segments of South Carolina's primary government. Significant segments among these include the State Housing Finance and Development Authority, which provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants, and the Education Assistance Authority, which issues bonds for the purpose of making loans to eligible students.

Financial highlights of these segments (expressed in thousands) for the fiscal year ended June 30, 1995, are as follows:

	Housing Authority	Education Assistance Authority
Operating revenues....	\$ 52,576	\$ 38,376
Net income.....	10,103	10,904
Total assets.....	618,718	466,393
Total fund equity.....	122,343	61,714

Discretely Presented Component Units

The State's two largest proprietary operations are discretely presented component units.

The Public Service Authority (Santee-Cooper) is South Carolina's State-owned public power resource. The Public Service Authority (Santee-Cooper) produces and sells electric power to individuals, businesses, electric cooperatives and municipal power departments. The Public Service Authority (Santee-Cooper) made payments to the State's General Fund of \$6.2 million during its fiscal year ended December 31, 1994. The distribution to the General Fund is based primarily on operating cash flows and mandatory reserve requirements.

The State Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports.

Highlights of segment financial information (expressed in thousands) for discretely presented component units for the fiscal year ended June 30, 1995, are presented below:

	Public Service Authority (Santee- Cooper)	State Ports Authority
Operating revenues....	\$ 605,656	\$ 55,278
Net income.....	29,218	6,227
Total assets.....	3,629,604	369,017
Total fund equity.....	682,931	270,815

FIDUCIARY OPERATIONS

The most significant of the State's Fiduciary Funds are the five retirement systems: The South Carolina Retirement System, the Police Officers' Retirement System, the Retirement System for Members of the General Assembly, the Retirement System for Judges and Solicitors, and the National Guard Pension System. All five of the systems are funded in accordance with actuarially established contribution rates. Some key actuarial amounts for the systems (expressed in thousands) at July 1, 1994 (latest available data), were:

	Pension Benefit Obligation	Net Assets Available for Benefits (at Cost)	Unfunded Pension Benefit Obligation
South Carolina Retirement System.....	\$ 13,710,400	\$ 10,308,400	\$ 3,402,000
Police Officers' Retirement System.....	1,284,200	1,096,500	187,700
General Assembly Retirement System.....	45,800	28,600	17,200
Judges' and Solicitors' Retirement System.....	71,800	52,000	19,800
National Guard Pension System.....	26,413	3,760	22,653

DEBT ADMINISTRATION

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith, credit and taxing power of the State. Much of the debt, however, is revenue bonds and notes associated with specific State agencies and discretely presented component units. Specific revenue flows of particular agencies and discretely presented component units service revenue debt.

Moody's Investors Service has rated South Carolina's general obligation bonds as "Aaa," representing the highest rating awarded; Fitch Investors Service, Inc., rates these bonds as "AAA." For many years, Standard & Poor's also applied its top rating ("AAA") to these bonds. From March 1992 through January 1993, however, Standard & Poor's placed the State "on CreditWatch with negative implications." On January 29, 1993, Standard & Poor's lowered the State's rating on general obligation bonds to "AA+."

Standard & Poor's has stated that South Carolina must improve the structural balance between its revenues and expenditures and must address the GAAP accumulated deficit in the Budgetary General Fund in order to regain its former "AAA" rating. The fiscal year ended June 30, 1995, marked the third consecutive year in which the State made progress toward those goals. Specifically, after a moderate decrease in the GAAP deficit during 1992-93, the GAAP accumulated deficit was eliminated in 1993-94. At June 30, 1995, fund equity was \$258.3 million. In addition, beginning in 1994-95, State law limits appropriations enacted in the annual general appropriations act to the *lesser* of:

- Total recurring revenues collected in the preceding fiscal year plus seventy-five percent of the revenue growth projected by the Board of Economic Advisors, or
- The estimated revenue projected by the Board of Economic Advisors.

During the fiscal year ended June 30, 1995, South Carolina issued \$50.0 million and retired \$85.9 million in general obligation bonds payable by governmental funds. The State budgets and pays principal and interest on general obligation bonds from current resources of the Budgetary General Fund. At June 30, 1995, the Higher Education Funds reported State institution general obligation bonds outstanding of approximately \$44.3 million.

The State's available legal debt margin at June 30, 1995, was \$15.7 million for institution bonds. State law limits annual debt service expenditures rather than directly limiting the amount of outstanding debt for general obligation bonds/notes other than highway bonds, institution bonds, tax anticipation notes, and bond anticipation notes (if any). The annual debt service margin at June 30, 1995, for these bonds was \$66.8 million.

Net general obligation bonds/notes outstanding per capita (which excludes general obligation bonds payable from Higher Education Funds) is a useful indicator to citizens, investors and management of the State's debt position. The following table shows these amounts at June 30 for the last three years:

	<u>1995</u>	<u>1994</u>	<u>1993</u>
Net general obligation bonds/notes outstanding.....	\$854 million	\$889 million	\$841 million
Net general obligation bonds/notes outstanding per capita.....	\$228	\$241	\$231

The General Services Fund, an Internal Service Fund, issued lease revenue bonds during the fiscal year ended June 30, 1995. There were \$6.8 million of these limited obligation bonds outstanding at June 30, 1995.

The primary government's higher education institutions and enterprise entities had revenue bonds, notes, and certificates of participation of approximately

\$1.2 billion outstanding on June 30, 1995. Revenue bonds, notes, and certificates of participation outstanding (expressed in millions) by agency were:

South Carolina Housing Authority.....	\$ 477
South Carolina Education Assistance Authority.....	395
Various higher education institutions.....	353
Other State agencies.....	3
Total—primary government.....	<u>\$ 1,228</u>

During the fiscal year ended June 30, 1995, the Coastal Carolina University advance refunded \$4.9 million in Student and Faculty Housing Revenue Bonds which were previously issued by the University of South Carolina on their behalf. The refunding will reduce Coastal Carolina's total debt service payments over the next twenty-two years by approximately \$0.547 million. For additional details, see Note 11 in the Notes to the Financial Statements.

In addition, discretely presented component units had the following amounts of bonds outstanding (expressed in millions) at June 30, 1995:

South Carolina Public Service Authority (Santee-Cooper).....	\$ 2,595
South Carolina State Ports Authority.....	88
Total—discretely presented component units.....	<u>\$ 2,683</u>

CASH MANAGEMENT

State law requires full collateralization of all State Treasurer bank balances. Agencies and component units may have collateralization policies that differ from those of the State Treasurer.

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements and certain obligations of United States corporations. For additional details, see Note 1g in the Notes to the Financial Statements.

As provided by law, the State Treasurer deposits money in a general deposit account. The State records earnings of the general deposit account as revenue of the General Fund. The Treasurer deposits other monies into various special deposit accounts, each of which retains its own earnings.

State agencies that issue their own checks participate in pooled bank accounts. These agencies issue checks against the pooled bank accounts. Meanwhile, the State Treasurer invests account balances until the checks clear.

Investment earnings for the General Fund totaled \$70.7 million for the fiscal year ended June 30, 1995.

RISK MANAGEMENT

The State does not purchase commercial insurance for most risks of loss to which it is exposed. Instead, State management believes it is more economical to manage its risk internally. Accordingly, the State sets aside assets for claim settlement in its Internal Service Funds—specifically, in the Insurance Reserve Fund (IRF), the Health and Disability Insurance Fund, and the State Accident Fund.

The IRF services claims for many of the risks of loss to which the State is exposed, including the following: property insurance on governmentally owned buildings, the contents of such buildings, equipment, and automobiles; automobile liability insurance on governmentally owned vehicles and school buses; tort liability insurance for government premises and operations; and medical professional liability for hospitals. The IRF purchases insurance to cover risks where it has limited expertise (aircraft insurance and ocean marine insurance). The IRF purchases reinsurance to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability. Reinsurance permits partial recovery of losses from reinsurers; but the IRF, as direct insurer of the risks, remains primarily liable.

The Health and Disability Insurance Fund was established to provide health and dental insurance coverage for eligible employees and retirees of State agencies and school districts and 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 a health maintenance organization or the State's self-insured plan. All dental, group life, and long-term disability coverage is through the State's self-insured plan.

Section 42-7-10 of the South Carolina Code of Laws, as amended, established the State Accident Fund to provide a program of workers' compensation insurance coverage to State entities. The State assumes the full risk for workers' compensation claims.

The State conducts various risk control programs to help minimize losses. For example, the health insurance program conducts extensive wellness education programs for covered employees that promote development and maintenance of healthful lifestyles.

The State also administers the Patients' Compensation Fund, an insurance enterprise, which provides medical malpractice insurance.

AUDIT

An independent audit of the general purpose financial statements was performed jointly by the State Auditor and the independent certified public accounting firm of KPMG Peat Marwick LLP. Again this year, this report includes an unqualified

opinion of the independent certified public accountants, the best possible result of the audit process.

The audit described above is not intended to meet the requirements of the Federal Single Audit Act of 1984. The Single Audit reports for the State are issued separately.

CERTIFICATE OF ACHIEVEMENT

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 ended June 30, 1994. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to rigorous program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

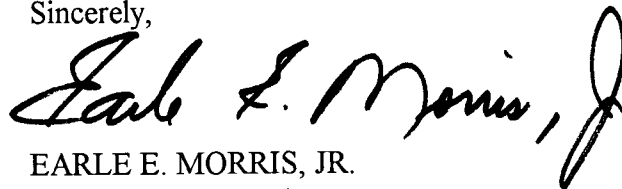
The State of South Carolina has received a Certificate of Achievement for the last seven consecutive years (1987-88 through 1993-94). Again this year, the State will submit its CAFR to the Certificate of Achievement for Excellence in Financial Reporting program of the GFOA. I firmly believe that South Carolina's report for the fiscal year ended June 30, 1995, meets the requirements to receive the Certificate of Achievement.

ACKNOWLEDGMENTS

Production of this report would not have been possible without the support of all State agencies and component units which supplied GAAP closing data on a timely basis. As we strive to produce this report in future years and to improve its quality and content, continued support of these parties is essential.

I would like to extend special thanks to *South Carolina Wildlife* magazine, a publication of the Department of Natural Resources, for providing photographs and captions for this report, to the SCANA Corporation for providing a photograph of the Lake Murray Dam and to Ron Chapiesky and Phillip Jones for their photography services. In addition, thanks are due to Dr. William C. Gillespie, Chief Economist of the State of South Carolina, and to Philip G. Grose, Jr., Director of the State Budget and Control Board's Executive Institute, who provided invaluable assistance in producing the report.

Sincerely,



EARLE E. MORRIS, JR.
Comptroller General

**Photograph is not available
in web version of CAFR**

Unrivalled patriarch of Upstate footpaths, the Foothills Trail begins its westward course at Table Rock and winds for 75 miles through some of the most rugged and beautiful mountain country this side of the Smokies. Crossing sparkling waters and entering virgin hemlock forest, hikers can penetrate the deepest wilds of the State, where the nearest road may be a two-day walk away.

**CERTIFICATE
OF ACHIEVEMENT**

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, 1994

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Principal State Officials

**Current Term
of Office**

LEGISLATIVE - THE GENERAL ASSEMBLY

Robert L. Peeler, President of the Senate and Lieutenant Governor

1995-1999

David H. Wilkins, Speaker, House of Representatives

1995-1997

EXECUTIVE

STATE BUDGET AND CONTROL BOARD

David M. Beasley, Chairman, Governor

1995-1999

Earle E. Morris, Jr., Comptroller General

1995-1999

Richard A. Eckstrom, State Treasurer

1995-1999

John Drummond, Chairman, Senate Finance Committee

1993-1997

Henry E. Brown, Jr., Chairman, House Ways and Means Committee

1995-1997

James M. Miles, Secretary of State

1995-1999

Charles M. Condon, Attorney General

1995-1999

Dr. Barbara S. Nielsen, State Superintendent of Education

1995-1999

Major General Stanhope S. Spears, Adjutant General

1995-1999

D. Leslie Tindal, Commissioner of Agriculture

1995-1999

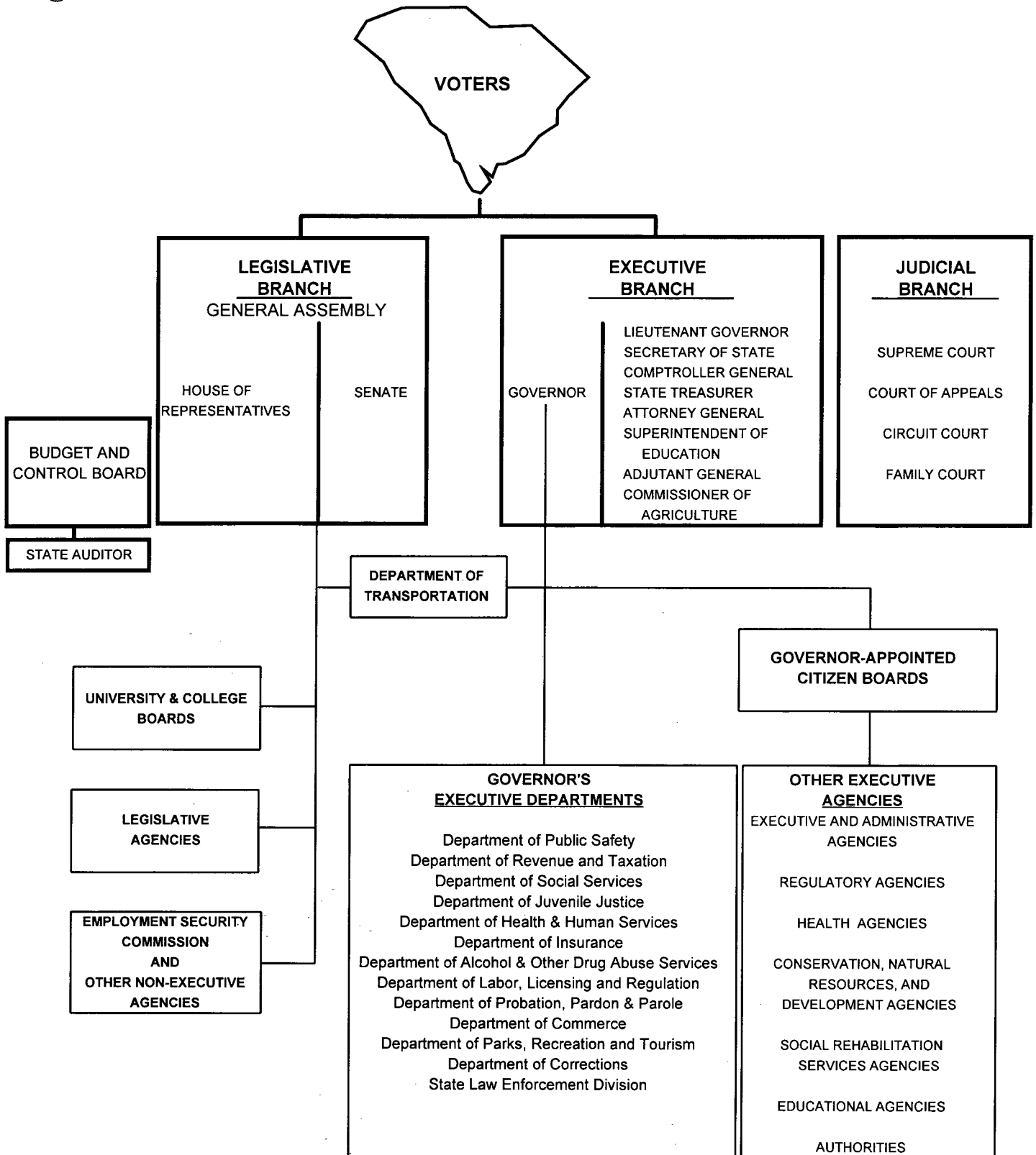
JUDICIAL

Ernest A. Finney, Jr., Chief Justice, South Carolina Supreme Court

1994-2004

All of the legislative and executive officials are elected by the State's citizens in general elections. Members of the Supreme Court are elected by the General Assembly.

Organization Chart



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in web version of CAFR**

Financial Section

**Photograph is not available
in web version of CAFR**

Woods Bay, one of South Carolina's 2,600 documented Carolina bays, was the first of its kind in the State to be purchased for protection and became our first all-nature state park. Typical bay vegetation surrounds the park's 500-foot boardwalk: button bush, fetterbush, poison ivy, cat brier and sweet pepperbush (or poor man's soap) growing among the pond cypress, tupelo gum and pine trees. Part of the bay property belongs to the State through the South Carolina Heritage Trust Program.



INDEPENDENT AUDITORS' REPORT

The Honorable David M. Beasley, Governor
and Members of the General Assembly
State of South Carolina
Columbia, South Carolina

We have jointly audited the general purpose financial statements of the State of South Carolina as of and for the year ended June 30, 1995, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not jointly audit the financial statements of certain blended component units and agencies of the primary government, which statements reflect the indicated percent of total assets and other debits and total revenues, respectively, of the Special Revenue (21% and 16%), Enterprise (99% and 90%), Internal Service (76% and 88%), Pension Trust (100% and 100%), Higher Education (100% and 100%), and Agency (48% of assets and other debits) Funds, General Fixed Assets Account Group (12% of assets and other debits), and the General Long-Term Obligations Account Group (2% of assets and other debits). We also did not jointly audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors, including the Office of the State Auditor acting separately, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and agencies, is based solely upon the reports of other auditors. The Office of the State Auditor acting separately has examined 28% and 30% of the total assets and other debits and total revenues, respectively, of the Higher Education Funds.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina as of June 30, 1995, and the results of its operations and cash flows of its proprietary and similar trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 1995 on our consideration of the State of South Carolina's internal control structure and a report dated December 1, 1995 on its compliance with laws and regulations.

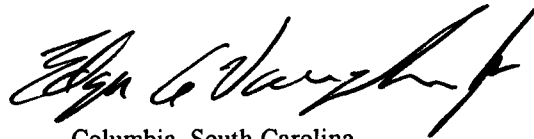
As discussed in Note 21 to the general purpose financial statements, the South Carolina Retirement Systems, reported within the pension trust funds of the State of South Carolina, is a party to a legal action claiming substantial amounts as a result of the computation of retirement benefits for certain retired members. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying general purpose financial statements.

Our joint audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of South Carolina. Such information has been subjected to the auditing procedures applied in the joint audit of the general purpose financial statements and, in our opinion, based on our audit and on the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report, and accordingly, express no opinion thereon.

KPMG Peat Marwick LLP

Greenville, South Carolina
December 1, 1995



Columbia, South Carolina
December 1, 1995

**Photograph is not available
in web version of CAFR**

Eliminated in the early 1900s from much of their original range by habitat destruction and wanton hunting, Eastern wild turkeys now inhabit all 46 counties of South Carolina — one of the best-known success stories of the wildlife management profession. Designated in 1976 as the State Wild Game Bird, the mature turkey gobbler boasts a bristle-like appendage called a beard and brilliant bronze, iridescent plumage.

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

Combined Balance Sheet

ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1995

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency
ASSETS AND OTHER DEBITS						
Cash and cash equivalents	\$ 681,166	\$ 472,433	\$ 47,851	\$ 103,358	\$ 521,092	\$ 1,363,779
Cash on deposit with fiscal agents	—	—	—	—	—	551,093
Investments	—	217	—	1,725	20,865	13,096,683
Receivables, net:						
Accounts	19,299	58,757	445	10,929	42,825	273,074
Taxes	256,151	80,761	—	—	—	44,032
Patient and student	—	—	—	—	—	—
Student loans	—	—	—	41	—	—
Loans and notes	807	105,419	—	364,920	—	16,880
Due from Federal government and other grantors	32,292	253,974	45	312	37	16
Due from other funds	5,859	42,905	247	—	36,007	15,881
Due from component units.....	—	—	—	—	—	—
Due from primary government.....	—	—	—	—	—	—
Interfund receivables	5,479	653	—	—	2,690	20
Advances to other funds	11,634	15,114	—	—	22,496	40
Inventories	13,497	21,668	—	1,389	6,225	—
Restricted assets:						
Cash and cash equivalents	—	—	—	178,348	—	—
Investments	—	—	—	79,788	—	—
Loans receivable	—	—	—	470,011	—	—
Other	—	—	—	7,636	—	—
Other assets	—	—	—	760	654	4,805
Deferred charges	—	—	—	5,499	—	—
Property, plant, and equipment, net	—	—	—	23,369	134,776	5,003
Amount to be provided for retirement of long-term obligations	—	—	—	—	—	—
Total assets and other debits	\$ 1,026,184	\$ 1,051,901	\$ 48,588	\$ 1,248,085	\$ 787,667	\$ 15,371,306

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

ACCOUNT GROUPS			Totals Primary Government (Memorandum Only)		COMPONENT UNITS	Totals Reporting Entity (Memorandum Only)									
General	General	HIGHER EDUCATION FUNDS	June 30			June 30									
Fixed	Long-Term		1995	1994		1995	1994								
Assets	Obligations														
\$	—	\$	—	\$	507,112	\$	3,696,791	\$	2,659,329	\$	29,200	\$	3,725,991	\$	2,678,476
	—		—		551,093		494,059		—		551,093		494,059		
	—		64,891		13,184,381		12,740,715		36,906		13,221,287		12,785,572		
	—		14,945		420,274		361,548		67,203		487,477		429,529		
	—		—		380,944		352,662		—		380,944		352,662		
	—		82,690		82,690		91,312		—		82,690		91,312		
	—		42,090		42,131		40,816		—		42,131		40,816		
	—		118		488,144		397,924		233		488,377		398,252		
	—		66,618		353,294		379,486		1,809		355,103		380,596		
	—		962		101,861		100,625		—		101,861		100,625		
	—		805		805		292		—		805		292		
	—		—		—		—		87		87		1,600		
	—		—		8,842		5,248		—		8,842		5,248		
	—		—		49,284		42,662		—		49,284		42,662		
	—		21,254		64,033		62,776		77,948		141,981		123,329		
	—		—		178,348		168,059		151,420		329,768		291,790		
	—		—		79,788		84,635		268,125		347,913		527,505		
	—		—		470,011		447,313		—		470,011		447,313		
	—		—		7,636		8,115		—		7,636		8,115		
	—		44,403		50,622		24,598		2,901		53,523		27,906		
	—		—		5,499		5,271		731,012		736,511		734,783		
1,990,948	—		2,669,138		4,823,234		4,512,374		2,635,568		7,458,802		7,012,788		
—	1,069,618		—		1,069,618		1,098,191		—		1,069,618		1,098,191		
\$ 1,990,948	\$ 1,069,618		\$ 3,515,026		\$ 26,109,323		\$ 24,078,010		\$ 4,002,412		\$ 30,111,735		\$ 28,073,421		

Continued on Next Page

Combined Balance Sheet

ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS
(Continued)

June 30, 1995

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency
LIABILITIES, FUND EQUITY, AND OTHER CREDITS						
Liabilities:						
Accounts payable and accrued liabilities	\$ 245,859	\$ 242,184	\$ 6,177	\$ 44,947	\$ 211,406	\$ 178,257
Tax refunds payable	342,119	1,645	—	—	—	1,176
Intergovernmental payables	50,713	84,085	—	—	—	—
Insurance claims incurred but not reported	—	—	—	3,200	156,124	—
Due to other funds	18,286	9,810	1,029	810	—	41,822
Due to component units	—	87	—	—	—	—
Due to primary government	—	—	—	—	—	—
Interfund payables	2,355	3,515	—	20	1,957	30
Advances from other funds	18,195	—	—	16,242	9,665	1,100
Deferred revenues and deferred credits	75,842	55,854	6	1,455	39,637	1,115
Deposits	—	—	—	108	—	3,493
Amounts held in custody for others	—	—	—	—	—	994,913
Deferred compensation	—	—	—	—	—	794,220
Liabilities payable from restricted assets	—	—	—	44,828	—	—
Notes payable	—	—	—	3,374	—	—
General obligation bonds payable	—	—	—	—	—	—
Revenue bonds payable	—	—	—	871,939	—	—
Limited obligation bonds payable	—	—	—	—	6,814	—
Certificates of participation payable	—	—	—	—	—	—
Capital lease and installment debt obligations payable	—	—	—	—	34,313	—
Commercial paper notes	—	—	—	—	—	—
Compensated absences payable	—	—	—	710	3,530	—
Other liabilities, including retainages payable	14,493	24,318	2,155	2,690	333	165
Total liabilities	767,862	421,498	9,367	990,323	463,779	2,016,291
Fund equity (deficit) and other credits:						
Contributed capital	—	—	—	16,978	78,059	—
Investment in fixed assets	—	—	—	—	—	—
Retained earnings:						
Reserved for special purposes	—	—	—	178,661	—	—
Unreserved	—	—	—	62,123	245,829	—
Fund balances (deficit):						
Reserved for:						
Pension and other benefits	—	—	—	—	—	13,266,420
Restricted fund balance	—	—	—	—	—	—
Federal government grants refundable	—	—	—	—	—	—
General fund reserve	120,735	—	—	—	—	—
Inventories	13,497	21,668	—	—	—	—
Advances to other funds	11,634	15,114	—	—	—	—
Appropriations to be carried forward	313,440	—	—	—	—	—
Endowment and similar funds	—	—	—	—	—	1,499
Long-term loans and notes receivable	781	105,174	—	—	—	—
School building aid	1,216	30,219	—	—	—	—
Encumbrances	—	—	—	—	—	—
Other special purposes	—	312	—	—	—	—
Unreserved:						
Designated for special purposes	—	73,946	—	—	—	—
Designated for capital expenditures	—	—	39,221	—	—	—
Designated for quasi-endowments	—	—	—	—	—	—
Undesignated	(202,981)	383,970	—	—	—	87,096
Total fund equity and other credits	258,322	630,403	39,221	257,762	323,888	13,355,015
Total liabilities, fund equity and other credits	\$ 1,026,184	\$ 1,051,901	\$ 48,588	\$ 1,248,085	\$ 787,667	\$ 15,371,306

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

ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals		COMPONENT UNITS	Totals	
			Primary Government (Memorandum Only)			Reporting Entity (Memorandum Only)	
			June 30			June 30	
General Fixed Assets	General Long-Term Obligations		1995	1994		1995	1994
\$ —	\$ 2,419	\$ 108,959	\$ 1,040,208	\$ 1,285,325	\$ 116,275	\$ 1,156,483	\$ 1,395,676
—	—	—	344,940	317,935	—	344,940	317,935
—	—	—	134,798	125,459	—	134,798	125,459
—	5,331	—	164,655	135,625	—	164,655	135,625
—	—	30,104	101,861	100,625	—	101,861	100,625
—	—	—	87	2,122	—	87	2,122
—	—	—	—	—	805	805	292
—	—	965	8,842	5,248	—	8,842	5,248
—	—	4,082	49,284	42,662	—	49,284	42,662
—	—	32,648	206,557	165,886	28,165	234,722	193,642
—	—	2,678	6,279	6,763	—	6,279	6,763
—	—	6,810	1,001,723	797,119	—	1,001,723	797,119
—	—	—	794,220	694,918	—	794,220	694,918
—	—	—	44,828	36,179	—	44,828	36,179
—	—	99,316	102,690	30,576	—	102,690	30,576
—	853,702	44,345	898,047	929,571	—	898,047	929,571
—	—	230,384	1,102,323	1,030,769	2,683,121	3,785,444	3,742,171
—	—	—	6,814	—	—	6,814	—
—	—	23,509	23,509	24,110	—	23,509	24,110
—	16,187	12,585	63,085	58,270	49,792	112,877	111,590
—	—	—	—	—	118,700	118,700	108,250
—	154,419	71,109	229,768	207,762	—	229,768	207,762
—	37,560	8,616	90,330	157,284	49,535	139,865	218,196
—	1,069,618	676,110	6,414,848	6,154,208	3,046,393	9,461,241	9,226,491
—	—	—	95,037	94,458	206,558	301,595	301,331
1,990,948	—	2,265,593	4,256,541	3,992,082	—	4,256,541	3,992,082
—	—	—	178,661	157,917	—	178,661	157,917
—	—	—	307,952	294,321	749,461	1,057,413	1,010,576
—	—	—	13,266,420	12,103,362	—	13,266,420	12,103,362
—	—	185,380	185,380	157,726	—	185,380	157,726
—	—	41,486	41,486	39,980	—	41,486	39,980
—	—	—	120,735	110,178	—	120,735	110,178
—	—	—	35,165	32,565	—	35,165	32,565
—	—	—	26,748	19,552	—	26,748	19,552
—	—	—	313,440	198,653	—	313,440	198,653
—	—	36,469	37,968	34,909	—	37,968	34,909
—	—	—	105,955	75,907	—	105,955	75,907
—	—	—	31,435	25,336	—	31,435	25,336
—	—	1,554	1,554	1,926	—	1,554	1,926
—	—	6,293	6,605	9,216	—	6,605	9,216
—	—	27,841	101,787	204,317	—	101,787	204,317
—	—	—	39,221	96,935	—	39,221	96,935
—	—	19,682	19,682	19,403	—	19,682	19,403
—	—	254,618	522,703	255,059	—	522,703	255,059
1,990,948	—	2,838,916	19,694,475	17,923,802	956,019	20,650,494	18,846,930
\$ 1,990,948	\$ 1,069,618	\$ 3,515,026	\$ 26,109,323	\$ 24,078,010	\$ 4,002,412	\$ 30,111,735	\$ 28,073,421

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

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes:			
Individual income.....	\$ 1,646,375	\$ —	\$ —
Retail sales and use.....	1,442,956	449,845	—
Other.....	683,682	376,164	319
Licenses, fees, and permits.....	187,792	67,778	—
Interest and other investment income.....	70,736	11,676	311
Federal.....	369,365	2,417,422	5,033
Departmental services.....	20,624	194,861	62
Contributions.....	3	89,794	52
Fines and penalties.....	16,082	38,799	—
Other.....	9,949	49,767	—
Total revenues.....	4,447,564	3,696,106	5,777
Expenditures:			
Current:			
General governmental.....	281,707	72,807	—
Education.....	174,811	149,436	—
Health and environment.....	910,203	1,410,439	—
Social services.....	139,626	558,332	—
Administration of justice.....	408,903	48,105	—
Resources and economic development.....	65,859	73,415	—
Transportation.....	—	203,837	—
Capital outlay.....	—	385,698	49,638
Debt service:			
Principal retirement.....	87,926	839	—
Interest and fiscal charges.....	48,686	110	—
Intergovernmental.....	1,496,761	857,535	—
Total expenditures.....	3,614,482	3,760,553	49,638
Revenues over (under) expenditures.....	833,082	(64,447)	(43,861)
Other financing sources (uses):			
Proceeds from bonds and notes.....	—	—	50,000
Proceeds of refunding bonds.....	—	—	—
Lease and installment debt proceeds.....	6,730	57	—
Payment to refunded bond escrow agent.....	—	—	—
Operating transfers in.....	992	102,729	13,073
Transfers from component units.....	6,437	—	—
Operating transfers out.....	(625,450)	(2,524)	(76,895)
Total other financing sources (uses).....	(611,291)	100,262	(13,822)
Revenues and other sources over (under) expenditures and other uses.....	221,791	35,815	(57,683)
Fund balances, July 1 (restated).....	34,556	593,966	96,935
Increases (decreases) in reserve for inventories.....	1,975	625	—
Residual equity transfers in.....	—	26,890	—
Residual equity transfers out.....	—	(26,893)	(31)
Fund balances, June 30.....	\$ 258,322	\$ 630,403	\$ 39,221

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

FIDUCIARY FUND TYPE	Totals (Memorandum Only) June 30	
	1995	1994
Expendable Trust		
\$ —	\$ 1,646,375	\$ 1,519,030
—	1,892,801	1,756,157
199,629	1,259,794	1,185,961
8,412	263,982	314,923
38,704	121,427	84,378
9,889	2,801,709	2,649,984
—	215,547	161,859
10	89,859	82,671
—	54,881	51,926
2,631	62,347	55,058
259,275	8,408,722	7,861,947
184,190	538,704	652,350
—	324,247	293,158
5	2,320,647	2,166,099
44	698,002	678,815
14	457,022	405,512
6	139,280	138,944
—	203,837	214,574
—	435,336	453,625
—	88,765	82,602
—	48,796	49,202
—	2,354,296	2,157,872
184,259	7,608,932	7,292,753
75,016	799,790	569,194
—	50,000	99,336
—	—	289,680
—	6,787	9,502
—	—	(289,375)
135	116,929	93,044
—	6,437	6,154
(1,145)	(706,014)	(589,395)
(1,010)	(525,861)	(381,054)
74,006	273,929	188,140
611,557	1,337,014	1,148,809
—	2,600	(2,282)
—	26,890	—
—	(26,924)	(128)
\$ 685,563	\$ 1,613,509	\$ 1,334,539

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS

For the Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Admissions tax.....	\$ 3,000	\$ 2,823	\$ (177)
Aircraft tax.....	2,612	3,665	1,053
Alcoholic liquors tax.....	46,055	47,662	1,607
Bank tax.....	14,774	14,506	(268)
Beer and wine tax.....	76,063	76,551	488
Business license tax.....	29,429	30,146	717
Coin-operated device tax.....	30,000	35,325	5,325
Commercial nuclear waste tax.....	600	4,054	3,454
Contractors' license tax.....	—	—	—
Corporation income tax.....	203,000	232,272	29,272
Corporation license tax.....	44,817	45,544	727
Department of Agriculture.....	6,822	6,729	(93)
Departmental revenue (primarily grant revenues and fees for services).....	48,846	51,148	2,302
Documentary tax.....	16,986	16,461	(525)
Earned on investments.....	50,000	61,504	11,504
Education Improvement Act—1% sales tax.....	—	—	—
Education Improvement Act—investment earnings.....	—	—	—
Education Improvement Act—other.....	—	—	—
Electric power tax.....	19,104	18,453	(651)
Estate tax.....	24,000	26,914	2,914
Excise tax—casual sales.....	13,000	13,128	128
Fertilizer inspection tax.....	214	186	(28)
Gasoline tax—counties.....	19,628	19,579	(49)
Gift tax.....	—	65	65
Individual income tax.....	1,594,651	1,655,954	61,303
Insurance tax.....	87,161	85,050	(2,111)
Limited Medicaid earned funds.....	112,483	112,606	123
Miscellaneous sources.....	51,004	52,397	1,393
Motor transport fees.....	7,849	6,775	(1,074)
Motor vehicle licenses.....	96,010	100,426	4,416
Nonrecurring (low-level radioactive waste fees, coin-operated device fees, and other).....	13,850	23,427	9,577
Private car lines tax.....	2,000	2,772	772
Public service assessment.....	—	—	—
Public Service Authority.....	6,480	6,437	(43)
Radioactive waste surcharge.....	3,060	13,260	10,200
Retail sales tax (4%).....	1,410,000	1,429,338	19,338
Retail sales tax—mail order sales.....	—	—	—
Retailers' license tax.....	938	930	(8)
Savings and loan association tax.....	6,084	3,435	(2,649)
Soft drinks tax.....	26,305	24,590	(1,715)
Workers' compensation insurance tax.....	8,600	9,428	828
Total revenues.....	4,075,425	4,233,540	158,115

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

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 30,795	\$ 21,683	\$ (9,112)	\$ 33,795	\$ 24,506	\$ (9,289)
—	—	—	2,612	3,665	1,053
—	—	—	46,055	47,662	1,607
—	—	—	14,774	14,506	(268)
—	—	—	76,063	76,551	488
—	—	—	29,429	30,146	717
—	—	—	30,000	35,325	5,325
—	—	—	600	4,054	3,454
445	1,586	1,141	445	1,586	1,141
—	—	—	203,000	232,272	29,272
—	—	—	44,817	45,544	727
3,092	2,531	(561)	9,914	9,260	(654)
6,595,783	5,680,964	(914,819)	6,644,629	5,732,112	(912,517)
2,360	1,879	(481)	19,346	18,340	(1,006)
9,895	15,601	5,706	59,895	77,105	17,210
355,750	360,220	4,470	355,750	360,220	4,470
1,400	2,427	1,027	1,400	2,427	1,027
3,819	4,003	184	3,819	4,003	184
—	—	—	19,104	18,453	(651)
—	—	—	24,000	26,914	2,914
—	—	—	13,000	13,128	128
—	—	—	214	186	(28)
—	—	—	19,628	19,579	(49)
—	—	—	—	65	65
—	—	—	1,594,651	1,655,954	61,303
191	237	46	87,352	85,287	(2,065)
—	—	—	112,483	112,606	123
102,573	83,721	(18,852)	153,577	136,118	(17,459)
1,808	1,328	(480)	9,657	8,103	(1,554)
3,230	1,272	(1,958)	99,240	101,698	2,458
150	—	(150)	14,000	23,427	9,427
—	—	—	2,000	2,772	772
4,694	4,777	83	4,694	4,777	83
—	—	—	6,480	6,437	(43)
—	—	—	3,060	13,260	10,200
—	—	—	1,410,000	1,429,338	19,338
30,000	—	(30,000)	30,000	—	(30,000)
—	—	—	938	930	(8)
—	—	—	6,084	3,435	(2,649)
—	—	—	26,305	24,590	(1,715)
—	—	—	8,600	9,428	828
7,145,985	6,182,229	(963,756)	11,221,410	10,415,769	(805,641)

Continued on Next Page

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS (Continued)

For the Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Legislative.....	\$ 29,091	\$ 26,303	\$ 2,788
Judicial.....	31,865	30,287	1,578
Executive and administrative.....	188,383	141,253	47,130
Educational.....	2,056,271	1,982,413	73,858
Health.....	728,343	686,058	42,285
Social rehabilitation services.....	145,852	141,360	4,492
Correctional and public safety.....	396,241	372,621	23,620
Conservation, natural resources, and development...	144,027	114,234	29,793
Regulatory.....	93,007	89,397	3,610
Department of Transportation.....	615	609	6
Debt service.....	144,661	141,181	3,480
Miscellaneous.....	356,994	258,877	98,117
Enterprise agencies.....	—	—	—
Total expenditures.....	4,315,350	3,984,593	330,757
Excess of revenues over (under) expenditures.....	(239,925)	248,947	488,872
Other financing sources (uses):			
Operating transfers in.....	—	—	—
Operating transfers out.....	(66,832)	(66,832)	—
Total financing sources (uses).....	(66,832)	(66,832)	—
Excess of revenues and other sources over (under) expenditures and other uses.....	(306,757)	182,115	488,872
Budgetary fund balance, July 1, 1994.....	407,137	407,137	—
Budgetary fund balance, June 30, 1995.....	\$ 100,380	\$ 589,252	\$ 488,872

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

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 934	\$ 492	\$ 442	\$ 30,025	\$ 26,795	\$ 3,230
305	116	189	32,170	30,403	1,767
450,798	244,076	206,722	639,181	385,329	253,852
2,413,314	1,872,832	540,482	4,469,585	3,855,245	614,340
2,635,552	2,451,249	184,303	3,363,895	3,137,307	226,588
709,144	603,237	105,907	854,996	744,597	110,399
151,345	100,561	50,784	547,586	473,182	74,404
209,508	147,944	61,564	353,535	262,178	91,357
200,641	174,606	26,035	293,648	264,003	29,645
620,011	586,326	33,685	620,626	586,935	33,691
—	—	—	144,661	141,181	3,480
—	—	—	356,994	258,877	98,117
922	922	—	922	922	—
7,392,474	6,182,361	1,210,113	11,707,824	10,166,954	1,540,870
(246,489)	(132)	246,357	(486,414)	248,815	735,229
66,832	66,832	—	66,832	66,832	—
—	—	—	(66,832)	(66,832)	—
66,832	66,832	—	—	—	—
(179,657)	66,700	246,357	(486,414)	248,815	735,229
587,161	587,161	—	994,298	994,298	—
\$ 407,504	\$ 653,861	\$ 246,357	\$ 507,884	\$ 1,243,113	\$ 735,229

Combined Statement of Revenues, Expenses, and Changes in Fund Equity

ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS, AND DISCRETELY PRESENTED
COMPONENT UNITS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust
Operating revenues:				
Charges for services.....	\$ 60,910	\$ 767,227	\$ —	\$ —
Contributions.....	11	38	1	726,192
Interest and other investment income.....	58,850	29,432	70	1,031,156
Licenses, fees, and permits.....	—	—	68	—
Total operating revenues.....	119,771	796,697	139	1,757,348
Operating expenses:				
General operations and administration.....	33,508	218,973	35	10,077
Benefits and claims.....	6,359	547,426	—	654,753
Interest.....	57,419	—	—	—
Depreciation and amortization.....	1,033	10,155	—	118
Other operating expenses.....	3,416	3,601	—	—
Total operating expenses.....	101,735	780,155	35	664,948
Operating income.....	18,036	16,542	104	1,092,400
Nonoperating revenues (expenses):				
Interest income.....	1,350	1,871	—	—
Federal revenue.....	20,181	602	—	—
Costs to be recovered from future revenues.....	—	—	—	—
Interest expense.....	(967)	(6,462)	—	—
Provision for valuation allowance on property.....	—	—	—	—
Other nonoperating revenues (expenses).....	(19,623)	1,496	—	—
Total nonoperating revenues (expenses).....	941	(2,493)	—	—
Income before operating transfers and extraordinary items.....	18,977	14,049	104	1,092,400
Operating transfers in.....	125	1,674	1	6,443
Operating transfers out.....	—	—	—	—
Transfers to primary government.....	—	—	—	—
Income before extraordinary items.....	19,102	15,723	105	1,098,843
Extraordinary loss on early extinguishment of debt.....	(454)	—	—	—
Net income	18,648	15,723	105	1,098,843
Retained earnings/fund balances, July 1 (restated).....	222,136	230,103	1,656	11,568,848
Residual equity transfers in.....	—	525	—	—
Residual equity transfers out.....	—	(522)	—	—
Net unrealized loss on investment securities available for sale.....	—	—	—	—
Retained earnings/fund balances, June 30.....	240,784	245,829	1,761	12,667,691
Contributed capital, July 1 (restated).....	16,221	78,236	—	—
Additions to contributed capital	757	3,271	—	—
Deductions from contributed capital.....	—	(3,448)	—	—
Fund equity, June 30.....	\$ 257,762	\$ 323,888	\$ 1,761	\$ 12,667,691

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

Totals Primary Government (Memorandum Only) June 30		COMPONENT UNITS	Totals Reporting Entity (Memorandum Only) June 30	
1995	1994		1995	1994
\$ 828,137	\$ 776,689	\$ 662,332	\$ 1,490,469	\$ 1,417,292
726,242	686,647	—	726,242	686,647
1,119,508	1,020,633	67	1,119,575	1,020,681
68	59	—	68	59
2,673,955	2,484,028	662,399	3,336,354	3,124,679
262,593	234,927	414,575	677,168	628,598
1,208,538	1,090,923	—	1,208,538	1,090,923
57,419	59,675	—	57,419	59,675
11,306	10,823	98,956	110,262	109,520
7,017	6,820	2,236	9,253	10,464
1,546,873	1,403,168	515,767	2,062,640	1,899,180
1,127,082	1,080,860	146,632	1,273,714	1,225,499
3,221	3,034	19,840	23,061	21,214
20,783	18,113	4,476	25,259	20,559
—	—	20,962	20,962	23,595
(7,429)	(7,443)	(150,448)	(157,877)	(157,314)
—	(2,244)	—	—	(2,244)
(18,127)	(16,687)	310	(17,817)	(15,523)
(1,552)	(5,227)	(104,860)	(106,412)	(109,713)
1,125,530	1,075,633	41,772	1,167,302	1,115,786
8,243	8,932	—	8,243	8,932
—	(3,031)	—	—	(3,031)
—	—	(6,157)	(6,157)	(5,997)
1,133,773	1,081,534	35,615	1,169,388	1,115,690
(454)	(2,726)	—	(454)	(2,726)
1,133,319	1,078,808	35,615	1,168,934	1,112,964
12,022,743	10,943,935	716,255	12,738,998	11,626,034
525	—	—	525	—
(522)	—	—	(522)	—
—	—	(2,409)	(2,409)	—
13,156,065	12,022,743	749,461	13,905,526	12,738,998
94,457	90,260	206,873	301,330	301,962
4,028	6,329	—	4,028	6,329
(3,448)	(2,132)	(315)	(3,763)	(6,961)
\$ 13,251,102	\$ 12,117,200	\$ 956,019	\$ 14,207,121	\$ 13,040,328

Combined Statement of Cash Flows

ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUND, AND
DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE
	Enterprise	Internal Service	Nonexpendable Trust
Cash flows from operating activities:			
Operating income.....	\$ 18,036	\$ 16,542	\$ 104
Adjustments to reconcile operating income to net cash provided by (used in) operations:			
Depreciation and amortization	1,033	10,155	—
Provisions for loan losses and bad debts.....	1,633	—	—
Loss on disposition of property and equipment	—	404	—
Issuance of loans and notes.....	(173,734)	—	—
Collection of loans and notes.....	95,489	—	—
Interest payments	57,419	—	—
Interest on investments and interfund loans.....	(17,830)	(29,300)	(64)
Amounts received for payment of claims.....	56,179	—	—
Payment of claims.....	(50,818)	—	—
Other nonoperating revenues.....	—	2,328	—
Other nonoperating expenses.....	(913)	(295)	—
Other.....	867	(1,045)	24
Change in assets--decreases (increases):			
Accounts receivable, net.....	(1,296)	(17,195)	(21)
Student loans receivable, net.....	8	—	—
Loans and notes receivable.....	—	—	—
Due from Federal government and other grantors.....	(228)	(37)	—
Due from other funds.....	—	(8,360)	—
Due from primary government.....	—	—	—
Inventories.....	(24)	125	—
Other restricted assets.....	459	—	—
Other current assets.....	6	—	—
Deferred charges.....	—	—	—
Change in liabilities--increases (decreases):			
Accounts payable and accrued liabilities.....	(3,389)	5,893	(2)
Insurance claims incurred but not reported.....	65	30,659	—
Due to other funds.....	57	545	—
Due to primary government.....	—	—	—
Interfund payables	—	—	—
Deferred revenues	101	23,396	—
Deposits.....	73	—	—
Liabilities payable from restricted assets	(7)	—	—
Limited obligation bonds payable	—	6,814	—
Compensated absences payable	(26)	438	—
Other liabilities, including retainages payable.....	(225)	271	—
Net cash provided by (used in) operating activities.....	(17,065)	41,338	41
Cash flows from noncapital financing activities:			
Principal payments received from other funds.....	—	7,505	—
Proceeds from loans made by other funds.....	—	1,503	—
Principal payments made to other funds.....	(20)	(5,080)	—
Receipt of interest from other funds.....	—	4,289	—
Interest payments made to other funds	—	(3,074)	—
Loans made to other funds.....	—	(4,064)	—
Proceeds from sale of revenue bonds.....	141,224	—	—
Principal payments on revenue bonds.....	(77,110)	—	—
Proceeds from notes payable	1,260	—	—
Principal payments on notes payable	(350)	—	—
Interest payments	(56,656)	—	—
Payment of bond issuance costs.....	(1,104)	—	—
Federal revenue	17,393	602	—
Payments from Federal grants.....	(17,187)	—	—
Operating transfers in	125	1,674	1
Operating transfers out	—	—	—
Residual equity transfers in	—	137	—
Residual equity transfers out	—	(133)	—
Transfers to primary government	—	—	—
Operating deficiency reimbursement	18	—	—
Net cash provided by (used in) noncapital financing activities.....	7,593	3,359	1

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

Totals Primary Government (Memorandum Only) June 30			Totals Reporting Entity (Memorandum Only) June 30		
1995	1994	COMPONENT UNITS	1995	1994	
\$ 34,682	\$ 38,446	\$ 146,632	\$ 181,314	\$ 183,085	
11,188	10,681	98,956	110,144	109,378	
1,633	964	779	2,412	1,531	
404	435	—	404	435	
(173,734)	(149,755)	—	(173,734)	(150,055)	
95,489	161,838	67	95,556	161,892	
57,419	59,675	—	57,419	59,675	
(47,194)	(38,493)	—	(47,194)	(38,493)	
56,179	61,687	—	56,179	61,687	
(50,818)	(50,471)	—	(50,818)	(50,471)	
2,328	1,532	50	2,378	1,532	
(1,208)	(524)	(3)	(1,211)	(524)	
(154)	(351)	(359)	(513)	(951)	
(18,512)	(1,067)	778	(17,734)	(7,678)	
8	15	—	8	15	
—	(4,200)	—	—	(4,200)	
(265)	148	(699)	(964)	(244)	
(8,360)	(6,546)	—	(8,360)	(6,546)	
—	—	1,513	1,513	(1,600)	
101	(372)	(17,395)	(17,294)	17,078	
459	9,138	—	459	9,138	
6	229	407	413	(878)	
—	(1,231)	—	—	(1,231)	
2,502	7,462	5,923	8,425	(5,633)	
30,724	10,458	—	30,724	10,458	
602	974	—	602	974	
—	—	513	513	292	
—	(100)	—	—	(100)	
23,497	3,367	409	23,906	6,716	
73	18	—	73	16	
(7)	349	—	(7)	349	
6,814	—	—	6,814	—	
412	455	—	412	455	
46	(700)	(12,412)	(12,366)	17,538	
24,314	114,061	225,159	249,473	373,640	
7,505	5,952	—	7,505	5,952	
1,503	2,222	—	1,503	2,222	
(5,100)	(6,242)	—	(5,100)	(6,242)	
4,289	4,342	—	4,289	4,342	
(3,074)	(3,550)	—	(3,074)	(3,550)	
(4,064)	(9,734)	—	(4,064)	(9,734)	
141,224	159,047	—	141,224	159,047	
(77,110)	(212,825)	—	(77,110)	(212,825)	
1,260	2,691	—	1,260	2,691	
(350)	(155)	—	(350)	(155)	
(56,656)	(63,908)	—	(56,656)	(63,908)	
(1,104)	(1,805)	—	(1,104)	(1,805)	
17,995	15,455	4,476	22,471	17,901	
(17,187)	(16,251)	—	(17,187)	(16,251)	
1,800	8,158	—	1,800	8,158	
—	(3,031)	—	—	(3,031)	
137	—	—	137	—	
(133)	—	—	(133)	—	
—	—	(6,157)	(6,157)	(5,997)	
18	474	—	18	474	
10,953	(119,160)	(1,681)	9,272	(122,711)	

Continued on Next Page

Combined Statement of Cash Flows

ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUND, AND
DISCRETELY PRESENTED COMPONENT UNITS (Continued)

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE
	Enterprise	Internal Service	Nonexpendable Trust
Cash flows from capital and related financing activities:			
Acquisition of property, plant, and equipment	\$ (3,401)	\$ (19,034)	\$ —
Proceeds from sale of property, plant, and equipment	—	—	—
Proceeds from loans made by other funds	—	—	—
Proceeds from sale and refundings of revenue bonds	—	—	—
Principal payments and refundings on revenue bonds	—	—	—
Interest payments	(148)	(3,125)	—
Payment of bond issuance costs	—	—	—
Increase (decrease) in commercial paper notes	—	—	—
Principal payments on notes payable	(685)	—	—
Proceeds from capital leases and installment debt obligations payable	—	—	—
Principal payments on capital leases and installment debt obligations payable	—	(1,566)	—
Contributions of capital	29	—	—
Reductions of contributed capital	—	—	—
Net cash used in capital and related financing activities	(4,205)	(23,725)	—
Cash flows from investing activities:			
Proceeds from sale of investments	54,553	20,229	—
Purchase of investments	(48,013)	(21,955)	—
Interest on investments	21,589	26,882	64
Principal payments received on notes receivable	—	7	—
Issuance of loans	(1,355)	—	—
Collection of loans	350	—	—
Net cash provided by investing activities	27,124	25,163	64
Net increase (decrease) in cash and cash equivalents	13,447	46,135	106
Cash and cash equivalents, July 1	268,259	474,957	1,628
Cash and cash equivalents, June 30	\$ 281,706	\$ 521,092	\$ 1,734
Reconciliation of cash and cash equivalents to the balance sheet:			
Cash and cash equivalents for Fiduciary Funds			\$ 1,363,779
Less: Cash and cash equivalents for Expendable Trust Funds, Pension Trust Funds, and Agency Funds			(1,362,045)
Cash and cash equivalents Nonexpendable Trust Fund			\$ 1,734
Noncash capital, investing, and financing activities:			
Acquisition of property and equipment through:			
Contributions and transfers from other funds	\$ —	\$ 2,852	\$ —
Long-term notes payable	1,500	—	—
Transfers of noncapital assets	787	—	—
Total noncash capital, investing, and financing activities	\$ 2,287	\$ 2,852	\$ —

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

Totals Primary Government (Memorandum Only) June 30		COMPONENT UNITS	Totals Reporting Entity (Memorandum Only) June 30	
1995	1994		1995	1994
\$ (22,435)	\$ (9,207)	\$ (203,261)	\$ (225,696)	\$ (284,877)
—	—	116	116	1,736
—	275	—	—	275
—	—	—	—	1,003,435
—	—	(32,621)	(32,621)	(970,738)
(3,273)	(3,228)	(161,678)	(164,951)	(191,483)
—	—	(739)	(739)	(15,272)
—	—	10,450	10,450	(13,500)
(685)	(600)	—	(685)	(600)
—	—	—	—	1,000
(1,566)	(4,096)	(3,672)	(5,238)	(9,304)
29	313	—	29	313
—	—	(315)	(315)	—
(27,930)	(16,543)	(391,720)	(419,650)	(479,015)
74,782	42,149	189,792	264,574	211,157
(69,968)	(34,686)	(6,024)	(75,992)	(97,259)
48,535	39,143	22,216	70,751	69,970
7	325	—	7	325
(1,355)	(2,601)	—	(1,355)	(2,601)
350	155	—	350	155
52,351	44,485	205,984	258,335	181,747
59,688	22,843	37,742	97,430	(46,339)
744,844	722,001	142,878	887,722	934,061
\$ 804,532	\$ 744,844	\$ 180,620	\$ 985,152	\$ 887,722
\$ 2,852	\$ 4,710	\$ —	\$ 2,852	\$ 4,710
1,500	—	—	1,500	—
787	145	—	787	145
\$ 5,139	\$ 4,855	\$ —	\$ 5,139	\$ 4,855

Combined Statement of Changes in Fund Balances

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
Revenues and other additions:				
Unrestricted Current Fund revenues.....	\$ 1,153,272	\$ —	\$ —	\$ —
Restricted student tuition and fees.....	—	—	—	—
Federal grants and contracts--restricted.....	—	230,043	1,029	—
State grants--restricted.....	—	7,086	—	50
Private gifts, grants, and contracts--restricted.....	—	56,706	4	1,215
Investment income--restricted.....	—	3,841	323	1,030
Realized investment gains--restricted.....	—	—	7	240
Interest earned.....	—	—	982	—
Expended for plant facilities (Including \$ 65,836 charged to current funds expenditures).....	—	—	—	—
Retirement of indebtedness.....	—	—	—	—
Retirement of indebtedness--defeased bonds.....	—	—	—	—
Proceeds of refunding bonds.....	—	—	—	—
Capitalization of interest cost.....	—	—	—	—
Sale of property.....	—	—	—	—
Foundations and institutes.....	—	—	—	—
Other revenues and additions.....	—	404	138	3
Total revenues and other additions.....	1,153,272	298,080	2,483	2,538
Expenditures and other deductions:				
Educational and general.....	1,088,501	277,756	—	—
Auxiliary enterprises.....	165,543	2,400	—	—
Hospital.....	299,072	—	—	—
Foundations and institutes.....	—	—	—	—
Indirect costs recovered.....	—	25,755	—	—
Loan cancellation and bad debt write-offs.....	—	—	562	1
Administration and collection costs.....	—	—	679	69
Expended for plant facilities (Including noncapitalized expenditures of \$ 16,919).....	—	—	—	—
Retirement of indebtedness.....	—	—	—	—
Interest on indebtedness.....	—	—	—	—
Disposal of plant facilities.....	—	—	—	—
Refunding bonds issued.....	—	—	—	—
Payment to refunded bond escrow agent.....	—	—	—	—
Refunds to grantors.....	—	14	15	—
Other expenditures and deductions.....	2,227	344	66	1
Total expenditures and other deductions.....	1,555,343	306,269	1,322	71
Transfers in (out):				
Transfers among Higher Education Funds:				
Mandatory transfers for:				
Principal and interest.....	(36,166)	—	—	—
Loan fund matching grants.....	(407)	—	407	—
Other.....	(41)	27	—	14
Nonmandatory transfers.....	(20,359)	(1,079)	47	680
Operating transfers in.....	685,602	8,261	—	100
Operating transfers out.....	(147,922)	(59)	—	—
Total transfers in (out).....	480,707	7,150	454	794
Net increase (decrease) in fund balances.....	78,636	(1,039)	1,615	3,261
Fund balances, July 1.....	156,501	30,813	44,745	52,890
Fund balances, June 30.....	\$ 235,137	\$ 29,774	\$ 46,360	\$ 56,151

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

PLANT FUNDS				Totals for the Fiscal Year Ended June 30	
Unexpended	Retirement of Indebtedness	Investment in Plant	Foundations and Institutes	1995	1994
\$ —	\$ —	\$ —	\$ —	\$ 1,153,272	\$ 1,139,777
4,343	19,303	—	—	23,646	21,857
11,664	314	19	—	243,069	207,894
—	—	—	—	7,136	11,078
2,636	—	4,793	—	65,354	67,301
2,821	3,721	—	—	11,736	8,739
—	—	—	—	247	985
—	—	—	—	982	981
—	—	158,953	—	158,953	176,578
—	—	22,835	—	22,835	22,600
—	—	5,655	—	5,655	15,375
—	4,605	—	—	4,605	16,530
1,130	—	—	—	1,130	955
—	—	—	—	—	565
—	—	—	208,079	208,079	158,859
2,291	—	2,010	—	4,846	5,070
<u>24,885</u>	<u>27,943</u>	<u>194,265</u>	<u>208,079</u>	<u>1,911,545</u>	<u>1,855,144</u>
—	—	—	—	1,366,257	1,274,460
—	—	—	—	167,943	163,663
—	—	—	—	299,072	329,985
—	—	—	191,829	191,829	143,812
—	—	—	—	25,755	21,227
—	—	—	—	563	502
—	—	—	—	748	517
109,752	—	—	—	109,752	113,074
—	21,284	—	—	21,284	21,023
—	18,787	—	—	18,787	18,879
—	—	29,289	—	29,289	34,594
—	—	4,605	—	4,605	16,530
—	4,855	—	—	4,855	16,325
—	—	—	—	29	98
—	1,834	3,547	—	8,019	6,851
<u>109,752</u>	<u>46,760</u>	<u>37,441</u>	<u>191,829</u>	<u>2,248,787</u>	<u>2,161,540</u>
351	35,815	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
49,976	(10,899)	(7,568)	(10,798)	—	—
49,358	—	—	—	743,321	679,861
—	—	—	(15,500)	(163,481)	(189,411)
<u>99,685</u>	<u>24,916</u>	<u>(7,568)</u>	<u>(26,298)</u>	<u>579,840</u>	<u>490,450</u>
<u>14,818</u>	<u>6,099</u>	<u>149,256</u>	<u>(10,048)</u>	<u>242,598</u>	<u>184,054</u>
<u>94,723</u>	<u>47,215</u>	<u>2,116,337</u>	<u>53,094</u>	<u>2,596,318</u>	<u>2,412,264</u>
<u>\$ 109,541</u>	<u>\$ 53,314</u>	<u>\$ 2,265,593</u>	<u>\$ 43,046</u>	<u>\$ 2,838,916</u>	<u>\$ 2,596,318</u>

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

Totals for the Fiscal Year
Ended June 30

	Unrestricted	Restricted	1995	1994
Revenues:				
Tuition and fees.....	\$ 349,282	\$ —	\$ 349,282	\$ 333,762
Federal grants and contracts.....	37,546	204,877	242,423	201,316
State grants and contracts.....	—	7,193	7,193	9,894
Local grants and contracts.....	25,327	1,509	26,836	24,544
Private gifts, grants, and contracts.....	18,129	55,513	73,642	66,728
Endowment income.....	308	2,070	2,378	2,026
Sales and services of educational departments.....	29,267	1	29,268	28,833
Sales and services of auxiliary enterprises.....	182,149	—	182,149	174,999
Sales and services of hospitals.....	476,748	—	476,748	503,440
Other.....	34,516	764	35,280	31,858
Total current revenues.....	1,153,272	271,927	1,425,199	1,377,400
Expenditures and mandatory transfers:				
Educational and general:				
Instruction.....	528,805	41,316	570,121	529,974
Research.....	57,901	111,395	169,296	149,778
Public service.....	70,417	37,844	108,261	99,027
Academic support.....	110,582	6,266	116,848	116,454
Student services.....	66,253	7,620	73,873	68,466
Institutional support.....	127,368	2,023	129,391	128,854
Operation and maintenance of plant.....	107,265	205	107,470	107,482
Scholarships and fellowships.....	19,910	71,087	90,997	74,425
Educational and general expenditures.....	1,088,501	277,756	1,366,257	1,274,460
Mandatory transfers for:				
Principal and interest.....	6,643	—	6,643	6,826
Loan fund matching grants.....	407	—	407	267
Other.....	41	(27)	14	—
Total educational and general.....	1,095,592	277,729	1,373,321	1,281,553
Auxiliary enterprises:				
Expenditures.....	165,543	2,400	167,943	163,663
Mandatory transfers for principal and interest.....	16,787	—	16,787	16,723
Total auxiliary enterprises.....	182,330	2,400	184,730	180,386
Hospitals:				
Expenditures.....	299,072	—	299,072	329,985
Mandatory transfers for principal and interest.....	12,736	—	12,736	11,498
Total hospitals.....	311,808	—	311,808	341,483
Total expenditures and mandatory transfers.....	1,589,730	280,129	1,869,859	1,803,422
Other transfers and additions (deductions):				
Excess of restricted receipts over transfers to revenues.....	—	398	398	4,363
Operating transfers in.....	685,602	8,261	693,863	641,804
Operating transfers out.....	(147,922)	(59)	(147,981)	(184,716)
Refunds to grantors.....	—	(14)	(14)	(17,162)
Other deductions.....	(22,586)	(1,423)	(24,009)	14,762
Total other transfers and additions.....	515,094	7,163	522,257	459,051
Net increase (decrease) in fund balances.....	\$ 78,636	\$ (1,039)	\$ 77,597	\$ 33,029

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

Combining Balance Sheet

DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1995

(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 15,012	\$ 12,852	\$ 890	\$ 446	\$ 29,200
Investments.....	36,766	—	140	—	36,906
Receivables, net:					
Accounts.....	57,503	9,698	2	—	67,203
Loans and notes.....	—	—	62	—	62
Due from Federal government and other grantors.....	—	—	—	1,809	1,809
Due from primary government.....	—	87	—	—	87
Inventories.....	76,862	1,086	—	—	77,948
Restricted assets:					
Cash and cash equivalents.....	70,509	—	—	—	70,509
Investments.....	35,906	—	—	—	35,906
Other current assets.....	1,011	1,872	—	18	2,901
Total current assets.....	293,569	25,595	1,094	2,273	322,531
Long-term assets:					
Loans and notes receivable, net.....	—	—	171	—	171
Restricted assets:					
Cash and cash equivalents.....	67,567	13,344	—	—	80,911
Investments.....	224,311	7,908	—	—	232,219
Deferred charges.....	729,369	1,643	—	—	731,012
Total long-term assets.....	1,021,247	22,895	171	—	1,044,313
Property, plant, and equipment:					
Land and improvements.....	—	217,094	—	—	217,094
Buildings and improvements.....	—	198,866	—	—	198,866
Utility plant.....	2,646,809	—	—	—	2,646,809
Machinery, equipment, and other.....	1,909	27,186	—	408	29,503
Construction in progress.....	549,317	15,777	—	—	565,094
Less: accumulated depreciation.....	(883,247)	(138,396)	—	(155)	(1,021,798)
Total property, plant, and equipment, net.....	2,314,788	320,527	—	253	2,635,568
Total assets.....	\$ 3,629,604	\$ 369,017	\$ 1,265	\$ 2,526	\$ 4,002,412

Combining Balance Sheet

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

June 30, 1995

(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities.....	\$ 106,151	\$ 9,411	\$ 1	\$ 712	\$ 116,275
Due to primary government.....	—	—	—	805	805
Revenue bonds payable.....	207,795	960	—	—	208,755
Capital lease and installment debt obligations payable.....	3,317	24	—	—	3,341
Commercial paper notes.....	118,700	—	—	—	118,700
Other current liabilities, including retainages payable.....	11,940	466	—	—	12,406
Total current liabilities.....	447,903	10,861	1	1,517	460,282
Long-term liabilities:					
Deferred revenues and deferred credits.....	28,165	—	—	—	28,165
Revenue bonds payable.....	2,387,345	87,021	—	—	2,474,366
Capital lease and installment debt obligations payable.....	46,131	320	—	—	46,451
Other long-term liabilities.....	37,129	—	—	—	37,129
Total long-term liabilities.....	2,498,770	87,341	—	—	2,586,111
Total liabilities.....	2,946,673	98,202	1	1,517	3,046,393
Fund Equity:					
Contributed capital.....	34,438	171,100	1,020	—	206,558
Retained earnings.....	648,493	99,715	244	1,009	749,461
Total fund equity.....	682,931	270,815	1,264	1,009	956,019
Total liabilities and fund equity.....	\$ 3,629,604	\$ 369,017	\$ 1,265	\$ 2,526	\$ 4,002,412

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

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
Operating revenues:					
Charges for services.....	\$ 605,656	\$ 55,278	\$ 1	\$ 1,397	\$ 662,332
Interest and other investment income.....	—	—	67	—	67
Total operating revenues.....	605,656	55,278	68	1,397	662,399
Operating expenses:					
General operations and administration.....	371,387	37,434	36	5,718	414,575
Depreciation and amortization.....	86,660	12,234	—	62	98,956
Other operating expenses.....	2,235	—	1	—	2,236
Total operating expenses.....	460,282	49,668	37	5,780	515,767
Operating income (loss).....	145,374	5,610	31	(4,383)	146,632
Nonoperating revenues (expenses):					
Interest income.....	18,271	1,520	—	49	19,840
Federal revenue.....	—	—	—	4,476	4,476
Costs to be recovered from future revenues.....	20,962	—	—	—	20,962
Interest expense.....	(149,282)	(1,166)	—	—	(150,448)
Other nonoperating revenues (expenses).....	50	263	—	(3)	310
Total nonoperating revenues (expenses).....	(109,999)	617	—	4,522	(104,860)
Income before operating transfers.....	35,375	6,227	31	139	41,772
Transfers to primary government.....	(6,157)	—	—	—	(6,157)
Net income.....	29,218	6,227	31	139	35,615
Retained earnings, July 1, 1994.....	621,684	93,488	213	870	716,255
Net unrealized loss on investment securities available for sale.....	(2,409)	—	—	—	(2,409)
Retained earnings, June 30, 1995.....	648,493	99,715	244	1,009	749,461
Contributed capital, July 1, 1994.....	34,438	171,415	1,020	—	206,873
Deductions from contributed capital.....	—	(315)	—	—	(315)
Fund equity, June 30, 1995.....	\$ 682,931	\$ 270,815	\$ 1,264	\$ 1,009	\$ 956,019

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

Combining Statement of Cash Flows

DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
Cash flows from operating activities:					
Operating income (loss)	\$ 145,374	\$ 5,610	\$ 31	\$ (4,383)	\$ 146,632
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:					
Depreciation and amortization	86,660	12,234	—	62	98,956
Provisions for loan losses and bad debts	—	750	29	—	779
Collection of loans	—	—	67	—	67
Other nonoperating revenues	50	—	—	—	50
Other nonoperating expenses	—	—	—	(3)	(3)
Other	(358)	(1)	—	—	(359)
Change in assets--decreases (increases):					
Accounts receivable, net	3,039	(2,261)	—	—	778
Due from Federal government and other grantors	—	—	—	(699)	(699)
Due from primary government	—	1,513	—	—	1,513
Inventories	(17,245)	(150)	—	—	(17,395)
Other current assets	301	123	—	(17)	407
Change in liabilities--increases (decreases):					
Accounts payable and accrued liabilities	8,610	(3,006)	—	319	5,923
Due to primary government	—	—	—	513	513
Deferred revenues	409	—	—	—	409
Other liabilities, including retainages payable	(9,282)	(3,130)	—	—	(12,412)
Net cash provided by (used in) operating activities	217,558	11,682	127	(4,208)	225,159
Cash flows from noncapital financing activities:					
Federal revenue	—	—	—	4,476	4,476
Transfers to primary government	(6,157)	—	—	—	(6,157)
Net cash provided by (used in) noncapital financing activities	(6,157)	—	—	4,476	(1,681)

Combining Statement of Cash Flows

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
Cash flows from capital and related financing activities:					
Acquisition of property, plant, and equipment.....	\$ (182,160)	\$ (20,940)	\$ —	\$ (161)	\$ (203,261)
Proceeds from sale of property, plant, and equipment.....	—	116	—	—	116
Principal payments and refundings on revenue bonds.....	(31,706)	(915)	—	—	(32,621)
Interest payments	(156,503)	(5,175)	—	—	(161,678)
Payment of bond issuance costs.....	(739)	—	—	—	(739)
Increase in commercial paper notes	10,450	—	—	—	10,450
Principal payments on capital leases and installment debt obligations payable	(3,224)	(448)	—	—	(3,672)
Reductions of contributed capital	—	(315)	—	—	(315)
Net cash used in capital and related financing activities.....	(363,882)	(27,677)	—	(161)	(391,720)
Cash flows from investing activities:					
Proceeds from sale of investments.....	163,356	26,436	—	—	189,792
Purchase of investments	—	(6,024)	—	—	(6,024)
Interest on investments.....	20,228	1,939	—	49	22,216
Net cash provided by investing activities.....	183,584	22,351	—	49	205,984
Net increase in cash and cash equivalents.....	31,103	6,356	127	156	37,742
Cash and cash equivalents, July 1, 1994.....	121,985	19,840	763	290	142,878
Cash and cash equivalents, June 30, 1995.....	\$ 153,088	\$ 26,196	\$ 890	\$ 446	\$ 180,620

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

The State of South Carolina is governed by the South Carolina General Assembly, an elected legislative body, and several elected executives. These general purpose financial statements present the State and its component units—entities for which the State and its elected officials are considered to be financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the State's operations. Accordingly, data from these component units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize its legal separateness from the State.

As explained more fully below, the State's primary government and its component units include various State funds, account groups, agencies, departments, institutions, authorities, and other organizations.

Primary Government

All constitutional offices, departments, agencies, commissions, and authorities have been included in the State's reporting entity as part of the primary government unless otherwise noted. Most of these have executives or boards appointed by the Governor, the General Assembly, or a combination thereof. These entities are financially accountable to, and fiscally dependent on, the State.

Although they operate somewhat autonomously, the entities listed below are included in the State's primary government because they lack full corporate powers.

Fiscal year ended June 30, 1995:
State Housing Finance and Development Authority
State Education Assistance Authority
Jobs-Economic Development Authority
Patriots Point Development Authority

Fiscal year ended December 31, 1994:
The South Carolina Deferred Compensation Plans
The Public Railways Division of the Department of Commerce (formerly the Public Railways Commission)

The State's five retirement systems are considered part of the State's primary government. The State Budget and Control Board, consisting of five elected officials, serves as trustee of the systems, and the State Treasurer is custodian of the funds.

The ten State-supported universities and the sixteen area technical colleges and their blended and discrete component units are reported within the

State's Higher Education Funds as part of the primary government. Although the universities and colleges operate somewhat autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoints most of their boards and budgets a significant portion of their funds.

Note 1r provides further information concerning component units of the universities and colleges. The component units of the universities and colleges are:

Blended Component Units:

The Citadel Trust
IPTAY Scholarship Fund

Blended Component Units Discretely Presented:

Clemson Research Facilities Corporation
Lander Foundation
Lander University Alumni Association
University of South Carolina School of Medicine Educational Trust
University Specialty Clinics
Charleston Memorial Hospital
University Medical Associates of the Medical University of South Carolina
Medical University Facilities Corporation
Pharmaceutical Education and Development Foundation of the Medical University of South Carolina

Discrete Component Unit:

South Carolina Environmental Education Consortium

Discretely Presented Component Units

The State's financial statements include the discretely presented component units listed below.

Fiscal year ended June 30, 1995:
South Carolina State Ports Authority
Savannah Lakes Regional Loan Fund
Enterprise Development, Inc., of South Carolina

Fiscal year ended December 31, 1994:
South Carolina Public Service Authority (Santee-Cooper)

The South Carolina Public Service Authority, a public utility company, was created by the State General Assembly in 1934. The Authority's primary purpose is to provide electric power to the people of South Carolina. The Governor appoints the Authority's Board of Directors. By law, the Authority must annually transfer to the State General Fund any net earnings not necessary for prudent business operations.

The South Carolina State Ports Authority was created in 1942 by the State General Assembly for the purposes of developing and improving the State's harbors and seaports. The State Ports Authority owns and operates seven ocean terminals that handle import and export cargo. The Governor appoints the members of the Authority's governing board.

The Savannah Lakes Regional Loan Fund is a non-profit corporation established in 1990. It maintains a revolving loan fund to promote economic

Notes to the Financial Statements

development in the State's Savannah Lakes Region. The Fund's Board of Directors consists of three members from each of two State agencies, the Department of Commerce and the Jobs—Economic Development Authority.

Enterprise Development, Incorporated, of South Carolina was created in 1989 as the result of a proviso of the State Appropriation Act. The Corporation was established to support the State Department of Commerce in achieving its economic development goals for the State. The purpose of the organization is to identify, create, and develop strategic initiatives and business resources in order for the State to achieve economic parity with neighboring states. The Corporation's Board of Directors consists of four ex-officio State elected officers and five members appointed by the Secretary of the State Department of Commerce.

Complete financial statements for each of these individual component units may be obtained at the entity's administrative offices as follows:

South Carolina Public Service Authority
(Santee-Cooper)
Post Office Box 398
Moncks Corner, South Carolina
29461-0398

South Carolina State Ports Authority
Post Office Box 817
Charleston, South Carolina 29402

Savannah Lakes Regional Loan Fund
1201 Main Street, Suite 1750
Columbia, South Carolina 29201

Enterprise Development, Inc., of South Carolina
Post Office Box 1149
Columbia, South Carolina 29202

These financial statements exclude the related foundations listed in Note 15 because the State does not significantly influence operations of the related foundations nor are the related foundations accountable to the State for fiscal matters.

Related Organizations

A related organization is one for which the primary government is not financially accountable even though the primary government appoints a voting majority of the organization's governing board. The South Carolina Children's Trust Fund is a related organization because the State is not financially accountable for it despite the fact that the Governor appoints all nine of its trustees. County boards of mental retardation are related organizations if their members are appointed by the Governor but not related organizations if their members are appointed by their respective county councils.

b. Basis of Presentation—Fund Accounting

The State uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of

accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

Governmental Funds finance most of the State's governmental functions. The measurement focus of the Governmental Funds is on sources, uses, and balances of financial resources.

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.

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes.

Capital Projects Funds account for resources to acquire major capital facilities for use by the General Fund and Special Revenue Funds.

Debt Service Funds are not used because the State does not accumulate resources to pay future years' general long-term obligations. Instead, the State finances such payments directly from the current year's resources.

Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector. The Financial Accounting Standards Board (FASB) and its predecessor organizations have issued accounting and reporting standards for activities in the private sector. The State's Proprietary Funds have elected not to apply standards issued by those organizations after November 30, 1989. These funds, however, have applied all applicable pronouncements issued by the Governmental Accounting Standards Board (GASB).

The measurement focus of the Proprietary Funds is upon determination of net income, financial position, and cash flows.

Enterprise Funds account for business-like State activities that provide goods/services to the public financed primarily through user charges.

Internal Service Funds provide goods/services to other funds, agencies, component units, or governments on a cost-allocation basis.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units. Both principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. Only the earnings, but not the principal, of Nonexpendable Trust Funds may be expended.

Expendable Trust Funds have the same measurement focus as Governmental Funds. Nonexpendable Trust and Pension Trust Funds have the same measurement focus as Proprietary Funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Notes to the Financial Statements

Account Groups

The General Fixed Assets Account Group includes all fixed assets of the primary government other than those accounted for in the Proprietary, Fiduciary, and Higher Education Funds.

The General Long-Term Obligations Account Group accounts for all long-term obligations of the primary government not accounted for in the Proprietary and Higher Education Funds. Significant long-term obligations include bonds, notes, capital leases, compensated absences, and claims and judgments.

Discretely Presented Component Units

The State's discretely presented component units conduct business-like activities that provide goods/services to the public and are financed primarily through user charges. The measurement focus of these entities is upon determination of net income, financial position, and cash flows. The Public Service Authority and the State Ports Authority have elected to apply all FASB pronouncements that are not inconsistent with GASB pronouncements. The other discretely presented component units have elected not to apply standards issued by the FASB after November 30, 1989.

c. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses and related assets and liabilities, regardless of measurement focus.

Governmental, Expendable Trust, and Agency Funds

The modified accrual basis of accounting is used in Governmental, Expendable Trust, and Agency Funds. Under the modified accrual basis, revenues are recorded when they become susceptible to accrual (i.e., both measurable and available). Except for entitlements, unemployment insurance taxes, and interest on investments, revenues are deemed available at year-end only if received within one month following year-end. Unemployment insurance taxes in the Expendable Trust Funds are deemed available at year-end only if received within forty-five days following year-end. Interest on investments is recorded as earned because it is deemed available when earned. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Individual and corporate income taxes in the hands of employers or corporations, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are recorded as revenues when

received in cash because they are generally not measurable until actually received.

Expenditures generally are recorded when goods or services are received. An exception is that principal and interest on obligations reflected in the General Long-Term Obligations Account Group are recorded as expenditures when due. Additional exceptions are that expenditures for compensated absences, claims and judgments, and special employee termination benefits reflected in the General Long-Term Obligations Account Group are recorded when paid.

Proprietary Funds, Nonexpendable Trust Funds, Pension Trust Funds, and Discretely Presented Component Units

The State uses the accrual basis of accounting to report activity of the Proprietary, Nonexpendable Trust, and Pension Trust Funds and the discretely presented component units. Under the accrual basis of accounting, the State recognizes revenues when earned and expenses when incurred. The Public Service Authority, a discretely presented component unit, is a regulated utility which uses accounting principles established by the Federal Energy Regulatory Commission.

Grant/Entitlement Revenues

The State recognizes grants, including non-cash support, as revenue when the State has incurred grant costs and has met all related grant requirements (such as matching requirements). Food stamps totaling \$301.9 million and food commodities of \$13.9 million represent the largest sources of non-cash support for the year ended June 30, 1995. In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

Pending determination of which funds are to be financed, grant/entitlement monies to be distributed to other State agencies are accounted for in Agency Funds. At June 30, 1995, assets totaling approximately \$3.2 million were being held in Agency Funds pending such determination.

d. Cash and Cash Equivalents

The amounts shown on the Combined Balance Sheet as Cash and Cash Equivalents represent petty cash, cash on deposit in banks, and cash invested in various instruments as a part of the State's cash management 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 and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, and collateralized repurchase agreements.

Most entities in the primary government participate in the cash management pool. Significant exceptions, however, are: retirement and deferred

Notes to the Financial Statements

compensation plans, the Local Government Investment Pool, the Housing Authority Fund (an Enterprise Fund), and certain activities of the Higher Education Funds. Of the discretely presented component units, only the State Ports Authority participates in the pool. For activities excluded from the pool, Cash Equivalents include investments in short-term, highly liquid securities having an initial maturity 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, however, are recorded in the General Fund. In contrast, each special deposit account retains its own earnings.

f. Cash on Deposit with Fiscal Agents

The Cash on Deposit with Fiscal Agents in the Trust and Agency Funds consists of amounts associated with the unemployment compensation program that are on deposit with the United States Treasury.

g. Investments and Deferred Yield Adjustment for Security Exchanges

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, Federal agency or other Federally guaranteed obligations with a market value in excess of 100% 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.

Generally, investments are stated at amortized cost using the effective interest method to amortize bond premiums/discounts over the time from

purchase to maturity, except for deferred compensation plans' investments which are valued at the value of the underlying insurance contracts. The Public Service Authority, a discretely presented component unit, however, carries its available-for-sale investments at market value with the net unrealized gain or loss offset against its fund equity. The Authority has no trading investments.

Additionally, gains and losses on fixed-income security (bond) exchanges in the Pension Trust Funds are accounted for under the deferral and amortization method. Net gains and losses on bond exchanges are deferred and amortized on a straight-line basis over the shorter of the life of the bond sold or purchased. Gains or losses arising from non-exchange bond transactions are not deferred; they are recognized in the current year. The unamortized amount of the deferred yield adjustment is reported as a part of Investments on the Combined Balance Sheet.

h. Receivables

Receivables are stated net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

i. Inventories

Inventories of the Governmental Funds are valued at cost using predominantly the first-in, first-out methodology. Inventories of the Proprietary Funds and the discretely presented component units are valued at cost using the average cost methodology. The Governmental Funds use the purchases method while the Proprietary Funds and the discretely presented component units use the consumption method.

j. Fixed Assets and Depreciation

Fixed assets are valued at historical cost or at estimated historical cost if actual historical cost data are not available. Donated fixed assets are recorded at fair market value on the donation date.

Governmental Funds

Governmental Funds record expenditures when they acquire fixed assets and capitalize those assets in the General Fixed Assets Account Group. The General Fixed Assets Account Group records neither depreciation nor capitalization of interest expenditures during construction. The State does not record its public domain (infrastructure) assets in the General Fixed Assets Account Group.

Proprietary Funds, Similar Trust Funds, and Discretely Presented Component Units

Proprietary Funds, Nonexpendable Trust Funds, Pension Trust Funds, and the discretely presented component units capitalize fixed assets when acquired. Net interest costs are capitalized on projects during the construction period. Depreciation

Notes to the Financial Statements

is provided using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Wando River channel dredging project	50
Other land improvements	20-30
Residential buildings	20-30
Office and other buildings	20-40
Hydro-electric utility plants	55
Other utility plants	22-37
Automobiles, vans, light trucks	5-8
Heavy trucks and buses	8-15
Airplanes and helicopters	3-8
Other furnishings and equipment	5-15

Depreciation on fixed assets acquired from Contributed Capital is closed to Retained Earnings.

k. Restricted Assets and Liabilities Payable from Restricted Assets

Most of the amounts reported as Restricted Assets in the Enterprise Funds and in the discretely presented component units represent assets required to be held and/or used as specified in bond indentures and bond resolutions. In the Enterprise Funds, Restricted Assets also include amounts collected by the Second Injury Fund to pay claims for which the Fund has no risk. The amounts held by the Second Injury Fund are offset by Liabilities Payable from Restricted Assets to demonstrate that the Fund has not assumed any risk for the payment of claims.

Restricted assets are classified into four categories: Cash and Cash Equivalents, Investments, Loans Receivable, and Other. The State's restricted assets consist primarily of United States government securities, repurchase agreements, and student and mortgage loans receivable.

l. Deferred Charges

Unamortized loss on refunded debt and deferred costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility which is a discretely presented component unit) are recorded as Deferred Charges. The Authority amortizes significant gains/losses on refunding debt issues over the life of the new issues rather than recognizing the gain/loss as an extraordinary item at the date of refunding. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority. The Authority plans to adopt the provisions of GASB Statement 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities" for its fiscal year ended December 31, 1995.

m. 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. This estimated payable is recorded as Tax Refunds Payable and a reduction of Tax Revenues.

n. Long-Term Obligations

The State records long-term debt of governmental funds in the General Long-Term Obligations Account Group. Other governmental fund obligations not expected to be financed with current available financial resources also are recorded in the General Long-Term Obligations Account Group. Long-term debt and other obligations financed by proprietary funds are recorded as liabilities in the appropriate funds.

The State's debt in the General Long-Term Obligations Account Group includes capital appreciation (deep-discount) bonds that were issued at stated interest rates significantly below the effective interest rate. The resulting discount is systematically reduced and the carrying amount of the debt is systematically increased over the life of the bonds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as Other Financing Sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as expenditures.

For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

The State enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

o. 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. 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

Notes to the Financial Statements

accumulated sick leave when they terminate. However, at retirement, employees 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.

When employees earn vacation leave, the Governmental fund types record a liability in the General Long-Term Obligations Account Group for the amount expected to be used or paid in cash. The General and Special Revenue Funds record expenditures when employees use leave.

The Proprietary Funds record an expense and a liability when employees earn vacation leave.

The South Carolina Public Service Authority, a regulated utility and a discretely presented component unit, records the cost of vacation leave that employees earn as an asset, Deferred Charges (to be recovered through the rate-setting process), and as Other Long-Term Liabilities. When it pays employees for leave, the Authority reduces the asset and liability and records an expense. The State Ports Authority, another discretely presented component unit, records its liability for compensated absences in Accounts Payable and Accrued Liabilities.

The State does not record a liability for unpaid accumulated sick leave.

p. Interfund Transactions

The State accounts for the following types of interfund transactions:

Interfund loans may occur between two State funds. Short-term interfund loans outstanding at year-end are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements result when one fund makes an expenditure on behalf of another fund. Reimbursement transactions reduce expenditure in the reimbursed fund and increase expenditure in the reimbursing fund.

Quasi-external transactions involve charges for goods or services that one fund delivers or provides to another. These transactions may result in the recording of short-term receivables or payables (Due From or To Other Funds, Primary Government, or Component Units) at year-end.

Residual equity transfers are nonroutine or nonrecurring transfers between funds.

Operating transfers include all interfund transactions that are not loans, reimbursements, quasi-external transactions, or residual equity transfers.

The State eliminates material intrafund transactions and interfund transactions that occur within a single combined financial statement fund type.

q. Escheat Property

The State accounts for its escheat property in the General Fund, the fund to which the property ultimately escheats. To the extent it is probable that such property will be reclaimed and paid to

claimants, the State records a liability and reduces revenue in the General Fund.

r. Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds within the State's primary government. These funds use generally accepted accounting principles that apply to colleges and universities as contained in *Audits of Colleges and Universities* published by the American Institute of Certified Public Accountants. The Higher Education Funds are presented in a separate column on the Combined Balance Sheet. The Combined Statement of Changes in Fund Balances—Higher Education Funds presents the following fund types:

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are Unrestricted Current Funds.

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

Endowment and Similar Funds account for endowment and quasi-endowment transactions. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

Plant Funds account for transactions involving physical properties of the higher education institutions. The Unexpended Plant subgroup accounts for monies that institutions have available to finance the acquisition, construction, or improvement of physical properties. Resources that institutions have set aside for the renewal and replacement of institutional properties are also recorded in this subgroup. The Retirement of Indebtedness subgroup includes monies to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus have invested in) their properties and any related outstanding debt.

Agency Funds within the Higher Education Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

Foundations and Institutes Funds account for certain component units of the State's colleges and universities. Most of these component units have fiscal years ended June 30, but some have fiscal years ended December 31. All but one of these component units meet the criteria for blending but are presented in a separate column because they use a basis of accounting different from the one followed by the State's colleges and universities. The South Carolina Environmental Education Consortium qualifies as a discrete component unit of one of the State's universities but is still considered part of the State's primary government. Most of these component units are non-profit entities that follow generally accepted accounting principles for not-for-profit entities.

Notes to the Financial Statements

The Combined Statement of Current Funds Revenues, Expenditures, and Other Changes—Higher Education Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Cash transfers between the higher education institutions and the General Fund and Special Revenue Funds appear as revenues and expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)—All Budgeted Funds. On all other combined operating statements, however, such transfers to (from) the institutions appear in the Higher Education Funds as Operating Transfers In (Out). Accordingly, on the Combined Statement of Current Funds Revenues, Expenditures, and Other Changes—Higher Education Funds, the sum of the Current Restricted Funds' Revenues and Operating Transfers In equals the sum of Expenditures and Mandatory Transfers and Operating Transfers Out.

The measurement focus in the Higher Education Funds is upon determination of resources received and used. The Higher Education Funds use the accrual basis. Although not-for-profit component units in the Foundations and Institutes Fund record depreciation of fixed assets, other Higher Education Funds do not. In addition, revenues from tuition and student fees of a summer session are reported totally within the fiscal year in which the session is predominantly conducted. Current Funds used to finance plant assets are accounted for as (1) expenditures for normal replacement of movable equipment and library books, (2) mandatory transfers for required provisions for debt amortization/interest, and (3) transfers of a nonmandatory nature for all other cases.

Higher Education Funds record expenditures when they acquire fixed assets and capitalize those assets within their Plant Funds. These funds capitalize interest expenditures during construction but do not record depreciation.

Inventories of the Higher Education Funds are valued at the lower of cost or market using the first-in, first-out method. These funds use the consumption method of recording inventories.

The State's colleges and universities record an expenditure and liability in the Current Unrestricted Fund when employees earn credits toward future compensated absences.

s. Totals (Memorandum Only) Columns

Amounts in the "Totals—Memorandum Only" columns for the primary government and for the reporting entity represent an aggregation of the combined financial statement line-items to facilitate financial analysis. Amounts in the "Totals—Memorandum Only" columns are not comparable to a consolidation.

"Memorandum Only" columns for 1994 are included to provide a summarized comparison with comparable 1995 amounts. The 1994 totals are not intended to present all information necessary for a fair presentation of financial position, results of

operations, and cash flows in accordance with generally accepted accounting principles.

To enhance comparability, certain 1994 amounts have been reclassified to conform with the presentation used in the 1995 financial statements.

NOTE 2: BUDGETARY ACCOUNTING AND REPORTING

a. Budgetary Funds

South Carolina's Appropriation Act does not present budgets by GAAP fund. Instead, it presents budgets for:

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 Appropriation Act differs somewhat from the GAAP General Fund.

Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most Federal and department-generated resources. Total Funds include certain Proprietary and Capital Project Fund activities but exclude Pension Trust Funds and most other Trust and Agency Fund activities.

The accompanying financial statements include a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)—All Budgeted Funds. The Budgetary General Fund category on that statement corresponds to the General Funds column in the Appropriation Act. The Other Budgeted Funds category represents the difference between the Total Funds and the General Funds columns in the Appropriation Act.

b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Agencies may carry forward up to 10% of unexpended Budgetary General Fund appropriations to the next fiscal year. Any remaining unexpended Budgetary General Fund 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 budgetary basis of accounting. 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 20.

Notes to the Financial Statements

- (ii) Several types of revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.
- (iii) Sales Taxes (including the Education Improvement Act-1% Sales Tax, Excise Tax-Casual Sales, and Retail Sales Tax-4%) in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis) have been recorded on the modified accrual basis since 1990-91.
- (iv) The following taxes in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis) have been recorded on the modified accrual basis since 1992-93: Admissions Tax, Alcoholic Liquors Tax, Beer and Wine Tax, Business License Tax, Electric Power Tax, Gasoline Tax-Counties, and Soft Drinks Tax.
- (v) All other revenues are recorded only when the State receives the related cash.

c. Budgetary Policies

State law does not require the use of encumbrance accounting. Neither the General Fund nor the Budgetary General Fund, therefore, records encumbrances or a reserve for encumbrances. Instead, the General Fund records the authorized appropriations to be carried forward as a reserve of fund balance.

The State maintains budgetary control at the level of summary object category of expenditure within each program of each department or agency. All budgeted departments and agencies except the higher education institutions process their disbursement vouchers through a central budgetary accounting system maintained by the Comptroller General's Office. Departments and agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriations exist. The State's 1994-95 Appropriation Act has approximately 2,650 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. Departments and agencies may request transfers of appropriations among summary object categories and/or among programs within the same budgetary fund. No such transfer request, however, may exceed twenty percent of the program budget. The Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve such requests.

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The 1994-95 Appropriation Act directed the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if 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.

For Other Budgeted Funds, the annual Appropriation Act presents estimated revenue amounts only for Education Improvement Act and highway revenues. The Budget and Control Board, however, provides estimated revenue amounts for the other resources in these funds. The Appropriation Act includes all appropriation amounts for these funds.

As operating conditions change, departments and agencies may request revisions of estimated revenues and expenditures in Other Budgeted Funds. Such changes require the Governor's approval, the Joint Appropriation Review Committee's concurrence, and the Budget and Control Board's review. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects that the General Assembly did not specifically authorize. The Budget and Control Board and the Joint Bond Review Committee must approve and review these changes. During the current fiscal year, the State's budget was amended in accordance with the procedures outlined above.

During 1994-95, the General Assembly enacted a series of Joint Resolutions that added supplemental appropriations to the Budgetary General Fund for the fiscal year ended June 30, 1995. One resolution appropriated \$38.8 million from Budgetary Fund Balance at the end of 1993-94. Of the \$38.8 million, \$25.3 million was disbursed during the fiscal year ended June 30, 1995, while the remaining \$13.5 million was reserved as Appropriations to be Carried Forward to 1995-96. The remaining resolutions set aside \$237.6 million of 1994-95 Budgetary Fund Balance, of which \$0.7 million was expended, \$10.6 million was used to fund the General Reserve, and the remaining \$226.3 million was appropriated and reserved as Appropriations to be Carried Forward to 1995-96.

d. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 1995, the Health function within Other Budgeted Funds had \$0.5 million of expenditures in excess of appropriations at the level of legal control. These overexpenditures were associated with the county health departments operated by the State's Department of Health and Environmental Control (DHEC). Local governments provided sufficient budgetary-basis revenue and cash to DHEC to provide for these budgetary-basis expenditures.

e. Legal Limit On Appropriations

State law imposes a ceiling on appropriations for general, school, and highway purposes. The limit equals the greater of: (1) the limit for the last fiscal year increased by the average percentage rate of growth in State personal income for the previous three completed calendar years, or (2) 9.5% of the total personal income of the State for the last completed calendar year.

The 1994-95 Appropriation Act included appropriations of \$4.576 billion for general, school,

Notes to the Financial Statements

and highway purposes—\$1.215 billion less than the legal limit.

In addition, effective beginning in 1994-95, the original appropriations approved by the General Assembly for the Budgetary General Fund may not exceed the *lesser* of:

- (i) Total recurring revenues collected in the preceding fiscal year plus seventy-five percent of the revenue growth projected by the Board of Economic Advisors, or
- (ii) The estimated revenue projected by the Board of Economic Advisors.

The 1994-95 Appropriation Act included appropriations of \$3.933 billion—\$2,854 less than the legal limit.

f. Legal Limit on Number of State Employees

The State's Constitution and statutes limit the number of employees that the Budgetary General Fund may fund. The number of these employees may not increase faster than the State's population. On June 30, 1995, 37,615 employees were funded by the

State's Budgetary General Fund—8,149 fewer than the legal limit.

g. Reconciliation of Budget to GAAP Reporting Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)—All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 1995, were:

	Financial Statement Fund Types										Totals (Memo- randum Only)
	General	Special Revenue	Capital Projects	Enter- prise	Internal Service	Expend- able Trust	Non- expend- able Trust	Pension Trust	Agency	Higher Educa- tion	
Classification of budgetary excess of revenues and other sources over (under) expenditures and other uses into GAAP fund structure:											
Budgetary General Fund..	\$ 182,115	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 182,115
Other Budgeted Funds.....	8,679	21,324	(1,822)	267	2,362	43	68	4	409	35,366	66,700
Totals	190,794	21,324	(1,822)	267	2,362	43	68	4	409	35,366	248,815
Timing Differences.....	—	—	—	—	—	—	—	—	—	1,554	1,554
Basis Differences.....	32,385	(7,551)	3,077	10,619	5,811	(1)	6	(1)	(409)	56,474	100,410
To record excess of revenues and other sources over (under) expenditures/expen- ses and other uses for unbudgeted accounts.....	(1,388)	22,042	(58,938)	7,762	7,550	73,964	31	1,098,840	—	149,204	1,299,067
GAAP financial statement excess of revenues and other sources over (under) expenditures/ex- penses and other uses.....	\$ 221,791	\$ 35,815	\$ (57,683)	\$ 18,648	\$ 15,723	\$ 74,006	\$ 105	\$ 1,098,843	\$ —	\$ 242,598	\$ 1,649,846

Notes to the Financial Statements

NOTE 3: ACCOUNTING AND REPORTING CHANGES

a. Escheat Property

Effective July 1, 1994, the State adopted GASB Statement 21, "Accounting for Escheat Property." The statement requires the reduction of escheat revenue and the recording of a fund liability to the extent that it is probable that such property will be reclaimed and paid to claimants. The State has restated its financial statements for the fiscal year ended June 30, 1994.

b. Taxpayer-Assessed Revenues in Governmental Funds

Effective July 1, 1994, the State adopted GASB Statement 22, "Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds." For the State of South Carolina, this resulted in changes only for corporate income taxes and estate taxes, both

recorded as Other Taxes. Before July 1, 1994, the State accrued delinquent amounts but not current amounts for those taxes. Effective July 1, 1994, current amounts are considered susceptible to accrual and are recorded on the modified accrual basis. Due to a lack of accrual data, it was not practical to restate amounts for the fiscal year ended June 30, 1994, for this change. Accordingly, the State has recorded the \$2.475 million cumulative effect of the change as a restatement of beginning fund balance for the fiscal year ended June 30, 1995.

c. Effects on Beginning Fund Balances, Retained Earnings, and Contributed Capital

The schedule below details restatements made to fund equity to give effect to the accounting and reporting changes described above. The schedule (expressed in thousands) also gives retroactive effect to certain corrections of prior-period errors as indicated and reporting changes in the State's fund structure.

	General Fund	Special Revenue Funds	Internal Service Funds		Expendable Trust Funds
			Retained Earnings	Contributed Capital	
June 30, 1994, fund equity as previously reported.....	\$ 33,901	\$ 593,907	\$ 227,382	\$ 78,442	\$ 608,164
Effect of GASB Statement 21—recording liability for Escheat Property.....	(1,820)	—	—	—	—
Cumulative effect of GASB Statement 22.....	2,475	—	—	—	—
Correct State Accident Fund Contributed Capital.....	—	—	206	(206)	—
Correct State Accident Fund for prior year receivables and workers' compensation claims.....	—	—	5,967	—	—
Reporting changes.....	—	59	(3,452)	—	3,393
July 1, 1994, fund equity as restated.....	\$ 34,556	\$ 593,966	\$ 230,103	\$ 78,236	\$ 611,557

d. Public Service Authority and State Ports Authority Investments

Effective January 1, 1994, and July 1, 1994, the Public Service Authority and the State Ports Authority, discretely presented component units of the State, adopted FASB Statement 115, "Accounting for Certain Investments in Debt and Equity Securities." The statement requires investments to be classified as trading, held-to-maturity, or available-for-sale. Held-to-maturity investments are to be

carried at amortized cost. Available-for-sale investments are to be carried at market value with the net unrealized gains and losses excluded from earnings and reported in a separate component of fund equity until realized. Further, the statement requires expanded disclosure regarding an enterprise's investments. Accordingly, the Public Service Authority now separately reports its Net Unrealized Loss on Investment Securities Available For Sale, and both entities provide the required disclosures. The provisions of the statement resulted in no changes to the Public Service Authority's fund equity at December 31, 1993, or the State Ports Authority's fund equity at June 30, 1994.

Notes to the Financial Statements

e. Refundings of Debt Reported by Proprietary Funds and Component Units

Effective July 1, 1994, the State adopted GASB Statement 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities." This Statement requires proprietary activities to adopt certain accounting and reporting changes for both current refundings and for advance refundings resulting in defeasance of debt. The statement permits, but does not require, retroactive application of its provisions to previously issued financial statements.

The State's proprietary activities did not engage in any refundings during the fiscal year ended June 30, 1995. Further, the State has chosen *not* to apply the provisions retroactively to previously issued financial statements. Accordingly, adoption of GASB Statement 23 resulted in no discernible change in the State's financial accounting and reporting for the fiscal year ended June 30, 1995.

f. State Government Restructuring

In accordance with a general restructuring of State government begun in 1993-94 and mandated by the General Assembly, a number of existing agencies were divided and/or combined into different functional categories. As a result, the classification of certain amounts shown in the accompanying financial statements may be different than in past years.

NOTE 4: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those which by specific authority are under the control of other agencies or discretely presented component units, primarily the Public Service Authority.

The following display reconciles the details included within this footnote to the Combined Balance Sheet at June 30, 1995 (expressed in thousands):

Combined Balance Sheet

Cash and cash equivalents.....	\$ 3,725,991
Investments.....	13,221,287
Restricted assets:	
Cash and cash equivalents.....	329,768
Investments.....	347,913
Total.....	\$ 17,624,959

Disclosure regarding deposits and investments plus reconciling items

Carrying value of deposits.....	\$ 224,733
Carrying value of investments.....	17,398,277
Cash on hand.....	1,949
Total.....	\$ 17,624,959

Amounts on deposit with the United States Treasury that relate to the Unemployment Compensation Benefits Fund are not categorized because they are neither deposits with financial institutions nor investments.

a. Deposits

Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. At June 30, 1995, the deposits of the State's primary government and its discretely presented component units (expressed in thousands) were as follows:

	Category			Total Bank Balance	Carrying Amount
	1	2	3		
Primary					
Government ..	\$ 318,543	\$ 11,404	\$ 25,686	\$ 355,633	\$ 169,815
Component					
Units.....	1,742	924	53,697	56,363	54,918
Totals	\$ 320,285	\$ 12,328	\$ 79,383	\$ 411,996	\$ 224,733

Category 1 deposits are those covered by Federal depository insurance or by collateral held by a State entity (i.e., primary government or discretely presented component unit) or by its agent in the entity's name. Category 2 deposits are collateralized with securities held by the pledging financial institution's trust department or agent in a State entity's name, and Category 3 deposits are uncollateralized. All deposits under the control of the State Treasurer are fully insured or collateralized.

Notes to the Financial Statements

b. Investments

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, 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.

For the fiscal year ended June 30, 1995, the State's primary government and its discretely presented component units have classified their investments into three risk categories. Category 1 includes investments that were insured or registered or for which the securities were held by a State entity

(i.e., primary government or discretely presented component unit) or its agent in the entity's name and investments for which the entity has safekeeping responsibilities but no equity or ownership interest or control. Category 2 includes uninsured and unregistered investments for which the securities were held by the counterparty's trust department or agent in a State entity's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in a State entity's name. The investments of the State's primary government and its discretely presented component units by risk category (expressed in thousands) at June 30, 1995, were:

	Category			Carrying Value	Market Value
	1	2	3		
Primary Government					
U.S. government securities.....	\$ 5,828,854	\$ 241,914	\$14,732	\$ 6,085,500	\$ 7,016,883
Corporate bonds.....	4,452,212	14,073	3,507	4,469,792	4,729,283
Repurchase agreements.....	2,629,576	339	36,948	2,666,863	2,666,863
Collateralized mortgage obligations.....	1,338,713	—	—	1,338,713	1,395,504
Asset-backed securities.....	220,191	—	—	220,191	223,396
Commercial paper.....	49,857	—	—	49,857	49,835
Other.....	9,754	38,858	14,585	63,197	67,798
Subtotals.....				14,894,113	16,149,562
Not categorized:					
Deferred compensation plans--					
annuity contracts.....				770,657	770,657
Securities lending program--U.S.					
government securities.....				893,493	1,096,354
Unsettled investment transactions.....				378,629	378,629
Real estate.....				1,903	1,903
Mutual funds.....				28,748	30,120
Totals--primary government.....	\$14,529,157	\$ 295,184	\$69,772	16,967,543	18,427,225
Discretely Presented Component Units					
U.S. government securities.....	\$ 306,671	\$ —	\$ 7,908	314,579	314,058
Repurchase agreements.....	92,754	—	—	92,754	92,754
Subtotals.....				407,333	406,812
Not categorized:					
Investment in primary government's					
investment pool.....				21,769	21,769
Unsettled investment transactions.....				1,632	1,632
Totals—discretely presented component units.....	\$ 399,425	\$ —	\$ 7,908	430,734	430,213
Totals--reporting entity.....				\$17,398,277	\$18,857,438

Notes to the Financial Statements

At June 30, 1995, the State held collateralized mortgage obligations primarily in its Pension Trust Funds. These securities were purchased to protect the State's Pension Trust Funds from principal prepayment risk during an environment of declining interest rates and to provide incremental yield above that available on corporate securities with similar terms. These securities also provide diversification in the Pension Trust Fund investment portfolios and maintain the high quality of government-sponsored instruments in the portfolios. It is estimated that these securities will provide future cash inflows on a time schedule that approximately matches the outflows associated with Pension Trust Fund liabilities. These highly marketable securities are rated AAA by the major rating agencies.

The asset-backed securities held by the State at June 30, 1995, also were held primarily by the State's Pension Trust Funds. These securities, with an average life of one to three years with a legal final maturity in 1997, represented an undivided ownership interest in a trust consisting of credit-card and automobile loan receivables. Most of these securities were purchased in 1992 and 1993 when short-term interest rates were approximately 3.00% and they could provide incremental yields above other securities with similar maturities without increasing the risk of the investment portfolios. These asset-backed securities are rated AAA by the major rating agencies.

The fiscal year for the Public Service Authority, a discretely presented component unit, ends December 31. At December 31, 1994, the Public Service Authority had held-to-maturity investments carried at amortized cost of \$84.665 million and available-for-sale investments carried at fair market value of \$316.706 million. The gross unrealized holding losses totaled \$521,000 on the held-to-maturity securities. The gross unrealized holding gains totaled \$183,000 and gross unrealized holding losses totaled \$7.669 million on the available-for-sale securities. Included in the Public Service Authority's available-for-sale investments, carried at fair market value, are nuclear decommissioning funds of \$26.040 million with related unrealized holding losses of \$5.076 million.

At June 30, 1995, the South Carolina State Ports Authority, a discretely presented component unit, held \$2.637 million in United States Government securities classified as held-to-maturity.

c. Securities Lending Program

Through a safekeeping agent, the State's primary government lends securities from its investment

portfolio on a collateralized basis to third parties, primarily financial institutions. 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. Collateral that the program accepts is primarily in the form of cash. The cash collateral requires the payment of a rebate to the borrower of the securities in accordance with a rate (expressed as a percentage). For the program to be profitable, the State must invest the program's cash collateral at an aggregate rate exceeding the associated aggregate rebate rate. The State's securities lending program is similar in nature to a program involving the use of reverse repurchase agreements.

At June 30, 1995, the State had the following amounts of securities (expressed in thousands) on loan under this program:

Description	Carrying Value
Pooled account.....	\$ 4,375
South Carolina Retirement System.....	812,949
Police Officers' Retirement System.....	76,169
Total	\$893,493

NOTE 5: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1995, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use.....	\$ 138,857	\$ 44,325	\$ —
Individual income.....	102,052	—	—
Corporate income.....	3,868	—	—
Unemployment.....	—	—	44,244
Gasoline and motor vehicle.....	2,337	33,827	—
Alcoholic beverages and tobacco.....	13,945	—	—
Other.....	9,469	3,400	—
Gross taxes receivable.....	270,528	81,552	44,244
Less: Allowance for uncollectible taxes.....	14,377	791	212
Net taxes receivable.....	\$ 256,151	\$ 80,761	\$ 44,032

Approximately \$306 million of net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1995, and were collected within thirty days after that date.

Notes to the Financial Statements

NOTE 6: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 1995, consisted of:

	Primary Government					Com- ponent Units
	Enter- prise	Internal Service	Trust and Agency	General Fixed Assets	Higher Educa- tion	
Land and im- provements.....	\$14,535	\$ 5,108	\$ 581	\$ 167,248	\$ 113,081	\$ 217,094
Buildings, im- provements, and utility plant..	4,336	130,401	4,749	888,565	1,599,215	2,845,675
Machinery, equipment, and other.....	10,223	105,302	2	861,959	838,921	29,503
Construction in progress.....	2,775	3,643	—	73,176	123,999	565,094
Property, plant and equip- ment before accumulated depreciation..	31,869	244,454	5,332	1,990,948	2,675,216	3,657,366
Less: accum- ulated de- preciation.....	8,500	108,678	329	—	6,078	1,021,798
Total property, plant, and equipment, net.....	\$23,369	\$134,776	\$ 5,003	\$1,990,948	\$2,669,138	\$2,635,568

Changes in general fixed assets (expressed in thousands) for the fiscal year ended June 30, 1995, were:

	Balance July 1, 1994	Addi- tions	Retire- ments	Balance June 30, 1995
Land and improve- ments.....	\$ 162,306	\$ 5,273	\$ 331	\$ 167,248
Buildings, improve- ments, and utility plant.....	801,084	96,070	8,589	888,565
Machinery, equip- ment, and other.....	792,288	116,190	46,519	861,959
Construction in prog- ress.....	120,067	38,309	85,200	73,176
Total General Fixed Assets.....	\$1,875,745	\$255,842	\$140,639	\$1,990,948

Construction in progress retirements are recorded as additions to other categories of assets.

Outstanding commitments for construction of fixed assets and public domain (infrastructure) assets at June 30, 1995, totaled \$498.9 million.

The Higher Education Funds recorded capitalized construction period interest of \$1.2 million during the fiscal year ended June 30, 1995. The Public Service Authority, a discretely presented component unit, recorded capitalized construction period interest of \$27.1 million during its fiscal year ended December 31, 1994.

NOTE 7: RETIREMENT PLANS

a. Plan Descriptions

The Retirement Division of the State Budget and Control Board maintains four defined benefit

retirement systems: the South Carolina Retirement System (SCRS), the South Carolina Police Officers' Retirement System (PORS), the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), and the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS). These systems publish their own Comprehensive Annual Financial Report. In addition, the State Adjutant General's Office administers the National Guard Pension System (NGPS), a defined benefit retirement system.

The systems provide retirement, death, and disability benefits to State employees; public school employees; employees of counties, municipalities, and certain other State political subdivisions; and National Guard members who served in South Carolina. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

The number of participating employers, the average number of contributing members, and annual payroll amounts (dollars expressed in thousands) for each system for the fiscal year ended June 30, 1995, were:

	SCRS	PORS	GARS	JSRS	NGPS
Number of employers:					
State and schools.....	105	1	1	1	1
Other.....	491	239	—	—	—
Average number of contributing members:					
State employees....	68,053	9,749	170	113	—
School employees.....	78,727	—	—	—	—
Other employees....	40,045	10,514	—	—	—
Covered payroll:					
State					
Primary					
government.....	\$1,681,612	\$220,145	\$3,808	\$9,827	\$ —
Component units..	85,935	123	—	—	—
Total State.....	<u>\$1,767,547</u>	<u>\$220,268</u>	<u>\$3,808</u>	<u>\$9,827</u>	<u>\$ —</u>
Schools.....	\$1,852,620	\$ —	\$ —	\$ —	\$ —
National Guard.....	—	—	—	—	50,879
Other.....	811,912	258,119	—	—	—
Total payroll (covered and noncovered):					
State					
Primary					
government.....	\$1,946,023	\$220,203	\$3,808	\$9,827	\$ —
Component units..	86,899	123	—	—	—
Total State.....	<u>\$2,032,922</u>	<u>\$220,326</u>	<u>\$3,808</u>	<u>\$9,827</u>	<u>\$ —</u>
National Guard.....	\$ —	\$ —	\$ —	\$ —	\$50,879

Total payroll and covered payroll amounts for the State's primary government for the fiscal year ended June 30, 1995, were \$2.180 billion and \$1.915 billion, respectively. Total payroll and covered payroll amounts for the State's discretely presented component units for the fiscal year ended June 30, 1995, were \$87.0 million and \$86.1 million, respectively.

Information regarding membership in the systems at July 1, 1994 (latest available data), was:

Notes to the Financial Statements

	SCRS	PORS	GARS	JSRS	NGPS
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.....	153,657	9,941	280	87	3,034
Fully vested active employees	111,772	10,042	53	65	2,250
Nonvested active employees..	62,201	8,623	159	44	9,349
Total active employees.....	173,973	18,665	212	109	11,599
Total participants.....	327,630	28,606	492	196	14,633

b. Funding and Benefit Policies

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system. The following paragraphs summarize those requirements.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire at age sixty-five or with thirty years of service at any age receive an annual benefit, payable monthly for life. The benefit is based on length of service and average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. The annual benefit amount is 1.82% of average final compensation times years of service. Reduced benefits are payable as early as age fifty-five.

PORS is a cost-sharing multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire with twenty-five years of service receive an annual benefit, payable monthly for life. The benefit is based on length of service and average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. The annual benefit amount is 2.14% of average final compensation times years of service.

GARS is a single-employer defined benefit pension system that benefits members of the South Carolina General Assembly. Membership is required as a condition of taking office as a member of the General Assembly. Both the members of the General Assembly and the State must contribute. Benefits vest after eight years of service. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly for life. The annual benefit amount is 4.82% of earnable compensation times years of service. Earnable compensation is defined as forty days' pay

at the rate currently paid to members of the General Assembly plus \$12,000.

JSRS is a single-employer defined benefit 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. Membership is required as a condition of taking office as a judge in these courts. Both judges and the State must contribute. Benefits vest after twelve years of service in a position as a judge or solicitor. Members may retire at age seventy with fifteen years of service, at age sixty-five with twenty years of service, or at any age with twenty-five years of service. Members receive a retirement benefit equal to 71.3% of the current active salary of the position occupied at retirement.

NGPS is a single-employer defined benefit pension system that provides benefits to National Guard members who served in South Carolina prior to July 1, 1993. 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 only if the governor activates the National Guard for service to the State. 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. Members do not contribute to the system.

c. Funding Status and Progress

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to: (1) assess the systems' funding status on a going-concern basis, (2) assess progress toward accumulating sufficient assets to pay benefits when due, and (3) compare various public employee retirement systems and employers. The measure is the actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuary uses to determine contributions to the systems.

Significant actuarial assumptions used to compute the pension benefit obligation at July 1, 1994 (latest available data), were:

Notes to the Financial Statements

	SCRS	PORS	GARS	JSRS	NGPS
Annual interest rate (compounded annually).....	8.0%	8.0%	8.0%	8.0%	8.0%
Inflation.....	5.0%	5.0%	5.0%	5.0%	*
Merit or seniority increases.....	1.5%	2.5%	1.0%	1.5%	*
Post-retirement benefit increases.....	4.0%	4.0%	—	4.0%	*

* Not applicable

The annual interest rate assumption for all plans is 8.0%. Salary scales for SCRS and PORS are

graded based on age. The above figures are representative of those scales. Projected rates of separation due to withdrawal, death, service retirement, and disability are based on experience of the systems.

Neither SCRS nor PORS separately measures assets and pension benefit obligations for individual employers. The total unfunded pension benefit obligation for each system (expressed in thousands) at July 1, 1994 (latest available data), was:

	SCRS	PORS	Single-Employer Systems			Totals
			GARS	JSRS	NGPS	
Pension benefit obligation:						
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits.....	\$ 6,091,500	\$ 562,400	\$26,800	\$44,000	\$17,607	\$ 88,407
Current employees—						
Accumulated employee contributions including allocated investment earnings.....	2,573,300	226,600	5,600	9,000	—	14,600
Employer-financed vested.....	1,127,700	125,900	5,800	14,700	6,056	26,556
Employer-financed nonvested.....	3,917,900	369,300	7,600	4,100	2,750	14,450
Total pension benefit obligation.....	13,710,400	1,284,200	45,800	71,800	26,413	144,013
Net assets available for benefits, at cost.....	10,308,400	1,096,500	28,600	52,000	3,760	84,360
Unfunded pension benefit obligation.....	\$ 3,402,000	\$ 187,700	\$17,200	\$19,800	\$22,653	\$ 59,653
Net assets available for benefits, at market..	\$10,865,100	\$1,143,400	\$30,100	\$54,500	\$ 3,769	\$ 88,369

d. Contributions Required and Contributions Made

For the fiscal year ended June 30, 1995, the State's consulting actuary determined required employer contributions for all five systems. The systems use the projected benefit method with entry age normal cost and open-end unfunded accrued liability for this purpose. The actuary determines the actuarial present value of total benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following exceptions: (1) Post-retirement benefit increases were projected only for retired members and members eligible to retire under SCRS and PORS. (2) Net assets attributable to the SCRS and PORS group life insurance and the PORS accidental death programs were excluded. At July 1, 1994 (latest available data), the unfunded accrued liability liquidation periods in years were:

SCRS	PORS	GARS	JSRS	NGPS
29	11	30	25	30

The actuarially determined contribution requirements (including both employee and employer

contributions) as percentages of compensation, for the fiscal year ended June 30, 1995, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS--State and schools.....	9.93%	3.62%	—	0.15%	13.70%
SCRS--other.....	9.93%	2.77%	—	0.15%	12.85%
PORS.....	14.09%	2.71%	0.20%	0.20%	17.20%
GARS.....	30.79%	11.20%	—	0.17%	42.16%
JSRS.....	30.96%	16.74%	—	0.81%	48.51%
NGPS.....	0.68%	4.23%	—	—	4.91%

The State's contribution requirements represented 41% of contributions required of all employers participating in SCRS and 46% of contributions required of all employers participating in PORS.

The State's actuarially determined contribution requirements (including both employee and employer contributions, amounts expressed in thousands) for the fiscal year ended June 30, 1995, were:

Notes to the Financial Statements

	Normal Cost	Unfunded Accrued Liability	Acci- dental Death Program	Group Life Insurance Program	Total
SCRS--State and schools.....	\$369,796	\$ 134,810	\$ —	\$ 5,584	\$510,190
SCRS--other.....	80,623	22,490	—	1,099	104,212
PORS.....	67,405	12,964	904	937	82,210
GARS.....	1,172	427	—	6	1,605
JSRS.....	3,042	1,645	—	80	4,767
NGPS.....	346	2,153	—	—	2,499

By law, employee contribution requirements for the retirement systems for the fiscal year ended June 30, 1995, were:

SCRS	6% of salary
PORS	6.5% of salary
GARS	10% of earnable compensation
JSRS	7% of salary

Employees do not contribute to NGPS. Actual contributions (expressed in thousands) for the fiscal year ended June 30, 1995, were:

	Employer Contri- butions	Percent of Covered Payroll	Employee Contri- butions	Percent of Covered Payroll
SCRS--State				
Primary government	\$ 134,032	8.0%	\$ 109,877	6.5%
Component units.....	6,616	7.7%	5,155	6.0%
SCRS--schools.....	143,195	7.7%	122,245	6.6%
SCRS--other.....	57,000	7.0%	51,720	6.4%
PORS--State				
Primary government	24,117	11.0%	15,978	7.3%
Component units.....	13	10.6%	8	6.5%
PORS--other.....	28,220	10.9%	18,776	7.3%
GARS.....	1,225	32.2%	603	15.8%
JSRS.....	4,080	41.5%	833	8.5%
NGPS.....	2,499	4.9%	—	—
Totals.....	\$ 400,997		\$ 325,195	

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The South Carolina Retirement Systems' Comprehensive Annual Financial Report for the fiscal year ended June 30, 1995, presents ten-year historical trend information for all systems except NGPS. For NGPS, this information is presented at the end of the Financial Section of this report. An analysis of

funding progress for the three latest available years is:

	SCRS	PORS	GARS	JSRS	NGPS
Net assets available for benefits as a percentage of the pension benefit obligation					
July 1, 1994.....	75.2%	85.4%	62.5%	72.4%	14.2%
July 1, 1993.....	74.4%	86.7%	91.1%	69.3%	10.0%
July 1, 1992.....	73.3%	85.4%	86.9%	67.8%	—
Unfunded pension benefit obligation as a percentage of annual covered payroll					
July 1, 1994.....	83.2%	43.7%	361.5%	220.0%	44.5%
July 1, 1993.....	80.9%	37.4%	88.4%	234.0%	44.4%
July 1, 1992.....	81.2%	38.2%	126.7%	221.0%	48.2%
State employer contributions as a percentage of annual covered payroll					
June 30, 1995.....	7.7%	10.9%	32.2%	41.5%	4.9%
June 30, 1994.....	7.6%	11.0%	48.9%	41.5%	4.9%
June 30, 1993.....	7.7%	10.9%	52.1%	41.5%	2.4%

For the years shown above and for all systems except the NGPS, the State's contributions to the systems met the actuarially determined requirements. Before July 1, 1993, employer contributions for NGPS were equal to benefits paid during the year. In those years, the NGPS operated on a pay-as-you-go basis and did not meet the actuarially determined requirements. On July 1, 1993, however, the State began funding the plan on an actuarial basis.

f. Supplemental Benefits Funded by General Fund

The State General Assembly has directed the General Fund to pay supplemental (cost-of-living) increases to retirees and fully funds the required amount annually on a pay-as-you-go basis. During the fiscal year ended June 30, 1995, the State's General Fund transferred \$6.4 million to the South Carolina Retirement System and the Police Officers' Retirement System for retiree supplemental benefits.

g. Defined Contribution Plan

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17 of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's four-year higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Notes to the Financial Statements

Under State law, contributions to the ORP are required at the same rates as for the SCRS (see "Contributions Required and Contributions Made," Section d of this note). For the fiscal year ended June 30, 1995, the State's total payroll was \$2.267 billion, and the covered payroll for the ORP was \$103.9 million. For the fiscal year ended June 30, 1995, employer and employee contributions of \$7.8 million and \$6.2 million, respectively, represented 7.51% and 6.00% of total covered payroll, respectively.

NOTE 8: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State provides post-employment health and dental benefits to its employees who retire with thirty years of service or at age sixty with at least twenty years of service and to certain surviving dependents of retirees. Currently, approximately 17,800 retirees meet these eligibility requirements.

Eligible retirees choose between two health insurance plans underwritten by the State, the Economy Plan and the Standard Plan. In accordance with contractual provisions of the plans, participants must meet specified annual deductible requirements. Thereafter, the Standard Plan pays 85% of allowable claims, and the Economy Plan pays 80% of allowable claims. The State pays 100% of allowable claims, however, after the participant has paid the annual out-of-pocket limit prescribed by each plan. Both plans disallow claims in excess of specified annual and lifetime maximums. In addition, State health benefits are reduced if the participant receives or qualifies to receive Medicare benefits.

The State also underwrites a dental care plan. Contractual provisions of the plan specify deductible requirements as well as annual and lifetime maximums.

Both health plans and the dental plan are financed on a pay-as-you-go basis. During the fiscal year ended June 30, 1995, the State recognized expenses (net of participant contributions) of \$40.8 million to provide health and dental benefits to State participants in post-employment status.

NOTE 9: DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employees of its political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are accounted for as Agency Funds. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employees. The State has no liability for losses under the plans.

Under the Section 457 plan, all deferred compensation, all property or rights of property purchased with amounts deferred, and any income earned on property purchased remain assets of the employers subject to the claims of the employers' general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. State law limits the State's financial liability to participants. The State, however, does have the duty of due care that would be required of an ordinary prudent investor. Of the \$555.5 million assets in the Section 457 plan at December 31, 1994, \$298.0 million was applicable to the State while the remaining \$257.5 million represented assets of other participating jurisdictions.

NOTE 10: LEASES AND INSTALLMENT PURCHASES

a. Lease and Installment Purchase Commitments

The State leases land, office facilities, equipment, and other assets under both capital and operating leases. Some of these leases take the form of installment purchases of property. The present value of future minimum capital lease and installment purchase payments and minimum annual lease payments for capital leases and installment purchases (expressed in thousands) follow:

Notes to the Financial Statements

Capital Leases and Installment Purchases					
Fiscal Year Ended June 30	Primary Government			Component Units	Total
	Internal Service Funds	General Long-Term Obligations Account Group	Higher Education Funds		
1996	\$ 4,501	\$ 3,530	\$ 3,521	\$ 5,257	\$ 16,809
1997	4,519	2,701	3,281	5,256	15,757
1998	4,527	2,506	2,700	5,457	15,190
1999	4,527	2,304	2,278	5,226	14,335
2000	4,530	1,282	1,439	4,831	12,082
2001 and after	30,703	8,242	6,456	41,610	87,011
Total minimum payments.....	53,307	20,565	19,675	67,637	161,184
Less: interest and executory costs.....	18,994	4,378	7,090	17,845	48,307
Present value of net minimum payments.....	\$ 34,313	\$ 16,187	\$ 12,585	\$ 49,792	\$ 112,877

Operating lease payments during the fiscal year ended June 30, 1995, totaled \$51.4 million. At June 30, 1995, future minimum payments under operating leases (expressed in thousands) were as follows:

Fiscal Year Ended June 30	Operating Leases		
	Primary Government	Component Units	Total
1996	\$ 26,346	\$ 583	\$ 26,929
1997	22,541	291	22,832
1998	13,690	195	13,885
1999	10,467	80	10,547
2000	7,232	2	7,234
2001 and after	29,974	—	29,974
Total minimum payments....	\$ 110,250	\$ 1,151	\$ 111,401

b. Facilities Leased to Others

Non-State parties lease land and facilities under operating leases from the Public Railways Division

(reported within the Other Enterprise Funds) and the State Ports Authority, a discretely presented component unit. At December 31, 1994, the end of its fiscal year, the Public Railways Division had leased to others certain nondepreciable land and improvements having a cost of \$5 million. At June 30, 1995, the State Ports Authority had leased to others certain land and facilities having a cost of approximately \$138.5 million and \$47.4 million of related accumulated depreciation. Future minimum payments and rent receipts at June 30, 1995, under these operating leases (expressed in thousands) were:

Primary Government		Component Unit	
Fiscal Year Ending December 31	Public Railways	Fiscal Year Ending June 30	State Ports Authority
1995	\$ 200	1996	\$ 7,586
1996	200	1997	6,138
1997	200	1998	4,506
1998	200	1999	2,713
1999	200	2000	2,404
2000 and after	833	2001 and after	1,670
Total	\$ 1,833	Total	\$ 25,017

Notes to the Financial Statements

NOTE 11: BONDS, NOTES, AND CERTIFICATES OF PARTICIPATION PAYABLE

a. General Obligation Bonds

General obligation bonds are backed by the full faith, credit, and taxing power of the State. General obligation bonds (expressed in thousands) outstanding at June 30, 1995, were:

General Long-Term Obligations Account Group	
Capital improvement bonds, 4.00% to 8.25%.....	\$ 853,702
Higher Education Funds	
State institution bonds, 4.10% to 7.50%.....	44,345
Totals--general obligation bonds payable.....	\$ 898,047

Of the \$853.702 million in outstanding capital improvement bonds, \$8.701 million is capital appreciation (deep-discount) bonds.

The State has recorded its general obligation bonds payable net of \$6.089 million in unamortized discounts.

At June 30, 1995, \$218.6 million of capital improvement bonds were authorized but unissued.

At June 30, 1995, future debt service requirements (expressed in thousands) for general obligation bonds were:

Year Ending			
June 30	Principal	Interest	Totals
1996	\$ 84,135	\$ 47,398	\$ 131,533
1997	89,540	42,401	131,941
1998	92,745	36,929	129,674
1999	74,780	31,525	106,305
2000	74,765	27,256	102,021
2001 and after	488,171	95,634	583,805
Totals	\$ 904,136	\$ 281,143	\$ 1,185,279

The General Fund pays all debt service for general obligation bonds recorded in the General Long-Term Obligations Account Group. The Higher Education Plant Funds (Retirement of Indebtedness) pay the debt service for general obligation bonds recorded in the Higher Education Funds.

The State's legal debt margin at June 30, 1995, was \$15.7 million for institution bonds. Rather than

directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 1995, for other general obligation bonds was \$66.8 million.

b. Limited Obligation Bonds

Limited obligation bonds are not backed by the full faith, credit, and taxing power of the State. Limited obligation bonds (expressed in thousands) outstanding at June 30, 1995, were:

Internal Service Funds

Lease revenue bonds, 5.25% to 7.00%.....	\$ 6,814
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The State has recorded its limited obligation bonds payable net of \$0.066 million in unamortized discounts.

At June 30, 1995, there were no limited obligation bonds authorized but unissued.

The State issued the lease revenue bonds to finance the cost of capital facilities for use by the Department of Social Services. The bonds are secured by pledges of lease rental payments which the Department of Social Services will pay from its General Fund appropriations and Special Revenue Funds.

At June 30, 1995, future debt service requirements (expressed in thousands) for limited obligation bonds were:

Year Ending			
June 30	Principal	Interest	Totals
1996	\$ 145	\$ 403	\$ 548
1997	215	390	605
1998	225	375	600
1999	235	359	594
2000	250	343	593
2001 and after	5,810	2,873	8,683
Totals	\$ 6,880	\$ 4,743	\$ 11,623

The General Services Fund, an Internal Service Fund, pays all debt service for the lease revenue bonds.

c. Revenue Bonds, Notes, and Certificates of Participation

Revenue bonds, notes, and certificates of participation are not backed by the full faith, credit, and taxing power of the State. Revenue bonds, notes, and certificates of participation outstanding (expressed in thousands) at June 30, 1995, were:

Notes to the Financial Statements

	Bonds	Notes	Certificates of Participation
Primary Government:			
Enterprise Funds			
Housing Authority bonds, 3.50% to 10.25%.....	\$ 476,834	\$ —	\$ —
Education Assistance Authority bonds, 3.50% to 8.60%.....	395,105	—	—
Other Enterprise notes, 6.00%.....	—	3,374	—
Totals--Enterprise Funds.....	871,939	3,374	—
Higher Education Funds			
Various bonds and notes, 3.00% to 12.00%.....	230,384	44,316	—
Direct note obligations, 8.79%.....	—	55,000	—
Certificates of participation, 6.25% to 7.50%.....	—	—	23,509
Totals--Higher Education Funds.....	230,384	99,316	23,509
Totals--Primary Government.....	1,102,323	102,690	23,509
Discretely Presented Component Units:			
Public Service Authority priority obligations, 4.10%.....	42,100	—	—
Public Service Authority electric system expansion revenue bonds, 5.20% to 8.60%.....	1,025,630	—	—
Public Service Authority electric revenue bonds, 2.70% to 7.75%.....	1,527,410	—	—
State Ports Authority bonds, 4.40% to 6.75%.....	87,981	—	—
Totals--Discretely Presented Component Units.....	2,683,121	—	—
Totals--revenue bonds, notes, and certificates of participation payable.....	\$ 3,785,444	\$102,690	\$ 23,509

The State's primary government and discretely presented component units have recorded their revenue bonds payable net of unamortized premiums/discounts in the amounts of \$7.487 million and \$54.784 million, respectively.

Certain revenue bonds require the individual enterprises to provide sufficient revenue to pay debt service and to fund all necessary expenses to run the enterprises. Additionally, the State Ports Authority, a discretely presented component unit, is required to maintain an irrevocable letter of credit equal to the principal amount of its Series 1994 Bonds and accrued interest. The letter of credit had an available balance of \$27.7 million at June 30, 1995.

During January 1995, the Medical University of South Carolina (MUSC), an institution reported in the Higher Education Funds, issued \$55 million in Direct Note Obligations, Select Auction Variable Rate Securities. The variable rate of interest is set every 35 days. MUSC has entered into a thirty-year interest rate swap agreement for these obligations. Based on the swap agreement, MUSC owes interest calculated at a fixed rate of 8.79%. If the actual floating variable interest rate exceeds 8.79%, the counterparty pays the differential to MUSC. If the

actual floating variable rate is less than 8.79%, MUSC pays the counterparty. Only the net difference in interest payments is actually exchanged with the counterparty. The \$55 million in note principal is not exchanged; it is only the basis on which the interest payments are calculated. MUSC continues to pay interest to the note holders at the variable rate provided by the notes. However, during the term of the swap agreement, MUSC effectively pays a fixed rate on the debt. The debt service requirements to maturity included in this note are based on that fixed rate. MUSC will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated.

At June 30, 1995, there was no revenue debt authorized but unissued.

At June 30, 1995, the State also owed the United States government \$9.279 million for construction of the Trotters Shoals Lake Project. This obligation is included in Other Liabilities in the General Long-Term Obligations Account Group. During the fiscal year ended June 30, 1995, retirements on this debt totaled \$0.399 million.

The funds that receive the proceeds of bonds, notes, and certificates of participation have pledged revenues for payment of debt service as follows:

Primary Government:**Enterprise Funds**

State Housing Authority bonds: State Housing Authority Fund revenues

Education Assistance Authority bonds: loan repayments and United States Commissioner of Education funds

Higher Education Funds

Various higher education bonds, notes, and certificates of participation: various specific higher education revenues

Discretely Presented Component Units:

Public Service Authority obligations: Public Service Authority Fund revenues

State Ports Authority bonds: State Ports Authority Fund revenues

At June 30, 1995, future debt service requirements (expressed in thousands) for revenue bonds, notes, and certificates of participation were:

Primary Government:

Year Ending	Principal	Interest	Totals
June 30			
1996	\$ 70,520	\$ 79,071	\$ 149,591
1997	59,716	75,427	135,143
1998	62,748	71,173	133,921
1999	66,658	67,679	134,337
2000	77,672	62,891	140,563
2001 and after	898,695	613,964	1,512,659
Totals	\$ 1,236,009	\$ 970,205	\$ 2,206,214

Notes to the Financial Statements

Discretely Presented Component Units:

Year Ending June 30	Principal	Interest	Totals
1996	\$ 52,255	\$ 133,957	\$ 186,212
1997	37,695	142,333	180,028
1998	41,785	150,149	191,934
1999	40,315	153,206	193,521
2000	42,975	150,520	193,495
2001 and after	2,522,880	2,402,191	4,925,071
Totals	\$ 2,737,905	\$ 3,132,356	\$ 5,870,261

The fiscal year for the Public Service Authority ends December 31 while the fiscal year for the State Ports Authority ends June 30. Both entities are discretely presented component units. At December 31, 1994, the carrying value and the fair value of the Public Service Authority's debt was \$2.5 billion. At June 30, 1995, the carrying value of the State Ports Authority debt was \$87.981 million while the fair value was approximately \$90.000 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.

d. Defeased Bonds

The Coastal Carolina University (CCU), formerly a regional campus of the University of South Carolina (USC), was created during the fiscal year ended June 30, 1994. Both institutions are reported in the State's Higher Education Funds. During November 1994, CCU refunded bonds previously issued by USC on CCU's behalf. Specifically, CCU issued \$13.895 million in Auxiliary Facilities Revenue Bonds with an average interest rate of 6.60%. Of the \$13.895 million, \$4.605 million was to refund \$4.855 million in Student and Faculty Housing Revenue Bonds previously issued by USC with an average interest rate of 6.95%. The net proceeds of \$4.477 million (after payment of \$0.128 million in issuance costs) plus an additional \$0.378 million in excess debt service funds were used to purchase United States government securities. The refunding will reduce CCU's total debt service payments over the next twenty-two years by approximately \$0.547 million. There is no economic gain or loss (difference between the present values of the debt service payments on the old and new debt) on the refunding.

In addition, during the current and prior years the State defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds of the new bonds were placed in irrevocable trusts to provide for all future debt service payments on the old bonds. At June 30, 1995, the following outstanding bonds (expressed in thousands) are considered defeased:

	Primary Government		
	General		
	Long-Term	Higher	Component
	Obligations	Education	Units
	Account	Funds	
	Group		
Capital improvement			
bonds.....	\$ 282,000	\$ —	\$ —
Public Service Authority			
bonds.....	—	—	1,061,565
State Ports Authority			
bonds.....	—	—	20,490
Other.....	—	83,566	—
Totals.....	\$ 282,000	\$ 83,566	\$ 1,082,055

Since adequate funds have been placed with a trustee to pay fully the principal and interest of these bonds, the liabilities are not recorded in these financial statements.

e. No-Commitment Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds, therefore, do not appear as liabilities in the accompanying financial statements. These bonds provide low-cost capital financing for construction of private facilities deemed to be in the public interest. The State's no-commitment debt includes industrial development bonds, pollution control bonds, airport bonds, educational facilities bonds, certain State Housing Finance and Development Authority Multi-Family Bonds issued since 1985, and debt issued by certain other State agencies.

f. Resources Authority Debt

The Resources Authority issues bonds and uses the proceeds to purchase obligations of local governmental entities. The local governmental entities use the proceeds received from the Authority to fund water and sewer projects. Periodic principal and interest payments received from the local governmental entities are used by the Authority to retire its own debt. The debt issued by the Authority is not a debt of the State and is not recorded in the accompanying Combined Balance Sheet. The Authority's outstanding debt at June 30, 1995, was approximately \$47 million.

In fiscal years 1993-94 and 1994-95, one local governmental entity was unable to meet its financial obligation under the terms of a \$5 million revenue bond that was purchased by the Authority. In June 1990, when the local governmental entity issued its debt, it estimated that the related sewer project would be completed and operational by calendar year 1992. Revenue generated by the sewer system is pledged for debt retirement. At June 30, 1995, the system was partially operational but construction had not been completed. The State paid \$0.132 million in 1993-94 and \$0.425 million in 1994-95 to the Authority to help the local entity meet its financial obligation. The State has appropriated \$0.330 million in fiscal year 1995-96 to be used, if

Notes to the Financial Statements

needed, to meet the local governmental entity's 1995-96 scheduled principal and interest payments.

g. Commercial Paper Notes

The Public Service Authority, a discretely presented component unit, issued \$118.7 million of Commercial Paper Notes. The paper is issued for valid corporate purposes with a term not to exceed 270 days. The Authority has a \$250 million revolving credit agreement to support the issuance of commercial paper. There were no borrowings under the agreement for the Authority's fiscal year ended December 31, 1994.

h. Issues Subsequent to June 30, 1995

Since July 1, 1995, the State primary government has issued approximately \$241 million of bonds and notes including \$20 million of general obligation State highway bonds. Also, the discretely presented component units have issued approximately \$414 million of bonds to advance refund prior issues.

The State primary government plans to issue bonds totaling approximately \$12 million in December 1995.

NOTE 12: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the fiscal year ended June 30, 1995, were:

	Balances at July 1, 1994	Increases	Decreases	Balances at June 30, 1995
Accounts payable and accrued liabilities.....	\$ 666	\$ 1,753	\$ —	\$ 2,419
Insurance claims incurred but not reported.....	7,025	—	(1,694)	5,331
General obligation bonds payable.....	889,151	50,451	(85,900)	853,702
Capital lease and installment debt obligations payable.....	11,846	6,787	(2,446)	16,187
Compensated absences payable..	139,962	76,142	(61,685)	154,419
Other liabilities.....	49,541	12,276	(24,257)	37,560
Totals.....	\$ 1,098,191	\$ 147,409	\$ (175,982)	\$ 1,069,618

The Accounts Payable and Accrued Liabilities, Insurance Claims Incurred but not Reported, and the majority of the Other Liabilities consist of claims and judgments payable.

The increase of \$50.451 million for General Obligation Bonds Payable includes \$0.451 million in accretion of interest on capital appreciation (deep-discount) bonds.

NOTE 13: INTERFUND BALANCES

a. Interfund Assets and Liabilities Within the Primary Government

Interfund assets and liabilities (expressed in thousands) for each individual fund within the primary government at June 30, 1995, were:

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
General						
General Fund.....	\$ 32,330	\$ 44,757	\$ 5,479	\$ 2,355	\$ 11,634	\$ 18,195
Less: eliminations.....	(26,471)	(26,471)	—	—	—	—
Adjusted General Fund.....	5,859	18,286	5,479	2,355	11,634	18,195
Special Revenue						
Departmental General Operating Fund.....	27,770	24,271	—	3,245	—	—
Education Improvement Act Fund.....	1,552	1,058	—	200	—	—
Repair, Maintenance, and Renovation Fund.....	1,032	2	—	—	—	—
Waste Management Fund.....	1,341	338	—	—	—	—
Department of Transportation Special Revenue Fund	35,582	8,067	600	—	9,340	—
Economic Development Fund.....	—	13	—	—	5,400	—
Accommodations and Local Option Sales Tax Fund..	68	65	—	—	—	—
Energy Settlement Fund.....	3	105	—	—	—	—
Omnibus Crime Fund.....	93	689	—	—	—	—
Medicaid Expansion Fund.....	—	39	—	—	—	—
Other Special Revenue Funds.....	677	376	53	70	374	—
Less: eliminations.....	(25,213)	(25,213)	—	—	—	—
Adjusted Special Revenue Funds.....	42,905	9,810	653	3,515	15,114	—

Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
Capital Projects						
Capital Projects Fund.....	\$ 69,751	\$ 70,533	\$ —	\$ —	\$ —	\$ —
Less: eliminations.....	(69,504)	(69,504)	—	—	—	—
Adjusted Capital Projects Fund.....	247	1,029	—	—	—	—
Enterprise						
Patients' Compensation Fund.....	—	3	—	—	—	—
Second Injury Fund.....	3	461	—	—	—	—
Patriots Point Development Authority.....	—	7	—	20	—	5,440
Other Enterprise Funds.....	—	342	—	—	—	10,802
Less: eliminations.....	(3)	(3)	—	—	—	—
Adjusted Enterprise Funds.....	—	810	—	20	—	16,242
Internal Service						
Insurance Reserve Fund.....	4,510	6	4,077	—	35,819	—
Health and Disability Insurance Fund.....	16,030	21	—	—	—	—
State Accident Fund.....	14,716	106	—	—	—	—
General Services Fund.....	3,874	796	35	2,423	8	23,344
Central Supplies and Equipment Fund.....	789	3	—	1,000	—	—
Motor Pool Fund.....	1,339	118	—	59	—	—
Pension Administration Fund.....	2	137	—	—	—	—
Prison Industries Fund.....	208	157	—	—	—	—
Other Internal Service Funds.....	225	4,342	3,065	2,962	19,733	19,385
Less: eliminations.....	(5,686)	(5,686)	(4,487)	(4,487)	(33,064)	(33,064)
Adjusted Internal Service Funds.....	36,007	—	2,690	1,957	22,496	9,665
Trust and Agency						
Expendable Trust:						
Unemployment Compensation Benefits Fund.....	5	—	—	—	—	—
Other Expendable Trust Funds.....	135	1	—	—	—	—
Pension Trust:						
South Carolina Retirement System.....	13,900	14,714	—	—	—	—
Police Officers' Retirement System.....	1,947	774	—	—	—	—
Judges' and Solicitors' Retirement System.....	28	—	—	—	—	—
Agency Funds:						
Federal Interfund Activity Fund.....	3,083	3,114	—	—	—	—
Payroll Clearing Fund.....	38,729	8,492	—	30	—	—
Other Agency Funds.....	4,632	61,305	20	—	40	1,100
Less: eliminations.....	(46,578)	(46,578)	—	—	—	—
Adjusted Trust and Agency Funds.....	15,881	41,822	20	30	40	1,100
Higher Education						
Unrestricted Current Funds.....	5,774	37,749	—	68	—	65
Restricted Current Funds.....	2,746	25	—	—	—	—
Unexpended Plant Funds.....	782	—	—	—	—	543
Retirement of Indebtedness Funds.....	—	—	—	—	543	—
Investment in Plant Funds.....	—	—	—	897	—	26,838
Agency Funds.....	135	805	—	—	—	—
Foundations and Institutes Funds.....	—	—	—	—	22,821	—
Less: eliminations.....	(8,475)	(8,475)	—	—	(23,364)	(23,364)
Adjusted Higher Education Funds.....	962	30,104	—	965	—	4,082
Totals—Primary Government.....	\$ 101,861	\$ 101,861	\$ 8,842	\$ 8,842	\$ 49,284	\$ 49,284

Notes to the Financial Statements

b. Interfund Assets and Liabilities Between the Primary Government and Discretely Presented Component Units

Interfund assets and liabilities (expressed in thousands) between discretely presented component units and the primary government at June 30, 1995, were:

Due from Component Units/Due to Primary Government

Receivable Fund	Payable Fund	Amount
Higher Education Current Unrestricted	Enterprise Development, Inc., of South Carolina	\$ 805

Due from Primary Government/Due to Component Units

Receivable Fund	Payable Fund	Amount
State Ports Authority	Special Revenue Funds— Departmental General Operating Fund	\$ 87

c. Inequality of Operating Transfers In and Out

Operating Transfers Out exceeded Operating Transfers In by \$1.002 million because the Departmental General Operating Fund, a Special Revenue Fund, transferred funds to the Public Railways Division of the Department of Commerce (reported in the Other Enterprise Funds). The transfer occurred after December 31, 1994, the end of the Public Railways Division's fiscal year.

d. Inequality of Transfers Between the Primary Government and Discretely Presented Component Units

Transfers From Component Units exceed Transfers To Primary Government by \$0.280 million because the Public Service Authority, a discretely presented component unit, reports using a December 31 fiscal year-end. The \$0.280 million difference represents Transfers From Component Units to the General Fund for the fiscal year ended June 30, 1995, less Transfers To Primary Government from the Public Service Authority for its fiscal year ended December 31, 1994.

e. Inequality of Residual Equity Transfers In and Out

Residual Equity Transfers Out of \$0.031 million in the Capital Projects Fund were recorded as additions to Contributed Capital in the Enterprise Funds. These balances resulted from transfers of capital improvement bond proceeds to the Enterprise Funds from the Capital Projects Fund.

NOTE 14: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reserved components of fund equity represent amounts legally segregated and amounts that cannot be appropriated. Designated portions of unreserved fund equity reflect tentative plans for future use of available financial resources.

The unreserved component of fund equity is computed as total fund equity less reserved amounts. Although the total fund balance in the General Fund was positive at June 30, 1995, the unreserved component was negative because the reserve requirements exceeded total fund balance.

a. Retained Earnings Reserved for Special Purposes

Retained Earnings Reserved for Special Purposes in the Enterprise Funds primarily consist of balances reserved as required by bond indentures of the Housing Authority and the Education Assistance Authority.

b. Reserved for Pension and Other Benefits

This account includes amounts reserved for pension, group life, and accidental death benefits. It also includes reserves to recognize the restricted nature of the fund balances in the Unemployment Compensation Benefits Fund.

c. Reserves in the Higher Education Funds

Outside sources may restrict certain Higher Education Funds' resources. The financial statements present restricted fund balances as reserves. These reserves include reserves for endowments and other higher education restricted funds to be used for special purposes.

Grant monies received from the United States government under certain student loan programs are recorded as Reserved for Federal Government Grants Refundable. The purpose of this reserve is to indicate that these amounts can neither be appropriated nor expended and to reflect the State's ongoing responsibility to lend the resources only in accordance with applicable Federal program guidelines.

d. General Fund Reserve

The South Carolina Constitution requires that the State maintain a reserve to prevent deficits in the Budgetary General Fund. The reserve is fully funded whenever it equals three percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year.

Notes to the Financial Statements

If the State withdraws funds from the reserve to cover a year-end deficit, it must replace the funds within three 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, 1994, the Reserve was fully funded at \$110.2 million. During the fiscal year ended June 30, 1995, the Reserve retained its fully-funded status by increasing \$10.5 million to \$120.7 million.

e. Reserved for Inventories

The Governmental Funds reserve a portion of fund balance equal to year-end inventory balances to indicate that the funds are not available for appropriation.

f. Reserved for Loans, Notes Receivable, and Advances to Other Funds

Long-Term Loans, Notes Receivable, and Advances to Other Funds are assets that do not represent expendable available resources. The Governmental Funds, therefore, reserve a corresponding portion of fund balance.

g. Reserved for Appropriations to be Carried Forward

The General Fund does not use encumbrance accounting. The Reserve for Appropriations to be Carried Forward, however, is used in situations where the General Assembly has authorized Budgetary General Fund appropriations to be carried forward to the next fiscal year. For additional information, see Note 2c.

h. Reserved for Endowment and Similar Funds

This reserve recognizes restrictions placed on donated resources. In the Fiduciary Fund Types, the reserve represents amounts donated to State-owned secondary schools and to certain other State departments.

i. Reserved for School Building Aid

Amounts in the General Fund and in the Education Improvement Act Fund, a Special Revenue Fund, are reserved if committed to State school districts to build school buildings or to retire debt on such buildings. Such amounts are not available for appropriation.

j. Reserved for Encumbrances

Although not required by State law, some institutions reported in the Higher Education Funds use encumbrance accounting. These institutions also record a reserve for encumbrances.

k. Reserved for Other Special Purposes

Amounts Reserved for Other Special Purposes in the Special Revenue Funds consist of certain environmental fines and penalties held for eventual transfer to the Higher Education Funds. The Higher Education Funds must use these amounts to establish scholarships for students pursuing degrees in environmental studies or science.

l. Designated for Special Purposes

Amounts Designated for Special Purposes in the Special Revenue Funds consist generally of Department of Transportation resources which are designated for subsequent years' expenditures, primarily for highway maintenance.

m. Designated for Capital Expenditures

The State reports the fund balance in the Capital Projects Fund as Designated for Capital Expenditures.

n. Designated for Quasi-Endowments

The Designated for Quasi-Endowments account includes resources that the State's higher education institutions intend to use in a manner similar to endowments in future years.

NOTE 15: RELATED PARTY TRANSACTIONS

These financial statements exclude certain related foundations and other organizations. (See also Note 1a, Scope of Reporting Entity.)

The most significant of these organizations include: the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the South Carolina Universities Research and Education Foundation; the Greater University of South Carolina Alumni Association; the Carolina Piedmont Foundation, Inc.; the Lancaster County Educational Foundation, Inc.; the Clemson University Foundation; the Clemson University Research Foundation; the Clemson Architectural Foundation; the Clemson University Continuing Education and Conference Complex Corporation; the Health Sciences Foundation of the Medical University of South Carolina; the Coastal Educational Foundation, Inc., of Coastal Carolina University; the College of Charleston Foundation; the Winthrop

Notes to the Financial Statements

University Foundation; the Francis Marion University Foundation; the Citadel Development Foundation; the Association of Citadel Men; the Citadel's Brigadier Foundation; South Carolina State University Educational Foundation; Greenville Technical Foundation, Inc.; Tri-County Technical College Foundation; York Technical College Foundation, Inc.; the South Carolina Student Loan Corporation; the Educational Television Endowment of South Carolina, Inc.; the South Carolina State Museum Foundation; and the Carolina Capital Investment Corporation.

Those organizations above that are related to higher education report total assets of approximately \$327 million. During the fiscal year ended June 30, 1995, the State entered into various transactions with these organizations. Approximate amounts within the State's Higher Education Funds that represented transactions with these related parties include: receivable from foundations—\$4.8 million; donations of cash and other assets from foundations—\$37.8 million; expenditures (rental of foundation-owned property)—\$3.0 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations—\$1.5 million.

The South Carolina Education Assistance Authority (EAA), an Enterprise Fund, has designated the South Carolina Student Loan Corporation (SLC) as the entity to administer the EAA student loan program. During the fiscal year ended June 30, 1995, EAA entered into various transactions with SLC. Approximate amounts within the State's Enterprise Funds that represent these transactions include: accounts receivable from SLC—\$6.8 million; notes receivable from SLC—\$331.1 million; program revenue from SLC—\$31.0 million; and reimbursements to SLC for administrative costs—\$4.9 million.

During the fiscal year ended June 30, 1995, the Educational Television Endowment of South Carolina, Inc., disbursed approximately \$8.4 million on behalf of the State for programs, development, advertising, and other costs. In addition, the State

entered into a capital lease with the Endowment for a building valued at \$6.5 million.

The Jobs Economic Development Authority (JEDA), an Enterprise Fund, maintains a management and administrative agreement with Carolina Capital Investment Corporation (CCIC). During the fiscal year ended June 30, 1995, JEDA paid CCIC \$0.9 million for management and administrative expenses.

NOTE 16: SEGMENT INFORMATION

a. Enterprise Funds

The State groups its Enterprise Funds into the following segments: the State Housing Finance and Development Authority (Housing Authority), the State Education Assistance Authority, and the Jobs—Economic Development Authority. In addition, the Patriots Point Development Authority, the Patients' Compensation Fund, the Second Injury Fund, and Other Enterprise Funds are grouped into an Other segment.

The Housing Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The State Education Assistance Authority issues revenue bonds for the purpose of making student loans. The Jobs—Economic Development Authority acts with others in the promotion of development, especially in areas of the State with greatest need. The Authority is supported primarily by interest on project loans.

Financial information (expressed in thousands) for these segments for the fiscal year ended June 30, 1995, follows:

Notes to the Financial Statements

	Housing Authority	Education Assistance Authority	Jobs—Economic Development Authority	Other	Elimi- nations	Totals
Operating revenues.....	\$ 52,576	\$ 38,376	\$ 1,723	\$27,096	\$ —	\$ 119,771
Depreciation and amortization expense.....	253	—	—	780	—	1,033
Operating income (loss).....	10,557	9,007	(843)	(685)	—	18,036
Federal revenue.....	17,187	2,788	206	—	—	20,181
Operating transfers in.....	—	—	125	—	—	125
Extraordinary loss.....	(454)	—	—	—	—	(454)
Net income (loss).....	10,103	10,904	(1,290)	(1,069)	—	18,648
Current capital contributions and transfers.....	—	—	728	29	—	757
Property, plant, and equipment:						
Additions.....	340	—	—	4,562	—	4,902
Retirements.....	65	—	—	356	—	421
Net working capital.....	88,072	95,854	6,756	43,157	—	233,839
Total assets.....	618,718	466,393	29,000	133,977	(3)	1,248,085
Bonds and other long-term liabilities payable from operating revenues...	466,854	368,525	—	32,049	—	867,428
Total fund equity.....	122,343	61,714	28,835	44,870	—	257,762

b. Discretely Presented Component Units

The primary segments among the State's discretely presented component units are the Public Service Authority and the State Ports Authority. The remaining entities are reported within an Other segment.

The Public Service Authority produces and sells electric power. The State Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports.

Financial information (expressed in thousands) for these segments for the fiscal year ended June 30, 1995, follows:

	Public Service Authority	State Ports Authority	Other	Totals
Operating revenues.....	\$ 605,656	\$ 55,278	\$ 1,465	\$ 662,399
Depreciation and amortization expense.....	86,660	12,234	62	98,956
Operating income (loss).....	145,374	5,610	(4,352)	146,632
Federal revenue.....	—	—	4,476	4,476
Transfers to primary government.....	(6,157)	—	—	(6,157)
Net income.....	29,218	6,227	170	35,615
Current capital contributions and transfers.....	—	(315)	—	(315)
Property, plant, and equipment:				
Additions.....	209,054	22,761	161	231,976
Retirements.....	17,819	—	—	17,819
Net working capital.....	(154,334)	14,734	1,849	(137,751)
Total assets.....	3,629,604	369,017	3,791	4,002,412
Bonds and other long-term liabilities payable from operating revenues....	2,498,770	87,341	—	2,586,111
Total fund equity.....	682,931	270,815	2,273	956,019

The Public Service Authority's sale of electric power to two major customers constitutes a concentration of credit risk. For its fiscal year ended December 31, 1994, the Authority's revenue and Accounts Receivable (expressed in thousands) attributable to those customers were:

Customer	Revenue	% of Total Operating Revenue	Accounts Receivable	% of Total Accounts Receivable
Central Electric Power Cooperative, Inc.....	\$278,000	45.90%	\$23,760	41.32%
Alumax of South Carolina, Inc.....	71,000	11.72%	6,200	10.78%

NOTE 17: EXTRAORDINARY LOSS

The \$0.5 million of Extraordinary Loss on the Early Extinguishment of Debt in the Enterprise Funds represented a loss on Housing Authority debt extinguishments that resulted from calling bonds.

Notes to the Financial Statements

NOTE 18: DEFICIT FUND BALANCES AND RETAINED EARNINGS

Individual funds with deficit fund balances or deficit retained earnings (expressed in thousands) at June 30, 1995, were:

Fund Type/Fund	Amount of Deficit
Special Revenue Funds	
Omnibus Crime Fund.....	\$ 722
Enterprise Funds	
Patriots Point Development Authority.....	1,686
Internal Service Funds	
State Accident Fund.....	3,536

The deficit position of the Omnibus Crime Fund is due primarily to the accrual of payroll and operating expenditures. This fund's revenues, primarily court fines and fees, are not subject to accrual under the modified accrual basis of accounting.

The deficit of the Patriots Point Development Authority is primarily the result of a development project that was interrupted and the related bankruptcy proceedings. The Authority currently is exploring possible means of eliminating its deficit.

The State Accident Fund, a risk management fund, recorded liabilities on the accrual basis both for claims known but not paid and for claims incurred but not reported. The deficit resulted from differences between revenues generated from Fund-estimated premium rates and actuarially determined expenses. The Fund plans to study its premium revenue structure and determine how to increase revenue to cover administrative and claims expenses.

NOTE 19: INSURANCE ACTIVITIES

a. Insurance Reserve Fund

The State does not purchase commercial insurance for the risks of losses for property damage, 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), an Internal Service Fund. The IRF services claims for risk of loss to which the State is exposed, including the following: property insurance on governmentally owned buildings, the contents of such buildings, equipment, and automobiles; automobile liability insurance on governmentally 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."

The IRF reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The unpaid claims liability of \$146.572 million at June 30, 1995, includes a provision for claims in the process of review and for claims incurred but not reported. The liability for claims in the process of review is included in Accounts Payable and Accrued Liabilities, while the liability for claims incurred but not reported is reported separately on the face of the accompanying financial statements. The liability for claims incurred but not reported is estimated actuarially based on the most current historical claims experience of previous payments, changes in number of members and participants, inflation, and award trends. This process does not necessarily result in an exact amount. Estimates of liabilities for incurred claims are continually reviewed and revised as changes occur. Revisions are reflected in the current year's income.

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
1994	\$ 118,251	\$ 39,802	\$ (31,927)	\$ 126,126
1995	126,126	55,681	(35,235)	146,572

The IRF purchases insurance to cover risks where it has limited expertise (aircraft insurance and ocean marine insurance).

The IRF purchases reinsurance to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability. Reinsurance permits partial recovery of losses from reinsurers; but the IRF, as direct insurer of the risks, remains primarily liable.

b. Health and Disability Insurance Fund

The Health and Disability Insurance Fund, an Internal Service Fund, was established to provide health and dental insurance coverage for eligible employees and retirees of State agencies and school districts and 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 a health maintenance organization or

Notes to the Financial Statements

the State's self-insured plan. All dental, group life, and long term disability coverage is through the State's self-insured plan. 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, and retirees directly pay their own share of premiums. Agencies and school districts pay the premiums for group life and long term disability.

The Health and Disability Insurance Fund establishes claims liabilities when information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The unpaid claims liability of \$92.995 million at June 30, 1995, includes a provision for claims in the process of review and for claims incurred but not reported. The liability for claims in the process of review is included in Accounts Payable and Accrued Liabilities, while the liability for claims incurred but not reported is reported separately on the face of the accompanying financial statements. The liability for claims incurred but not reported is estimated actuarially based on the most current historical claims experience of previous payments, 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. Estimates of liabilities for incurred claims are continually reviewed and revised as changes occur. Revisions are reflected in the current year's income.

Claim costs for group life and long term disability coverage are actuarially calculated using the one-year term cost method; the cost of coverage is the present value of all benefit payments that will be made on expected claims incurred during the year following the valuation date. Claim liabilities are equal to the present value, as of the valuation date, of all future payments to be made for disabilities and deaths up to that date. Actuarial assumptions include an interest rate of 8%, compounded annually. Of the total claims liability reported for the Health and Disability Insurance Fund at June 30, 1995, \$16.638 million relates to group life and long-term disability insurance coverage. Claims liabilities for health and dental insurance coverage are not discounted 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
1994	\$ 74,561	\$ 447,737	\$ (434,013)	\$ 88,285
1995	88,285	471,956	(467,246)	92,995

c. State Accident Fund

State law established the State Accident Fund (the 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. Participating entities remit their actual payroll after the policy period ends. The Fund then adjusts the premium using the actual payroll and a rating modifier based on claims experience.

The Fund establishes claims liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims liabilities are actuarially determined and include an amount for claims reported but not yet paid and claims incurred but not yet reported. At June 30, 1995, the claims liability for the Fund was \$65.651 million. The liability for claims reported but not yet paid is included in Accounts Payable and Accrued Liabilities, while the liability for claims incurred but not reported is reported separately on the face of the accompanying financial statements. 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. Claims liabilities and the computation methods are reevaluated periodically, and any adjustments are reflected in current earnings.

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
1994	\$ 50,872	\$ 28,599	\$ (23,573)	\$ 55,898
1995	55,898	32,770	(23,017)	65,651

NOTE 20: JOINT OPERATION

The Summer Nuclear Station is a joint operation owned by the Public Service Authority (the Authority), a discretely presented component unit and regulated electric utility, and the South Carolina Electric and Gas Company (SCE&G), a non-governmental electric utility. The Authority owns an undivided one-third interest in the Station while SCE&G owns an undivided two-thirds interest. SCE&G is solely responsible for the Station's management, budgeting, operation, maintenance, and decommissioning; and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives one-third of the net electricity generated.

In accordance with regulatory accounting practices, the Authority reported Property, Plant, and Equipment of \$440.6 million and expenses of \$36.4 million which represent its interest in this joint operation. The Authority has financed its interest in the joint operation with long-term debt. The Summer

Notes to the Financial Statements

Nuclear Station is not a separate legal entity and does not prepare separate financial statements.

Additionally, SCE&G determined that the Summer Nuclear Station steam generators had to be replaced due to stress corrosion cracking. SCE&G filed suit against the manufacturer of the generators. In January 1994, SCE&G and the Authority reached a settlement agreement with the manufacturer of the steam generators. The terms of the settlement are confidential; however, there will be no material adverse impact on the Authority. The suit was dismissed on January 12, 1994. The generators were replaced in 1994.

The Nuclear Regulatory Commission (NRC) has published final regulations on decommissioning of nuclear facilities. These regulations require a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. A site-specific decommissioning study completed in 1991 estimated the Authority's share of decommissioning costs for the Summer Nuclear Station as approximately \$76.3 million in 1990 dollars. The Authority accrues for its share of the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates.

To comply with the NRC regulations, the Authority established an external trust fund and has been making deposits into this fund since September 1990. In addition, the Authority established an internal decommissioning account in 1983. The Authority makes deposits into this fund in the amount necessary to fund the difference between the 1991 site-specific study and the NRC's imposed minimum requirement. Based on current decommissioning cost estimates developed by SCE&G, these funds, which totaled approximately \$26.1 million (adjusted to market) at December 31, 1994, along with future deposits into both the external and internal decommissioning accounts and investment earnings, are expected to provide sufficient funds for the Authority's share of the estimated decommissioning costs.

The Price-Anderson Indemnification Act has established the maximum liability for public claims arising from any nuclear incident as \$9.4 billion. This amount would be covered by nuclear liability insurance of up to \$200 million per site, with potential retrospective assessments of up to \$79.275 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed \$10 million per incident per year). Based on its one-third interest in the Summer Nuclear Station, the Authority would be responsible for a maximum assessment of \$26.425 million, not to exceed approximately \$3.3 million per incident per year. This amount is subject to further increases to reflect (i) inflation, (ii) increases in the licensing for operation of additional nuclear reactors, and (iii) any increase in the amount of commercial liability insurance the NRC is required to maintain.

SCE&G and the Authority maintain, with American Nuclear Insurers (ANI) and Nuclear Electric Insurance Limited (NEIL), \$500 million primary and \$1.4 billion excess property and decontamination insurance to cover the costs of facility cleanup in the event of an accident. In

addition to the premiums paid on the excess policy, SCE&G and the Authority also could be assessed a retroactive premium, not to exceed 7.5 times the annual premium, in the event of property damage to any nuclear generating facility covered by NEIL. Based on the current annual premium and the Authority's one-third interest, the Authority's maximum retroactive premium would be \$4.1 million.

The Authority does not purchase insurance for any retroactive premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power.

NOTE 21: CONTINGENCIES AND COMMITMENTS

a. Litigation

Among the unresolved lawsuits in which the State was involved at June 30, 1995, were several that challenge the legality of certain State taxes and fees. The challenged revenues include the following: fees payable under the Infectious Waste Act and Regulations, a fee payable by public drinking water systems, sales taxes on certain prescription medicines, and the repeal of capital gains tax refunds. Another lawsuit challenges the State's appropriation of fees collected as a result of its decision to allow the Barnwell Waste Facility to accept out-of-state waste after January 1, 1996. Losses in these cases could have an adverse impact on future revenues. While the State is uncertain as to the ultimate outcome of any of these cases, it is vigorously defending each lawsuit. In the event of an unfavorable outcome for these cases, the ultimate liability is not expected to exceed \$8.5 million. This estimate does not include the impact on future revenues.

Other cases in which the State may incur a liability include a desegregation action, filed against the Darlington County School District and the State, and a suit alleging that the State owes overtime compensation to former fire tower operators. Also, several cases seek compensation for attorneys fees. These include a suit challenging the single gender education policy at The Citadel, a reapportionment suit, and a suit challenging limitations on hazardous waste imports. The State's ultimate liability in the event of an unfavorable outcome for these cases is not expected to exceed \$13.1 million.

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 a case contending that the funding of public education in South Carolina is inequitable and inadequate and a case that challenges the limitations on liability contained in the Tort Claims Act.

The Medical University of South Carolina is a defendant in a personnel action and a lawsuit alleging misappropriation of trade secrets. Legal counsel is unable to assess the likely outcome of these cases. Loss to the Higher Education Funds, if any, as the

Notes to the Financial Statements

result of an unfavorable outcome for these cases cannot be determined.

On November 16, 1995, a lawsuit was filed against the South Carolina Retirement Systems by a group of retired members. The lawsuit challenges the Systems' treatment of annual leave in the calculation of participants' retirement payments. Although no current estimate of the potential liability is available, the impact on the State could be substantial. While the State is uncertain as to the ultimate outcome of this case, it is vigorously defending this lawsuit.

The State is involved in other legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving the legality of certain taxes assessed by the State, claims asserted against the State arising from alleged torts, and possible violations of State and Federal laws. Unfavorable outcomes in these matters could result in the State incurring losses. However, these losses are not expected to have a material, adverse effect on the State's financial statements.

Due to the uncertainty involving the ultimate outcome of the State's unresolved lawsuits, no provision for potential liability has been made in the accompanying financial statements.

b. Loan Guarantees

The State Education Assistance Authority within the State's Enterprise Funds guarantees student loans. At June 30, 1995, these loans totaled \$702 million. The United States Department of Education ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5% of the loans in repayment status, however, the United States Department of Education decreases the reinsurance rate. The State's default rate at June 30, 1995, was less than 1.8%.

c. 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 when the State and the Federal government agree upon reimbursement terms. It is presently not possible for management to determine the outcome of pending audit disallowances. Based on an analysis of historical data, however, the State believes that any such reimbursements relating to the fiscal year ended June 30, 1995, or earlier years will not have a material impact on the State's financial statements.

d. Purchase Commitments

At December 31, 1994, the Public Service Authority, a discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling

approximately \$766.1 million for coal and approximately \$117.1 million for power. The terms of the contracts range from 1 to 41 years. The Authority has commitments of approximately \$140.3 million for its one-third share under the joint ownership agreement with the South Carolina Electric and Gas Company for the purchase, conversion, enrichment, and fabrication of uranium.

e. Letter of Intent—Subsequent Event

On October 16, 1995, the Medical University of South Carolina (MUSC) signed a letter of intent with Columbia/HCA Healthcare Corporation regarding Columbia/HCA's proposed purchase of certain assets associated with MUSC's Medical Center and the proposed long-term lease of certain real property. According to the terms, both parties will negotiate exclusively with each other for a period of 120 days from the date of the letter's execution with a view to signing a definitive agreement. It is anticipated that the agreement will address MUSC's sale of its hospital assets, the lease of the real property, and the governance of the new legal entity under which MUSC's Medical Center will be operated. The letter is non-binding, and either party can terminate negotiations without liability.

NOTE 22: PLEDGES OF GIFTS— HIGHER EDUCATION FUNDS

The State's Higher Education Funds expect to collect pledges (expressed in thousands) as follows:

Fiscal Year Ending June 30	Higher Education Fund Type			Totals
	Current Unre- stricted	Current Restricted	Unex- pected Plant	
1996	\$ 2,607	\$ 61	\$ 488	\$ 3,156
1997	1,010	54	456	1,520
1998	1,000	44	—	1,044
1999	325	16	—	341
2000	—	1	—	1
Thereafter	22,890	1,870	—	24,760
Totals	\$ 27,832	\$ 2,046	\$ 944	\$ 30,822

It is not practicable to estimate the net realizable value of such pledges; accordingly, they are not recorded as pledges receivable at June 30, 1995, in the accompanying financial statements.

**Photograph is not available
in web version of CAFR**

Even urban and suburban dwellers have opportunities for wildlife-watching. Backyard butterfly gardens are gaining popularity, with plants such as this lantana cultivated to attract colorful visitors like a painted lady.

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**
(See Accompanying Independent Auditors' Report)

**Photograph is not available
in web version of CAFR**

Fishing's fine in Carolina, both saltwater and freshwater. Offshore anglers, like the one above shown landing a dolphin fish, help support management of coastal game fish and shellfish through their purchase of Marine Recreational Fisheries Stamps.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes. The State uses the following Special Revenue Funds:

Departmental General Operating Fund. This fund accounts for resources that are part of a particular State agency's General Fund but are not part of the State's General Fund. These resources include significant amounts of Federal grant receipts.

Education Improvement Act Fund. This fund accounts for the special additional one-percent sales tax levied to be used exclusively for improvements in elementary and secondary education.

Repair, Maintenance, and Renovation Fund. This fund accounts for State bond proceeds and other permanent improvement project resources to be expended for approved repair, maintenance, renovation, and alteration projects.

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.

Department of Transportation Special Revenue Fund. This fund accounts for the various gasoline taxes, fees, fines, and Federal grant resources used by the Department of Transportation for its general operations. These operations include highway maintenance and repair.

Economic Development Fund. This fund accounts for projects authorized by the South Carolina Coordinating Council for Economic Development. It is funded by certain motor fuel taxes.

Accommodations and Local Option Sales Tax Fund. This fund accounts for: (1) a special additional two-percent sales tax on the gross proceeds on the rental of transient accommodations and (2) a special one-percent sales tax applicable in some localities within the State. The State allocates these revenues to counties and municipalities in accordance with State law.

Energy Settlement Fund. Revenues received from court-ordered settlements resulting from oil overcharges by various oil companies are accounted for in this fund. These resources must be used for energy-related programs designed to benefit all categories of the State's petroleum product consumers.

Omnibus Crime Fund. This fund accounts for court fees remitted to the State by local court systems under the Omnibus Crime Act of 1985. These fees must be used for certain programs administered by the Department of Probation, Pardon, and Parole Services.

Medicaid Expansion Fund. Resources of this fund include county assessments for indigent medical care and a tax on licensed hospitals. The fund was established to provide Medicaid coverage to persons formerly ineligible for such coverage and to provide additional State matching funds for Medicaid.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues which must be used for specific purposes. These include operations of various employment services, water recreation, agricultural boards, forest renewal programs, certain housing programs, and medical and dental scholarships.

**Photograph is not available
in web version of CAFR**

Largemouth-bass anglers on Lake Wateree can attest to the claim of superior fishing opportunities. Our big lakes — reservoirs created by hydroelectric projects — hold fierce fighters like the bass as well as scrappy panfish and monster catfish.

Combining Balance Sheet

SPECIAL REVENUE FUNDS

June 30, 1995

(Expressed in Thousands)

	Depart- mental General Operating	Education Improve- ment Act	Repair, Mainte- nance, and Renovation	Waste Manage- ment	Department of Transportation Special Revenue
ASSETS					
Cash and cash equivalents.....	\$ 159,886	\$ 53,439	\$ 19,439	\$ 46,272	\$ 85,387
Investments.....	217	—	—	—	—
Receivables, net:					
Accounts.....	54,295	35	—	666	3,334
Taxes.....	2,092	34,074	—	—	33,605
Loans and notes.....	103,999	—	—	—	—
Due from Federal government and other grantors.....	208,264	—	783	—	44,927
Due from other funds.....	27,770	1,552	1,032	1,341	35,582
Interfund receivables.....	—	—	—	—	600
Advances to other funds.....	—	—	—	—	9,340
Inventories.....	8,120	—	—	44	13,504
Total assets.....	\$ 564,643	\$ 89,100	\$ 21,254	\$ 48,323	\$ 226,279
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities.....	\$ 163,120	\$ 3,025	\$ 915	\$ 10,758	\$ 60,416
Tax refunds payable.....	36	520	—	—	1,075
Intergovernmental payables.....	60,844	5,863	—	984	—
Due to other funds.....	24,271	1,058	2	338	8,067
Due to component units.....	87	—	—	—	—
Interfund payables.....	3,245	200	—	—	—
Deferred revenues.....	54,504	966	15	150	—
Other liabilities, including retainages payable.....	156	—	283	—	23,878
Total liabilities.....	306,263	11,632	1,215	12,230	93,436
Fund balances (deficit):					
Reserved for:					
Inventories.....	8,120	—	—	44	13,504
Advances to other funds.....	—	—	—	—	9,340
Long-term loans and notes receivable.....	103,970	—	—	—	—
School building aid.....	—	30,219	—	—	—
Other special purposes.....	—	—	—	312	—
Unreserved:					
Designated for special purposes.....	—	—	—	—	73,946
Undesignated.....	146,290	47,249	20,039	35,737	36,053
Total fund balances (deficit).....	258,380	77,468	20,039	36,093	132,843
Total liabilities and fund balances.....	\$ 564,643	\$ 89,100	\$ 21,254	\$ 48,323	\$ 226,279

<u>Economic Development</u>	<u>Accommoda- tions and Local Option Sales Tax</u>	<u>Energy Settlement</u>	<u>Omnibus Crime</u>	<u>Medicaid Expansion</u>	<u>Other Special Revenue</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ 25,031	\$ 16,139	\$ 19,401	\$ 424	\$ 4,654	\$ 42,361	\$ —	\$ 472,433
—	—	—	—	—	—	—	217
—	—	201	—	27	199	—	58,757
—	9,461	—	—	—	1,529	—	80,761
400	—	—	—	—	1,020	—	105,419
—	—	—	—	—	—	—	253,974
—	68	3	93	—	677	(25,213)	42,905
—	—	—	—	—	53	—	653
5,400	—	—	—	—	374	—	15,114
—	—	—	—	—	—	—	21,668
\$ 30,831	\$ 25,668	\$ 19,605	\$ 517	\$ 4,681	\$ 46,213	\$ (25,213)	\$ 1,051,901
\$ —	\$ 2	\$ 1,555	\$ 550	\$ 26	\$ 1,817	\$ —	\$ 242,184
—	12	—	—	—	2	—	1,645
775	15,050	165	—	—	404	—	84,085
13	65	105	689	39	376	(25,213)	9,810
—	—	—	—	—	—	—	87
—	—	—	—	—	70	—	3,515
—	199	—	—	—	20	—	55,854
—	—	—	—	—	1	—	24,318
788	15,328	1,825	1,239	65	2,690	(25,213)	421,498
—	—	—	—	—	—	—	21,668
5,400	—	—	—	—	374	—	15,114
200	—	—	—	—	1,004	—	105,174
—	—	—	—	—	—	—	30,219
—	—	—	—	—	—	—	312
—	—	—	—	—	—	—	73,946
24,443	10,340	17,780	(722)	4,616	42,145	—	383,970
30,043	10,340	17,780	(722)	4,616	43,523	—	630,403
\$ 30,831	\$ 25,668	\$ 19,605	\$ 517	\$ 4,681	\$ 46,213	\$ (25,213)	\$ 1,051,901

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

SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Depart- mental General Operating	Education Improve- ment Act	Repair, Mainte- nance, and Renovation	Waste Manage- ment	Department of Transportation Special Revenue
Revenues:					
Taxes:					
Retail sales and use.....	\$ —	\$ 360,356	\$ —	\$ 1,645	\$ —
Other.....	26,532	—	8	—	298,666
Licenses, fees, and permits.....	41,839	—	10	22,376	—
Interest and other investment income.....	5,465	2,431	—	1,297	—
Federal.....	2,150,465	—	331	—	266,626
Departmental services.....	153,798	—	2	442	35,774
Contributions.....	81,646	—	—	—	—
Fines and penalties.....	16,803	—	1,040	406	—
Other.....	42,837	573	577	945	4,481
Total revenues.....	2,519,385	363,360	1,968	27,111	605,547
Expenditures:					
Current:					
General governmental.....	43,865	6,888	7,225	502	—
Education.....	132,995	16,361	80	—	—
Health and environment.....	1,366,060	957	4,908	9,028	—
Social services.....	556,379	942	154	—	—
Administration of justice.....	33,093	956	1,857	—	—
Resources and economic development.....	68,950	—	2,558	—	—
Transportation.....	—	—	—	—	203,837
Capital outlay.....	—	—	—	—	385,698
Debt service:					
Principal retirement.....	833	—	—	—	—
Interest and fiscal charges.....	50	—	—	—	60
Intergovernmental.....	369,475	319,317	19	3,894	61,251
Total expenditures.....	2,571,700	345,421	16,801	13,424	650,846
Revenues over (under) expenditures.....	(52,315)	17,939	(14,833)	13,687	(45,299)
Other financing sources (uses):					
Lease and installment debt proceeds.....	57	—	—	—	—
Operating transfers in.....	155,502	93	32,626	114	5,024
Operating transfers out.....	(63,671)	(4,611)	(870)	(505)	(19,711)
Total other financing sources (uses).....	91,888	(4,518)	31,756	(391)	(14,687)
Revenues and other sources over (under) expenditures and other uses.....	39,573	13,421	16,923	13,296	(59,986)
Fund balances (deficit), July 1, 1994 (restated).....	217,626	64,047	3,116	22,787	220,287
Increases (decreases) in reserve for inventories.....	1,184	—	—	10	(568)
Residual equity transfers in.....	—	—	—	—	—
Residual equity transfers out.....	(3)	—	—	—	(26,890)
Fund balances (deficit), June 30, 1995.....	\$ 258,380	\$ 77,468	\$ 20,039	\$ 36,093	\$ 132,843

Economic Development	Accommoda- tions and Local Option Sales Tax	Energy Settlement	Omnibus Crime	Medicaid Expansion	Other Special Revenue	Elimina- tions	Totals
\$ —	\$ 87,844	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 449,845
18,000	—	—	—	21,931	11,027	—	376,164
—	—	—	—	—	3,553	—	67,778
27	—	1,054	—	230	1,172	—	11,676
—	—	—	—	—	—	—	2,417,422
—	—	3	1	—	4,841	—	194,861
—	—	—	—	7,498	650	—	89,794
—	—	—	12,776	—	7,774	—	38,799
—	—	3	—	—	351	—	49,767
18,027	87,844	1,060	12,777	29,659	29,368	—	3,696,106
—	3	978	20	—	13,326	—	72,807
—	—	—	—	—	—	—	149,436
—	—	108	—	29,138	240	—	1,410,439
—	—	—	—	—	857	—	558,332
—	—	—	11,988	—	211	—	48,105
124	—	—	—	—	1,783	—	73,415
—	—	—	—	—	—	—	203,837
—	—	—	—	—	—	—	385,698
—	—	—	6	—	—	—	839
—	—	—	—	—	—	—	110
13,750	85,542	1,601	481	—	2,205	—	857,535
13,874	85,545	2,687	12,495	29,138	18,622	—	3,760,553
4,153	2,299	(1,627)	282	521	10,746	—	(64,447)
—	—	—	—	—	—	—	57
—	—	20	—	—	2,726	(93,376)	102,729
(1,000)	(1,036)	(768)	—	—	(3,728)	93,376	(2,524)
(1,000)	(1,036)	(748)	—	—	(1,002)	—	100,262
3,153	1,263	(2,375)	282	521	9,744	—	35,815
—	9,077	20,156	(1,004)	4,095	33,779	—	593,966
—	—	(1)	—	—	—	—	625
26,890	—	—	—	—	—	—	26,890
—	—	—	—	—	—	—	(26,893)
\$ 30,043	\$ 10,340	\$ 17,780	\$ (722)	\$ 4,616	\$ 43,523	\$ —	\$ 630,403

**Photograph is not available
in web version of CAFR**

Redear sunfish, also called a shellcracker, firmly and delightedly in hand, this youngster participated successfully in one of the youth fishing rodeos conducted annually across the State by the Department of Natural Resources and local sponsors. Thousands of children each spring take advantage of the chance to experience fishing, and the events emphasize the theme “Hooked On Fishing, Not On Drugs.”

Enterprise Funds

Enterprise Funds account for business-like State activities that provide goods and/or services to the public. These funds are financed primarily through user charges. The State's primary government maintains the following Enterprise Funds:

Housing Authority. The State Housing Finance and Development Authority 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. The Authority is supported primarily by mortgage interest.

Education Assistance Authority. The State Education Assistance Authority issues bonds for the purpose of making loans to students of the State to enable them to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, and investment earnings.

Jobs-Economic Development Authority. The Jobs-Economic Development Authority acts in conjunction with other organizations in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State. The

Authority's emphasis is on those areas of the State with the greatest economic need and to those projects providing the greatest economic benefit. The Authority is supported primarily by interest charges on project loans.

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.

Second Injury Fund. This 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.

Patriots Point Development Authority. The Patriots Point Development Authority is responsible for developing and operating the Patriots Point area near Charleston, including a Naval Museum. The Authority is supported by user fees.

Other Enterprise Funds. Other enterprise activities of the State include: the Savannah Valley Development and the Public Railways Divisions of the South Carolina Department of Commerce, and the Canteens Fund.

**Photograph is not available
in web version of CAFR**

Snowy-white blossoms of the rare rue anemone appear among the wildflowers that bloom at Steven's Creek, one of South Carolina's Heritage Preserves. The preserve also shelters one of the world's rarest shrubs, the spiny gooseberry. Through the South Carolina Heritage Trust, established by the State Legislature and administered by a section of the Department of Natural Resources, land providing habitat for rare or endangered species is protected through purchase or easement.

Combining Balance Sheet

ENTERPRISE FUNDS

June 30, 1995

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 3,440	\$ 44,008	\$ 6,285	\$ 29,806
Investments.....	—	—	302	—
Receivables, net:				
Accounts	56	8,905	334	207
Student loans.....	—	14	—	—
Loans and notes.....	718	44,000	—	—
Due from Federal government and other grantors.....	312	—	—	—
Due from other funds.....	—	—	—	—
Inventories.....	—	—	—	—
Restricted assets:				
Cash and cash equivalents.....	96,389	34,991	—	—
Loans receivable.....	10,680	—	—	—
Other.....	5,998	90	—	—
Other current assets.....	—	—	—	—
Total current assets.....	<u>117,593</u>	<u>132,008</u>	<u>6,921</u>	<u>30,013</u>
Long-term assets:				
Investments.....	—	—	1,423	—
Receivables, net:				
Student loans.....	—	27	—	—
Loans and notes	1,939	287,105	20,356	—
Restricted assets:				
Investments.....	38,034	41,754	—	—
Loans receivable.....	459,331	—	—	—
Other.....	988	—	—	—
Other long-term assets.....	—	—	300	—
Deferred charges.....	—	5,499	—	—
Total long-term assets.....	<u>500,292</u>	<u>334,385</u>	<u>22,079</u>	<u>—</u>
Property, plant, and equipment:				
Land and improvements.....	—	—	—	—
Buildings and improvements.....	—	—	—	—
Machinery, equipment, and other.....	1,212	—	—	38
Construction in progress.....	—	—	—	—
Less: accumulated depreciation.....	(379)	—	—	(30)
Total property, plant, and equipment, net.....	<u>833</u>	<u>—</u>	<u>—</u>	<u>8</u>
Total assets.....	<u>\$ 618,718</u>	<u>\$ 466,393</u>	<u>\$ 29,000</u>	<u>\$ 30,021</u>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ 3,838	\$ 865	\$ 15,116	\$ —	\$ 103,358
—	—	—	—	302
—	41	1,386	—	10,929
—	—	—	—	14
—	—	—	—	44,718
—	—	—	—	312
3	—	—	(3)	—
—	177	1,212	—	1,389
43,957	490	2,521	—	178,348
—	—	—	—	10,680
560	—	—	—	6,648
—	9	27	—	36
<u>48,358</u>	<u>1,582</u>	<u>20,262</u>	<u>(3)</u>	<u>356,734</u>
—	—	—	—	1,423
—	—	—	—	27
—	—	10,802	—	320,202
—	—	—	—	79,788
—	—	—	—	459,331
—	—	—	—	988
—	—	424	—	724
—	—	—	—	5,499
<u>—</u>	<u>—</u>	<u>11,226</u>	<u>—</u>	<u>867,982</u>
—	2,935	11,600	—	14,535
—	1,624	2,712	—	4,336
215	7,522	1,236	—	10,223
—	2,775	—	—	2,775
(141)	(5,123)	(2,827)	—	(8,500)
<u>74</u>	<u>9,733</u>	<u>12,721</u>	<u>—</u>	<u>23,369</u>
<u>\$ 48,432</u>	<u>\$ 11,315</u>	<u>\$ 44,209</u>	<u>\$ (3)</u>	<u>\$ 1,248,085</u>

Continued on Next Page

Combining Balance Sheet**ENTERPRISE FUNDS (Continued)****June 30, 1995****(Expressed in Thousands)**

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities.....	\$ 16,918	\$ 9,522	\$ 32	\$ 2,308
Due to other funds.....	—	—	—	3
Interfund payables.....	—	—	—	—
Deferred revenues.....	—	21	—	1,400
Deposits.....	—	—	108	—
Liabilities payable from restricted assets.....	—	—	—	—
Notes payable.....	—	—	—	—
Revenue bonds payable.....	9,980	26,580	—	—
Compensated absences payable.....	267	31	25	19
Other current liabilities, including retainages payable.....	2,356	—	—	—
Total current liabilities.....	<u>29,521</u>	<u>36,154</u>	<u>165</u>	<u>3,730</u>
Long-term liabilities:				
Accrued liabilities.....	—	—	—	10,200
Insurance claims incurred but not reported.....	—	—	—	3,200
Advances from other funds.....	—	—	—	—
Notes payable.....	—	—	—	—
Revenue bonds payable.....	466,854	368,525	—	—
Other long-term liabilities.....	—	—	—	—
Total long-term liabilities.....	<u>466,854</u>	<u>368,525</u>	<u>—</u>	<u>13,400</u>
Total liabilities.....	<u>496,375</u>	<u>404,679</u>	<u>165</u>	<u>17,130</u>
Fund Equity:				
Contributed capital.....	—	—	6,440	—
Retained earnings (deficit):				
Reserved for special purposes.....	115,571	61,129	—	—
Unreserved.....	6,772	585	22,395	12,891
Total fund equity.....	<u>122,343</u>	<u>61,714</u>	<u>28,835</u>	<u>12,891</u>
Total liabilities and fund equity.....	<u>\$ 618,718</u>	<u>\$ 466,393</u>	<u>\$ 29,000</u>	<u>\$ 30,021</u>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ 3,775	\$ 475	\$ 1,717	\$ —	\$ 34,747
461	7	342	(3)	810
—	20	—	—	20
—	—	34	—	1,455
—	—	—	—	108
44,061	—	767	—	44,828
—	—	1,217	—	1,217
—	—	—	—	36,560
61	—	307	—	710
—	—	84	—	2,440
<u>48,358</u>	<u>502</u>	<u>4,468</u>	<u>(3)</u>	<u>122,895</u>
—	—	—	—	10,200
—	—	—	—	3,200
—	5,440	10,802	—	16,242
—	—	2,157	—	2,157
—	—	—	—	835,379
—	250	—	—	250
<u>—</u>	<u>5,690</u>	<u>12,959</u>	<u>—</u>	<u>867,428</u>
<u>48,358</u>	<u>6,192</u>	<u>17,427</u>	<u>(3)</u>	<u>990,323</u>
—	6,809	3,729	—	16,978
—	—	1,961	—	178,661
74	(1,686)	21,092	—	62,123
<u>74</u>	<u>5,123</u>	<u>26,782</u>	<u>—</u>	<u>257,762</u>
<u>\$ 48,432</u>	<u>\$ 11,315</u>	<u>\$ 44,209</u>	<u>\$ (3)</u>	<u>\$ 1,248,085</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compen- sation
Operating revenues:				
Charges for services.....	\$ 3,124	\$ 32,192	\$ 177	\$ 2,615
Contributions.....	—	—	—	—
Interest and other investment income.....	49,452	6,184	1,546	1,668
Total operating revenues.....	52,576	38,376	1,723	4,283
Operating expenses:				
General operations and administration.....	4,223	6,364	2,566	247
Benefits and claims.....	—	—	—	6,359
Interest.....	35,307	22,112	—	—
Depreciation and amortization.....	253	—	—	4
Other operating expenses.....	2,236	893	—	—
Total operating expenses.....	42,019	29,369	2,566	6,610
Operating income (loss).....	10,557	9,007	(843)	(2,327)
Nonoperating revenues (expenses):				
Interest income.....	—	—	—	—
Federal revenue.....	17,187	2,788	206	—
Interest expense.....	—	—	—	—
Other nonoperating revenues (expenses).....	(17,187)	(891)	(778)	—
Total nonoperating revenues (expenses).....	—	1,897	(572)	—
Income (loss) before operating transfers and extraordinary items.....	10,557	10,904	(1,415)	(2,327)
Operating transfers in.....	—	—	125	—
Income (loss) before extraordinary items.....	10,557	10,904	(1,290)	(2,327)
Extraordinary loss on early extinguishment of debt.....	(454)	—	—	—
Net income (loss).....	10,103	10,904	(1,290)	(2,327)
Retained earnings (deficit), July 1, 1994.....	112,240	50,810	23,685	15,218
Retained earnings (deficit), June 30, 1995.....	122,343	61,714	22,395	12,891
Contributed capital, July 1, 1994.....	—	—	5,712	—
Additions to contributed capital.....	—	—	728	—
Fund equity, June 30, 1995.....	\$ 122,343	\$ 61,714	\$ 28,835	\$ 12,891

Second Injury	Patriots Point Develop- ment Authority	Other Enterprise	Totals
\$ 1,137	\$ 4,011	\$ 17,654	\$ 60,910
—	—	11	11
—	—	—	58,850
1,137	4,011	17,665	119,771
1,072	3,538	15,498	33,508
—	—	—	6,359
—	—	—	57,419
29	406	341	1,033
42	235	10	3,416
1,143	4,179	15,849	101,735
(6)	(168)	1,816	18,036
—	4	1,346	1,350
—	—	—	20,181
—	—	(967)	(967)
—	30	(797)	(19,623)
—	34	(418)	941
(6)	(134)	1,398	18,977
—	—	—	125
(6)	(134)	1,398	19,102
—	—	—	(454)
(6)	(134)	1,398	18,648
80	(1,552)	21,655	222,136
74	(1,686)	23,053	240,784
—	6,809	3,700	16,221
—	—	29	757
\$ 74	\$ 5,123	\$ 26,782	\$ 257,762

Combining Statement of Cash Flows

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compensation
Cash flows from operating activities:				
Operating income (loss)	\$ 10,557	\$ 9,007	\$ (843)	\$ (2,327)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:				
Depreciation and amortization	253	—	—	4
Provisions for loan losses and bad debts.....	—	—	1,470	—
Issuance of loans and notes.....	(67,932)	(96,913)	(8,889)	—
Collection of loans and notes	44,228	47,891	3,370	—
Interest payments.....	35,307	22,112	—	—
Interest on investments.....	(9,978)	(6,184)	—	(1,668)
Amounts received for payment of claims.....	—	—	—	—
Payment of claims.....	—	—	—	—
Other nonoperating expenses.....	—	—	—	—
Other.....	(114)	732	(183)	(1)
Change in assets--decreases (increases):				
Accounts receivable, net.....	23	(1,556)	157	—
Student loans receivable, net.....	—	8	—	—
Due from Federal government and other grantors.....	(228)	—	—	—
Inventories.....	—	—	—	—
Other restricted assets.....	(643)	1,102	—	—
Other current assets	—	—	—	—
Change in liabilities--increases (decreases):				
Accounts payable and accrued liabilities.....	142	2,023	(36)	(3,282)
Insurance claims incurred but not reported.....	—	—	—	65
Due to other funds.....	(30)	—	—	1
Deferred revenues	—	17	—	50
Deposits.....	—	—	73	—
Liabilities payable from restricted assets.....	—	—	—	—
Compensated absences payable	26	9	5	6
Other liabilities, including retainages payable.....	(9)	—	—	—
Net cash provided by (used in) operating activities.....	11,602	(21,752)	(4,876)	(7,152)
Cash flows from noncapital financing activities:				
Principal payments made to other funds.....	—	—	—	—
Proceeds from sale of revenue bonds.....	54,379	86,845	—	—
Principal payments on revenue bonds.....	(42,315)	(34,795)	—	—
Proceeds from notes payable.....	—	—	—	—
Principal payments on notes payable.....	—	—	—	—
Interest payments.....	(34,396)	(21,469)	—	—
Payment of bond issuance costs.....	(174)	(930)	—	—
Federal revenue.....	17,187	—	206	—
Payments from Federal grants.....	(17,187)	—	—	—
Operating transfers in	—	—	125	—
Operating deficiency reimbursement.....	—	—	—	—
Net cash provided by (used in) noncapital financing activities.....	(22,506)	29,651	331	—

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ (6)	\$ (168)	\$ 1,816	\$ 18,036
29	406	341	1,033
—	—	163	1,633
—	—	—	(173,734)
—	—	—	95,489
—	—	—	57,419
—	—	—	(17,830)
56,179	—	—	56,179
(50,818)	—	—	(50,818)
—	—	(913)	(913)
—	29	404	867
—	21	59	(1,296)
—	—	—	8
—	—	—	(228)
—	(36)	12	(24)
—	—	—	459
—	—	6	6
(1,210)	36	(1,062)	(3,389)
—	—	—	65
—	(2)	88	57
—	—	34	101
—	—	—	73
—	—	(7)	(7)
1	—	(73)	(26)
—	—	(216)	(225)
<u>4,175</u>	<u>286</u>	<u>652</u>	<u>(17,065)</u>
—	(20)	—	(20)
—	—	—	141,224
—	—	—	(77,110)
—	—	1,260	1,260
—	—	(350)	(350)
—	—	(791)	(56,656)
—	—	—	(1,104)
—	—	—	17,393
—	—	—	(17,187)
—	—	—	125
—	—	18	18
<u>—</u>	<u>(20)</u>	<u>137</u>	<u>7,593</u>

Continued on Next Page

Combining Statement of Cash Flows

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compensation
Cash flows from capital and related financing activities:				
Acquisition of property, plant, and equipment.....	\$ (340)	\$ —	\$ —	\$ (1)
Interest payments	—	—	—	—
Principal payments on notes payable	—	—	—	—
Contributions of capital	—	—	—	—
Net cash used in capital and related financing activities.....	(340)	—	—	(1)
Cash flows from investing activities:				
Proceeds from sale of investments.....	6,227	47,253	1,073	—
Purchase of investments	(149)	(47,864)	—	—
Interest on investments.....	9,154	6,292	—	1,613
Issuance of loans	—	—	—	—
Collection of loans	—	—	—	—
Net cash provided by investing activities.....	15,232	5,681	1,073	1,613
Net increase (decrease) in cash and cash equivalents.....	3,988	13,580	(3,472)	(5,540)
Cash and cash equivalents, July 1, 1994.....	95,841	65,419	9,757	35,346
Cash and cash equivalents, June 30, 1995.....	\$ 99,829	\$ 78,999	\$ 6,285	\$ 29,806
Noncash capital, investing, and financing activities:				
Acquisition of property and equipment through long-term notes payable.....	\$ —	\$ —	\$ —	\$ —
Transfers of noncapital assets.....	—	—	787	—
Total noncash capital, investing, and financing activities.....	\$ —	\$ —	\$ 787	\$ —

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ (24)	\$ (848)	\$ (2,188)	\$ (3,401)
—	—	(148)	(148)
—	—	(685)	(685)
—	—	29	29
<u>(24)</u>	<u>(848)</u>	<u>(2,992)</u>	<u>(4,205)</u>
—	—	—	54,553
—	—	—	(48,013)
3,200	4	1,326	21,589
—	—	(1,355)	(1,355)
—	—	350	350
<u>3,200</u>	<u>4</u>	<u>321</u>	<u>27,124</u>
7,351	(578)	(1,882)	13,447
40,444	1,933	19,519	268,259
<u>\$ 47,795</u>	<u>\$ 1,355</u>	<u>\$ 17,637</u>	<u>\$ 281,706</u>
\$ —	\$ —	\$ 1,500	\$ 1,500
—	—	—	787
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,500</u>	<u>\$ 2,287</u>

**Photograph is not available
in web version of CAFR**

White-tailed deer, abundant in South Carolina thanks to careful management, afford big-game hunting opportunities from August through December, the nation's longest season. The whitetail was designated in 1972 as the State Animal.

Internal Service Funds

Internal Service Funds provide goods/services to other funds, other agencies, or other governments on a cost-reimbursement basis. The State uses the following Internal Service Funds:

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. The Fund's customers are limited by law to certain governmental persons/entities within the State and certain associated parties.

Health and Disability Insurance Fund. This is a risk management fund which underwrites the group health, dental, and related benefits provided to State and public school employees and retirees.

State Accident Fund. This is a risk management fund which provides workers' compensation benefits 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.

Central Supplies and Equipment Fund. This fund sells office supplies and equipment, food, and paper

products to other governmental units. It also stores food and paper products for State agencies.

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.

Department of Transportation Internal Service Fund. This fund accounts for various service activities of the Department of Transportation. The fund provides data processing and printing services, equipment rentals, and office and engineering supplies to other divisions and county offices of the Department.

Pension Administration Fund. This fund administers the public employee retirement systems. Revenues of the fund primarily consist of assessments charged to the Pension Trust Funds.

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 Department of Vocational Rehabilitation.

**Photograph is not available
in web version of CAFR**

Black bears show up from Mountain Rest to Myrtle Beach, sometimes in unexpected places such as the medians of busy highways. Biologists with the Department of Natural Resources say the State's bear population is expanding and roaming; one study estimates that as many as 300 different bears move between North and South Carolina each year.

Combining Balance Sheet

INTERNAL SERVICE FUNDS

June 30, 1995

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services	Central Supplies and Equipment	Motor Pool
ASSETS						
Current assets:						
Cash and cash equivalents.....	\$ 242,884	\$ 180,602	\$ 48,486	\$ 22,997	\$ 1,436	\$ 2,572
Receivables, net:						
Accounts.....	18,355	2,482	20,801	361	1	53
Due from Federal government and other grantors.....	—	—	—	37	—	—
Due from other funds.....	4,510	16,030	14,716	3,874	789	1,339
Interfund receivables.....	4,077	—	—	35	—	—
Inventories.....	—	—	—	1,708	2,889	12
Other current assets.....	587	67	—	—	—	—
Total current assets.....	270,413	199,181	84,003	29,012	5,115	3,976
Long-term assets:						
Long-term investments.....	—	20,865	—	—	—	—
Advances to other funds.....	35,819	—	—	8	—	—
Total long-term assets.....	35,819	20,865	—	8	—	—
Property, plant, and equipment:						
Land and improvements.....	—	—	—	4,888	—	220
Buildings and improvements.....	—	—	—	129,766	—	635
Machinery, equipment, and other.....	910	841	854	62,267	—	17,220
Construction in progress.....	—	—	—	3,265	—	378
Less: accumulated depreciation.....	(587)	(346)	(417)	(84,688)	—	(9,854)
Total property, plant, and equipment, net.....	323	495	437	115,498	—	8,599
Total assets.....	\$ 306,555	\$ 220,541	\$ 84,440	\$ 144,518	\$ 5,115	\$ 12,575
LIABILITIES AND FUND EQUITY						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities.....	\$ 124,007	\$ 31,175	\$ 19,403	\$ 4,440	\$ 679	\$ 273
Insurance claims incurred but not reported.....	54,490	67,706	12,531	—	—	—
Due to other funds.....	6	21	106	796	3	118
Interfund payables.....	—	—	—	2,423	1,000	59
Deferred revenues.....	22,348	—	17,289	—	—	—
Limited obligation bonds payable.....	—	—	—	145	—	—
Capital lease and installment debt obligations payable.....	—	—	—	1,780	—	—
Compensated absences payable.....	243	274	213	1,686	—	113
Other current liabilities, including retainages payable.....	—	—	65	268	—	—
Total current liabilities.....	201,094	99,176	49,607	11,538	1,682	563
Long-term liabilities:						
Accrued liabilities.....	—	9,690	20,365	—	—	—
Insurance claims incurred but not reported.....	—	3,393	18,004	—	—	—
Advances from other funds.....	—	—	—	23,344	—	—
Limited obligation bonds payable.....	—	—	—	6,669	—	—
Capital lease and installment debt obligations payable.....	—	—	—	32,533	—	—
Total long-term liabilities.....	—	13,083	38,369	62,546	—	—
Total liabilities.....	201,094	112,259	87,976	74,084	1,682	563
Fund Equity (deficit):						
Contributed capital.....	11	11	—	60,812	—	319
Retained earnings (deficit).....	105,450	108,271	(3,536)	9,622	3,433	11,693
Total fund equity (deficit).....	105,461	108,282	(3,536)	70,434	3,433	12,012
Total liabilities and fund equity.....	\$ 306,555	\$ 220,541	\$ 84,440	\$ 144,518	\$ 5,115	\$ 12,575

Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 12,783	\$ 980	\$ 3,916	\$ 4,436	\$ —	\$ 521,092
—	—	772	—	—	42,825
—	—	—	—	—	37
—	2	208	225	(5,686)	36,007
—	—	—	3,065	(4,487)	2,690
—	—	1,616	—	—	6,225
—	—	—	—	—	654
<u>12,783</u>	<u>982</u>	<u>6,512</u>	<u>7,726</u>	<u>(10,173)</u>	<u>609,530</u>
—	—	—	—	—	20,865
—	—	—	19,733	(33,064)	22,496
—	—	—	19,733	(33,064)	43,361
—	—	—	—	—	5,108
—	—	—	—	—	130,401
13,144	3,185	6,725	156	—	105,302
—	—	—	—	—	3,643
(7,521)	(1,404)	(4,781)	(80)	—	(109,678)
<u>5,623</u>	<u>1,781</u>	<u>1,944</u>	<u>76</u>	<u>—</u>	<u>134,776</u>
<u>\$ 18,406</u>	<u>\$ 2,763</u>	<u>\$ 8,456</u>	<u>\$ 27,535</u>	<u>\$ (43,237)</u>	<u>\$ 787,667</u>
\$ —	\$ 781	\$ 543	\$ 50	\$ —	\$ 181,351
—	—	—	—	—	134,727
—	137	157	4,342	(5,686)	—
—	—	—	2,962	(4,487)	1,957
—	—	—	—	—	39,637
—	—	—	—	—	145
—	—	—	—	—	1,780
—	583	351	67	—	3,530
—	—	—	—	—	333
<u>—</u>	<u>1,501</u>	<u>1,051</u>	<u>7,421</u>	<u>(10,173)</u>	<u>363,460</u>
—	—	—	—	—	30,055
—	—	—	—	—	21,397
—	—	—	19,385	(33,064)	9,665
—	—	—	—	—	6,669
—	—	—	—	—	32,533
—	—	—	19,385	(33,064)	100,319
<u>—</u>	<u>1,501</u>	<u>1,051</u>	<u>26,806</u>	<u>(43,237)</u>	<u>463,779</u>
13,144	8	3,622	132	—	78,059
5,262	1,254	3,783	597	—	245,829
<u>18,406</u>	<u>1,262</u>	<u>7,405</u>	<u>729</u>	<u>—</u>	<u>323,888</u>
<u>\$ 18,406</u>	<u>\$ 2,763</u>	<u>\$ 8,456</u>	<u>\$ 27,535</u>	<u>\$ (43,237)</u>	<u>\$ 787,667</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services	Central Supplies and Equipment
Operating revenues:					
Charges for services.....	\$ 54,334	\$ 559,403	\$ 43,417	\$ 63,178	\$ 12,149
Contributions.....	—	—	—	38	—
Interest and other investment income.....	17,120	9,854	2,458	—	—
Total operating revenues.....	71,454	569,257	45,875	63,216	12,149
Operating expenses:					
General operations and administration.....	47,551	80,531	4,847	46,943	12,094
Benefits and claims.....	38,194	471,956	37,276	—	—
Depreciation	74	116	113	4,820	—
Other operating expenses.....	—	—	95	3,304	—
Total operating expenses.....	85,819	552,603	42,331	55,067	12,094
Operating income (loss).....	(14,365)	16,654	3,544	8,149	55
Nonoperating revenues (expenses):					
Interest income.....	—	—	—	112	—
Federal revenue.....	—	—	—	602	—
Interest expense.....	—	—	—	(5,025)	—
Other nonoperating revenues (expenses).....	—	—	—	1,693	—
Total nonoperating revenues (expenses).....	—	—	—	(2,618)	—
Income (loss) before operating transfers.....	(14,365)	16,654	3,544	5,531	55
Operating transfers in.....	36	61	—	2,806	—
Operating transfers out.....	(392)	(504)	(165)	(1,224)	—
Net income (loss).....	(14,721)	16,211	3,379	7,113	55
Retained earnings (deficits), July 1, 1994 (restated).....	120,169	92,062	(6,919)	3,029	3,378
Residual equity transfers in.....	2	—	4	—	—
Residual equity transfers out.....	—	(2)	—	(520)	—
Retained earnings (deficit), June 30, 1995.....	105,450	108,271	(3,536)	9,622	3,433
Contributed capital, July 1, 1994 (restated).....	11	11	—	60,823	—
Additions to contributed capital.....	—	—	—	3	—
Deductions from contributed capital.....	—	—	—	(14)	—
Fund equity (deficit), June 30, 1995.....	\$ 105,461	\$ 108,282	\$ (3,536)	\$ 70,434	\$ 3,433

Motor Pool	Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 7,164	\$ 4,982	\$ 10,056	\$ 11,593	\$ 951	\$ —	\$ 767,227
—	—	—	—	—	—	38
—	—	—	—	—	—	29,432
7,164	4,982	10,056	11,593	951	—	796,697
3,513	1,836	8,879	10,138	2,641	—	218,973
—	—	—	—	—	—	547,426
3,066	1,015	408	532	11	—	10,155
11	43	116	23	9	—	3,601
6,590	2,894	9,403	10,693	2,661	—	780,155
574	2,088	653	900	(1,710)	—	16,542
—	—	—	—	1,759	—	1,871
—	—	—	—	—	—	602
(8)	—	—	—	(1,429)	—	(6,462)
(206)	—	262	(136)	(117)	—	1,496
(214)	—	262	(136)	213	—	(2,493)
360	2,088	915	764	(1,497)	—	14,049
792	—	355	—	165	(2,541)	1,674
(94)	—	—	—	(162)	2,541	—
1,058	2,088	1,270	764	(1,494)	—	15,723
10,635	3,174	(16)	3,019	1,572	—	230,103
—	—	—	—	519	—	525
—	—	—	—	—	—	(522)
11,693	5,262	1,254	3,783	597	—	245,829
350	13,625	8	3,280	128	—	78,236
154	2,768	—	342	4	—	3,271
(185)	(3,249)	—	—	—	—	(3,448)
\$ 12,012	\$ 18,406	\$ 1,262	\$ 7,405	\$ 729	\$ —	\$ 323,888

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services
Cash flows from operating activities:				
Operating income (loss).....	\$ (14,365)	\$ 16,654	\$ 3,544	\$ 8,149
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:				
Depreciation	74	116	113	4,820
Loss on disposition of property and equipment.....	—	8	15	247
Interest on investments and interfund loans.....	(16,988)	(9,854)	(2,458)	—
Other nonoperating revenues.....	—	—	—	2,066
Other nonoperating expenses.....	—	—	—	—
Other.....	—	—	—	(6)
Change in assets--decreases (increases):				
Accounts receivable, net.....	(6,298)	(1,379)	(9,158)	(97)
Due from Federal government and other grantors	—	—	—	(37)
Due from other funds	(4,043)	4,770	(12,055)	(763)
Inventories.....	—	—	—	84
Other current assets.....	65	(65)	—	—
Change in liabilities--increases (decreases):				
Accounts payable and accrued liabilities.....	5,623	16,394	(16,205)	900
Insurance claims incurred but not reported.....	5,559	2,137	22,963	—
Due to other funds.....	(85)	(93)	(82)	(157)
Deferred revenues	10,273	(134)	13,458	(201)
Limited obligation bonds payable	—	—	—	6,814
Compensated absences payable.....	20	30	47	255
Other liabilities, including retainages payable.....	—	—	65	206
Net cash provided by (used in) operating activities.....	(20,165)	28,584	247	22,280
Cash flows from noncapital financing activities:				
Principal payments received from other funds.....	4,484	—	—	35
Proceeds from loans made by other funds.....	—	—	—	101
Principal payments made to other funds.....	—	—	—	(1,972)
Receipt of interest from other funds.....	2,585	—	—	2
Interest payments made to other funds.....	—	—	—	(1,639)
Loans made to other funds.....	(2,662)	—	—	—
Federal revenue.....	—	—	—	602
Operating transfers in.....	36	61	—	2,806
Operating transfers out.....	(392)	(504)	(165)	(1,224)
Residual equity transfers in.....	—	—	4	—
Residual equity transfers out.....	—	—	—	(133)
Net cash provided by (used in) noncapital financing activities.....	4,051	(443)	(161)	(1,422)

Central Supplies and Equipment	Motor Pool	Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 55	\$ 574	\$ 2,088	\$ 653	\$ 900	\$ (1,710)	\$ —	\$ 16,542
—	3,066	1,015	408	532	11	—	10,155
—	—	—	5	129	—	—	404
—	—	—	—	—	—	—	(29,300)
—	—	—	262	—	—	—	2,328
—	(159)	—	—	(136)	—	—	(295)
—	57	(1,088)	—	—	(8)	—	(1,045)
(1)	(24)	—	—	(238)	—	—	(17,195)
—	—	—	—	—	—	—	(37)
596	(226)	—	(2)	100	(201)	3,464	(8,360)
(22)	(3)	—	—	66	—	—	125
—	—	—	—	—	—	—	—
(727)	(106)	—	181	(142)	(25)	—	5,893
—	—	—	—	—	—	—	30,659
3	30	—	43	36	4,314	(3,464)	545
—	—	—	—	—	—	—	23,396
—	—	—	—	—	—	—	6,814
—	22	—	41	13	10	—	438
—	—	—	—	—	—	—	271
<u>(96)</u>	<u>3,231</u>	<u>2,015</u>	<u>1,591</u>	<u>1,260</u>	<u>2,391</u>	<u>—</u>	<u>41,338</u>
—	—	—	—	—	2,986	—	7,505
—	—	—	—	—	1,402	—	1,503
—	(56)	—	—	—	(3,052)	—	(5,080)
—	—	—	—	—	1,702	—	4,289
—	(8)	—	—	—	(1,427)	—	(3,074)
—	—	—	—	—	(1,402)	—	(4,064)
—	—	—	—	—	—	—	602
—	792	—	355	—	165	(2,541)	1,674
—	(94)	—	—	—	(162)	2,541	—
—	—	—	—	—	133	—	137
—	—	—	—	—	—	—	(133)
<u>—</u>	<u>634</u>	<u>—</u>	<u>355</u>	<u>—</u>	<u>345</u>	<u>—</u>	<u>3,359</u>

Continued on Next Page

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services
Cash flows from capital and related financing activities:				
Acquisition of property, plant, and equipment.....	\$ (103)	\$ (95)	\$ (96)	\$ (12,597)
Interest payments.....	—	—	—	(3,123)
Principal payments on capital leases and installment debt obligations payable.....	—	—	—	(1,566)
Net cash used in capital and related financing activities.....	(103)	(95)	(96)	(17,286)
Cash flows from investing activities:				
Proceeds from sale of investments.....	—	20,229	—	—
Purchase of investments.....	—	(21,955)	—	—
Interest on investments.....	14,403	9,854	2,458	110
Principal payments received on notes receivable.....	7	—	—	—
Net cash provided by investing activities.....	14,410	8,128	2,458	110
Net increase (decrease) in cash and cash equivalents.....	(1,807)	36,174	2,448	3,682
Cash and cash equivalents, July 1, 1994.....	244,691	144,428	46,038	19,315
Cash and cash equivalents, June 30, 1995.....	\$ 242,884	\$ 180,602	\$ 48,486	\$ 22,997
Noncash capital and financing activities:				
Acquisition of property and equipment through contributions and transfers from other funds.....	\$ —	\$ —	\$ —	\$ —

Central Supplies and Equipment	Motor Pool	Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ —	\$ (4,249)	\$ —	\$ (1,473)	\$ (394)	\$ (27)	\$ —	\$ (19,034)
—	—	—	—	—	(2)	—	(3,125)
—	—	—	—	—	—	—	(1,566)
—	(4,249)	—	(1,473)	(394)	(29)	—	(23,725)
—	—	—	—	—	—	—	20,229
—	—	—	—	—	—	—	(21,955)
—	—	—	—	—	57	—	26,882
—	—	—	—	—	—	—	7
—	—	—	—	—	57	—	25,163
(96)	(384)	2,015	473	866	2,764	—	46,135
1,532	2,956	10,768	507	3,050	1,672	—	474,957
<u>\$ 1,436</u>	<u>\$ 2,572</u>	<u>\$ 12,783</u>	<u>\$ 980</u>	<u>\$ 3,916</u>	<u>\$ 4,436</u>	<u>\$ —</u>	<u>\$ 521,092</u>
<u>\$ —</u>	<u>\$ 98</u>	<u>\$ 2,408</u>	<u>\$ —</u>	<u>\$ 342</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 2,852</u>

**Photograph is not available
in web version of CAFR**

“Mr. Bob,” the prince of game birds, sounds his territorial call from the weeds and woods during spring and summer mornings. Reliant for habitat on fencerows and the brushy edges of fields and ditches, bobwhite quail gather in the fall in congenial groups called coveys to rest and feed. While quail numbers have declined in the State over the past 15 years, management techniques such as prescribed burning on public lands can help reverse this trend.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for resources the State holds as trustee. Both the principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. The State uses the following Expendable Trust Funds:

Radioactive Waste Contingency Fund. A private company operates a low-level radioactive waste disposal facility within the State. The State and the company have entered into a trust agreement with the State Treasurer as trustee. The company has deposited monies into the trust fund to provide for site cleanup in the event that there is seepage into the groundwater or the site is abandoned.

Unemployment Compensation Benefits Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

Other Expendable Trust Funds. These funds, aggregated for presentation purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and provide for such items as scholarship funds, maintenance and operation of specific properties, and construction of monuments.

NONEXPENDABLE TRUST FUNDS

These funds account for resources the State holds as trustee. The principal of these funds must be preserved and only the earnings may be used for the purposes allowed under the trust agreement. Most of the resources in these funds were bequeathed to the State via wills of deceased persons.

PENSION TRUST FUNDS

Pension Trust Funds account for the following five public employee retirement systems that the State administers:

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

AGENCY FUNDS

Agency Funds are custodial in nature. They generally represent amounts held by the State on behalf of third parties. The State uses the following Agency Funds:

Deferred Compensation Plans. This fund accounts for the Section 457, Section 401(k), and Section 403(b) deferred compensation plans offered to employees of the State, its component units, and various local governmental units.

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of surety bonds.

Local Government Investment Pool. Excess public monies are deposited into this fund by various local governmental units and other political subdivisions of the State. The State Treasurer invests these monies in order to allow these participating governmental units to realize a higher income on their investments by pooling their investments.

Federal Interfund Activity Fund. This fund accounts for Federal grants and entitlements that are first received by one State agency and eventually will be distributed to another State agency.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, unclaimed property, miscellaneous clearing accounts, and other deposits.

Combining Balance Sheet

FIDUCIARY FUNDS

June 30, 1995

(Expressed in Thousands)

	EXPENDABLE TRUST			
	Radioactive Waste Contingency	Unemployment Compensation Benefits	Other Expendable Trust	NONEXPENDABLE TRUST
ASSETS				
Cash and cash equivalents.....	\$ 75,870	\$ 6,194	\$ 15,949	\$ 1,734
Cash on deposit with fiscal agents.....	—	551,093	—	—
Investments.....	—	—	—	—
Receivables, net:				
Accounts.....	757	—	219	27
Taxes.....	—	44,032	—	—
Loans and notes.....	—	—	—	—
Due from Federal government and other grantors...	—	—	—	—
Due from other funds.....	—	5	135	—
Interfund receivables.....	—	—	—	—
Advances to other funds.....	—	—	—	—
Other assets.....	—	—	—	—
Property, plant, and equipment:				
Land and improvements.....	—	—	—	—
Buildings and improvements.....	—	—	—	—
Machinery, equipment, and other.....	—	—	—	—
Less: accumulated depreciation.....	—	—	—	—
Total assets.....	\$ 76,627	\$ 601,324	\$ 16,303	\$ 1,761
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities.....	\$ 5,857	\$ 304	\$ 238	\$ —
Tax refunds payable.....	—	1,176	—	—
Due to other funds.....	—	—	1	—
Interfund payables.....	—	—	—	—
Advances from other funds.....	—	—	—	—
Deferred revenues.....	—	1,115	—	—
Deposits.....	—	—	—	—
Amounts held in custody for others.....	—	—	—	—
Deferred compensation.....	—	—	—	—
Other liabilities.....	—	—	—	—
Total liabilities.....	5,857	2,595	239	—
Fund Balances:				
Reserved for:				
Pension and other benefits.....	—	598,729	—	—
Endowment and similar funds.....	—	—	—	1,499
Unreserved, undesignated.....	70,770	—	16,064	262
Total fund balances.....	70,770	598,729	16,064	1,761
Total liabilities and fund balances.....	\$ 76,627	\$ 601,324	\$ 16,303	\$ 1,761

PENSION TRUST

South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Pension System
\$ 894,815	\$ 99,470	\$ 2,439	\$ 2,076	\$ 2,527
—	—	—	—	—
10,323,006	1,118,635	26,988	56,175	—
230,614	34,029	548	926	28
—	—	—	—	—
—	—	—	—	—
13,900	1,947	—	28	—
—	—	—	—	—
—	—	—	—	—
524	54	1	2	—
4,279	437	13	20	—
—	—	—	—	2
(296)	(30)	(1)	(1)	(1)
\$ 11,466,842	\$ 1,254,542	\$ 29,988	\$ 59,226	\$ 2,556
\$ 110,245	\$ 17,729	\$ 1	\$ 2,000	\$ —
—	—	—	—	—
14,714	774	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
124,959	18,503	1	2,000	—
11,341,883	1,236,039	29,987	57,226	2,556
—	—	—	—	—
11,341,883	1,236,039	29,987	57,226	2,556
\$ 11,466,842	\$ 1,254,542	\$ 29,988	\$ 59,226	\$ 2,556

Continued on Next Page

Combining Balance Sheet

FIDUCIARY FUNDS (Continued)

June 30, 1995

(Expressed in Thousands)

	Deferred Compensation Plans	Insurance Company Deposits
ASSETS		
Cash and cash equivalents.....	\$ —	\$ —
Cash on deposit with fiscal agents.....	—	—
Investments.....	770,657	313,891
Receivables, net:		
Accounts.....	1,916	—
Taxes.....	—	—
Loans and notes.....	16,880	—
Due from Federal government and other grantors.....	—	—
Due from other funds.....	—	—
Interfund receivables.....	—	—
Advances to other funds.....	—	—
Other assets.....	4,767	—
Property, plant, and equipment:		
Land and improvements.....	—	—
Buildings and improvements.....	—	—
Machinery, equipment, and other.....	—	—
Less: accumulated depreciation.....	—	—
Total assets.....	\$ 794,220	\$ 313,891
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities.....	\$ —	\$ —
Tax refunds payable.....	—	—
Due to other funds.....	—	—
Interfund payables.....	—	—
Advances from other funds.....	—	—
Deferred revenues.....	—	—
Deposits.....	—	—
Amounts held in custody for others.....	—	313,891
Deferred compensation.....	794,220	—
Other liabilities.....	—	—
Total liabilities.....	794,220	313,891
Fund Balances:		
Reserved for:		
Pension and other benefits.....	—	—
Endowment and similar funds.....	—	—
Unreserved, undesignated.....	—	—
Total fund balances.....	—	—
Total liabilities and fund balances.....	\$ 794,220	\$ 313,891

AGENCY

Local Government Investment Pool	Federal Interfund Activity	Payroll Clearing	Other Agency	Eliminations	Totals
\$ 39,993	\$ 91	\$ 8,517	\$ 214,104	\$ —	\$ 1,363,779
—	—	—	—	—	551,093
470,980	—	—	16,351	—	13,096,683
1,621	7	7	2,375	—	273,074
—	—	—	—	—	44,032
—	—	—	—	—	16,880
—	—	—	16	—	16
—	3,083	38,729	4,632	(46,578)	15,881
—	—	—	20	—	20
—	—	—	40	—	40
—	—	—	38	—	4,805
—	—	—	—	—	581
—	—	—	—	—	4,749
—	—	—	—	—	2
—	—	—	—	—	(329)
\$ 512,594	\$ 3,181	\$ 47,253	\$ 237,576	\$ (46,578)	\$ 15,371,306
\$ 40,000	\$ —	\$ 305	\$ 1,578	\$ —	\$ 178,257
—	—	—	—	—	1,176
—	3,114	8,492	61,305	(46,578)	41,822
—	—	30	—	—	30
—	—	—	1,100	—	1,100
—	—	—	—	—	1,115
—	—	—	3,493	—	3,493
472,594	67	38,426	169,935	—	994,913
—	—	—	—	—	794,220
—	—	—	165	—	165
512,594	3,181	47,253	237,576	(46,578)	2,016,291
—	—	—	—	—	13,266,420
—	—	—	—	—	1,499
—	—	—	—	—	87,096
—	—	—	—	—	13,355,015
\$ 512,594	\$ 3,181	\$ 47,253	\$ 237,576	\$ (46,578)	\$ 15,371,306

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

EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Other Expendable Trust	Totals
Revenues:				
Taxes, other.....	\$ —	\$ 199,629	\$ —	\$ 199,629
Licenses, fees, and permits.....	1,891	—	6,521	8,412
Interest and other investment income.....	4,027	33,625	1,052	38,704
Federal.....	—	9,889	—	9,889
Contributions.....	—	4	6	10
Other.....	—	1,896	735	2,631
Total revenues.....	5,918	245,043	8,314	259,275
Expenditures:				
Current:				
General governmental.....	—	179,684	4,506	184,190
Health and environment.....	—	—	5	5
Social services.....	—	—	44	44
Administration of justice.....	—	—	14	14
Resources and economic development.....	—	—	6	6
Total expenditures.....	—	179,684	4,575	184,259
Revenues over expenditures.....	5,918	65,359	3,739	75,016
Other financing sources (uses):				
Operating transfers in.....	—	—	135	135
Operating transfers out.....	—	(1,144)	(1)	(1,145)
Total other financing sources (uses).....	—	(1,144)	134	(1,010)
Revenues and other sources over expenditures and other uses.....	5,918	64,215	3,873	74,006
Fund balances, July 1, 1994 (restated).....	64,852	534,514	12,191	611,557
Fund balances, June 30, 1995.....	\$ 70,770	\$ 598,729	\$ 16,064	\$ 685,563

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

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	PENSION TRUST						
	NON- EXPEND- ABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Pension System	Total Pension Trust
Operating revenues:							
Contributions.....	\$ 1	\$ 629,840	\$ 87,112	\$ 1,828	\$ 4,913	\$ 2,499	\$ 726,192
Interest and other investment income.....	70	926,003	97,561	2,490	4,906	196	1,031,156
Licenses, fees, and permits.....	68	—	—	—	—	—	—
Total operating revenues.....	139	1,555,843	184,673	4,318	9,819	2,695	1,757,348
Operating expenses:							
General operations and administration.....	35	9,018	968	25	45	21	10,077
Benefits and claims.....	—	583,843	62,000	2,928	4,588	1,394	654,753
Depreciation and amortization.....	—	106	11	—	—	1	118
Total operating expenses.....	35	592,967	62,979	2,953	4,633	1,416	664,948
Operating income.....	104	962,876	121,694	1,365	5,186	1,279	1,092,400
Operating transfers:							
Operating transfers in.....	1	6,294	149	—	—	—	6,443
Net income.....	105	969,170	121,843	1,365	5,186	1,279	1,098,843
Fund balances, July 1, 1994.....	1,656	10,372,713	1,114,196	28,622	52,040	1,277	11,568,848
Fund balances, June 30, 1995.....	\$ 1,761	\$ 11,341,883	\$ 1,236,039	\$ 29,987	\$ 57,226	\$ 2,556	\$ 12,667,691

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
DEFERRED COMPENSATION PLANS				
Assets				
Investments.....	\$ 674,766	\$ 119,456	\$ 23,565	\$ 770,657
Accounts receivable.....	2,161	70,899	71,144	1,916
Loans and notes receivable.....	13,554	3,326	—	16,880
Other assets.....	4,437	975	645	4,767
Total assets.....	\$ 694,918	\$ 194,656	\$ 95,354	\$ 794,220
Liabilities				
Deferred compensation.....	\$ 694,918	\$ 123,786	\$ 24,484	\$ 794,220
Total liabilities.....	\$ 694,918	\$ 123,786	\$ 24,484	\$ 794,220
INSURANCE COMPANY DEPOSITS				
Assets				
Investments.....	\$ 282,268	\$ 106,668	\$ 75,045	\$ 313,891
Liabilities				
Amounts held in custody for others.....	\$ 282,268	\$ 106,668	\$ 75,045	\$ 313,891
LOCAL GOVERNMENT INVESTMENT POOL				
Assets				
Cash and cash equivalents.....	\$ 50,051	\$ 34,690,276	\$ 34,700,334	\$ 39,993
Investments.....	392,947	31,667,856	31,589,823	470,980
Accounts receivable.....	831	19,962	19,172	1,621
Total assets.....	\$ 443,829	\$ 66,378,094	\$ 66,309,329	\$ 512,594
Liabilities				
Accounts payable and accrued liabilities.....	\$ 50,000	\$ 40,000	\$ 50,000	\$ 40,000
Amounts held in custody for others.....	393,829	1,411,419	1,332,654	472,594
Total liabilities.....	\$ 443,829	\$ 1,451,419	\$ 1,382,654	\$ 512,594

Continued on Next Page

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
FEDERAL INTERFUND ACTIVITY				
Assets				
Cash and cash equivalents.....	\$ 237	\$ 20,061	\$ 20,207	\$ 91
Accounts receivable.....	3	7	3	7
Due from Federal government and other grantors.....	704	—	704	—
Due from other funds.....	2,032	3,082	2,031	3,083
Total assets.....	\$ 2,976	\$ 23,150	\$ 22,945	\$ 3,181
Liabilities				
Due to other funds.....	\$ 2,551	\$ 3,354	\$ 2,791	\$ 3,114
Amounts held in custody for others.....	425	12,472	12,830	67
Total liabilities.....	\$ 2,976	\$ 15,826	\$ 15,621	\$ 3,181
PAYROLL CLEARING				
Assets				
Cash and cash equivalents.....	\$ 8,047	\$ 851,807	\$ 851,337	\$ 8,517
Accounts receivable.....	12	7	12	7
Due from other funds.....	38,426	38,729	38,426	38,729
Total assets.....	\$ 46,485	\$ 890,543	\$ 889,775	\$ 47,253
Liabilities				
Accounts payable and accrued liabilities.....	\$ 180	\$ 347	\$ 222	\$ 305
Due to other funds.....	7,916	8,522	7,946	8,492
Interfund payables.....	25	30	25	30
Amounts held in custody for others.....	38,364	727,641	727,579	38,426
Total liabilities.....	\$ 46,485	\$ 736,540	\$ 735,772	\$ 47,253

Continued on Next Page

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
OTHER AGENCY				
Assets				
Cash and cash equivalents.....	\$ 119,298	\$ 1,355,066	\$ 1,260,260	\$ 214,104
Investments.....	979	15,372	—	16,351
Accounts receivable.....	969	2,376	970	2,375
Due from Federal government and other grantors.....	—	16	—	16
Due from other funds.....	4,298	4,631	4,297	4,632
Interfund receivables.....	20	20	20	20
Advances to other funds.....	60	20	40	40
Other assets.....	408	38	408	38
Total assets.....	\$ 126,032	\$ 1,377,539	\$ 1,265,995	\$ 237,576
Liabilities				
Accounts payable and accrued liabilities.....	\$ 2,615	\$ 1,578	\$ 2,615	\$ 1,578
Intergovernmental payables.....	57	—	57	—
Due to other funds.....	41,308	63,941	43,944	61,305
Advances from other funds.....	1,100	1,100	1,100	1,100
Deposits.....	3,956	3,494	3,957	3,493
Amounts held in custody for others.....	76,831	1,040,832	947,728	169,935
Other liabilities.....	165	165	165	165
Total liabilities.....	\$ 126,032	\$ 1,111,110	\$ 999,566	\$ 237,576
TOTALS--ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents.....	\$ 177,633	\$ 36,917,210	\$ 36,832,138	\$ 262,705
Investments.....	1,350,960	31,909,352	31,688,433	1,571,879
Accounts receivable.....	3,976	93,251	91,301	5,926
Loans and notes receivable.....	13,554	3,326	—	16,880
Due from Federal government and other grantors.....	704	16	704	16
Due from other funds.....	44,756	46,442	44,754	46,444
Interfund receivables.....	20	20	20	20
Advances to other funds.....	60	20	40	40
Other assets.....	4,845	1,013	1,053	4,805
Total assets.....	\$ 1,596,508	\$ 68,970,650	\$ 68,658,443	\$ 1,908,715
Liabilities				
Accounts payable and accrued liabilities.....	\$ 52,795	\$ 41,925	\$ 52,837	\$ 41,883
Intergovernmental payables.....	57	—	57	—
Due to other funds.....	51,775	75,817	54,681	72,911
Interfund payables.....	25	30	25	30
Advances from other funds.....	1,100	1,100	1,100	1,100
Deposits.....	3,956	3,494	3,957	3,493
Amounts held in custody for others.....	791,717	3,299,032	3,095,836	994,913
Deferred compensation.....	694,918	123,786	24,484	794,220
Other liabilities.....	165	165	165	165
Total liabilities.....	\$ 1,596,508	\$ 3,545,349	\$ 3,233,142	\$ 1,908,715

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets

except those accounted for in the Proprietary Funds, Discretely Presented Component Units, Fiduciary Funds, and Higher Education Funds.

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Ubiquitous today in Lowcountry swamps and rivers, American alligators were so scarce a quarter-century ago that they were declared endangered and protected under federal law. About 100,000 now reside in the Palmetto State, a population considered stable and one large enough that the Department of Natural Resources fields some 600 complaints a year about nuisance gators! The big reptiles frequently can be spotted basking on the banks and edges of rivers, canals and ponds, or sometimes just as snout and eyes above the surface of the water.

Schedule of General Fixed Assets by Function

June 30, 1995

(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General governmental.....	\$ 8,873	\$ 118,349	\$ 93,000	\$ 220,222
Education.....	5,569	79,187	274,112	358,868
Health and environment.....	11,982	182,962	114,509	309,453
Social services.....	514	12,809	24,311	37,634
Administration of justice.....	5,964	368,572	98,470	473,006
Resources and economic development.....	131,089	66,776	77,331	275,196
Transportation.....	3,257	59,910	180,226	243,393
Total general fixed assets allocated to functions.....	\$ 167,248	\$ 888,565	\$ 861,959	1,917,772
Construction in progress.....				73,176
Total general fixed assets.....				\$ 1,990,948

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No trash container devised by man will foil the dexterity and ingenuity of the masked marauder shown above, the raccoon. Abundant in South Carolina and most plentiful near the coast, raccoons eat almost anything. In the wild, coons grope and search for small aquatic food items such as crayfish and clams, leading to the erroneous belief that the animals wash their food.

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

Function	Balance July 1, 1994 As Previously Reported	Adjust- ments	Balance July 1, 1994 As Restated	Additions	Retire- ments	Balance June 30, 1995
General governmental.....	\$ 187,667	\$ —	\$ 187,667	\$ 38,876	\$ 6,321	\$ 220,222
Education.....	318,564	—	318,564	47,378	7,074	358,868
Health and environment.....	291,658	742	292,400	21,880	4,827	309,453
Social services.....	36,893	—	36,893	3,034	2,293	37,634
Administration of justice.....	415,046	—	415,046	74,916	16,956	473,006
Resources and economic development	267,799	(742)	267,057	11,354	3,215	275,196
Transportation.....	238,051	—	238,051	20,095	14,753	243,393
Construction in progress.....	120,067	—	120,067	38,309	85,200	73,176
Total general fixed assets.....	\$ 1,875,745	\$ —	\$ 1,875,745	\$ 255,842	\$ 140,639	\$ 1,990,948

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Locals who have heard the barred owl's eerie call echo across the wooded bottomlands and swamps have given their own nicknames to the brown-eyed, round-headed resident: hoot owl or crazy owl.

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Carolina's quiet waters sustain both birds and humans. Unlike their migratory brothers, the Canada geese stay year-round, their ancestors brought by Department of Natural Resources biologists in the late 1970s from Northern states — where there were “too many” of the birds — to establish a population of the waterfowl here.

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Places to paddle abound in the Palmetto State, with the Edisto River Canoe and Kayak Trail in 1988 declared the first of its kind in South Carolina: 44 miles of beautiful black water, framed in natural greenery and enhanced by the presence of wildlife. State agencies and representatives from local communities unite to protect their waterways through the State Scenic Rivers program.

Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. The four-year institutions are:

The Citadel
Clemson University
Coastal Carolina University
The College of Charleston (including an Undergraduate School, known as the College of Charleston, and a Graduate School, known as the University of Charleston)
Francis Marion University
Lander University
The Medical University of South Carolina
South Carolina State University
The University of South Carolina
Winthrop University

Area technical colleges include:

Aiken Technical College
Central Carolina Technical College
Chesterfield-Marlboro Technical College
Denmark Technical College
Florence-Darlington Technical College
Greenville Technical College
Horry-Georgetown Technical College
Midlands Technical College
Orangeburg-Calhoun Technical College
Piedmont Technical College
Spartanburg Technical College
Technical College of the Lowcountry
Tri-County Technical College
Trident Technical College
Williamsburg Technical College
York Technical College

Higher Education Funds include the following individual funds:

CURRENT FUNDS

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives.

Unrestricted Current Funds. These funds account for currently expendable resources which may be either completely unrestricted or designated by institution officials for specific purposes.

Restricted Current Funds. These funds account for resources that donors or other outside agencies have restricted for specific current operating purposes.

LOAN FUNDS

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

ENDOWMENT AND SIMILAR FUNDS

These funds account for endowments and quasi-endowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

PLANT FUNDS

Plant Funds account for transactions involving physical properties of the higher education institutions.

Unexpended Plant Funds. The Unexpended Plant Funds subgroup accounts for resources that institutions have available to finance the acquisition, construction, or improvement of physical properties. Resources that institutions have set aside for the renewal and replacement of institutional properties are also recorded in this fund. Assets under construction may be accounted for in this fund or in the Investment in Plant Funds.

Retirement of Indebtedness Funds. The Retirement of Indebtedness Funds subgroup includes amounts to pay debt service and to retire indebtedness on institutional properties.

Investment in Plant Funds. The Investment in Plant Funds subgroup accounts for resources that the institution has expended for (and thus has invested in) its properties and any related outstanding debt.

AGENCY FUNDS

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

FOUNDATIONS AND INSTITUTES FUNDS

Foundations and Institutes Funds account for certain component units of the State's colleges and universities. All but one of these component units meet the criteria for blending but are presented in a separate column because they use a basis of accounting different from the one followed by the State's colleges and universities. The South Carolina Environmental Education Consortium qualifies as a discrete component unit of one of the State's universities but is still considered part of the State's primary government. Most of these component units are non-profit entities that follow generally accepted accounting principles for not-for-profit entities.

Combining Balance Sheet

HIGHER EDUCATION FUNDS

June 30, 1995

(Expressed in Thousands)

(Expressed in Thousands)	CURRENT FUNDS			LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted			
ASSETS					
Cash and cash equivalents.....	\$ 262,180	\$ 3,306	\$ 3,703	\$ 34,425	
Investments.....	8,020	3,022	640	21,080	
Receivables, net:					
Accounts.....	3,344	847	103	138	
Patient and student.....	58,438	—	—	—	
Student loans.....	—	—	42,069	—	
Loans and notes.....	—	118	—	—	
Due from Federal government and other grantors.....	17,979	46,260	43	—	
Due from other Higher Education Funds.....	55,903	387	85	28	
Due from other funds.....	5,774	2,746	—	—	
Due from component units.....	805	—	—	—	
Advances to other funds.....	—	—	—	—	
Inventories.....	20,687	—	—	—	
Other assets.....	14,439	482	121	1,145	
Property, plant, and equipment, net.....	—	—	—	—	
Total assets.....	<u>\$ 447,569</u>	<u>\$ 57,168</u>	<u>\$ 46,764</u>	<u>\$ 56,816</u>	
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities.....	\$ 60,206	\$ 8,121	\$ 315	\$ 577	
Due to other Higher Education Funds.....	10,807	17,243	89	88	
Due to other funds.....	37,749	25	—	—	
Interfund payables.....	68	—	—	—	
Advances from other funds.....	65	—	—	—	
Deferred revenues.....	31,724	351	—	—	
Deposits.....	2,672	6	—	—	
Amounts held in custody for others.....	—	—	—	—	
Notes payable.....	—	1,500	—	—	
General obligation bonds payable.....	—	—	—	—	
Revenue bonds payable.....	—	—	—	—	
Certificates of participation payable.....	—	—	—	—	
Capital lease and installment debt obligations payable....	—	—	—	—	
Compensated absences payable.....	68,235	86	—	—	
Other liabilities.....	906	62	—	—	
Total liabilities.....	<u>212,432</u>	<u>27,394</u>	<u>404</u>	<u>665</u>	
Fund Balances:					
Investment in plant.....	—	—	—	—	
Reserved for:					
Restricted fund balance.....	—	29,774	4,832	—	
Federal government grants refundable.....	—	—	41,486	—	
Endowment and similar funds.....	—	—	—	36,469	
Encumbrances.....	1,554	—	—	—	
Other special purposes.....	5,418	—	—	—	
Unreserved:					
Designated for special purposes.....	3,780	—	42	—	
Designated for quasi-endowments.....	—	—	—	19,682	
Undesignated.....	224,385	—	—	—	
Total fund balances.....	<u>235,137</u>	<u>29,774</u>	<u>46,360</u>	<u>56,151</u>	
Total liabilities and fund balances.....	<u>\$ 447,569</u>	<u>\$ 57,168</u>	<u>\$ 46,764</u>	<u>\$ 56,816</u>	

PLANT FUNDS			AGENCY FUNDS	FOUNDATIONS AND INSTITUTES	Eliminations	Totals
Unexpended	Retirement of Indebtedness	Investment in Plant				
\$ 100,312	\$ 61,286	\$ —	\$ 7,769	\$ 34,131	\$ —	\$ 507,112
1,693	—	—	—	30,436	—	64,891
1,459	580	—	7,768	706	—	14,945
—	—	—	—	24,252	—	82,690
—	—	—	—	21	—	42,090
—	—	—	—	—	—	118
197	—	—	—	2,139	—	66,618
8,403	2,143	—	22	1,739	(68,710)	—
782	—	—	135	—	(8,475)	962
—	—	—	—	—	—	805
—	543	—	—	22,821	(23,364)	—
—	—	—	—	567	—	21,254
3,231	44	—	59	24,882	—	44,403
58,077	—	2,578,153	—	32,908	—	2,669,138
\$ 174,154	\$ 64,596	\$ 2,578,153	\$ 15,753	\$ 174,602	\$ (100,549)	\$ 3,515,026
\$ 18,566	\$ 7,731	\$ —	\$ 8,044	\$ 5,399	\$ —	\$ 108,959
1,988	3,551	—	49	34,895	(68,710)	—
—	—	—	805	—	(8,475)	30,104
—	—	897	—	—	—	965
543	—	26,838	—	—	(23,364)	4,082
—	—	—	—	573	—	32,648
—	—	—	—	—	—	2,678
—	—	—	6,810	—	—	6,810
9,259	—	26,937	—	61,620	—	99,316
8,921	—	35,424	—	—	—	44,345
19,265	—	210,089	—	1,030	—	230,384
—	—	—	—	23,509	—	23,509
—	—	12,123	—	462	—	12,585
—	—	—	—	2,788	—	71,109
6,071	—	252	45	1,280	—	8,616
64,613	11,282	312,560	15,753	131,556	(100,549)	676,110
—	—	2,265,593	—	—	—	2,265,593
85,212	52,749	—	—	12,813	—	185,380
—	—	—	—	—	—	41,486
—	—	—	—	—	—	36,469
—	—	—	—	—	—	1,554
875	—	—	—	—	—	6,293
23,454	565	—	—	—	—	27,841
—	—	—	—	—	—	19,682
—	—	—	—	30,233	—	254,618
109,541	53,314	2,265,593	—	43,046	—	2,838,916
\$ 174,154	\$ 64,596	\$ 2,578,153	\$ 15,753	\$ 174,602	\$ (100,549)	\$ 3,515,026

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On South Carolina's diverse man-made lakes, boating has boomed. Some 360,000 watercraft are now registered, from small fishing boats to cabin cruisers to pontoons. Despite ranking fortieth in size, South Carolina ranks ninth nationally in the number of registered boats and third in the number of registered boats per capita.

Schedules--Budgetary General Fund

The Budgetary General Fund, which corresponds to the General Funds column in the Appropriation Act, is the State's general operating fund. The Budgetary General Fund differs significantly from the GAAP-basis General Fund.

The schedules in this section have been prepared using the budgetary basis of accounting. In South Carolina, the budgetary basis of accounting is the cash basis with certain exceptions. The Notes to the Financial Statements include a more detailed description of the budgetary basis of accounting.

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Sport not for the faint of heart, whitewater kayaking demands training, approved safety gear, and a healthy respect for a perilous river. The Chattooga, forming the northern border between Georgia and South Carolina, lures adventurers not just with its thrills, but also with its pristine beauty.

Appropriation Activity

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1995
(Expressed in Thousands)

Function	Original Appropriations	Adjustments ^a
Legislative.....	\$ 25,687	\$ 3,404
Judicial.....	28,577	3,288
Executive and administrative.....	175,209	13,174
Educational.....	1,916,311	139,960
Health.....	650,142	78,201
Social rehabilitation services.....	135,648	10,204
Correctional and public safety.....	353,531	42,710
Conservation, natural resources, and development.....	105,845	38,182
Regulatory.....	82,725	10,282
Department of Transportation.....	587	28
Debt service.....	144,661	—
Miscellaneous.....	239,132	117,862
Totals--appropriations for expenditures.....	3,858,055	457,295
Transfer to designation for capital and nonrecurring.....	73,452	(6,195)
Totals--appropriations for expenditures and intrafund transfers.....	\$ 3,931,507	\$ 451,100

Note: See Note 2 to the Financial Statements for information on budgetary accounting and reporting.

^a The adjustments shown above (expressed in thousands) may be summarized as follows:

Appropriations brought forward from 1993-94.....	\$ 198,653
Governor vetoes of 1993-94 supplemental appropriations.....	(16,963)
Open-ended appropriations.....	3,572
Supplemental appropriations.....	227,051
Surplus revenue appropriations 1993-94.....	38,787
Total adjustments.....	\$ 451,100

<u>Adjusted Appropriations</u>	<u>Expenditures</u>	<u>Intrafund Transfer</u>	<u>Appropriations To Be Carried Forward</u>	<u>Lapsed Appropriations</u>
\$ 29,091	\$ 26,303	\$ —	\$ 2,788	\$ —
31,865	30,287	—	1,578	—
188,383	141,253	—	38,326	8,804
2,056,271	1,982,413	—	73,837	21
728,343	686,058	—	42,285	—
145,852	141,360	—	4,485	7
396,241	372,621	—	22,911	709
144,027	114,234	—	27,777	2,016
93,007	89,397	—	3,488	122
615	609	—	6	—
144,661	141,181	—	—	3,480
356,994	258,877	—	95,959	2,158
4,315,350	3,984,593	—	313,440	17,317
67,257	—	67,257	—	—
\$ 4,382,607	\$ 3,984,593	\$ 67,257	\$ 313,440	\$ 17,317

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With 76 miles of our 181-mile oceanfront in public hands, South Carolinians and their guests can readily avail themselves of broad, beautiful beaches such as this one at Huntington Beach State Park. Other parks, preserves and refuges protect valuable coastline property, assuring future generations' enjoyment.

General Fund Reserve Activity

BUDGETARY GENERAL FUND

Last Ten Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Fund Reserve, a reserve primarily designed to prevent Budgetary General Fund deficits. On November 4, 1984, a Constitutional amendment changed the funding requirement from five to four percent of the Budgetary General Fund revenue of the latest completed fiscal year. Provisions of the amendment also allowed the percentage rate to be reduced to three or increased to five percent by a special vote of the General Assembly. An act which took effect on March 9, 1988, reduced the percentage rate to three

percent. 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 latest completed fiscal year.

If amounts are withdrawn from the Reserve, the State Constitution establishes a schedule for restoring the Reserve to full funding within three years.

Key amounts (expressed in thousands) for the General Fund Reserve for the last ten fiscal years are:

Fiscal Year Ended June 30	Start-of- Year Balance	Deposits	Withdrawals	End-of-Year Balance	Full-Funding Amount	Actual End-of- Year % Funded ^c
1986	\$ 89,128	\$ —	\$ (37,353)	\$ 51,775	\$ 95,735 ^a	54%
1987	51,775	23,606	—	75,381	100,372 ^a	75%
1988	75,381	25,093	(14,382)	86,092	80,783 ^b	107%
1989	86,092	7,217	(5,310)	87,999	87,999 ^b	100%
1990	87,999	—	—	87,999	94,114 ^b	94%
1991	87,999	6,115	(60,687)	33,427	98,843 ^b	34%
1992	33,427	4,729	(38,156)	—	99,163 ^b	0%
1993	—	66,832	—	66,832	100,248 ^b	67%
1994	66,832	43,346	—	110,178	110,178 ^b	100%
1995	110,178	10,557	—	120,735	120,735 ^b	100%

^a Equals 4% of the Budgetary General Fund revenues for the latest completed fiscal year.

^b Equals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

^c Equals (End-of-Year Balance/Full Funding Amount) x 100.

Funds Earmarked for Public Education

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1995

(Expressed in Thousands)

Gross budgetary-basis revenues:

Retail sales tax (4%) and excise tax--casual sales.....	\$ 1,442,466
Alcoholic liquors tax--60% portion.....	19,548
Beer and wine tax--penalties and fines.....	201
Soft drinks tax.....	24,590
Commercial nuclear waste tax.....	4,054

Gross budgetary-basis revenues.....	<u>1,490,859</u>
--	-------------------------

Total budgetary-basis revenues earmarked for public education (95.5% of gross budgetary-basis revenues).....	<u>1,423,770</u>
---	-------------------------

Budgetary-basis expenditures:

Department of Education.....	1,252,333
State Board of Technical and Comprehensive Education.....	137,513
Educational Television Commission.....	19,695
Wil Lou Gray Opportunity School.....	2,701
School for the Deaf and Blind.....	10,401
John De La Howe School.....	3,429

Total budgetary-basis expenditures for public education.....	<u>1,426,072</u>
---	-------------------------

Excess of budgetary-basis expenditures over revenues earmarked for public education.....	<u>\$ 2,302</u>
---	------------------------

Part I, Section 1, of the 1992-93 Appropriation Act and Sections 12-21-1130, 12-33-30, 48-47-175, and 61-13-520 of the South Carolina Code of Laws require that the State's portion of those Budgetary General Fund revenues shown above be expended only to support the specific public education agencies listed above (including debt service on Capital Improvement Bonds applicable to those agencies). These legal requirements are considered to be satisfied if the amount of Budgetary General Funds expended for these particular agencies exceeds the State's portion of the specified revenues.

Title 6, Chapter 27 of the South Carolina Code of Laws is known as the State Aid to Subdivisions Act. That Act requires the State to appropriate not less than four and one-half percent (4.5%) of the

latest completed fiscal year's total Budgetary General Fund revenues to local governments. Accordingly, the State's portion of the above revenues is ninety-five and one-half percent (95.5%) of the gross revenues.

Legal-basis debt service expenditures on Capital Improvement Bonds applicable to the designated public education agencies could not be determined. If available, this amount would increase both expenditures and the excess of expenditures over revenues earmarked for public education. Records of the State Treasurer's Office show that Capital Improvement Bond proceeds of \$28.765 million were allocated to the designated public education agencies in 1994-95.

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South Carolina's beaches hold treasures for those willing to do more than just relax in the sun. For many of us, gathering shells and sand dollars, and often ancient sharks' teeth and fossils, puts our memories of hot, lazy days into tangible forms.

Required Supplementary Information

Required supplementary information consists of statements, schedules, statistical data or other information which, according to the Governmental

Accounting Standards Board, is necessary to supplement, although not required to be a part of, the general purpose financial statements.

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Wading birds seem almost synonymous with our coast. Twelve types of herons, egrets and bitterns inhabit the State's wetlands, the most conspicuous being the great egret, a graceful, long-legged bird that spends as much as 90 percent of its time delicately stalking its fishy prey.

National Guard Pension System Historical Trend Information

Last Nine Fiscal Years
(Expressed in Thousands)

Analysis of Funding Progress

Fiscal Year Ended June 30	Net Assets Available for Benefits	Pension Benefit Obligation (PBO)	Percentage Funded	Unfunded PBO	Annual Covered Payroll	Unfunded PBO as a Percentage of Covered Payroll
1987	\$ 0	\$ b	0.0%	\$ b	\$ 38,293	b
1988	0	b	0.0%	b	40,748	b
1989	0	b	0.0%	b	41,611	b
1990	0	b	0.0%	b	48,818	b
1991 ^a	0	18,778	0.0%	18,778	48,827	38.5%
1992	0	19,934	0.0%	19,934	50,404	39.6%
1993	0	23,300	0.0%	23,300	48,385	48.2%
1994 ^c	2,499	25,016	10.0%	22,517	50,766	44.4%
1995	3,760	26,413	14.2%	22,653	50,879	44.5%

^a The first actuarial valuation of the National Guard Pension System was prepared as of July 1, 1990.

^b No actuarial valuation was prepared for these years, but all of the PBO was unfunded.

^c Before July 1, 1993, the National Guard Pension System operated on a pay-as-you-go basis. On July 1, 1993, the State began funding the plan on an actuarial basis.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation (PBO), and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the National Guard Pension System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit

obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

Continued on Next Page

National Guard Pension System Historical Trend Information (Continued)

Last Nine Fiscal Years

(Expressed in Thousands)

Revenues by Source ^d

Fiscal Year Ended June 30	Employer Contributions		
	Amount	Percentage of Covered Payroll	Investment Income
1987	\$ 519	1.4%	\$ e
1988	581	1.4%	e
1989	679	1.6%	e
1990	786	1.6%	e
1991	905	1.9%	e
1992	1,043	2.1%	e
1993	1,170	2.4%	e
1994	2,499	4.9%	69
1995	2,499	4.9%	196

Expenses by Type ^f

Fiscal Year Ended June 30	Benefit Payments	Administrative Expenses
1987	\$ 519	\$ g
1988	581	g
1989	679	g
1990	786	g
1991	905	g
1992	1,043	g
1993	1,170	g
1994	1,279	12
1995	1,394	21

^d No employee contributions are required for this defined benefit retirement system.^e There was no investment income because there were no assets available prior to July 1, 1993, when the State began actuarial funding of the System.^f There are no refunds because there are no employee contributions.^g In accordance with State Law, the State Adjutant General's Office administers the System. Prior to July 1, 1993, the costs of administering the System were not separated from other administrative expenses of the Adjutant General's Office.

The above information is presented only for years available. Additional years will be added as available.

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Statistical Section

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Winter's dawn is the waterfowler's hour on the brackish ponds and marshes of Carolina. Cold-numbed hands grip the shotgun, and thin sheets of ice crackle and fall from waders wet from setting decoys. But the silk-ripping whisper of wings slicing air and the quacks and splashes of ducks as they come in make all the discomfort worthwhile.

Expenditures by Function

ALL GOVERNMENTAL FUND TYPES ^a

Last Eight Fiscal Years ^b
(Expressed in Thousands)

Function ^c	1988	1989	1990
General governmental.....	\$ 232,243	\$ 261,929	\$ 314,764
Education	223,623	240,491	270,237
Individual and family services..... ^d	1,316,828	1,417,641	1,811,417
Health and environment..... ^d	—	—	—
Social services.....	—	—	—
Administration of justice.....	217,125	256,358	282,580
Resources and economic development.....	101,041	113,672	128,101
Transportation.....	190,345	249,285	265,443
Miscellaneous.....	50	70	30
Capital outlay.....	466,626	412,357	369,219
Debt service:			
Principal retirement.....	77,521	84,680	62,482
Interest and fiscal charges.....	44,684	46,077	47,902
Intergovernmental.....	1,641,939	1,746,987	1,969,425
Total expenditures.....	\$ 4,512,025	\$ 4,829,547	\$ 5,521,600

^a All Governmental Fund Types include General, Special Revenue, and Capital Projects Funds.

^b The fiscal year ended June 30, 1988, was the first year for which the State prepared complete financial statements in accordance with generally accepted accounting principles. Accordingly, this schedule does not present data for earlier years.

^c Until July 1, 1990, General Governmental expenditures included premiums for retiree health and dental insurance for all functional areas. Since July 1, 1990, the total premium cost has been allocated among the various functional areas. This resulted in a decrease in General Governmental expenditures for the fiscal year ended June 30, 1991.

^d Beginning July 1, 1993, Individual and Family Services expenditures were divided into two new functional expenditure categories—Health and Environment expenditures and Social Services expenditures. Prior years were not restated for this change.

For the Fiscal Year Ended June 30

1991	1992	1993	1994	1995
\$ 251,692	\$ 234,092	\$ 247,452	\$ 399,456	\$ 354,514
262,697	241,230	254,464	293,158	324,247
2,097,614	2,489,321	2,682,162	—	—
—	—	—	2,166,088	2,320,642
—	—	—	678,772	697,958
300,250	304,488	312,961	405,503	457,008
132,970	128,059	131,021	138,937	139,274
274,895	274,957	290,740	214,574	203,837
—	—	—	—	—
402,258	429,896	456,707	453,625	435,336
66,715	94,538	104,316	82,602	88,765
50,878	53,943	53,316	49,202	48,796
2,007,557	2,033,486	2,096,679	2,157,866	2,354,296
\$ 5,847,526	\$ 6,284,010	\$ 6,629,818	\$ 7,039,783	\$ 7,424,673

Revenues by Source

ALL GOVERNMENTAL FUND TYPES ^a

Last Eight Fiscal Years ^b
(Expressed in Thousands)

Sources	1988	1989	1990
Taxes:			
Individual income.....	\$ 1,130,898	\$ 1,225,648	\$ 1,361,839
Retail sales and use.....	1,277,447	1,359,200	1,464,989
Other.....	904,243	958,970	918,455
Licenses, fees, and permits.....	134,083	150,859	163,202
Interest and other investment			
income.....	72,040	80,327	83,777
Federal.....	1,316,607	1,391,309	1,821,052
Departmental services.....	104,867	107,724	113,703
Contributions	26,324	30,717	32,056
Fines and penalties.....	22,777	24,235	31,034
Other.....	26,932	45,247	37,851
Total revenues.....	\$ 5,016,218	\$ 5,374,236	\$ 6,027,958

^a All Governmental Fund Types include General, Special Revenue, and Capital Projects Funds.

^b The fiscal year ended June 30, 1988, was the first year for which the State prepared complete financial statements in accordance with generally accepted accounting principles. Accordingly, this schedule does not present data for earlier years.

For the Fiscal Year Ended June 30

<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
\$ 1,377,825	\$ 1,386,724	\$ 1,481,592	\$ 1,519,030	\$ 1,646,375
1,463,941	1,515,223	1,628,766	1,756,157	1,892,801
914,736	911,110	983,586	999,733	1,060,165
198,253	218,726	300,699	308,019	255,570
78,092	55,708	44,756	48,765	82,723
2,001,490	2,347,896	2,443,881	2,586,257	2,791,820
120,098	138,610	155,546	161,378	215,547
54,424	81,421	101,486	82,665	89,849
31,643	43,610	44,182	51,926	54,881
33,856	43,853	52,894	53,293	59,716
<u>\$ 6,274,358</u>	<u>\$ 6,742,881</u>	<u>\$ 7,237,388</u>	<u>\$ 7,567,223</u>	<u>\$ 8,149,447</u>

Income and Sales Tax Rates

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Individual Income Tax</u>	<u>Corporate Income Tax</u>	<u>Retail Sales Tax ^a</u>
1986	2 - 7%	6%	5%
1987	3 - 7%	6%	5%
1988	3 - 7%	5.5%	5%
1989	3 - 7%	5%	5%
1990	3 - 7%	5%	5%
1991	2.75 - 7%	5%	5%
1992	2.50 - 7%	5%	5%
1993	2.50 - 7%	5%	5%
1994	2.50 - 7%	5%	5%
1995	2.50 - 7%	5%	5%

^a Excludes the 2% accommodations tax and the local option sales tax.

Source: The Department of Revenue and Taxation

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Federal designation as "endangered" and the banning of DDT have restored populations of the Eastern brown pelican in South Carolina, rebounding from a dangerous low in 1968. Today grand squadrons of the large fish-eaters commonly patrol our coast, flying in formation, their wingtips nearly touching, and nest successfully in island rookeries.

Net General Obligation Bonds and Notes Per Capita

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ^a (Thousands)	Gross Bonded Debt ^b (Thousands)	Debt Payable From Higher Education Funds (Thousands)	Net General Bonded Debt ^c (Thousands)	Net General Bonded Debt Per Capita
1986	3,332	\$ 658,515	\$ 28,270	\$ 630,245	\$ 189.15
1987	3,369	693,270	28,030	665,240	197.46
1988	3,400	681,425	28,185	653,240	192.13
1989	3,444	709,165	25,925	683,240	198.39
1990	3,499	807,911	28,071	779,840	222.88
1991	3,547	828,650	28,560	800,090	225.57
1992	3,596	876,305	44,570	831,735	231.29
1993	3,645	884,025	43,230	840,795	230.67
1994	3,693	929,571	40,420	889,151	240.77
1995	3,742	898,047	44,345	853,702	228.14

^a State Data Center, Research and Statistical Services Division, State Budget and Control Board.

^b Includes general obligation bonds payable and general obligation bond anticipation notes of both the General Long-Term Obligations Account Group and the Higher Education Funds and notes payable in the General Long-Term Obligations Account Group.

^c Net general bonded debt is the gross general bonded debt less the general obligation debt payable not expected to be repaid through general governmental resources (i.e. the debt payable from Higher Education Funds).

Note: Assessed value data is not presented because the State of South Carolina does not receive property tax revenue.

Computation of Legal Debt Margin

June 30, 1995

(Expressed in Thousands)

Section 57-11-240 of the South Carolina Code of Laws and Article X, Section 13 of the South Carolina Constitution provide limits for the annual debt service on State highway bonds. There were no State highway bonds outstanding at June 30, 1995.

Section 59-107-90 of the South Carolina Code of Laws limits State institution bonds legally outstanding to \$60 million.

Furthermore, Section 11-11-430 states: "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 five 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)."

State institution bond limitation.....	\$ 60,000
Less: State institution bonds and notes outstanding at June 30, 1995.....	44,345
Legal debt margin at June 30, 1995--institution bonds.....	\$ 15,655
1993-1994 Budgetary General Fund revenues ^a	\$ 4,024,493
Less: 1993-1994 transfers for institution bond debt service recorded as Budgetary General Fund revenues.....	7,393
1993-1994 net Budgetary General Fund revenues.....	\$ 4,017,100
5% of 1993-1994 net Budgetary General Fund revenues.....	\$ 200,855
Less: 1994-1995 net Budgetary General Fund debt service for general obligation bonds excluding institution bonds.....	134,028
Legal debt service margin at June 30, 1995--general obligation bonds excluding institution bonds.....	\$ 66,827

^a Includes an Operating Transfer In of \$2.5 million. This transfer was treated as revenue for all legal purposes.

Ratio of Annual Debt Service Expenditures for General Obligation Debt to Total General Governmental Expenditures ^a

Last Eight Fiscal Years ^b
(Dollars in Thousands)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1988	\$ 77,521	\$ 44,684	\$ 122,205	\$ 4,512,025	2.71%
1989	84,680	46,077	130,757	4,829,547	2.71%
1990	62,482	47,902	110,384	5,521,600	2.00%
1991	66,715	50,878	117,593	5,847,526	2.01%
1992	94,538	53,943	148,481	6,284,010	2.36%
1993	104,316	53,316	157,632	6,629,818	2.38%
1994	82,602	49,202	131,804	7,036,723	1.87%
1995	88,765	48,796	137,561	7,424,673	1.85%

^a General Governmental Expenditures includes the General, Special Revenue, and Capital Projects Funds.

^b The State did not prepare financial statements in conformity with generally accepted accounting principles until the fiscal year ended June 30, 1988. Comparable data for earlier years is not available.

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First light sees a commercial shrimp trawler already at work, and the day will likely be a demanding one. Poor harvest years, high costs and declining profits have driven many South Carolina shrimpers into other occupations; those who remain have become more efficient at doing what they love. As demand remains high for the delicacies of the sea, shrimping will continue to be economically and culturally important to the State.

Revenue Bond Coverage — Enterprise Funds ^a

Last Ten Fiscal Years
(Dollars in Thousands)

SOUTH CAROLINA HOUSING FINANCE AND DEVELOPMENT AUTHORITY ^{c d}

Fiscal Year Ended June 30	Gross Revenues	Principal Proceeds	Direct Operating Expenses ^b	Net Revenue Available for Debt Service
1986	\$ 91,597	\$ 28,588	\$ 5,215	\$ 114,970
1987	83,269	70,526	4,323	149,472
1988	75,642	42,642	4,472	113,812
1989	69,673	41,888	4,758	106,803
1990	71,017	45,028	5,853	110,192
1991	73,984	44,896	5,265	113,615
1992	68,431	103,495	5,314	166,612
1993	64,465	94,666	5,797	153,334
1994	53,871	116,082	5,703	164,250
1995	52,576	44,228	6,611	90,193

SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY ^{d e}

Fiscal Year Ended June 30	Gross Revenues	Principal Proceeds	Direct Operating Expenses ^b	Net Revenue Available for Debt Service
1986	\$ 13,179	\$ 5,209	\$ 2,053	\$ 16,335
1987	13,916	7,086	2,328	18,674
1988	14,387	8,954	3,436	19,905
1989	19,541	10,677	7,477	22,741
1990	24,312	15,249	4,663	34,898
1991	22,969	18,087	8,320	32,736
1992	32,411	23,163	9,025	46,549
1993	35,697	28,402	11,299	52,800
1994	35,207	32,965	6,450	61,722
1995	41,164	36,715	7,641	70,238

^a Computations are based on data provided by the authorities. There may be classification differences between this data and data found elsewhere in this report.

^b Excludes depreciation and interest expense.

^c Direct operating expenses for years before 1989 have been restated to exclude housing assistance payments.

^d These entities use bond proceeds to make loans to non-governmental parties. Accordingly, principal proceeds received are included as a revenue in the calculation of Net Revenue Available for Debt Service.

^e In years prior to 1994, the South Carolina Education Assistance Authority Fund included the Student Loan Corporation. Previous years have not been restated.

Debt Service Requirements			Coverage
Principal	Interest	Total	Ratio
\$ 24,726	\$ 63,818	\$ 88,544	1.30
19,730	60,505	80,235	1.86
10,075	53,435	63,510	1.79
10,125	55,412	65,537	1.63
10,010	56,661	66,671	1.65
10,025	59,359	69,384	1.64
11,325	59,468	70,793	2.35
43,103	49,503	92,606	1.66
81,965	39,405	121,370	1.35
11,715	35,307	47,022	1.92

Debt Service Requirements			Coverage
Principal	Interest	Total	Ratio
\$ 2,530	\$ 7,974	\$ 10,504	1.56
20,650	6,965	27,615	0.68
9,815	5,655	15,470	1.29
7,330	7,477	14,807	1.54
11,440	11,864	23,304	1.50
17,665	12,419	30,084	1.09
21,320	14,284	35,604	1.31
22,480	17,507	39,987	1.32
24,895	19,199	44,094	1.40
34,795	21,469	56,264	1.25

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Confined by their habitat needs to only our coldest waters, brown trout are the favorites of many skilled anglers because they are the most difficult of all trout to stealthily approach. During aquatic insect hatches, brownies feed voraciously near the surface, endearing them to fly fisherman.

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population ^a at June 30</u>	<u>Per Capita Income ^a Year Ended December 31</u>	<u>Median Age ^a (Years) at June 30</u>	<u>School Enrollment ^b at June 30</u>	<u>Unemployment Rate ^c at December 31</u>
1985	3,293,000	\$ 10,831	29.8	668,985	6.8%
1986	3,332,000	11,585	30.1	670,980	6.0%
1987	3,369,000	12,283	30.6	672,943	5.1%
1988	3,400,000	13,192	31.0	676,847	4.3%
1989	3,444,000	13,884	31.4	678,050	4.6%
1990	3,498,600	15,106	31.7	677,356	5.2%
1991	3,547,300	15,482	32.2	681,717	6.5%
1992	3,595,700	16,196	32.6	685,744	6.6%
1993	3,644,600	16,878	32.9	688,513	7.3%
1994	3,693,000	17,712	33.3	692,515	5.5%
1995	3,741,700	^d	33.7	701,140	^d

Sources:

^a State Data Center, Office of Research and Statistics, State Budget and Control Board

^b South Carolina Department of Education

^c South Carolina Employment Security Commission

^d Not yet available.

Property Value, Construction, and Bank Deposits

Last Ten Years

(Dollars in Millions)

Year	Nonresidential Construction		Residential Construction		Bank Deposits at December 31	Property Value ^a	
	Number of Units at December 31	Value at December 31	Number of Units at December 31	Value at December 31		Nonresidential at June 30	Residential at June 30
1985	6,744	\$ 659	44,190	\$ 1,592	\$ 20,886	\$ 24,879	\$ 25,754
1986	6,761	743	40,390	1,581	22,907	25,915	27,149
1987	7,283	835	26,991 ^b	1,489	23,612	28,364	29,114
1988	6,926	763	25,563 ^b	1,438	26,022	34,127	31,241
1989	6,627	707	20,530 ^b	1,252	27,849	34,936	33,869
1990	6,877	788	22,454 ^b	1,475	29,091	37,079	38,852
1991	6,811	670	19,309 ^b	1,372	29,528	39,089	41,220
1992	6,329	494	20,853 ^b	1,585	30,224	41,104	45,926
1993	6,078	694	21,186 ^b	1,662	31,005	43,084	50,963
1994	6,678	746	23,670 ^b	1,898	30,475	^d	^d
1995	^c	^c	^c	^c	^c	^d	^d

^a Property taxes do not represent a source of revenue for the State.

^b Beginning with 1987, the number of mobile home permits is not reported.

^c Not yet available.

^d Due to legislation requiring that tax assessments be based on the prior year's property value, neither the 1994 nor 1995 information is yet available.

Sources: Board of Economic Advisors, State Budget and Control Board; Department of Revenue

Largest Manufacturing Companies ^a

December 31, 1994

<u>Name</u>	<u>Number of Plants in South Carolina</u>	<u>Number of Employees in South Carolina</u>
Westinghouse Electric Corporation.....	3	21,620
Springs Industries, Incorporated.....	22	11,741
Milliken & Company.....	27	6,381
Michelin Tire Corporation.....	4	6,300
Charleston Naval Shipyard (U.S. Department of the Navy).....	1	4,000
Hoechst AG.....	5	3,936
JPS Textile Group.....	7	3,935
Greenwood Mills, Incorporated.....	9	3,279
West Point Stevens.....	7	3,107
AB Electrolux Sweden.....	2	2,800
AlliedSignal, Incorporated.....	5	2,757
KEMET Corporation.....	2	2,748
Ingersoll-Rand Company.....	6	2,703
Spartan Mills.....	8	2,673
E. I. du Pont de Nemours & Company.....	4	2,658
Ryobi North America, Incorporated.....	2	2,604
General Electric Company.....	2	2,600
W. R. Grace & Company.....	5	2,599
Robert Bosch GmbH.....	2	2,500
Sonoco Products Company.....	3	2,390
Kyocera Corporation.....	2	2,380
Graniteville Company.....	7	2,310
Wellman, Incorporated.....	3	2,296
Owens-Corning Fiberglas Corporation.....	3	2,212
Mohawk Industries, Incorporated.....	5	2,111

^a Based on number of employees. This list includes all companies with 2,100 or more employees.

Source: 1995 South Carolina Industrial Directory.

Miscellaneous Statistics

December 31, 1994 (Except as Noted)

Date of ratification--U. S. Constitution.....	1788 ^a
Form of government.....	Legislative-Executive-Judicial
Miles of State highways.....	64,247 ^b
Land area (square miles).....	30,111 ^c
State police protection:	
Police and sheriff agencies.....	284 ^d
Total number of sworn officers.....	8,316 ^d
Higher education (universities, colleges, and technical education centers):	
Number of campuses.....	61 ^e
Number of students.....	176,049 ^e
Recreation:	
Number of State parks and historical sites.....	56 ^f
Area of State parks.....	79,608 acres ^f
Area of State forests.....	77,018 acres ^g
State employees--all funds (at June 30, 1995)	67,784 ^h

Sources:

- ^a 1994 Legislative Manual
- ^b Department of Transportation
- ^c Office of Research and Statistics, State Budget and Control Board
- ^d State Law Enforcement Division
- ^e Commission on Higher Education
- ^f Department of Parks, Recreation, and Tourism
- ^g Forestry Commission
- ^h Office of State Budget, State Budget and Control Board

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Hydroelectric projects generate far more than power: as they provide flood control and tremendous recreational opportunities, they yield millions of dollars in economic benefits. When it was completed in 1930, South Carolina Electric & Gas Company's Lake Murray Dam was the world's largest earthen dam built for power production. Some 500 miles of shoreline edge the 50,000-acre lake.

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More than 50 scenic waterfalls cascade through Greenville, Pickens and Oconee counties, ranging in height from 40 to 400 feet. Some lie only steps from a paved road, while others are far off the beaten path. With their unique plant communities, waterfalls rank as some of our most intriguing land features and appeal to all who love to explore the out-of-doors.

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3,000 copies of this document were published at an estimated printing cost of \$2.97 each, and a total printing cost of \$8,912.40. The 1995-96 Appropriation Act requires this information on printing cost be added to the document.

OFFICE OF
THE COMPTROLLER GENERAL

Wade Hampton Office Building
Post Office Box 11228
Columbia, South Carolina 29211

Telephone: 803-734-2121

Fax: 803-734-2064