

An aerial photograph of a large bridge spanning a wide body of water. The bridge has a central section with a building-like structure on top and two long, straight approaches on either side. The water is calm, and the sky is overcast.

# *State of South Carolina*

## *Comprehensive Annual Financial Report*

June 30, 1994

**EARLE E. MORRIS, JR.**  
*Comptroller General*



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

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:**

For decades the twin spans of the Grace and Pearman bridges have crossed the historic Cooper River at Charleston. A Lowcountry landmark since the 1930's, the bridges have attracted nationwide interest for their beauty and engineering innovation.

Courtesy: City of Charleston—Department of Planning and Urban Development

STATE OF SOUTH CAROLINA  
**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30,

**1 9 9 4**

Prepared by the Comptroller General's Office

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## COMPTROLLER'S MESSAGE...

### GETTING THERE

#### MOVE—SHOOT—COMMUNICATE

This is an old military axiom which changes only in methodology.

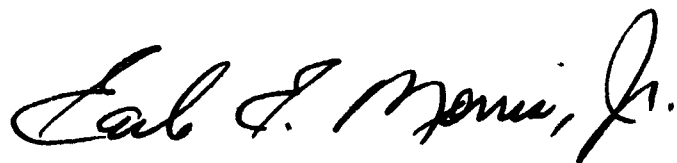
The computer chip is the replacement for hieroglyphics.

Supersonic aircraft and superhighways are ways we move today.

Keeping up with technologies of transportation and telecommunications continues to challenge our state and society.

Becoming "road kill" on the information superhighway is the fate of those who fail to follow the modern innovations of *move* and *communicate*.

South Carolina has a public and fiscal commitment that it will continue to be possible and practical to get from here to there!

A handwritten signature in black ink, reading "Earle E. Morris, Jr." in a cursive script.

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



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## **WHERE ECONOMIC ROUTES CONVERGE**

From its earliest days, South Carolina has been a crossroads.

Initially, it was a crossroads of tidal estuaries and inland rivers which converged at its major ports. It was a crossroads of ocean-going sailing vessels which found South Carolina a place where European, American and Caribbean trade converged.

Today, it is still a crossroads, but a far more sophisticated one. South Carolina sits astride the convergence of five Interstate highways which link it to every state east of the Mississippi. Relatively small in land mass (it is fortieth among the fifty states), South Carolina has 800 miles of Interstate crossing twenty-eight of its forty-six counties and a total of 42,000 miles of paved highways which make every part of the State readily accessible.

It is the State's special commitment to transportation that has built a world-class port system second to none in the Southeast, annually handling 8.5 million tons of ocean-going imports and exports valued at \$13.5 billion. It is transportation that feeds travelers from throughout the Eastern and Midwestern United States and Canada into the State's parks and resorts with an economic impact of \$5 billion a year.

The highways and ports are only part of the story, however. One of the nation's first states to build railroads (South Carolina had America's first scheduled passenger train), South Carolina has 2,800 miles of rail and direct service to the entire East Coast and all major Midwest cities.

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More than 2 million passengers board commercial airliners in South Carolina each year, and forty-five of the State's counties have airports, half of them large enough to accommodate business jets.

Being a crossroads of commerce has come naturally to South Carolinians, who have found their geographic location and characteristics particularly advantageous. The State's compact, triangular shape has traditionally given it strong internal accessibility, and its location halfway between the East Coast commercial centers of New York and Miami makes it a busy point of wholesale and retail interchange. But shape and location are only part of the reasons for the State's major transportation role.

Ever since World War II, South Carolina has invested enormously in its networks of roads, ports and air facilities as a means of enhancing its economic status. The payoff is a significant and growing one, characterized by the decision of a major American retailer to locate its Southeast distribution center in South Carolina and underscored by a German automaker's selection of the State as the site for its first American manufacturing facility.

Three centuries after European traders discovered its unique qualities as a trading center, South Carolina continues to be a special part of the economic fabric of America, a crossroads of the nation's most vibrant economic and commercial interests.

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in web version of CAFR**

The bridge crossing the Congaree River links Columbia and West Columbia. Constructed in 1927 and now on the National Register of Historic Places, it was recently renovated.



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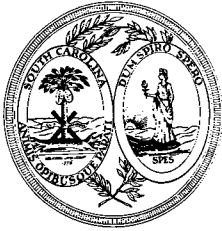
# Introductory Section

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National beauty queens are not new to South Carolina, but in 1994 the State could boast of being the home of both Miss America and Miss USA. Observance of that accomplishment made for a proud greeting to motorists entering the State from Georgia and North Carolina at forty-two border locations.

Courtesy: South Carolina Department of Transportation



STATE OF SOUTH CAROLINA

**Office of Comptroller General**  
Columbia 29211

**EARLE E. MORRIS, JR.**  
COMPTROLLER GENERAL

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December 22, 1994

**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, 1994. 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 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, 1993 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

For South Carolina's government, the fiscal year ended June 30, 1994, was a time for financial recovery and restoration. For the first time since 1989-90, the State's General Fund has a positive fund balance; and after weathering four years of recession-driven economic storms, the State registered solid revenue growth and an operating surplus for the year with no general fee or tax increases.

The State's fiscal recovery is primarily attributable to a healthier economic climate and to prudent fiscal management. Since January 29, 1993, when Standard and Poor's lowered the State's rating on general obligation bonds from "AAA" to "AA+" (see "Debt Administration" on page 20), my highest priority has been to regain the "AAA" rating. On numerous occasions, I have made recommendations to the General Assembly for improvements in financial management which the General Assembly has implemented. For example, I recommended a spending limit for the Budgetary General Fund. A spending limit was adopted by the General Assembly and will be formally implemented beginning in 1994-95 (see "Debt Administration" on page 21 for more details regarding this new law). In addition, the State's Budgetary General Fund has greatly reduced its reliance on nonrecurring revenues. Nonrecurring revenue collections on the budgetary basis of accounting were \$130.8 million and \$114.5 million for the fiscal years ended June 30, 1993, and June 30, 1994, respectively. The State expects to collect only \$12.9 million of nonrecurring revenues during the fiscal year ending June 30, 1995.

The State's recent good financial news has not gone unnoticed in the business community. The recovery period has been highlighted by major industrial announcements such as those of international giants BMW and Hoffman-LaRoche.

Other initiatives of the 1993-94 legislative year paid special attention to education, crime, consumer protection and banking.

Specific education measures included passage of a School-to-Work Act which expanded the State's "Tech-Prep" program by establishing youth apprenticeship programs. The Act also requires early career planning and mentorship programs for the State's public school students.

The school system was also the focus of major crime-related legislation, particularly through the establishment of a Schoolhouse Resource Center to equip schools to deal more effectively with the outbreak of violence, as well as to develop long-range plans to prevent such outbreaks.

Other criminal justice legislation was adopted which would (1) abolish parole for persons convicted of trafficking in controlled substances and crack cocaine, (2) impose longer sentences in some cases for repeat felons, (3) authorize children charged with certain crimes to be charged as adults, and (4) expand conditions under which juveniles may be detained.

Lawmakers passed an act which opens the State to nationwide interstate banking, making it easier for banks based in the South to expand into other regions, as well as allowing banks in other regions to make acquisitions in South Carolina.



Consumers gained a measure of protection in an act which set guidelines for contests and promotions that promise to award a prize or gift to an individual.

Major legislative attention was given to the reapportionment of the Congress and House of Representatives, and after the House plan was rejected by the United States Justice Department late in the legislative session, an amended plan was adopted which increased from twenty-two to thirty-one the number of House districts with a majority of African-American voting age population.

## **ECONOMIC CONDITION AND OUTLOOK**

Over the last two decades, the economy of South Carolina 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 \$40 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 65 years of age. The number of individuals receiving Social Security retirement pay has grown at a rapid average annual rate of 4.6% since 1970. The annual income from retirement now exceeds an estimated \$4 billion.

The coastal areas of the State 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 11.6% 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 nearly eight-fold, one-fifth faster than growth in personal income in the United States. During the high inflationary 1970's, personal income 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-fourth 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 fiscal year 1994-95 on a positive footing. The State's rainy day reserve, which had increased to \$66.8 million during 1992-93, further increased to \$110.2 million early in 1993-94. Employment in the State was up by nearly 85,000 in September 1994 versus its level in September 1991 after the recession. 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's Base Closure and Realignment Commission placed the Charleston Naval Base on its list of bases to be closed by 1996, the outlook for the near term is for continued growth in the State's total income in the range of 4% to 5% or more. The new Bavarian Motor Works (BMW) auto assembly plant in Spartanburg County has begun production and will offset some of the losses at the Charleston Naval Base. 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 projected that the State's Budgetary General Fund revenues for 1994-95 would increase by 1.3% over 1993-94. At the end of the first four months of 1994-95, Budgetary General Fund revenue collections were ahead of this estimate. Accordingly, it is anticipated that actual revenues for 1994-95 will meet or exceed the estimate. 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 1993-94 covered all expenditures deemed applicable to that year and paid on or before July 20, 1994. 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 recommend and the Budget and Control Board may approve revisions of estimated revenues of the Budgetary General Fund during the year, if necessary. Such revisions were not necessary during the fiscal year ended June 30, 1994.

During June 1994, the General Assembly enacted two separate Joint Resolutions which added supplemental appropriations to the Budgetary General Fund for the fiscal year ended June 30, 1994. The first of these resolutions appropriated \$34.7 million from Budgetary Fund Balance at the end of 1992-93. Of the \$34.7 million, \$24.9 million was disbursed during the fiscal year ended June 30, 1994, as partial payment on a legal settlement while the remainder was reserved as Appropriations to be Carried Forward to 1994-95. The second Joint Resolution set aside \$175.2 million of Budgetary Fund Balance, of which \$9.9 million was used to fund the General Reserve, and \$165.3 million was appropriated and reserved as Appropriations to be Carried Forward to 1994-95.

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 Financial Statements provides a more complete description of the State's reporting entity.

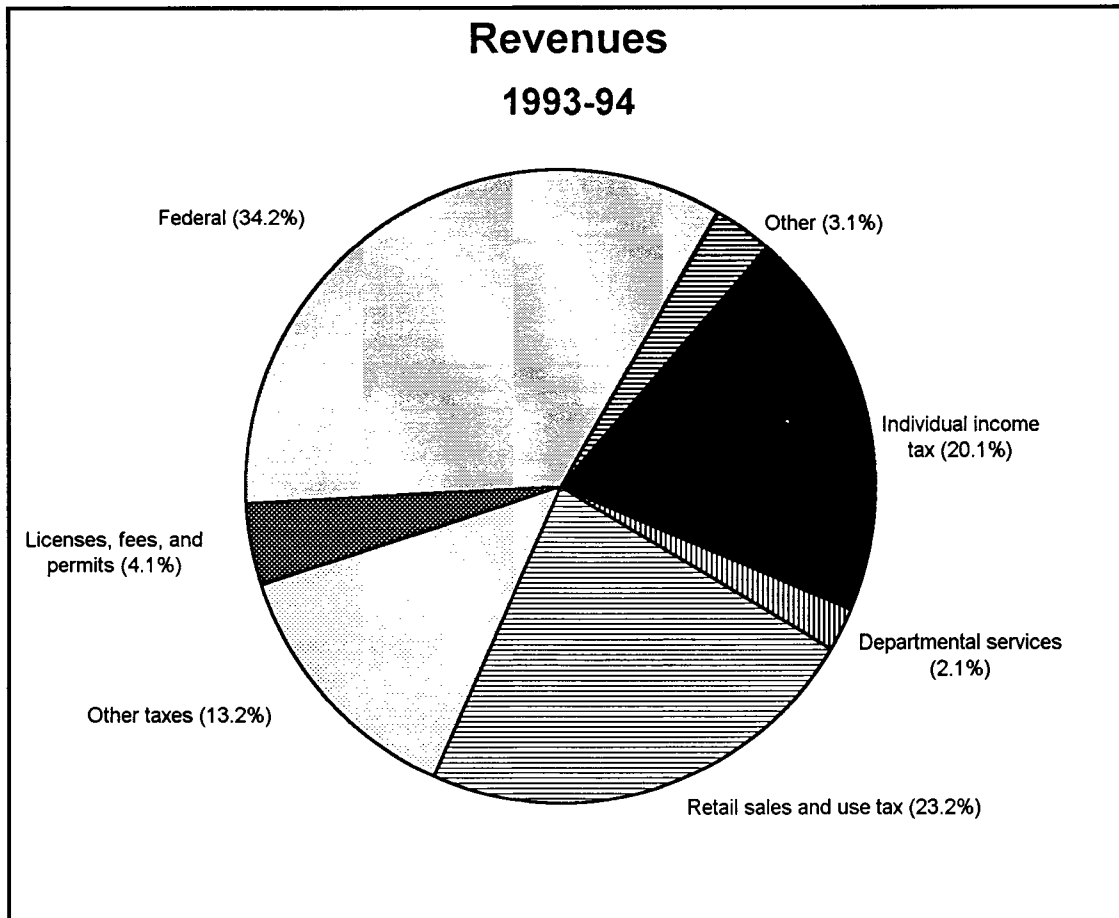
## GENERAL GOVERNMENTAL FUNCTIONS

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, 1994, other financing uses exceeded other financing sources by \$450.1 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, 1994 (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year revenues:

Revenues	1993-94 Amount	Percent of Total	Increase (Decrease) from 1992-93	Percentage Increase (Decrease)
Individual income tax.....	\$ 1,519,030	20.1%	\$ 37,438	2.5%
Retail sales and use tax.....	1,756,157	23.2%	127,391	7.8%
Other taxes.....	999,077	13.2%	15,531	1.6%
Licenses, fees, and permits.....	307,939	4.1%	7,240	2.4%
Interest and other investment income.....	48,596	0.6%	3,894	8.7%
Federal.....	2,582,498	34.2%	354,318	15.9%
Departmental services.....	158,315	2.1%	4,534	2.9%
Contributions.....	82,507	1.1%	(18,735)	(18.5%)
Fines and penalties.....	51,926	0.7%	7,744	17.5%
Other.....	53,195	0.7%	399	0.8%
<b>Totals.....</b>	<b>\$ 7,559,240</b>	<b>100.0%</b>	<b>\$ 539,754</b>	<b>7.7%</b>



During the fiscal year ended June 30, 1994, the State received more Federal grant revenues than in the preceding year. Much of the increase in the Federal category, however, was the result of the Department of Transportation accounting for all of its infrastructure projects in the Special Revenue Funds; it had reported much of this activity in the Capital Projects Funds in past years.

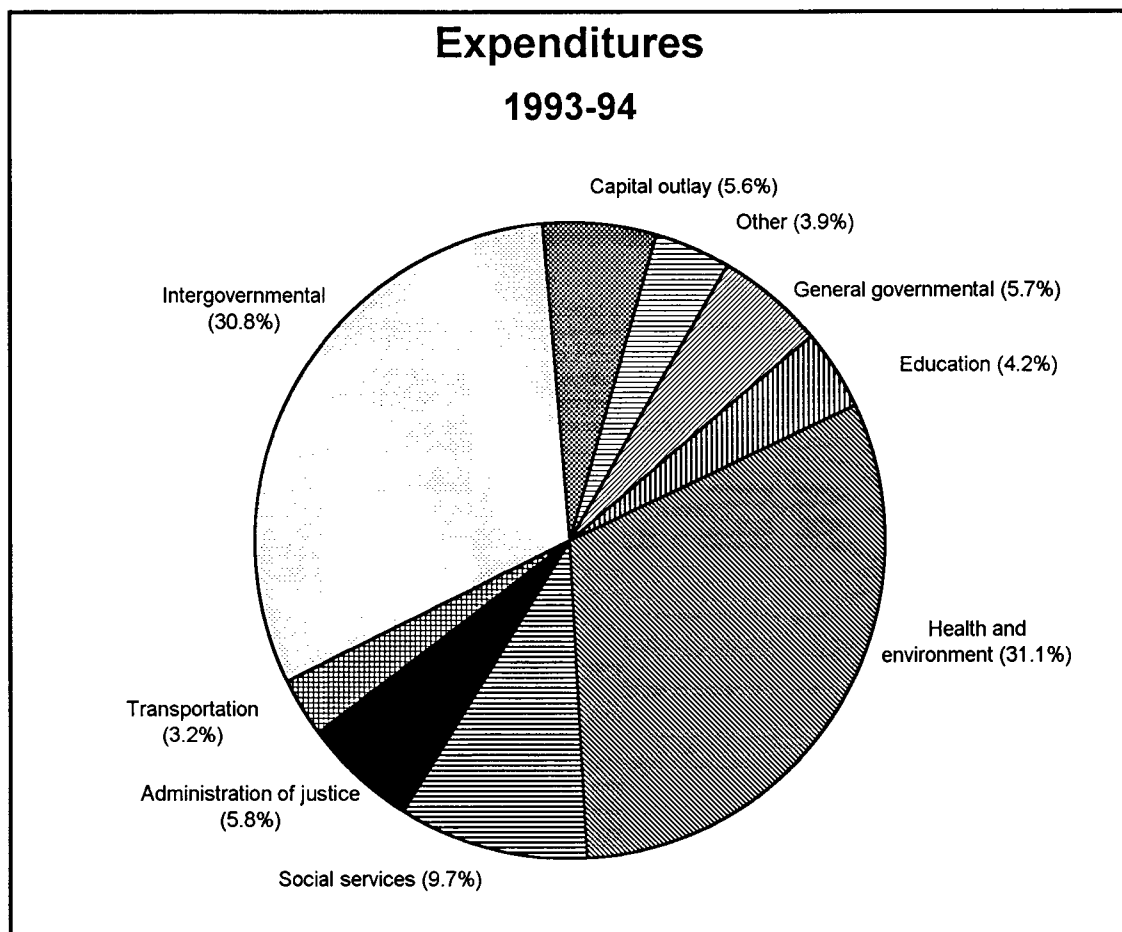
Contributions declined during the fiscal year ended June 30, 1994, because the State was no longer allowed to accept Medicaid disproportionate share monies from private hospitals.

Revenue from fines and penalties increased this year due to increased collections on hazardous waste fines and increases in the collection of vehicle violation fines.

## **Expenditures**

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended June 30, 1994, (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year expenditures:

Expenditures	1993-94 Amount	Percent of Total	Increase (Decrease) from 1992-93	Percentage Increase (Decrease)
<b>Current:</b>				
General governmental.....	\$ 399,456	5.7%	\$ 152,004	61.4%
Education.....	293,158	4.2%	38,694	15.2%
Individual and family services.....	—	—	(2,682,162)	(100.0%)
Health and environment.....	2,166,088	31.1%	2,166,088	—
Social services.....	678,772	9.7%	678,772	—
Administration of justice.....	405,503	5.8%	92,542	29.6%
Resources and economic development.....	138,937	2.0%	7,916	6.0%
Transportation.....	221,014	3.2%	(69,726)	(24.0%)
Capital outlay.....	391,848	5.6%	367,276	1494.7%
Debt service:				
Principal retirement.....	82,602	1.2%	(21,714)	(20.8%)
Interest and fiscal charges.....	49,107	0.7%	(4,209)	(7.9%)
Intergovernmental.....	2,148,366	30.8%	51,687	2.5%
<b>Totals.....</b>	<b>\$ 6,974,851</b>	<b>100.0%</b>	<b>\$ 777,168</b>	<b>12.5%</b>



Many of the changes among expenditure categories this year were the result of State government restructuring. Through its restructuring effort, the State's General Assembly created new agencies and combined existing agencies into different functional categories. Specific effects on expenditures are explained in the following paragraphs.

General Governmental expenditures increased during the fiscal year ended June 30, 1994, due to restructuring and as a result of settling the Federal retirees' lawsuit. A new agency, Administrative Law Judges, was added within the General Governmental category, and the functions of several agencies formerly reported in the Individual and Family Services category were transferred to agencies reported within the General Governmental category.

Education spending increased due to the lease of a satellite dish by the South Carolina Educational Television Network and increased textbook purchases by the Department of Education.

Beginning July 1, 1993, the Individual and Family Services agencies were divided into two new functional categories—the Health and Environment function and the Social Services function. Past years were not restated for this change.

Also during the year, a new agency, the Department of Public Safety, was created within the Administration of Justice category. It assumed activities formerly accounted for in the Transportation and General Governmental categories.

The change in the Transportation category resulted from government restructuring. Several activities previously accounted for in that category were transferred to agencies within other functional categories—primarily General Governmental and Administration of Justice.

Debt expenditures for retirement of principal decreased during the fiscal year ended June 30, 1994, because the State paid off \$31.4 million in General Obligation (Hurricane Hugo) Notes during the previous year.

## 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>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
<b>General Fund</b>					
Reserved.....	\$ 335,709	\$ 153,194	\$ 40,649	\$ 98,988	\$ 160,278
Unreserved.....	(301,808)	(247,475)	(252,704)	(252,482)	(140,568)
<b>Total General Fund.....</b>	<b><u>\$ 33,901</u></b>	<b><u>\$ (94,281)</u></b>	<b><u>\$ (212,055)</u></b>	<b><u>\$ (153,494)</u></b>	<b><u>\$ 19,710</u></b>
<b>Special Revenue Funds</b>					
Reserved.....	\$ 126,482	\$ 94,928	\$ 103,799	\$ 82,260	\$ 51,128
Unreserved, designated.....	174,827	237,559	252,631	243,989	194,251
Unreserved, undesignated.....	292,598	257,552	261,766	253,317	265,422
<b>Total Special Revenue Funds..</b>	<b><u>\$ 593,907</u></b>	<b><u>\$ 590,039</u></b>	<b><u>\$ 618,196</u></b>	<b><u>\$ 579,566</u></b>	<b><u>\$ 510,801</u></b>

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, 1994, are as follows:

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>
Operating revenues.....	\$ 53,871	\$ 32,548
Net income.....	5,494	8,012
Total assets.....	595,513	401,390
Total fund equity.....	112,240	50,810

### 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 \$6.0 million during its fiscal year ended December 31, 1993. The distribution to the General Fund is based primarily on operating cash flows and mandatory reserve requirements.

The 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, 1994, are presented below:

	<b>Public Service Authority (Santee- Cooper)</b>	<b>Ports Authority</b>
Operating revenues.....	\$ 589,483	\$ 45,584
Net income.....	31,586	2,343
Total assets.....	3,622,665	369,958
Total fund equity.....	656,122	264,903

## 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, 1993 (latest available data), were:

	<b>Pension Benefit Obligation</b>	<b>Net Assets Available for Benefits (at Cost)</b>	<b>Unfunded Pension Benefit Obligation</b>
South Carolina Retirement System.....	\$ 12,621,700	\$ 9,392,500	\$ 3,229,200
Police Officers' Retirement System.....	1,132,400	981,500	150,900
General Assembly Retirement System.....	29,400	26,800	2,600
Judges' and Solicitors' Retirement System.....	67,200	46,600	20,600
National Guard Pension System.....	25,016	2,499	22,517

The National Guard Pension System formerly was funded on a pay-as-you-go basis. In 1993-94, the State began funding this system in accordance with actuarially established contribution rates.

## 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. 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+." On October 27, 1993, Fitch Investors Service, Inc., announced its first rating of South Carolina's general obligation bonds. Fitch assigned its top rating of "AAA."

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, 1994, marked the second consecutive year in which the State made progress toward those goals. Specifically, the GAAP accumulated deficit was eliminated. Fund equity at June 30, 1994, was \$33.9 million. In addition, the General Assembly has enacted legislation to limit appropriations in the Budgetary General Fund beginning in 1994-95. Under the new law, when the General Assembly enacts the annual general appropriations bill, appropriations may not exceed 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, 1994, South Carolina issued \$389.0 million and retired \$340.7 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, 1994, the Higher Education Funds reported State institution general obligation bonds outstanding of approximately \$40.4 million.

The State's available legal debt margin at June 30, 1994, was \$19.6 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, 1994, for these bonds was \$52.7 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:

	1994	1993	1992
Net general obligation bonds/notes outstanding.....	\$889 million	\$841 million	\$832 million
Net general obligation bonds/notes outstanding per capita.....	\$241	\$231	\$231

The primary government's higher education institutions and enterprise entities had revenue bonds, notes, and certificates of participation of approximately \$1.1 billion outstanding on June 30, 1994. Bonds, notes, and certificates of participation outstanding (expressed in millions) by agency were:

South Carolina Housing Authority.....	\$	464
South Carolina Education Assistance Authority.....		343
Various higher education institutions.....		276
Other State agencies.....		2
<b>Total—primary government.....</b>	<b>\$</b>	<b>1,085</b>

During the fiscal year ended June 30, 1994, the State advance refunded \$260.0 million of Capital Improvement Bonds to reduce its total debt service payments over the next fifteen years by approximately \$9.6 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10.8 million. For additional details and for information on an advance refunding in the Higher Education Funds, see Note 11 to the Financial Statements.

In addition, discretely presented component units had the following amounts of bonds outstanding (expressed in millions) at June 30, 1994:

South Carolina Public Service Authority (Santee-Cooper).....	\$	2,622
South Carolina Ports Authority.....		89
<b>Total—discretely presented component units.....</b>	<b>\$</b>	<b><u>2,711</u></b>

During its fiscal year ended December 31, 1993, the Public Service Authority (Santee-Cooper) advance refunded \$932.6 million of its Revenue Bonds to reduce its total debt service payments over the next thirty-seven years by approximately \$66.5 million and to obtain an economic gain of approximately \$30.3 million. For additional details, see Note 11 to the Financial Statements.

## 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.

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 \$40.7 million for the fiscal year ended June 30, 1994.



## **RISK MANAGEMENT**

The State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation benefits
- Claims of covered public employees for health insurance, dental insurance, long-term disability insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools and their contents
- Motor vehicles and school buses
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals and employees
- Business interruptions

The Insurance Reserve Fund purchases insurance coverage for a portion of these risks.

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 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 report 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, 1993. 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.

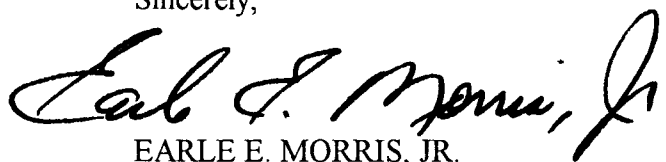
Again this year, the State will submit its CAFR to the Certificate of Achievement for Excellence in Financial Reporting program of the GFOA. I firmly believe that South Carolina's report for the fiscal year ended June 30, 1994, meets the requirements to receive the Certificate of Achievement.

## 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.

Special thanks are due to Rob Thompson of the Department of Transportation for providing photographs for this report. 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,

A handwritten signature in black ink, reading "Earle E. Morris, Jr." in a cursive script.

EARLE E. MORRIS, JR.  
Comptroller General

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in web version of CAFR**

As a strategically located port for passenger travel, Charleston has attracted cruise ship customers from throughout the South and Midwest. In 1993, the world's largest liner, the *Queen Elizabeth II*, paid a call on Charleston.

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**CERTIFICATE  
OF ACHIEVEMENT**

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# 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, 1993

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
<b>LEGISLATIVE - THE GENERAL ASSEMBLY</b>	
Robert L. Peeler,* President of the Senate and Lieutenant Governor	1995-1999
David H. Wilkins,* Speaker, House of Representatives	1995-1997
<b>EXECUTIVE</b>	
<b>STATE BUDGET AND CONTROL BOARD</b>	
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
<b>JUDICIAL</b>	
Ernest A. Finney, Jr.,** Chief Justice, South Carolina Supreme Court	1994-2004

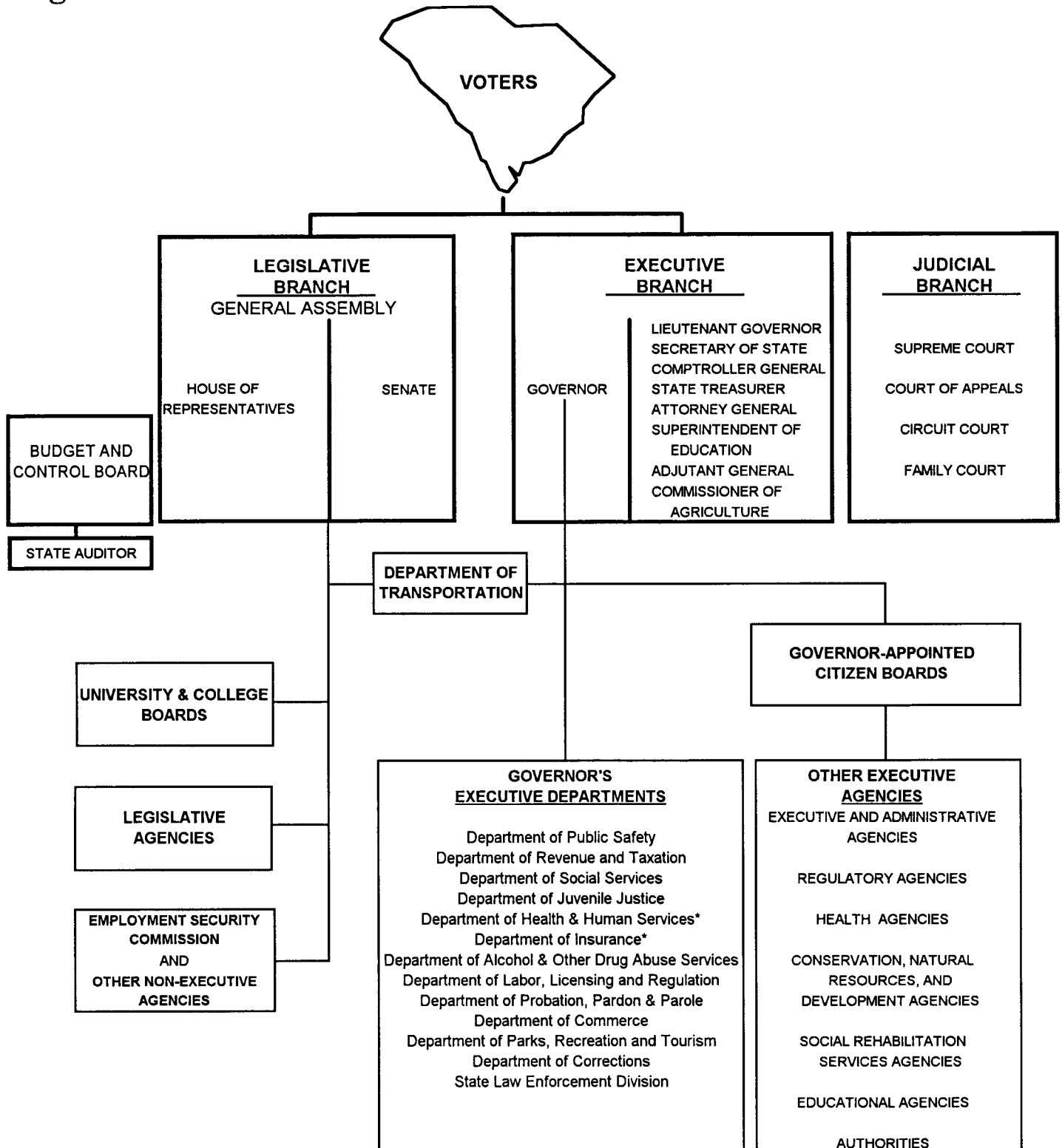
All of the legislative and executive officials are elected by the State's citizens in general elections. Members of the Supreme Court are elected by the General Assembly.

\* The following officials will serve until the inauguration of new officials in January 1995:

Carroll A. Campbell, Jr., Chairman, Governor  
Nick A. Theodore, President of the Senate and Lieutenant Governor  
Grady L. Patterson, Jr., State Treasurer  
T. Travis Medlock, Attorney General  
Major General T. Eston Marchant, Adjutant General  
Robert J. Sheheen, Speaker, House of Representatives  
William D. Boan, Chairman, House Ways and Means Committee and Member of the State Budget and Control Board

\*\* David Walker Harwell served as Chief Justice until his retirement effective June 30, 1994. A. Lee Chandler was elected to the office of Chief Justice effective July 1, 1994, and served until December 16, 1994.

# Organization Chart



\* These will become Governor's executive departments after June 30, 1994.

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in web version of CAFR**



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# Financial Section

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From the earliest days of the space program, South Carolinians have been in prominent leadership roles. The Space Shuttle *Atlantis* surged skyward on March 24, 1992, with Columbia native Charles F. Bolden, Jr., as Mission Commander. Palmetto State astronauts (at left) have been Frank Culbertson of Holly Hill, Charles Duke of Lancaster, Ronald McNair (deceased) of Lake City, Commander Bolden, Stephen Thorne (deceased) of Anderson, John Casper of Greenville, and Kathryn Coleman, who was born in South Carolina, and whose parents reside in Charleston.



Peat Marwick LLP  
Certified Public Accountants

State of South Carolina



Office of the State Auditor

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## INDEPENDENT AUDITORS' REPORT

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The Honorable Carroll A. Campbell, Jr., 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, 1994, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the management of the State. 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 (29% and 15%), Enterprise (99% and 90%), Internal Service (68% and 82%), Pension Trust (100% and 100%), Higher Education (100% and 100%), and Agency (47% of assets and other debits) Funds, General Fixed Assets Account Group (13% 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 29% 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. 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 provides a reasonable basis for our opinion.

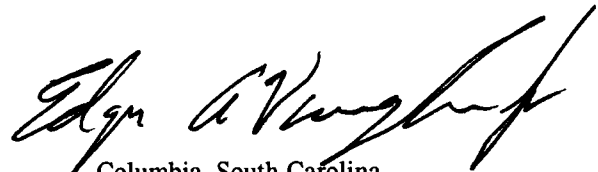
In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina at June 30, 1994, and the results of its operations and cash flows of its proprietary and similar trust funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the general purpose financial statements, the State of South Carolina adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, which requires certain changes in the State's reporting entity. The State also adopted GASB Statement No. 16, *Accounting for Compensated Absences*, which requires the State to change its method of computing its compensated absences expenditures and liabilities.

Our joint audit was made 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.

KPMG Peat Marwick LLP

Greenville, South Carolina  
December 2, 1994

  
Columbia, South Carolina  
December 2, 1994

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

A remarkable network of five Interstate highways provides South Carolina 800 miles of superhighways and makes the State a hub of high-speed ground transportation with direct access to every state east of the Mississippi.

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**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

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## Combined Balance Sheet

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

June 30, 1994

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency
<b>ASSETS AND OTHER DEBITS</b>						
Cash and cash equivalents .....	\$ 486,857	\$ 462,047	\$ 112,952	\$ 100,200	\$ 479,007	\$ 634,004
Cash on deposit with fiscal agents .....	—	—	—	—	—	494,059
Investments .....	—	211	—	3,903	18,139	12,655,838
Receivables, net:						
Accounts .....	11,706	53,926	322	9,660	30,591	250,358
Taxes .....	232,803	77,602	—	—	—	42,257
Patient and student .....	—	—	—	—	—	—
Student loans .....	—	—	—	62	—	—
Loans and notes .....	960	75,341	—	307,938	7	13,554
Due from Federal government and other grantors .....	29,300	296,145	757	—	—	734
Due from other funds .....	222	33,900	289	—	27,718	28,826
Due from component units .....	—	—	—	—	—	—
Due from primary government .....	—	—	—	—	—	—
Interfund receivables .....	2,299	341	—	—	2,588	20
Advances to other funds .....	12,625	6,927	—	—	23,050	60
Inventories .....	11,522	21,043	—	1,365	6,350	—
Property, plant, and equipment, net .....	—	—	—	19,698	126,264	5,111
Restricted assets:						
Cash and cash equivalents .....	—	—	—	170,790	—	—
Investments .....	—	—	—	81,904	—	—
Loans receivable .....	—	—	—	447,313	—	—
Other .....	—	—	—	8,115	—	—
Other assets .....	—	194	—	418	654	4,845
Deferred charges .....	—	—	—	5,271	—	—
Amount to be provided for retirement of long-term obligations .....	—	—	—	—	—	—
<b>Total assets and other debits .....</b>	<b>\$ 788,294</b>	<b>\$ 1,027,677</b>	<b>\$ 114,320</b>	<b>\$ 1,156,637</b>	<b>\$ 714,368</b>	<b>\$ 14,129,666</b>

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

ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals Primary Government (Memorandum Only)	COMPONENT UNITS	Totals Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Obligations				
\$ —	\$ —	\$ 384,160	\$ 2,659,227	\$ 19,147	\$ 2,678,374
—	—	—	494,059	—	494,059
—	—	60,768	12,738,859	44,857	12,783,716
—	—	6,868	363,431	67,981	431,412
—	—	—	352,662	—	352,662
—	—	91,312	91,312	—	91,312
—	—	40,754	40,816	—	40,816
—	—	124	397,924	328	398,252
—	—	55,628	382,564	1,110	383,674
—	—	9,670	100,625	—	100,625
—	—	292	292	—	292
—	—	—	—	1,600	1,600
—	—	—	5,248	—	5,248
—	—	—	42,662	—	42,662
—	—	22,496	62,776	60,553	123,329
1,875,745	—	2,487,443	4,514,261	2,500,750	7,015,011
—	—	—	170,790	123,731	294,521
—	—	—	81,904	442,870	524,774
—	—	—	447,313	—	447,313
—	—	—	8,115	—	8,115
—	—	18,713	24,824	2,972	27,796
—	—	—	5,271	729,512	734,783
—	1,098,191	—	1,098,191	—	1,098,191
<u>\$ 1,875,745</u>	<u>\$ 1,098,191</u>	<u>\$ 3,178,228</u>	<u>\$ 24,083,126</u>	<u>\$ 3,995,411</u>	<u>\$ 28,078,537</u>

Continued on Next Page

# Combined Balance Sheet

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

June 30, 1994

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities .....	\$ 214,570	\$ 277,988	\$ 11,136	\$ 48,336	\$ 218,340	\$ 417,086
Tax refunds payable .....	316,159	488	—	—	—	1,288
Intergovernmental payables .....	50,832	74,570	—	—	—	57
Insurance claims incurred but not reported .....	—	—	—	3,135	122,692	—
Due to other funds .....	42,902	7,918	3,363	824	—	37,486
Due to component units .....	—	2,122	—	—	—	—
Due to primary government .....	—	—	—	—	—	—
Interfund payables .....	1,671	546	—	20	1,749	315
Advances from other funds .....	10,556	145	—	15,351	10,460	1,100
Deferred revenues and deferred credits .....	64,572	44,829	130	1,354	16,256	2,910
Deposits .....	—	—	—	35	—	3,956
Amounts held in custody for others .....	—	—	—	—	—	791,717
Deferred compensation .....	—	—	—	—	—	694,918
Liabilities payable from restricted assets .....	—	—	—	36,179	—	—
Notes payable .....	—	—	—	2,559	—	—
General obligation bonds payable .....	—	—	—	—	—	—
Revenue bonds payable .....	—	—	—	806,916	—	—
Certificates of participation payable .....	—	—	—	—	—	—
Capital lease and installment debt obligations payable .....	—	—	—	—	35,879	—
Commercial paper notes .....	—	—	—	—	—	—
Compensated absences payable .....	—	—	—	736	3,106	—
Other liabilities, including retainages payable .....	53,131	25,164	2,756	2,835	62	165
<b>Total liabilities .....</b>	<b>754,393</b>	<b>433,770</b>	<b>17,385</b>	<b>918,280</b>	<b>408,544</b>	<b>1,950,998</b>
<b>Fund equity (deficit) and other credits:</b>						
Contributed capital .....	—	—	—	16,221	78,442	—
Investment in fixed assets .....	—	—	—	—	—	—
<b>Retained earnings:</b>						
Reserved for special purposes .....	—	—	—	157,230	—	—
Unreserved .....	—	—	—	64,906	227,382	—
<b>Fund balances (deficits):</b>						
<b>Reserved for:</b>						
Pension and other benefits .....	—	—	—	—	—	12,099,969
Restricted fund balance .....	—	—	—	—	—	—
Federal government grants refundable .....	—	—	—	—	—	—
General fund reserve .....	110,178	—	—	—	—	—
Inventories .....	11,522	21,043	—	—	—	—
Advances to other funds .....	12,625	6,927	—	—	—	—
Appropriations to be carried forward .....	198,653	—	—	—	—	—
Endowment and similar funds .....	—	—	—	—	—	1,422
Long-term loans and notes receivable .....	957	74,950	—	—	—	—
School building aid .....	1,774	23,562	—	—	—	—
Encumbrances .....	—	—	—	—	—	—
Other special purposes .....	—	—	—	—	—	—
<b>Unreserved:</b>						
Designated for special purposes .....	—	174,827	—	—	—	—
Designated for capital expenditures .....	—	—	96,935	—	—	—
Designated for quasi-endowments .....	—	—	—	—	—	—
Undesignated .....	(301,808)	292,598	—	—	—	77,277
<b>Total fund equity and other credits .....</b>	<b>33,901</b>	<b>593,907</b>	<b>96,935</b>	<b>238,357</b>	<b>305,824</b>	<b>12,178,668</b>
<b>Total liabilities, fund equity and other credits .....</b>	<b>\$ 788,294</b>	<b>\$ 1,027,677</b>	<b>\$ 114,320</b>	<b>\$ 1,156,637</b>	<b>\$ 714,368</b>	<b>\$ 14,129,666</b>

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



ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals Primary Government (Memorandum Only)	COMPONENT UNITS	Totals Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Obligations				
\$ —	\$ 666	\$ 111,024	\$ 1,299,146	\$ 110,089	\$ 1,409,235
—	—	—	317,935	—	317,935
—	—	—	125,459	—	125,459
—	7,025	—	132,852	—	132,852
—	—	8,132	100,625	—	100,625
—	—	—	2,122	—	2,122
—	—	—	—	292	292
—	—	947	5,248	—	5,248
—	—	5,050	42,662	—	42,662
—	—	34,019	164,070	27,756	191,826
—	—	4,990	8,981	—	8,981
—	—	5,015	796,732	—	796,732
—	—	—	694,918	262	695,180
—	—	—	36,179	—	36,179
—	—	28,017	30,576	—	30,576
—	889,151	40,420	929,571	—	929,571
—	—	223,853	1,030,769	2,711,402	3,742,171
—	—	24,110	24,110	—	24,110
—	11,846	10,545	58,270	53,320	111,590
—	—	—	—	108,250	108,250
—	139,962	63,972	207,776	—	207,776
—	49,541	21,816	155,470	60,912	216,382
—	1,098,191	581,910	6,163,471	3,072,283	9,235,754
—	—	—	94,663	206,873	301,536
1,875,745	—	2,116,337	3,992,082	—	3,992,082
—	—	—	157,230	—	157,230
—	—	—	292,288	716,255	1,008,543
—	—	—	12,099,969	—	12,099,969
—	—	158,552	158,552	—	158,552
—	—	39,986	39,986	—	39,986
—	—	—	110,178	—	110,178
—	—	—	32,565	—	32,565
—	—	—	19,552	—	19,552
—	—	—	198,653	—	198,653
—	—	34,343	35,765	—	35,765
—	—	—	75,907	—	75,907
—	—	—	25,336	—	25,336
—	—	1,926	1,926	—	1,926
—	—	9,216	9,216	—	9,216
—	—	63,442	238,269	—	238,269
—	—	—	96,935	—	96,935
—	—	18,547	18,547	—	18,547
—	—	153,969	222,036	—	222,036
1,875,745	—	2,596,318	17,919,655	923,128	18,842,783
\$ 1,875,745	\$ 1,098,191	\$ 3,178,228	\$ 24,083,126	\$ 3,995,411	\$ 28,078,537

# 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, 1994  
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
<b>Revenues:</b>			
Taxes:			
Individual income.....	\$ 1,519,030	\$ —	\$ —
Retail sales and use.....	1,348,009	408,148	—
Other.....	641,952	357,125	656
Licenses, fees, and permits.....	240,712	67,227	80
Interest and other investment income.....	40,677	7,919	169
Federal.....	304,486	2,278,012	3,759
Departmental services.....	24,057	134,258	3
Contributions.....	1	82,506	158
Fines and penalties.....	17,886	34,040	—
Other.....	9,520	43,675	98
<b>Total revenues.....</b>	<b>4,146,330</b>	<b>3,412,910</b>	<b>4,923</b>
<b>Expenditures:</b>			
Current:			
General governmental.....	339,317	60,139	—
Education.....	179,259	113,899	—
Health and environment.....	832,155	1,333,933	—
Social services.....	137,666	541,106	—
Administration of justice.....	364,007	41,496	—
Resources and economic development.....	68,255	70,682	—
Transportation.....	—	221,014	—
Capital outlay.....	—	391,848	61,777
Debt service:			
Principal retirement.....	81,988	614	—
Interest and fiscal charges.....	49,027	80	95
Intergovernmental.....	1,433,854	714,512	—
<b>Total expenditures.....</b>	<b>3,485,528</b>	<b>3,489,323</b>	<b>61,872</b>
<b>Revenues over (under) expenditures.....</b>	<b>660,802</b>	<b>(76,413)</b>	<b>(56,949)</b>
<b>Other financing sources (uses):</b>			
Proceeds from bonds and notes.....	—	—	99,336
Proceeds from refunding bonds.....	289,680	—	—
Lease and installment debt proceeds.....	9,319	183	—
Payments to refunded bond escrow agent.....	(289,375)	—	—
Operating transfers in.....	786	82,967	9,291
Transfers from component units.....	6,154	—	—
Operating transfers out.....	(549,771)	—	(38,260)
<b>Total other financing sources (uses).....</b>	<b>(533,207)</b>	<b>83,150</b>	<b>70,367</b>
<b>Revenues and other sources over expenditures and other uses.....</b>	<b>127,595</b>	<b>6,737</b>	<b>13,418</b>
<b>Fund balances (deficit), July 1, 1993 (restated).....</b>	<b>(94,281)</b>	<b>590,039</b>	<b>83,645</b>
<b>Increases (decreases) in reserve for inventories.....</b>	<b>587</b>	<b>(2,869)</b>	<b>—</b>
<b>Residual equity transfers out.....</b>	<b>—</b>	<b>—</b>	<b>(128)</b>
<b>Fund balances, June 30, 1994.....</b>	<b>\$ 33,901</b>	<b>\$ 593,907</b>	<b>\$ 96,935</b>

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

**FIDUCIARY  
FUND TYPE**

<b>Expendable Trust</b>	<b>Totals (Memorandum Only)</b>
\$ —	\$ 1,519,030
—	1,756,157
181,861	1,181,594
6,904	314,923
35,613	84,378
63,727	2,649,984
1	158,319
6	82,671
—	51,926
1,765	55,058
<b>289,877</b>	<b>7,854,040</b>
249,920	649,376
—	293,158
11	2,166,099
43	678,815
9	405,512
7	138,944
—	221,014
—	453,625
—	82,602
—	49,202
6	2,148,372
<b>249,996</b>	<b>7,286,719</b>
<b>39,881</b>	<b>567,321</b>
—	99,336
—	289,680
—	9,502
—	(289,375)
—	93,044
—	6,154
(936)	(588,967)
<b>(936)</b>	<b>(380,626)</b>
38,945	186,695
569,219	1,148,622
—	(2,282)
—	(128)
<b>\$ 608,164</b>	<b>\$ 1,332,907</b>

# 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, 1994

(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Admissions tax.....	\$ 3,600	\$ 2,742	\$ (858)
Aircraft tax.....	4,900	2,536	(2,364)
Alcoholic liquors tax.....	48,500	45,826	(2,674)
Bank tax.....	10,000	14,343	4,343
Beer and wine tax.....	75,350	75,685	335
Business license tax.....	29,500	29,166	(334)
Coin-operated device tax.....	31,000	31,185	185
Commercial nuclear waste tax.....	4,600	3,737	(863)
Contractors' license tax.....	—	—	—
Corporation income tax.....	139,350	198,803	59,453
Corporation license tax.....	44,100	42,683	(1,417)
Department of Agriculture.....	6,700	6,624	(76)
Departmental revenue (primarily grant revenues and fees for services).....	153,001	162,749	9,748
Documentary tax.....	12,000	16,177	4,177
Earned on investments.....	43,122	37,855	(5,267)
Education Improvement Act—1% sales tax.....	—	—	—
Education Improvement Act—investment earnings...	—	—	—
Education Improvement Act—other.....	—	—	—
Electric power tax.....	19,400	18,729	(671)
Estate tax.....	11,400	27,066	15,666
Excise tax—casual sales.....	11,550	12,275	725
Fertilizer inspection tax.....	175	214	39
Gasoline tax—counties.....	19,000	19,243	243
Gift tax.....	—	126	126
Individual income tax.....	1,546,475	1,530,996	(15,479)
Insurance tax.....	67,938	81,289	13,351
Miscellaneous sources.....	51,116	54,192	3,076
Motor transport fees.....	3,750	4,727	977
Motor vehicle licenses.....	93,005	91,856	(1,149)
Nonrecurring (low-level radioactive waste access fee and other) .....	95,145	114,463	19,318
Private car lines tax.....	1,800	1,057	(743)
Public service assessment.....	4,200	4,252	52
Public Service Authority.....	6,300	6,155	(145)
Radioactive waste surcharge.....	15,500	9,567	(5,933)
Retail sales tax (4%).....	1,238,836	1,334,628	95,792
Retail sales tax—mail order sales.....	—	—	—
Retailers' license tax.....	1,200	934	(266)
Savings and loan association tax.....	4,000	5,906	1,906
Soft drinks tax.....	23,300	25,053	1,753
Workers' compensation insurance tax.....	8,500	9,154	654
<b>Total revenues.....</b>	<b>3,828,313</b>	<b>4,021,993</b>	<b>193,680</b>

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)
\$ 32,590	\$ 15,556	\$ (17,034)	\$ 36,190	\$ 18,298	\$ (17,892)
—	—	—	4,900	2,536	(2,364)
—	—	—	48,500	45,826	(2,674)
—	—	—	10,000	14,343	4,343
—	—	—	75,350	75,685	335
—	—	—	29,500	29,166	(334)
—	—	—	31,000	31,185	185
—	—	—	4,600	3,737	(863)
449	1,536	1,087	449	1,536	1,087
—	—	—	139,350	198,803	59,453
—	—	—	44,100	42,683	(1,417)
3,241	2,482	(759)	9,941	9,106	(835)
6,395,054	5,357,487	(1,037,567)	6,548,055	5,520,236	(1,027,819)
4,447	3,866	(581)	16,447	20,043	3,596
10,337	9,328	(1,009)	53,459	47,183	(6,276)
312,522	336,470	23,948	312,522	336,470	23,948
304	957	653	304	957	653
2,137	1,225	(912)	2,137	1,225	(912)
—	—	—	19,400	18,729	(671)
—	—	—	11,400	27,066	15,666
—	—	—	11,550	12,275	725
—	—	—	175	214	39
—	—	—	19,000	19,243	243
—	—	—	—	126	126
—	—	—	1,546,475	1,530,996	(15,479)
16	14	(2)	67,954	81,303	13,349
68,999	60,331	(8,668)	120,115	114,523	(5,592)
—	—	—	3,750	4,727	977
3,120	1,589	(1,531)	96,125	93,445	(2,680)
1,224	1,000	(224)	96,369	115,463	19,094
—	—	—	1,800	1,057	(743)
—	—	—	4,200	4,252	52
—	—	—	6,300	6,155	(145)
—	—	—	15,500	9,567	(5,933)
—	—	—	1,238,836	1,334,628	95,792
30,000	—	(30,000)	30,000	—	(30,000)
—	—	—	1,200	934	(266)
—	—	—	4,000	5,906	1,906
—	—	—	23,300	25,053	1,753
—	—	—	8,500	9,154	654
<b>6,864,440</b>	<b>5,791,841</b>	<b>(1,072,599)</b>	<b>10,692,753</b>	<b>9,813,834</b>	<b>(878,919)</b>

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, 1994  
(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures:</b>			
Legislative.....	\$ 28,508	\$ 25,077	\$ 3,431
Judicial.....	29,745	28,342	1,403
Executive and administrative.....	165,439	119,207	46,232
Educational.....	1,962,406	1,902,680	59,726
Health.....	661,041	631,440	29,601
Social rehabilitation services.....	146,899	139,356	7,543
Correctional and public safety.....	345,051	329,732	15,319
Conservation, natural resources, and development..	131,728	113,978	17,750
Regulatory.....	115,706	107,887	7,819
Department of Transportation.....	592	527	65
Debt service.....	138,433	136,645	1,788
Miscellaneous.....	263,724	241,426	22,298
Enterprise agencies.....	—	—	—
<b>Total expenditures.....</b>	<b>3,989,272</b>	<b>3,776,297</b>	<b>212,975</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>(160,959)</b>	<b>245,696</b>	<b>406,655</b>
<b>Other financing sources:</b>			
Operating transfers in.....	2,500	2,500	—
<b>Total financing sources.....</b>	<b>2,500</b>	<b>2,500</b>	<b>—</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	<b>(158,459)</b>	<b>248,196</b>	<b>406,655</b>
<b>Budgetary fund balance, July 1, 1993.....</b>	<b>158,941</b>	<b>158,941</b>	<b>—</b>
<b>Budgetary fund balance, June 30, 1994.....</b>	<b>\$ 482</b>	<b>\$ 407,137</b>	<b>\$ 406,655</b>

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)
\$ 979	\$ 529	\$ 450	\$ 29,487	\$ 25,606	\$ 3,881
1,985	914	1,071	31,730	29,256	2,474
430,173	236,957	193,216	595,612	356,164	239,448
2,277,916	1,735,810	542,106	4,240,322	3,638,490	601,832
2,515,189	2,292,978	222,211	3,176,230	2,924,418	251,812
642,611	577,713	64,898	789,510	717,069	72,441
139,379	95,368	44,011	484,430	425,100	59,330
155,817	115,030	40,787	287,545	229,008	58,537
137,793	111,049	26,744	253,499	218,936	34,563
647,255	592,708	54,547	647,847	593,235	54,612
—	—	—	138,433	136,645	1,788
—	—	—	263,724	241,426	22,298
4,293	4,293	—	4,293	4,293	—
<b>6,953,390</b>	<b>5,763,349</b>	<b>1,190,041</b>	<b>10,942,662</b>	<b>9,539,646</b>	<b>1,403,016</b>
<b>(88,950)</b>	<b>28,492</b>	<b>117,442</b>	<b>(249,909)</b>	<b>274,188</b>	<b>524,097</b>
—	—	—	2,500	2,500	—
—	—	—	2,500	2,500	—
<b>(88,950)</b>	<b>28,492</b>	<b>117,442</b>	<b>(247,409)</b>	<b>276,688</b>	<b>524,097</b>
<b>558,669</b>	<b>558,669</b>	<b>—</b>	<b>717,610</b>	<b>717,610</b>	<b>—</b>
<b>\$ 469,719</b>	<b>\$ 587,161</b>	<b>\$ 117,442</b>	<b>\$ 470,201</b>	<b>\$ 994,298</b>	<b>\$ 524,097</b>

# 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, 1994  
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust
<b>Operating revenues:</b>				
Charges for services.....	\$ 53,968	\$ 683,090	\$ —	\$ —
Contributions.....	13	33,588	1	686,625
Interest and other investment income.....	59,081	23,092	49	938,411
Licenses, fees, and permits.....	—	—	59	—
<b>Total operating revenues.....</b>	<b>113,062</b>	<b>739,770</b>	<b>109</b>	<b>1,625,036</b>
<b>Operating expenses:</b>				
General operations and administration.....	29,711	198,492	11	1,291
Benefits and claims.....	1,408	512,032	—	578,785
Interest.....	59,675	—	—	—
Depreciation and amortization.....	941	9,740	—	117
Other operating expenses.....	4,089	2,686	2	—
<b>Total operating expenses.....</b>	<b>95,824</b>	<b>722,950</b>	<b>13</b>	<b>580,193</b>
<b>Operating income.....</b>	<b>17,238</b>	<b>16,820</b>	<b>96</b>	<b>1,044,843</b>
<b>Nonoperating revenues (expenses):</b>				
Interest income.....	1,004	2,030	—	—
Federal revenue.....	18,113	—	—	—
Costs to be recovered from future revenues.....	—	—	—	—
Interest expense.....	(831)	(6,612)	—	—
Provision for valuation allowance on property.....	(2,244)	—	—	—
Other nonoperating revenues (expenses).....	(17,706)	1,008	—	—
<b>Total nonoperating revenues (expenses).....</b>	<b>(1,664)</b>	<b>(3,574)</b>	<b>—</b>	<b>—</b>
<b>Income before operating transfers and extraordinary items.....</b>	<b>15,574</b>	<b>13,246</b>	<b>96</b>	<b>1,044,843</b>
Operating transfers in.....	942	6,788	—	7,006
Operating transfers out.....	(1,785)	(1,246)	—	(6,232)
Transfers to primary government.....	—	—	—	—
<b>Income before extraordinary items.....</b>	<b>14,731</b>	<b>18,788</b>	<b>96</b>	<b>1,045,617</b>
Extraordinary loss on early extinguishment of debt.....	(2,726)	—	—	—
<b>Net income .....</b>	<b>12,005</b>	<b>18,788</b>	<b>96</b>	<b>1,045,617</b>
<b>Retained earnings/fund balances, July 1, 1993 (restated).....</b>	<b>210,131</b>	<b>208,594</b>	<b>1,560</b>	<b>10,523,231</b>
<b>Retained earnings/fund balances, June 30, 1994.....</b>	<b>222,136</b>	<b>227,382</b>	<b>1,656</b>	<b>11,568,848</b>
<b>Contributed capital, July 1, 1993 (restated).....</b>	<b>13,674</b>	<b>76,586</b>	<b>—</b>	<b>—</b>
<b>Additions to contributed capital .....</b>	<b>2,547</b>	<b>3,988</b>	<b>—</b>	<b>—</b>
<b>Deductions from contributed capital.....</b>	<b>—</b>	<b>(2,132)</b>	<b>—</b>	<b>—</b>
<b>Fund equity, June 30, 1994.....</b>	<b>\$ 238,357</b>	<b>\$ 305,824</b>	<b>\$ 1,656</b>	<b>\$ 11,568,848</b>

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



<b>Totals Primary Government (Memorandum Only)</b>	<b>COMPONENT UNITS</b>	<b>Totals Reporting Entity (Memorandum Only)</b>
\$ 737,058	\$ 637,276	\$ 1,374,334
720,227	—	720,227
1,020,633	48	1,020,681
59	—	59
<b>2,477,977</b>	<b>637,324</b>	<b>3,115,301</b>
229,505	390,344	619,849
1,092,225	—	1,092,225
59,675	—	59,675
10,798	98,697	109,495
6,777	3,644	10,421
<b>1,398,980</b>	<b>492,685</b>	<b>1,891,665</b>
<b>1,078,997</b>	<b>144,639</b>	<b>1,223,636</b>
3,034	18,180	21,214
18,113	2,446	20,559
—	23,595	23,595
(7,443)	(149,871)	(157,314)
(2,244)	—	(2,244)
(16,698)	1,164	(15,534)
<b>(5,238)</b>	<b>(104,486)</b>	<b>(109,724)</b>
<b>1,073,759</b>	<b>40,153</b>	<b>1,113,912</b>
14,736	—	14,736
(9,263)	—	(9,263)
—	(5,997)	(5,997)
<b>1,079,232</b>	<b>34,156</b>	<b>1,113,388</b>
<b>(2,726)</b>	<b>—</b>	<b>(2,726)</b>
<b>1,076,506</b>	<b>34,156</b>	<b>1,110,662</b>
<b>10,943,516</b>	<b>682,099</b>	<b>11,625,615</b>
<b>12,020,022</b>	<b>716,255</b>	<b>12,736,277</b>
90,260	211,702	301,962
6,535	—	6,535
(2,132)	(4,829)	(6,961)
<b>\$ 12,114,685</b>	<b>\$ 923,128</b>	<b>\$ 13,037,813</b>

# Combined Statement of Cash Flows

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

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE Nonexpendable Trust
	Enterprise	Internal Service	
<b>Cash flows from operating activities:</b>			
Operating income.....	\$ 17,238	\$ 16,820	\$ 96
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation and amortization .....	941	9,740	—
Provisions for loan losses and bad debts.....	964	—	—
Loss on disposition of property and equipment .....	3	432	—
Issuance of loans and notes.....	(143,690)	—	—
Collection of loans and notes.....	157,188	—	—
Interest payments .....	59,675	—	—
Interest on investments and interfund loans.....	(15,142)	(23,305)	(46)
Amounts received for payment of claims.....	61,687	—	—
Payment of claims.....	(50,471)	—	—
Other nonoperating revenues.....	—	1,532	—
Other nonoperating expenses.....	—	(524)	—
Other.....	(28)	(150)	1
<b>Change in assets--decreases (increases):</b>			
Accounts receivable, net.....	(1,964)	(4,064)	—
Student loans receivable, net.....	15	—	—
Loans and notes receivable.....	(4,200)	—	—
Due from Federal government and other grantors.....	—	148	—
Due from other funds.....	995	(7,607)	—
Due from primary government.....	—	—	—
Inventories.....	(61)	(311)	—
Other restricted assets.....	9,138	—	—
Other current assets.....	13	216	—
Deferred charges.....	(1,231)	—	—
<b>Change in liabilities--increases (decreases):</b>			
Accounts payable and accrued liabilities.....	(6,965)	28,252	2
Insurance claims incurred but not reported.....	(220)	7,905	—
Due to other funds.....	377	—	—
Due to primary government.....	—	—	—
Interfund payables .....	—	(100)	—
Deferred revenues .....	335	3,047	—
Deposits.....	18	—	—
Liabilities payable from restricted assets .....	349	—	—
Compensated absences payable .....	96	373	—
Other liabilities, including retainages payable.....	(677)	(23)	—
<b>Net cash and cash equivalents provided by operating activities.....</b>	<b>84,383</b>	<b>32,381</b>	<b>53</b>
<b>Cash flows from noncapital financing activities:</b>			
Principal payments received from other funds.....	—	5,952	—
Proceeds from loans made by other funds.....	—	2,222	—
Principal payments made to other funds.....	(600)	(5,642)	—
Receipt of interest from other funds.....	—	4,342	—
Interest payments made to other funds .....	—	(3,550)	—
Loans made to other funds.....	—	(9,734)	—
Proceeds from sale of revenue bonds.....	159,047	—	—
Principal payments on revenue bonds.....	(212,825)	—	—
Proceeds from notes payable .....	2,691	—	—
Principal payments on notes payable .....	(155)	—	—
Interest payments .....	(63,908)	—	—
Payment of bond issuance costs.....	(1,805)	—	—
Federal revenue .....	15,455	—	—
Payments from Federal grants.....	(16,251)	—	—
Operating transfers in .....	942	6,788	—
Operating transfers out .....	(1,785)	(1,246)	—
Transfers to primary government .....	—	—	—
Operating deficiency reimbursement .....	474	—	—
<b>Net cash and cash equivalents used in noncapital financing activities.....</b>	<b>(118,720)</b>	<b>(868)</b>	<b>—</b>

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

<b>Totals Primary Government (Memorandum Only)</b>	<b>COMPONENT UNITS</b>	<b>Totals Reporting Entity (Memorandum Only)</b>
\$ 34,154	\$ 144,639	\$ 178,793
10,681	98,697	109,378
964	567	1,531
435	—	435
(143,690)	(300)	(143,990)
157,188	54	157,242
59,675	—	59,675
(38,493)	—	(38,493)
61,687	—	61,687
(50,471)	—	(50,471)
1,532	—	1,532
(524)	—	(524)
(177)	(600)	(777)
(6,028)	(6,611)	(12,639)
15	—	15
(4,200)	—	(4,200)
148	(392)	(244)
(6,612)	—	(6,612)
—	(1,600)	(1,600)
(372)	17,450	17,078
9,138	—	9,138
229	(1,107)	(878)
(1,231)	—	(1,231)
21,289	(13,095)	8,194
7,685	—	7,685
377	—	377
—	292	292
(100)	—	(100)
3,382	3,349	6,731
18	(2)	16
349	—	349
469	—	469
(700)	18,238	17,538
<b>116,817</b>	<b>259,579</b>	<b>376,396</b>
5,952	—	5,952
2,222	—	2,222
(6,242)	—	(6,242)
4,342	—	4,342
(3,550)	—	(3,550)
(9,734)	—	(9,734)
159,047	—	159,047
(212,825)	—	(212,825)
2,691	—	2,691
(155)	—	(155)
(63,908)	—	(63,908)
(1,805)	—	(1,805)
15,455	2,446	17,901
(16,251)	—	(16,251)
7,730	—	7,730
(3,031)	—	(3,031)
—	(5,997)	(5,997)
474	—	474
<b>(119,588)</b>	<b>(3,551)</b>	<b>(123,139)</b>

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, 1994  
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE
	Enterprise	Internal Service	Nonexpendable Trust
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of property, plant, and equipment .....	\$ (997)	\$ (8,209)	\$ (1)
Proceeds from sale of property, plant, and equipment .....	—	—	—
Proceeds from loans made by other funds .....	—	275	—
Proceeds from sale and refundings of revenue bonds .....	—	—	—
Principal payments and refundings on revenue bonds .....	—	—	—
Interest payments .....	(166)	(3,062)	—
Payment of bond issuance costs .....	—	—	—
Increase in commercial paper notes .....	—	—	—
Principal payments on notes payable .....	(600)	—	—
Proceeds from capital leases and installment debt obligations payable .....	—	—	—
Principal payments on capital leases and installment debt obligations payable .....	—	(4,096)	—
Contributions of capital .....	—	313	—
<b>Net cash and cash equivalents used in capital and related financing activities .....</b>	<b>(1,763)</b>	<b>(14,779)</b>	<b>(1)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments .....	18,190	26,299	10
Purchase of investments .....	(4,626)	(29,679)	—
Interest on investments .....	18,103	20,994	46
Principal payments received on notes receivable .....	—	325	—
Issuance of loans .....	(8,666)	—	—
Collection of loans .....	4,805	—	—
<b>Net cash and cash equivalents provided by investing activities .....</b>	<b>27,806</b>	<b>17,939</b>	<b>56</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>(8,294)</b>	<b>34,673</b>	<b>108</b>
<b>Cash and cash equivalents, July 1, 1993, (restated) .....</b>	<b>279,284</b>	<b>444,334</b>	<b>1,520</b>
<b>Cash and cash equivalents, June 30, 1994 .....</b>	<b>\$ 270,990</b>	<b>\$ 479,007</b>	<b>\$ 1,628</b>
<b>Reconciliation of cash and cash equivalents to the balance sheet:</b>			
Cash and cash equivalents for Fiduciary Funds .....			\$ 634,004
Less: Cash and cash equivalents for Expendable Trust Funds, Pension Trust Funds, and Agency Funds .....			(632,376)
<b>Cash and cash equivalents Nonexpendable Trust Fund .....</b>			<b>\$ 1,628</b>
<b>Noncash capital and financing activities:</b>			
Acquisition of property and equipment through contributions and transfers from other funds .....	\$ —	\$ 4,710	\$ —
Contributions and transfers from other funds .....	145	—	—
<b>Total noncash capital and financing activities .....</b>	<b>\$ 145</b>	<b>\$ 4,710</b>	<b>\$ —</b>

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

<b>Totals Primary Government (Memorandum Only)</b>	<b>COMPONENT UNITS</b>	<b>Totals Reporting Entity (Memorandum Only)</b>
\$ (9,207)	\$ (275,670)	\$ (284,877)
—	1,736	1,736
275	—	275
—	1,003,435	1,003,435
—	(970,738)	(970,738)
(3,228)	(188,255)	(191,483)
—	(15,272)	(15,272)
—	(13,500)	(13,500)
(600)	—	(600)
—	1,000	1,000
(4,096)	(5,208)	(9,304)
313	—	313
<b>(16,543)</b>	<b>(462,472)</b>	<b>(479,015)</b>
44,499	169,008	213,507
(34,305)	(62,573)	(96,878)
39,143	30,827	69,970
325	—	325
(8,666)	—	(8,666)
4,805	—	4,805
<b>45,801</b>	<b>137,262</b>	<b>183,063</b>
<b>26,487</b>	<b>(69,182)</b>	<b>(42,695)</b>
<b>725,138</b>	<b>212,060</b>	<b>937,198</b>
<b>\$ 751,625</b>	<b>\$ 142,878</b>	<b>\$ 894,503</b>
\$ 4,710	\$ —	\$ 4,710
145	—	145
<b>\$ 4,855</b>	<b>\$ —</b>	<b>\$ 4,855</b>

# Combined Statement of Changes in Fund Balances

## HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
<b>Revenues and other additions:</b>				
Unrestricted Current Fund revenues.....	\$ 1,153,284	\$ —	\$ —	\$ —
Restricted student tuition and fees.....	—	—	—	—
Federal grants and contracts--restricted.....	—	193,359	1,256	—
State grants--restricted.....	—	10,339	—	50
Private gifts, grants, and contracts--restricted.....	—	54,049	16	2,111
Investment income--restricted.....	—	2,689	171	1,058
Realized investment gains--restricted.....	—	303	44	580
Interest earned.....	—	—	981	—
Expended for plant facilities.....	—	—	—	—
Retirement of indebtedness.....	—	—	—	—
Retirement of indebtedness--defeased bonds.....	—	—	—	—
Proceeds of bond refunding.....	—	—	—	—
Capitalization of interest cost.....	—	—	—	—
Sale of property.....	—	—	—	565
Foundations and institutes.....	—	—	—	—
Other revenues and additions.....	—	2,474	202	111
<b>Total revenues and other additions.....</b>	<b>1,153,284</b>	<b>263,213</b>	<b>2,670</b>	<b>4,475</b>
<b>Expenditures and other deductions:</b>				
Educational and general.....	1,037,458	237,002	—	—
Auxiliary enterprises.....	161,568	2,095	—	—
Hospital.....	329,983	2	—	—
Foundations and institutes.....	—	—	—	—
Indirect costs recovered.....	—	21,227	—	—
Loan cancellation and bad debt write-offs.....	—	—	506	4
Administration and collection costs.....	—	—	462	47
Expended for plant facilities.....	—	—	—	—
Retirement of indebtedness.....	—	—	—	—
Interest on indebtedness.....	—	—	—	—
Disposal of plant facilities.....	—	—	—	—
Refunding bonds issued.....	—	—	—	—
Payment to refunded bond escrow agent.....	—	—	—	—
Refunds to grantors.....	—	—	98	—
Other expenditures and deductions.....	2,526	84	—	3
<b>Total expenditures and other deductions.....</b>	<b>1,531,535</b>	<b>260,410</b>	<b>1,066</b>	<b>54</b>
<b>Transfers in (out):</b>				
Transfers among Higher Education Funds:				
Mandatory transfers for:				
Principal and interest.....	(35,047)	—	—	—
Loan fund matching grants.....	(267)	—	267	—
Other.....	1,201	54	—	—
Nonmandatory transfers.....	(13,747)	(805)	128	3,579
Operating transfers in.....	640,382	1,422	—	—
Operating transfers out.....	(184,716)	—	—	—
<b>Total transfers in (out).....</b>	<b>407,806</b>	<b>671</b>	<b>395</b>	<b>3,579</b>
<b>Net increases (decrease) in fund balances.....</b>	<b>29,555</b>	<b>3,474</b>	<b>1,999</b>	<b>8,000</b>
<b>Fund balances, July 1, 1993 (restated).....</b>	<b>126,946</b>	<b>27,339</b>	<b>42,746</b>	<b>44,890</b>
<b>Fund balances, June 30, 1994.....</b>	<b>\$ 156,501</b>	<b>\$ 30,813</b>	<b>\$ 44,745</b>	<b>\$ 52,890</b>

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

PLANT FUNDS				
Unexpended	Retirement of Indebtedness	Investment in Plant	Foundations and Institutes	Totals
\$ —	\$ —	\$ —	\$ —	\$ 1,153,284
4,780	15,694	46	—	20,520
12,863	315	165	—	207,958
689	—	—	—	11,078
4,791	—	6,246	—	67,213
1,953	2,807	—	—	8,678
—	—	—	—	927
—	—	—	—	981
—	—	179,218	—	179,218
—	—	22,512	—	22,512
—	—	15,375	—	15,375
—	16,530	—	—	16,530
955	—	—	—	955
—	—	—	—	565
—	—	—	158,859	158,859
2,540	1,778	71	—	7,176
<b>28,571</b>	<b>37,124</b>	<b>223,633</b>	<b>158,859</b>	<b>1,871,829</b>
—	—	—	—	1,274,460
—	—	—	—	163,663
—	—	—	—	329,985
—	—	—	157,247	157,247
—	—	—	—	21,227
—	—	—	—	510
—	—	—	—	509
109,699	—	—	—	109,699
—	21,023	—	—	21,023
—	18,949	—	—	18,949
—	—	34,594	—	34,594
—	—	16,530	—	16,530
—	16,325	—	—	16,325
—	—	—	—	98
5,527	310	4,956	—	13,406
<b>115,226</b>	<b>56,607</b>	<b>56,080</b>	<b>157,247</b>	<b>2,178,225</b>
(405)	35,452	—	—	—
—	—	—	—	—
—	(1,255)	—	—	—
43,390	(13,762)	(18,783)	—	—
38,057	—	—	—	679,861
—	—	—	(4,695)	(189,411)
<b>81,042</b>	<b>20,435</b>	<b>(18,783)</b>	<b>(4,695)</b>	<b>490,450</b>
(5,613)	952	148,770	(3,083)	184,054
100,336	46,263	1,967,567	56,177	2,412,264
<b>\$ 94,723</b>	<b>\$ 47,215</b>	<b>\$ 2,116,337</b>	<b>\$ 53,094</b>	<b>\$ 2,596,318</b>

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

## HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Unrestricted	Restricted	Totals
<b>Revenues:</b>			
Tuition and fees.....	\$ 333,679	\$ —	\$ 333,679
Federal grants and contracts.....	29,205	172,106	201,311
State grants and contracts.....	—	9,895	9,895
Local grants and contracts.....	22,995	1,553	24,548
Private gifts, grants, and contracts.....	30,044	50,001	80,045
Endowment income.....	267	1,760	2,027
Sales and services of educational departments.....	28,549	—	28,549
Sales and services of auxiliary enterprises.....	175,414	—	175,414
Sales and services of hospitals.....	504,665	—	504,665
Other.....	28,466	2,308	30,774
<b>Total current revenues.....</b>	<b>1,153,284</b>	<b>237,623</b>	<b>1,390,907</b>
<b>Expenditures and mandatory transfers:</b>			
Educational and general:			
Instruction.....	501,059	33,000	534,059
Research.....	55,088	94,690	149,778
Public service.....	57,858	37,074	94,932
Academic support.....	108,246	8,477	116,723
Student services.....	63,431	5,689	69,120
Institutional support.....	125,918	1,999	127,917
Operation and maintenance of plant.....	107,084	416	107,500
Scholarships and fellowships.....	18,774	55,657	74,431
<b>Educational and general expenditures.....</b>	<b>1,037,458</b>	<b>237,002</b>	<b>1,274,460</b>
Mandatory transfers for:			
Principal and interest.....	6,826	—	6,826
Loan fund matching grants.....	267	—	267
Other.....	54	(54)	—
<b>Total educational and general.....</b>	<b>1,044,605</b>	<b>236,948</b>	<b>1,281,553</b>
Auxiliary enterprises:			
Expenditures.....	161,568	2,095	163,663
Mandatory transfers for principal and interest.....	16,723	—	16,723
<b>Total auxiliary enterprises.....</b>	<b>178,291</b>	<b>2,095</b>	<b>180,386</b>
Hospitals:			
Expenditures.....	329,983	2	329,985
Mandatory transfers for principal and interest.....	11,498	—	11,498
Other mandatory transfers.....	(1,255)	—	(1,255)
<b>Total hospitals.....</b>	<b>340,226</b>	<b>2</b>	<b>340,228</b>
<b>Total expenditures and mandatory transfers.....</b>	<b>1,563,122</b>	<b>239,045</b>	<b>1,802,167</b>
<b>Other transfers and additions (deductions):</b>			
Excess of restricted receipts over transfers to revenues.....	—	4,363	4,363
Operating transfers in.....	640,382	1,422	641,804
Operating transfers out.....	(184,716)	—	(184,716)
Other deductions.....	(16,273)	(889)	(17,162)
<b>Total operating transfers and additions.....</b>	<b>439,393</b>	<b>4,896</b>	<b>444,289</b>
<b>Net increase in fund balances.....</b>	<b>\$ 29,555</b>	<b>\$ 3,474</b>	<b>\$ 33,029</b>

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



# Combining Balance Sheet

## DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1994

(Expressed in Thousands)

	<u>Public Service Authority</u>	<u>Ports Authority</u>	<u>Savannah Lakes Regional Loan Fund</u>	<u>Enterprise Development, Inc., of South Carolina</u>	<u>Totals</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents.....	\$ 6,077	\$ 12,017	\$ 763	\$ 290	\$ 19,147
Investments.....	44,717	—	140	—	44,857
Receivables, net:					
Accounts .....	60,542	7,437	2	—	67,981
Loans and notes.....	—	—	81	—	81
Due from Federal government and other grantors.....	—	—	—	1,110	1,110
Due from primary government.....	—	1,600	—	—	1,600
Inventories.....	59,617	936	—	—	60,553
Restricted assets:					
Cash and cash equivalents.....	77,370	—	—	—	77,370
Investments.....	12,661	—	—	—	12,661
Other current assets.....	1,312	1,659	—	1	2,972
Total current assets.....	<u>262,296</u>	<u>23,649</u>	<u>986</u>	<u>1,401</u>	<u>288,332</u>
Long-term assets:					
Loans and notes receivable, net.....	—	—	247	—	247
Restricted assets:					
Cash and cash equivalents.....	38,538	7,823	—	—	46,361
Investments.....	401,889	28,320	—	—	430,209
Deferred charges.....	727,798	1,714	—	—	729,512
Total long-term assets.....	<u>1,168,225</u>	<u>37,857</u>	<u>247</u>	<u>—</u>	<u>1,206,329</u>
Property, plant, and equipment:					
Land and improvements.....	—	152,248	—	—	152,248
Buildings and improvements.....	—	164,494	—	—	164,494
Utility plant.....	2,554,515	—	—	—	2,554,515
Machinery, equipment, and other.....	1,979	27,891	—	247	30,117
Construction in progress.....	450,306	91,865	—	—	542,171
Less: accumulated depreciation.....	(814,656)	(128,046)	—	(93)	(942,795)
Total property, plant, and equipment, net.....	<u>2,192,144</u>	<u>308,452</u>	<u>—</u>	<u>154</u>	<u>2,500,750</u>
Total assets.....	<u><b>\$ 3,622,665</b></u>	<u><b>\$ 369,958</b></u>	<u><b>\$ 1,233</b></u>	<u><b>\$ 1,555</b></u>	<u><b>\$ 3,995,411</b></u>

# Combining Balance Sheet

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

June 30, 1994

(Expressed in Thousands)

	Public Service Authority	Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities.....	\$ 97,541	\$ 12,417	\$ —	\$ 131	\$ 110,089
Due to primary government.....	—	—	—	292	292
Deferred compensation.....	—	—	—	262	262
Revenue bonds payable.....	185,345	915	—	—	186,260
Capital lease and installment debt obligations payable.....	3,224	140	—	—	3,364
Commercial paper notes.....	108,250	—	—	—	108,250
Other current liabilities, including retainages payable..	18,794	3,130	—	—	21,924
Total current liabilities.....	413,154	16,602	—	685	430,441
Long-term liabilities:					
Deferred revenues and deferred credits.....	27,756	—	—	—	27,756
Revenue bonds payable.....	2,437,197	87,945	—	—	2,525,142
Capital lease and installment debt obligations payable.....	49,448	508	—	—	49,956
Other long-term liabilities.....	38,988	—	—	—	38,988
Total long-term liabilities.....	2,553,389	88,453	—	—	2,641,842
Total liabilities.....	2,966,543	105,055	—	685	3,072,283
<b>Fund Equity:</b>					
Contributed capital.....	34,438	171,415	1,020	—	206,873
Retained earnings.....	621,684	93,488	213	870	716,255
Total fund equity.....	656,122	264,903	1,233	870	923,128
Total liabilities and fund equity.....	\$ 3,622,665	\$ 369,958	\$ 1,233	\$ 1,555	\$ 3,995,411

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, 1994  
(Expressed in Thousands)

	Public Service Authority	Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
<b>Operating revenues:</b>					
Charges for services.....	\$ 589,483	\$ 45,584	\$ 1	\$ 2,208	\$ 637,276
Interest and other investment income.....	—	—	48	—	48
<b>Total operating revenues.....</b>	<b>589,483</b>	<b>45,584</b>	<b>49</b>	<b>2,208</b>	<b>637,324</b>
<b>Operating expenses:</b>					
General operations and administration.....	354,528	31,816	8	3,992	390,344
Depreciation and amortization.....	86,913	11,742	—	42	98,697
Other operating expenses.....	3,643	—	1	—	3,644
<b>Total operating expenses.....</b>	<b>445,084</b>	<b>43,558</b>	<b>9</b>	<b>4,034</b>	<b>492,685</b>
<b>Operating income (loss).....</b>	<b>144,399</b>	<b>2,026</b>	<b>40</b>	<b>(1,826)</b>	<b>144,639</b>
<b>Nonoperating revenues (expenses):</b>					
Interest income.....	17,493	681	—	6	18,180
Federal revenue.....	—	—	—	2,446	2,446
Costs to be recovered from future revenues.....	23,595	—	—	—	23,595
Interest expense.....	(149,754)	(117)	—	—	(149,871)
Other nonoperating revenues (expenses).....	1,850	(247)	—	(439)	1,164
<b>Total nonoperating revenues (expenses).....</b>	<b>(106,816)</b>	<b>317</b>	<b>—</b>	<b>2,013</b>	<b>(104,486)</b>
<b>Income before operating transfers.....</b>	<b>37,583</b>	<b>2,343</b>	<b>40</b>	<b>187</b>	<b>40,153</b>
Transfers to primary government.....	(5,997)	—	—	—	(5,997)
<b>Net income.....</b>	<b>31,586</b>	<b>2,343</b>	<b>40</b>	<b>187</b>	<b>34,156</b>
<b>Retained earnings, July 1, 1993 (restated).....</b>	<b>590,098</b>	<b>91,145</b>	<b>173</b>	<b>683</b>	<b>682,099</b>
<b>Retained earnings, June 30, 1994.....</b>	<b>621,684</b>	<b>93,488</b>	<b>213</b>	<b>870</b>	<b>716,255</b>
<b>Contributed capital, July 1, 1993 (restated).....</b>	<b>34,438</b>	<b>176,244</b>	<b>1,020</b>	<b>—</b>	<b>211,702</b>
<b>Deductions from contributed capital.....</b>	<b>—</b>	<b>(4,829)</b>	<b>—</b>	<b>—</b>	<b>(4,829)</b>
<b>Fund equity, June 30, 1994.....</b>	<b>\$ 656,122</b>	<b>\$ 264,903</b>	<b>\$ 1,233</b>	<b>\$ 870</b>	<b>\$ 923,128</b>

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, 1994  
(Expressed in Thousands)

	Public Service Authority	Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
<b>Cash flows from operating activities:</b>					
Operating income (loss) .....	\$ 144,399	\$ 2,026	\$ 40	\$ (1,826)	\$ 144,639
Adjustments to reconcile operating income (loss) to net cash provided by operations:					
Depreciation and amortization .....	86,913	11,742	—	42	98,697
Provisions for loan losses and bad debts .....	—	567	—	—	567
Issuance of loans .....	—	—	(300)	—	(300)
Collection of loans .....	—	—	54	—	54
Other .....	(495)	48	—	(153)	(600)
<b>Change in assets--decreases (increases):</b>					
Accounts receivable, net .....	(6,925)	314	—	—	(6,611)
Due from Federal government and other grantors .....	—	—	—	(392)	(392)
Due from primary government .....	—	(1,600)	—	—	(1,600)
Inventories .....	17,489	(39)	—	—	17,450
Other current assets .....	(326)	(785)	—	4	(1,107)
<b>Change in liabilities--increases (decreases):</b>					
Accounts payable and accrued liabilities .....	(11,094)	(1,703)	—	(298)	(13,095)
Due to primary government .....	—	—	—	292	292
Deferred revenues .....	3,394	—	(2)	(43)	3,349
Deposits .....	—	—	(2)	—	(2)
Other liabilities, including retainages payable .....	17,788	450	—	—	18,238
<b>Net cash and cash equivalents provided by (used in) operating activities .....</b>	<b>251,143</b>	<b>11,020</b>	<b>(210)</b>	<b>(2,374)</b>	<b>259,579</b>
<b>Cash flows from noncapital financing activities:</b>					
Federal revenue .....	—	—	—	2,446	2,446
Transfers to primary government .....	(5,997)	—	—	—	(5,997)
<b>Net cash and cash equivalents provided by (used in) noncapital financing activities .....</b>	<b>(5,997)</b>	<b>—</b>	<b>—</b>	<b>2,446</b>	<b>(3,551)</b>

# Combining Statement of Cash Flows

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Public Service Authority	Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of property, plant, and equipment.....	\$ (240,513)	\$ (35,116)	\$ —	\$ (41)	\$ (275,670)
Proceeds from sale of property, plant, and equipment.....	—	1,736	—	—	1,736
Proceeds from sale and refundings of revenue bonds.....	978,435	25,000	—	—	1,003,435
Principal payments and refundings on revenue bonds.....	(969,868)	(870)	—	—	(970,738)
Interest payments .....	(183,548)	(4,707)	—	—	(188,255)
Payment of bond issuance costs.....	(15,021)	(251)	—	—	(15,272)
Increase in commercial paper notes .....	(13,500)	—	—	—	(13,500)
Proceeds from capital leases and installment debt obligations payable .....	—	1,000	—	—	1,000
Principal payments on capital leases and installment debt obligations payable .....	(3,148)	(2,060)	—	—	(5,208)
<b>Net cash and cash equivalents used in capital and related financing activities.....</b>	<b>(447,163)</b>	<b>(15,268)</b>	<b>—</b>	<b>(41)</b>	<b>(462,472)</b>
<b>Cash flows from investing activities:</b>					
Proceeds from sale of investments.....	106,127	62,881	—	—	169,008
Purchase of investments .....	—	(62,573)	—	—	(62,573)
Interest on investments.....	29,379	1,448	—	—	30,827
<b>Net cash and cash equivalents provided by investing activities.....</b>	<b>135,506</b>	<b>1,756</b>	<b>—</b>	<b>—</b>	<b>137,262</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>(66,511)</b>	<b>(2,492)</b>	<b>(210)</b>	<b>31</b>	<b>(69,182)</b>
<b>Cash and cash equivalents, July 1, 1993 (restated).....</b>	<b>188,496</b>	<b>22,332</b>	<b>973</b>	<b>259</b>	<b>212,060</b>
<b>Cash and cash equivalents, June 30, 1994.....</b>	<b>\$ 121,985</b>	<b>\$ 19,840</b>	<b>\$ 763</b>	<b>\$ 290</b>	<b>\$ 142,878</b>

## 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. Effective July 1, 1993, the State adopted the provisions of Governmental Accounting Standards Board Statement 14, *The Reporting Entity* (see Note 3). Accordingly, these 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, 1994:

State Housing Finance and Development Authority  
State Education Assistance Authority  
Jobs-Economic Development Authority  
Patriots Point Development Authority

Fiscal year ended December 31, 1993:

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 they 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.

#### Discretely Presented Component Units

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

Fiscal year ended June 30, 1994:

South Carolina State Ports Authority  
Savannah Lakes Regional Loan Fund  
Enterprise Development, Inc., of South Carolina

Fiscal year ended December 31, 1993:

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 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 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:

## Notes to the Financial Statements

South Carolina Public Service Authority  
(Santee-Cooper)  
Post Office Box 2946101  
Moncks Corner, South Carolina 29461

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

Savannah Lakes Regional Loan Fund  
1201 Main Street  
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.

### 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.

#### 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/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. Except for the Public Service Authority, the discretely presented component units have elected not to apply standards issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Public Service Authority has elected to apply all FASB pronouncements that are not inconsistent with GASB pronouncements.

### c. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses

## Notes to the Financial Statements

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 income taxes in the hands of employers, 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. Corporate income taxes, 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 \$305.4 million and food commodities of \$15.7 million represent the largest sources of

non-cash support for the year ended June 30, 1994. 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, 1994, assets totaling approximately \$3.0 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 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 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. Investments and Deferred Yield Adjustment for Security Exchanges

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.

Additionally, gains and losses on 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



## Notes to the Financial Statements

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.

### g. Receivables

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

### h. 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.

### i. 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 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.

### j. 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.

### k. 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.

### l. Tax Refunds Payable

During the calendar year, the State collects employee withholdings and taxpayers' payments for personal income taxes. 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.

### m. Compensated Absences

Effective July 1, 1993, the State implemented Governmental Accounting Standards Board Statement 16, *Accounting for Compensated Absences* (see Note 3).

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

## Notes to the Financial Statements

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 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 South Carolina 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.

### **n. Provision for Valuation Allowance on Property**

During the fiscal year ended June 30, 1993, the State recorded a \$10.0 million Extraordinary Gain in its Enterprise Funds. That gain arose from a debt restructuring as a result of a bankruptcy proceeding involving the Patriots Point Development Authority. A developer failed to complete an Authority project and subsequently defaulted on bonds issued to fund the project. Computation of the extraordinary gain required the State to estimate the net realizable value of the incomplete project assets.

Subsequent to issuance of its financial statements, the State obtained a more accurate estimate of the assets' net realizable value. The resulting change in estimate is recorded for the fiscal year ended June 30, 1994, as a nonoperating expense.

### **o. 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.

### **p. Risk Management**

Several funds accumulate assets to cover risks that the State incurs in its normal operations. Specifically, the State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation benefits
- Claims of covered public employees for health insurance, dental insurance, long-term disability insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools, and their contents
- Motor vehicles and school buses
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals and employees
- Business interruptions

The Insurance Reserve Fund purchases insurance coverage for a portion of these risks.

The State has recorded liabilities based on estimates of the ultimate cost of claims known but not paid and of claims incurred but not reported at June 30 in its risk management funds, which are reported primarily as Internal Service Funds.

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

## Notes to the Financial Statements

### q. 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.

The Foundations and Institutes Fund accounts for 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 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. Most of these component units are non-profit entities that follow generally accepted accounting principles for not-for-profit entities.

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.

### r. 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.

The accompanying financial statements do not include "Memorandum Only" columns for the prior year. In the past, the State's combined financial statements have presented prior-year comparative amounts even though not required by generally accepted accounting principles. As explained in Note 3, the State adopted new pronouncements of the Governmental Accounting Standards Board this year. Comparative amounts could not be presented because restatements of prior-year totals for the effects of these new pronouncements were not practicable for certain significant funds.

## Notes to the 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 some 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. 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.
- (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 1993-94 Appropriation Act has approximately 2,930 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 1993-94 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 Budget and Control Board may approve increases or decreases in the Budgetary General Fund's estimated revenues during the year when recommended by the State Board of Economic Advisors.

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.

## Notes to the Financial Statements

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 June 1994, the General Assembly enacted two separate Joint Resolutions which added supplemental appropriations to the Budgetary General Fund for the fiscal year ended June 30, 1994. The first of these resolutions appropriated \$34.7 million from Budgetary Fund Balance at the end of 1992-93. Of the \$34.7 million, \$24.9 million was disbursed during the fiscal year ended June 30, 1994, as partial payment on a legal settlement while the remainder was reserved as Appropriations to be Carried Forward to 1994-95. The second Joint Resolution set aside \$175.2 million of Budgetary Fund Balance, of which \$9.9 million was used to fund the General Reserve, and \$165.3 million was appropriated and reserved as Appropriations to be Carried Forward to 1994-95.

### d. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 1994, the Health function within Other Budgeted Funds had \$0.9 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 1993-94 Appropriation Act included appropriations of \$4.130 billion for general, school, and highway purposes—\$1.257 billion 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, 1994, 37,870 employees were funded by the State's Budgetary General Fund—7,160 fewer than the legal limit.

### g. Inequality of Operating Transfers

The Operating Transfers In recorded in the Budgetary General Fund represented an amount transferred from a risk management fund to cover a legal settlement. The corresponding Operating Transfer Out does not appear on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis) because the risk management fund is unbudgeted.

### h. Resources Budgeted As Nonrecurring

For the fiscal year ended June 30, 1994, the State's final budget categorized \$95.1 million of Budgetary General Fund resources as being of a nonrecurring nature. In addition to low-level radioactive waste access fee increases, these items include amounts associated with changes in the legally-established collection schedules for certain licenses and certain Medicaid revenues.

### i. Reconciliation of Budget/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, 1994, were:

## Notes to the Financial Statements

	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.....	\$ 248,196	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 248,196
Other Budgeted Funds.....	6,835	(50,893)	(1,738)	838	2,933	(117)	60	—	293	70,281	28,492
<b>Totals .....</b>	<b>255,031</b>	<b>(50,893)</b>	<b>(1,738)</b>	<b>838</b>	<b>2,933</b>	<b>(117)</b>	<b>60</b>	<b>—</b>	<b>293</b>	<b>70,281</b>	<b>276,688</b>
Timing Differences.....	—	—	—	—	—	—	—	—	—	1,926	1,926
Basis Differences.....	(124,785)	55,295	6,821	2,480	2,098	(1)	1	—	(293)	(36,515)	(94,899)
To record excess of revenues and other sources over (under) expenditures/expenses and other uses for unbudgeted accounts.....	(2,651)	2,335	8,335	8,687	13,757	39,063	35	1,045,617	—	148,362	1,263,540
<b>GAAP financial statement excess of revenues and other sources over expenditures/expenses and other uses.....</b>	<b>\$ 127,595</b>	<b>\$ 6,737</b>	<b>\$ 13,418</b>	<b>\$ 12,005</b>	<b>\$ 18,788</b>	<b>\$ 38,945</b>	<b>\$ 96</b>	<b>\$ 1,045,617</b>	<b>\$ —</b>	<b>\$ 184,054</b>	<b>\$ 1,447,255</b>

### NOTE 3: ACCOUNTING AND REPORTING CHANGES

#### a. Financial Reporting Entity

Effective July 1, 1993, the State adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. As a result, the following entities, previously blended in the State's Enterprise Funds, are now discretely presented component units:

South Carolina Public Service Authority  
(Santee-Cooper)  
South Carolina State Ports Authority  
Savannah Lakes Regional Loan Fund  
Enterprise Development, Inc., of South  
Carolina

The following entities were reported in the State's Enterprise Funds in prior years but are no longer considered part of the State reporting entity:

South Carolina Research Authority  
South Carolina Student Loan Corporation  
(previously reported as part of the State's  
Education Assistance Authority Fund)  
Carolina Cup Racing Association, Inc.  
(previously reported as part of the State's  
Other Enterprise Funds)  
Carolina Capital Investment Corporation  
(previously reported as part of the State's  
Other Enterprise Funds)

The above entities are not financially accountable to the State. The majority of each governing board is not State-appointed, and the State cannot impose its will on these entities.

Also, the following entities are now reported in the new Foundations and Institutes Fund within the State's Higher Education Funds but were previously reported in other Higher Education Funds:

Charleston Memorial Hospital  
Medical University Facilities Corporation

In addition, the following component units are included in the State's Higher Education Funds for the fiscal year ended June 30, 1994, but were excluded or reported only as related parties in prior years:

University Medical Associates of the  
Medical University of South Carolina  
The University of South Carolina School of  
Medicine Educational Trust  
University Specialty Clinics  
Clemson Research Facilities Corporation  
Lander Foundation  
Lander University Alumni Association

#### b. Compensated Absences

Effective July 1, 1993, the State adopted the provisions of Governmental Accounting Standards

## Notes to the Financial Statements

Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. In prior years, the State's liability for compensated absences was limited to the amount of cash the State would pay for such benefits if all employees terminated their employment at the balance sheet date. As required by the new standard, the State now accrues compensated absences as a liability if it is probable that the State will compensate the employees for the benefits either through paid time off or cash payments at termination or retirement.

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

The schedules below detail restatements made to fund equity as of June 30, 1993, to give retroactive effect to the accounting and reporting changes described above. The schedules (expressed in thousands) also give retroactive effect to certain corrections of prior-period errors as indicated.

	Special Revenue Funds	Enterprise Funds		Internal Service Funds		Higher Education Funds	Discretely Presented Component Units	
		Retained Earnings	Contributed Capital	Retained Earnings	Contributed Capital		Retained Earnings	Contributed Capital
June 30, 1993, fund equity as previously reported.....	\$ 585,150	\$ 918,363	\$ 238,682	\$ 211,303	\$ 78,238	\$ 2,366,296	\$ —	\$ —
Effect of GASB Statement 14—reclassification from primary government to component units.....	—	(682,099)	(211,702)	—	—	—	682,099	211,702
Effect of GASB Statement 14—newly excluded entities.....	—	(26,127)	(13,306)	—	—	—	—	—
Effect of GASB Statement 14 on Higher Education Funds.....	—	—	—	—	—	50,138	—	—
Effect of GASB Statement 16—compensated absences.....	—	(6)	—	(65)	—	(4,170)	—	—
Correct Department of Transportation to properly reflect prior-year transfers of equipment.....	—	—	—	3,271	(1,652)	—	—	—
Correct Department of Transportation prior-year accounts receivable and accounts payable.....	(1,026)	—	—	—	—	—	—	—
Correct fund classification of Warehouse Receipts and Dealer/Handler Guarantee programs.....	5,915	—	—	(5,915)	—	—	—	—
June 30, 1993, fund equity as restated.....	<u>\$ 590,039</u>	<u>\$ 210,131</u>	<u>\$ 13,674</u>	<u>\$ 208,594</u>	<u>\$ 76,586</u>	<u>\$ 2,412,264</u>	<u>\$ 682,099</u>	<u>\$ 211,702</u>

### DETAIL FOR RESTATED HIGHER EDUCATION FUNDS

	Current Unrestricted Funds	Plant Funds			Foundations and Institutes
		Unexpended	Retirement of Indebtedness	Investment in Plant	
June 30, 1993, fund equity as previously reported.....	\$ 129,547	\$ 100,425	\$ 48,307	\$ 1,973,042	\$ —
Effect of GASB Statement 14—the reporting entity.....	1,569	(89)	(2,044)	(5,475)	56,177
Effect of GASB Statement 16—compensated absences.....	(4,170)	—	—	—	—
June 30, 1993, fund equity as restated.....	<u>\$ 126,946</u>	<u>\$ 100,336</u>	<u>\$ 46,263</u>	<u>\$ 1,967,567</u>	<u>\$ 56,177</u>

General Long-Term Obligations Account Group at July 1, 1993.

### d. Effect on the General Long-Term Obligation Account Group

Application of GASB Statement 16 to the State's governmental fund types also resulted in a \$12 million increase in the compensated absences liability and the Amount to be Provided for Retirement of Long-Term Obligations recorded in the

### e. Fund Reclassification Not Affecting Fund Equity

On July 1, 1993, the State reclassified all of its highway construction projects from the Capital Projects Fund to the Department of Transportation Special Revenue Fund. The following balances

## Notes to the Financial Statements

(expressed in thousands) were reported in the Capital Projects Funds for these projects at June 30, 1993:

Assets.....	\$ 46,510
Liabilities.....	46,510
Revenues.....	215,584
Transfers in.....	132,729
Expenditures....	348,313

### f. State Government Restructuring

In accordance with a general restructuring of State government mandated by the General Assembly, several new agencies began operation on July 1, 1993. In addition, a number of existing agencies were divided and/or combined into different functional categories. In some cases, the General Assembly also changed the fund authorized to collect and expend certain revenues. 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, 1994 (expressed in thousands):

#### Combined Balance Sheet

Cash and cash equivalents.....	\$ 2,678,374
Investments.....	12,783,716
Restricted assets:	
Cash and cash equivalents.....	294,521
Investments.....	524,774
<b>Total.....</b>	<b>\$ 16,281,385</b>

#### Disclosure regarding deposits and investments plus reconciling items

Carrying value of deposits.....	\$ 264,896
Carrying value of investments.....	16,014,916
Cash on hand.....	1,573
<b>Total.....</b>	<b>\$ 16,281,385</b>

### a. Deposits

Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. At June 30, 1994, 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 ..	\$ 307,634	\$ 9,952	\$ 25,256	\$ 342,842	\$ 220,674
Component Units.....	2,786	563	41,081	44,430	44,222
<b>Totals .....</b>	<b>\$ 310,420</b>	<b>\$ 10,515</b>	<b>\$ 66,337</b>	<b>\$ 387,272</b>	<b>\$ 264,896</b>

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.

### 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, and certain corporate bonds.

For the fiscal year ended June 30, 1994, 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, 1994, were:



## Notes to the Financial Statements

	Category			Carrying Value	Market Value
	1	2	3		
Primary Government					
U.S. government securities.....	\$ 5,214,754	\$ 206,484	\$ 7,692	\$ 5,428,930	\$ 5,971,710
Corporate bonds.....	5,953,387	13,121	3,533	5,970,041	5,922,241
Repurchase agreements.....	1,444,418	1,973	15,496	1,461,887	1,461,887
Commercial paper.....	99,699	—	—	99,699	99,684
Other.....	9,921	35,926	13,659	59,506	64,738
Subtotals.....				13,020,063	13,520,260
Not categorized:					
Deferred compensation plans—annuity contracts.....				674,765	674,765
Securities lending program—U.S. government securities.....				1,136,207	1,282,854
Unsettled investment transactions..				582,332	582,332
Mutual funds.....				15,166	15,266
Totals—primary government.....	<u>\$ 12,722,179</u>	<u>\$ 257,504</u>	<u>\$ 40,380</u>	<u>15,428,533</u>	<u>16,075,477</u>
Discretely Presented Component Units					
U.S. government securities.....	\$ 461,878	\$ —	\$ 28,320	490,198	500,154
Repurchase agreements.....	80,477	—	—	80,477	80,477
Subtotals.....				570,675	580,631
Not categorized:					
Investment in primary government's investment pool.....				12,158	12,158
Unsettled investment transactions..				3,550	3,550
Totals—discretely presented component units.....	<u>\$ 542,355</u>	<u>\$ —</u>	<u>\$ 28,320</u>	<u>586,383</u>	<u>596,339</u>
Totals—reporting entity.....				\$ 16,014,916	\$ 16,671,816

## c. Securities Lending Program

Through a safekeeping agent, the State's primary government lends securities for a fee 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. Securities loaned and securities taken as collateral are all book-entry securities which are substantially similar in type, rate, and maturity for each transaction. Under this program, the State may demand return within twenty-four hours of any security previously loaned. At June 30, 1994, the State had the following amounts of securities (expressed in thousands) on loan under this program:

Description	Carrying Value
Pooled account.....	\$ 16,636
South Carolina Retirement System.....	1,001,700
Police Officers' Retirement System.....	98,091
Health Insurance Reserve Fund.....	16,780
Local Government Investment Pool.....	3,000
Total .....	<u>\$1,136,207</u>

## NOTE 5: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1994, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use.....	\$ 136,178	\$ 42,455	\$ —
Individual income.....	90,052	—	—
Corporate income.....	2,222	—	—
Unemployment.....	—	—	42,529
Gasoline and motor vehicle.....	2,305	32,855	—
Alcoholic beverages and tobacco.....	13,245	—	—
Other.....	7,822	3,217	—
Gross taxes receivable.....	251,824	78,527	42,529
Less: Allowance for uncollectible taxes.....	19,021	925	272
Net taxes receivable.....	<u>\$ 232,803</u>	<u>\$ 77,602</u>	<u>\$ 42,257</u>

## Notes to the Financial Statements

Approximately \$280 million of net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1994, and were collected within thirty days after that date.

**NOTE 6: FIXED ASSETS**

Property, plant, and equipment (expressed in thousands) at June 30, 1994, consisted of:

	Primary Government					Component Units
	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Higher Education	
Land and improvements.....	\$ 11,640	\$ 4,791	\$ 582	\$ 162,306	\$ 108,205	\$ 152,248
Buildings, improvements, and utility plant..	4,142	118,915	4,714	801,084	1,498,055	2,719,009
Machinery, equipment, and other.....	8,807	102,617	26	792,288	777,399	30,117
Construction in progress.....	2,799	8,510	—	120,067	107,968	542,171
Property, plant and equipment before accumulated depreciation.....	27,388	234,833	5,322	1,875,745	2,491,627	3,443,545
Less: accumulated depreciation.....	7,690	108,569	211	—	4,184	942,795
Total property, plant, and equipment, net.....	\$ 19,698	\$ 126,264	\$ 5,111	\$ 1,875,745	\$ 2,487,443	\$ 2,500,750

Changes in general fixed assets (expressed in thousands) for the year ended June 30, 1994, were:

	Balance July 1, 1993	Additions	Retirements	Balance June 30, 1994
Land and improvements.....	\$ 150,549	\$ 11,831	\$ 74	\$ 162,306
Buildings, improvements, and utility plant.....	746,323	63,906	9,145	801,084
Machinery, equipment, and other.....	748,103	126,523	82,338	792,288
Construction in progress.....	139,824	40,794	60,551	120,067
Total General Fixed Assets.....	\$ 1,784,799	\$ 243,054	\$ 152,108	\$ 1,875,745

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, 1994, totaled \$475.2 million. In addition, outstanding commitments to purchase land at June 30, 1994, totaled \$7.0 million.

**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 year ended June 30, 1994, were:

	SCRS	PORS	GARS	JSRS	NGPS
Number of employers:					
State and schools.....	106	1	1	1	1
Other.....	464	234	—	—	—
Average number of contributing members:					
State employees.....	66,303	9,215	170	113	—
School employees.....	78,496	—	—	—	—
Other employees.....	38,690	9,801	—	—	—
Covered payroll:					
State					
Primary government.....	\$ 1,608,507	\$ 204,547	\$ 2,380	\$ 9,466	\$ —
Component units.....	82,648	87	—	—	—
Total State.....	\$ 1,691,155	\$ 204,634	\$ 2,380	\$ 9,466	\$ —
Schools.....	\$ 1,758,581	—	—	—	—
National Guard.....	—	—	—	—	50,766
Other.....	791,880	230,265	—	—	—
Total payroll (covered and noncovered):					
State					
Primary government.....	\$ 1,859,357	\$ 206,779	\$ 2,380	\$ 9,466	\$ —
Component units.....	84,169	87	—	—	—
Total State.....	\$ 1,943,526	\$ 206,866	\$ 2,380	\$ 9,466	\$ —
National Guard.....	—	—	—	—	\$ 50,766

Total payroll and covered payroll amounts for the State's primary government for the fiscal year ended June 30, 1994, were \$2.078 billion and \$1.825 billion, respectively. Total payroll and covered payroll amounts for the State's discretely presented component units for the fiscal year ended June 30, 1994, were \$84.3 million and \$82.7 million, respectively.

Information regarding membership in the systems at July 1, 1993 (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.....	162,333	9,184	287	82	2,576
Fully vested active employees..	108,248	8,456	44	49	2,464
Nonvested active employees....	63,298	9,304	167	57	10,603
Total active employees.....	171,546	17,760	211	106	13,067
Total participants.....	333,879	26,944	498	188	15,643

### 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 \$3,600.

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.

# Notes to the Financial Statements

Significant actuarial assumptions used to compute the pension benefit obligation at July 1, 1993 (latest available data), were:

	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, 1993 (latest available data), was:

	SCRS	PORS	GARS	JSRS	NGPS	Totals
Pension benefit obligation:						
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits.....	\$ 5,348,500	\$ 465,300	\$ 16,500	\$ 42,000	\$ 17,380	\$ 5,889,680
Current employees—						
Accumulated employee contributions including allocated investment earnings.....	2,344,000	199,000	5,300	7,900	—	2,556,200
Employer-financed vested.....	1,142,600	128,300	2,600	12,600	5,401	1,291,501
Employer-financed nonvested.....	3,786,600	339,800	5,000	4,700	2,235	4,138,335
Total pension benefit obligation.....	12,621,700	1,132,400	29,400	67,200	25,016	13,875,716
Net assets available for benefits, at cost.....	9,392,500	981,500	26,800	46,600	2,499	10,449,899
Unfunded pension benefit obligation.....	<u>\$ 3,229,200</u>	<u>\$ 150,900</u>	<u>\$ 2,600</u>	<u>\$ 20,600</u>	<u>\$ 22,517</u>	<u>\$ 3,425,817</u>
Net assets available for benefits, at market.....	<u>\$ 10,970,300</u>	<u>\$ 1,132,600</u>	<u>\$ 30,900</u>	<u>\$ 54,400</u>	<u>\$ 2,524</u>	<u>\$ 12,190,724</u>

## d. Contributions Required and Contributions Made

For the fiscal year ended June 30, 1994, 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, 1993 (latest available data), the unfunded accrued liability liquidation periods in years were:

SCRS	PORS	GARS	JSRS	NGPS
28	9	13	25	30

The actuarially determined contribution requirements, as percentages of compensation, for the fiscal year ended June 30, 1994, 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.....	41.07%	17.55%	—	0.25%	58.87%
JSRS.....	30.84%	16.78%	—	0.89%	48.51%
NGPS.....	0.78%	4.14%	—	—	4.92%

The State's contribution requirements represented 41% of contributions required of all employers participating in SCRS and 47% of contributions required of all employers participating in PORS.

The State's actuarially determined contribution requirements (expressed in thousands) for the fiscal year ended June 30, 1994, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS--State and schools.....	\$ 342,559	\$ 124,880	\$ —	\$ 5,312	\$ 472,751
SCRS--other.....	78,634	21,935	—	1,036	101,605
PORS.....	61,277	11,786	828	856	74,747
GARS.....	977	418	—	6	1,401
JSRS.....	2,919	1,588	—	84	4,591
NGPS.....	394	2,105	—	—	2,499

## Notes to the Financial Statements

Employees do not contribute to NGPS. By law, employee contribution requirements for the other systems for the fiscal year ended June 30, 1994, were:

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

Actual contributions (expressed in thousands) for the fiscal year ended June 30, 1994, were:

	Employer Contri- butions	Percent of Covered Payroll	Employee Contri- butions	Percent of Covered Payroll
SCRS--State				
Primary government. \$	128,035	8.0%	\$ 106,851	6.6%
Component units.....	6,364	7.7%	4,959	6.0%
SCRS--schools.....	135,947	7.7%	115,107	6.5%
SCRS--other.....	52,834	6.7%	48,306	6.1%
PORS--State				
Primary government.	22,395	10.9%	14,842	7.3%
Component units.....	9	10.2%	6	6.8%
PORS--other.....	25,462	11.1%	16,639	7.2%
GARS.....	1,163	48.9%	339	14.2%
JSRS.....	3,930	41.5%	938	9.9%
NGPS.....	2,499	4.9%	—	—
<b>Totals.....</b>	<b>\$ 378,638</b>		<b>\$ 307,987</b>	

### 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, 1994, 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, 1993.....	74.4%	86.7%	91.1%	69.3%	10.0%
July 1, 1992.....	73.3%	85.4%	86.9%	67.8%	—
July 1, 1991.....	71.8%	83.2%	85.0%	63.8%	—
Unfunded pension benefit obligation as a percentage of annual covered payroll					
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%
July 1, 1991.....	81.4%	41.3%	145.6%	248.0%	39.6%
State employer contributions as a percentage of annual covered payroll					
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%
June 30, 1992.....	7.7%	10.9%	48.2%	41.5%	2.1%

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, 1994, the State's General Fund transferred \$7.0 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.

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, 1994, the State's total payroll was \$2.162 billion, and the covered payroll for the ORP was \$91.7 million. For the fiscal year ended June 30, 1994, employer and employee contributions of \$6.9 million and \$5.5 million, respectively, represented 7.55% and 6.0% of total covered payroll, respectively.

### h. Retirement Incentive

Recent legislation allowed (but did not require) employers participating in the SCRS and/or PORS to offer a one-time lump-sum retirement incentive payment to certain employees. Employees of participating employers were eligible for the payment only if they: (1) met normal criteria to retire under the SCRS or PORS, (2) executed a voluntary, irrevocable election during the period August 1 through November 1, 1993, and (3) retired no later than July 1, 1994. The incentive payment was 25% of the employee's budgeted base annual salary or \$7,500, whichever was greater at the time of

## Notes to the Financial Statements

retirement. The employer was required to pay the incentive by the end of the fiscal quarter following the quarter during which the employee retired.

State agencies that elected to participate in this program agreed to accept liability for funding any costs associated with the incentives.

The State's expenditures under this program (expressed in thousands) for employees who executed agreements during the fiscal year ended June 30, 1994, are as follows:

Fund Type	Total Expenditure	Less: Amount Recorded as General Long-Term Obligations	Amount Re- corded as Expenditure in 1993-94
<b>Primary Government</b>			
General.....	\$ 9,996	\$ 4,564	\$ 5,432
Special Revenue.....	5,259	3,367	1,892
Governmental Funds.....	15,255	<u>7,931</u>	<u>7,324</u>
Enterprise.....	44		44
Internal Service.....	299		299
Higher Education.....	6,946		6,946
Total Primary Government..	<u>\$ 22,544</u>		<u>\$ 14,613</u>
<b>Discretely Presented Component Units.....</b>	<u>\$ 483</u>		<u>\$ 483</u>

### 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 30 years of service or at age 60 with at least 20 years of service and to certain surviving dependents of retirees. Currently, approximately 16,500 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, 1994, the State recognized expenses (net of participant contributions) of

\$32.3 million to provide health and dental benefits to State participants in post-employment status.

### NOTE 9: DEFERRED COMPENSA- TION 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 \$506.3 million assets in the Section 457 plan at December 31, 1993, \$270.1 million was applicable to the State while the remaining \$236.2 million represented assets of other participating jurisdictions.

### NOTE 10: LEASES AND INSTALL- MENT PURCHASES

#### a. Lease and Installment Purchase Commitments

The State leases land, office facilities, equipment, and other assets under both capital and operating leases. In addition, the State purchases some assets on the installment plan. 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				Total
	Internal Service Funds	General Long-Term Obligations Account Group	Higher Education Funds	Component Units	
1995	\$ 4,464	\$ 2,832	\$ 3,292	\$ 5,380	\$ 15,968
1996	4,481	2,587	2,705	5,297	15,070
1997	4,498	1,763	2,211	5,300	13,772
1998	4,507	1,579	1,676	5,602	13,364
1999	4,507	1,397	1,341	5,198	12,443
2000 and after	35,220	3,933	7,181	46,405	92,739
Total minimum payments.....	57,677	14,091	18,406	73,182	163,356
Less: interest and executory costs.....	21,798	2,245	7,861	19,862	51,766
Present value of net minimum payments.....	\$ 35,879	\$ 11,846	\$ 10,545	\$ 53,320	\$ 111,590

Operating lease payments during the fiscal year ended June 30, 1994, totaled \$45.4 million. At June 30, 1994, future minimum payments under operating leases (expressed in thousands) were as follows:

Operating Leases			
Fiscal Year Ended June 30	Primary Government	Component Units	Total
1995	\$ 26,337	\$ 525	\$ 26,862
1996	23,741	526	24,267
1997	17,991	232	18,223
1998	10,772	122	10,894
1999	7,863	70	7,933
2000 and after	52,453	858	53,311
Total minimum payments.....	\$ 139,157	\$ 2,333	\$ 141,490

Fiscal Year Ending June 30	Amount
1995	\$ 8,342
1996	5,201
1997	3,945
1998	2,258
1999	557
2000 and after	1,774
Total	\$ 22,077

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

### b. Facilities Leased to Others

Non-State parties lease certain land and facilities from the South Carolina Ports Authority (Ports Authority), a discretely presented component unit, under operating leases. At June 30, 1994, the Ports Authority had leased to others land and facilities costing approximately \$132.2 million with \$60.4 million of related accumulated depreciation. Future minimum payments and rent receipts at June 30, 1994, under these operating leases (expressed in thousands) were:

### 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, 1994, were:

General Long-Term Obligations Account Group	
Capital improvement bonds, 4.00% to 8.25%.....	\$ 889,151
Higher Education Funds	
State institution bonds, 3.90% to 7.50%.....	40,420
Totals--general obligation bonds payable.....	\$ 929,571

## Notes to the Financial Statements

The State has recorded its general obligation bonds payable net of \$6.540 million in unamortized discounts.

At June 30, 1994, \$154.7 million of capital improvement bonds were authorized but unissued.

The State must pay the debt service on \$3.5 million of its capital improvement bonds outstanding at June 30, 1994, from State income tax revenues, which revenues are deemed sufficient to pay both principal and interest on the bonds. Unspecified General Fund revenues secure all other general obligation bonds outstanding.

At June 30, 1994, future debt service requirements (expressed in thousands) for general obligation bonds were:

Year Ending June 30	Principal	Interest	Totals
1995	\$ 89,865	\$ 50,138	\$ 140,003
1996	81,460	44,412	125,872
1997	86,645	39,389	126,034
1998	89,730	34,106	123,836
1999	71,645	28,897	100,542
2000 and after	516,766	107,907	624,673
<b>Totals</b>	<b>\$ 936,111</b>	<b>\$ 304,849</b>	<b>\$ 1,240,960</b>

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, 1994, was \$19.6 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, 1994, for other general obligation bonds was \$52.7 million.

### b. 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, 1994, were:

	Bonds	Notes	Certificates of Participation
<b>Primary Government:</b>			
<b>Enterprise Funds</b>			
Housing Authority bonds, 3.50% to 10.25%.....	\$ 463,861	\$ —	\$ —
Education Assistance Authority bonds, 4.20% to 8.60%.....	343,055	—	—
Other Enterprise notes, 6.00%.....	—	2,559	—
<b>Totals--Enterprise Funds.....</b>	<b>806,916</b>	<b>2,559</b>	<b>—</b>
<b>Higher Education Funds</b>			
Various bonds and notes, 3.00% to 12.00%.....	223,853	28,017	—
Certificates of participation, 6.25% to 7.50%.....	—	—	24,110
<b>Totals--Higher Education Funds..</b>	<b>223,853</b>	<b>28,017</b>	<b>24,110</b>
<b>Totals--Primary Government.....</b>	<b>1,030,769</b>	<b>30,576</b>	<b>24,110</b>
<b>Discretely Presented Component Units:</b>			
Public Service Authority priority obligations, 4.10%.....	44,705	—	—
Public Service Authority electric system expansion revenue bonds, 5.20% to 8.75%.....	1,044,257	—	—
Public Service Authority electric revenue bonds, 2.70% to 7.75%..	1,533,580	—	—
Ports Authority bonds, 2.75% to 6.75%.....	88,860	—	—
<b>Totals--Discretely Presented....</b>	<b>2,711,402</b>	<b>—</b>	<b>—</b>
<b>Component Units.....</b>	<b>2,711,402</b>	<b>—</b>	<b>—</b>
<b>Totals--revenue bonds, notes, and certificates of participation payable.....</b>	<b>\$3,742,171</b>	<b>\$30,576</b>	<b>\$ 24,110</b>

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 \$7.954 million and \$56.263 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.

At June 30, 1994, there was no revenue debt authorized but unissued.

At June 30, 1994, the State also owed the United States government \$9.679 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, 1994, retirements on this debt totaled \$397 thousand.



## Notes to the Financial Statements

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, 1994, future debt service requirements (expressed in thousands) for revenue bonds, notes, and certificates of participation were:

### Primary Government:

Year Ending June 30	Principal	Interest	Totals
1995	\$ 60,856	\$ 71,524	\$ 132,380
1996	57,986	67,489	125,475
1997	59,430	63,639	123,069
1998	64,773	59,658	124,431
1999	69,913	55,492	125,405
2000 and after	780,451	502,693	1,283,144
<b>Totals</b>	<b>\$ 1,093,409</b>	<b>\$ 820,495</b>	<b>\$ 1,913,904</b>

### Discretely Presented Component Units:

Year Ending June 30	Principal	Interest	Totals
1995	\$ 31,395	\$ 129,479	\$ 160,874
1996	52,255	133,570	185,825
1997	37,695	141,945	179,640
1998	41,785	149,761	191,546
1999	40,315	152,822	193,137
2000 and after	2,564,220	2,548,691	5,112,911
<b>Totals</b>	<b>\$ 2,767,665</b>	<b>\$ 3,256,268</b>	<b>\$ 6,023,933</b>

The fiscal year for the Public Service Authority, a discretely presented component unit, ends December 31. At December 31, 1993, the carrying value of the Authority's debt was \$2.6 billion while the fair value was approximately \$2.9 billion. The fair value was estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities.

### c. Defeased Bonds

During November 1993, the State issued \$289.680 million in State Capital Improvement Refunding bonds with an average interest rate of 4.42% to advance refund \$260 million in Capital Improvement bonds with an average interest rate of

6.50%. The net proceeds of \$289.375 million (after payment of \$0.305 million in issuance costs) were used to purchase United States government securities. The State advance refunded these bonds to reduce its total debt service payments over the next fifteen years by approximately \$9.591 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$10.769 million.

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. Accordingly, bonds previously issued by USC were refunded so that USC and CCU could issue bonds in their separate names. Both institutions are reported in the State's Higher Education Funds. During December 1993, USC issued \$15.025 million in State Institution Bonds with an average interest rate of 4.36% and CCU issued \$2.505 million in State Institution Bonds with an average interest rate of 4.28%. USC and CCU used \$14.025 million and \$2.505 million, respectively, to advance refund \$15.375 million of USC's State Institution Bonds with an average interest rate of 5.74%, and \$1.000 million was to provide for new construction for USC. USC's net proceeds applicable to the advance refunding were \$13.873 million (after payment of \$0.152 million in issuance costs), while CCU's net proceeds were \$2.452 million (after payment of \$0.053 million in issuance costs). Both institutions used the net proceeds applicable to refunding to purchase United States government securities. As a result of the refunding, USC's total debt service payments over the next nine years will increase by approximately \$0.574 million and the University will obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$0.004 million. CCU's total debt service payments over the next eight years will increase by approximately \$0.140 million and the University will obtain an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$0.095 million.

During its fiscal year ended December 31, 1993, the Public Service Authority, a discretely presented component unit, issued \$1.017 billion in Refunding Revenue Bonds with an average interest rate of 5.12% to advance refund \$932.635 million in Revenue Bonds with an average interest rate of 6.66%. The net proceeds of \$962.402 million (after payment of \$31.396 million in original issue discount and \$23.202 million in issuance costs and reserve requirements) plus an additional \$63.536 million were used to purchase United States government securities. The Authority advance refunded these bonds to reduce its total debt service payments over the next thirty-seven years by approximately \$66.501 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$30.249 million. Because the Authority is a regulated utility, it amortizes gains or losses on refunding debt issues over the life of the new issues rather than recognizing such gains or losses as extraordinary items at the date of refunding.

In addition, during the current and prior years the State defeased certain general obligation and other

## Notes to the Financial Statements

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, 1994, the following outstanding bonds (expressed in thousands) are considered defeased:

	<u>Primary Government</u>		
	<u>General</u>		
	<u>Long-Term</u>		
	<u>Obligations</u>	<u>Higher</u>	<u>Component</u>
	<u>Account</u>	<u>Education</u>	<u>Units</u>
	<u>Group</u>	<u>Funds</u>	
Capital improvement bonds.....	\$ 316,000	\$ —	\$ —
Public Service Authority bonds.....	—	—	1,065,709
Ports Authority bonds.....	—	—	21,530
Other.....	—	103,617	—
<b>Totals.....</b>	<b>\$ 316,000</b>	<b>\$ 103,617</b>	<b>\$ 1,087,239</b>

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.

### d. 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, bonds of the South Carolina Resources Authority, and debt issued by certain other State agencies.

### e. Commercial Paper Notes

The Public Service Authority, a discretely presented component unit, issued \$108.25 million of Commercial Paper Notes. The Authority has a \$150 million revolving credit agreement to support the issuance of commercial paper.

### f. Issues Subsequent to June 30, 1994

Since July 1, 1994, the State primary government has issued approximately \$27 million of bonds and notes. Of this amount, \$5 million of bonds were issued to advance refund prior issues.

## NOTE 12: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the fiscal year ended June 30, 1994, were:

	<u>Balances</u>			<u>Balances</u>
	<u>at July 1, 1993</u>	<u>Increases</u>	<u>Decreases</u>	<u>at June 30, 1994</u>
Accounts payable and accrued liabilities.....	\$ 1,668	\$ 122	\$ (1,124)	\$ 666
Insurance claims incurred but not reported.....	4,302	3,916	(1,193)	7,025
General obligation bonds payable.....	840,795	389,016	(340,660)	889,151
Capital lease and installment debt obligations payable.....	3,931	9,502	(1,587)	11,846
Compensated absences payable.....	120,626	97,066	(77,730)	139,962
Other liabilities.....	32,094	27,942	(10,495)	49,541
<b>Totals.....</b>	<b>\$ 1,003,416</b>	<b>\$ 527,564</b>	<b>\$ (432,789)</b>	<b>\$ 1,098,191</b>

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. Other Liabilities also includes the retirement incentive described in Note 7h.

## 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, 1994, were:

# Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
<b>General</b>						
General Fund.....	\$ 7,969	\$ 50,649	\$ 2,299	\$ 1,671	\$ 12,625	\$ 10,556
Less: eliminations.....	(7,747)	(7,747)	—	—	—	—
<b>Adjusted General Fund.....</b>	<b>222</b>	<b>42,902</b>	<b>2,299</b>	<b>1,671</b>	<b>12,625</b>	<b>10,556</b>
<b>Special Revenue</b>						
Departmental General Operating Fund.....	13,476	17,571	4,365	376	—	145
Education Improvement Act Fund.....	1,829	846	—	75	—	—
Repair, Maintenance, and Renovation Fund.....	535	3	—	100	—	—
Waste Management Fund.....	1,488	120	—	4,000	—	—
Department of Transportation Special Revenue Fund.....	29,698	2,609	—	—	6,500	—
Water Recreation Resources Fund.....	212	7	—	—	—	—
Employment Security Assessment Fund.....	—	115	—	—	—	—
Accommodations and Local Option Sales Tax Fund..	37	70	—	—	—	—
Energy Settlement Fund.....	—	117	—	—	—	—
Omnibus Crime Fund.....	1	499	—	—	—	—
Medicaid Expansion Fund.....	—	35	—	—	—	—
Other Special Revenue Funds.....	865	167	51	70	427	—
Less: eliminations.....	(14,241)	(14,241)	(4,075)	(4,075)	—	—
<b>Adjusted Special Revenue Funds.....</b>	<b>33,900</b>	<b>7,918</b>	<b>341</b>	<b>546</b>	<b>6,927</b>	<b>145</b>
<b>Capital Projects</b>						
Capital Projects Fund.....	317	3,391	—	—	—	—
Less: eliminations.....	(28)	(28)	—	—	—	—
<b>Adjusted Capital Projects Fund.....</b>	<b>289</b>	<b>3,363</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Enterprise</b>						
Housing Authority.....	—	30	—	—	—	—
Patients' Compensation Fund.....	—	2	—	—	—	—
Second Injury Fund.....	—	529	—	—	—	—
Patriots Point Development Authority.....	—	9	—	20	—	5,460
Other Enterprise Funds.....	—	254	—	—	—	9,891
Less: eliminations.....	—	—	—	—	—	—
<b>Adjusted Enterprise Funds.....</b>	<b>—</b>	<b>824</b>	<b>—</b>	<b>20</b>	<b>—</b>	<b>15,351</b>
<b>Internal Service</b>						
Insurance Reserve Fund.....	467	91	4,045	—	37,674	—
Health and Disability Insurance Fund.....	20,800	114	—	—	—	—
Workers' Compensation Fund.....	2,661	188	—	—	—	—
State Employee Unemployment Compensation Fund.....	71	545	—	—	—	—
General Services Fund.....	785	941	2,916	4,239	21,466	36,183
Central Supplies and Equipment Fund.....	1,385	—	—	1,000	—	—
Information Resources Management Fund.....	2,326	12	27	854	51	10,359
Motor Pool Fund.....	1,113	88	—	56	—	59
Pension Administration Fund.....	—	94	—	—	—	—
Prison Industries Fund.....	308	121	—	—	—	—
Other Internal Service Funds.....	24	28	—	—	—	—
Less: eliminations.....	(2,222)	(2,222)	(4,400)	(4,400)	(36,141)	(36,141)
<b>Adjusted Internal Service Funds.....</b>	<b>27,718</b>	<b>—</b>	<b>2,588</b>	<b>1,749</b>	<b>23,050</b>	<b>10,460</b>

## Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
<b>Trust and Agency</b>						
Expendable Trust:						
Unemployment Compensation Benefits Fund.....	\$ 568	\$ —	\$ —	\$ 290	\$ —	\$ —
Pension Trust:						
South Carolina Retirement System.....	14,132	17,382	—	—	—	—
Police Officers' Retirement System.....	1,739	725	—	—	—	—
Judges' and Solicitors' Retirement System.....	27	—	—	—	—	—
Agency Funds:						
Federal Interfund Activity Fund.....	2,032	2,551	—	—	—	—
Payroll Clearing Fund.....	38,426	7,916	—	25	—	—
Other Agency Funds.....	4,298	41,308	20	—	60	1,100
Less: eliminations.....	(32,396)	(32,396)	—	—	—	—
<b>Adjusted Trust and Agency Funds.....</b>	<b>28,826</b>	<b>37,486</b>	<b>20</b>	<b>315</b>	<b>60</b>	<b>1,100</b>
<b>Higher Education</b>						
Unrestricted Current Funds.....	5,506	9,543	—	—	—	—
Restricted Current Funds.....	2,929	33	—	—	—	—
Unexpended Plant Funds.....	2,828	—	—	—	—	—
Investment in Plant Funds.....	—	—	—	947	—	28,457
Agency Funds.....	—	149	—	—	—	—
Foundations and Institutes.....	—	—	—	—	23,407	—
Less: eliminations.....	(1,593)	(1,593)	—	—	(23,407)	(23,407)
<b>Adjusted Higher Education Funds.....</b>	<b>9,670</b>	<b>8,132</b>	<b>—</b>	<b>947</b>	<b>—</b>	<b>5,050</b>
<b>Totals—Primary Government.....</b>	<b>\$ 100,625</b>	<b>\$ 100,625</b>	<b>\$ 5,248</b>	<b>\$ 5,248</b>	<b>\$ 42,662</b>	<b>\$ 42,662</b>

**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, 1994, were:

Due from Component Units/Due to Primary Government		
Receivable Fund	Payable Fund	Amount
Higher Education Current Unrestricted	Enterprise Development, Inc., of South Carolina	\$ 292
Due from Primary Government/Due to Component Units		
Receivable Fund	Payable Fund	Amount
Ports Authority	Special Revenue Funds—Department of Transportation Fund	\$ 1,600
	Special Revenue Funds—Departmental General Operating Fund	522

\*The Public Service Authority, a discretely presented component unit, did not record a corresponding receivable because its fiscal year ended December 31, 1993, and the transaction which gave rise to the receivable occurred after that date.

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

Transfers From Component Units exceed Transfers To Primary Government by \$157 thousand because the Public Service Authority, a discretely presented component unit, reports using a December 31 fiscal year-end. The \$157 thousand difference represents Transfers From Component Units to the General Fund for the fiscal year ended June 30, 1994, less Transfers To Primary Government from the Public Service Authority for its fiscal year ended December 31, 1993.

**d. Inequality of Residual Equity Transfers In and Out**

Residual Equity Transfers Out of \$128 thousand 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.

## Notes to the Financial Statements

### NOTE 14: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reservations represent legally segregated fund equity and amounts that cannot be appropriated for future expenditure. Designations of unreserved fund equity reflect tentative plans for future use of available financial resources.

#### 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. Reserve for Pensions 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 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.

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.

During the fiscal year ended June 30, 1992, the State withdrew the entire reserve balance to cover a year-end negative unreserved fund balance on the budgetary basis. The reserve balance increased to \$66.8 million during the fiscal year ended June 30, 1993, and to \$110.2 million, the full-funding amount, during the fiscal year ended June 30, 1994.

#### e. Reserve 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. Reserves 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. Reserve 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.

#### h. Reserve 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. Reserve 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. Reserve 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.

## Notes to the Financial Statements

### k. Designation 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.

### l. Designated for Capital Expenditures

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

### m. Designation for Quasi-Endowments

The Designation for Quasi-Endowments 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 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 University Foundation; the Francis Marion University Foundation; the Citadel Development Foundation; the Association of Citadel Men; the Citadel's Brigadier Club; South Carolina State University Educational Foundation; Greenville Technical Foundation, Inc.; Tri-County Technical College Foundation; the South Carolina Student Loan Corporation; the Educational Television Endowment of South Carolina, Inc.; and the South Carolina State Museum Foundation.

Those organizations above that are related to higher education report total assets of approximately \$296 million. During the fiscal year ended June 30, 1994, 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—\$3.8 million; donations of cash and other assets from foundations—\$30.9 million; expenditures (rental of foundation-owned property)—\$4.2 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations—\$1.8 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, 1994, EAA entered into various transactions with SLC. Approximate amounts within the State's Enterprise Funds that represent these transactions include: notes receivable from SLC—\$281.0 million; program revenue from SLC—\$26.5 million; and reimbursements to SLC for administrative costs—\$4.2 million.

During the fiscal year ended June 30, 1994, the Educational Television Endowment of South Carolina, Inc., disbursed approximately \$9.0 million on behalf of the State for programs, development, advertising, and other costs.

## 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, 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, 1994, follows:

# Notes to the Financial Statements

	Housing Authority	Education Assistance Authority	Jobs—Economic Development Authority	Other	Elimi- nations	Totals
Operating revenues.....	\$ 53,871	\$ 32,548	\$ 1,638	\$ 25,005	\$ —	\$ 113,062
Depreciation and amortization expense.....	127	—	—	814	—	941
Operating income (loss).....	8,682	6,059	(810)	3,307	—	17,238
Federal revenue.....	15,261	2,658	194	—	—	18,113
Operating transfers:						
In.....	—	—	382	1,003	(443)	942
Out.....	(443)	—	(10)	(1,775)	443	(1,785)
Extraordinary losses.....	(2,726)	—	—	—	—	(2,726)
Net income (loss).....	5,494	8,012	(2,295)	794	—	12,005
Current capital contributions and transfers.....	—	—	2,221	326	—	2,547
Property, plant, and equipment:						
Additions.....	140	—	—	1,002	—	1,142
Retirements.....	8	—	—	3,457	—	3,465
Net working capital.....	80,902	75,977	10,125	48,425	—	215,429
Total assets.....	595,513	401,390	29,520	130,214	—	1,156,637
Bonds and other long-term liabilities payable from operating revenues.....	452,146	314,175	—	31,888	—	798,209
Total fund equity.....	112,240	50,810	29,397	45,910	—	238,357

## b. Discretely Presented Component Units

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

The Public Service Authority produces and sells electric power. The 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, 1994, follows:

	Public Service Authority	Ports Authority	Other	Totals
Operating revenues.....	\$ 589,483	\$ 45,584	\$ 2,257	\$ 637,324
Depreciation and amortization expense.....	86,913	11,742	42	98,697
Operating income (loss).....	144,399	2,026	(1,786)	144,639
Federal revenue.....	—	—	2,446	2,446
Transfers to primary government..	(5,997)	—	—	(5,997)
Net income.....	31,586	2,343	227	34,156
Current capital contributions and transfers.....	—	(4,829)	—	(4,829)
Property, plant, and equipment:				
Additions.....	253,435	35,116	41	288,592
Retirements.....	10,604	5,799	139	16,542
Net working capital.....	(150,858)	7,047	1,702	(142,109)
Total assets.....	3,622,665	369,958	2,788	3,995,411
Bonds and other long-term liabilities payable from operating revenues	2,553,389	88,453	—	2,641,842
Total fund equity.....	656,122	264,903	2,103	923,128

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, 1993, 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.....	\$277,000	46.99%	\$26,450	43.69%
Alumax of South Carolina, Inc.....	72,000	12.21%	5,892	9.73%

## NOTE 17: EXTRAORDINARY LOSSES

The \$2.7 million of Extraordinary Losses on the Early Extinguishment of Debt in the Enterprise Funds represented a loss on Housing Authority debt extinguishments.

## 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, 1994, were:

<u>Fund Type/Fund</u>	<u>Amount of Deficit</u>
<b>Special Revenue Funds</b>	
Omnibus Crime Fund.....	\$ 1,004
<b>Enterprise Funds</b>	
Patriots Point Development Authority.....	1,552
<b>Internal Service Funds</b>	
Workers' Compensation Fund.....	13,092
General Services Fund.....	7,914
Pension Administration Fund.....	16

The deficit position of the Omnibus Crime Fund is due primarily to the year-end accrual of payroll and operating expenses. 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 deficit resulted because the loss on impaired assets and estimated costs of demolition and disposal.

The Workers' Compensation 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 primary function of the General Services Fund is rental of State-owned office space to other State agencies. The deficit resulted because rental and other fees were based on projected cash flow needs rather than on accrual-basis expenses.

The Pension Administration Fund uses the budgetary basis of accounting rather than the accrual basis to compute the amounts it assesses the Pension Trust Funds. The accrual of expenses in the Pension Administration Fund, therefore, results in a deficit.

### NOTE 19: 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, a non-governmental electric utility. The Public Service Authority owns an undivided one-third interest in the Station while South Carolina Electric and Gas (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 \$438.5 million and expenses of \$38.8 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 Nuclear Station is not a separate legal entity and does not prepare separate financial statements.

Under the joint ownership agreement, the Authority has commitments of approximately \$130.1 million for the purchase, conversion, enrichment, and fabrication of uranium.

Additionally, South Carolina Electric and Gas has determined that the Summer Nuclear Station steam generators must be replaced due to stress corrosion cracking. Total estimated cost for the replacement is \$156 million of which the Authority will be responsible for approximately \$52 million. The replacement is scheduled for 1994. SCE&G has 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 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 \$25 million at December 31, 1993, 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



## Notes to the Financial Statements

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.

### NOTE 20: CONTINGENCIES AND COMMITMENTS

#### a. Litigation

The State is involved in several legal proceedings. The cases mentioned below identify significant litigation. While the State is uncertain as to the ultimate outcome of these cases, it is vigorously defending each lawsuit.

- (i) The State is involved in several legal proceedings challenging the legality of certain taxes assessed by the State. Two of the more significant cases are as follows:

The State is currently appealing an adverse ruling entered by the State Court of Common Pleas. This action involves a sales tax on the sale of telecommunications capacity by a vendor to telephone companies who use the capacity to provide telephone services to the public. The trial court found that the transactions between the vendor and the telephone companies were wholesale transactions not subject to the sales tax. The potential liability resulting from this case is estimated to be \$1.2 million.

An action is currently pending in the State Court of Common Pleas that involves an interpretation of South Carolina's rules concerning the filing of consolidated returns by multiple taxpayers that are allegedly not conducting a multi-state business as required by the consolidated return regulation. Should this case have an unfavorable outcome, the State could incur a loss of approximately \$4 million.

- (ii) The State is involved in a Federal class action lawsuit challenging the constitutionality of the conditions of confinement at the State Department of Juvenile Justice's long-term care facilities and its reception and evaluation center. The action seeks both damage and remedial relief. Should the court order remedial relief, the cost to the State could be significant. These costs, if ordered, would likely extend over several fiscal years.
- (iii) The State is a defendant in a Federal school district desegregation claim. The Darlington County School District is seeking a Federal court order directing the State to share in the costs of implementing a desegregation plan in

the event that a desegregation plan is ordered against the school district as the result of a pending lawsuit between the district and the United States Government. The case was brought before a Federal district judge who determined that the State is responsible for fifteen percent of the remedial cost to desegregate the Darlington County Schools. Since a complete written order from the court has not been issued, the State is presently unable to estimate its liability in this case. An appeal of the district court's order may be filed.

- (iv) A case was brought against the State by forty school districts and an individual taxpayer on behalf of a minor student. The action challenges the system of funding public education in South Carolina. The plaintiffs are asking for the current system to be amended and for funds to be appropriated to provide remedial relief to the plaintiff school districts. The State's attorneys are unable to assess the likelihood that the State will incur a loss; however, the relief requested by the plaintiffs, if awarded, could possibly have a substantial impact on the State in future years.
- (v) There are Federal cases pending against the State and its agencies that seek recovery of substantial attorneys' fees. These cases involve actions related to the reapportionment of the State General Assembly and its congressional districts; challenges to the State's regulation of hazardous and nuclear waste; and challenges to the single-gender education policy administered by The Citadel, a State-supported college. Fee awards in these actions could total several million dollars.
- (vi) In the case of *Knoke, etc. v. South Carolina Department of Parks, Recreation, and Tourism*, a verdict and judgment was entered by the State court of common pleas against a State agency for \$3 million in a wrongful death action. The Department's insurance carrier has advised that insurance is available only to pay \$250 thousand of this judgment. The case is currently being appealed. The court of common pleas in this case determined that the limitations upon State liability contained in the Tort Claims Act were no longer extant as to a certain class of claims. Should the State not prevail in the appeal, it would likely be liable for other underinsured judgments and awards in tort claim actions. Although it is not currently possible to estimate the total liability to the State resulting from such judgments, it could possibly have a substantial impact on the State in future years.
- (vii) On March 28, 1989, the United States Supreme Court ruled that a Michigan statute exempting state pensions but not Federal

## Notes to the Financial Statements

pensions from state taxes was unconstitutional. As a result of that ruling, the State of South Carolina enacted legislation to begin taxing State retirees' pension income to the same extent as Federal retirees' pension income. Litigation initiated by individual plaintiffs during the fiscal year ended June 30, 1989, sought refunds for taxes paid by Federal retirees prior to this legislation. By June 30, 1994, a settlement agreement was reached and funds were appropriated from expendable available resources. Payments from the General Fund totaling approximately \$78 million are reflected in the accompanying financial statements.

Legislation was also enacted to allow Federal retirees who were not included in the original lawsuit to claim refunds. The estimated liability to the State resulting from this legislation is \$20 to \$35 million to be paid in future years. This liability is reflected in the General Long-Term Obligations Account Group.

- (viii) 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 impact on the State's financial statements.

### b. Loan Guarantees

The State Education Assistance Authority (SEAA) within the State's Enterprise Funds guarantees student loans. At June 30, 1994, these loans totaled \$549 million. The United States Department of Education (DOE) ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5% of the loans in repayment status, however, the DOE decreases the reinsurance rate. The State's default rate at June 30, 1994, 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, 1994, or earlier years will not have a material impact on the State's financial statements.

### d. Purchase Commitments

At December 31, 1993, the Public Service Authority, a discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling approximately \$856.5 million for coal and approximately \$130.7 million for power. The terms of the contracts range from one to forty-two years. The Authority has commitments of approximately \$130.1 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.

## NOTE 21: 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 Unrestricted	Current Restricted	Other*	
1995	\$ 2,296	\$ 56	\$ 313	\$ 2,665
1996	1,014	31	63	1,108
1997	1,002	16	31	1,049
1998	1,001	16	—	1,017
1999	—	16	—	16
Thereafter	22,890	816	1,195	24,901
<b>Totals</b>	<b>\$ 28,203</b>	<b>\$ 951</b>	<b>\$ 1,602</b>	<b>\$ 30,756</b>

\*Primarily plant and endowment funds.

It is not practicable to estimate the net realizable value of such pledges; accordingly, they are not recorded as pledges receivable at June 30, 1994, in the accompanying financial statements.

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

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

Renovation of the Columbia Metropolitan Airport will make it one of three major air travel links for South Carolina with the rest of the nation. More than two million passengers board commercial airliners in the State each year.

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

Along with major international carriers, South Carolina is also served by Air South, a Columbia-based airline which began operations in 1994. The airline connects Columbia with Baltimore, Washington, Raleigh-Durham, Atlanta, Tallahassee, St. Petersburg, Miami and Jacksonville.

## 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.

**Water Recreation Resources Fund.** The revenues in this fund come from watercraft gasoline taxes. These revenues must be used for water recreational resources and are allocated to counties for this purpose.

**Employment Security Assessment Fund.** This fund accounts for assessments made on employers to cover the administrative costs of the Employment Security Commission. These revenues must be used by the Employment Security Commission in assisting with re-employment, supplementing basic employment services, and providing employment services.

**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 1984. 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 agricultural boards, forest renewal programs, certain housing programs, and medical and dental scholarships.

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

The old and the new of transportation shared some moments of history at Battery Creek in the spring of 1994 during the construction of a new bridge 57 feet above the water. The steel truss section of the old swing bridge it replaced was deposited 10 miles offshore to form an artificial fishing reef.

# Combining Balance Sheet

## SPECIAL REVENUE FUNDS

June 30, 1994

(Expressed in Thousands)

	Depart- mental General Operating	Education Improve- ment Act	Repair, Mainte- nance, and Renovation	Waste Manage- ment	Department of Transportation Special Revenue	Water Recreation Resources
<b>ASSETS</b>						
Cash and cash equivalents.....	\$135,494	\$ 36,782	\$ 3,114	\$46,843	\$ 166,494	\$ 4,837
Investments.....	211	—	—	—	—	—
Receivables, net:						
Accounts.....	48,459	62	—	368	4,634	—
Taxes.....	1,915	33,236	—	—	32,747	109
Loans and notes.....	73,985	—	—	—	—	—
Due from Federal government and other grantors.....	252,041	—	1,372	—	42,732	—
Due from other funds.....	13,476	1,829	535	1,488	29,698	212
Interfund receivables.....	4,365	—	—	—	—	—
Advances to other funds.....	—	—	—	—	6,500	—
Inventories.....	6,937	—	—	33	14,072	—
Other assets.....	—	—	—	—	194	—
<b>Total assets.....</b>	<b>\$536,883</b>	<b>\$ 71,909</b>	<b>\$ 5,021</b>	<b>\$48,732</b>	<b>\$ 297,071</b>	<b>\$ 5,158</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities.....	\$200,287	\$ 1,915	\$ 1,550	\$21,049	\$ 47,257	\$ 16
Tax refunds payable.....	5	70	—	—	401	—
Intergovernmental payables.....	56,854	3,883	—	776	—	—
Due to other funds.....	17,571	846	3	120	2,609	7
Due to component units.....	522	—	—	—	1,600	—
Interfund payables.....	376	75	100	4,000	—	—
Advances from other funds.....	145	—	—	—	—	—
Deferred revenues.....	43,547	1,073	15	—	—	—
Other liabilities, including retainages payable.....	9	—	237	—	24,917	—
<b>Total liabilities.....</b>	<b>319,316</b>	<b>7,862</b>	<b>1,905</b>	<b>25,945</b>	<b>76,784</b>	<b>23</b>
<b>Fund balances:</b>						
Reserved for:						
Inventories.....	6,937	—	—	33	14,072	—
Advances to other funds.....	—	—	—	—	6,500	—
Long-term loans and notes receivable....	73,973	—	—	—	—	—
School building aid.....	—	23,562	—	—	—	—
Unreserved:						
Designated for special purposes.....	—	—	—	—	174,827	—
Undesignated.....	136,657	40,485	3,116	22,754	24,888	5,135
<b>Total fund balances (deficit).....</b>	<b>217,567</b>	<b>64,047</b>	<b>3,116</b>	<b>22,787</b>	<b>220,287</b>	<b>5,135</b>
<b>Total liabilities and fund balances..</b>	<b>\$536,883</b>	<b>\$ 71,909</b>	<b>\$ 5,021</b>	<b>\$48,732</b>	<b>\$ 297,071</b>	<b>\$ 5,158</b>

<b>Employment Security Assessment</b>	<b>Accommoda- tions and Local Option Sales Tax</b>	<b>Energy Settlement</b>	<b>Omnibus Crime</b>	<b>Medicaid Expansion</b>	<b>Other Special Revenue</b>	<b>Elimina- tions</b>	<b>Totals</b>
\$ 4,405	\$ 13,895	\$ 22,980	\$ 129	\$ 4,157	\$ 22,917	\$ —	\$ 462,047
—	—	—	—	—	—	—	211
—	—	217	—	25	161	—	53,926
1,299	8,296	—	—	—	—	—	77,602
—	—	—	—	—	1,356	—	75,341
—	—	—	—	—	—	—	296,145
—	37	—	1	—	865	(14,241)	33,900
—	—	—	—	—	51	(4,075)	341
—	—	—	—	—	427	—	6,927
—	—	1	—	—	—	—	21,043
—	—	—	—	—	—	—	194
<b>\$ 5,704</b>	<b>\$ 22,228</b>	<b>\$ 23,198</b>	<b>\$ 130</b>	<b>\$ 4,182</b>	<b>\$ 25,777</b>	<b>\$ (18,316)</b>	<b>\$ 1,027,677</b>

\$ 160	\$ 1	\$ 2,892	\$ 635	\$ 52	\$ 2,174	\$ —	\$ 277,988
—	12	—	—	—	—	—	488
—	12,917	33	—	—	107	—	74,570
115	70	117	499	35	167	(14,241)	7,918
—	—	—	—	—	—	—	2,122
—	—	—	—	—	70	(4,075)	546
—	—	—	—	—	—	—	145
39	151	—	—	—	4	—	44,829
—	—	—	—	—	1	—	25,164
<b>314</b>	<b>13,151</b>	<b>3,042</b>	<b>1,134</b>	<b>87</b>	<b>2,523</b>	<b>(18,316)</b>	<b>433,770</b>

—	—	1	—	—	—	—	21,043
—	—	—	—	—	427	—	6,927
—	—	—	—	—	977	—	74,950
—	—	—	—	—	—	—	23,562
—	—	—	—	—	—	—	174,827
5,390	9,077	20,155	(1,004)	4,095	21,850	—	292,598
<b>5,390</b>	<b>9,077</b>	<b>20,156</b>	<b>(1,004)</b>	<b>4,095</b>	<b>23,254</b>	<b>—</b>	<b>593,907</b>
<b>\$ 5,704</b>	<b>\$ 22,228</b>	<b>\$ 23,198</b>	<b>\$ 130</b>	<b>\$ 4,182</b>	<b>\$ 25,777</b>	<b>\$ (18,316)</b>	<b>\$ 1,027,677</b>

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

## SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Waste Management	Department of Transportation Special Revenue	Water Recreation Resources
<b>Revenues:</b>						
Taxes:						
Retail sales and use.....	\$ —	\$336,653	\$ —	\$ 1,746	\$ —	\$ —
Other.....	20,697	—	137	—	304,072	2,167
Licenses, fees, and permits.....	39,666	4	—	22,167	—	—
Interest and other investment income.....	3,929	961	—	1,142	—	—
Federal.....	2,038,287	—	812	—	237,532	—
Departmental services.....	133,014	1	107	108	1,020	8
Contributions.....	74,472	10	36	—	—	—
Fines and penalties.....	16,474	—	90	222	—	—
Other.....	39,723	52	329	—	3,165	—
<b>Total revenues.....</b>	<b>2,366,262</b>	<b>337,681</b>	<b>1,511</b>	<b>25,385</b>	<b>545,789</b>	<b>2,175</b>
<b>Expenditures:</b>						
Current:						
General governmental.....	38,194	7,412	776	35	—	—
Education.....	98,490	15,118	291	—	—	—
Health and environment.....	1,278,521	851	5,964	18,462	—	—
Social services.....	536,267	244	104	—	—	—
Administration of justice.....	27,148	873	1,346	—	—	—
Resources and economic development.....	66,410	—	2,593	—	—	391
Transportation.....	—	—	—	—	221,014	—
Capital outlay.....	—	—	—	—	391,848	—
Debt service:						
Principal retirement.....	614	—	—	—	—	—
Interest and fiscal charges.....	80	—	—	—	—	—
Intergovernmental.....	361,874	276,297	—	4,233	—	228
<b>Total expenditures.....</b>	<b>2,407,598</b>	<b>300,795</b>	<b>11,074</b>	<b>22,730</b>	<b>612,862</b>	<b>619</b>
<b>Revenues over (under) expenditures.....</b>	<b>(41,336)</b>	<b>36,886</b>	<b>(9,563)</b>	<b>2,655</b>	<b>(67,073)</b>	<b>1,556</b>
<b>Other financing sources (uses):</b>						
Lease and installment debt proceeds.....	183	—	—	—	—	—
Operating transfers in.....	130,593	28	8,609	11	1,162	—
Operating transfers out.....	(38,012)	(3,592)	(600)	(73)	(13,929)	—
<b>Total other financing sources (uses).....</b>	<b>92,764</b>	<b>(3,564)</b>	<b>8,009</b>	<b>(62)</b>	<b>(12,767)</b>	<b>—</b>
<b>Revenues and other sources over (under) expenditures and other uses.....</b>	<b>51,428</b>	<b>33,322</b>	<b>(1,554)</b>	<b>2,593</b>	<b>(79,840)</b>	<b>1,556</b>
<b>Fund balances (deficit), July 1, 1993 (restated).....</b>	<b>168,725</b>	<b>30,725</b>	<b>4,670</b>	<b>20,161</b>	<b>300,444</b>	<b>3,579</b>
<b>Increases (decreases) in reserve for inventories.....</b>	<b>(2,586)</b>	<b>—</b>	<b>—</b>	<b>33</b>	<b>(317)</b>	<b>—</b>
<b>Fund balances (deficit), June 30, 1994.....</b>	<b>\$ 217,567</b>	<b>\$ 64,047</b>	<b>\$ 3,116</b>	<b>\$22,787</b>	<b>\$ 220,287</b>	<b>\$ 5,135</b>



<u>Employment Security Assessment</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>
\$ —	\$ 69,749	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 408,148
5,581	1	—	—	21,235	3,235	—	357,125
—	—	—	—	—	5,390	—	67,227
—	—	987	—	189	711	—	7,919
—	—	—	—	—	1,381	—	2,278,012
—	—	—	—	—	—	—	134,258
—	—	—	—	7,531	457	—	82,506
—	—	133	10,813	—	6,308	—	34,040
—	—	—	317	—	89	—	43,675
<u>5,581</u>	<u>69,750</u>	<u>1,120</u>	<u>11,130</u>	<u>28,955</u>	<u>17,571</u>	<u>—</u>	<u>3,412,910</u>
3,926	2	750	—	—	9,044	—	60,139
—	—	—	—	—	—	—	113,899
—	—	705	—	29,000	430	—	1,333,933
—	—	—	—	—	4,491	—	541,106
—	—	—	12,019	—	110	—	41,496
—	—	—	—	—	1,288	—	70,682
—	—	—	—	—	—	—	221,014
—	—	—	—	—	—	—	391,848
—	—	—	—	—	—	—	614
—	—	—	—	—	—	—	80
—	66,953	2,663	—	—	2,264	—	714,512
<u>3,926</u>	<u>66,955</u>	<u>4,118</u>	<u>12,019</u>	<u>29,000</u>	<u>17,627</u>	<u>—</u>	<u>3,489,323</u>
<u>1,655</u>	<u>2,795</u>	<u>(2,998)</u>	<u>(889)</u>	<u>(45)</u>	<u>(56)</u>	<u>—</u>	<u>(76,413)</u>
—	—	—	—	—	—	—	183
—	—	—	—	—	2,153	(59,589)	82,967
—	(1,073)	(1,065)	—	—	(1,245)	59,589	—
—	(1,073)	(1,065)	—	—	908	—	83,150
1,655	1,722	(4,063)	(889)	(45)	852	—	6,737
3,735	7,355	24,218	(115)	4,140	22,402	—	590,039
—	—	1	—	—	—	—	(2,869)
<u>\$ 5,390</u>	<u>\$ 9,077</u>	<u>\$ 20,156</u>	<u>\$ (1,004)</u>	<u>\$ 4,095</u>	<u>\$ 23,254</u>	<u>\$ —</u>	<u>\$ 593,907</u>

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in web version of CAFR**

Transportation has become a major factor in life-saving efforts across South Carolina. This Life Reach Helicopter at Columbia's Providence Hospital is typical of units serving major hospitals throughout the State in bringing critically ill patients directly to emergency facilities.

## 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 Workers' Compensation 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.

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in web version of CAFR**

Motorists on South Carolina's highways will find State troopers to be among the nation's most courteous and efficient. They are also the best-dressed, winning a competition among more than five hundred entrants in a national contest sponsored by *Law and Order* magazine.

# Combining Balance Sheet

## ENTERPRISE FUNDS

June 30, 1994

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents.....	\$ 5,290	\$ 25,819	\$ 9,757	\$ 35,346
Receivables, net:				
Accounts .....	163	7,349	491	150
Student loans.....	—	22	—	—
Loans and notes.....	13	38,400	—	—
Inventories.....	—	—	—	—
Restricted assets:				
Cash and cash equivalents.....	93,282	39,600	—	—
Loans receivable.....	7,926	—	—	—
Other.....	5,355	1,192	—	—
Other current assets.....	—	—	—	—
Total current assets.....	<u>112,029</u>	<u>112,382</u>	<u>10,248</u>	<u>35,496</u>
Long-term assets:				
Investments.....	—	620	3,283	—
Receivables, net:				
Student loans.....	—	40	—	—
Loans and notes .....	1,090	242,554	15,989	—
Restricted assets:				
Investments.....	41,381	40,523	—	—
Loans receivable.....	439,387	—	—	—
Other.....	1,033	—	—	—
Other long-term assets.....	—	—	—	—
Deferred charges.....	—	5,271	—	—
Total long-term assets.....	<u>482,891</u>	<u>289,008</u>	<u>19,272</u>	<u>—</u>
Property, plant, and equipment:				
Land and improvements.....	—	—	—	—
Buildings and improvements.....	—	—	—	—
Machinery, equipment, and other.....	937	—	—	38
Construction in progress.....	—	—	—	—
Less: accumulated depreciation.....	(344)	—	—	(26)
Total property, plant, and equipment, net.....	<u>593</u>	<u>—</u>	<u>—</u>	<u>12</u>
Total assets.....	<u>\$ 595,513</u>	<u>\$ 401,390</u>	<u>\$ 29,520</u>	<u>\$ 35,508</u>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 5,048	\$ 1,468	\$ 17,472	\$ 100,200
—	62	1,445	9,660
—	—	—	22
—	—	—	38,413
—	141	1,224	1,365
35,396	465	2,047	170,790
—	—	—	7,926
535	—	—	7,082
—	9	33	42
<u>40,979</u>	<u>2,145</u>	<u>22,221</u>	<u>335,500</u>
—	—	—	3,903
—	—	—	40
—	—	9,892	269,525
—	—	—	81,904
—	—	—	439,387
—	—	—	1,033
—	—	376	376
—	—	—	5,271
<u>—</u>	<u>—</u>	<u>10,268</u>	<u>801,439</u>
—	2,917	8,723	11,640
—	1,549	2,593	4,142
193	6,742	897	8,807
—	2,799	—	2,799
<u>(113)</u>	<u>(4,717)</u>	<u>(2,490)</u>	<u>(7,690)</u>
<u>80</u>	<u>9,290</u>	<u>9,723</u>	<u>19,698</u>
<u><u>\$ 41,059</u></u>	<u><u>\$ 11,435</u></u>	<u><u>\$ 42,212</u></u>	<u><u>\$ 1,156,637</u></u>

Continued on Next Page

# Combining Balance Sheet

ENTERPRISE FUNDS (Continued)

June 30, 1994

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities.....	\$ 16,776	\$ 7,499	\$ 68	\$ 5,012
Due to other funds.....	30	—	—	2
Interfund payables.....	—	—	—	—
Deferred revenues.....	—	4	—	1,350
Deposits.....	—	—	35	—
Liabilities payable from restricted assets.....	—	—	—	—
Notes payable.....	—	—	—	—
Revenue bonds payable.....	11,715	28,880	—	—
Compensated absences payable.....	241	22	20	13
Other current liabilities, including retainages payable.....	2,365	—	—	—
Total current liabilities.....	31,127	36,405	123	6,377
Long-term liabilities:				
Accrued liabilities.....	—	—	—	10,778
Insurance claims incurred but not reported.....	—	—	—	3,135
Advances from other funds.....	—	—	—	—
Notes payable.....	—	—	—	—
Revenue bonds payable.....	452,146	314,175	—	—
Other long-term liabilities.....	—	—	—	—
Total long-term liabilities.....	452,146	314,175	—	13,913
Total liabilities.....	483,273	350,580	123	20,290
<b>Fund Equity:</b>				
Contributed capital.....	—	—	5,712	—
Retained earnings (deficit):				
Reserved for special purposes.....	105,870	50,810	—	—
Unreserved.....	6,370	—	23,665	15,218
Total fund equity.....	112,240	50,810	29,397	15,218
Total liabilities and fund equity.....	\$ 595,513	\$ 401,390	\$ 29,520	\$ 35,508

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 4,985	\$ 439	\$ 2,779	\$ 37,558
529	9	254	824
—	20	—	20
—	—	—	1,354
—	—	—	35
35,405	—	774	36,179
—	—	185	185
—	—	—	40,595
60	—	380	736
—	—	220	2,585
<u>40,979</u>	<u>468</u>	<u>4,592</u>	<u>120,071</u>
—	—	—	10,778
—	—	—	3,135
—	5,460	9,891	15,351
—	—	2,374	2,374
—	—	—	766,321
—	250	—	250
—	5,710	12,265	798,209
<u>40,979</u>	<u>6,178</u>	<u>16,857</u>	<u>918,280</u>
—	6,809	3,700	16,221
—	—	550	157,230
80	(1,552)	21,105	64,906
<u>80</u>	<u>5,257</u>	<u>25,355</u>	<u>238,357</u>
<u>\$ 41,059</u>	<u>\$ 11,435</u>	<u>\$ 42,212</u>	<u>\$ 1,156,637</u>

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

## ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compensation
<b>Operating revenues:</b>				
Charges for services.....	\$ 2,544	\$ 27,385	\$ 58	\$ 2,172
Contributions.....	—	—	—	—
Interest and other investment income.....	51,327	5,163	1,580	1,011
<b>Total operating revenues.....</b>	<b>53,871</b>	<b>32,548</b>	<b>1,638</b>	<b>3,183</b>
<b>Operating expenses:</b>				
General operations and administration.....	3,771	5,404	2,448	228
Benefits and claims.....	—	—	—	1,408
Interest.....	39,405	20,270	—	—
Depreciation and amortization.....	127	—	—	4
Other operating expenses.....	1,886	815	—	—
<b>Total operating expenses.....</b>	<b>45,189</b>	<b>26,489</b>	<b>2,448</b>	<b>1,640</b>
<b>Operating income (loss).....</b>	<b>8,682</b>	<b>6,059</b>	<b>(810)</b>	<b>1,543</b>
<b>Nonoperating revenues (expenses):</b>				
Interest income.....	—	—	—	—
Federal revenue.....	15,261	2,658	194	—
Interest expense.....	—	—	—	—
Provision for valuation allowance on property.....	—	—	—	—
Other nonoperating revenues (expenses).....	(15,279)	(705)	(2,051)	—
<b>Total nonoperating revenues (expenses).....</b>	<b>(18)</b>	<b>1,953</b>	<b>(1,857)</b>	<b>—</b>
<b>Income (loss) before operating transfers and extraordinary items.....</b>	<b>8,664</b>	<b>8,012</b>	<b>(2,667)</b>	<b>1,543</b>
Operating transfers in.....	—	—	382	—
Operating transfers out.....	(443)	—	(10)	—
<b>Income (loss) before extraordinary items.....</b>	<b>8,221</b>	<b>8,012</b>	<b>(2,295)</b>	<b>1,543</b>
Extraordinary loss on early extinguishment of debt.....	(2,726)	—	—	—
<b>Net income (loss).....</b>	<b>5,495</b>	<b>8,012</b>	<b>(2,295)</b>	<b>1,543</b>
<b>Retained earnings, July 1, 1993 (restated).....</b>	<b>106,745</b>	<b>42,798</b>	<b>25,980</b>	<b>13,675</b>
<b>Retained earnings (deficit), June 30, 1994.....</b>	<b>112,240</b>	<b>50,810</b>	<b>23,685</b>	<b>15,218</b>
<b>Contributed capital, July 1, 1993 (restated).....</b>	<b>—</b>	<b>—</b>	<b>3,491</b>	<b>—</b>
<b>Additions to contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>2,221</b>	<b>—</b>
<b>Fund equity, June 30, 1994.....</b>	<b>\$ 112,240</b>	<b>\$ 50,810</b>	<b>\$ 29,397</b>	<b>\$ 15,218</b>



<u>Second Injury</u>	<u>Patriots Point Develop- ment Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ 1,125	\$ 3,028	\$ 17,656	\$ —	\$ 53,968
—	—	13	—	13
—	—	—	—	59,081
<u>1,125</u>	<u>3,028</u>	<u>17,669</u>	<u>—</u>	<u>113,062</u>
1,084	3,078	13,698	—	29,711
—	—	—	—	1,408
—	—	—	—	59,675
28	481	301	—	941
38	53	1,297	—	4,089
<u>1,150</u>	<u>3,612</u>	<u>15,296</u>	<u>—</u>	<u>95,824</u>
<u>(25)</u>	<u>(584)</u>	<u>2,373</u>	<u>—</u>	<u>17,238</u>
—	2	1,002	—	1,004
—	—	—	—	18,113
—	—	(831)	—	(831)
—	(2,244)	—	—	(2,244)
—	(26)	355	—	(17,706)
<u>—</u>	<u>(2,268)</u>	<u>526</u>	<u>—</u>	<u>(1,664)</u>
(25)	(2,852)	2,899	—	15,574
—	—	1,003	(443)	942
—	—	(1,775)	443	(1,785)
<u>(25)</u>	<u>(2,852)</u>	<u>2,127</u>	<u>—</u>	<u>14,731</u>
—	—	—	—	(2,726)
<u>(25)</u>	<u>(2,852)</u>	<u>2,127</u>	<u>—</u>	<u>12,005</u>
<u>105</u>	<u>1,300</u>	<u>19,528</u>	<u>—</u>	<u>210,131</u>
80	(1,552)	21,655	—	222,136
—	6,628	3,555	—	13,674
—	181	145	—	2,547
<u>\$ 80</u>	<u>\$ 5,257</u>	<u>\$ 25,355</u>	<u>\$ —</u>	<u>\$ 238,357</u>

# Combining Statement of Cash Flows

## ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
<b>Cash flows from operating activities:</b>				
Operating income (loss) .....	\$ 8,682	\$ 6,059	\$ (810)	\$ 1,543
Adjustments to reconcile operating income (loss) to net cash provided by operations:				
Depreciation and amortization .....	127	—	—	4
Provisions for loan losses and bad debts .....	—	—	964	—
Loss on disposition of property and equipment .....	—	—	—	—
Issuance of loans and notes .....	(39,980)	(103,710)	—	—
Collection of loans and notes .....	116,082	41,106	—	—
Interest payments .....	39,405	20,270	—	—
Interest on investments .....	(8,968)	(5,163)	—	(1,011)
Amounts received for payment of claims .....	—	—	—	—
Payment of claims .....	—	—	—	—
Other .....	(831)	720	(467)	—
<b>Change in assets--decreases (increases):</b>				
Accounts receivable, net .....	(92)	(1,992)	153	—
Student loans receivable, net .....	—	15	—	—
Loans and notes receivable .....	—	(4,200)	—	—
Due from other funds .....	—	—	11	—
Inventories .....	—	—	—	—
Other restricted assets .....	9,397	(259)	—	—
Other current assets .....	—	—	—	—
Deferred charges .....	—	(1,231)	—	—
<b>Change in liabilities--increases (decreases):</b>				
Accounts payable and accrued liabilities .....	(8,736)	1,734	54	(703)
Insurance claims incurred but not reported .....	—	—	—	(220)
Due to other funds .....	12	—	(64)	—
Deferred revenues .....	—	(14)	—	350
Deposits .....	—	—	18	—
Liabilities payable from restricted assets .....	—	—	—	—
Compensated absences payable .....	68	3	2	—
Other liabilities, including retainages payable .....	(795)	—	—	—
<b>Net cash and cash equivalents provided by (used in) operating activities .....</b>	<b>114,371</b>	<b>(46,662)</b>	<b>(139)</b>	<b>(37)</b>
<b>Cash flows from noncapital financing activities:</b>				
Principal payments made to other funds .....	—	—	—	—
Proceeds from sale of revenue bonds .....	59,552	99,495	—	—
Principal payments on revenue bonds .....	(187,930)	(24,895)	—	—
Proceeds from notes payable .....	—	—	—	—
Principal payments on notes payable .....	—	—	—	—
Interest payments .....	(44,120)	(19,199)	—	—
Payment of bond issuance costs .....	(68)	(1,737)	—	—
Federal revenue .....	15,261	—	194	—
Payments from Federal grants .....	(15,261)	—	(990)	—
Operating transfers in .....	—	—	382	—
Operating transfers out .....	(443)	—	(10)	—
Operating deficiency reimbursement .....	—	—	—	—
<b>Net cash and cash equivalents provided by (used in) noncapital financing activities .....</b>	<b>(173,009)</b>	<b>53,664</b>	<b>(424)</b>	<b>—</b>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ (25)	\$ (584)	\$ 2,373	\$ —	\$ 17,238
28	481	301	—	941
—	—	—	—	964
—	—	3	—	3
—	—	—	—	(143,690)
—	—	—	—	157,188
—	—	—	—	59,675
—	—	—	—	(15,142)
61,687	—	—	—	61,687
(50,471)	—	—	—	(50,471)
(2)	475	77	—	(28)
—	(16)	(17)	—	(1,964)
—	—	—	—	15
—	—	—	—	(4,200)
—	—	984	—	995
—	(18)	(43)	—	(61)
—	—	—	—	9,138
—	12	1	—	13
—	—	—	—	(1,231)
2,472	57	(1,843)	—	(6,965)
—	—	—	—	(220)
297	31	101	—	377
—	—	(1)	—	335
—	—	—	—	18
—	—	349	—	349
9	—	14	—	96
—	—	118	—	(677)
<u>13,995</u>	<u>438</u>	<u>2,417</u>	<u>—</u>	<u>84,383</u>
—	(600)	—	—	(600)
—	—	—	—	159,047
—	—	—	—	(212,825)
—	—	2,691	—	2,691
—	—	(155)	—	(155)
—	—	(589)	—	(63,908)
—	—	—	—	(1,805)
—	—	—	—	15,455
—	—	—	—	(16,251)
—	—	1,003	(443)	942
—	—	(1,775)	443	(1,785)
—	—	474	—	474
<u>—</u>	<u>(600)</u>	<u>1,649</u>	<u>—</u>	<u>(118,720)</u>

Continued on Next Page

## Combining Statement of Cash Flows

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compensation
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of property, plant, and equipment.....	\$ (140)	\$ —	\$ —	\$ (4)
Interest payments .....	—	—	—	—
Principal payments on notes payable .....	—	—	—	—
<b>Net cash and cash equivalents used in capital and related financing activities.....</b>	<b>(140)</b>	<b>—</b>	<b>—</b>	<b>(4)</b>
<b>Cash flows from investing activities:</b>				
Proceeds from sale of investments.....	4,268	7,127	6,795	—
Purchase of investments .....	(13)	(4,613)	—	—
Interest on investments.....	9,977	4,661	—	1,018
Issuance of loans .....	—	—	(6,065)	—
Collection of loans .....	—	—	4,650	—
<b>Net cash and cash equivalents provided by (used in) investing activities.....</b>	<b>14,232</b>	<b>7,175</b>	<b>5,380</b>	<b>1,018</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>(44,546)</b>	<b>14,177</b>	<b>4,817</b>	<b>977</b>
<b>Cash and cash equivalents, July 1, 1993 (restated).....</b>	<b>143,118</b>	<b>51,242</b>	<b>4,940</b>	<b>34,369</b>
<b>Cash and cash equivalents, June 30, 1994.....</b>	<b>\$ 98,572</b>	<b>\$ 65,419</b>	<b>\$ 9,757</b>	<b>\$ 35,346</b>
<b>Noncash capital and financing activities:</b>				
Contributions and transfers.....	\$ —	\$ —	\$ —	\$ —
<b>Total noncash capital and financing activities.....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

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South Carolina's strategic location on the nation's East Coast has long made it an off-loading and distribution point for petroleum products. This oil tanker is one of many that make regular calls on the State's ports.

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ (4)	\$ (148)	\$ (701)	\$ —	\$ (997)
—	—	(166)	—	(166)
—	—	(600)	—	(600)
<u>(4)</u>	<u>(148)</u>	<u>(1,467)</u>	<u>—</u>	<u>(1,763)</u>
—	—	—	—	18,190
—	—	—	—	(4,626)
1,443	2	1,002	—	18,103
—	—	(2,601)	—	(8,666)
—	—	155	—	4,805
<u>1,443</u>	<u>2</u>	<u>(1,444)</u>	<u>—</u>	<u>27,806</u>
<u>15,434</u>	<u>(308)</u>	<u>1,155</u>	<u>—</u>	<u>(8,294)</u>
<u>25,010</u>	<u>2,241</u>	<u>18,364</u>	<u>—</u>	<u>279,284</u>
<u>\$ 40,444</u>	<u>\$ 1,933</u>	<u>\$ 19,519</u>	<u>\$ —</u>	<u>\$ 270,990</u>
\$ —	\$ —	\$ 145	\$ —	\$ 145
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 145</u>	<u>\$ —</u>	<u>\$ 145</u>

**Photograph is not available  
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This Express Mail truck is part of a system tied into the new Processing and Distribution Center of the United States Postal Service facility located near Columbia which handles three million pieces of mail each day.

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

South Carolina was a pioneer in developing rail service between its coastal points and its inland population and commercial centers. Today, the State is served by 2,800 miles of railroads providing direct service to the East Coast and to all major Midwest cities.

## 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.

**Workers' Compensation Fund.** This is a risk management fund which provides workers' compensation benefits to State employees. Premiums are collected from State agencies.

**State Employee Unemployment Compensation Fund.** This is a risk management fund that provides unemployment benefits to prior 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 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.

**Information Resources Management Fund.** This fund provides telecommunication services and equipment, computer services, information technology planning and assistance in equipment and system selections, and printing services to governmental entities.

**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.

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For more than a century and a half, South Carolina has been a center of passenger rail service. Today's AMTRAK system connects the State directly with major population centers throughout the South and East.

# Combining Balance Sheet

## INTERNAL SERVICE FUNDS

June 30, 1994

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents.....	\$ 244,691	\$ 144,428	\$ 46,162	\$ 3,867	\$ 7,097	\$ 1,455
Receivables, net:						
Accounts.....	23,472	1,103	5,189	—	203	38
Loans and notes.....	7	—	—	—	—	—
Due from other funds.....	467	20,800	2,661	71	785	1,385
Interfund receivables.....	4,045	—	—	—	2,916	—
Inventories.....	—	—	—	—	137	3,320
Other current assets.....	652	2	—	—	—	—
Total current assets.....	273,334	166,333	54,012	3,938	11,138	6,198
Long-term assets:						
Long-term investments.....	—	18,139	—	—	—	—
Advances to other funds.....	37,674	—	—	—	21,466	—
Total long-term assets.....	37,674	18,139	—	—	21,466	—
Property, plant, and equipment:						
Land and improvements.....	—	—	—	—	4,571	—
Buildings and improvements.....	—	—	—	—	118,388	—
Machinery, equipment, and other .....	805	782	803	—	2,498	31
Construction in progress.....	—	—	—	—	8,363	—
Less: accumulated depreciation.....	(514)	(256)	(303)	—	(33,887)	(24)
Total property, plant, and equipment, net.....	291	526	500	—	99,933	7
Total assets.....	\$ 311,299	\$ 184,998	\$ 54,512	\$ 3,938	\$ 132,537	\$ 6,205
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities.....	\$ 129,799	\$ 16,229	\$ 27,804	\$ —	\$ 2,010	\$ 1,492
Insurance claims incurred but not reported.....	48,931	66,187	3,216	—	—	—
Due to other funds.....	91	114	188	545	941	—
Interfund payables.....	—	—	—	—	4,239	1,000
Deferred revenues.....	12,075	134	3,846	—	—	—
Capital lease and installment debt obligations payable.....	—	—	—	—	1,617	—
Compensated absences payable.....	223	244	180	—	647	17
Other current liabilities, including retainages payable.....	—	—	—	—	48	—
Total current liabilities.....	191,119	82,908	35,234	545	9,502	2,509
Long-term liabilities:						
Accrued liabilities.....	—	10,017	27,806	—	—	—
Insurance claims incurred but not reported.....	—	—	4,358	—	—	—
Advances from other funds.....	—	—	—	—	36,183	—
Capital lease and installment debt obligations payable.....	—	—	—	—	34,262	—
Total long-term liabilities.....	—	10,017	32,164	—	70,445	—
Total liabilities.....	191,119	92,925	67,398	545	79,947	2,509
Fund Equity:						
Contributed capital.....	11	11	206	—	60,504	—
Retained earnings (deficits).....	120,169	92,062	(13,092)	3,393	(7,914)	3,696
Total fund equity (deficits).....	120,180	92,073	(12,886)	3,393	52,590	3,696
Total liabilities and fund equity.....	\$ 311,299	\$ 184,998	\$ 54,512	\$ 3,938	\$ 132,537	\$ 6,205



Information Resources Management	Motor Pool	Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 12,304	\$ 3,006	\$ 10,768	\$ 507	\$ 3,050	\$ 1,672	\$ —	\$ 479,007
23	29	—	—	534	—	—	30,591
—	—	—	—	—	—	—	7
2,326	1,113	—	—	308	24	(2,222)	27,718
27	—	—	—	—	—	(4,400)	2,588
1,202	9	—	—	1,682	—	—	6,350
—	—	—	—	—	—	—	654
15,882	4,157	10,768	507	5,574	1,696	(6,622)	546,915
—	—	—	—	—	—	—	18,139
51	—	—	—	—	—	(36,141)	23,050
51	—	—	—	—	—	(36,141)	41,189
—	220	—	—	—	—	—	4,791
—	527	—	—	—	—	—	118,915
60,442	14,979	13,624	1,793	6,625	235	—	102,617
—	147	—	—	—	—	—	8,510
(51,772)	(8,322)	(7,593)	(1,072)	(4,755)	(71)	—	(108,569)
8,670	7,551	6,031	721	1,870	164	—	126,264
\$ 24,603	\$ 11,708	\$ 16,799	\$ 1,228	\$ 7,444	\$ 1,860	\$ (42,763)	\$ 714,368
\$ 1,444	\$ 379	\$ —	\$ 600	\$ 685	\$ 75	\$ —	\$ 180,517
—	—	—	—	—	—	—	118,334
12	88	—	94	121	28	(2,222)	—
854	56	—	—	—	—	(4,400)	1,749
201	—	—	—	—	—	—	16,256
—	—	—	—	—	—	—	1,617
767	91	—	542	338	57	—	3,106
14	—	—	—	—	—	—	62
3,292	614	—	1,236	1,144	160	(6,622)	321,641
—	—	—	—	—	—	—	37,823
—	—	—	—	—	—	—	4,358
10,359	59	—	—	—	—	(36,141)	10,460
—	—	—	—	—	—	—	34,262
10,359	59	—	—	—	—	(36,141)	86,903
13,651	673	—	1,236	1,144	160	(42,763)	408,544
318	350	13,625	8	3,281	128	—	78,442
10,634	10,685	3,174	(16)	3,019	1,572	—	227,382
10,952	11,035	16,799	(8)	6,300	1,700	—	305,824
\$ 24,603	\$ 11,708	\$ 16,799	\$ 1,228	\$ 7,444	\$ 1,860	\$ (42,763)	\$ 714,368

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

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unem- ployment Compensation	General Services	Central Supplies and Equipment
<b>Operating revenues:</b>						
Charges for services.....	\$ 48,789	\$ 539,098	\$ —	\$ —	\$ 25,818	\$ 15,840
Contributions.....	—	—	29,213	4,367	8	—
Interest and other investment income.....	15,928	5,366	1,798	—	—	—
<b>Total operating revenues.....</b>	<b>64,717</b>	<b>544,464</b>	<b>31,011</b>	<b>4,367</b>	<b>25,826</b>	<b>15,840</b>
<b>Operating expenses:</b>						
General operations and administration.....	42,666	72,532	4,019	73	17,959	15,772
Benefits and claims.....	28,063	447,738	33,330	2,901	—	—
Depreciation.....	68	85	83	—	2,662	3
Other operating expenses.....	—	—	32	—	2,257	—
<b>Total operating expenses.....</b>	<b>70,797</b>	<b>520,355</b>	<b>37,464</b>	<b>2,974</b>	<b>22,878</b>	<b>15,775</b>
<b>Operating income (loss).....</b>	<b>(6,080)</b>	<b>24,109</b>	<b>(6,453)</b>	<b>1,393</b>	<b>2,948</b>	<b>65</b>
<b>Nonoperating revenues (expenses):</b>						
Interest income.....	—	—	—	—	1,979	—
Interest expense.....	—	—	—	—	(5,591)	—
Other nonoperating revenues (expenses).....	—	—	(11)	—	970	2
<b>Total nonoperating revenues (expenses).....</b>	<b>—</b>	<b>—</b>	<b>(11)</b>	<b>—</b>	<b>(2,642)</b>	<b>2</b>
<b>Income (loss) before operating transfers.....</b>	<b>(6,080)</b>	<b>24,109</b>	<b>(6,464)</b>	<b>1,393</b>	<b>306</b>	<b>67</b>
Operating transfers in.....	2,141	—	—	—	707	40
Operating transfers out.....	(3,672)	(475)	—	—	(479)	(171)
<b>Net income (loss).....</b>	<b>(7,611)</b>	<b>23,634</b>	<b>(6,464)</b>	<b>1,393</b>	<b>534</b>	<b>(64)</b>
<b>Retained earnings (deficits), July 1, 1993 (restated).....</b>	<b>127,780</b>	<b>68,428</b>	<b>(6,628)</b>	<b>2,000</b>	<b>(8,448)</b>	<b>3,760</b>
<b>Retained earnings (deficits), June 30, 1994.....</b>	<b>120,169</b>	<b>92,062</b>	<b>(13,092)</b>	<b>3,393</b>	<b>(7,914)</b>	<b>3,696</b>
<b>Contributed capital, July 1, 1993 (restated).....</b>	<b>11</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>60,483</b>	<b>—</b>
<b>Additions to contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>206</b>	<b>—</b>	<b>21</b>	<b>—</b>
<b>Deductions from contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund equity (deficits), June 30, 1994.....</b>	<b>\$ 120,180</b>	<b>\$ 92,073</b>	<b>\$ (12,886)</b>	<b>\$ 3,393</b>	<b>\$ 52,590</b>	<b>\$ 3,696</b>

Information Resources Management	Motor Pool	Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 29,771	\$ 7,038	\$ 2,419	\$ —	\$ 11,265	\$ 3,052	\$ —	\$ 683,090
—	—	—	—	—	—	—	33,588
—	—	—	—	—	—	—	23,092
<b>29,771</b>	<b>7,038</b>	<b>2,419</b>	<b>—</b>	<b>11,265</b>	<b>3,052</b>	<b>—</b>	<b>739,770</b>
21,684	3,107	881	7,544	10,706	1,549	—	198,492
—	—	—	—	—	—	—	512,032
2,098	2,765	1,238	259	468	11	—	9,740
148	17	79	89	19	45	—	2,686
<b>23,930</b>	<b>5,889</b>	<b>2,198</b>	<b>7,892</b>	<b>11,193</b>	<b>1,605</b>	<b>—</b>	<b>722,950</b>
<b>5,841</b>	<b>1,149</b>	<b>221</b>	<b>(7,892)</b>	<b>72</b>	<b>1,447</b>	<b>—</b>	<b>16,820</b>
51	—	—	—	—	—	—	2,030
(1,010)	(11)	—	—	—	—	—	(6,612)
(44)	(199)	—	231	58	1	—	1,008
<b>(1,003)</b>	<b>(210)</b>	<b>—</b>	<b>231</b>	<b>58</b>	<b>1</b>	<b>—</b>	<b>(3,574)</b>
<b>4,838</b>	<b>939</b>	<b>221</b>	<b>(7,661)</b>	<b>130</b>	<b>1,448</b>	<b>—</b>	<b>13,246</b>
1,364	17	—	6,548	—	—	(4,029)	6,788
(390)	(85)	—	—	—	(3)	4,029	(1,246)
<b>5,812</b>	<b>871</b>	<b>221</b>	<b>(1,113)</b>	<b>130</b>	<b>1,445</b>	<b>—</b>	<b>18,788</b>
<b>4,822</b>	<b>9,814</b>	<b>2,953</b>	<b>1,097</b>	<b>2,889</b>	<b>127</b>	<b>—</b>	<b>208,594</b>
<b>10,634</b>	<b>10,685</b>	<b>3,174</b>	<b>(16)</b>	<b>3,019</b>	<b>1,572</b>	<b>—</b>	<b>227,382</b>
313	37	12,315	8	3,280	128	—	76,586
5	313	3,442	—	1	—	—	3,988
—	—	(2,132)	—	—	—	—	(2,132)
<b>\$ 10,952</b>	<b>\$ 11,035</b>	<b>\$ 16,799</b>	<b>\$ (8)</b>	<b>\$ 6,300</b>	<b>\$ 1,700</b>	<b>\$ —</b>	<b>\$ 305,824</b>

# Combining Statement of Cash Flows

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services
<b>Cash flows from operating activities:</b>					
Operating income (loss).....	\$ (6,080)	\$ 24,109	\$ (6,453)	\$ 1,393	\$ 2,948
Adjustments to reconcile operating income (loss) to net cash provided by operations:					
Depreciation .....	68	85	83	—	2,662
Loss (gain) on disposition of property and equipment.....	—	4	—	—	243
Interest on investments and interfund loans.....	(16,672)	(4,835)	(1,798)	—	—
Other nonoperating revenues.....	—	—	4	—	1,213
Other nonoperating expenses.....	—	—	(15)	—	(243)
Other.....	11	1	(99)	—	—
<b>Change in assets--decreases (increases):</b>					
Accounts receivable, net.....	(732)	(651)	(2,693)	—	(22)
Due from Federal government and other grantors .....	—	—	—	—	148
Due from other funds .....	(280)	(8,390)	2,404	(66)	444
Inventories.....	—	—	—	—	48
Other current assets.....	218	(2)	—	—	—
<b>Change in liabilities--increases (decreases):</b>					
Accounts payable and accrued liabilities.....	19,967	5,718	2,245	—	449
Insurance claims incurred but not reported.....	(7,719)	9,841	5,783	—	—
Due to other funds.....	79	(36)	(2,172)	(597)	634
Interfund payables.....	—	—	—	—	—
Deferred revenues .....	459	134	2,253	—	—
Compensated absences payable.....	49	54	26	—	(11)
Other liabilities, including retainages payable.....	—	—	—	—	(37)
<b>Net cash and cash equivalents provided by (used in) operating activities.....</b>	<b>(10,632)</b>	<b>26,032</b>	<b>(432)</b>	<b>730</b>	<b>8,476</b>
<b>Cash flows from noncapital financing activities:</b>					
Principal payments received from other funds.....	3,225	—	—	—	2,429
Proceeds from loans made by other funds.....	—	—	—	—	2,222
Principal payments made to other funds.....	—	—	—	—	(4,781)
Receipt of interest from other funds.....	2,440	—	—	—	1,889
Interest payments made to other funds.....	—	—	—	—	(2,619)
Loans made to other funds.....	(7,412)	—	—	—	(2,220)
Operating transfers in.....	2,141	—	—	—	707
Operating transfers out.....	(3,672)	(475)	—	—	(479)
<b>Net cash and cash equivalents provided by (used in) noncapital financing activities.....</b>	<b>(3,278)</b>	<b>(475)</b>	<b>—</b>	<b>—</b>	<b>(2,852)</b>

Central Supplies and Equipment	Information Resources Management	Motor Pool	Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 65	\$ 5,841	\$ 1,149	\$ 221	\$ (7,892)	\$ 72	\$ 1,447	\$ —	\$ 16,820
3	2,098	2,765	1,238	259	468	11	—	9,740
—	52	201	—	—	(69)	1	—	432
—	—	—	—	—	—	—	—	(23,305)
2	9	2	—	231	69	2	—	1,532
—	(53)	(201)	—	—	(11)	(1)	—	(524)
—	—	—	2	(65)	—	—	—	(150)
12	32	(29)	—	—	17	2	—	(4,064)
—	—	—	—	—	—	—	—	148
(122)	946	(192)	—	—	36	(22)	(2,365)	(7,607)
5	(26)	—	—	—	(338)	—	—	(311)
—	—	—	—	—	—	—	—	216
583	(1,112)	206	(1)	157	11	29	—	28,252
—	—	—	—	—	—	—	—	7,905
(10)	(171)	(42)	—	(9)	(46)	5	2,365	—
(100)	—	—	—	—	—	—	—	(100)
—	201	—	—	—	—	—	—	3,047
4	77	(12)	—	114	62	10	—	373
—	14	—	—	—	—	—	—	(23)
<b>442</b>	<b>7,908</b>	<b>3,847</b>	<b>1,460</b>	<b>(7,205)</b>	<b>271</b>	<b>1,484</b>	<b>—</b>	<b>32,381</b>
—	298	—	—	—	—	—	—	5,952
—	—	—	—	—	—	—	—	2,222
—	(809)	(52)	—	—	—	—	—	(5,642)
—	13	—	—	—	—	—	—	4,342
—	(920)	(11)	—	—	—	—	—	(3,550)
—	(102)	—	—	—	—	—	—	(9,734)
40	1,364	17	—	6,548	—	—	(4,029)	6,788
(171)	(390)	(85)	—	—	—	(3)	4,029	(1,246)
<b>(131)</b>	<b>(546)</b>	<b>(131)</b>	<b>—</b>	<b>6,548</b>	<b>—</b>	<b>(3)</b>	<b>—</b>	<b>(868)</b>

Continued on Next Page

# Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compen- sation	State Employee Unem- ployment Compen- sation	General Services
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of property, plant, and equipment.....	\$ (34)	\$ (262)	\$ (58)	\$ —	\$ (454)
Proceeds from loans made by other funds.....	—	—	—	—	(2,972)
Interest payments.....	—	—	—	—	(1,475)
Principal payments on capital leases and installment debt obligations payable.....	—	—	—	—	—
Contributions of capital.....	—	—	—	—	—
<b>Net cash and cash equivalents used in capital and related financing activities.....</b>	<b>(34)</b>	<b>(262)</b>	<b>(58)</b>	<b>—</b>	<b>(4,901)</b>
<b>Cash flows from investing activities:</b>					
Proceeds from sale of investments.....	—	26,299	—	—	—
Purchase of investments.....	—	(29,679)	—	—	—
Interest on investments.....	14,232	4,835	1,798	—	91
Principal payments received on notes receivable.....	325	—	—	—	—
<b>Net cash and cash equivalents provided by investing activities.....</b>	<b>14,557</b>	<b>1,455</b>	<b>1,798</b>	<b>—</b>	<b>91</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>613</b>	<b>26,750</b>	<b>1,308</b>	<b>730</b>	<b>814</b>
<b>Cash and cash equivalents, July 1, 1993 (restated).....</b>	<b>244,078</b>	<b>117,678</b>	<b>44,854</b>	<b>3,137</b>	<b>6,283</b>
<b>Cash and cash equivalents, June 30, 1994.....</b>	<b>\$ 244,691</b>	<b>\$ 144,428</b>	<b>\$ 46,162</b>	<b>\$ 3,867</b>	<b>\$ 7,097</b>
<b>Noncash capital and financing activities:</b>					
Acquisition of property and equipment through contributions and transfers from other funds.....	\$ —	\$ —	\$ 206	\$ —	\$ 21

Central Supplies and Equipment	Information Resources Management	Motor Pool	Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ —	\$ (2,854)	\$ (4,135)	\$ —	\$ (130)	\$ (271)	\$ (11)	\$ —	\$ (8,209)
—	275	—	—	—	—	—	—	275
—	(90)	—	—	—	—	—	—	(3,062)
—	(2,620)	—	—	—	(1)	—	—	(4,096)
—	—	313	—	—	—	—	—	313
—	(5,289)	(3,822)	—	(130)	(272)	(11)	—	(14,779)
—	—	—	—	—	—	—	—	26,299
—	—	—	—	—	—	—	—	(29,679)
—	38	—	—	—	—	—	—	20,994
—	—	—	—	—	—	—	—	325
—	38	—	—	—	—	—	—	17,939
311	2,111	(106)	1,460	(787)	(1)	1,470	—	34,673
1,144	10,193	3,112	9,308	1,294	3,051	202	—	444,334
<u>\$ 1,455</u>	<u>\$ 12,304</u>	<u>\$ 3,006</u>	<u>\$ 10,768</u>	<u>\$ 507</u>	<u>\$ 3,050</u>	<u>\$ 1,672</u>	<u>\$ —</u>	<u>\$ 479,007</u>
<u>\$ —</u>	<u>\$ 5</u>	<u>\$ —</u>	<u>\$ 4,477</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,710</u>

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

This general aviation airport at Camden provides quality service and facilities to private and corporate aircraft. Forty-five of the State's forty-six counties have airports, half of them large enough to accommodate business jets.



## 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, 1994

(Expressed in Thousands)

	EXPENDABLE TRUST			
	Radioactive Waste Contingency	Unemployment Compensation Benefits	Other Expendable Trust	NONEXPENDABLE TRUST
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 73,033	\$ —	\$ 12,518	\$ 1,628
Cash on deposit with fiscal agents.....	—	494,059	—	—
Investments.....	—	—	—	—
Receivables, net:				
Accounts.....	569	—	57	6
Taxes.....	—	42,257	—	—
Loans and notes.....	—	—	—	—
Due from Federal government and other grantors	—	30	—	—
Due from other funds.....	—	568	—	—
Interfund receivables.....	—	—	—	—
Advances to other funds.....	—	—	—	—
Property, plant and equipment:				
Land and improvements.....	—	—	—	—
Buildings and improvements.....	—	—	—	—
Machinery, equipment, and other.....	—	—	—	24
Less: accumulated depreciation.....	—	—	—	—
Other assets.....	—	—	—	—
<b>Total assets.....</b>	<b>\$ 73,602</b>	<b>\$ 536,914</b>	<b>\$ 12,575</b>	<b>\$ 1,658</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.....	\$ 8,750	\$ 1,305	\$ 384	\$ 2
Tax refunds payable.....	—	1,288	—	—
Intergovernmental payables.....	—	—	—	—
Due to other funds.....	—	—	—	—
Interfund payables.....	—	290	—	—
Advances from other funds.....	—	—	—	—
Deferred revenues.....	—	2,910	—	—
Deposits.....	—	—	—	—
Amounts held in custody for others.....	—	—	—	—
Deferred compensation.....	—	—	—	—
Other liabilities.....	—	—	—	—
<b>Total liabilities.....</b>	<b>8,750</b>	<b>5,793</b>	<b>384</b>	<b>2</b>
<b>Fund Balances:</b>				
Reserved for:				
Pension and other benefits.....	—	531,121	—	—
Endowment and similar funds.....	—	—	—	1,422
Unreserved, undesignated.....	64,852	—	12,191	234
<b>Total fund balances.....</b>	<b>64,852</b>	<b>531,121</b>	<b>12,191</b>	<b>1,656</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 73,602</b>	<b>\$ 536,914</b>	<b>\$ 12,575</b>	<b>\$ 1,658</b>

## PENSION TRUST

South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Pension System
\$ 348,104	\$ 15,092	\$ 2,307	\$ 2,429	\$ 1,260
—	—	—	—	—
10,123,155	1,103,043	27,313	51,367	—
211,057	33,236	492	950	15
—	—	—	—	—
—	—	—	—	—
14,132	1,739	—	27	—
—	—	—	—	—
—	—	—	—	—
525	53	2	2	—
4,247	434	13	20	—
—	—	—	—	2
(190)	(19)	(1)	(1)	—
—	—	—	—	—
<b>\$ 10,701,030</b>	<b>\$ 1,153,578</b>	<b>\$ 30,126</b>	<b>\$ 54,794</b>	<b>\$ 1,277</b>
\$ 310,935	\$ 38,657	\$ 1,504	\$ 2,754	\$ —
—	—	—	—	—
—	—	—	—	—
17,382	725	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
<b>328,317</b>	<b>39,382</b>	<b>1,504</b>	<b>2,754</b>	<b>—</b>
10,372,713	1,114,196	28,622	52,040	1,277
—	—	—	—	—
—	—	—	—	—
<b>10,372,713</b>	<b>1,114,196</b>	<b>28,622</b>	<b>52,040</b>	<b>1,277</b>
<b>\$ 10,701,030</b>	<b>\$ 1,153,578</b>	<b>\$ 30,126</b>	<b>\$ 54,794</b>	<b>\$ 1,277</b>

Continued on Next Page

# Combining Balance Sheet

FIDUCIARY FUNDS (Continued)

June 30, 1994

(Expressed in Thousands)

	Deferred Compensation Plans	Insurance Company Deposits
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ —	\$ —
Cash on deposit with fiscal agents.....	—	—
Investments.....	674,766	282,268
Receivables, net:		
Accounts.....	2,161	—
Taxes.....	—	—
Loans and notes.....	13,554	—
Due from Federal government and other grantors.....	—	—
Due from other funds.....	—	—
Interfund receivables.....	—	—
Advances to other funds.....	—	—
Property, plant and equipment:		
Land and improvements.....	—	—
Buildings and improvements.....	—	—
Machinery, equipment, and other.....	—	—
Less: accumulated depreciation.....	—	—
Other assets.....	4,437	—
<b>Total assets.....</b>	<b>\$ 694,918</b>	<b>\$ 282,268</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities.....	\$ —	\$ —
Tax refunds payable.....	—	—
Intergovernmental payables.....	—	—
Due to other funds.....	—	—
Interfund payables.....	—	—
Advances from other funds.....	—	—
Deferred revenues.....	—	—
Deposits.....	—	—
Amounts held in custody for others.....	—	282,268
Deferred compensation.....	694,918	—
Other liabilities.....	—	—
<b>Total liabilities.....</b>	<b>694,918</b>	<b>282,268</b>
<b>Fund Balances:</b>		
Reserved for:		
Pension and other benefits.....	—	—
Endowment and similar funds.....	—	—
Unreserved, undesignated.....	—	—
<b>Total fund balances.....</b>	<b>—</b>	<b>—</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 694,918</b>	<b>\$ 282,268</b>

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**AGENCY**


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<b>Local Government Investment Pool</b>	<b>Federal Interfund Activity</b>	<b>Payroll Clearing</b>	<b>Other Agency</b>	<b>Eliminations</b>	<b>Totals</b>
\$ 50,051	\$ 237	\$ 8,047	\$ 119,298	\$ —	\$ 634,004
—	—	—	—	—	494,059
392,947	—	—	979	—	12,655,838
831	3	12	969	—	250,358
—	—	—	—	—	42,257
—	—	—	—	—	13,554
—	704	—	—	—	734
—	2,032	38,426	4,298	(32,396)	28,826
—	—	—	20	—	20
—	—	—	60	—	60
—	—	—	—	—	582
—	—	—	—	—	4,714
—	—	—	—	—	26
—	—	—	—	—	(211)
—	—	—	408	—	4,845
<b>\$ 443,829</b>	<b>\$ 2,976</b>	<b>\$ 46,485</b>	<b>\$ 126,032</b>	<b>\$ (32,396)</b>	<b>\$ 14,129,666</b>
\$ 50,000	\$ —	\$ 180	\$ 2,615	\$ —	\$ 417,086
—	—	—	—	—	1,288
—	—	—	57	—	57
—	2,551	7,916	41,308	(32,396)	37,486
—	—	25	—	—	315
—	—	—	1,100	—	1,100
—	—	—	—	—	2,910
—	—	—	3,956	—	3,956
393,829	425	38,364	76,831	—	791,717
—	—	—	—	—	694,918
—	—	—	165	—	165
<b>443,829</b>	<b>2,976</b>	<b>46,485</b>	<b>126,032</b>	<b>(32,396)</b>	<b>1,950,998</b>
—	—	—	—	—	12,099,969
—	—	—	—	—	1,422
—	—	—	—	—	77,277
—	—	—	—	—	<b>12,178,668</b>
<b>\$ 443,829</b>	<b>\$ 2,976</b>	<b>\$ 46,485</b>	<b>\$ 126,032</b>	<b>\$ (32,396)</b>	<b>\$ 14,129,666</b>

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

## EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Other Expendable Trust	Eliminations	Totals
<b>Revenues:</b>					
Taxes, other.....	\$ —	\$ 181,861	\$ —	\$ —	\$ 181,861
Licenses, fees, and permits.....	1,745	—	5,159	—	6,904
Interest and other investment income.....	2,746	32,326	541	—	35,613
Federal.....	—	63,727	—	—	63,727
Departmental services.....	—	—	1	—	1
Contributions.....	—	—	6	—	6
Other.....	—	1,714	51	—	1,765
<b>Total revenues.....</b>	<b>4,491</b>	<b>279,628</b>	<b>5,758</b>	<b>—</b>	<b>289,877</b>
<b>Expenditures:</b>					
Current:					
General governmental.....	—	248,087	1,833	—	249,920
Health and environment.....	—	—	11	—	11
Social services.....	—	—	43	—	43
Administration of justice.....	—	—	9	—	9
Resources and economic development.....	—	—	7	—	7
Intergovernmental.....	—	—	6	—	6
<b>Total expenditures.....</b>	<b>—</b>	<b>248,087</b>	<b>1,909</b>	<b>—</b>	<b>249,996</b>
<b>Revenues over expenditures.....</b>	<b>4,491</b>	<b>31,541</b>	<b>3,849</b>	<b>—</b>	<b>39,881</b>
<b>Other financing sources (uses):</b>					
Operating transfers in.....	—	25	—	(25)	—
Operating transfers out.....	—	(811)	(150)	25	(936)
<b>Total other financing uses.....</b>	<b>—</b>	<b>(786)</b>	<b>(150)</b>	<b>—</b>	<b>(936)</b>
<b>Revenues and other sources over expenditures and other uses.....</b>	<b>4,491</b>	<b>30,755</b>	<b>3,699</b>	<b>—</b>	<b>38,945</b>
<b>Fund balances, July 1, 1993.....</b>	<b>60,361</b>	<b>500,366</b>	<b>8,492</b>	<b>—</b>	<b>569,219</b>
<b>Fund balances, June 30, 1994.....</b>	<b>\$ 64,852</b>	<b>\$ 531,121</b>	<b>\$ 12,191</b>	<b>\$ —</b>	<b>\$ 608,164</b>

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

## NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1994  
(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	\$ 598,403	\$ 79,353	\$ 1,502	\$ 4,868	\$ 2,499	\$ 686,625
Interest and other investment income.....	49	841,332	90,088	2,346	4,576	69	938,411
Licenses, fees, and permits.....	59	—	—	—	—	—	—
Total operating revenues.....	109	1,439,735	169,441	3,848	9,444	2,568	1,625,036
Operating expenses:							
General operations and administration.....	11	—	—	—	—	1,291	1,291
Benefits and claims.....	—	520,565	52,244	2,000	3,976	—	578,785
Depreciation and amortization.....	—	106	10	—	1	—	117
Other operating expenses.....	2	—	—	—	—	—	—
Total operating expenses.....	13	520,671	52,254	2,000	3,977	1,291	580,193
Operating income.....	96	919,064	117,187	1,848	5,467	1,277	1,044,843
Operating transfers:							
Operating transfers in.....	—	6,848	158	—	—	—	7,006
Operating transfers out.....	—	(5,605)	(584)	(16)	(27)	—	(6,232)
Net income.....	96	920,307	116,761	1,832	5,440	1,277	1,045,617
Fund balances, July 1, 1993.....	1,560	9,452,406	997,435	26,790	46,600	—	10,523,231
Fund balances, June 30, 1994.....	\$ 1,656	\$ 10,372,713	\$ 1,114,196	\$ 28,622	\$ 52,040	\$ 1,277	\$ 11,568,848

# Combining Statement of Changes in Assets and Liabilities

## AGENCY FUNDS

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Balance July 1, 1993	Additions	Deductions	Balance June 30, 1994
<b>DEFERRED COMPENSATION PLANS</b>				
<b>Assets</b>				
Cash and cash equivalents.....	\$ 200	\$ —	\$ 200	\$ —
Investments.....	588,655	106,240	20,129	674,766
Accounts receivable.....	1,699	59,724	59,262	2,161
Loans and notes receivable.....	10,279	3,275	—	13,554
Other assets.....	3,842	802	207	4,437
Total assets.....	<u>\$ 604,675</u>	<u>\$ 170,041</u>	<u>\$ 79,798</u>	<u>\$ 694,918</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities.....	\$ 200	\$ —	\$ 200	\$ —
Deferred compensation.....	604,475	109,114	18,671	694,918
Total liabilities.....	<u>\$ 604,675</u>	<u>\$ 109,114</u>	<u>\$ 18,871</u>	<u>\$ 694,918</u>
<b>INSURANCE COMPANY DEPOSITS</b>				
<b>Assets</b>				
Investments.....	<u>\$ 244,642</u>	<u>\$ 128,925</u>	<u>\$ 91,299</u>	<u>\$ 282,268</u>
<b>Liabilities</b>				
Amounts held in custody for others.....	<u>\$ 244,642</u>	<u>\$ 128,925</u>	<u>\$ 91,299</u>	<u>\$ 282,268</u>
<b>LOCAL GOVERNMENT INVESTMENT POOL</b>				
<b>Assets</b>				
Cash and cash equivalents.....	\$ 30,000	\$ 25,228,864	\$ 25,208,813	\$ 50,051
Investments.....	388,294	22,961,410	22,956,757	392,947
Accounts receivable.....	743	9,917	9,829	831
Total assets.....	<u>\$ 419,037</u>	<u>\$ 48,200,191</u>	<u>\$ 48,175,399</u>	<u>\$ 443,829</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities.....	\$ 30,000	\$ 50,000	\$ 30,000	\$ 50,000
Amounts held in custody for others.....	389,037	1,110,371	1,105,579	393,829
Total liabilities.....	<u>\$ 419,037</u>	<u>\$ 1,160,371</u>	<u>\$ 1,135,579</u>	<u>\$ 443,829</u>

Continued on Next Page



# Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Balance July 1, 1993	Additions	Deductions	Balance June 30, 1994
<b>FEDERAL INTERFUND ACTIVITY FUND</b>				
<b>Assets</b>				
Cash and cash equivalents.....	\$ —	\$ 28,359	\$ 28,122	\$ 237
Accounts receivable.....	—	3	—	3
Due from Federal government and other grantors.....	138	704	138	704
Due from other funds.....	4,301	2,032	4,301	2,032
Total assets.....	<u>\$ 4,439</u>	<u>\$ 31,098</u>	<u>\$ 32,561</u>	<u>\$ 2,976</u>
<b>Liabilities</b>				
Intergovernmental payables.....	\$ —	\$ 99	\$ 99	\$ —
Due to other funds.....	4,149	2,551	4,149	2,551
Interfund payables.....	285	—	285	—
Amounts held in custody for others.....	5	35,951	35,531	425
Total liabilities.....	<u>\$ 4,439</u>	<u>\$ 38,601</u>	<u>\$ 40,064</u>	<u>\$ 2,976</u>
<b>PAYROLL CLEARING FUND</b>				
<b>Assets</b>				
Cash and cash equivalents.....	\$ 6,732	\$ 747,329	\$ 746,014	\$ 8,047
Accounts receivable.....	1	12	1	12
Due from other funds.....	32,204	38,426	32,204	38,426
Total assets.....	<u>\$ 38,937</u>	<u>\$ 785,767</u>	<u>\$ 778,219</u>	<u>\$ 46,485</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities.....	\$ 152	\$ 180	\$ 152	\$ 180
Due to other funds.....	6,536	7,941	6,561	7,916
Interfund payables.....	18	25	18	25
Amounts held in custody for others.....	32,231	636,480	630,347	38,364
Total liabilities.....	<u>\$ 38,937</u>	<u>\$ 644,626</u>	<u>\$ 637,078</u>	<u>\$ 46,485</u>

Continued on Next Page

# Combining Statement of Changes in Assets and Liabilities

## AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

	Balance July 1, 1993	Additions	Deductions	Balance June 30, 1994
<b>OTHER AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents.....	\$ 72,967	\$ 918,143	\$ 871,812	\$ 119,298
Investments.....	—	979	—	979
Accounts receivable.....	1,086	969	1,086	969
Due from other funds.....	2	4,297	1	4,298
Interfund receivables.....	—	20	—	20
Advances to other funds.....	80	—	20	60
Other assets.....	400	408	400	408
Total assets.....	<u>\$ 74,535</u>	<u>\$ 924,816</u>	<u>\$ 873,319</u>	<u>\$ 126,032</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities.....	\$ 2,535	\$ 2,615	\$ 2,535	\$ 2,615
Intergovernmental payables.....	4	57	4	57
Due to other funds.....	49,816	41,698	50,206	41,308
Advances from other funds.....	—	1,100	—	1,100
Deposits.....	3,704	3,956	3,704	3,956
Amounts held in custody for others.....	18,311	775,343	716,823	76,831
Other liabilities.....	165	165	165	165
Total liabilities.....	<u>\$ 74,535</u>	<u>\$ 824,934</u>	<u>\$ 773,437</u>	<u>\$ 126,032</u>
<b>TOTALS--ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents.....	\$ 109,899	\$ 26,922,695	\$ 26,854,961	\$ 177,633
Investments.....	1,221,591	23,197,554	23,068,185	1,350,960
Accounts receivable.....	3,529	70,625	70,178	3,976
Loans and notes receivable.....	10,279	3,275	—	13,554
Due from Federal government and other grantors.....	138	704	138	704
Due from other funds.....	36,507	44,755	36,506	44,756
Interfund receivables.....	—	20	—	20
Advances to other funds.....	80	—	20	60
Other assets.....	4,242	1,210	607	4,845
Total assets.....	<u>\$ 1,386,265</u>	<u>\$ 50,240,838</u>	<u>\$ 50,030,595</u>	<u>\$ 1,596,508</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities.....	\$ 32,887	\$ 52,795	\$ 32,887	\$ 52,795
Intergovernmental payables.....	4	156	103	57
Due to other funds.....	60,501	52,190	60,916	51,775
Interfund payables.....	303	25	303	25
Advances from other funds.....	—	1,100	—	1,100
Deposits.....	3,704	3,956	3,704	3,956
Amounts held in custody for others.....	684,226	2,687,070	2,579,579	791,717
Deferred compensation.....	604,475	109,114	18,671	694,918
Other liabilities.....	165	165	165	165
Total liabilities.....	<u>\$ 1,386,265</u>	<u>\$ 2,906,571</u>	<u>\$ 2,696,328</u>	<u>\$ 1,596,508</u>

## 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.

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

Containerized shipping has become the dominant form of transporting freight by sea. South Carolina's modern facilities at Charleston have made it a leader nationwide and around the world. Through the use of state-of-the-art automation and equipment, Charleston now averages eight hours of turn-around time for a container ship, a fraction of the time it took to handle general cargo ships only a few years earlier.

## Schedule of General Fixed Assets by Function

June 30, 1994

(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General governmental.....	\$ 8,177	\$ 91,327	\$ 88,163	\$ 187,667
Education.....	5,568	70,791	242,205	318,564
Health and environment.....	11,461	176,755	103,442	291,658
Social services.....	514	12,753	23,626	36,893
Administration of justice.....	6,007	327,010	82,029	415,046
Resources and economic development....	127,322	65,902	74,575	267,799
Transportation.....	3,257	56,546	178,248	238,051
<b>Total general fixed assets allocated to functions.....</b>	<b>\$ 162,306</b>	<b>\$ 801,084</b>	<b>\$ 792,288</b>	<b>1,755,678</b>
Construction in progress.....				120,067
<b>Total general fixed assets.....</b>				<b>\$ 1,875,745</b>

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

As space age technology advances transportation on a global scale, traditional methods are still useful at a local level. This Downtown Area Shuttle between Charleston's Visitor Center and its historic district provides service for tourists and residents alike.

## Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

Function	Balance July 1, 1993 As Previously Reported	Adjust- ments <sup>a</sup>	Balance July 1, 1993 As Restated	Additions	Retirements	Balance June 30, 1994
General governmental.....	\$ 182,971	\$ 845	\$ 183,816	\$ 20,565	\$ 16,714	\$ 187,667
Education.....	301,923	—	301,923	22,554	5,913	318,564
Individual and family services.....	309,016	(309,016)	—	—	—	—
Health and environment.....	—	274,623	274,623	21,475	4,440	291,658
Social services.....	—	33,548	33,548	4,737	1,392	36,893
Administration of justice.....	330,567	—	330,567	91,462	6,983	415,046
Resources and economic development.....	236,905	8,765	245,670	24,399	2,270	267,799
Transportation.....	283,593	(8,765)	274,828	17,068	53,845	238,051
Construction in progress.....	139,824	—	139,824	40,794	60,551	120,067
<b>Total general fixed assets</b>	<b>\$ 1,784,799</b>	<b>\$ —</b>	<b>\$ 1,784,799</b>	<b>\$ 243,054</b>	<b>\$ 152,108</b>	<b>\$ 1,875,745</b>

<sup>a</sup> General fixed assets moved among functional categories as a result of a restructuring of State government. In addition, the Individual and Family Services category was divided into a Health and Environment category and a Social Services category.

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

Movable concrete barriers both speed highway reconstruction work and protect workers and motorists. Working during light traffic evening hours, this new equipment placed barriers along a 7.2 mile stretch of Interstate 26 in Charleston.

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

Mounted police in Columbia, South Carolina's capital city, are a reminder of the city's law enforcement past. They also help to make friends with this curious youngster. Part of the city's new public relations initiative, horse patrols have proven to be effective in areas where dense traffic limits the mobility of motorized units.

## 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

The Foundations and Institutes Fund accounts for component units of the State's colleges and universities. All 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. 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, 1994

(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 182,394	\$ 8,376	\$ 4,147	\$ 30,704
Investments.....	12,563	2,950	360	21,681
Receivables, net:				
Accounts.....	361	—	69	60
Patient and student.....	66,607	—	—	—
Student loans.....	—	—	40,740	—
Loans and notes.....	—	124	—	—
Due from Federal government and other grantors.....	12,734	40,340	41	—
Due from other Higher Education Funds.....	33,395	433	76	24
Due from other funds.....	5,506	2,929	—	—
Due from component units.....	292	—	—	—
Advances to other funds.....	—	—	—	—
Inventories.....	21,953	—	—	—
Property, plant, and equipment, net.....	—	—	—	—
Other assets.....	13,490	501	126	1,127
<b>Total assets.....</b>	<b>\$ 349,295</b>	<b>\$ 55,653</b>	<b>\$ 45,559</b>	<b>\$ 53,596</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.....	\$ 60,830	\$ 8,490	\$ 743	\$ 695
Due to other Higher Education Funds.....	7,026	15,912	68	3
Due to other funds.....	9,543	33	—	—
Interfund payables.....	—	—	—	—
Advances from other funds.....	—	—	—	—
Deferred revenues.....	33,581	395	—	—
Deposits.....	4,601	—	—	—
Amounts held in custody for others.....	—	—	—	—
Notes payable.....	—	—	—	—
General obligation bonds payable.....	—	—	—	—
Revenue bonds payable.....	—	—	—	—
Certificates of participation payable.....	—	—	—	—
Capital lease and installment debt obligations payable.....	—	—	—	—
Compensated absences payable.....	61,631	5	—	—
Other liabilities.....	15,582	5	3	8
<b>Total liabilities.....</b>	<b>192,794</b>	<b>24,840</b>	<b>814</b>	<b>706</b>
<b>Fund Balances:</b>				
Investment in plant.....	—	—	—	—
Reserved for:				
Restricted fund balance.....	—	30,813	4,638	—
Federal government grants refundable.....	—	—	39,986	—
Endowment and similar funds.....	—	—	—	34,343
Encumbrances.....	1,926	—	—	—
Other special purposes.....	5,748	—	—	—
Unreserved:				
Designated for special purposes.....	2,455	—	121	—
Designated for quasi-endowments.....	—	—	—	18,547
Undesignated.....	146,372	—	—	—
<b>Total fund balances.....</b>	<b>156,501</b>	<b>30,813</b>	<b>44,745</b>	<b>52,890</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 349,295</b>	<b>\$ 55,653</b>	<b>\$ 45,559</b>	<b>\$ 53,596</b>



PLANT FUNDS			AGENCY FUNDS	FOUNDATIONS AND INSTITUTES	Eliminations	Totals
Unexpended	Retirement of Indebtedness	Investment in Plant				
\$ 78,305	\$ 60,826	\$ —	\$ 6,333	\$ 13,075	\$ —	\$ 384,160
4,962	—	—	—	18,252	—	60,768
—	579	—	5,560	239	—	6,868
—	—	—	—	24,705	—	91,312
—	—	—	—	14	—	40,754
—	—	—	—	—	—	124
803	—	—	—	1,710	—	55,628
5,482	897	—	32	1,067	(41,406)	—
2,828	—	—	—	—	(1,593)	9,670
—	—	—	—	—	—	292
—	—	—	—	23,407	(23,407)	—
—	—	—	—	543	—	22,496
44,416	—	2,421,434	—	21,593	—	2,487,443
6	226	7	22	3,208	—	18,713
<u>\$ 136,802</u>	<u>\$ 62,528</u>	<u>\$ 2,421,441</u>	<u>\$ 11,947</u>	<u>\$ 107,813</u>	<u>\$ (66,406)</u>	<u>\$ 3,178,228</u>
\$ 15,960	\$ 13,418	\$ —	\$ 6,388	\$ 4,500	\$ —	\$ 111,024
2,748	1,895	—	—	13,754	(41,406)	—
—	—	—	149	—	(1,593)	8,132
—	—	947	—	—	—	947
—	—	28,457	—	—	(23,407)	5,050
—	—	—	—	43	—	34,019
—	—	—	389	—	—	4,990
—	—	—	5,015	—	—	5,015
4,507	—	16,879	—	6,631	—	28,017
1,226	—	39,194	—	—	—	40,420
13,539	—	209,249	—	1,065	—	223,853
—	—	—	—	24,110	—	24,110
—	—	10,124	—	421	—	10,545
—	—	—	—	2,336	—	63,972
4,099	—	254	6	1,859	—	21,816
<u>42,079</u>	<u>15,313</u>	<u>305,104</u>	<u>11,947</u>	<u>54,719</u>	<u>(66,406)</u>	<u>581,910</u>
—	—	2,116,337	—	—	—	2,116,337
65,449	46,939	—	—	10,713	—	158,552
—	—	—	—	—	—	39,986
—	—	—	—	—	—	34,343
—	—	—	—	—	—	1,926
3,468	—	—	—	—	—	9,216
25,806	276	—	—	34,784	—	63,442
—	—	—	—	—	—	18,547
—	—	—	—	7,597	—	153,969
<u>94,723</u>	<u>47,215</u>	<u>2,116,337</u>	<u>—</u>	<u>53,094</u>	<u>—</u>	<u>2,596,318</u>
<u>\$ 136,802</u>	<u>\$ 62,528</u>	<u>\$ 2,421,441</u>	<u>\$ 11,947</u>	<u>\$ 107,813</u>	<u>\$ (66,406)</u>	<u>\$ 3,178,228</u>

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Besides the commercial aspects of their waterways and transportation system, South Carolinians still have time for pleasure boating on the many miles of Intracoastal Waterway and within the shores of the State's numerous fresh water lakes. As this vessel indicates, the joys of sailing also are not lost on South Carolinians and their visitors.

## 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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This 1600-foot continuous parallel steel chord truss is the centerpiece of the Cooper River crossing on the Mark Clark Freeway in North Charleston. It not only provides the area a new landmark, it represents the latest in bridge-building technology. The bridge, its companion span crossing the Wando River, and the causeway through the marshlands were erected to exacting standards designed to minimize damage to the area's wetlands.

# Appropriation Activity

## BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1994  
(Expressed in Thousands)

Function	Original Appropriations	Adjustments <sup>a</sup>
Legislative.....	\$ 24,427	\$ 4,081
Judicial.....	28,155	1,590
Executive and administrative.....	138,745	26,694
Educational.....	1,877,258	85,148
Health.....	631,533	29,508
Social rehabilitation services.....	124,543	22,356
Correctional and public safety.....	327,286	17,765
Conservation, natural resources, and development.....	114,590	17,138
Regulatory.....	80,463	35,243
Department of Transportation.....	592	—
Debt service.....	138,433	—
Miscellaneous.....	241,740	21,984
<b>Totals--appropriations for expenditures.....</b>	<b>3,727,765</b>	<b>261,507</b>
Transfer to designation for capital and nonrecurring.....	66,832	—
<b>Totals--appropriations for expenditures and intrafund transfers.....</b>	<b>\$ 3,794,597</b>	<b>\$ 261,507</b>

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

<sup>a</sup>

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

Appropriations brought forward from 1992-93.....	\$ 57,393
Open-ended appropriations.....	4,151
Supplemental appropriations.....	165,247
Surplus revenue appropriations 1992-93.....	34,716
<b>Total adjustments.....</b>	<b>\$ 261,507</b>

<u>Adjusted Appropriations</u>	<u>Expenditures</u>	<u>Capital Reserve Transfer</u>	<u>Appropriations To Be Carried Forward</u>	<u>Lapsed Appropriations</u>
\$ 28,508	\$ 25,077	\$ —	\$ 3,431	\$ —
29,745	28,342	—	1,403	—
165,439	119,207	—	44,692	1,540
1,962,406	1,902,680	—	50,624	9,102
661,041	631,440	—	29,601	—
146,899	139,356	—	7,319	224
345,051	329,732	—	15,319	—
131,728	113,978	—	17,750	—
115,706	107,887	—	7,788	31
592	527	—	30	35
138,433	136,645	—	—	1,788
263,724	241,426	—	20,695	1,603
<b>3,989,272</b>	<b>3,776,297</b>	<b>—</b>	<b>198,652</b>	<b>14,323</b>
66,832	—	66,832	—	—
<b>\$ 4,056,104</b>	<b>\$ 3,776,297</b>	<b>\$ 66,832</b>	<b>\$ 198,652</b>	<b>\$ 14,323</b>

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This high-tech weigh station makes it possible for truckers to pass through the highway checkpoint without stopping, improving the State's regulatory capabilities and enhancing the efficiency of its large interstate and intrastate truckers.

## 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 <sup>c</sup>
1985	\$ 98,497	\$ —	\$ (9,369)	\$ 89,128	\$ 89,128 <sup>a</sup>	100%
1986	89,128	—	(37,353)	51,775	95,735 <sup>a</sup>	54%
1987	51,775	23,606	—	75,381	100,372 <sup>a</sup>	75%
1988	75,381	25,093	(14,382)	86,092	80,783 <sup>b</sup>	107%
1989	86,092	7,217	(5,310)	87,999	87,999 <sup>b</sup>	100%
1990	87,999	—	—	87,999	94,114 <sup>b</sup>	94%
1991	87,999	6,115	(60,687)	33,427	98,843 <sup>b</sup>	34%
1992	33,427	4,729	(38,156)	—	99,163 <sup>b</sup>	0%
1993	—	66,832	—	66,832	100,248 <sup>b</sup>	67%
1994	66,832	43,346	—	110,178	110,178 <sup>b</sup>	100%

<sup>a</sup> Equals 4% of the Budgetary General Fund revenues for the latest completed fiscal year.

<sup>b</sup> Equals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

<sup>c</sup> 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, 1994

(Expressed in Thousands)

#### Gross budgetary-basis revenues:

Retail sales tax (4%) and excise tax--casual sales.....	\$ 1,346,903
Alcoholic liquors tax--60% portion.....	19,525
Beer and wine tax--penalties and fines.....	250
Soft drinks tax.....	25,053
Commercial nuclear waste tax.....	3,737
<b>Gross budgetary-basis revenues.....</b>	<b><u>1,395,468</u></b>
<b>Total budgetary-basis revenues earmarked for public education (95.5% of gross budgetary-basis revenues).....</b>	<b><u>1,332,672</u></b>

#### Budgetary-basis expenditures:

Department of Education.....	1,215,512
State Board of Technical and Comprehensive Education.....	125,996
Educational Television Commission.....	18,841
Wil Lou Gray Opportunity School.....	2,472
School for the Deaf and Blind.....	10,136
John De La Howe School.....	3,392
<b>Total budgetary-basis expenditures for public education...</b>	<b><u>1,376,349</u></b>
<b>Excess of budgetary-basis expenditures over revenues earmarked for public education.....</b>	<b><u>\$ 43,677</u></b>

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 \$4.771 million were allocated to the designated public education agencies in 1993-94.

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This surrealistic design is the complex interchange linking the Southeastern Beltway around Columbia with Interstate 26. The intersection routes traffic from Interstate 77 around the city's east side, providing a direct and eye-appealing linkage of travelers from the North and Midwest to the State's coastal areas.



## 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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Motorists in the Charleston area find their travels north of the city to Mt. Pleasant and south toward Georgia to be much easier these days, thanks to this interchange carrying traffic from Interstate 26 onto the Mark Clark Freeway (I-526). The interchange, completed in 1993, also provides access to the city's international airport.

# National Guard Pension System Historical Trend Information

Last Eight 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 <sup>a</sup>	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 <sup>c</sup>	2,499	25,016	10.0%	22,517	50,766	44.4%

<sup>a</sup> The first actuarial valuation of the National Guard Pension System was prepared as of July 1, 1990.

<sup>b</sup> No actuarial valuation was prepared for these years, but all of the PBO was unfunded.

<sup>c</sup> 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 Eight Fiscal Years**  
**(Expressed in Thousands)**

<b>Revenues by Source <sup>d</sup></b>			
<b>Employer Contributions</b>			
<b>Fiscal Year Ended June 30</b>	<b>Amount</b>	<b>Percentage of Covered Payroll</b>	<b>Investment Income</b>
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

<b>Expenses by Type <sup>f</sup></b>		
<b>Fiscal Year Ended June 30</b>	<b>Benefits Payments</b>	<b>Administrative Expenses</b>
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

<sup>d</sup> No employee contributions are required for this defined benefit retirement system.

<sup>e</sup> 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.

<sup>f</sup> There are no refunds because there are no employee contributions.

<sup>g</sup> 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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South Carolina's role in the world's transportation system achieved a new dimension in 1994 when German automaker BMW opened its first American manufacturing plant in Spartanburg County. When it achieves full production in 1996, the \$600 million, 1.2 million-square-foot plant will produce 300 cars a day during two shifts, manufacturing autos in the BMW "3" series, including a new roadster model.

**Expenditures by Function**ALL GOVERNMENTAL FUND TYPES<sup>a</sup>Last Seven Fiscal Years<sup>b</sup>  
(Expressed in Thousands)

Function	1988	1989	1990
General governmental..... <sup>c</sup>	\$ 232,243	\$ 261,929	\$ 314,764
Education ..... <sup>d</sup>	223,623	240,491	270,237
Individual and family services.... <sup>d</sup>	1,316,828	1,417,641	1,811,417
Health and environment..... <sup>d</sup>	—	—	—
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.....	<u>1,641,939</u>	<u>1,746,987</u>	<u>1,969,425</u>
<b>Total expenditures.....</b>	<b><u>\$ 4,512,025</u></b>	<b><u>\$ 4,829,547</u></b>	<b><u>\$ 5,521,600</u></b>

<sup>a</sup> All Governmental Fund Types include General, Special Revenue, and Capital Projects Funds.<sup>b</sup> 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.<sup>c</sup> 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.<sup>d</sup> 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

<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
\$ 251,692	\$ 234,092	\$ 247,452	\$ 399,456
262,697	241,230	254,464	293,158
2,097,614	2,489,321	2,682,162	—
—	—	—	2,166,088
—	—	—	678,772
300,250	304,488	312,961	405,503
132,970	128,059	131,021	138,937
274,895	274,957	290,740	221,014
—	—	—	—
402,258	429,896	456,707	453,625
66,715	94,538	104,316	82,602
50,878	53,943	53,316	49,202
<u>2,007,557</u>	<u>2,033,486</u>	<u>2,096,679</u>	<u>2,148,366</u>
<u><b>\$ 5,847,526</b></u>	<u><b>\$ 6,284,010</b></u>	<u><b>\$ 6,629,818</b></u>	<u><b>\$ 7,036,723</b></u>

## Revenues by Source

ALL GOVERNMENTAL FUND TYPES<sup>a</sup>

Last Seven Fiscal Years<sup>b</sup>  
(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
<b>Total revenues.....</b>	<b><u>\$ 5,016,218</u></b>	<b><u>\$ 5,374,236</u></b>	<b><u>\$ 6,027,958</u></b>

<sup>a</sup> All Governmental Fund Types include General, Special Revenue, and Capital Projects Funds.

<sup>b</sup> 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>
\$ 1,377,825	\$ 1,386,724	\$ 1,481,592	\$ 1,519,030
1,463,941	1,515,223	1,628,766	1,756,157
914,736	911,110	983,586	999,733
198,253	218,726	300,699	308,019
78,092	55,708	44,756	48,765
2,001,490	2,347,896	2,443,881	2,586,257
120,098	138,610	155,546	158,318
54,424	81,421	101,486	82,665
31,643	43,610	44,182	51,926
33,856	43,853	52,894	53,293
<u><u>\$ 6,274,358</u></u>	<u><u>\$ 6,742,881</u></u>	<u><u>\$ 7,237,388</u></u>	<u><u>\$ 7,564,163</u></u>

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South Carolina workers at Torrington-Fafnir in Union, South Carolina, produced the five-ton, five-foot diameter spherical roller bearings. These bearings, the largest ever made for movable bridges in the United States, raise the world's longest vertical lift bridge in New Orleans, Louisiana.

## Income and Sales Tax Rates

Last Ten Fiscal Years

<b>Fiscal Year Ended June 30</b>	<b>Individual Income Tax</b>	<b>Corporate Income Tax</b>	<b>Retail Sales Tax<sup>a</sup></b>
1985	2 - 7%	6%	5%
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%

<sup>a</sup> Excludes the 2% accommodations tax and the local option sales tax.

Source: The Department of Revenue and Taxation

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This 47-passenger luxury bus now serves passengers of Southeastern Stages Inc. which provides inter-city and charter service throughout South Carolina. The bus is part of a new fleet which offers climate-controlled interiors, glare-free windows and other comfort features.

# Net General Obligation Bonds and Notes Per Capita

Last Ten Fiscal Years

<b>Fiscal</b>		<b>Gross</b>	<b>Debt Payable</b>		<b>Net General</b>
<b>Year Ended</b>	<b>Population<sup>a</sup></b>	<b>Bonded<sup>b</sup></b>	<b>From Higher</b>	<b>Net General</b>	<b>Bonded<sup>c</sup></b>
<b>June 30</b>	<b>(Thousands)</b>	<b>Debt</b>	<b>Education</b>	<b>Bonded</b>	<b>Debt</b>
		<b>(Thousands)</b>	<b>Funds</b>	<b>Debt</b>	<b>Per</b>
			<b>(Thousands)</b>	<b>(Thousands)</b>	<b>Capita</b>
1985	3,293	\$ 626,645	\$ 31,620	\$ 595,025	\$ 180.69
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

<sup>a</sup> State Data Center, Research and Statistical Services Division, State Budget and Control Board.

<sup>b</sup> 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.

<sup>c</sup> 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, 1994

(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, 1994.

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, 1994.....	40,420
<b>Legal debt margin at June 30, 1994--institution bonds.....</b>	<b><u>\$ 19,580</u></b>
1992-1993 Budgetary General Fund revenues <sup>a</sup> .....	\$ 3,672,594
Less: 1992-1993 transfers for highway and institution bond debt service recorded as Budgetary General Fund revenues.....	6,785
<b>1992-1993 net Budgetary General Fund revenues.....</b>	<b><u>\$ 3,665,809</u></b>
5% of 1992-1993 net Budgetary General Fund revenues.....	\$ 183,290
Less: 1993-1994 net Budgetary General Fund debt service for general obligation bonds excluding highway and institution bonds.....	130,563
<b>Legal debt service margin at June 30, 1994--general obligation bonds excluding highway and institution bonds.....</b>	<b><u>\$ 52,727</u></b>

<sup>a</sup> Includes an operating transfer of \$25 million from Other Budgeted Funds. This transfer was treated as a revenue for all legal purposes.

# Ratio of Annual Debt Service Expenditures for General Obligation Debt to Total General Governmental Expenditures<sup>a</sup>

<sup>b</sup>  
Last Seven Fiscal Years  
(Expressed in Thousands)

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
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%

<sup>a</sup> General Governmental Expenditures includes the General, Special Revenue, and Capital Projects Funds.

<sup>b</sup> 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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United Parcel Service not only provides regular customer delivery service through the State, but also has made the Columbia Metropolitan Airport a regional collection and shipping point for its operations in the Southeastern United States.

# Revenue Bond Coverage — Enterprise Funds<sup>a</sup>

Last Ten Fiscal Years  
(Expressed in Thousands)

## SOUTH CAROLINA HOUSING FINANCE AND DEVELOPMENT AUTHORITY<sup>c d</sup>

Fiscal Year Ended June 30	Gross Revenues	Principal Proceeds	Direct Operating <sup>b</sup> Expenses	Net Revenue Available for Debt Service
1985	\$ 68,728	\$ 9,474	\$ 4,124	\$ 74,078
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

## SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY<sup>d e</sup>

Fiscal Year Ended June 30	Gross Revenues	Principal Proceeds	Direct Operating <sup>b</sup> Expenses	Net Revenue Available for Debt Service
1985	\$ 13,741	\$ 3,563	\$ 1,348	\$ 15,956
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	28,162	6,450	56,919

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

<sup>b</sup> Excludes depreciation and interest expense.

<sup>c</sup> Direct operating expenses for years before 1989 have been restated to exclude housing assistance payments.

<sup>d</sup> 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.

<sup>e</sup> 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**

<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage Ratio</b>
\$ 13,774	\$ 46,647	\$ 60,421	1.23
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

**Debt Service Requirements**

<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage Ratio</b>
\$ 1,785	\$ 7,450	\$ 9,235	1.73
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	1.29

# Demographic Statistics

## Last Ten Years

<b>Year</b>	<b>Population<sup>a</sup> at June 30</b>	<b>Per Capita Income<sup>a</sup> Year Ended December 31</b>	<b>Median Age<sup>a</sup> (Years) at June 30</b>	<b>School Enrollment<sup>b</sup> at June 30</b>	<b>Unemployment Rate<sup>c</sup> at December 31</b>
1984	3,262,000	\$ 10,157	30.1	669,809	7.1%
1985	3,293,000	10,831	29.8	668,985	6.9%
1986	3,332,000	11,585	30.1	670,980	6.2%
1987	3,369,000	12,283	30.6	672,943	5.6%
1988	3,400,000	13,192	31.0	676,847	4.5%
1989	3,444,000	13,884	31.4	678,050	4.3%
1990	3,498,600	15,101	31.7	677,356	5.5%
1991	3,547,300	15,484	32.2	681,717	6.2%
1992	3,595,700	16,212	32.6	685,744	5.7%
1993	3,644,600	16,923	32.9	688,513	7.7%
1994	3,693,000	d	33.3	692,515	d

### Sources:

<sup>a</sup> State Data Center, Research and Statistical Services Division, State Budget and Control Board

<sup>b</sup> South Carolina Department of Education

<sup>c</sup> South Carolina Employment Security Commission

<sup>d</sup> 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 <sup>a</sup>	
	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
1984	8,512	\$ 617	45,003	\$ 1,573	\$ 19,061	\$ 23,339	\$ 24,748
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 <sup>b</sup>	1,489	23,612	28,364	29,114
1988	6,926	763	25,563 <sup>b</sup>	1,438	26,022	34,127	31,241
1989	6,627	707	20,530 <sup>b</sup>	1,252	27,849	34,936	33,869
1990	6,877	788	22,454 <sup>b</sup>	1,475	29,091	37,079	38,852
1991	6,811	670	19,309 <sup>b</sup>	1,372	29,528	39,089	41,220
1992	6,329	494	20,853 <sup>b</sup>	1,585	30,224	41,104	45,926
1993	6,078	694	21,186 <sup>b</sup>	1,662	30,926	d	d
1994	c	c	c	c	c	d	d

<sup>a</sup> Property taxes do not represent a source of revenue for the State.

<sup>b</sup> Beginning with 1987, the number of mobile home permits is not reported.

<sup>c</sup> Not yet available.

<sup>d</sup> Due to legislation requiring that tax assessments be based on the prior year's property value, neither the 1993 nor 1994 information is yet available.

Sources: 1994 South Carolina Economic Report, State Budget and Control Board; State Tax Commission

# **Largest Manufacturing Companies<sup>a</sup>**

**December 31, 1993**

<u>Name</u>	<u>Number of Plants in South Carolina</u>	<u>Number of Employees in South Carolina</u>
Westinghouse Electric Corporation.....	5	22,527
Springs Industries, Incorporated.....	22	12,494
Milliken & Company.....	30	7,629
Michelin Tire Corporation.....	4	6,300
Charleston Naval Shipyard (U.S. Department of the Navy).....	1	5,650
Hoechst AG.....	5	4,015
JPS Textile Group.....	7	3,943
Valley Fashions Corporation.....	7	3,331
Greenwood Mills, Incorporated.....	8	3,239
Du Pont De Nemours, E I & Company.....	4	3,073
AlliedSignal, Incorporated.....	6	2,862
Ingersoll-Rand Company.....	6	2,843
AB Electrolux Sweden.....	2	2,800
Spartan Mills.....	8	2,678
Wellman, Incorporated.....	3	2,595
Robert Bosch GmbH.....	3	2,580
W. R. Grace & Company.....	4	2,539
Graniteville Company.....	7	2,517
Delta Woodside Industries, Incorporated.....	7	2,486
Kemet Electronics Corporation.....	2	2,448
Sonoco Products Company.....	3	2,390
Kyocera Corporation.....	2	2,380
Ryobi North America, Incorporated.....	2	2,300
Owens-Corning Fiberglas Corporation.....	3	2,282
Cooper Industries, Incorporated.....	7	2,186

<sup>a</sup> Based on number of employees. This list includes all companies with 2,100 or more employees.

Source: 1994 South Carolina Industrial Directory.

## Miscellaneous Statistics

December 31, 1993 (Except as Noted)

Date of ratification--U. S. Constitution.....	1788 <sup>a</sup>
Form of government.....	Legislative-Executive-Judicial <sup>b</sup>
Miles of State highways.....	64,148 <sup>c</sup>
Land area (square miles).....	30,111 <sup>c</sup>
State police protection:	
Police and sheriff districts.....	284 <sup>d</sup>
Total number of sworn officers.....	8,166 <sup>d</sup>
Higher education (universities, colleges, and technical education centers):	
Number of campuses.....	61 <sup>e</sup>
Number of students.....	177,084 <sup>e</sup>
Recreation:	
Number of State parks and historical sites.....	56 <sup>f</sup>
Area of State parks.....	79,273 acres <sup>f</sup>
Area of State forests.....	77,018 acres <sup>g</sup>
State employees--all funds (at June 30, 1994) .....	67,175 <sup>h</sup>

### Sources:

- <sup>a</sup> 1993 Legislative Manual
- <sup>b</sup> Department of Transportation
- <sup>c</sup> State Data Center
- <sup>d</sup> State Law Enforcement Division
- <sup>e</sup> Commission on Higher Education
- <sup>f</sup> Department of Parks, Recreation, and Tourism
- <sup>g</sup> Forestry Commission
- <sup>h</sup> Budget and Control Board, Budget Division

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This Mack Truck rolls off the assembly line of the company's manufacturing plant in Winnsboro. The Winnsboro plant supplies heavy-duty commercial vehicles for the nation's freight carriers and provides jobs and economic strength to South Carolina's Midlands.

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A scenic landmark and a tourist haven, Harbor Town in the Sea Pines Plantation on Hilton Head Island brings thousands of visitors and pleasure boating craft to South Carolina's southern shore each year. The area is known for its golf and tennis tournaments which afford it and the State international exposure on television and in other media.

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4000 copies of this document were published at an estimated printing cost of \$3.20 each, and a total printing cost of \$12,780. The FY 1994-95 Appropriation Act requires this information on printing cost be added to the document.





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