

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:

The skyline of Columbia, South Carolina's capitol city, is framed by forestland. The quality of life throughout the State, from metropolitan to rural areas, is dependent on the multiple benefits of our forest resource.



Prepared by the Comptroller General's Office

COMPTROLLER'S MESSAGE...

FREEDOM'S TREE

On June 28, 1776, the British fleet attacked Charlestowne in the colony of South Carolina.

The island fort defending the city was on Sullivan's Island. The American colonists defending the fort were vastly outmanned and outmunitioned but not outmaneuvered.

The cannon balls from the British ships struck the fort—later named Fort Moultrie after its commanding officer, Colonel William Moultrie—but could not penetrate its walls. The fort was constructed from the spongy wood of the palmetto tree, our State tree. The palmetto wood had absorbed the shots without splintering.

After several days the British fleet withdrew in defeat. Perhaps this victory gave additional courage to those who signed the Declaration of Independence a week later on July 4, 1776.

One of the mortally wounded in this battle said this as his last words: "Don't let liberty expire with me."

It did not.

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

SEEING THE FOREST AND THE TREES

South Carolina's state symbol is a tree—the Palmetto—and for good reason. Trees, in one way or the other, have shaped South Carolina history unlike any other resource.

For the earliest occupants of what is now South Carolina soil—tribes such as the Catawba, Cherokee and Kiawah—trees formed the canopy of greenery which sustained a treasure of wildlife and vegetation. Christopher Columbus discovered along the coast of his New World trees "of a thousand kind and tall."

To early European settlers, trees of sufficient height and girth were treasured as ship masts and their by-products—items such as tar, pitch and turpentine—supported the maritime industry. Trees, in seemingly unending abundance, were the materials of the small log homes and the grand country manors. Trees were cleared for the farms, the towns and the great tracts of South Carolina plantations.

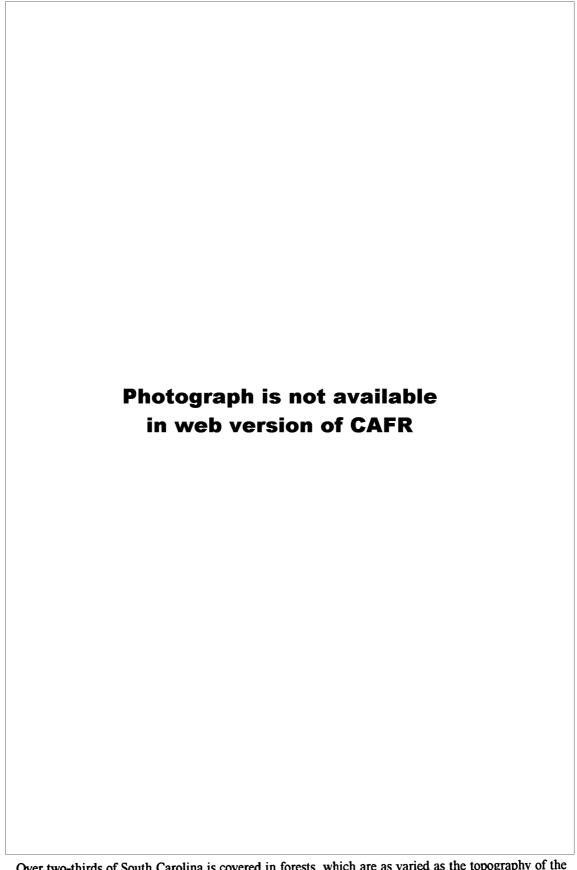
The clearings renewed themselves as great pine forests, and later generations of South Carolinians logged the forests for railroad ties, housing developments and a new source of industrial activity—the production of pulp and paper.

Along the way, South Carolinians also learned that trees were not, in fact, an unending abundance. Forest protection, management and renewal became an important part of the public policy of the state, and trees today remain an essential ingredient of the state's sustainable economic resources.

South Carolinians can enjoy the best of both worlds. They can experience the inspiring beauty of the palmetto and live oak along the coast, the majesty of the blackwater cypress, and the vitality of the colorful upland oaks, gums and hickories.

They can also take special pride in the knowledge that the forests are at work for the State. South Carolina has some 12.4 million acres of forest land, mostly privately owned, with an annual harvest of around \$527 million. More than 38,000 South Carolinians rely on the forests for their jobs.

Readers of this report will learn of the financial conditions and policies of one of the nation's most fiscally conservative states. They will also find photographic and textual references to a state which treasures its natural beauty and exercises careful stewardship over its economic resources. Fiscal tradition and natural heritage, it should be noted, are inextricably bound together in South Carolina.



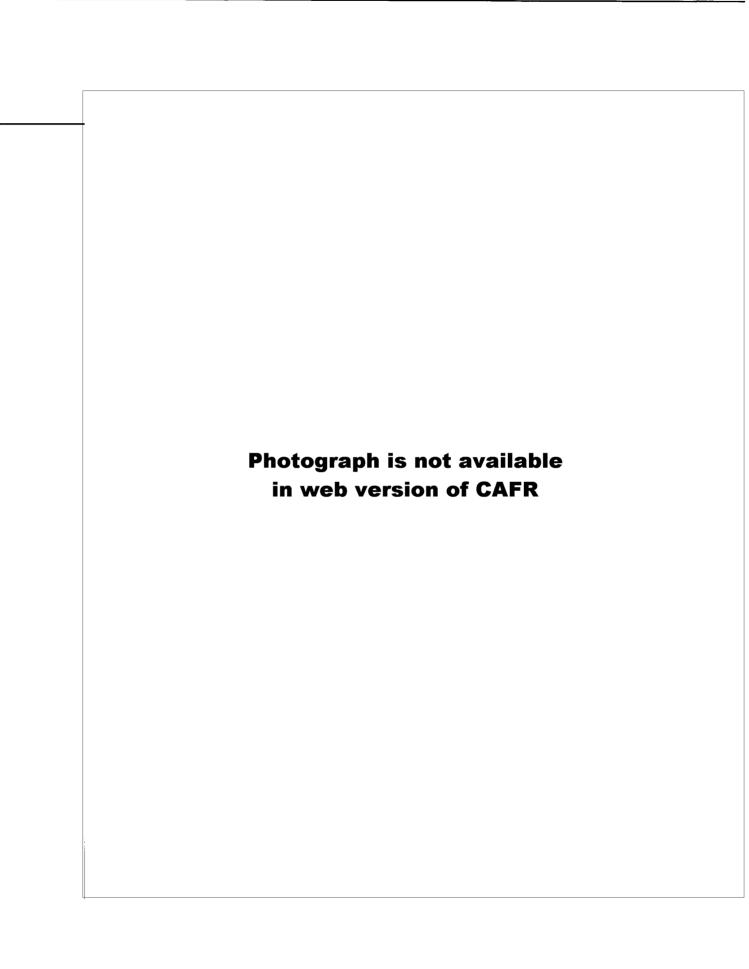
Over two-thirds of South Carolina is covered in forests, which are as varied as the topography of the State. Hardwoods predominate in the rolling hills of the upstate, and the flat lands of the Coastal Plain have extensive pine forests.

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Introductory Section

Photograph is not available in web version of CAFR

Modern mills convert timber into products cleanly, efficiently, and economically. Pulp and paper manufacturing has created tremendous capital investment in South Carolina.



STATE OF SOUTH CAROLINA (Defice of Comptroller General

EARLE E. MORRIS, JR.

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

December 2, 1996

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, 1996. The report provides financial information about the State's operations during the year and describes its financial position at the end of the year.

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

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

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

- The Introductory Section, containing this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for the June 30, 1995 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

Still riding the crest of a strong wave of economic growth, South Carolina took steps in 1996 to solidify that growth and to sustain it over an even longer period of time.

Major initiatives by the General Assembly included a package of expansion incentives for new, as well as existing businesses, and some special inducements for job creation in rural areas. The two pieces of legislation, titled the Economic Development Industrial Cluster Act and the South Carolina Rural Development Act, along with the Enterprise Zone Act of 1995, provide incentives for businesses to locate in virtually every area of the State.

The legislature also moved to bring the State's banking practices into step with federally-engineered changes by facilitating interstate banking, and it enacted legislation to make local telephone services available and affordable in the expanding telecommunications market.

In addition to actions directly related to business enhancement, the General Assembly took significant steps to shape an educational future which could support the State's twenty-first century economic goals. Addressing issues all along the educational continuum, the legislature funded the State's first full-day kindergartens for 16,000 at-risk children, authorized the creation of charter schools to advance local education reform, and passed sweeping legislation designed to overhaul the State's higher education system.

The legislation, known as the Higher Education Quality and Accountability Act, institutes performance-based funding for the State's colleges and universities, requires the clarification of each institution's mission, and empowers the newly-restructured Higher Education Commission to enforce the newly-imposed measures.

In another key action, the General Assembly retained the property tax relief initiative of a year ago, providing funding which will exempt all owner-occupied homes from the school operating millage in an amount not to exceed \$100,000 of each home's fair market value. During 1995-96, the program's first year, more than 993,000 homeowners were served at a cost to the State of \$207.791 million. Approximately \$213.700 million will be available for the program during 1996-97, \$84.360 million from 1995-96 supplemental appropriations and \$129.340 million from regular 1996-97 appropriations.

The General Assembly also adopted legislation which would allow the Medical University of South Carolina to lease its hospital facilities to Columbia/HCA, one of the nation's largest private health care providers.

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 \$48 billion of investments in plants within the State.

The State's tourism and retirement industries have also been rapidly growing economic sectors over the last two decades. Each year more retirees move here to take advantage of the area's mild climate, lower cost of living and special tax breaks for people over age 65. The number of individuals receiving Social Security retirement pay has grown at a rapid average annual rate of 4.4% since 1970. The annual income from retirees now exceeds an estimated \$4 billion.

The State's coastal areas have emerged as one of the leading tourism centers on the east coast, providing even more stimulus to South Carolina's growing economy. Personal income in Horry County, which includes the Myrtle Beach area, has grown at an extraordinary 10.6% per year over the last two decades and nearly exceeds \$3 billion.

Since 1970, nearly 400,000 people have migrated to the State to take advantage of a growing economy and to retire here. Total personal income of South Carolina has grown over eight-fold, one-fifth faster than growth in personal income in the United States. During the high inflationary 1970's personal income grew at an average annual compound rate of 11.8% compared to a much lower 10.6% nationwide. Even in the lower inflationary 1980's personal income in South Carolina grew a healthy 8.4% per year, compared to a lesser 7.5% nationwide. Employment in South Carolina over the last two decades has grown one-third 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 82% of the national average.

The State's economy has begun fiscal year 1996-97 on a positive footing. Funds are available to help prevent budgetary reductions in the event of an economic slowdown during the fiscal year. Employment in the State was up by nearly 150,000 in August 1996 versus its level during the recession of 1991. Although statistics for the fiscal year were not yet available from the Department of Commerce, the State's Board of Economic Advisors estimated that personal income growth was in the healthy range of 5% to 6%.

Despite the Federal government closings of the Myrtle Beach Air Force Base and the Charleston Naval Base, and the downsizing of the Savannah River Site in Aiken, the outlook for the near term is for continued growth in the State's total income in the 5% range or more. Last year the State passed the Enterprise Zone Act of 1995 providing significant tax incentives for new and expanded businesses. This

year the State passed the Rural Development Act of 1996 to further enhance the attractiveness of businesses to locate in rural sections of the State. Numerous companies have already applied for these incentives, and there have been other announcements of new plants or additions to existing plants in the State which will contribute to the State's continued growth.

The State's Board of Economic Advisors estimated that the State's Budgetary General Fund revenues for 1996-97 would be \$258.8 million more than the actual budgetary-basis revenues for 1995-96. At the end of the first four months of 1996-97, Budgetary General Fund revenue collections were greater than anticipated. Accordingly, on November 8, 1996, the Board of Economic Advisors increased its estimate of 1996-97 Budgetary General Fund revenues by \$50 million. The income tax and sales tax, the State's two leading sources of revenues, were both healthy, indicating that the State's economy was growing as expected.

FINANCIAL CONTROLS

Internal Control Structure

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

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

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

- Assets are safeguarded against loss from unauthorized use or disposition,
- Transactions are executed in accordance with management's authorization, and
- 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 1995-96 covered all expenditures deemed applicable to that year and paid on or before July 19, 1996. Agencies may carry forward up to 10% of unexpended Budgetary General Fund appropriations to the next year. Any remaining unexpended Budgetary General Fund appropriations lapse unless the Appropriation Act specifically authorizes agencies to carry them forward to the next fiscal year.

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

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

During 1995-96, the General Assembly passed a Joint Resolution and a Supplemental Appropriations Act that added \$326.786 million of additional appropriations to the Budgetary General Fund for the fiscal year ended June 30, 1996. Of this amount, \$11.740 million was disbursed during the fiscal year ended June 30, 1996, \$6.271 million was used to fund the General Reserve, and the remaining \$308.775 million was appropriated and reserved as Appropriations to be Carried Forward to 1996-97.

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

THE REPORTING ENTITY

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

Component units are legally separate entities for which the State and its elected officials are considered to be financially accountable. Criteria to determine financial accountability include the ability of State officials to appoint a voting majority of the entity's governing body, the ability of the State to impose its will on the entity, and the potential for the entity to provide a financial benefit to the State or impose a financial burden upon the State. The State's discretely presented component units are: the South Carolina Public Service Authority (Santee-Cooper); South Carolina State Ports Authority; the Savannah Lakes Regional Loan Fund; and Enterprise Development, Incorporated, of South Carolina. Note 1a in the Notes to the Financial Statements provides a more complete description of the State's reporting entity.

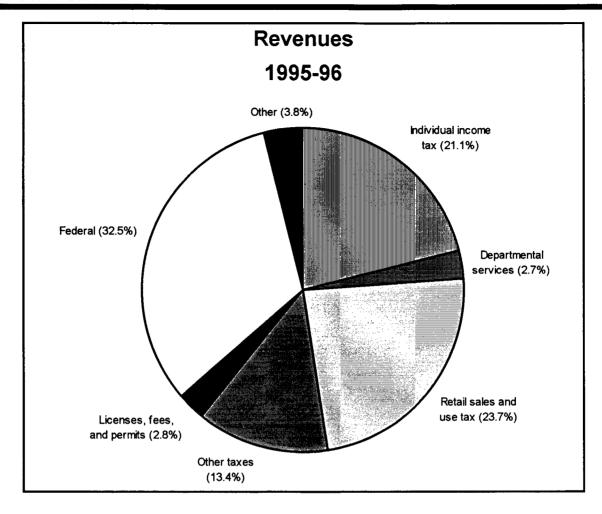
FINANCIAL OVERVIEW

The following sections detail revenues and expenditures of the State's General and Special Revenue Funds. In addition, for the fiscal year ended June 30, 1996, other financing uses exceeded other financing sources for these funds by \$534.461 million.

Revenues

The State's most significant sources of revenue are its 5% retail sales tax, its individual income tax (2.5% to 7.0% tax rates) and Federal grants. The following schedule summarizes revenues of the General and Special Revenue Funds for the fiscal year ended June 30, 1996 (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year revenues:

Revenues	1995-96 Amount	Percent of Total	(D	ncrease ecrease) m 1994-95	Percentage Increase (Decrease)
Individual income tax	\$1,809,287	21.1%	\$	162,912	9.9%
Retail sales and use tax	2,034,484	23.7%		141,683	7.5%
Other taxes	1,149,342	13.4%		89,496	8.4%
Licenses, fees, and permits	243,502	2.8%		(12,068)	(4.7%)
Interest and other investment income	95,851	1.1%		13,439	16.3%
Federal	2,793,156	32.5%		6,024	0.2%
Departmental services	234,855	2.7%		19,370	9.0%
Contributions	106,606	1.2%		16,809	18.7%
Fines and penalties	55,340	0.6%		459	0.8%
Other	73,409	0.9%		13,693_	22.9%
Totals	\$8,595,832	100.0%	\$	451,817	5.5%



Interest and Other Investment Earnings are higher than the previous year because more cash was available, and these monies were invested in long-term higher-yielding investments.

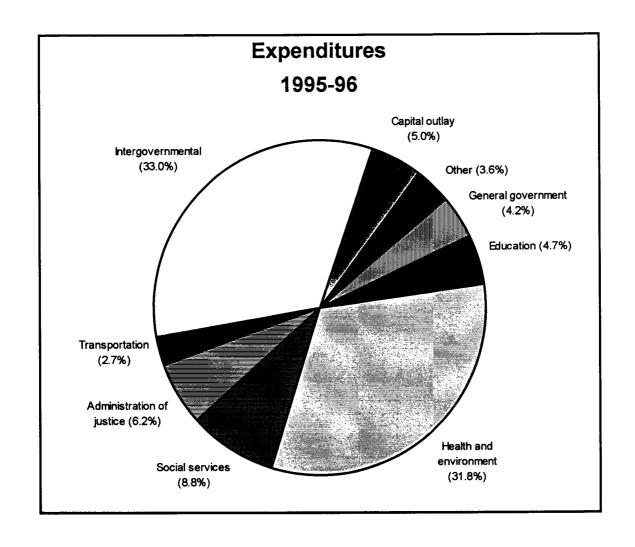
The increase in Contributions is due to an increase in the amount of Medicaid disproportionate share matching funds received from hospitals.

The increase in Other Revenues is attributable to an increase in the amount of matching funds for Federal grants provided by organizations outside State government and refunds of prior-year Medicaid program expenditures.

Expenditures

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended June 30, 1996, (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year expenditures:

Expenditures	1995-96 Amount	Percent of Total	(D	ncrease ecrease) m 1994-95	Percentage Increase (Decrease)
Current:					
General government	\$ 331,398	4.2%	\$	(20,617)	(5.9%)
Education	376,035	4.7%		53,816	16.7%
Health and environment	2,541,100	31.8%		220,458	9.5%
Social services	702,075	8.8%		4,117	0.6%
Administration of justice	492,723	6.2%		35,715	7.8%
Resources and economic development	155,302	2.0%		15,667	11.2%
Transportation	218,366	2.7%		14,529	7.1%
Capital outlay	394,904	5.0%		9,206	2.4%
Debt service:					
Principal retirement	82,997	1.0%		(5,768)	(6.5%)
Interest and fiscal charges	50,574	0.6%		1,778	3.6%
Intergovernmental	2,636,440	33.0%		277,617	11.8%
Totals	\$ 7,981,914	100.0%	\$	606,518	8.2%



Education expenditures increased again this year due to additional purchases of school buses and other vehicles to transport children. The vehicles were purchased with Capital Improvement Bond proceeds.

The increase in Resources and Economic Development expenditures is due mainly to the availability of supplemental and capital reserve appropriations and to increased emphasis on tourism and recreational safety. For example during 1995-96, State agencies purchased new fire-fighting equipment and built and/or upgraded recreational facilities.

The increase in the Intergovernmental category is due primarily to implementation of the property tax relief initiative. The State expended \$207.791 million on property tax relief during 1995-96, the program's first year. The State also provided additional aid to local governments and school districts for other programs during 1995-96.

Status of Fund Balances

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

	1996	1995	1994	1993	1992
General Fund					
Reserved	\$ 545,796	\$ 461,303	\$ 335,709	\$ 153,194	\$ 40,649
Unreserved	(261,065)	(202,981)	(303,628)	(247,475)	(252,704)
Total General Fund	\$ 284,731	\$ 258,322	\$ 32,081	\$ (94,281)	\$ (212,055)
Special Revenue Funds					
Reserved	\$ 190,859	\$ 172,487	\$ 126,482	\$ 94,928	\$ 103,799
Unreserved, designated	100,839	73,946	174,827	237,559	252,631
Unreserved, undesignated	386,726	383,955	292,657	257,552	261,766
Total Special Revenue Funds	\$ 678,424	\$ 630,388	\$ 593,966	\$ 590,039	\$ 618,196

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, 1996, are as follows:

	Housing Authority			Education Assistance Authority	
Operating revenues	\$	51,391	\$	42,101	
Net income		10,004		13,774	
Total assets		640,416		506,549	
Total fund equity		132,347		75,488	

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 \$6.436 million during its fiscal year ended December 31, 1995. The distribution to the General Fund is based primarily on operating cash flows and mandatory reserve requirements.

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

Highlights of segment financial information (expressed in thousands) for discretely presented component units for the fiscal year ended June 30, 1996, are presented below:

	Public Service	
	Authority	State
	(Santee-	Ports
	Cooper)	Authority
Operating revenues	\$ 643,838	\$ 62,254
Net income	44,229	3,527
Total assets	3,484,306	374,307
Total fund equity	735,385	277,138

FIDUCIARY OPERATIONS

The most significant of the State's Fiduciary Funds are the four retirement plans administered by the South Carolina Retirement Systems. Those plans include: the South Carolina Retirement System, the Police Officers' Retirement System, the Retirement System for Members of the General Assembly, and the Retirement System for Judges and Solicitors.

Effective July 1, 1995, the State adopted the Governmental Accounting Standards Board's Statement 25, "Financial Reporting for Defined Benefit Pension Plans' and Note Disclosures for Defined Contribution Plans", and Statement 27, "Accounting for Pensions by State and Local Governmental Employers." In accordance with those statements, the State has presented investments of its Pension Trust Funds at fair (market) value rather than at cost. As a result, the fund balances of the State's Pension Trust Funds increased.

The State has met all actuarially determined funding requirements for the four plans administered by the South Carolina Retirement Systems in the current period and in past periods. Under Statement 27, the State has no pension liability at June 30, 1996, for those plans.

The National Guard Pension System is administered by the Adjutant General's Office. Adoption of Statement 27 required that the State record a \$4.064 million pension liability in the General Long-Term Obligations Account Group at June 30, 1996, for that plan. This liability resulted primarily from funding the National Guard Pension System on a pay-as-you-go basis before July 1, 1993. On July 1, 1993, the State began funding this plan on an actuarial basis.

See Note 7, "Retirement Plans," in the Notes to the Financial Statements for more information.

DEBT ADMINISTRATION

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

flows of particular agencies and discretely presented component units service revenue debt

Moody's Investors Service has rated South Carolina's general obligation bonds as "Aaa," representing the highest rating awarded; Fitch Investors Service, Inc., rates these bonds as "AAA." After many years of "AAA" ratings, Standard & Poor's lowered the State's rating on general obligation bonds to "AA+" on January 29, 1993. On July 9, 1996, Standard & Poor's returned its rating on the State's general obligation bonds to "AAA" citing "continued improvement in the State's financial position and commitment to sound budgetary discipline."

During the fiscal year ended June 30, 1996, South Carolina issued \$190.910 million and retired \$79.690 million in general obligation bonds payable by governmental funds. Of the amount issued, \$50.000 million were State highway bonds. The State budgets and pays principal and interest on capital improvement bonds from current resources of the Budgetary General Fund. The Department of Transportation Special Revenue Fund pays the debt service on highway bonds. At June 30, 1996, the Higher Education Funds reported State institution general obligation bonds outstanding of approximately \$41.900 million.

The State's available legal debt margin at June 30, 1996, was \$48.100 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. The annual debt service margin at June 30, 1996, was \$53.524 million for highway bonds and \$66.836 million for general obligation bonds excluding institution and highway bonds.

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 this amount at June 30 for the last three years:

	1996	1995	1994
Net general obligation bonds/notes	,		
outstanding	\$965 million	\$854 million	\$889 million
Net general obligation bonds/notes			
outstanding per capita	\$259	\$232	\$244

The General Services Fund, an Internal Service Fund, issued lease revenue bonds during the fiscal year ended June 30, 1995. There were \$6.672 million of these limited obligation bonds outstanding at June 30, 1996.

The primary government's higher education institutions and enterprise entities had revenue bonds, notes, and certificates of participation of \$1.278 billion outstanding on June 30, 1996. Revenue bonds, notes, and certificates of participation outstanding (expressed in thousands) by agency were:

\$ 487,394
420,858
369,308
529
\$ 1,278,089
\$

During the fiscal year ended June 30, 1996, the Education Assistance Authority refunded \$5.575 million in Student Loan Revenue Bonds to gain flexibilities provided by the 1993 bond resolution. The University of South Carolina advance refunded \$2.000 million in Parking Revenue Bonds to gain flexibilities provided by the new bond resolution and to reduce the University's total debt service payments over the next six years by approximately \$15 thousand. The University will obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$32 thousand. For additional details, see Note 11 in the Notes to the Financial Statements.

In addition, discretely presented component units had the following amounts of bonds outstanding (expressed in thousands) at June 30, 1996:

South Carolina Public Service Authority (Santee-Cooper)	\$ 2,263,764
South Carolina State Ports Authority	87,058
Total—discretely presented component units	\$ 2,350,822

During its fiscal year ended December 31, 1995, the Public Service Authority (Santee-Cooper) advance refunded \$313.835 million in Revenue Bonds to reduce its total debt service payments over the next twenty-seven years by approximately \$57.034 million and to obtain an economic gain of approximately \$22.361 million. For additional details, see Note 11 in the Notes 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. For additional details, see Note 1g in the Notes to the Financial Statements.

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

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

Investment earnings for the General Fund totaled \$67.461 million for the fiscal year ended June 30, 1996.

RISK MANAGEMENT

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

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

The Health and Disability Insurance Fund was established to provide health and dental insurance coverage for eligible employees and retirees of State agencies and school districts and group life and long term disability insurance coverage to eligible active State and public school employees. The State, the predominant participant, retains the risk of loss. Under the health insurance program, participants elect coverage through either a health maintenance organization or the State's self-insured plan. All dental, group life, and long-term disability coverage is through the State's self-insured plan.

Section 42-7-10 of the South Carolina Code of Laws, as amended, established the State Accident Fund to provide a program of workers' compensation insurance coverage to State entities. The State assumes the full risk for workers' compensation claims. During the current fiscal year, the Fund entered into a reinsurance agreement to reduce its exposure to catastrophic losses on insured events; however, as direct insurer of the risk, the Fund remains primarily liable.

The State conducts various risk control programs to help minimize losses. For example, the health insurance program conducts extensive wellness education

programs for covered employees that promote development and maintenance of healthful lifestyles.

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

AUDIT

An independent audit of the general purpose financial statements was performed jointly by the State Auditor and the independent certified public accounting firm of KPMG Peat Marwick LLP. Again this year, this report includes an unqualified opinion from 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, 1995. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to rigorous program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The State of South Carolina has received a Certificate of Achievement for the last eight consecutive years (1987-88 through 1994-95). 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, 1996, meets the requirements to receive the Certificate of Achievement.

ACKNOWLEDGMENTS

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

I would like to extend special thanks to the South Carolina Forestry Commission for providing photographs and captions for this report and to Phillip Jones for his photography services. In addition, thanks are due to Dr. William C. Gillespie, Chief Economist of the State of South Carolina, and to Philip G. Grose, Jr., Director of the State Budget and Control Board's Executive Institute, who provided invaluable assistance in producing the report.

Sincerely

EARLE E. MORRIS, JR.

Comptroller General

CERTIFICATE OF ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of South Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1995

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.



ather R. Lynch President

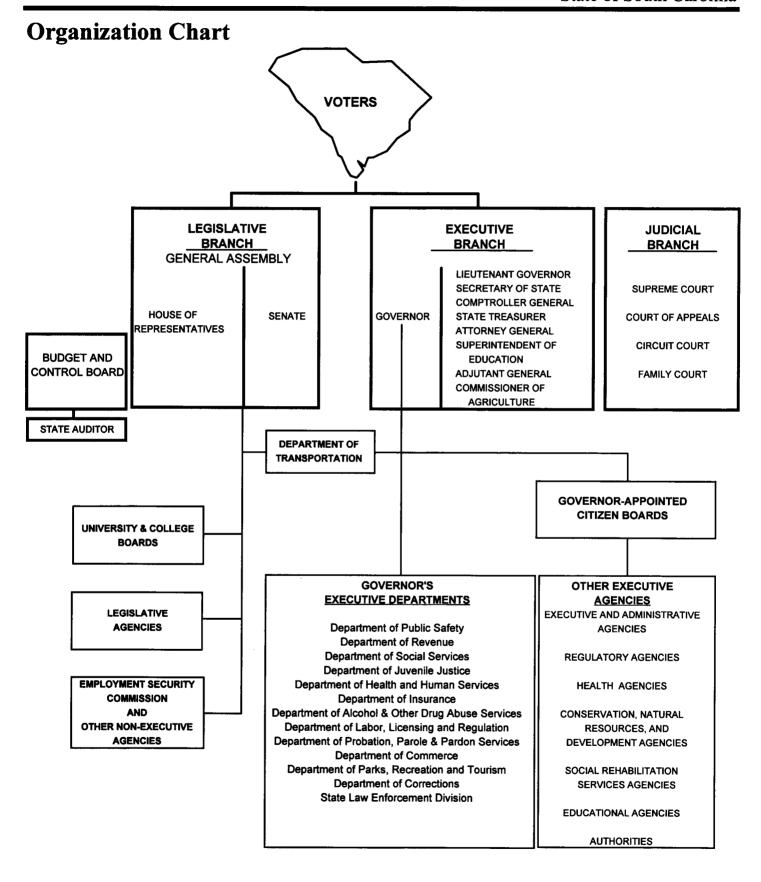
Executive Director

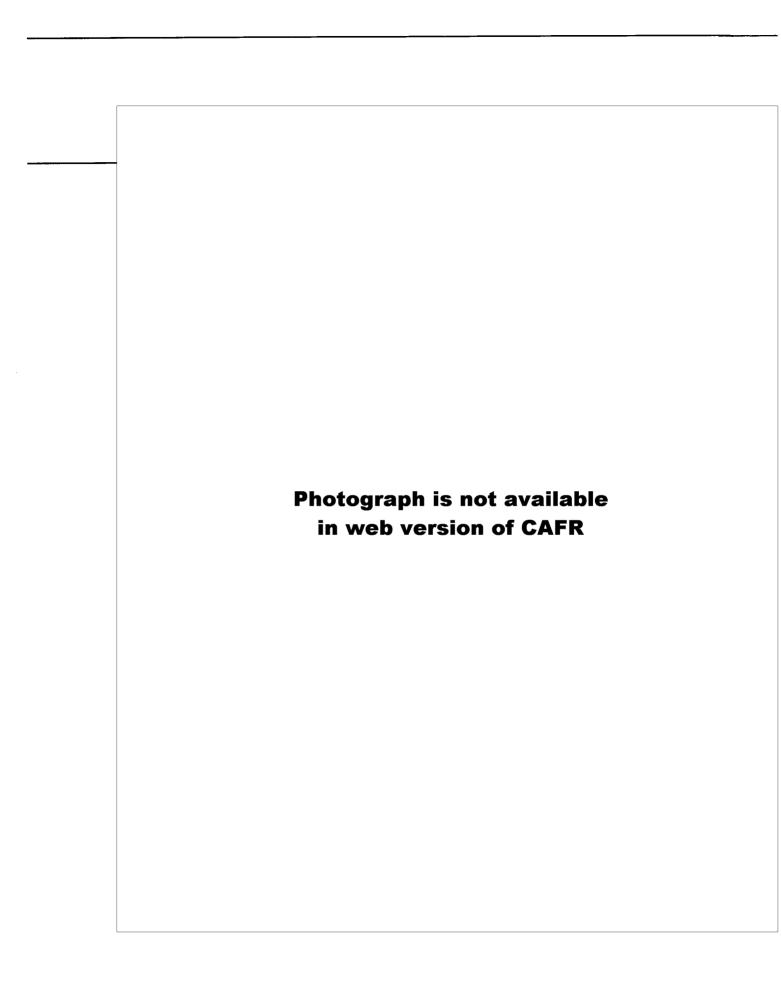
Principal State Officials

	Term of Office
LEGISLATIVE—THE GENERAL ASSEMBLY	
Robert L. Peeler, President of the Senate and Lieutenant Governor	1995-1999
John Drummond, President Pro Tempore of the Senate	1997-2001*
David H. Wilkins, Speaker, House of Representatives	1997-1999*
EXECUTIVE	
STATE BUDGET AND CONTROL BOARD	
David M. Beasley, Chairman, Governor	1995-1999
Earle E. Morris, Jr., Comptroller General	1995-1999
Richard A. Eckstrom, State Treasurer	1995-1999
John Drummond, Chairman, Senate Finance Committee	1997-2001*
Henry E. Brown, Jr., Chairman, House Ways and Means Committee	1997-1999*
James M. Miles, Secretary of State	1995-1999
Charles M. Condon, Attorney General	1995-1999
Dr. Barbara S. Nielsen, State Superintendent of Education	1995-1999
Major General Stanhope S. Spears, Adjutant General	1995-1999
D. Leslie Tindal, Commissioner of Agriculture	1995-1999
JUDICIAL	
Ernest A. Finney, Jr., Chief Justice, South Carolina Supreme Court	1994-2004

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

^{*}These officials were members of the South Carolina General Assembly as of June 30, 1996, and were re-elected on November 5, 1996, to serve another term beginning in January 1997.





Financial Section

Photograph is not available in web version of CAFR

Progressive towns across the State celebrate trees by proudly displaying "Tree City USA" flags. Twenty-eight towns have been recognized with this National Arbor Day Foundation award. The old Lexington Town Hall building pictured here was used until 1993.





Office of the State Auditor

INDEPENDENT AUDITORS' REPORT

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

We have jointly audited the general purpose financial statements of the State of South Carolina as of and for the year ended June 30, 1996, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not jointly audit the financial statements of certain blended component units and agencies of the primary government, which statements reflect the indicated percent of total assets and other debits and total revenues, respectively, of the Special Revenue (24% and 15%), Enterprise (99% and 90%), Internal Service (77% and 87%), Pension Trust (100% and 100%), Higher Education (100% and 100%), and Agency (49% of assets and other debits) Funds, General Fixed Assets Account Group (12% of assets and other debits), and the General Long-Term Obligations Account Group (6% 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 33% and 41% of the total assets and other debits and total revenues, respectively, of the Higher Education Funds.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the Pension Trust Funds, the Deferred Compensation Plans, and the discretely presented component units identified in Note 1(a) (with the exception of the Enterprise Development Incorporated, of South Carolina, which has a single audit in accordance with Government Auditing Standards) were not audited in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, and, accordingly, are not covered by our reports in accordance with Government Auditing Standards.

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

In our opinion, based on our audit and reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina as of June 30, 1996, 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, in fiscal year 1996, the State of South Carolina adopted GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. The State also adopted GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance.

In accordance with Government Auditing Standards, we have also issued a report dated December 2, 1996 on our consideration of the State of South Carolina's internal control structure and a report dated December 2, 1996 on its compliance with laws and regulations.

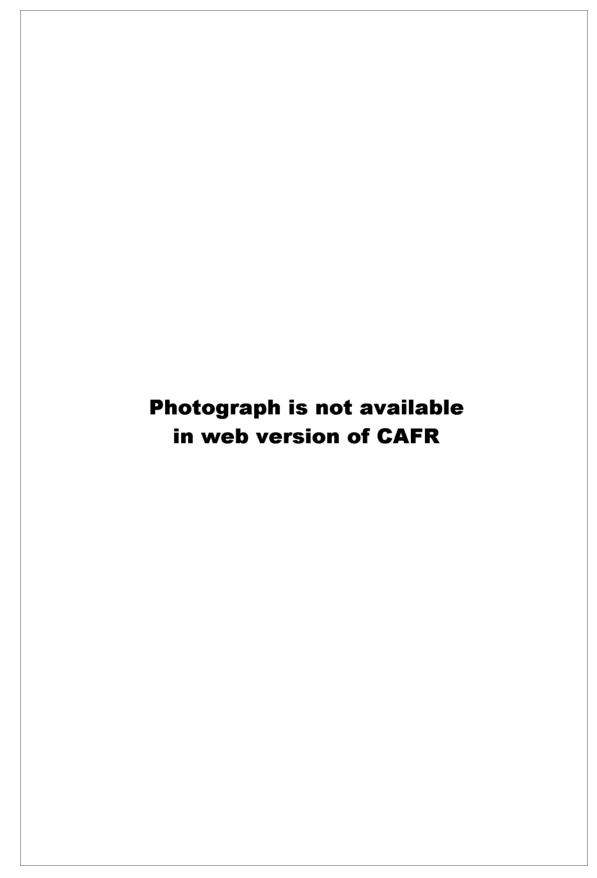
Our joint audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required 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 upon our joint audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

Greenville, South Carolina December 2, 1996

KP016 Plat Marwick LLP

Columbia, South Carolina December 2, 1996



Significant areas of South Carolina's forests, like the Congaree National Monument, have been set aside to be simply enjoyed. Naturally evolving forests are also an important source of research information.

GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet

ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS June 30, 1996 (Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPR FUND	FIDUCIARY FUND TYPES		
	Special General Revenue		Capital Projects	Enterprise	Internal Service	Trust and Agency	
ASSETS AND OTHER DEBITS							
Cash and cash equivalents	\$ 653,196	\$ 636,298	\$ 44,733	\$ 104,937	\$ 558,012	\$ 724,501	
Cash on deposit with fiscal agents			_			604,965	
Investments	_	217	_	1,530	15,906	16,048,537	
Receivables, net:							
Accounts	20,178	64,961	395	11,587	34,599	284,751	
Taxes	276,665	97,651	_	_		44,693	
Patient and student	_	_	_	_		_	
Student loans	_		_	29	_		
Loans and notes	1,151	123,494	_	391,189		20,890	
Due from Federal government and other grantors	31,011	143,436	590	1,498	14	_	
Due from other funds	242	63,158	2,779	_	33,508	16,430	
Due from component units	-	_	_	_	_	_	
Due from primary government	_		_	_	_	_	
Interfund receivables	5,593	2,711	_	_	2,997	20	
Advances to other funds	10,557	9,804	_	_	23,091	20	
Inventories	14,992	22,966	_	1,697	5,901	_	
Servicing rights, net	_	_	_	2,185	_	_	
Restricted assets:							
Cash and cash equivalents	_	_	_	209,776	_	_	
Investments		_	_	78,484	_	_	
Loans receivable	_	_	_	457,381	_	_	
Other	_		_	7,556	_	_	
Other assets		138	_	801	1,815	4,974	
Deferred charges	_	_	_	1,548	_	_	
Property, plant, and equipment, net	_	_	_	24,456	135,805	4,885	
Amount to be provided for retirement of long-term							
obligations							
Total assets and other debits	\$ 1,013,585	\$ 1,164,834	\$ 48,497	\$ 1,294,654	\$ 811,648	\$ 17,754,666	

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

ACCOUNT GROUPS General General Fixed Long-Term		HIGHER EDUCATION	•			Totals Reporting Entity (Memorandum Only) June 30		
Assets	Obligations	FUNDS	1996	1995	UNITS	1996	1995	
s —	s —	\$ 572,991	\$ 3,294,668	\$ 3,701,278	\$ 84,943	\$ 3,379,611	\$ 3,730,478	
_		_	604,965	551,093	_	604,965	551,093	
_	_	87,843	16,154,033	14,594,211	36,580	16,190,613	14,631,117	
_	_	14,409	430,880	420,167	77,737	508,617	487,370	
_	_		419,009	380,944		419,009	380,944	
		77,618	77,618	82,843	_	77,618	82,843	
	_	43,485	43,514	42,131	_	43,514	42,131	
_		115	536,839	488,144	188	537,027	488,377	
_	_	55,970	232,519	353,368	925	233,444	355,177	
_	_	6,939	123,056	101,861	_	123,056	101,861	
_	_	_	_	805		_	805	
_	_	_	_	_	_	_	87	
	_	_	11,321	8,842	_	11,321	8,842	
_		_	43,472	49,284	_	43,472	49,284	
		21,942	67,498	64,033	76,919	144,417	141,981	
_	_		2,185	_		2,185		
	_	_	209,776	174,085	166,467	376,243	325,505	
_	_	_	78,484	79,788	230,712	309,196	347,913	
	_		457,381	470,011	_	457,381	470,011	
_		_	7,556	7,546	_	7,556	7,546	
_	_	45,908	53,636	80,129	3,706	57,342	83,030	
	_		1,548	1,491	531,798	533,346	441,540	
2,192,418	_	2,756,565	5,114,129	4,823,234	2,651,251	7,765,380	7,458,802	
	1,191,023		1,191,023	1,069,618		1,191,023	1,069,618	
\$ 2,192,418	\$ 1,191,023	\$ 3,683,785	\$ 29,155,110	\$ 27,544,906	\$ 3,861,226	\$ 33,016,336	\$ 31,256,355	

Combined Balance Sheet

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

June 30, 1996 (Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES			FIDUCIARY FUND TYPES				
	G	Seneral		Special Revenue		Capital rojects	Ent	terprise	Internal Service		Trust and Agency
LIABILITIES, FUND EQUITY, AND OTHER CREDITS Liabilities:											
Accounts payable and accrued liabilities	\$	188,195	\$	294,397	\$	6,573	\$	52,352	\$ 197,589	\$	88,467
Tax refunds payable		346,785		592		_		_	_		1,396
Intergovernmental payables		58,476		87,236		_		_	_		1
Insurance claims incurred but not reported		_		_		_		3,157	157,953		_
Due to other funds		33,340		11,510		96		1,558	_		50,397
Due to component units				_		_		_	_		
Due to primary government		_				_					_
Interfund payables		3,326		3,702		_		20	1,918		1,206
Advances from other funds		16,749		702		_		12,966	8,822		1,100
Deferred revenues and deferred credits		78,482		64,406		6		1,712	40,495		839
Deposits		<u> </u>		_		_		109	<u>-</u>		700
Amounts held in custody for others				_		_		_	_		1,133,548
Deferred compensation		_		_				_	_		902,398
Liabilities payable from restricted assets		_		_		_		43,037	_		
Notes payable				_		_		529			_
General obligation bonds payable		_		_				_			_
Revenue bonds payable		_		_		_		908,252	_		
Limited obligation bonds payable				_					6,672		_
Certificates of participation payable				_		_		_	- 0,072		
Capital lease and installment debt obligations											
payable		_				_		_	32,491		_
		_		_		_			32,491		
Commercial paper notes		_		_		_		905	3,694		_
Compensated absences payable		— 2.501		22.065		<u> </u>		3,555	130		— 165
Other liabilities, including retainages payable		3,501 728,854	_	23,865 486,410	_	9,686		028,152	449,764	_	2,180,217
Total liabilities	_	120,004		400,410	_	9,000		020, 132	449,704	_	2,100,217
Fund equity and other credits:											
Contributed capital		_		-				22,621	78,254		_
Investment in fixed assets				_				_	_		
Retained earnings:											
Reserved				_				188,301	_		
Unreserved		_		_		_		55,580	283,630		_
Fund balances (deficit):											
Reserved		545,796		190,859		-		_	_		15,477,923
Unreserved, Designated		_		100,839		38,811		_			_
Unreserved, Undesignated		(261,065)		386,726							96,526
Total fund equity and other credits		284,731		678,424	_	38,811		266,502	361,884	_	15,574,449
Total liabilities, fund equity and											
other credits	\$ 1	,013,585	\$	1,164,834	<u>\$</u>	48,497	\$ 1 ,	294,654	\$ 811,648	<u>\$</u>	17,754,666

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

ACCOUNT GROUPS General General Fixed Long-Term		HIGHER EDUCATION	(Memoran	als overnment dum Only) e 30	COMPONENT	Totals Reporting Entity (Memorandum Only) June 30		
Assets	Obligations	FUNDS	1996	1995	UNITS	1996	1995	
\$ —	\$ 1,986	\$ 114,704	\$ 944,263	\$ 1,040,276	\$ 108,418	\$ 1,052,681	\$ 1,156,551	
—	Ψ 1,500 —	— · · · · · · · · · · · · · · · · · · ·	348,773	344,940	Ψ 100, Ψ 10	348,773	344,940	
	_	_	145,713	134,798		145,713	134,798	
	6,840	_	167,950	164,655	_	167,950	164,655	
_		26,155	123,056	101,861	_	123,056	101,861	
	_	20,100		87	_		87	
_		<u> </u>				_	805	
	_	949	 11,121	— 8,842	_	 11,121	8,842	
-		3,333	43,672	49,284	_	43,672	49,284	
_	_	40,640	226,580	243,984	40,079	266,659		
_				6,455	40,079		272,149	
_		2,801	3,610		_	3,610	6,455	
	_	5,490	1,139,038	1,001,755	_	1,139,038	1,001,755	
_			902,398	794,220	_	902,398	794,220	
	_		43,037	44,828	_	43,037	44,828	
_	_	109,377	109,906	102,690	_	109,906	102,690	
	965,494	41,900	1,007,394	898,047	_	1,007,394	898,047	
_	_	237,061	1,145,313	1,098,315	2,350,822	3,496,135	3,490,473	
	_	_	6,672	6,814	_	6,672	6,814	
_	_	22,870	22,870	23,509		22,870	23,509	
_	16,422	27,788	76,701	63,085	46,453	123,154	112,877	
_	_	_	_	_	237,320	237,320	118,700	
_	159,107	76,318	240,024	229,917	_	240,024	229,917	
_	41,174	8,508	83,909	89,787	63,545	147,454	139,322	
	1,191,023	717,894	6,792,000	6,448,149	2,846,637	9,638,637	9,203,579	
			100,875	05 027	200.254	240.000	301,595	
0.400.440		2 220 024		95,037	209,354	310,229	•	
2,192,418	_	2,329,921	4,522,339	4,256,541	_	4,522,339	4,256,541	
_	_	_	188,301	168,076	_	188,301	168,076	
_	_	_	339,210	311,003	805,235	1,144,445	1,060,464	
_	_	269,581	16,484,159	15,576,395	_	16,484,159	15,576,395	
d		83,031	222,681	168,887	_	222,681	168,887	
		283,358	505,545	520,818	_	505,545	520,818	
2,192,418		2,965,891	22,363,110	21,096,757	1,014,589	23,377,699	22,052,776	
\$ 2,192,418	\$ 1,191,023	\$ 3,683,785	\$ 29,155,110	\$ 27,544,906	\$ 3,861,226	\$ 33,016,336	\$ 31,256,355	

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

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

-cov	CONI	RACNITAI	LEIIN	n TV	DEC
GUV		MENTA	L FUN	D TY	FE3

_	0	Special	Capital		
Revenues:	General	Revenue	<u>Projects</u>		
Taxes:	£ 4.000.007	•	•		
Individual income	\$ 1,809,287	\$ _	\$ —		
Retail sales and use	1,547,569	486,915	_		
Other	673,959	475,383	2,202		
Licenses, fees, and permits	171,816	71,686			
Interest and other investment income	67,461	28,390	549		
Federal	332,923	2,460,233	10,147		
Departmental services	23,049	211,806	148		
Contributions	133	106,473	333		
Fines and penalties	14,322	41,018	39		
Other	10,824	62,585	267_		
Total revenues	4,651,343	3,944,489	13,685		
Expenditures:					
Current:					
General government	242,268	89,130	_		
Education	177,877	198,158			
Health and environment	946,610	1,594,490	فلسلت		
Social services	123,297	578,778	_		
Administration of justice	434,415	58,308			
Resources and economic development	70,948	84,354	_		
Transportation		218,366	_		
Capital outlay	_	394,904	75,146		
Debt service:					
Principal retirement	82,096	901	•		
Interest and fiscal charges	49,898	676	_		
Intergovernmental	1,787,894	848,546_			
Total expenditures	3,915,303	4,066,611	75,146		
Revenues over (under) expenditures	736,040	(122,122)	(61,461)		
Other financing sources (uses):					
Proceeds from bonds and notes	_	50,000	140,910		
Lease and installment debt proceeds	1,455	2,045	<u> </u>		
Operating transfers in	870	123,770	23,413		
Transfers from component units	6,681		<u> </u>		
Operating transfers out	(719,112)	(170)	(103,272)		
Total other financing sources (uses)	(710,106)	175,645	61,051		
Revenues and other sources over (under)					
expenditures and other uses	25,934	53,523	(410)		
Fund balances, July 1 (restated)	258,322	630,388	39,221		
Increases in reserve for inventories	1,495	1,298			
Residual equity transfers in	-		_		
Residual equity transfers out	(1,020)	(6,785)			
Fund balances, June 30	\$ 284,731	\$ 678,424	\$ 38,811		

FIDUCIARY FUND TYPE	Tot	
Expendable	(Memoran June	dum Only) • 30
Trust	1996	1995
\$ -	\$ 1,809,287	\$ 1,646,375
_	2,034,484	1,892,801
205,911	1,357,455	1,259,794
3,787	247,289	263,982
45,085	141,485	121,427
14,680	2,817,983	2,802,054
	235,003	215,547
6	106,945	89,859
1,553	55,379 75,229	54,881 62,347
271,022	8,880,539	8,409,067
271,022	0,000,000	
214,084	545,482	536,205
-	376,035	322,219
6	2,541,106	2,320,647
62	702,137	698,002
	492,723	457,022
6	155,308	139,641
_	218,366	203,837
_	470,050	435,336
_	82,997	88,765
_	50,574	48,796
7	2,636,447	2,358,823
214,165	8,271,225	7,609,293
56,857	609,314	799,774
		<u> </u>
_	190,910	50,000
_	3,500	6,787
170	148,223	116,929
_	6,681	6,437
(905)	(823,459)	(706,014)
(735)	(474,145)	(525,861)
56,122	135,169	273,913
685,563	1,613,494	1,337,015
-	2,793	2,600
_	-	26,890
	(7,805)	(26,924)
<u>\$ 741,685</u>	\$ 1,743,651	\$ 1,613,494

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, 1996 (Expressed in Thousands)

BUDGETARY GENERAL FUND

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Admissions tax	\$ 3,000	\$ 2,931	\$ (69)
Aircraft tax	3,775	3,541	(234)
Alcoholic liquors tax	48,615	48,244	(371)
Bank tax	10,000	13,240	3,240
Beer and wine tax	77,317	78,039	722
Business license tax	30,749	26,098	(4,651)
Coin-operated device tax	20,000	25,932	5,932
Commercial nuclear waste tax	_	860	860
Contractors' license tax	_	_	_
Corporation income tax	243,886	233,833	(10,053)
Corporation license tax	47,821	43,269	(4,552)
Department of Agriculture	6,931	7,026	95
Departmental revenue (primarily grant revenues			
and fees for services)	44,981	45,944	963
Documentary tax	17,284	19,585	2,301
Earned on investments	55,000	68,568	13,568
Education Improvement Act-1% sales tax		<u>.</u>	<u>'</u>
Education Improvement Act-investment earnings	_	_	
Education Improvement Act-other	_	_	_
Electric power tax	18,822	19,894	1,072
Estate tax	25,000	20,510	(4,490)
Excise tax–casual sales	13,785	13,733	(52)
Fertilizer inspection tax	200	221	21
Gasoline tax–counties	19,970	20,233	263
Gift tax		495	495
Individual income tax	1,742,047	1,813,461	71,414
Insurance tax	80,921	85,744	4,823
Miscellaneous sources	59,517	61,271	1,754
Motor transport fees	2,500	3,480	980
Motor vehicle licenses	102,434	102,645	211
Nonrecurring (low-level radioactive waste fees)	5,629	3,232	(2,397)
Private car lines tax	1,200	1,787	587
Public service assessment		163	163
Public Service Authority	6,690	6,681	(9)
Radioactive waste surcharge	3,660	2,931	(729)
Retail sales tax (4%)	1,515,098	1,530,991	15,893
Retail sales tax (470)	1,010,000	1,000,001	10,000
Retailers' license tax	935	1,026	91
Savings and loan association tax	3,538	3,794	256
Soft drinks tax	25,819	27,231	1,412
Workers' compensation insurance tax	7,928	9,358	1,430
Total revenues	4,245,052	4,345,991	100,939

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

OTHER BUDGETED FUNDS

TOTAL BUDGETED FUNDS

Final Budget	Actual	Variance Favorable Final Actual (Unfavorable) Budget		Actual	Variance Favorable (Unfavorable)	
\$ 30,121	\$ 24,656	\$ (5,465)	\$ 33,121	\$ 27,587	\$ (5,534)	
_		_	3,775	3,541	(234)	
	_	_	48,615	48,244	(371)	
_	_	_	10,000	13,240	3,240	
_	_		77,317	78,039	722	
	_		30,749	26,098	(4,651)	
440,000		 (57.450)	20,000	25,932 86,084	5,932	
143,280	86,124	(57,156)	143,280	86,984 1,578	(56,296) 78	
1,500	1,578	78	1,500 243,886	233,833	(10,053)	
		_	47,821	43,269	(4,552)	
2 112	 2,385	(727)	10,043	9,411	(632)	
3,112	2,365	(121)	10,043	3,411	(032)	
7,084,876	5,939,922	(1,144,954)	7,129,857	5,985,866	(1,143,991)	
4,678	3,091	(1,587)	_. 21,962	22,676	714	
18,287	33,016	14,729	73,287	101,584	28,297	
382,221	384,436	2,215	382,221	384,436	2,215	
1,800	2,811	1,011	1,800	2,811	1,011	
4,193	3,480	(713)	4,193	3,480	(713)	
	_	_	18,822	19,894	1,072	
		_	25,000	20,510	(4,490)	
_			13,785	13,733	(52)	
_		_	200	221	21	
_	_	_	19,970	20,233 495	263 495	
	_	_	 1,742,047	1,813,461	71,414	
 265	398	 133	81,186	86,142	4,956	
128,374	70,472	(57,902)	187,891	131,743	(56,148)	
751	70,472 751	(37,302)	3,251	4,231	980	
2,296	3,437	1,141	104,730	106,082	1,352	
	-		5,629	3,232	(2,397)	
_	_	_	1,200	1,787	587	
5,593	5,736	143	5,593	5,899	306	
			6,690	6,681	(9)	
	_	_	3,660	2,931	(7 2 9)	
_	_	_	1,515,098	1,530,991	15,893	
32,000	_	(32,000)	32,000	_	(32,000)	
_	_	– ′	935	1,026	91	
	_		3,538	3,794	256	
_	_	_	25,819	27,231	1,412	
			7,928	9,358	1,430	
7,843,347	6,562,293	(1,281,054)	12,088,399	10,908,284	(1,180,115)	

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, 1996 (Expressed in Thousands)

BUDGETARY GENERAL FUND

		Variance
Final		Favorable
Budget	Actual	(Unfavorable)
\$ 30,604	\$ 27,180	\$ 3,424
32,453	30,711	1,742
214,338	123,764	90,574
2,061,952	2,006,600	55,352
750,679	731,051	19,628
143,693	126,189	17,504
458,270	400,100	58,170
165,860	130,190	35,670
72,867	71,438	1,429
593	589	4
138,204	136,505	1,699
594,702	485,022	109,680
	<u> </u>	
4,664,215	4,269,339	394,876
(419,163)	76,652	495,815
		_
(67,026)	(67,026)	
(67,026)	(67,026)	
(486,189)	9,626	495,815
589,252	589,252	<u> </u>
\$ 103,063	\$ 598,878	\$ 495,815
	\$ 30,604 32,453 214,338 2,061,952 750,679 143,693 458,270 165,860 72,867 593 138,204 594,702 ————————————————————————————————————	Budget Actual \$ 30,604 \$ 27,180 32,453 30,711 214,338 123,764 2,061,952 2,006,600 750,679 731,051 143,693 126,189 458,270 400,100 165,860 130,190 72,867 71,438 593 589 138,204 136,505 594,702 485,022 — — (419,163) 76,652 (67,026) (67,026) (67,026) (67,026) (486,189) 9,626 589,252 589,252

OTHER BUDGETED FUNDS

TOTAL BUDGETED FUNDS

	0111		GLILDI	UIIDU			1017	51100			
	Final Budget Actual		Variance Favorable Actual (Unfavorable)			Final Budget		Actual		Variance Favorable (Unfavorable)	
\$	853	\$	505	\$	348	\$	31,457	\$	27,685	\$	3,772
	464		177		287		32,917		30,888		2,029
	589,700	:	255,111		334,589		804,038		378,875		425,163
2	2,637,064	1,9	992,557		644,507		4,699,016		3,999,157		699,859
2	2,748,486	2,	511,104		237,382		3,499,165		3,242,155		257,010
	763,176	(627,073		136,103		906,869		753,262		153,607
	191,826		131,629		60,197		650,096		531,729		118,367
	225,876	•	157,485		68,391		391,736		287,675		104,061
	187,372	,	138,084		49,288		260,239		209,522		50,717
	682,736		606,788		75,948		683,329		607,377		75,952
	_		_		_		138,204		136,505		1,699
	200		200				594,902		485,222		109,680
	884		884				884		884		
8	8,028,637	6,	421,597	1	,607,040		12,692,852		10,690,936		2,001,916
	(185,290)		140,696		325,986		(604,453)		217,348		821,801
	67,026		67,026		_		67,026 (67,026)		67,026 (67,026)		
							(67,026)		(07,020)		
	67,026		67,026								
	(118,264)	;	207,722		325,986		(604,453)		217,348		821,801
	653,861		653,861				1,243,113		1,243,113	-	
\$	535,597	\$	861,583	\$	325,986	\$	638,660	\$	1,460,461	\$	821,801

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

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

FIDUCIARY

(Expressed in Thousands)	PROPRIETARY	PROPRIETARY FUND TYPES				
	Enterprise	Internal Service	Nonexpendable Trust			
Operating revenues:						
Charges for services	\$ 65,941	\$ 788,175	\$ —			
Contributions	8	_	166			
Interest and other investment income	57,321	35,232	68			
Licenses, fees, and permits	_	_	72			
Other operating revenues		2				
Total operating revenues	123,270	823,409	306			
Operating expenses:						
General operations and administration	37,150	235,714	49			
Benefits and claims	15,831	522,830	_			
Interest	58,055	***	_			
Depreciation and amortization	1,166	10,975	-			
Other operating expenses	2,648	4,059	6			
Total operating expenses	114,850	773,578	55			
Operating income	8,420	49,831	251			
Nonoperating revenues (expenses):						
Interest income	1,476	1,989	_			
Federal revenue	22,868	459	_			
Costs to be recovered from future revenues	_		_			
Interest expense	(968)	(6,406)				
Other nonoperating revenues (expenses)	(28,526)	757				
Total nonoperating revenues (expenses)	(5,150)	(3,201)				
Income before operating transfers and extraordinary items	3,270	46,630	251			
Operating transfers in	125	178	_			
Operating transfers out	_	(1,473)	_			
Transfers to primary government						
Income before extraordinary items	3,395	45,335	251			
Extraordinary loss on early extinguishment of debt	(298)	-				
Net income	3,097	45,335	251			
Retained earnings/fund balances, July 1 (restated)	240,784	238,295	1,761			
Residual equity transfers in	_	_	-			
Residual equity transfers out		_	_			
Net unrealized gain (loss) on investment securities available for sale						
Retained earnings/fund balances, June 30	243,881	283,630	2,012			
Contributed capital, July 1	16,978	78,059	_			
Additions to contributed capital	5,648	3,415	_			
Deductions from contributed capital	(5)	(3,220)				
Fund equity, June 30	\$ 266,502	\$ 361,884	\$ 2,012			

Totals
Primary Government
(Memorandum Only)
June 30

Totals
Reporting Entity
(Memorandum Only)
June 30

June 30		CON	COMPONENT		June 30			
1996	1995		UNITS		1996		1995	
\$ 854,116	\$ 828,004	\$	707,910	\$	1,562,026	\$	1,490,336	
174	50		_		174		50	
92,621	88,229		71		92,692		88,296	
72	68		_		72		68	
 2					2			
 946,985	916,351		707,981		1,654,966		1,578,750	
272,913	252,679		417,466		690,379		667,254	
538,661	553,785		_		538,661		553,785	
58,055	57,419		_		58,055		57,419	
12,141	11,188		116,016		128,157		110,144	
 6,713	6,987		1,930		8,643		9,223	
888,483	882,058		535,412		1,423,895		1,397,825	
 58,502	34,293		172,569		231,071		180,925	
3,465	3,344		22,536		26,001		23,184	
23,327	20,783		3,773		27,100		25,259	
<u> </u>	_		24,854		24,854		20,962	
(7,374)	(7,429)		(169,849)		(177,223)		(157,877)	
 (27,769)	(18,127)		102		(27,667)		(17,817)	
 (8,351)	(1,429)		(118,584)		(126,935)		(106,289)	
50,151	32,864		53,985		104,136		74,636	
303	1,800		_		303		1,800	
(1,473)	_		_		(1,473)			
 			(6,436)		(6,436)		(6,157)	
48,981	34,664		47,549		96,530		70,279	
 (298)	(454)				(298)		(454)	
48,683	34,210		47,549		96,232		69,825	
480,840	446,627		749,461		1,230,301		1,162,882	
	525		_				525	
_	(522)		_		_		(522)	
 			8,225		8,225		(2,409)	
529,523	480,840		805,235		1,334,758		1,230,301	
95,037	94,457		206,558		301,595		301,330	
9,063	4,028		2,805		11,868		4,028	
 (3,225)	(3,448)		(9)		(3,234)		(3,763)	
\$ 630,398	\$ 575,877	\$	1,014,589	\$	1,644,987	\$	1,531,896	

Combined Statement of Cash Flows

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

For the Fiscal Year Ended June 30, 1996 (Expressed in Thousands)	PROP FUNI	FIDUCIARY FUND TYPE		
Cash flows from operating activities:	Enterprise	Internal Service	Nonexpendable Trust	
Operating income	\$ 8,420	\$ 49,831	\$ 251	
Adjustments to reconcile operating income	0 ,425	4 45,001	\$ 201	
to net cash provided by operations:				
Depreciation and amortization	1,166	10,975	_	
Provisions for loan losses and bad debts	1,443	_	_	
Loss on disposition of property and equipment		165	_	
Issuance of loans and notes	(145,389)	_	_	
Collection of loans and notes	113,438	_	_	
Interest payments	57,554	_	_	
Interest on investments and interfund loans	(16,932)	(35,146)	(68)	
Amounts received for payment of claims	50,178	· -	_ ` ′	
Payment of claims	(54,991)	_	_	
Deferred coal contract buy-out costs	· <u> </u>	-		
Other nonoperating revenues		906	_	
Other nonoperating expenses	(122)	(10)	_	
Other	6	(6)	_	
Change in apports, decreages (increases)				
Change in assetsdecreases (increases): Accounts receivable, net	(EDE)	10.153		
Student loans receivable, net	(605) 5	10,152	_	
·	-	23	-	
Due from Federal government and other grantors Due from other funds	(6)		_	
	_	2,499	_	
Due from primary government	(208)	324	_	
Inventories	(308)	324	-	
Other restricted assets.	(54)			
Other current assets	(3)	39	_	
Change in liabilitiesincreases (decreases):				
Accounts payable and accrued liabilities	5,085	(10,817)	_	
Insurance claims incurred but not reported	(43)	1,829	_	
Due to other funds	235	_	_	
Due to primary government	_	_	_	
Deferred revenues	257	(7,896)	_	
Deposits	1		_	
Liabilities payable from restricted assets	153	_	_	
Limited obligation bonds payable	_	(142)		
Compensated absences payable	192	164	_	
Other liabilities, including retainages payable	1,016	(203)		
Net cash provided by operating activities	20,696	22,707	183	
Cash flows from noncapital financing activities:				
Principal payments received from other funds	_	6,912	_	
Proceeds from loans made by other funds	-	2,353		
Principal payments made to other funds	(420)	(5,425)	_	
Receipt of interest from other funds		4,541	_	
Interest payments made to other funds	-	(3,289)	-	
Loans made to other funds	_	(5,624)		
Proceeds from sale of revenue bonds	86,785	<u> </u>	_	
Principal payments on revenue bonds	(46,700)	_	_	
Proceeds from notes payable	1,569	_	_	
Principal payments on notes payable	(425)	_	_	
Interest payments	(57,924)	_		
Payment of bond issuance costs	(835)			
Federal revenue	22,868	459		
Payments from Federal grants	(21,083)	_	_	
Operating transfers in	125	178		
Operating transfers out	_	(1,473)	_	
Residual equity transfers in	_	<u>-</u>	_	
Residual equity transfers out	-	_		
Transfers to primary government	_	-		
Indirect cost remitted to State General Fund	(37)	_	_	
Loss on early extinguishment of debt	(212)	_	_	
Operating deficiency reimbursement				
				
Net cash provided by (used in) noncapital financing activities	(16,289)	(1,368)		

Totals
Primary Government
(Memorandum Only)
June 30

Totals Reporting Entity (Memorandum Only) June 30

June 30			June	June 30		
96	1995	COMPONENT UNITS	1996	1995		
502	\$ 34,293	\$ 172,569	\$ 231,071	\$ 180,925		
141	11,188	116,016	128,157	110,144		
,443	1,633	_	1,443	2,412		
165	404	_	165	404		
,389)	(173,734)		(145,389)	(173,734)		
3,438	95,489	45	113,483	95,556		
7,554	57,419	_	57,554	57,419		
2,146)	(47,194)	_	(52,146)	(47,194)		
0,178	56,179	<u> </u>	50,178	56,179		
4,991)	(50,818)	<u>_</u>	(54,991)	(50,818)		
551)	(66,616)	(50,200)	(50,200)	2,378		
906	2,328	325	1,231			
(132)		(73)	(205)	(1,211)		
32)	(1,208)		(305)	(390)		
	(31)	(305)	(303)	(390)		
47	(18,512)	(10,534)	(987)	(17,734)		
5	8	_	5	8		
17	(265)	884	901	(964)		
199	(8,360)	_	2,499	(8,360)		
	-	87	87	1,513		
16	101	1,029	1,045	(17,294)		
(54)	459		(54)	459		
56	139	(805)	(749)	546		
30	139	(603)	(149)	340		
2)	2,502	(6,947)	(12,679)	8,425		
86 [°]	30,724	<u> </u>	1,786	30,724		
35	602	_	235	602		
	_	(805)	(805)	513		
639)	23,630	11,914	4,275	24,039		
1	73	——————————————————————————————————————	1	73		
153	(7)		153	(7)		
						
42)	6,814	-	(142)	6,814		
56 13_	412 46	10,919	356 11,732_	412 (12,366)		
86	24,314	244,119	287,705	249,473		
12	7,505	_	6,912	7,505		
53	1,503	_	2,353	1,503		
45)	(5,100)	_	(5,845)	(5,100)		
1 1	`4,289	_	4,541	4,289		
B9)	(3,074)	_	(3,289)	(3,074)		
24)	(4,064)	_	(5,624)	(4,064)		
85	141,224	_	86,785	141,224		
00)	(77,110)	<u></u>	(46,700)	(77,110)		
	1,260	<u>—</u>	1,569	1,260		
,569 (435)						
425)	(350)		(425) (57,024)	(350)		
924)	(56,656)		(57,924)	(56,656)		
835)	(1,104)	_	(835)	(1,104)		
,327	17,995	3,773	27,100	22,471		
,083)	(17,187)	_	(21,083)	(17,187)		
303	1,800		303	1,800		
473)		_	(1,473)	_		
•	137	_		137		
	(133)	_	_	(133)		
		(6,436)	(6,436)	(6,157)		
(37)	_	(0,730)	(37)	(0,137)		
	_	_		_		
121	 18	_	(212)			
(212) -	10					
(212)						
57)	10,953	(2,663)	(20,320)	9,272		

Combined Statement of Cash Flows

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

(Expressed in Thousands)	PROPRI FUND 1	FIDUCIARY FUND TYPE	
		Internal	Nonexpendable
	Enterprise	Service	Trust
Cash flows from capital and related financing activities:			
Acquisition of property, plant, and equipment	\$ (2,642)	\$ (12,106)	\$ —
Proceeds from sale of property, plant, and equipment		_	_
Proceeds from sale and refundings of revenue bonds Principal payments and refundings on revenue bonds	-	_	_
Interest payments	— (70)	(3,117)	_
Payment of bond issuance costs	_(70)	(3,117)	_
Increase in commercial paper notes	_		_
Principal payments on notes payable	(2,845)	_	_
Proceeds from the sale of capital assets	231	_	
Proceeds from the sale of notes payable	1,000	_	_
Principal payments on capital leases and installment			
debt obligations payable	-	(1,822)	_
Contributions of capital	_	_	
Reductions of contributed capital		<u></u>	
Net cash used in capital and	44 000	(4 m a 4 m)	
related financing activities	(4,326)	(17,045)	
Cook Sour from investing activities			
Cash flows from investing activities: Proceeds from sale of investments	32,874	14,360	
Purchase of investments	(20,635)	(12,402)	<u> </u>
Interest on investments	21,810	30,668	61
Principal payments received on notes receivable		-	_
Issuance of loans	(1,548)	_	_
Collection of loans	425		
Net cash provided by investing activities	32,926	32,626	61
Net increase in cash and cash equivalents	33,007	36,920	244
Cash and cash equivalents at beginning of year	281,706	521,092	1,734
Cash and cash equivalents at end of year	\$ 314,713	\$ 558,012	\$ 1,978
Reconciliation of cash and cash equivalents to the balance			
sheet:			
Cash and cash equivalents for Fiduciary Funds			\$ 724,501
Less: Cash and cash equivalents for Expendable Trust Funds, Pension Trust Funds, and Agency Funds			(722,523)
Cash and cash equivalents Nonexpendable Trust Fund			\$ 1,978
Noncash capital, investing, and financing activities:			
Acquisition of property and equipment through:			
Contributions and transfers from other funds	\$ —	\$ 2,038	\$ —
Long-term notes payable	E 22E	_	_
Contributions from other funds Transfers of noncapital assets	5,335	_	_
Hansitis VI IIVIIGapital assets	<u> </u>		
Total noncash capital, investing,	ė gas	£ 2.020	•
and financing activities	\$ 5,335	\$ 2,038	3 –

Totals Primary Government (Memorandum Only) June 30

Totals Reporting Entity (Memorandum Only) June 30

			- Cano CO			
1996	1995	COMPONENT UNITS	1996	1995		
\$ (14,748) — — (3,187) — (2,845) 231 1,000 (1,822)	\$ (22,435) (3,273) (685) (1,566)	\$ (127,108) 324 317,791 (363,705) (171,435) (16,870) 118,620 — — — (3,339)	\$ (141,856) 324 317,791 (363,705) (174,622) (16,870) 118,620 (2,845) 231 1,000	\$ (225,696)		
— —	29	2,796 —	2,796 —	(3,235) 29 (315)		
(21,371)	(27,930)	(242,926)	(264,297)	(419,650)		
47,234 (33,037) 52,539	74,782 (69,968) 48,535 7	55,877 (5,448) 21,831 —	103,111 (38,485) 74,370	264,574 (75,992) 70,751 7		
(1,548) 425	(1,355) 350_	<u> </u>	(1,548) 425	(1,355) 350		
65,613	52,351	72,260	137,873	258,335		
70,171	59,688	70,790	140,961	97,430		
804,532	744,844	180,620	985,152	887,722		
\$ 874,703	\$ 804,532	\$ 251,410	\$ 1,126,113	\$ 985,152		
\$ 2,038 — 5,335 ———	\$ 2,852 1,500 — 787	\$ — — —	\$ 2,038 	\$ 2,852 1,500 — 787		
\$ 7,373	\$ 5,139	<u> </u>	\$ 7,373	\$ 5,139		

Combined Statement of Changes in Plan Net Assets

PENSION TRUST FUNDS

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	
Additions:				
Contributions: EmployerEmployee	\$ 359,268 298,198	\$ 55,956 37,237	\$ 1,679 586	
Total contributions	657,466	93,193	2,265	
Net investment income: Net appreciation (depreciation) in fair value				
of investments	(155,514) 784,076	(23,494) 92,873	(577) 2,203	
Net investment income	628,562	69,379	1,626	
Operating transfers in (for supplemental benefits)	5,813	142		
Total additions	1,291,841_	162,714	3,891	
Deductions:				
Regular retirement benefits	559,991	58,257	3,579	
Supplemental retirement benefits	5,813	142	_	
Refunds of contributions to members	51,833	6,991	42	
Group life insurance claims	9,429	1,101	39	
Accidental death benefits	_	580	_	
Depreciation	107	11	_	
Administrative expense	10,419	<u>1,134</u>	27	
Total deductions	637,592	68,216	3,687	
Net increase in plan net assets	654,249	94,498	204	
Net assets held in trust for pension benefits:				
Beginning of year (restated)	12,625,410	<u>1,353,384</u>	33,120	
End of year	\$ 13,279,659	<u>\$ 1,447,882</u>	\$ 33,324	

Judges' and Solicitors' Retirement	National Guard Pension	Totals (Memorandum Only) June 30					
System	System	1996	1995				
\$ 4,244 970 5,214	\$ 2,499 ———————————————————————————————————	\$ 423,646 336,991 760,637	\$ 398,498 327,694 726,192				
(731)	(54)	(180,370)	1,007,039				
3,916	293	883,361	817,081				
3,185	239	702,991	1,824,120				
		5,955	6,443				
8,399		1,469,583	2,556,755				
5,278 — — 3 — 1 52		627,105 5,955 58,866 10,572 580 120 13,155	585,453 6,443 52,038 8,861 564 119				
5,334	<u>1,524</u>	<u>716,353</u>	1,891,806				
3,065	1,214	753,230					
63,001	2,607	14,077,522	12,185,716				
\$ 66,066	\$ 3,821	\$ 14,830,752	\$ 14,077,522				

Combined Statement of Changes in Fund Balances

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1996 (Expressed in Thousands) **CURRENT FUNDS ENDOWMENT** LOAN **AND SIMILAR** Unrestricted Restricted **FUNDS FUNDS** Revenues and other additions: \$ 1,111,419 \$ Unrestricted Current Fund revenues..... Restricted student tuition and fees..... 257.048 1.086 Federal grants and contracts-restricted..... 209 State grants-restricted..... 9.299 53,649 વ Private gifts, grants, and contracts-restricted...... 2,566 Investment income-restricted..... 4,213 233 1,415 Realized investment gains-unrestricted..... 434 Realized investment gains-restricted..... 48 1,738 1,031 Interest earned..... Expended for plant facilities (including \$66,984 charged to current funds expenditures)..... Retirement of indebtedness (including \$2,919 charged to current funds expenditures)..... Retirement of indebtedness-defeased bonds...... Proceeds of refunding bonds..... Capitalization of interest cost..... 2.516 Sale of property..... Foundations and institutes..... 236 Other revenues and additions..... 797 380 1,111,419 325,098 Total revenues and other additions..... 2,637 9.258 Expenditures and other deductions: 1,146,723 298.181 Educational and general..... Auxiliary enterprises..... 170,973 2,603 Hospital..... 329,854 Foundations and institutes..... 26,759 Indirect costs recovered..... Loan cancellation and bad debt write-offs..... 646 Administration and collection costs..... 500 63 Realized investment losses-unrestricted..... Realized investment losses-restricted..... 84 Expended for plant facilities (including noncapitalized expenditures of \$22,552)..... Retirement of indebtedness..... Interest on indebtedness..... Disposal of plant facilities..... Refunding bonds issued..... Payment to refunded bond escrow agent..... Refunds to grantors..... 27 1,906 Other expenditures and deductions..... 20 11 Total expenditures and other deductions..... 327,575 1,170 185 1,649,469 Transfers in (out):

Fund balances, June 30.....

Net increase (decrease) in fund balances Fund balances. July 1	42,091 235.137	3,185 29.774	2,002 46.360	10,530 56.151
Total transfers in (out)	580,141	5,662	535	1,457
Operating transfers out	(37,529)	(50)		
Operating transfers in	668,565	5,410	124	100
Nonmandatory transfers	(12,565)	309	(11)	1,342
Other	(8)	(7)		15
Loan fund matching grants	(422)	_	422	_
Mandatory transfers for: Principal and interest	(37,900)	_	_	_
Transfers among Higher Education Funds:				
riansiers in (out).				

32,959

\$ 48,362

66,681

277,228

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

PLANT FUNDS Retirement			Foundations	Totals for the Fiscal Year Ended		
	of	Investment	and	Jun	e 30	
Unexpended	Indebtedness	in Plant	Institutes	1996	1995	
\$ —	s –	s —	\$ —	\$ 1,111,419	\$ 1,153,272	
9,051	18,107	· _		27,158	22,583	
7,364	315	_	_	266,022	243,052	
920	_	_	_	10,219	7,163	
2,962	_	1,803	_	60,983	65,395	
4,116	3,801	_		13,778	11,744	
	<u> </u>	_	_	434	_	
1		_	_	1,877	247	
_			_	1,031	982	
_	_	180,779	_	180,779	158,942	
_	_	33,060	_	33,060	22,945	
_		2,000	_	2,000	5,655	
-	1,949	_	_	1,949	4,605	
1,334	_	785	-	2,119	1,141	
	_	_		2,518		
_			192,764	192,764	208,079	
2,741	1,254	1,451		6,859	5,850	
28,489	25,426	219,878	192,764	1,914,969	1,911,655	
	_	_	_	1,444,904	1,366,305	
	_	_	-	173,576	167,943	
	_	_	_	329,854	299,072	
	_	_	178,236	178,236	191,829	
		_		26,759	25,719	
		_	_	646	624	
_		—	_	563	748	
_		_		13		
_	_	_		90	2	
133,181	_	_	_	133,181	109,752	
	29,878	_	_	29,878	21,394	
	19,384	_	_	19,384	18,787	
_	_	105,713		105,713	29,289	
_	_	1,949	_	1,949	4,605	
_	2,063	-	_	2,063	4,855	
_	_			57	29	
1,952	4,331	3,359		11,579	7,944	
135,133	55,656	111,021	178,236	2,458,445	2,248,897	
	07.005					
(85)	37,985	_	_	_	_	
_	_	_	_	_	_	
	(4.4.400)		(E 40E)	_	_	
74,965	(14,406)	(44,529)	(5,105)	 718,892	— 743,321	
44,693	_		(10,862)	(48,441)	(163,481	
119,573	23,579	(44,529)	(15,967)	670,451	579,840	
12,929	(6,651)	64,328	(1,439)	126,975	242,598	
109,541	53,314	2,265,593	43,046	2,838,916	2,596,318	
\$ 122,470	\$ 46,663	\$ 2,329,921	\$ 41,607	\$ 2,965,891	\$ 2,838,916	
# 1£2,47U	 	¥ 2,023,321	 	,000,001	7 2,000,010	

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

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1996 (Expressed in Thousands)			Totals for the Fiscal Year Ended June 30		
	Unrestricted	Restricted	1996	1995	
Revenues:					
Tuition and fees	\$ 366,369	\$ <u> </u>	\$ 366,369	\$ 349,502	
Federal grants and contracts	35,550	230,697	266,247	242,459	
State grants and contracts	-	8,960	8,960	7,133	
Local grants and contracts	26,921	1,435	28,356	26,611	
Private gifts, grants, and contracts	18,558	51,451	70,009	74,242	
Endowment income	665	1,797	2,462	2,108	
Sales and services of educational departments	31,827		31,827	28,963	
Sales and services of auxiliary enterprises	187,120	_	187,120	181,712	
Sales and services of hospitals	404,717	_	404,717	476,748	
Other	39,692	1,091	40,783	35,757	
Total current revenues	1,111,419	295,431	1,406,850	1,425,235	
Expenditures and mandatory transfers:					
Educational and general:					
Instruction	553,348	34,876	588,224	564,653	
Research	59,340	111,754	171,094	169,332	
Public service	68,769	36,493	105,262	108,177	
Academic support	118,034	4,742	122,776	116,622	
Student services	70,272	7,262	77,534	74,387	
Institutional support	141,850	2,182	144,032	129,538	
Operation and maintenance of plant	112,193	265	112,458	107,470	
Scholarships and fellowships	22,917	100,607_	123,524	96,126	
Educational and general expenditures	1,146,723	298,181	1,444,904	1,366,305	
Mandatory transfers for:					
Principal and interest	6,920	-	6,920	6,643	
Loan fund matching grants	422		422	407	
Other	8_	7	15_	14	
Total educational and general	1,154,073	298,188	1,452,261	1,373,369	
Auxiliary enterprises:					
Expenditures	170,973	2,603	173,576	167,943	
Mandatory transfers for principal and interest	18,253		18,253	16,787	
Total auxiliary enterprises	189,226	2,603	191,829	184,730	
Hospitals:			_		
Expenditures	329,854	_	329,854	299,072	
Mandatory transfers for principal and interest	12,727	_	12,727	12,736	
Total hospitals	342,581		342,581	311,808	
Total expenditures and mandatory transfers	1,685,880	300,791	1,986,671	1,869,907	
Other transfers and additions (deductions):					
Excess of restricted receipts over transfers to revenues	_	2,908	2,908	398	
Operating transfers in	668.565	5,410	2,906 673,975		
Operating transfers out	(37,529)	·	•	693,863	
Refunds to grantors	(31,328)	(50)	(37,579)	(147,981)	
Other deductions	<u> </u>	(8) 285	(8) (14,199)	(14) (23,997)	
Total other transfers and additions	616,552	8,545	625,097	522,269	
Net increase in fund balances	\$ 42,091	\$ 3,185	\$ 45,276	\$ 77,597	
	72,001		7 75,210	¥ 11,001	

Combining Balance Sheet

DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1996 (Expressed in Thousands)

•			State Ports Authority		Savannah Lakes Regional Loan Fund		Enterprise Development, Inc.,		_	Totals
ASSETS										
Current assets:										
Cash and cash equivalents	\$	70,390	\$	13,286	\$	998	\$	269	\$	84,943
Investments		36,440		_		140		_		36,580
Receivables, net:										
Accounts		67,078		10,654		5		_		77,737
Loans and notes		_		_		44		_		44
Due from Federal government and other										
grantors						_		925		925
Inventories		75,810		1,109		_		_		76,919
Restricted assets:										
Cash and cash equivalents		96,364		_		_		_		96,364
Other current assets		1,096		2,603				7		3,706
Total current assets		347,178		27,652		1,187		1,201		377,218
Long-term assets:										
Loans and notes receivable, net		_		_		144				144
Restricted assets:						1.7.7				177
Cash and cash equivalents		48,524		21,579						70,103
Investments		224,332		6.380		_		_		230,712
Deferred charges		530,226		1,572						531,798
Total long-term assets		803,082		29,531		144			_	832,757
Property, plant, and equipment:										
Land and improvements		_		221,918		_		_		221,918
Buildings and improvements		_		205,644		_		_		205,644
Utility plant	;	3,218,703		_		_				3,218,703
Machinery, equipment, and other		1,938		30,697		_		230		32,865
Construction in progress		71,666		10,250		_		_		81,916
Less: accumulated depreciation		(958,261)	((151,385)				(149)		(1,109,795)
Total property, plant, and equipment, net		2,334,046		317,124				81		2,651,251
Total assets	\$	3,484,306	\$	374,307	\$	1,331	\$	1,282	\$	3,861,226

Combining Balance Sheet

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

June 30, 1996 (Expressed in Thousands)

	Public Service Authority	State Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 98,274	\$ 9,597	\$ 1	\$ 546	\$ 108,418
Revenue bonds payable	196,151	1,015	_	_	197,166
Capital lease and installment debt					
obligations payable	3,418	28	_	_	3,446
Commercial paper notes	237,320	-	_		237,320
Other current liabilities, including retainages payable	37,557	191			37,748
Total current liabilities	572,720	10,831	1	546	584,098
Long-term liabilities:					
Deferred revenues and deferred credits	40,079	_	_	_	40,079
Revenue bonds payable	2,067,613	86,043	_	_	2,153,656
Capital lease and installment debt					
obligations payable	42,712	295	_		43,007
Other long-term liabilities	25,797				25,797
Total long-term liabilities	2,176,201	86,338			2,262,539
Total liabilities	2,748,921	97,169	1	546	2,846,637
Fund Equity:					
Contributed capital	34,438	173,896	1,020	_	209,354
Retained earnings	700,947	103,242	310	736	805,235
Total fund equity	735,385	277,138	1,330	736	1,014,589
Total liabilities and fund equity	\$ 3,484,306	\$ 374,307	\$ 1,331	\$ 1,282	\$ 3,861,226

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

DISCRETELY PRESENTED COMPONENT UNITS

	Public Service Authority	State Ports Authority	Savannah Lakes Regional Loan Fund	Enterprise Development, Inc., of South Carolina	Totals
Operating revenues:			•	4 14 646	
Charges for services	\$ 643,838	\$ 62,254	\$ _	\$ 1,818	\$ 707,910
Interest and other investment income			71_		71_
Total operating revenues	643,838	62,254	71	1,818	707,981
Operating expenses:					
General operations and administration	370,492	41,301	3	5,670	417,466
Depreciation and amortization	101,267	14,671	_	78	116,016
Other operating expenses	1,928	<u> </u>	2		1,930
Total operating expenses	473,687	55,972	5	5,748	535,412
Operating income (loss)	170,151	6,282	66	(3,930)	172,569
Nonoperating revenues (expenses):					
Interest income	20,682	1,747	_	107	22,536
Federal revenue		-	_	3,773	3,773
Costs to be recovered from future revenues	24,854	_	_	-	24,854
Interest expense	(165,118)	(4,731)	_	_	(169,849)
Other nonoperating revenues (expenses)	96	229		(223)	102
Total nonoperating revenues (expenses)	(119,486)	(2,755)		3,657	(118,584)
Income (loss) before operating					
transfers	50,665	3,527	66	(273)	53,985
	·	0,02.	44	(=)	00,000
Transfers to primary government	(6,436)				(6,436)
Net income (loss)	44,229	3,527	66	(273)	47,549
Retained earnings, July 1, 1995 Net unrealized gain on investment	648,493	99,715	244	1,009	749,461
securities available for sale	8,225				8,225
Retained earnings, June 30, 1996	700,947	103,242	310	736	805,235
Contributed capital, July 1, 1995	34,438	171,100	1,020	_	206,558
Additions to contributed capital	<u></u>	2,805	· —	_	2,805
Deductions from contributed capital		(9)			(9)
Fund equity, June 30, 1996	\$ 735,385	\$ 277,138	\$ 1,330	\$ 736	\$ 1,014,589

Combining Statement of Cash Flows

DISCRETELY PRESENTED COMPONENT UNITS

	;	Public Service authority		State Ports uthority	La Reg	annah ikes jional i Fund	Dev	nterprise relopment, Inc., of th Carolina		Totals
Cash flows from operating activities: Operating income (loss)	•	170,151	•	6.282	•	66	•	(2.020)	•	470.500
Adjustments to reconcile operating income (loss)	\$	170,151	Ф	0,202	\$	90	\$	(3,930)	\$	172,569
to net cash provided by (used in) operations:										
Depreciation and amortization		101,267		14,671		_		78		116,016
Collection of loans						45		-		45
Deferred coal contract buy-out costs		(50,200)								(50,200)
Other nonoperating revenues		96		229		_		_		(30,200)
Other nonoperating expenses		_ 50						— (73)		(73)
Other		(137)		(168)				(73)		(305)
Oulei		(137)		(100)				_		(303)
Change in assetsdecreases (increases):										
Accounts receivable, net		(9,575)		(956)		(3)				(10,534)
Due from Federal government and other grantors				_ ` ′		_`´		884		884
Due from primary government		_		87				_		87
Inventories		1,052		(23)		_				1.029
Other current assets		(85)		(731)		_		11		(805)
Change in liabilitiesincreases (decreases):										
Accounts payable and accrued liabilities		(7,877)		1,096				(166)		(6,947)
Due to primary government		_		_		_		(805)		(805)
Deferred revenues		11,914		_		_		<u>`</u> '		11,914
Other liabilities, including retainages payable	_	10,919								10,919
Net cash provided by (used in)										
operating activities		227,525		20,487		108		(4,001)	_	244,119
Cash flows from noncapital financing activities:		_		_		_		3,773		3.773
Transfers to primary government		(6,436)								(6,436)
Net cash provided by (used in)										
noncapital financing activities		(6,436)						3,773		(2,663)

Combining Statement of Cash Flows

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

	;	Public Service authority	_A	State Ports uthority	L Re	annah akes gional n Fund	Deve Ir	terprise elopment, nc., of n Carolina		Totals
Cash flows from capital and related financing activities:	•	(444 EEQ)	•	(40.404)	•		\$	(56)	•	(127,108)
Acquisition of property, plant, and equipment Proceeds from sale of property, plant, and equipment	\$	(114,558)	\$	(12,494) 324	Þ	_	Ф	(30)	Ф	324
Proceeds from sale of revenue bonds		 317,791				_				317.791
Principal payments and refundings on revenue bonds		(362,745)		(960)		_		_		(363,705)
Interest payments		(166,697)		(4,738)		_		_		(171,435)
Payment of bond issuance costs		(16,870)		(- ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		_		_		(16,870)
Increase in commercial paper notes		118,620				_		_		118,620
Principal payments on capital leases and installment		110,020								
debt obligations payable		(3,318)		(21)		_		_		(3,339)
Contributions of capital				2,796	_				_	2,796
Net cash used in capital and related financing activities		(227,777)		(15,093)				(56)		(242,926)
Cash flows from investing activities:										
Proceeds from sale of investments		48,901		6,976				_		55,877
Purchase of investments		_		(5,448)		_		_		(5,448)
Interest on investments		19,977		1,747				107	_	21,831
Net cash provided by investing activities	_	68,878		3,275	_			107		72,260
Net increase (decrease) in cash and										
cash equivalents		62,190		8,669		108		(177)		70,790
Cash and cash equivalents at beginning of year		153,088		26,196		890		446	_	180,620
Cash and cash equivalents at end of year	\$	215,278	\$	34,865	\$	998	\$_	269	\$	251,410

NOTE 1: SUMMARY OF SIGNIFI-CANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

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

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.

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.

powers.

Fiscal year ended June 30, 1996: State Housing Finance and Development

Authoriti State Education Assistance Authority Jobs-Economic Development Authority Patriots Point Development Authority

Fiscal year ended December 31, 1995: The South Carolina Deferred Compensation Plans

Public Railways Division of the Department of Commerce (formerly the Public Railways Commission)

The State's five retirement systems are considered part of the State's primary government. The State Budget and Control Board, consisting of five elected officials, serves as trustee of the systems, and the State Treasurer is custodian of the funds. The ten State-supported universities and the sixteen area technical colleges and their blended and discrete component units are reported within the State's Higher Education Funds as part of the

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

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

Blended Component Units: The Citadel Trust IPTAY Scholarship Fund The Faculty House of Carolina, Inc.

Blended Component Units Discretely Presented: Clemson Research Facilities Corporation Lander Foundation

Lander University Alumni Association
University of South Carolina School of
Medicine Educational Trust

University Specialty Clinics
Charleston Memorial Hospital
University Medical Associates of the
Medical University of South Carolina
(including its three for-profit

(including its three subsidiaries)

Medical University Facilities Corporation
Pharmaceutical Education and Development Foundation of the Medical
University of South Carolina
Medical University of South Carolina
Foundation for Research Development

Discrete Component Unit: South Carolina Environmental Education Consortium

Discretely Presented Component Units

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

Fiscal year ended June 30, 1996: South Carolina State Ports Authority Savannah Lakes Regional Loan Fund Enterprise Development, Inc., of South Carolina

Fiscal year ended December 31, 1995: 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 Fund any net earnings not necessary for prudent

Fund any net earnings not necessary for prudent business operations.

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

The Savannah Lakes Regional Loan Fund is a non-profit corporation established in 1990. 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.

Development Authority.

Enterprise Development, Inc., 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 exofficio State elected officers and five members appointed by the Secretary of the State Department of Commerce. of Commerce.

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

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

South Carolina State Ports Authority Post Office Box 817 Charleston, South Carolina 29402-0817

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

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

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

Related Organizations

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

b. Basis of Presentation-Fund Accounting

The State uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

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

balances of financial resources.

The General Fund is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has

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

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. 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.

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

Although user charges to the public financed primarily through user charges.

other funds, agencies, component governments on a cost-allocation basis. component units,

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, capital leases, compensated absences, and claims and judgments.

Discretely Presented Component Units

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

c. Basis of Accounting

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

Governmental, Expendable Trust, and Agency **Funds**

The modified accrual basis of accounting is used in Governmental, Expendable Trust, and Agency Funds. Under the modified accrual basis, revenues 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 receivables that are measurable but not available at year-end.

Individual and corporate income taxes in the hands of employers or corporations, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent

merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

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

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 commodities totaled \$13.586 million for the year ended June 30, 1996. In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

at the beginning of the entitlement period.

The State recognizes the face value of food stamp benefits distributed as revenue and expenditures in the Departmental General Operating Fund (a Special Revenue Fund) at the date of distribution to individual recipients. Food stamp revenues and expenditures for the fiscal year ended June 30, 1996, totaled \$300.559 million. In addition, the State has recorded \$138 thousand food stamp coupons on hand at June 30, 1996, as part of Other Assets and Deferred Revenue.

The State normally does not account for any grants in its Agency Funds. Pending determination of which funds are to be financed, however, grant/entitlement monies to be distributed to other State agencies are accounted for in Agency Funds. At June 30, 1996, assets totaling \$860 thousand were being held in Agency Funds pending such determination.

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, 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 State Ports Authority participates in the pool. For activities excluded from the pool, Cash Equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less.

e. Cash Management Pool-Allocation of Interest

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

f. Cash on Deposit with Fiscal Agents

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

g. Investments

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

To insure safety of principal, the State Treasurer's policy is to limit liquid investments (i.e., those with maturities not exceeding one year) to cash, repurchase agreements (when collateralized by

United States Treasury, Federal agency or other Federally guaranteed obligations with a market value in excess of 100% of funds advanced), United States Treasury bills, Federal agency discount notes, and commercial paper. The State Treasurer further preserves principal by investing in only the highest investment grade securities (i.e., those rated at least A by two leading national rating services). In order to diversify investment holdings, asset allocation policies are utilized for investments having more than one year to maturity. Overall credit exposure is managed by asset allocation policies and by additional constraints controlling risk exposure to

additional constraints controlling risk exposure to individual corporate issuers.

Investments of the Pension Trust Funds are presented at fair value. Securities traded on a national exchange are valued at the last reported sales price. Generally, other investments are stated at amortized cost using the effective interest method to amortize bond premiums/discounts over the time from purchase to maturity, except for deferred compensation plans' investments which are valued at the value of the underlying insurance contracts. The Public Service Authority, a discretely presented component unit, however, carries its available-forsale investments at market value with the net unrealized gain or loss offset against its fund equity. The Authority has no trading investments.

h. Receivables

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

i. Inventories

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

j. Servicing Rights

The Public Railways Division of the Department of Commerce (reported in the Other Enterprise Funds) entered into a servicing agreement during its fiscal year ended December 31, 1995. The Division reported servicing rights as an intangible asset which will be amortized to operating expenses over the life of the agreement. The servicing rights are stated net of accumulated amortization.

k. 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>	Years
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.

I. 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

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.

m. Deferred Charges

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's rates are based upon debt service and operating fund requirements. The Authority recognizes differences between debt principal maturities and straight-line depreciation as costs to be recovered from future revenue. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority.

During its fiscal year ended December 31, 1995.

During its fiscal year ended December 31, 1995, the Authority exercised a buy-out option on an existing coal contract. The cost of the buy-out is recorded in deferred charges and amortized as a component of fuel costs over the remaining life of the

former contract.

n. Tax Refunds Payable

Most of the Tax Refunds Payable balance in the Most of the Tax Refunds Payable balance in the General Fund relates to Individual Income Tax. During the calendar year, the State collects employee withholdings and taxpayers' payments. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. This estimated payable is recorded as Tax Refunds Payable and a reduction of Tax Revenues Tax Revenues.

o. Long-Term Obligations

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

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

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

whether or not withheld from the actual net proceeds received, are reported as expenditures.

For proprietary fund types and the discretely presented component units, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is also deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Unamortized issuance costs are reported as deferred charges.

The State enters into interest rate swap

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

p. Compensated Absences

During their first ten years of service, most full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, most employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. 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

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

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

The State does not record a liability for unpaid

accumulated sick leave.

q. 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

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

r. Escheat Property

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

s. 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:

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

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 are available to finance the acquisition, construction, or improvement of physical properties. Resources that institutions have set aside for the renewal and replacement of institutional properties are also recorded in this subgroup. The Retirement of Indebtedness subgroup

includes monies to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus have invested in) their properties and any related

outstanding debt.

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

others

Foundations and Institutes Funds account for certain component units of the State's colleges and universities. Most of these component units have fiscal years ended June 30, but some have fiscal years ended December 31. All but one of these component units meet the criteria for blending but are presented in a separate column because they use a basis of accounting different from the one followed by the State's colleges and universities. The South by the State's colleges and universities. The South Carolina Environmental Education Consortium qualifies as a discrete component unit of one of the State's universities but is still considered part of the state's universities but is still considered part of the state of these State's primary government. Most of these component units are governmental non-profit entities that follow the Governmental accounting and financial reporting model as defined by the Governmental Accounting Standards Board's Statement 29, "The Use of Not-for-Profit Accounting Standards Board's Principles by Governmental Reporting Principles by Governmental Statement 29, "The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities." One governmental non-profit entity, however, has chosen to follow the American Institute of Certified Public Accountants Not-for-Profit model. The remainder of the component units are non-governmental entities that follow generally accepted accounting principles for non-profit entities as prescribed by the Financial Accounting Standards Board.

The Combined Statement of Current Funds Revenues, Expenditures, and Other Changes-Higher Education Funds is a statement of financial activities

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 Restricted Current Funds' Revenues and Operating Transfers In equals the sum of Expenditures and Transfers In equals the sum of Expenditures and Mandatory Transfers and Operating Transfers Out.

The measurement focus in the Higher Education

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 certain 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

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 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 Unrestricted Current

Funds when employees earn credits toward future compensated absences.

t. 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 financial analysis. Amounts in the "Totals-Memorandum Only" columns are not comparable to a consolidation.

"Memorandum Only" columns for 1995 are included to provide a summarized comparison with comparable 1996 amounts. The 1995 totals are not intended to present all information necessary for a fair presentation of financial position, results of operations, and cash flows in accordance with generally accepted accounting principles.

To enhance comparability certain 1995 amounts

To enhance comparability, certain 1995 amounts have been reclassified to conform with the presentation used in the 1996 financial statements.

NOTE 2: BUDGETARY ACCOUNT-ING AND REPORTING

a. Budgetary Funds

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

budgets for:

budgets for:
 General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund.
 Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most Federal and department-generated resources. Total Funds include certain Proprietary and Capital Project Fund activities but exclude Pension Trust Funds and most other Trust and Agency Fund activities.

The accompanying financial statements include a

The accompanying financial statements include a Combined Statement of Revenues, Expenditures, and

Changes in Fund Balances-Budget and Actual (Budgetary Basis)-All Budgeted Funds. The Budgetary General Fund category on that statement corresponds to the General Funds column in the Appropriation Act. The Other Budgeted Funds category represents the difference between the Total Funds and the General Funds columns in the Appropriation Act.

b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Agencies may carry forward up to 10% of unexpended Budgetary General Fund appropriations to the next fiscal year. Any remaining unexpended Budgetary General Fund appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required 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) are recorded on the modified accrual basis
- (iv) The following taxes in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis) are recorded on the modified accrual basis: Admissions Tax, Alcoholic Liquors Tax, Beer and Wine Tax, Business License Tax, Electric Power Tax, Gasoline Tax-Counties, and Soft Drinks Tax.
- 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. fünd 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 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 1995-96 Appropriation Act has approximately 2,540 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 1995-96 Appropriation Act directs the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if necessary to prevent a deficit. Likewise, the State Board of Economic Advisors may approve revisions of estimated revenues for the Budgetary General Fund during the year.

For Other Budgeted Funds, the annual Appropriation Act presents estimated revenue amounts only for Education Improvement Act and highway revenues. The Budget and Control Board, however, provides estimated revenue amounts for these tunds.

As operating conditions change, departments and agencies may request revisions of estimated revenues

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

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 1995-96, the General Assembly passed a Joint Resolution and a Supplemental Appropriations Act that added \$326.786 million of additional appropriations to the Budgetary General Fund for the fiscal year ended June 30, 1996. Of this amount, \$11.740 million was disbursed during the fiscal year ended June 30, 1996, \$6.271 million was used to fund the General Reserve, and the remaining \$308.775 million was appropriated and reserved as Appropriations to be Carried Forward to 1996-97.

d. 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 years.

completed calendar year.

The 1995-96 Appropriation Act included appropriations of \$5.184 billion for general, school, and highway purposes-\$942.583 million less than the legal limit.

In addition, the original appropriations approved by the General Assembly for the Budgetary General Fund may not exceed the *lesser* of:

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

Board of Economic Advisors.

The 1995-96 Appropriation Act included appropriations of \$4.134 billion for the Budgetary General Fund-an amount equal to the legal limit.

e. 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, 1996, 37,088 employees were funded by the State's Budgetary General Fund-9,255 fewer than the legal limit.

f. Reconciliation of Budget to GAAP Reporting **Differences**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis)—All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 1996, were:

		Financial Statement Fund Types																		
	Ge	neral	Specia Revenu		Capital Projects		Enter- prise	Internal Service	E	Expend- able Trust	ex	Non- pend- able Trust		Pension Trust		Agency		Higher Educa- tion		Totals (Me mo- randum Only)
Classification of budgetary excess of revenues and other sources over (under) expenditures and other uses into GAAP fund structure: Budgetary General Fund. Other Budgeted Funds Totals	\$	9,626 8,249 17,875	\$ — 115,1 115,1		\$ — 11,411 11,411	\$		\$ — 3,883 3,883	\$		s		\$		9	\$ — 5,118 5,118	\$	63,816 63,816	\$	9,626 207,722 217,348
Timing differences		 14.758	 (75,9	94\	— (65)		_ 11,145	 3.006		_ 3		- 3		_		 (5,118)		1,744 (3,551)		1,744 (55,813)
To record excess of revenues and other sources over (under) expenditures/expenses and other uses for unbudgeted accounts		(6,699)	14,4		(11,756)		(8,097)	38,446		56,136		145		753,221	_ ·			64,966		900,778
GAAP financial statement excess of revenues and other sources over (under) expenditures/ex- penses and other uses	<u>s</u>	25,934	\$ 53,5	23	\$ [410]	<u>s</u>	3,097	\$ 45,335	<u> </u>	56,122	<u>\$</u>	251	<u>\$</u>	753,230	_	<u>s</u>	<u>\$</u>	126,975	<u>s</u>	1,064,057

NOTE 3: ACCOUNTING AND REPORTING CHANGES

a. Grants and Other Financial Assistance

Effective July 1, 1995, the State adopted GASB Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance."

Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." The statement allows recipient governments to account for pass-through grants in Agency Funds only if the recipient government serves only as a cash conduit. To comply with this guidance, the State moved one grant from Agency Funds to Special Revenue Funds and restated its financial statements for this change for the fiscal year ended June 30, 1995.

GASB Statement 24 also established criteria for the accounting and reporting of food stamps. The State's previous policy of recognizing the distribution of food stamp benefits as revenue and expenditures in the Special Revenue Fund was consistent with Statement 24. Compliance with Statement 24, however, also required the State to record \$138 thousand in other assets and deferred revenue for food stamp coupons on hand at June 30, 1996. Although the adoption of this guidance did not result in any restatement of fund balance, the State has restated its financial statements for this change for the fiscal year ended June 30, 1995.

In addition, GASB Statement 24 requires governments that make on-behalf payments for fringe benefits and salaries to a third-party recipient for the employees of another, legally separate entity, to recognize revenue and expenditures (in the applicable functional expenditure category for on-behalf payments. In past years, the State recognized revenue and current expenditures (in the applicable functional expenditure category for on-behalf payments). As of July 1, 1995, in compliance with GASB Statement 24, the State began recording expenditures for on-behalf payments in the same manner that it records similar cash grants to other entities—that is, as intergovernmental expenditures. The application of GASB Statement 24 provisions entities—that is, as intergovernmental expenditures. The application of GASB Statement 24 provisions regarding on-behalf payments did not result in any restatement of fund balance; however, the State has restated its financial statements for the fiscal year ended June 30, 1995, to reflect this change in expenditure classification.

b. Pension Fund Accounting

Effective July 1, 1995, the State adopted GASB Statement 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." In addition to changes in the presentation of Pension Trust Funds, Statement 25 requires that investments of the Pension Trust Funds be presented at fair value rather than at cost

The State has restated its financial statements for the fiscal year ended June 30, 1995, for changes resulting from adoption of Statement 25.

c. Effects on Beginning Fund Balances and Retained Earnings

The schedule below details restatements made to fund equity to give effect to the accounting and reporting changes described above. The schedule (expressed in thousands) also gives retroactive effect to the correction of a prior-period error as indicated.

	Special Revenue Funds	Internal Service Funds	Pension Trust Funds
June 30, 1995, fund equity as previously reported	\$ 630,403	\$ 245,829	\$12,667,691
Effect of GASB Statement 24– to change a Federal program from			
Agency to Special Revenue Funds Effect of GASB Statement 25-	(15)	_	_
pensions To correct insurance Reserve		_	1,409,831
Fund for prior-year prepaid expenses and deferred revenues July 1, 1995, fund equity		(7,534)	
as restated	\$ 630,388	\$ 238,295	\$14,077,522

The following schedule (expressed in thousands) details the effect of adopting GASB Statement 25 on the individual pension plans:

	Fund Balances-June 30, 1995				
		As Previously Reported	Adjustment	As Restated	
South Carolina Retire- ment System (SCRS) Police Officers' Retire-	\$	11,341,883	\$1,283,527	\$ 12,625,410	
ment System (PORS) Retirement System for		1,236,039	117,345	1,353,384	
Members of the General Assembly (GARS) Retirement System for		29,987	3,133	33,120	
Judges and Solicitors (JSRS)		57,226	5,775	63,001	
National Guard Pension System (NGPS)	_	2,556	51	2,607	
Total Pension Trust Funds	<u>\$</u>	12,667,691	\$1,409,831	\$ 14,077,522	

d. Employer Pension Accounting

Effective July 1, 1995, the State adopted GASB Statement 27, "Accounting for Pensions by State and Local Governmental Employers." This changed the State's note disclosure regarding pension plans. In addition, the State's adoption of Statement 27 required it to record a \$4.064 million pension liability at June 30, 1996, in the General Long-Term Obligations Account Group for the National Guard Pension System. See Note 7 for additional information.

e. State Government Restructuring

In accordance with a general restructuring of State government in 1993-94 through 1995-96, a number of existing agencies were divided and/or combined into different functional categories. On January 1, 1996, a Governor's executive order moved the State's motor vehicle licensing program from the General Government functional category to the Administration of Justice functional category. As a result, the classification of these amounts shown in the accompanying financial statements is different the accompanying financial statements is different than in past years.

NOTE 4: DEPOSITS AND INVEST-MENTS

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, 1996 (expressed in thousands):

thousands):

Combined Palance Sheet

Total\$	20,256,663
Investments	309,196
Cash and cash equivalents	376,243
Restricted assets:	
Investments	16,190,613
Cash and cash equivalents\$	3,379,611
minimed Balance Sileet	

Disclosure regarding deposits and investments plus

Total	\$ 20,255,663
Cash on hand	1,376
Carrying value of investments	20,090,859
Carrying value of deposits	\$ 163,428
econciling rems	

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

a. Deposits

Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. At June 30, 1996, the deposits of the State's primary government and its discretely presented component units (expressed in thousands) were as follows:

		Cı	ategory		Total Bank	Carrying
	1		2	3	Balance	Amount
Primary Government Component	\$ 284,786	\$	12,321	\$37,071	\$ 334,178	\$ 155,019
Units	988		895	6,418	8,301	8,409
Totals	\$ 285,774	\$	13,216	\$43,489	\$ 342,479	\$ 163,428

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. 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, certain corporate bonds, and

commercial paper.

Investments of the State's Pension Trust Funds are presented at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest income earned.

value of investments and interest income earned.

For the fiscal year ended June 30, 1996, the State's primary government and its discretely presented component units have classified their investments into three risk categories. Category I 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, 1996, were: were:

		Category		Carrying	Market
	1	2	3	Value	Value
Primary Government					
U.S. government securities	\$ 8,147,160	\$ 264,091	\$ 1,127	\$ 8,412,378	\$ 8,390,999
Corporate bonds	5,257,678	14,307	1,723	5,273,708	5,272,597
Repurchase agreements	1,874,176	2,252	4,583	1,881,011	1,881,011
Collateralized mortgage obligations	1,021,395	825	_	1,022,220	1,022,194
Asset-backed securities	207,828		_	207,828	207,824
Commercial paper	236,919	_	_	236,919	236,879
Other	7,516	27,530	14,690	49,736	57,561
Subtotals				17,083,800	17,069,065
Not categorized:					
Deferred compensation plans					
annuity contracts				874,011	874,011
Securities lending programU.S.					
government securities				1,342,335	1,382,972
Unsettled investment transactions				242,366	242,366
Real estate				2,050	2,050
Mutual funds				36,004	37,944
Totalsprimary government	\$16,752,672	\$ 309,005	\$22,123	19,580,566	19,608,408
Discretely Presented Component Units					
U.S. government securities	\$ 292,976	s —	\$ 6,380	299,356	300,601
Repurchase agreements	179,854		_	179,854	179,854
Subtotals	·			479,210	480,455
Not categorized:					
Investment in primary government's					
investment pool				28,450	28,450
Unsettled investment transactions				2,633	2,633
Totals—discretely presented					···
component units	\$ 472,830	<u>s</u> –	\$ 6,380	510,293	511,538
Totalsreporting entity				\$20,090,859	\$20,119,946

At June 30, 1996, the State held collateralized mortgage obligations primarily in its Pension Trust Funds. These securities were purchased to protect the State's Pension Trust Funds from principal prepayment risk during an environment of declining interest rates and to provide incremental yield above that available on corporate securities with similar terms. These securities also provide diversification in the Pension Trust Fund investment portfolios and maintain the high quality of government-sponsored instruments in the portfolios. It is estimated that these securities will provide future cash inflows on a time schedule that approximately matches the outflows associated with Pension Trust Fund liabilities. These highly marketable securities are rated AAA by the major rating agencies.

The asset-backed securities held by the State at June 30, 1996, also were held primarily by the State's Pension Trust Funds. These securities, with an average life of less than six months with a legal final maturity in 1997, represented an undivided ownership interest in a trust consisting of credit-card and automobile loan receivables. Most of these securities were purchased in 1992 and 1993 when short-term interest rates were approximately 3.00% and they could provide incremental yields above other securities with similar maturities without increasing the risk of the investment portfolios. These assetbacked securities are rated AAA by the major rating agencies.

The fiscal year for the Public Service Authority, a discretely presented component unit, ends

December 31. At December 31, 1995, the Public Service Authority had held-to-maturity investments carried at amortized cost of \$101.583 million and available-for-sale investments carried at fair market value of \$373.033 million. The gross unrealized holding losses totaled \$25 thousand on the held-to-maturity securities. The gross unrealized holding gains totaled \$6.936 million and gross unrealized holding losses totaled \$12 thousand on the available-for-sale securities. Included in the Public Service Authority's available-for-sale investments, carried at fair market value, are nuclear decommissioning funds of \$38.132 million with related unrealized holding losses of \$1.109 million.

All of the Authority's investments, with the

All of the Authority's investments, with the exception of decommissioning funds, are limited to a maturity of ten years or less. For the year ended December 31, 1995, the Authority had proceeds of \$22.464 million from sales of available-for-sale securities and realized \$287 thousand in gains and no lesses in connection with these sales. The gains and losses in connection with these sales. The gains and losses were computed as the difference between the proceeds and specifically identified amortized cost

per security

At June 30, 1996, the State Ports Authority, discretely presented component unit, hel \$2.637 million in United States Government securities classified as held-to-maturity. Government

c. Securities Lending Programs

Through safekeeping agents, the State's primary government lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. Collateral that the programs accept is primarily in the form of cash. The cash collateral requires the payment of a rebate to the borrower of the securities in accordance with a rate (expressed as a percentage). For the programs to be profitable, the State's agents must invest the programs' cash collateral at an aggregate rate exceeding the associated aggregate rebate rate. The State's securities lending programs are similar in nature to programs involving the use of reverse repurchase agreements. Through safekeeping agents, the State's primary agreements.

At June 30, 1996, the State had the following amounts of securities (expressed in thousands) on loan under these programs:

Description		Carrying Value		
Pooled account	-\$	296,536		
South Carolina Retirement System		986,722		
Police Officers' Retirement System		29,077		
Local Government Investment Pool		30,000		
Total	\$1	,342,335		

NOTE 5: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1996, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use	\$ 152,189	\$ 49,130	* -
Individual income	113,785	_	_
Corporate income	5,004	_	_
Unemployment	_	_	44,774
Gasoline and motor vehicle	2,226	32,547	_
Alcoholic beverages and			
tobacco	13,123	_	_
Other	10,089	17,313	
Gross taxes receivable	296,416	98,990	44,774
Less: Allow ance for uncollect-			
ible taxes	19,751	1,339	81
Net taxes receivable	\$ 276,665	\$ 97,651	\$ 44,693

A total of \$326.952 million in net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1996, and were collected within thirty days after that date.

NOTE 6: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 1996, consisted of:

Primary Government					
Enter- prise	Internal Service	Trust and Agency	General Fixed Assets	Higher Educa- tion	Com - ponent Units
\$16,331	\$ 5,108	\$ 581	\$ 172,039	\$ 112,126	\$ 221,918
4,151	134,144	4,749	946,127	1,733,981	3,424,347
10,425	112,921	2	988,209	814,563	32,865
2,900	504		86,043	104,807	81,916
33,807	252,677	5,332	2,192,418	2,765,477	3,761,046
9,351	116,872	447		8,912	1,109,795
\$24.45R	\$135,805	\$ A 885	\$2 192 418	\$2 758 585	\$2,651,251
	prise \$16,331 4,151 10,425 2,900	Enter- Internal Service \$16,331 \$ 5,108 4,151 134,144 10,425 112,921 2,900 504 33,807 252,677 9,351 116,872	Enter-prise Internal Service Trust and Agency \$16,331 \$ 5,108 \$ 581 4,151 134,144 4,749 10,425 112,921 2 2,900 504 — 33,807 252,677 5,332 9,351 116,872 447	Enter-price Internal price Trust and Agency General Fixed Assets \$16.331 \$ 5,108 \$ 581 \$ 172,039 4,151 134,144 4,749 946,127 10,425 112,921 2 988,209 2,900 504 — 86,043 33,807 252,677 5,332 2,192,418 9,351 116,872 447 —	Enter-prise Internal prise Trust and prise General Fixed Assets Higher Education \$16,331 \$ 5,108 \$ 581 \$ 172,039 \$ 112,126 4,151 134,144 4,749 946,127 1,733,981 10,425 112,921 2 988,209 814,563 2,900 504 — 86,043 104,807 33,807 252,677 5,332 2,192,418 2,765,477 9,351 116,872 447 — 8,912

Changes in general fixed assets (expressed in thousands) for the fiscal year ended June 30, 1996, were:

	Balance July 1, 1995	Addi- tions	Retire- ments	Balance June 30, 1996	
Land and improve- ments	\$ 167,248	\$ 6,273	\$ 1,482	\$ 172,039	
Buildings, improve- ments, and					
utility plant Machinery, equip-	. 888,565	57,957	395	946,127	
ment, and other Construction in prog-	861,959	172,587	46,337	988,209	
ress Total General Fixed	73,176	69,860	56,993	86,043	
Assets	\$1,990,948	\$ 306,677	\$105,207	\$2,192,418	

Construction in progress retirements are recorded

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

The primary government's outstanding commitments for construction of fixed assets and public domain (infrastructure) assets at June 30, 1996, totaled \$143.240 million. The State Ports Authority, a discretely presented component unit, reported commitments for construction of fixed assets and public domain (infrastructure) assets at June 30, 1996, of \$4.544 million.

The primary government recorded capitalized

The primary government recorded capitalized construction period interest of \$2.341 million during the fiscal year ended June 30, 1996. The Public Service Authority, a discretely presented component unit, recorded capitalized construction period interest of \$5.973 million during its fiscal year ended December 31, 1995.

NOTE 7: RETIREMENT PLANS

Note 1c describes the basis of accounting that the State's five defined benefit pension plans use to report Pension Trust Fund activity. Note 4 specifies the method used to value Pension Trust Fund investments.

a. Plans Descriptions

The South Carolina Retirement Systems (the System), a part of the State Budget and Control Board, administers four defined benefit retirement plans: 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). The System issues a publicly available Comprehensive Annual Financial Report that includes required supplementary information for all four plans. The report may be obtained by writing to:

The South Carolina Retirement System Fontaine Business Center 202 Arbor Lake Drive Columbia, South Carolina 29223

SCRS, established by Section 9-1-20 of the South Carolina Code of Laws, is a cost-sharing multiple-employer pension plan 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 yest after five 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-

PORS, established by Section 9-11-20 of the South Carolina Code of Laws, is a cost-sharing multiple-employer pension plan 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

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, established by Section 9-9-20 of the South Carolina Code of Laws, is a single-employer defined benefit pension plan 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 and the State must contribute. Benefits vest after eight years of service. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly, for life. The annual benefit amount is 4.82% of earnable compensation times years of service. Earnable compensation is defined as forty days' pay at the rate currently paid to members of the General Assembly plus \$12,000.

JSRS, established by Section 9-8-20 of the South Carolina Code of Laws, is a single-employer defined benefit pension plan 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, or at any age with twenty-five years of service, or at any age with twenty-five years of service. Members may retire at age seventy with fifteen years of service, 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.

Information regarding membership in the plans at label. 1005 (detects verically added) position occupied at retirement.

Information regarding membership in the plans at July 1, 1995 (latest available data), was as follows:

	SCRS	PORS	GARS	JSRS
Retirees and beneficiaries receiving benefits	52,076	4,547	205	94
Terminated employees entitled to benefits but not				
yet receiving them	122,253	5,417	98_	9_
Fully vested active employees	114,472	10,562	133	61
Nonvested active employees	60,938	9,095	77	47
Total active employees	175,410	19,657	210	108
Total participants	349,739	29,621	513	211
Number of participating employers:				
State and school	106	1	1	1
Other	496	251		
Total participating employers	602	252	1	1

The plans provide retirement, death, and disability benefits to State employees; public school employees; employees of counties, municipalities, and certain other State political subdivisions. Each plan is independent. Assets may not be transferred from one plan to another or used for any purpose other than to benefit each plan's participants.

b. Funding Policies

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

By law, employee contribution requirements for the fiscal year ended June 30, 1996, were as follows:

Plan	Rate
SCRS	6.0% of salary
PORS	6.5% of salary
GARS	10.0% of earnable
	compensation
JSRS	7.0% of salary

Actuarially determined employer contribution rates for the four plans, expressed as percentages of compensation, for the fiscal year ended June 30, 1996, were as follows:

Plan	Rate
SCRS	7.70%
PORS	10.70%
JSRS	39.99%
GARS	44.10%

Under certain conditions, new employers entering the plans are allowed up to ten years to remit matching employer contributions resulting from their employees' purchase of prior service credits. Interest is assessed annually on the unpaid balance. The amounts outstanding at June 30, 1996, were \$1.538 million for SCRS and \$5.001 million for PORS.

c. Annual Pension Cost

Annual pension cost (dollars expressed in thousands) and related actuarial data for the State's single-employer defined benefit pension plans were as

	GARS	JSRS
Annual pension cost	\$1,679	\$4,244
Employer contributions made	\$1,679	\$4,244
Actuarial valuation date	July 1, 1995	July 1, 1995
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent, open	Level percent, open
Remaining amortization period	29 years	25 years
Asset valuation method	5 year smoothed	5 year smoothed
	market	market
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	2.00%	5.25%
Assumed inflation rate	4.25%	4.25%
Assumed cost-of-living		
adjustments	2.00%	4.25%

d. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when

For the cost-sharing multiple-employer defined benefit pension plans in which the State participates, the State's required contributions in dollars (expressed in thousands) and the percentages of those amounts contributed for the three latest available years were as follows:

Fiscal Year Ended							
June	30, 1996	June	30, 1995	June 30, 1994			
	%		%		%		
Required_	Contributed	Required_	Contributed	Required	Contributed		
			-				
\$ 140,288	100.00%	\$ 134,032	100.00%	\$ 128,035	100.00%		
6,924	100.00%	6,616	100.00%	6,364	100.00%		
25,651	100.00%	24,117	100.00%	22,395	100.00%		
15	100.00%	13	100.00%	9	100.00%		
	Required \$ 140,288 6,924 25,651	Required Contributed \$ 140,288 100.00% 6,924 100.00% 25,651 100.00%	June 30, 1996 June % Required Contributed Required \$ 140,288 100.00% \$ 134,032 6,924 100.00% 6,616 25,651 100.00% 24,117	June 30, 1996 June 30, 1995 % % Required Contributed Required Contributed \$ 140,288 100.00% \$ 134,032 100.00% 6,924 100.00% 6,616 100.00% 25,651 100.00% 24,117 100.00%	June 30, 1996 June 30, 1995 June 30, 1995 Required Contributed Required Contributed Required \$ 140,288 100.00% \$ 134,032 100.00% \$ 128,035 6,924 100.00% 6,616 100.00% 6,364 25,651 100.00% 24,117 100.00% 22,395		

An analysis of funding progress for the fiscal year ended June 30, 1996 (dollars expressed in thousands), for the State's single-employer defined benefit plans is as follows:

Fiscal **Annual** Year **Pension** Percentage Net **Ended** Cost of APC Pension Plan June 30 (APC) Contributed **Obligation** GARS 1996 \$ 1,679 100% **JSRS** 1996 4,244 100%

Additional years will be added as available.

In accordance with GASB Statement 27, the pension liability (asset) for all four plans was determined to be zero both prior to the July 1, 1995, transition date and at the transition date.

e. Funding Status and Progress

The following schedule (dollars expressed in thousands) describes the funding progress for the State's single-employer defined benefit plans for the fiscal year ended June 30, 1996:

Plan	Actuarial Valuation Date July 1	Actuarial Value of Assets <i>(a)</i>	Actuarial Accrued Liability (AAL) Entry Age <i>(b)</i>	Unfunded AAL (UAAL) <i>(b</i> -a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
GARS	1995	\$ 30,528	\$ 58,577	\$ 28,049	52.1%	\$ 4,704	596.3%
JSRS	1995	57,917	94,420	36,503	61.3%	9,417	387.6%

Additional years will be added as available.

f. Investments and Receivables

The principal components of receivables and investments (expressed in thousands) at

June 30, 1996, for the four plans administered by the South Carolina Retirement Systems were as follows:

	 SCRS	 PORS		GARS		JSRS	 Totals
Receivables:					V		
Contributions	\$ 70,800	\$ 9,523	\$	9	\$	95	\$ 80,427
Employer long-term	1,538	5,001					6,539
Accrued interest	171,454	19,278		457		842	192,031
Due from other funds	15,009	2,126		_		31	17,166
Total receivables	\$ 258,801	\$ 35,928	\$	466	\$	968	\$ 296,163
Investments:							
United States government securities	\$ 3,324,844	\$ 260,459	\$	8,235	\$	9,614	\$ 3,603,152
United States government agencies and government-							
insured securities	3,812,063	397,496		7,465		18,472	4,235,496
Corporate bonds	3,404,900	481,619		9,354		19,353	3,915,226
Financial and other	2,268,174	212,439		4,137		9,854	2,494,604
Total investments	\$ 12,809,981	\$ 1,352,013	S	29,191	\$	57,293	\$ 14,248,478

g. National Guard Pension System

Plan Description

The National Guard Pension System (NGPS) is a

The National Guard Pension System (NGPS) is a single-employer defined benefit pension plan administered by the State Adjutant General's Office. The Adjutant General's Office does not issue a separate financial report for the NGPS.

The NGPS, established by Section 25-1-3210 of the South Carolina Code of Laws, 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

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.

The following table shows the number of employees by type of membership as of June 30, 1996.

employees by June 30, 1996.

	NGPS_
Retirees and beneficiaries receiving benefits	1,550
Terminated employees entitled to benefits but not	
yet receiving them	1,947
Fully vested active employees	2,063
Nonvested active employees	9,135
Total active employees	11,198
Total participants	14,695
Number of participating	
employers	1

National Guard members who served in South Carolina prior to July 1, 1993, are covered by the plan. NGPS is closed to new entrants.

Investments and Receivables

The assets of the NGPS are comprised of Cash and Cash Equivalents and Accounts Receivable. At June 30, 1996, all of the \$51 thousand in Accounts Receivable consisted of accrued interest.

Contributions and Reserves

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 25 of the South Carolina Code of Laws

prescribes requirements relating to membership, benefits, and employer contributions for the NGPS.

In accordance with State law, the State Adjutant Office General's administers the Administrative charges are financed through investment earnings. On July 1, 1993, the State began funding the plan on an actuarial basis and has continued since that time to contribute to the plan at an actuarially determined rate. Members do not contribute.

The net assets of the National Guard Pension System are required to be reserved for the purpose of paying the supplemental retirement benefits to eligible members. The balance in the reserve at June 30, 1996, was \$3.821 million.

Funding Policy and Annual Pension Cost

The following table provides information concerning funding policies and annual pension costs (dollars expressed in thousands):

	NGPS
Annual pension cost	\$2,982
Employer contributions made	\$2,499
Actuarial valuation date	June 30, 1996
Actuarial cost method	Entry age
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	N/A
Assumed inflation rate	4.25%
Assumed cost-of-living	
adjustments	Not applicable

The following represents the components of the net pension obligation (NPO) for the NGPS, at June 30, 1996 (expressed in thousands):

	NGPS
Actuarially required contribution (ARC)	\$3,085
Interest on the NPO	259
Adjustment to the ARC	(362)
Annual pension cost	2,982
Contributions made	2,499
Increase (decrease) in NPO	483
NPO beginning of year	3,581
NPO end of year	\$4,064

The State recognized \$2.499 million of expenditures in the General Fund for the current fiscal years' actuarially determined contribution.

In accordance with GASB Statement 27, the pension liability determined at transition was \$4.064 million. That amount has been recorded in the State's General Long-Term Obligations Account Group as the pension liability at June 30, 1996. The State recognized no pension liability for the NGPS in the fiscal year ended June 30, 1995.

Trend Information

The following table provides a schedule of funding progress for the three latest available years (dollars expressed in thousands):

Actuarial Valuation Date	Actuarial Value of Assets <i>(a)</i>	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) <i>(b-a</i>)	Funded Ratio <i>(a/b)</i>	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/93	\$ 2,499	\$ 26,200	\$ 23,701	9.5%	\$ 48,385	49.0%
7/1/94	3,760	26,996	23,236	13.9%	50,766	45.8%
6/30/96	6,259	36,756	30,497	17.0%	48,861	62.4%

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the latest

three fiscal years for the plan is as follows (dollars expressed in thousands):

Fiscal Year Ended June 30	P	nnual ension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
1996	\$	2,982	83.8%	\$	4,064	
1995		2,300	108.7%		3,581	
1994		2,400	104.1%		3,781	

h. 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 has fully funded the required amount annually on a pay-as-you-go basis. During the fiscal year ended June 30, 1996, the State's General Fund transferred \$5.955 million to the South Carolina Retirement System and the Police Officers' Retirement System for retiree supplemental benefits.

i. Defined Contribution Plan

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan administered by the South Carolina Retirement Systems. The ORP was established 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. 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 Section b, "Funding Policies," above). Employer and employee contributions to the ORP were \$8.500 million and \$6.500 million, respectively, for the fiscal year ended June 30, 1996.

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 certain former State employees and to certain of their surviving dependents. Generally, retirees are eligible for the benefits if they have established at least five years of retirement service credit, whereas

other former employees are eligible only if they have established at least twenty years of retirement service credit. Benefits become effective when the former employee retires under a state retirement system. Currently, approximately 18,160 retirees meet these

Currently, approximately 18,160 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. The State pays 100% of allowable claims. The State pays 100% of allowable claims 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.

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, 1996, the State recognized expenses (net of participant contributions) of \$47.420 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 \$599.913 million assets in the Section 457 plan at December 31, 1995, \$290.848 million was applicable to the State while the remaining \$309.065 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. Some of these leases take the form of installment purchases of property. The present value of future minimum capital lease and installment purchase payments and minimum annual lease payments for capital leases and installment purchases (expressed in thousands) follow:

			Capital I	_ease	s and Ins	tallmen	t Purchases	;	
	Primary Government								
Fiscal Year Ending June 30	internal Service Funds	Loi Ob A	General ng-Term ligations account Group	Ed	ligher ucation Funds		n ponent Units		Total
1997	\$ 4,498	\$	3,732	\$	4,863	\$	5,257	\$	18,350
1998	4,507		3,309		4,324		5,457		17,597
1999	4,507		3,042		3,885		5,226		16,660
2000	4,517		2,896		2,876		4,831		15,120
2001	4,540		2,286		1,912		4,139		12,877
2002 and after	26,163		5,253		26,400		37,473		95,289
Total minimum payments	48,732		20,518		44,260		62,383		175,893
Less: interest and executory costs Present value of net minimum	16,241		4,096		16,472		15,930		52,739
payments	\$32,491	\$	16,422	\$	27,788	\$	46,453	\$	123,154

Assets under capital leases at June 30, 1996, were as follows (expressed in thousands):

	Pr	imary Governn				
Assets Acquired Under Capital Leases	Internal Service Funds	Long-Term Obligation Account Group	Higher Education Funds	Component Units	Total	
Land and improvements	\$ —	s —	\$ 1,613	\$ —	\$ 1,613	
Buildings, improvements, and utility plant	44,074	6,450	35,306	99,123	184,953	
Machinery, equipment, and other		13,610	7,801	_	21,411	
Assets acquired under capital leases before accumulated amortization	44,074	20,060	44,720	99,123	207,977	
Less: accumulated amortization	8,267		1,327	61,387	70,981	
Assets acquired under capital leases, net	\$35,807	\$ 20,060	\$ 43,393	\$ 37,736	\$ 136,996	

Operating lease payments during the fiscal year ended June 30, 1996, totaled \$54.180 million. At June 30, 1996, future minimum payments under

operating leases (expressed in thousands) were as follows:

	Operating Leases							
Fiscal Year Ending June 30		Primary overnment		nponent Units	Total			
1997	\$	24,200	\$	237	\$	24,437		
1998		21,237		145		21,382		
1999		17,799		35		17,834		
2000		13,462		19		13,481		
2001		9,052		11		9,063		
2002 and after	_	35,827			_	35,827		
Total minimum payments	\$	121,577	\$	447	\$	122,024		

b. Facilities Leased to Others—Component Unit

Non-State parties lease land and facilities under operating leases from the State Ports Authority, a discretely presented component unit. At June 30, 1996, the State Ports Authority had leased to others certain land and facilities having a cost of approximately \$200.786 million and \$58.228 million of related accumulated depreciation. Future minimum rental payments to be received at June 30, 1996, under this operating lease (expressed in thousands) were:

Fiscal Year Ending	
June 30	Amount
1997	\$ 8,303
1998	6,594
1999	3,406
2000	2,867
2001	409
2002 and after	1,448
Total	\$ 23,027

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

a. General Obligation Bonds

General obligation bonds are backed by the full faith, credit, and taxing power of the State. General obligation bonds (expressed in thousands) outstanding at June 30, 1996, were:

General Long-Term Obligations Account Group	
Capital improvement bonds, 3.75% to 7.60%	\$ 915,494
State highway bonds, 3.50% to 6.10%	50,000
Subtotal-General Long-Term Obligations	
Account Group	 965,494
Higher Education Funds	
State institution bonds, 4.10% to 7.40%	41,900
Totalgeneral obligation bonds payable	\$ 1,007,394

Of the \$915.494 million in outstanding capital improvement bonds, \$13.083 million is capital appreciation (deep-discount) bonds.

At June 30, 1996, \$81,936 million of capital

improvement bonds were authorized but unissued.

At June 30, 1996, future debt service requirements (expressed in thousands) for general obligation bonds were:

Year Ending June 30	Principal	Interest	Totals
1997	\$ 98,270	\$ 52,046	\$ 150,316
1998	102,055	45,940	147,995
1999	84,665	39,983	124,648
2000	85,230	35,129	120,359
2001	99,268	32,371	131,639
2002 and after	546,503	104,129	650,632
Total debt service requirements	1,015,991	\$309,598	\$1,325,589
Unamortized discounts	(8,597)		
Total principal outstanding	\$1,007,394		

The Department of Transportation Special Revenue Fund pays the debt service for the State highway bonds recorded in the General Long-Term Obligations Account Group. The General Fund pays debt service for the other 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, 1996.

The State's legal debt margin at June 30, 1996, was \$48.100 million for institution bonds. Rather than directly limiting the amount of other outstanding general obligation debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 1996, was \$53.524 million for highway bonds and \$66.836 million for general obligation bonds excluding institution and highway bonds.

b. Limited Obligation Bonds

Limited obligation bonds are not backed by the full faith, credit, and taxing power of the State. Limited obligation bonds (expressed in thousands) outstanding at June 30, 1996, were:

Internal Service Funds	
Lease revenue bonds, 5.25% to 7.00%	\$ 6,672

At June 30, 1996, there were no limited obligation bonds authorized but unissued.

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

At June 30, 1996, future debt service requirements (expressed in thousands) for limited

obligation bonds were:

Year Ending June 30	Pr	incipal	Int	terest	•	Totals
1997	\$	215	\$	390	\$	605
1998		225		375		600
1999		235		359		594
2000		250		343		593
2001		260		326		586
2002 and after		5,550		2,547		8,097
Total debt service						
requirements		6,735	\$	4,340	\$	11,075
Unamortized discounts		(63)			_	
Total principal						
outstanding	\$	6,672				

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

c. Revenue Bonds, Notes, and Certificates of **Participation**

Revenue bonds, notes, and certificates of participation are not backed by the full faith, credit, and taxing power of the State. Revenue bonds, notes, and certificates of participation outstanding (expressed in thousands) at June 30, 1996, were:

			Certificates of
	Bonds	Notes	Participation
Primary Government:			
Enterprise Funds			
Housing Authority bonds, 3.50% to			
10.25%	\$ 487,394	s —	s –
Education Assistance Authority			
bonds, 3.50% to 8.60%	420,858	_	_
Other Enterprise notes, 6.00%		529	
TotalsEnterprise Funds	908,252	529	
Higher Education Funds			
Various bonds and notes, 3.00% to			
12.00%	237,061	54,377	_
Direct note obligations, 8.79%	_	55,000	_
Certificates of participation, 6.25%			
to 7.50%			22,870
TotalsHigher Education Funds	237,061	109,377	22,870
TotalsPrimary Government	1,145,313	109,906	22,870
Discretely Presented Component			
Units:			
Public Service Authority priority			
obligations, 4.10%	39,380	_	_
Public Service Authority electric			
system expansion revenue bonds,			
5.35% to 8.60%	659,410	_	_
Public Service Authority electric			
revenue bonds, 3.60% to 7.75%	1,564,974	_	-
State Ports Authority bonds, 3.25% to			
6.75%	87,058		
Totals—Discretely Presented			
Component Units	2,350,822		
Totals—revenue bonds, notes,			
and certificates of participa-			
tion payable	\$ 3,496,135	\$109,906	\$ 22,870
Hon payable	¥ 3,480,130	7100,000	- ,0/0

Certain revenue bonds require the individual enterprises to provide sufficient revenue to pay debt service and to fund all necessary expenses to run the enterprises. Additionally, the State Ports Authority,

enterprises. Additionally, the State Ports Authority, a discretely presented component unit, is required to maintain an irrevocable letter of credit equal to the principal amount of its Series 1994 Bonds and accrued interest. The letter of credit had an available balance of \$27.813 million at June 30, 1996.

University Medical Associates of the Medical University of South Carolina (UMA) is a component unit of the Medical University of South Carolina, an institution reported in the Higher Education Funds. During January 1995, UMA issued \$55.000 million in Direct Note Obligations, Select Auction Variable Rate Securities. The variable rate of interest is set every 35 days. UMA has entered into a thirty-year interest rate swap agreement for these obligations. Based on the swap agreement, UMA owes interest

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

At June 30, 1996, the State also owed the United States government \$9.243 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, 1996, retirements on this debt totaled \$37 thousand.

The funds that receive the proceeds of revenue 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

June 30, 1996, 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
1997	\$ 104,496	\$ 80,407	\$ 184,903
1998	62,124	74,746	136,870
1999	66,403	71,296	137,699
2000	83,668	66,397	150,065
2001	64,936	62,032	126,968
2002 and after	907,800	590,102	1,497,902
Total debt service			
requirements	1,289,427	\$ 944,980	\$2,234,407
Unamortized discounts	(11,087)		
Deferred amount on refunding	(251)		
Total principal outstanding	\$1,278,089		

Discretely Presented Component Units:

Year Ending June 30	Principal	Interest	Totals
1997	\$ 39,475	\$ 136,167	\$ 175,642
1998	45,500	145,987	191,487
1999	40,905	148,760	189,665
2000	46,790	146,060	192,850
2001	58,350	143,563	201,913
2002 and after	2,458,746	2,192,907	4,651,653
Total debt service			
requirements	2,689,766	\$2,913,444	\$5,603,210
Unamortized discounts	(56,265)		
Deferred amount on refunding	(282,679)		
Total principal outstanding	\$2,350,822	•	

The fiscal year for the Public Service Authority ends December 31 while the fiscal year for the State Ports Authority ends June 30. Both entities are discretely presented component units. At December 31, 1995, the carrying value of the Public Service Authority's debt was \$2.490 billion while the fair value was approximately \$2.870 billion. At June 30, 1996, the carrying value of the State Ports Authority debt was \$87.381 million while the fair value was approximately \$90.786 million. The fair values were estimated using current rates available to the entities for similar borrowing arrangements and the entities for similar borrowing arrangements and on the market rate of comparable traded debt.

d. Defeased Bonds

During August 1995, the Education Assistance Authority, an entity reported in the Enterprise Funds, issued \$62.055 million in Student Enterprise Funds, issued \$62.055 million in Student Loan Revenue Bonds with an average interest rate of 5.70% to refund \$5.575 million in Student Loan Revenue Bonds with an average interest rate of 6.00% and to provide financing for student loans. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$300 thousand. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 1998 using the effective-interest method. The Authority completed the refunding to gain flexibilities provided by the 1993 bond resolution. The refunding increases the Authority's total debt payments over the next nineteen years by \$113 thousand and results in an economic loss (difference between the present values of the old and new debt service payments) of of the old and new debt service payments) of \$165 thousand.

Suth Carolina, an institution reported in the State's Higher Education Funds, issued \$9.735 million in Parking Facilities Revenue bonds with an average interest rate of 4.86%. Of the \$9.735 million, \$1.949 million was to advance refund \$2.000 million in Parking Revenue Bonds with an average interest rate of 5.83%. The net proceeds of \$1.918 million (after payment of \$31 thousand in issuance costs) plus an additional \$145 thousand in excess debt service funds were used to purchase United States government securities. The University advance refunded these bonds to reduce its debt service and to gain flexibilities provided by the new Bond gain flexibilities provided by the new Bond

Resolution. As a result of the refunding, the University's total debt service payments over the next six years will decrease by \$15 thousand and the

university will decrease by \$15 thousand and the University will obtain an economic gain (difference between the present values of the old and new debt service payments) of \$32 thousand.

During its fiscal year ended December 31, 1995, the Public Service Authority, a discretely presented component unit, issued \$316.760 million in Refunding Revenue Bonds with an average interest rate of 6.01% to advance refund \$313.835 million in Revenue Bonds with an average \$313.835 million in Revenue Bonds with an average interest rate of 7.23%. The net proceeds of \$298.476 million (after payment of \$4.226 million in original issue discount and \$14.058 million in issuance costs, insurance costs and received the server of t issuance costs, insurance costs and reserve requirements) plus an additional \$28.351 million were used to purchase United States government securities. The advance refunding resulted in a securities. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$54.028 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2022 using the effective-interest method. The Authority refunded these bonds to reduce its total debt service payments over the next twenty-seven years by \$57.034 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$22.361 million.

In addition, during the current and prior years the

and new debt service payments) of \$22.361 million.

In addition, during the current and prior years the State defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds of the new bonds were placed in irrevocable trusts to provide for all future debt service payments on the old bonds. At June 30, 1996, the following outstanding bonds (expressed in thousands) are considered defeased:

	Primary Government					
	Lo O	General ong-Term bligations Account Group	Ed	Higher lucation Funds	Co	mponent Units
Capital improvement bonds	<u> </u>	243,000	<u> </u>	_	\$	
Public Service Authority bonds		_		_		864,125
State Ports Authority bonds		_		_		20,350
Other		_		39,714		_
Totals	\$	243,000	\$	39,714	\$	884,475

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 the accompanying financial statements.

e. No-Commitment Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for

repayment. These bonds, therefore, do not appear as 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. bonds, certain State Housing Finance and Development Authority Multi-Family Bonds issued since 1985, and debt issued by certain other State agencies.

f. Resources Authority Debt

In prior years, the Resources Authority issued bonds and used the proceeds to purchase obligations of local governmental entities. The local governmental entities used the proceeds received from periodic principal and interest payments received from the local governmental entities are used by the Authority to retire its own debt. The debt issued by the Authority is not a debt of the State and is not recorded in the accompanying Combined Balance Sheet. The Authority's outstanding debt at Sheet. The June 30, 1996, October 1994, The Authority's outstanding debt at 996, was \$46.240 million. Effective 1994, the General Assembly enacted

June 30, 1996, was \$46.240 million. Effective October 1994, the General Assembly enacted legislation that prohibits the Authority from issuing bonds except to refund bonds previously issued.

In fiscal years 1993-94, 1994-95, and 1995-96, one local governmental entity was unable to meet its financial obligation under the terms of a \$5.025 million revenue bond that was purchased by the Authority. In June 1990, when the local governmental entity issued its debt, it estimated that the related sewer project would be completed and operational by calendar year 1992. Revenue generated by the sewer system is pledged for debt retirement. At June 30, 1996, the system was partially operational but construction had not been completed. The State paid \$132 thousand in 1993-94, \$425 thousand in 1994-95, and \$330 thousand in 1995-96 to the Authority to help the local entity meet its financial obligation. The State has appropriated \$420 thousand in fiscal year 1996-97 to be used, if needed, to meet the local governmental entity's 1996-97 scheduled principal and interest payments. and interest payments.

g. Commercial Paper Notes

The Public Service Authority, a discretely presented component unit, issued \$237.320 million of Commercial Paper Notes. The paper is issued for valid corporate purposes with a term not to exceed 270 days. The Authority has a \$250.000 million revolving credit agreement to support the issuance of commercial paper. There were no borrowings under the agreement for the Authority's fiscal year ended December 31, 1995.

h. Subsequent Events

Since June 30, 1996, the State primary government has issued \$154.100 million of bonds. Of this amount, \$5.385 million of bonds were issued as a current refunding of prior issues. Also, the discretely presented component units have issued

\$350.515 million of bonds to advance refund prior

issues.

The State primary government called revenue bonds totaling \$18.050 million on July 1, 1996.

NOTE 12: CHANGES IN GENERAL LONG-TERM OBLIGA-**TIONS**

Changes in general long-term obligations (expressed in thousands) for the fiscal year ended June 30, 1996, were:

	Balances at July 1, 1995		Inc	Increases Decreases			Balances at June 30, 1996			
Accounts payable and accrued lia- bilities	\$	2,419	\$	2,347	\$	(2,780)	s	1,986		
Insurance claims incurred but not reported		5.331		1.509		_		6,840		
General obligation bonds payable		853,702		191,482		(79,690)		965,494		
Capital lease and installment debt obligations pay-										
able Compensated ab-		16,187		3,506		(3,271)		16,422		
sences payable	i	154,419		83,257		(78,569)		159,107		
Other liabilities	_	37,560		15,450		(11,836)		41,174		
Totals	\$	1,069,618	\$	297,551	\$ (176,146)	\$	1,191,023		

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

inajority of the Other Liabilities consist of claims and judgments payable.

The increase of \$191.482 million for General Obligation Bonds Payable includes \$572 thousand in accretion of interest on capital appreciation (deep-discount) bonds.

NOTE 13: INTERFUND BALANCES

a. Interfund Assets and Liabilities Within the **Primary Government**

Interfund assets and liabilities (expressed in thousands) for each individual fund within the primary government at June 30, 1996, were:

Fund Type/Fund	Due From	Due To	Interfund Receivables		Interfund Payables		Advances To		Advance: From	
General										
General Fund	\$ 21,899	\$ 54,997	\$	5,593	\$	3,326	\$	10,557	\$	16,749
Less: eliminations	(21,657)	(21,657)		_		_		_		_
Adjusted General Fund	242	33,340		5,593	_	3,326	_	10,557	_	16,749
Special Revenue										
Departmental General Operating Fund	32,853	21,996		1,176		3,532		_		702
Education Improvement Act Fund	1,974	1,524				100		_		_
Children's Education Endowment Fund	5	1				_				
Repair, Maintenance, and Renovation Fund	1.876	37		_		_		_		_
Waste Management Fund	1,436	288		_		_				
Department of Transportation Special Revenue Fund	44.070	6,294		1.279		_		8,686		_
Economic Development Fund	_	_		200				800		_
Accommodations and Local Option Sales Tax Fund	201	62		_		_		_		_
Energy Settlement Fund	_	36				_		_		_
Omnibus Crime Fund	189	510		_		_		_		_
Medicaid Expansion Fund		40		_		_		_		_
Other Special Revenue Funds	854	1,022		56		70		318		_
Less: eliminations	(20,300)	(20,300)		_ ``		_		_		_
Adjusted Special Revenue Funds	63,158	11,510		2,711		3,702		9.804	_	702

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
Capital Projects						
Capital Projects Fund	\$ 2,945	\$ 262	s —	\$ 	\$ —	s —
Less: eliminations	(166)	(166)	_	_	_	
Adjusted Capital Projects Fund	2,779	96				
Enterprise						
Housing Authority	_	25	_	_	_	_
Patients' Compensation Fund	_	3	_	_	_	_
Second Injury Fund	_	971	_	_	_	_
Patriots Point Development Authority	_	12	_	20	_	20
Other Enterprise Funds	_	547	_	_	_	12,946
Adjusted Enterprise Funds		1,558		20		12,966
Internal Service						
Insurance Reserve Fund	1,260	135	4,428	_	35,282	_
Health and Disability Insurance Fund	14,068	55	<u> </u>	_		
State Accident Fund	10,195	96			_	_
General Services Fund	6,079	452	8	2,241		21,554
Central Supplies and Equipment Fund	730	10	_	1,075		_
Motor Pool Fund	1,784	165		<u> </u>		_
Pension Administration Fund	_	146	_		_	_
Prison Industries Fund	719	264	_	_		_
Other Internal Service Funds	22	26	2,711	2,752	19,020	18,479
Less: eliminations	(1,349)	(1,349)	(4,150)	(4,150)	(31,211)	(31,211)
Adjusted Internal Service Funds	33,508		2,997	1,918	23,091	8,822
Trust and Agency Expendable Trust:				421		
Unemployment Compensation Benefits Fund	4	-		421	-	_
Other Expendable Trust Pension Trust:		56	_		_	
South Carolina Retirement System	15,009	13,467	_	_	_	_
Police Officers' Retirement System	2,126	412	-	_	_	_
Judges' and Solicitors' Retirement System	31	_	_	_		_
Agency Funds:						
Federal Interfund Activity Fund	860	53	_	755	_	_
Payroll Clearing Fund	39,666	8,766		30		_
Other Agency Funds	5,490	74,399	20		20	1,100
Less: eliminations	(46,756)	(46,756)	_	_	_	_
Adjusted Trust and Agency Funds	16,430	50,397	20	1,206	20	1,100
Higher Education						
Unrestricted Current Funds	9,048	28,594	_	64		104
Restricted Current Funds	2,770	1,660	_		_	
Endowment and Similar Funds	50	_		_	_	
Unexpended Plant Funds	59		_	_	_	11,735
Retirement of Indebtedness Funds	_	_	_	_	530	
Investment in Plant Funds	_	_	_	885	_	25,419
Agency Funds	111	1,000	_	_	_	_
Foundations and Institutes		_	-	_	33,395	
Less: eliminations	(5,099)	(5,099)	_	_	(33,925)	(33,925)
Adjusted Higher Education Funds	6,939	26,155		949		3,333
Totals—Primary Government	\$ 123,056	\$ 123,056	\$ 11,321	\$ 11,121	\$ 43,472	\$ 43,672

Inequality of Interfund Receivables and Interfund Payables; Inequality of Advances To and Advances From Other Funds

Interfund Receivables and Advances From Other Funds each exceed Interfund Payables and Advances To Other Funds by \$200 thousand because of an interfund loan from the Economic Development Fund, a Special Revenue Fund, to the Division of Public Railways (reported as part of Other Enterprise Funds). The Division of Public Railways reports using a December 31 fiscal year-end while the Economic Development Fund's fiscal year ends June 30. The loan payment of \$200 thousand due on June 1, 1997, is reported as a current Interfund Receivable by the Economic Development Fund at June 30, 1996, but as a long-term Advance From Other Funds by the Division of Public Railways at December 31, 1995.

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

Transfers From Component Units exceed Transfers To Primary Government by \$245 thousand because the Public Service Authority, a discretely presented component unit, reports using a December 31 fiscal year-end. The \$245 thousand difference represents Transfers From Component Units to the General Fund for the fiscal year ended June 30, 1996, less Transfers To Primary Government from the Public Service Authority for its fiscal year ended December 31, 1995.

d. Inequality of Residual Equity Transfers In and Out

Residual Equity Transfers Out of \$5.000 million in the Special Revenue Funds were recorded as additions to Contributed Capital in the Enterprise Funds. Residual Equity Transfers Out of \$1.020 million in the General Fund and \$1.785 million in the Special Revenue Funds were recorded as additions to Contributed Capital in the

State Ports Authority, a discretely presented component unit. These balances resulted from transfers of capital improvement bond proceeds.

NOTE 14: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

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

The unreserved component of fund equity is computed as total fund equity less reserved amounts. Although the total fund balance in the General Fund was positive at June 30, 1996, the unreserved component was negative because the reserve requirements exceeded total fund balance.

a. Primary Government—Reserved Retained Earnings

At June 30, 1996, the \$188.301 million balance of Reserved Retained Earnings in the primary government's Enterprise Funds consisted entirely of Retained Earnings Reserved for Debt Requirements. The reservations are required by bond indentures and other financing agreements.

b. Primary Government—Reserved and Designated Fund Balances

At June 30, 1996, the following amounts of fund balance (expressed in thousands) were reserved or designated:

		General		Special Revenue		Capital rojects		Trust and Agency		Higher ducation
Fund balances reserved for:	_								_	
Pension and other benefits	\$	-	\$	_	\$		\$	15,476,811	\$	
Restricted fund balance		_								157,870
Federal government grants										40.054
refundable		_				_		_		43,051
General fund reserve		127,006						_		_
Inventories		14,992		22,966				_		_
Advances to other funds		10,557		9,804		_				_
Appropriations to be carried										
forward		391,382		_				_		_
Endowment and similar funds		_		_		_		1,112		52,740
Long-term loans and notes										
receivable		1,123		123,158		_				
Debt requirements		_		147						8,027
School building aid		736		34,784				_		_
Encumbrances		_		_		_				3,419
Other special purposes						_				4,474
Total reserved fund										
balances	\$	545,796	\$	190,859	\$		<u>\$</u>	15,477,923	\$	269,581
Unreserved fund balances										
designated for:	•		•	50.004	\$		\$		\$	2,512
Future years' expenditures	\$	_	\$	58,924	Ф		Ф		Ф	2,312
Capital expenditures				41,687		38,811		_		— 82
Loan funds		_				_		_		02
Scholarships		_		228				_		40.044
Quasi-endowments						_		_		13,941
Plant funds		_		_		_				59,991
Special purposes		_					_	<u> </u>		6,505
Total unreserved, desig-									_	
nated fund balances	\$		\$	100,839	\$	38,811	\$		\$	83,031

The following subsections contain further descriptive information regarding the above reserved and designated components of fund balance.

Reserved for Pension and Other Benefits

This account includes \$14.831 billion reserved for pension, group life, and accidental death benefits. It also includes \$646.059 million of reserves to recognize the restricted nature of the fund balances in the Unemployment Compensation Benefits Fund.

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.

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.

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.

At June 30, 1995, the Reserve was fully funded at \$120.735 million. During the fiscal year ended June 30, 1996, the Reserve retained its fully-funded status by increasing \$6.271 million to \$127.006 million.

Reserved for Inventories

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

Reserved for Advances to Other Funds and Reserved for Long-Term Loans and Notes Receivable

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

Reserved for Appropriations to be Carried Forward

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

Reserved for Endowment and Similar Funds

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

Reserved for Debt Requirements

Amounts in the Special Revenue Funds represent reservations required by bond indentures for State Highway bonds. The amounts recorded as Reserved for Debt Requirements in the Higher Education Funds are reservations required by financing agreements and bond indentures of discretely presented component units of the Medical University of South Carolina.

Reserved for School Building Aid

Amounts in the General Fund and in the Education Improvement Act Fund, a Special Revenue Fund, are reserved if committed to State school districts to build school buildings or to retire debt on

such buildings. Such amounts are not available for appropriation.

Reserved for Encumbrances

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

Reserved for Other Special Purposes

Amounts Reserved for Other Special Purposes in the Higher Education Unrestricted Current Funds consist of resources that are reserved for various operating purposes specific to certain individual higher education institutions.

Designated for Future Years' Expenditures

Amounts Designated for Future Years' Expenditures in the Special Revenue Funds primarily relate to the Department of Transportation's expenditures for future highway repair and maintenance. In the Higher Education Funds the designations were reported by discretely presented component units of the Medical University of South Carolina for future use.

Designated for Capital Expenditures

The amount reported in the Special Revenue Funds represents amounts that the Department of Transportation designated for replacement of structurally deficient bridges. State Highway Bonds will finance these replacements. The State reports the entire fund balance in the Capital Projects Fund as Designated for Capital Expenditures.

Designated for Loan Funds

Amounts Designated for Loan Funds in the Higher Education Funds consist of resources which are designated for loans to students, faculty, or staff of higher education institutions.

Designated for Scholarships

Amounts reported as Designated for Scholarships in the Special Revenue Funds are being accumulated to establish endowments at public and private colleges and universities. The purpose of these endowments is to provide environmental scholarships.

Designated for Quasi-Endowments

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

Designated for Plant Funds

Amounts Designated for Plant Funds in the Higher Education Funds consist of resources designated to finance the acquisition, construction, improvement, renewal, or replacement of physical properties, and to pay debt service and retire indebtedness on institutional properties.

Designated for Special Purposes

Amounts Designated for Special Purposes in the Higher Education Unrestricted Current Funds consist of resources that are designated for various operating purposes specific to certain individual higher education institutions.

NOTE 15: RELATED PARTY TRANSACTIONS

These financial statements exclude certain related

These financial statements exclude certain related foundations and other organizations. (See also Note Ia, 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 South Carolina Universities Research and Education Foundation; the Greater University of South Carolina Alumni Association; the Carolina Piedmont Foundation, Inc.; the Lancaster County Educational Foundation, Inc.; the Clemson University Foundation; the Clemson University Research Foundation; the Clemson Architectural Foundation; the Clemson University Continuing Education and Conference Complex Corporation; the Clemson University Real Estate Foundation; the Health Sciences Foundation of the Medical University of South Carolina; the Coastal Educational Foundation, Inc., of Coastal Carolina University; The Coastal Carolina Booster Club; 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 Foundation; South Carolina State University Educational Foundation; The S.T.A.T.E. Club of South Carolina State University; Greenville Technical Foundation, Inc.; Tri-County Technical College Foundation, Inc.; Tri-County Technical College Foundation, Inc.; the South Carolina State Museum Foundation; and the Carolina Capital Investment Corporation.

Those organizations above that are related to higher education report total assets of

Those organizations above that are related to higher education report total assets of \$364.843 million. During the fiscal year ended June 30, 1996, 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\$3.433 million; donations of cash and other assets from foundations—\$31.294 million; expenditures (rental of foundation area)

from foundations—\$31.294 million; expenditures (rental of foundation-owned property)—\$1.975 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations—\$2.116 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 program. During the fiscal year ended June 30, 1996, EAA entered into various transactions with SLC. Approximate amounts within the State's Enterprise Funds that represent these transactions include:

accounts receivable from SLC-

include: accounts receivable from SLC-\$7.322 million; notes receivable from SLC-\$366.636 million; program revenue from SLC-\$364.447 million; and reimbursements to SLC for administrative costs-\$4.981 million.

During the fiscal year ended June 30, 1996, the Educational Television Endowment of South Carolina, Inc., disbursed \$11.024 million on behalf of the State for programs, development, advertising, and other costs. In addition, during the fiscal year ended June 30, 1995, the State entered into a capital lease with the Endowment for a building valued at \$6.450 million. The lease term covers ten years. The remaining capital lease obligation at June 30, 1996, was \$6.000 million.

The Jobs—Economic Development Authority (JEDA), an Enterprise Fund, maintains a management and administrative agreement with Carolina Capital Investment Corporation (CCIC). During the fiscal year ended June 30, 1996, JEDA paid CCIC \$927 thousand for management and administrative expenses.

administrative expenses.

NOTE 16: SEGMENT INFORMA-TION

a. Enterprise Funds

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

The Housing Authority provides low-cost housing to the State's citizens by issuing bonds/notes nousing 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. project loans.

Financial information (expressed in thousands) for these segments for the fiscal year ended June 30, 1996, follows:

	Housing Authority	Education Assistance Authority	Jobs—Economic Development Authority	Other	Totals
Operating revenues	\$ 51,391	\$ 42,101	\$ 1,408	\$ 28,370	\$ 123,270
Depreciation and amortization					
expense	185	_	_	981	1,166
Operating income (loss)	10,339	11,293	(1,713)	(11,499)	8,420
Federal revenue	20,372	2,496	_		22,868
Operating transfers in	_	-	125	_	125
Extraordinary loss	(298)		_	_	(298)
Net income (loss)	10,004	13,774	(9,489)	(11,192)	3,097
Current capital contributions and	•	ŕ	, , ,		
transfers	_		648	4,995	5,643
Property, plant, and equipment:				·	
Additions	86		_	2,556	2,642
Retirements	(20)	_	_	(684)	(704)
Net working capital	96,335	117,284	11,177	33,014	257,810
Total assets	640,416	506,549	20,325	127,364	1,294,654
Bonds and other long-term liabilities	- 10, 110	200,010	,	.,	
payable from operating revenues	458,244	391,463		32,555	882,262
Total fund equity	132,347	75,488	19,994	38,673	266,502

b. Discretely Presented Component Units

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

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

the commerce through these ports.

Financial information (expressed in thousands) for these segments for the fiscal year ended June 30, 1996, follows:

	Public Service Authority	State Ports Authority	Other	Totals
Operating revenues	\$ 643,838	\$ 62,254	\$1,889	\$ 707,981
Depreciation and amortization				
expense	101,267	14,671	78	116,016
Operating income (loss)	170,151	6,282	(3,864)	172,569
Federal revenue	_	_	3,773	3,773
Transfers to primary government	(6,436)	_	_	(6,436)
Net income (loss)	44,229	3,527	(207)	47,549
Current capital contributions and transfers	_	2,796	_	2,796
Property, plant, and equipment:				
Additions	120,929	11,661	56	132,646
Retirements	(26,657)	(2,075)	(234)	(28,966)
Net working capital	(225,542)	16,821	1,841	(206,880)
Total assets	3,484,306	374,307	2,613	3,861,226
Bonds and other long-term liabilities				
payable from operating revenues	2,176,201	86,338	_	2,262,539
Total fund equity	735,385	277,138	2,066	1,014,589

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, 1995, the Authority's revenue and Accounts Receivable (expressed in thousands) attributable to those customers were:

Customer	Revenue	% of Total Operating Revenue	 ccounts ce ivable	% of Total Accounts Receivable
Central Electric Power Cooperative, Inc	\$294,000	45.66%	\$ 28,883	43.06%
Alumax of South Carolina, Inc	73,000	11.34%	6,879	10.26%

During the fiscal year ended June 30, 1996, one customer accounted for approximately 10% of the State Ports Authority's revenues.

NOTE 17: EXTRAORDINARY LOSS

The \$298 thousand of Extraordinary Loss on the Early Extinguishment of Debt in the Enterprise Funds represented a loss on Housing Authority debt extinguishments that resulted from calling bonds.

NOTE 18: DEFICIT RETAINED **EARNINGS**

The Patriots Point Development Authority, an entity reported in the Enterprise Funds, had a deficit retained earnings balance of \$1.572 million at June 30, 1996. This deficit resulted primarily from an interrupted development project and the related bankruptcy proceedings over the last several years. The interrupted project left the Authority with an unfinished hotel and marina. During the fiscal year ended June 30, 1996, the Authority entered into a lease with a private company that plans to develop the unfinished assets. The lease agreement has been structured to provide for a controlled and orderly development. The Authority expects that revenues from this agreement eventually will eliminate the deficit retained earnings. deficit retained earnings.

NOTE 19: INSURANCE ACTIVITIES

a. Insurance Reserve Fund

The State generally does not purchase commercial insurance for the risks of losses for property damage, including theft of, damage to, and destruction of assets; automobile liability; tort liability; and medical professional liability. Instead, State management believes it is more economical to manage its risks internally and set aside assets for claim settlement in its Insurance Reserve Fund (IRF), an Internal Service Fund. The IRF services claims for risk of loss to which the State is exposed, including the following: property insurance on government owned buildings, the contents of such buildings, equipment, and automobiles; automobile liability insurance on government owned vehicles and school buses; tort liability insurance for government premises and operations; and medical professional liability for hospitals. Although the State is the predominant participant in the IRF, county and municipal governments, school districts and special purpose political subdivisions also participate. The IRF allocates the cost of providing claims servicing and claims payment by charging each participant an actuarially determined "premium."

The IRF reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The unpaid claims liability of \$153.040 million at June 30, 1996, includes a provision for claims in the process of review and for claims in unred but not reported. The liabilities, while the liability for Insurance Claims Incurred But Not Reported is reported separately on the face of the accompanying financial statements. The liability for claims incurred but not reported is estimated actuarially based on the most current historical claims experience of previous payments, changes in number of members and participants, inflation, and award trends. This process does not

necessarily result in an exact amount. Estimates of liabilities for incurred claims are continually reviewed and revised as changes occur. Revisions are reflected in the current year's income.

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

in thousands):

Fiscal			Cui	rent-Year		
Year Ended June 30	Fi	ginning-of scal-Year Liability	Ch	aims and anges in stimates	Claim Payments	Balance at Fiscal Year-End
1995 1996	\$	126,126 146,572	\$	55,681 41,999	\$ (35,235) (35,531)	\$ 146,572 153,040

The IRF purchases insurance to cover risks where it has limited expertise (aircraft insurance and

ocean marine insurance).

ocean marine insurance).

The IRF purchases reinsurance to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability. Reinsurance for catastrophic losses in the area of property insurance is purchased for losses above \$2.000 million per location and \$10.000 million per occurrence. For medical professional liability insurance, reinsurance for catastrophic losses is acquired for losses exceeding \$250 thousand per occurrence. Reinsurance permits partial recovery of losses from reinsurers; but the IRF, as direct insurer of the risks, remains primarily liable. The unpaid claims liabilities were reduced by \$10.080 million and \$13.049 million as of June 30, 1996, and 1995, respectively, for amounts relating to unpaid claims estimated to be recoverable from reinsurers. reinsurers.

Health and Disability Insurance Fund

The Health and Disability Insurance Fund, an Internal Service Fund, was established to provide health and dental insurance coverage for eligible employees and retirees of State agencies and school districts and group life and long-term disability insurance coverage to eligible active State and public school employees. The State, the predominant participant, retains the risk of loss. Under the health insurance program participants elect coverage participant, refains the risk of loss. Under the health insurance program, participants elect coverage through either a health maintenance organization or the State's self-insured plan. All dental, group life, and long-term disability coverage is through the State's self-insured plan. State funds and payroll deductions pay health and dental premiums for eligible State and public school employees. Agencies and school districts pay the employer share of premiums for retirees, and retirees directly pay their own share of premiums. Agencies and school districts pay the premiums for group life and long term disability.

The Health and Disability Insurance Fund

The Health and Disability Insurance Fund establishes claims liabilities when information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The unpaid claims

liability of \$88.065 million at June 30, 1996, includes a provision for claims in the process of review and for claims incurred but not reported. The liability for claims in the process of review is included in Accounts Payable and Accrued Liabilities, while the liability for Insurance Claims Incurred But Not Reported is reported separately on the face of the accompanying financial statements. The liability for claims incurred but not reported is estimated actuarially based on the most current historical claims experience of previous payments, changes in claims experience of previous payments, changes in number of members and participants, inflation, award trends, and estimates of health care trend changes (cost, utilization, and intensity of services). This process does not necessarily result in an exact amount. Estimates of liabilities for incurred claims are continually reviewed and revised as changes. are continually reviewed and revised as changes occur. Revisions are reflected in the current year's

income.

Claim costs for group life and long-term disability coverage are actuarially calculated using the one-year term cost method; the cost of coverage is the present value of all benefit payments that will be made on expected claims incurred during the year following the valuation date. Claim liabilities are equal to the present value, as of the valuation date, of all future payments to be made for disabilities and deaths up to that date. Actuarial assumptions include an interest rate of 7.25%, compounded annually. Of the total claims liability reported for the Health and Disability Insurance Fund at June 30, 1996, \$18.169 million relates to group life and long-term disability insurance coverage. Claims liabilities for health and dental insurance coverage are not discounted to present value. discounted to present value.

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

Fiscal			Cu	rrent-Year						
Year	Beg	inning-of	CI	laims and		Balance at				
Ended	Fis	scal-Year	CI	hanges in	Claim	Fiscal Year-End				
June 30		.iability	E	stimates	Payments					
1995	\$	88,285	\$	471,956	\$ (467,246)	\$	92,995			
1996		92,995		467,807	(472,737)		88,065			

State Accident Fund

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

workers' compensation claims.

The Fund investigates, adjusts, and pays workers' compensation claims as awarded by the Workers' Compensation Commission for job-related accidental injury, disease, or death to covered individuals. The Fund annually bills participating entities for estimated premiums based on the entity's estimated payroll. Participating entities remit their actual payroll after the policy period ends. The Fund then adjusts the premium using the actual payroll and a

adjusts the premium using the actual payroll and a rating modifier based on claims experience.

The Fund establishes claims liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims liabilities are actuarially determined and include an amount for claims reported but not yet paid and claims incurred but not yet reported. At June 30, 1996, the claims liability for the Fund was \$59.79 I million. The liability for claims reported but not yet paid is included in Accounts Payable and Accrued Liabilities, while the liability for Insurance Claims Incurred But Not Reported is reported separately on the face of the accompanying financial statements. Because actual claims costs depend on such complex factors as inflation, changes in legal doctrines, and damage awards, computation of the claims liability does not necessarily result in an exact amount. Claims liabilities and the computation methods are reevaluated periodically, and any adjustments are reflected in current earnings.

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

in thousands):

Fiscal Year Ended June 30	Fis	inning-of scal-Year liability	CI:	rrent-Year aims and anges in stimates	Claim Payments	 alance at Fiscal ear-End
1995 1996	\$	55,898 65,651	\$	32,770 20,726	\$ (23,017) (26,586)	\$ 65,651 59,791

During the current fiscal year, the Fund entered into a reinsurance agreement to reduce its exposure to catastrophic losses on insured events. Reinsurance permits partial recovery of losses from reinsurers; but the Fund, as direct insurer of the risks, remains primarily liable. There were no amounts estimated to be recoverable from reinsurers at June 30, 1996.

Patients' Compensation Fund d.

The State's Enterprise Funds include the South Carolina Medical Malpractice Patients' Compensation Fund (PCF). The PCF is accounted for as an insurance enterprise because it is primarily composed of non-governmental entities. Accordingly, the PCF follows the guidance of FASB Statement 60, "Accounting and Reporting by Insurance Enterpreses."

Insurance Enterprises."

State law created the PCF to pay that portion of any medical malpractice claim, settlement, or judgment against a licensed health care provider which exceeds \$100 thousand per incident or \$300 thousand in the aggregate for one year. In the event the PCF incurs a liability exceeding \$100 thousand to any person under a single occurrence, the PCF may not pay more than \$100 thousand per year until the claim has been paid in full. However, the Board of Governors of the PCF may authorize payments in excess of \$100 thousand per year so as to avoid payment of interest.

Licensed health care providers include physicians and surgeons, directors, officers and trustees of hospitals, nurses, oral surgeons, dentists,

pharmacists, chiropractors, hospitals, nursing homes, and any similar category of licensed health care

pharmacists, chiropractors, hospitals, nursing homes, and any similar category of licensed health care providers. All providers licensed in South Carolina are eligible to participate upon remittance of the annual assessment fees.

The PCF actuarially establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. At June 30, 1996, the claims liability for the PCF was \$17.241 million. The liability for claims reported but not settled is included in Accrued Liabilities while the liability for Insurance Claims Incurred But Not Reported is reported separately on the face of the accompanying financial statements. The PCF does not incur claim adjustment expenses because it provides only excess liability coverage. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as medical technology, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit because reliance is placed both on actual historical data that reflect past inflation and on costs is implicit because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

e. Public Service Authority—A Discretely **Presented Component Unit**

The Public Service Authority, a discretely The Public Service Authority, a discretely presented component unit with a December 31 fiscal year-end, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Authority purchases commercial insurance to cover these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Policies are subject to deductibles ranging from \$1 thousand to approximately \$800 thousand. Also a \$1.000 million self-insured layer exists between the Authority's primary and excess liability policies.

The Authority self-insures its risks related to

auto, dental, and environmental incidents. Automotive exposure is up to \$2.000 million per incident. Risk exposure for the dental plan is limited by plan provisions. There have not been any third-party claims for environmental damages for 1994 or 1995. The Authority self-insures its risks related to

The State reports all of the Authority's risk management activities within the Public Service Authority's accounts. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be

reasonably estimated.
At December 31, 1995, the amount of these liabilities was \$1.634 million. Changes in the

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

Fiscal Year Ended December 31	Fis	ginning- of- cal-Year iability	Cla Ch	rent-Year aims and anges in stimates	Claim ayments	1	alance at Fiscal ear-End
1994	\$	4,517	\$	(1,029)	\$ (1,051)	\$	2,437
1995		2,437		77	(880)		1,634

NOTE 20: JOINT OPERATION

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

In accordance with regulatory accounting practices, the Authority reported Property, Plant, and Equipment of \$478.000 million and expenses of \$45.282 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.

The Nuclear Regulatory Commission (NRC) has

The Nuclear Regulations on decommissioning of These regulations require a nuclear facilities. 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 \$76.266 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 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 \$38.165 million (adjusted to market) at December 31, 1995, 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 \$8,900 billion. arising from any nuclear incident as \$8.900 billion. This amount would be covered by nuclear liability insurance of up to \$200.000 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 \$10.000 million per incident per year). Based on its one-third interest in the Summer Nuclear Station, the Authority would be responsible for a maximum assessment of \$26.425 million, not to exceed approximately \$3.300 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 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

of commercial liability insurance the NRC is required to maintain.

SCE&G and the Authority maintain, with American Nuclear Insurers (ANI) and Nuclear Electric Insurance Limited (NEIL), \$500.000 million primary and \$1.400 billion excess property and decontamination insurance to cover the costs of facility cleanup in the event of an accident. In addition to the premiums paid on the excess policy, SCE&G and the Authority also could be assessed a retroactive premium, not to exceed 7.5 times the annual premium, in the event of property damage to any nuclear generating facility covered by NEIL. Based on the current annual premium and the Authority's one-third interest, the Authority's maximum retroactive premium would be \$4.300 million. \$4.300 million.

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

NOTE 21: CONTINGENCIES AND COMMITMENTS

a. Litigation

Among the unresolved lawsuits in which the State was involved at June 30, 1996, were several that challenge the legality of certain State taxes and fees. The challenged revenues include the following: fees payable under the Infectious Waste Act and Regulations, sales taxes on certain prescription medicines, the repeal of capital gains tax refunds, and taxes on bingo operations. Losses in these cases could have an adverse impact on future revenues. While the State is uncertain as to the ultimate outcome of any of these cases, it is vigorously defending each lawsuit. In the event of an unfavorable outcome for these cases, the ultimate liability is not expected to exceed \$40.442 million. liability is not expected to exceed \$40.442 million. This estimate does not include the impact on future revenues.

Other cases in which the State may incur a liability include cases challenging the 1990 amendments to the Beachfront Management Act and

a suit alleging defalcation of trust funds by a probate judge. Also, several cases seek compensation for attorneys' fees. These include a suit that challenged the single gender education policy at The Citadel and reapportionment cases. In the event of an unfavorable outcome for these cases, the ultimate liability is not expected to exceed \$10.300 million, which includes plaintiff's attorneys' fees of \$5.800 million for the Citadel case and \$1.000 million for the reapportionment cases.

The State Department of Education and the State Superintendent have four cases pending which were filed by one current and three former Department employees. The former employees have sued, alleging wrongful termination. The total amount requested in these four lawsuits is \$9.000 million. The ultimate liability of the State in these cases, if any, is not determinable at this time.

The South Carolina Retirement Systems are

The South Carolina Retirement Systems are involved in a lawsuit filed by four retired members. The plaintiffs challenge the Systems' treatment of unused annual leave in the calculation of participants' retirement payments. The State's liability in the event of an unfavorable outcome would be approximately \$340.000 million for current retirees. approximately \$340.000 million for current retirees. This estimate excludes the impact of an adverse decision upon future payments for current active members. That impact is estimated to be in excess of \$600.000 million if plaintiffs prevail and current statutes are not amended. The State believes that the Systems are providing retirement benefits to its members in accordance with current State laws and regulations and is vigorously defending this position.

The State is involved in a number of cases in which the amounts of potential losses, if any, are not presently determinable. These cases include one contending that the funding of public education in South Carolina is inequitable and inadequate. The State moved to dismiss that case, and the Circuit Court granted that motion. The plaintiffs have appealed.

The Medical University of South Carolina is a

The Medical University of South Carolina is a defendant in two cases for which the University has no insurance coverage to provide for losses. Legal counsel is unable to assess the likely outcome of these cases. Loss to the Higher Education Funds, if any, as a result of an unfavorable outcome for these cases cannot be determined.

cannot be determined

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

Due to the uncertainty involving the ultimate outcome of the previously discussed unresolved lawsuits, no provision for potential liability has been made for them in the accompanying financial

statements.

In two recent decisions, the South Carolina Supreme Court concluded that the \$250 thousand statutory government liability cap provided for in the South Carolina Tort Claims Act would not apply to those tort cases filed against the State prior to July 1, 1994. Most State agencies purchase only

\$250 thousand in liability insurance coverage. Accordingly, the State estimates an uninsured loss of between \$10.000 million and \$50.000 million due to the Supreme Court's decision. As a result, the State has recorded a \$10.000 million liability in its General Long-Term Obligations Account Group at June 30, 1996.

b. Loan Guarantees

The State Education Assistance Authority within The State Education Assistance Authority within the State's Enterprise Funds guarantees student loans. At June 30, 1996, these loans totaled \$811.573 million. The United States Department of Education ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5.0% of the loans in repayment status, however, the United States Department of Education decreases the reinsurance rate. The State's default rate at June 30, 1996, was less than 1.2%.

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 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, 1996, or earlier years will not have a material impact on the State's financial statements.

d. Purchase Commitments

At December 31, 1995, the Public Service Authority, a discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling \$407.823 million for coal and approximately \$112.000 million for power. The term of the contract is 40 years. The Authority has commitments of approximately \$105.000 million for its one-third approximately \$105.000 million for its one-third these under the intervence of the contract of the cont share under the joint ownership agreement with the South Carolina Electric and Gas Company for the purchase, enrichment, and fabrication of uranium. The terms of these commitments range from 2 to 10 years.

e. Clean Air Act

The Public Service Authority, a discretely presented component unit and electric utility company, endeavors to ensure that its facilities comply with applicable environmental regulations and standards. Congress has promulgated

comprehensive amendments to the Clean Air Act, including the addition of a new federal program relating to acid precipitation. Although most of the Clean Air Act Amendment regulations have been finalized, the Federal Environmental Protection Agency has not yet promulgated some important regulations. Therefore, complete compliance costs cannot yet be determined. The Authority has installed continuous emissions monitoring equipment at a cost of \$5.600 million and estimates that it will spend approximately \$8.000 million for low nitrogen oxide burner technology by the year 2000. oxide burner technology by the year 2000.

f. Medical University Sale/Lease—Subsequent Event

On October 16, 1995, the Medical University of South Carolina (MUSC) signed a letter of intent with Columbia/HCA Healthcare Corporation to negotiate for the sale of Medical Center assets and the lease of certain real estate. On February 9, 1996, MUSC's Board of Trustees approved, in principle, seven proposed agreements and directed that the agreements be presented to the appropriate governmental bodies for review and approval. Six of the agreements were between MUSC and the Columbia Charleston Healthcare System, Inc., a wholly-owned subsidiary of the Columbia/HCA Healthcare Corporation. These agreements were: a Master Agreement, an Academic Affiliation Agreement, a Lease Agreement, a License Agreement, a Shared-Services Agreement, and an Option/Affiliation Dissolution Agreement. The seventh agreement was a Guaranty Agreement between MUSC and Columbia/HCA Healthcare corporation. corporation.

On May 22, 1996, the State's General Assembly authorized MUSC to enter into the agreements, subject to the State Budget and Control Board's subject to the State Budget and Control Board's satisfaction that (a) the proposed compensation would reflect fair and reasonable value to the State and (b) provisions in the lease and purchase agreements would ensure compliance with the General Assembly's conditions. The Budget and Control Board granted its approval on August 27, 1996.

August 27, 1996, a third party filed suit in Circuit Court questioning (a) whether the transaction is a constitutionally illegal joint venture and (b) the reasonableness of the compensation to the State. On August 14, 1996, MUSC petitioned the South Carolina Supreme Court to take original jurisdiction of the case. On September 18, 1996, the Supreme Court refused to accept jurisdiction and referred the case to the lower court. A trial date has not been set, and MUSC's legal counsel estimates that the case will not be settled until the latter part of 1997.

Subsequent to signing the Master Agreement, both parties to the transaction will file information with the federal government to obtain a ruling on compliance with antitrust and monopoly laws. It is the opinion of MUSC's legal counsel that federal approval will be granted. The final closing of the transaction will not take place until both issues are settled. The date of such closing cannot be determined at this time.

NOTE 22: PLEDGES OF GIFTS— HIGHER EDUCATION FUNDS

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

Fiscal		Higher	•						
Year Ending		Current Unre-		Unre- Current		Unex- pended		Tatala	
June 30		tricted	He	stricted	_ <u>_</u>	<u>lant</u>		Totals	
1997	\$	2,104	\$	85	\$	31	\$	2,220	
1998		1,010		56		_		1,066	
1999				17		_		17	
2000		_		2		_		2	
2001		_		1		_		1	
Thereafter		20,890		1,869				22,759	
Totals	\$	24,004	\$	2,030	\$	31	\$	26,065	

It is not practicable to estimate the net realizable value of such pledges; accordingly, they are not recorded as pledges receivable at June 30, 1996, in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

National Guard Pension System

SCHEDULE OF FUNDING PROGRESS

Last Six Fiscal Years (Dollars in Thousands)

Actuarial Valuation Date	Actuaria Valuation of Asse	al on	Actuarial Accrued Liability (AAL) Entry Age (b)	nfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	C	Annual covered Payroll (c)	UAAL As a Percentage of Covered Payroll ((b-a)/c)
July 1, 1990 ^a	\$	0 \$	19,499	\$ 19,499	0.0%	\$	48,818	39.9%
July 1, 1991 ^a		0	19,499	19,499	0.0%		48,827	39.9%
July 1, 1992 ^a		0	23,701	23,701	0.0%		50,404	47.0%
July 1, 1993	2,49	9	26,200	23,701	9.5%		48,385	49.0%
July 1, 1994	3,76	0	26,996	23,236	13.9%		50,766	45.8%
June 30, 1996	6,25	9	36,756	30,497	17.0%		48,861	62.4%

^aBefore 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.

The unfunded actuarial accrued liability expressed as a percentage of covered payroll is a measure of the significance of the unfunded actuarial liability relative to the State's capacity to pay it. The funded ratio represents the assets expressed as a percentage of the actuarial accrued liability. The

trend in those two ratios provides information about whether the financial strength of the plan is improving or deteriorating over time. An improvement is indicated when the funded ratio is increasing and the ratio of the unfunded actuarial liability to active covered payroll is decreasing.

National Guard Pension System

SCHEDULE OF EMPLOYER CONTRIBUTIONS

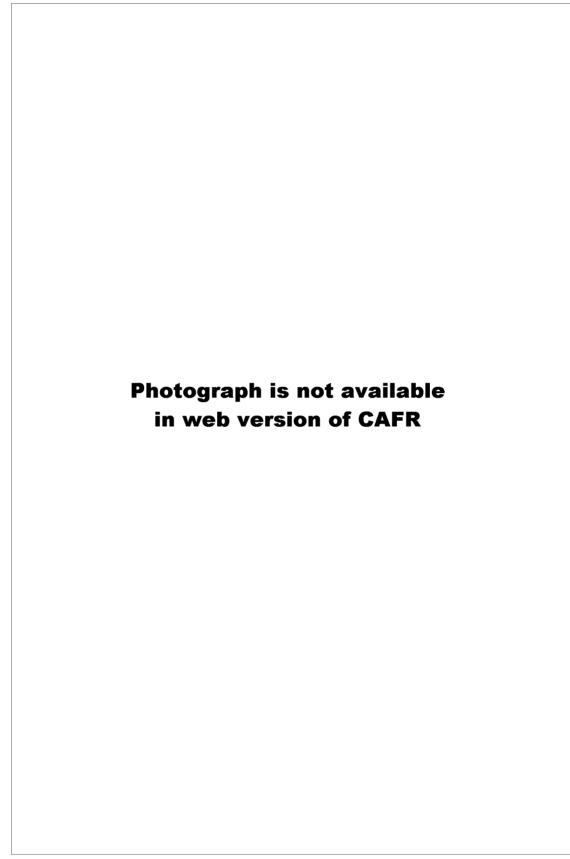
Last Six Fiscal Years (Dollars in Thousands)

	Employer Contributions							
Fiscal Year Ended June 30	Re	nnual quired tribution	Percentage Contributed					
1991	\$	2,316	39.0%					
1992		2,316	45.0%					
1993		2,499	46.8%					
1994		2,499	100.0%					
1995		2,499	100.0%					
1996		3,085	81.0%					

The schedule of employer contributions provides information about the required contributions of the State and the extent to which those contributions are being made. The schedule gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

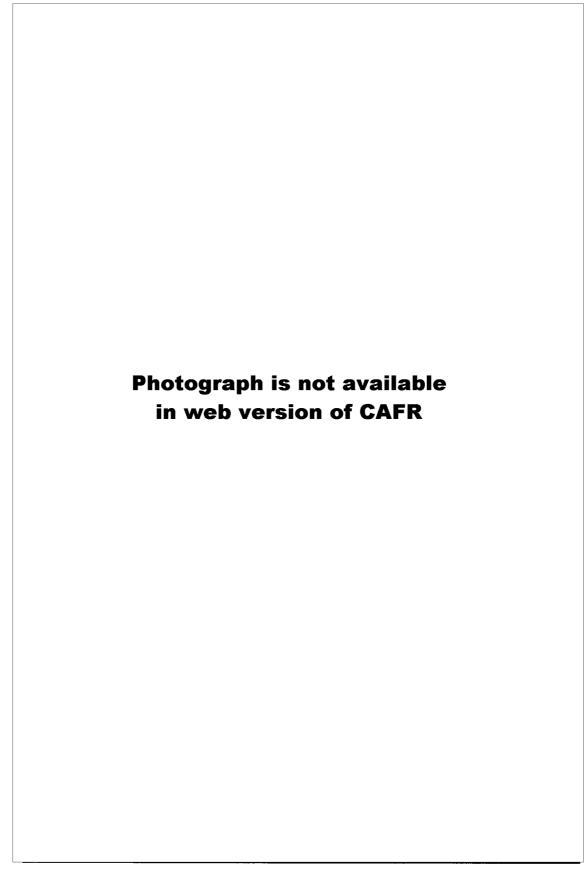
Actuarial valuation date	June 30, 1996
Actuarial cost method	Entry age
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	Not applicable
Assumed inflation rate	4.25%
Assumed cost-of-living adjustments	Not applicable



The Palmetto tree served a vital role in South Carolina's history. Early forts of palmetto logs protected colonists from British bombardment. Because of this, the Palmetto became the State tree and was added to the center of the State flag we use today.

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

(See Accompanying Independent Auditors' Report)



Trees are a significant part of the ambiance of the State's cities. It has been said that you do not plant a tree for yourself, you plant it for your grandchildren.

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.

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

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

Waste Management Fund. This fund accounts for fees collected from consumers, generators of solid and hazardous wastes, and owners and operators of solid waste and hazardous waste storage facilities. These fees must be used for the purposes set forth in the State's Solid Waste Policy and Management Act of 1991 and to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

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

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

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

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

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

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

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

Photograph is not available in web version of CAFR

The cycle of regeneration and renewal continues when new forests replace those we use. On average, 250,000 trees are planted in the State each day—25 for each person in the State.

Combining Balance Sheet

SPECIAL REVENUE FUNDS

June 30, 1996 (Expressed in Thousands)

	Depart- mental General Operating	mental Improve- Child General ment Educ		hildren's ducation idowment	on and		Waste Manage- ment		Department of Transportation Special Revenue		
ASSETS											
Cash and cash equivalents	\$ 184,917	\$	51,106	\$	67,522	\$	12,407	\$	58,500	\$	131,184
Investments	217		_						_		_
Receivables, net:											
Accounts	59,359		64		604		2		628		3,406
Taxes	2,142		36,980		13,860		_		_		32,317
Loans and notes	122,146		_		_		_				_
Due from Federal government											
and other grantors	103,230				— <u>-</u>		55		_		40,151
Due from other funds	32,853		1,974		5		1,876		1,436		44,070
Interfund receivables	1,176		_		_		_		_		1,279
Advances to other funds	_		_		_						8,686
Inventories	9,306		_						72		13,582
Other assets	138	_		_							
Total assets	\$ 515,484	<u>\$</u>	90,124	<u>\$</u>	81,991	\$	14,340	<u>\$</u>	60,636	\$	274,675
LIABILITIES AND FUND BALANCES Liabilities:											
Accounts payable and accrued											
liabilities	\$ 189,637	\$	1,847	\$	6,175	\$	2,826	\$	5,717	\$	80,722
Tax refunds payable			111		_		_		_		472
Intergovernmental payables	62,446		6,398		_		_		761		_
Due to other funds	21,996		1,524		1		37		288		6,294
Interfund payables	3,532		100		_		_		_		_
Advances from other funds	702								_		_
Deferred revenues	58,054		1,838		_		176		_		3,964
Other liabilities, including retainages											
payable	266_					_	965	_			22,631
Total liabilities	336,633		11,818		6,176		4,004		6,766		114,083
Fund balances:											
Reserved for:											
Inventories	9,306		_						72		13,582
Advances to other funds	_		_		_		_		_		8,686
Long-term loans and notes											
receivable	121,828				_		_		_		
Debt requirements			_		_		_		_		147
School building aid	_		34,784		_		_		_		
Unreserved:											
Designated for future years'											
expenditures	_		_				_		_		58,924
Designated for capital expenditures	_		_		_		_		_		41,687
Designated for scholarships			40.500		— 75.045				228		
Undesignated	47,717		43,522	_	75,815	_	10,336	_	53,570		37,566
Total fund balances	178,851	_	78,306		75,815		10,336		53,870		160,592
Total liabilities and	ê E4E 40 <i>4</i>	•	00.404	•	04 004	•	44 240	•	60.000	•	274 675
fund balances	ψ 515,464 ———————————————————————————————————	<u>\$</u>	90,124	<u>\$</u>	81,991	\$	14,340	<u>\$</u>	60,636	<u>\$</u>	274,675

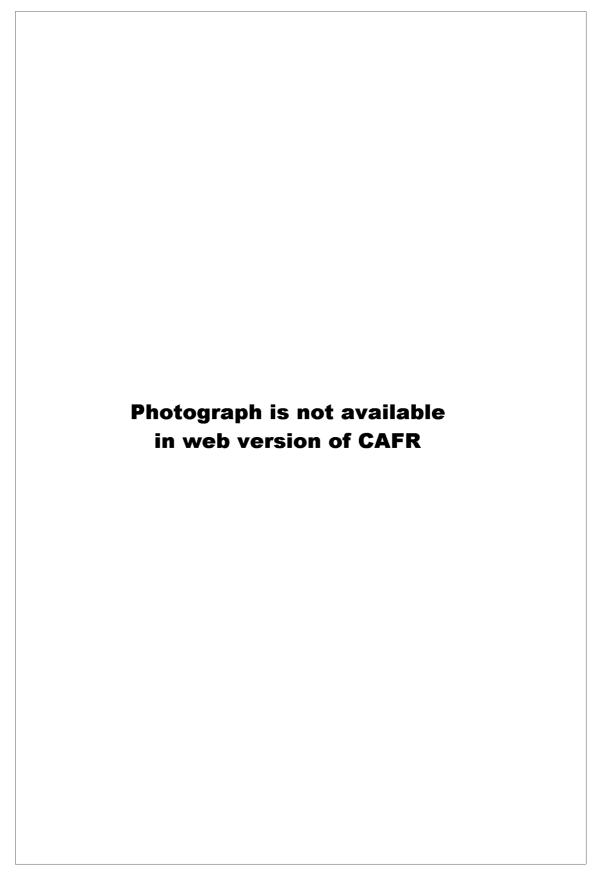
conomic velopment	tic Loc	ommoda- ons and al Option ales Tax		Energy ettlement	mnibus Crime	Other ledicaid Special Elimina- cpansion Revenue tions		Elimina- tions		Totals		
\$ 36,292 —	\$	18,024 —	\$	19,763 —	\$ 1,148 —	\$ 4,926 —	\$	50,509 —	\$	_	\$	636,298 217
406 400		 10,813 		203 — —	 	24 		265 1,539 948				64,961 97,651 123,494
\$ 200 800 — — 38,098	\$	201 	<u>\$</u>		\$ 189 1,337	\$ 	\$	854 56 318 — — 54,489	<u>\$</u>	(20,300) — — — — — — (20,300)	<u>\$</u>	143,436 63,158 2,711 9,804 22,966 138 1,164,834
\$ 3,082 591 3,673	\$		\$	1,767 — 22 36 — — — — 1,825	\$ 571 — 510 — — — — — 1,081	\$ 	\$	2,029 1 228 1,022 70 — 17 3 3,370	\$	(20,300)	\$	294,397 592 87,236 11,510 3,702 702 64,406 23,865 486,410
		_ _ _		6 	= = =	_ _ _ _		 318 930 		_ _ _ _		22,966 9,804 123,158 147 34,784
\$ 33,225 34,425 38,098	<u> </u>	11,821 11,821 29,038		18,141 18,147 19,972	 256 256 1,337	 4,886 4,886 4,950		49,871 51,119 54,489				58,924 41,687 228 386,726 678,424 1,164,834

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

SPECIAL REVENUE FUNDS

	Depart- mental General Operating	Education Improve- ment Act	Children's Education Endowment	Repair, Mainte- nance, and Renovation	Waste Manage- ment	
Revenues:			.			
Taxes:						
Retail sales and use		\$ 384,641	\$ —	•	\$ 1,565	
Other	30,091	_	88,786	338		
Licenses, fees, and permits	44,714		_	_	22,969	
Interest and other investment income	6,113	2,838	1,567	_	1,604	
Federal	2,225,149	_	_	553	_	
Departmental services	160,053	_	_	107	365	
Contributions	98,252	<u> </u>	_	3	_	
Fines and penalties	18,129		_	1,650		
Other	53,720	479		803_	2,281	
Total revenues	2,636,242	387,958	90,353	3,454	28,784	
Expenditures:						
Current:						
General government	48,940	9,082	_	17,280	_	
Education	187,676	9,523	875	84	_	
Health and environment	1,552,101	818		6,060	6,341	
Social services	575,792	907	_	321		
Administration of justice	38,876	1,097	-	6,606	_	
Resources and economic development	80,371	<u> </u>		2,101	_	
Transportation	_	_	_	_	_	
Capital outlay	_		_	_		
Debt service:						
Principal retirement	897	_	_	_	_	
Interest and fiscal charges	107		_		_	
Interest and instal charges		360,471		_	4,236	
Total expenditures		381,898	875	32,452	10,577	
Revenues over (under) expenditures	(214,252)	6,060	89,478	(28,998)	18,207	
Other financing sources (uses):						
Proceeds from bonds and notes	_	_	_	_	_	
Lease and installment debt proceeds	2,045	_		_	_	
Operating transfers in	164,837	136		19,933	21	
Operating transfers out	(33,330)	(5,358)	(13,663)	(638)	(479)	
Total other financing sources (uses)	133,552	(5,222)	(13,663)	19,295	(458)	
Revenues and other sources over						
(under) expenditures and other uses	(80,700)	838	75,815	(9,703)	17,749	
Fund balances (deficit), July 1, 1995 (restated)	258,365	77,468		20,039	36,093	
Increases in reserve for inventories	1,186	_	_		28	
Residual equity transfers out		_		_		
• •					——	
Fund balances, June 30, 1996	\$ 178,851	\$ 78,306	\$ 75,815	\$ 10,336	\$ 53,870	

	Department of ansportation Special Revenue		onomic elopment	tic Loc	ommoda- ons and al Option ales Tax		Energy Settle- ment	t	mni- ous rime		edicaid pansion		Other Special Revenue		ilimina- tions		Totals
\$	_	\$		\$	100,688	\$		\$		\$		\$	_	\$	_	\$	486,915
Ψ	304,115	Ψ	18,000	•	-	•		•	_		21,414	•	12,639	•	_	•	475,383
	_		_						_		_		4,003		_		71,686
	13,023		414		_		1,059		-		152		1,620		_		28,390
	234,381				_		150				_		_		_	:	2,460,233
	49,103		_		_		1,369		_				809		_		211,806
			_				_		_		7,501		717				106,473
	_		_		_		_	1.	2,773				8,466		_		41,018
	4,922						126		1_			_	253				62,585
	605,544		18,414		100,688	_	2,704	1	2,774	:	29,067	_	28,507				3,944,489
	_		_		6		838		37				12,947		_		89,130
	_		_		_		_		_				_				198,158
	_				_		246		_		28,797		127		_		1,594,490
			_		_		_						1,758		_		578,778
	_		_				_	1	1,574		_		155		_		58,308
	_		39		_		_		_				1,843		_		84,354
	218,366				_		_		_		_		_		_		218,366
	394,904		_		_		_						_		_		394,904
	_		_		_		_		4						_		901
	569		_				_		_		_		_		_		676
	9,500		6,848		98,163		765		481			_	2,348	_		_	848,546
	623,339		6,887		98,169	_	1,849	1	2,096		28,797	_	19,178				4,066,611
	(17,795)		11,527		2,519		855	_	678		270		9,329	_		_	(122,122)
	50,000		_		_		_		_				_		_		50,000
			_				_		_				_				2,045
	3,550		_		_		12		300		125		2,486		(67,630)		123,770
	(8,084)		(360)		(1,038)	_	(506)				(125)	_	(4,219)	_	67,630		(170)
	45,466		(360)		(1,038)	_	(494)	_	300			_	(1,733)			_	175,645
	27,671		11,167		1,481		361		978		270		7,596		_		53,523
	132,843		30,043		10,340		17,780		(722)		4,616		43,523		_		630,388
	78		_				6		-		_		_		_		1,298
_			(6,785)		<u> </u>									_		_	(6,785)
\$	160,592	\$	34,425	\$	11,821	\$	18,147	\$	256	\$	4,886	\$	51,119	\$		\$	678,424



Specialized operations enable production of trees for special needs, including Christmas trees. This greenhouse is heated with renewable energy—wood.

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 mediumincome and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers Federal grants and contracts. The Authority is supported primarily by mortgage interest.

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

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

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

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State. This fund is reported as an insurance enterprise.

Second Injury Fund. This fund serves as a claims processor for insurance carriers, self-insurers, and the State Accident Fund. The fund processes claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment.

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

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

Photograph is not available in web version of CAFR

Sharing the wonders of nature with children, natural resource professionals promote understanding and appreciation of the dynamic forest environment. It is vital that our future adults understand the principles of sustainable forestry.

ENTERPRISE FUNDS

_	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compensation	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 983	\$ 53,349	\$ 10,609	\$ 21,208	
Receivables, net:					
Accounts	106	9,587	151	260	
Student loans	_	9		_	
Loans and notes	742	58,000	_	_	
Due from Federal government and other grantors	318	1,180	_		
Inventories		_	_	_	
Restricted assets:					
Cash and cash equivalents	129,244	34,757	711	_	
Loans receivable	8,715	-	_	_	
Other	6,052			_	
Other current assets			37		
Total current assets	146,160	156,882	11,508	21,468	
Long-term assets:					
Investments	_		1,530		
Receivables, net:					
Student loans	_	20			
Loans and notes	4,879	308,636	6,986	_	
Servicing rights, net		_	_	_	
Restricted assets:					
Investments	39,021	39,463	_	_	
Loans receivable	448,666	_	_	_	
Other	893				
Other long-term assets			301	_	
Deferred charges		1,548		_	
Total long-term assets	493,459_	349,667	8,817		
Property, plant, and equipment:					
Land and improvements	-	_	_	_	
Buildings and improvements		_	-	_	
Machinery, equipment, and other	1,278	_	_	39	
Construction in progress	_	_	_	_	
Less: accumulated depreciation	(481)			(34)	
Total property, plant, and equipment, net	797			5	
Total assets	\$ 640,416	\$ 506,549	\$ 20,325	\$ 21,473	

	Patriots Point				
Second Injury	Development Authority	Other Enterprise	Totals		
<u> </u>	Additionty	Litterprise	10(a)3		
\$ 4,193	\$ 993	\$ 13,602	\$ 104,937		
_	70	1,413	11,587		
_	_	-	9		
_	_	' –	58,742		
_			1,498		
_	171	1,526	1,697		
42,476	110	2,478	209,776		
<u> </u>	_	_	8,715 6,663		
-	9	30	76		
					
47,280	1,353	19,049	403,700		
_		-	1,530		
_		-	20		
_		11,946	332,447		
_	_	2,185	2,185		
_	_		78,484		
	_	-	448,666		
	_		893		
		424	725		
			1,548		
_	_	14,555	866,498		
_	2,935	13,395	16,330		
	1,629	2,522	4,151		
211	7,626	1,272	10,426		
(150)	2,900 (5.563)	 (2.122)	2,900		
(130)	(5,563)	(3,123)	(9,351)		
61	9,527	14,066	24,456		
\$ 47,341	\$ 10,880	\$ 47,670	\$ 1,294,654		

ENTERPRISE FUNDS (Continued)

_	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compensation
LIABILITIES AND FUND EQUITY Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 16,906	\$ 10,111	\$ 197	\$ 1,808
Due to other funds	25	_	<u> </u>	3
Interfund payables	_		_	-
Deferred revenues	_	58	_	1,500
Deposits	_	-	109	
Liabilities payable from restricted assets		-		
Notes payable	_	-	_	_
Revenue bonds payable	29,150	29,395		-
Compensated absences payable	295	34	25	22
Other current liabilities, including retainages payable	3,449			
Total current liabilities	49,825	39,598	331	3,333
Long-term liabilities:				
Accrued liabilities	-		_	14,084
Insurance claims incurred but not reported	_		_	3,157
Advances from other funds	_	-	_	_
Notes payable	_	-	_	
Revenue bonds payable	458,244	391,463		
Total long-term liabilities	458,244	391,463		17,241
Total liabilities	508,069	431,061	331	20,574
Fund Equity:				
Contributed capital	-	-	7,088	
Retained earnings (deficit):				
Reserved for debt requirements	125,115	61,578	_	-
Unreserved	7,232	13,910	12,906_	899
Total fund equity	132,347	75,488	19,994	899
Total liabilities and fund equity	\$ 640,416	\$ 506,549	\$ 20,325	\$ 21,473

Second Injury	Patriots Point Development Authority	Other Enterprise	Totals		
\$ 4,129	\$ 325	\$ 2,472	\$ 35,948		
971	12	547	1,558		
	20	_	20		
_	121	33	1,712		
_	_	_	109		
42,117	_	920	43,037		
	_	501	501		
		_	58,545		
63	145	321	905		
		106	3,555		
47,280	623	4,900	145,890		
		2,320	16,404		
<u>_</u>	_	2,320	3,157		
	20	12,946	12,966		
_		28	28		
	_	_	849,707		
					
	20	15,294	882,262		
47,280	643	20,194	1,028,152		
· · · · · · · · · · · · · · · · · · ·					
	11,809	3,724	22,621		
	_	1,608	188,301		
61	(1,572)	22,144	55,580		
	40.00				
61	10,237	27,476	266,502		
\$ 47,341	\$ 10,880	\$ 47,670	\$ 1,294,654		

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

ENTERPRISE FUNDS

	Education Housing Assistance Authority Authority		Jobs- Economic Development Authority	Patients' Compensation	
Operating revenues:					
Charges for services	\$ 3,331	\$ 35,591	\$ 176	\$ 2,580	
Contributions	-		_	-	
Interest and other investment income	48,060	6,510	1,232	1,519	
Total operating revenues	51,391	42,101	1,408	4,099	
Operating expenses:					
General operations and administration	4,508	6,551	3,121	256	
Benefits and claims	_		<u> </u>	15,831	
Interest	34,492	23,563	_	_	
Depreciation and amortization	185	_	_	4	
Other operating expenses	1,867	694			
Total operating expenses	41,052	30,808	3,121	16,091	
Operating income (loss)	10,339	11,293	(1,713)	(11,992)	
Nonoperating revenues (expenses):					
Interest income	_	_	_	_	
Federal revenue	20,372	2,496	_		
Interest expense			_		
Other nonoperating revenues (expenses)	(20,409)	(15)	(7,901)		
Total nonoperating revenues (expenses)	(37)	2,481	(7,901)		
A control of the second					
Income (loss) before operating transfers	40 202	49 774	(0.644)	(44.002)	
and extraordinary items	10,302	13,774	(9,614)	(11,992)	
Operating transfers in			125		
Income (loss) before extraordinary items	10,302	13,774	(9,489)	(11,992)	
Extraordinary loss on early extinguishment of debt	(298)			_	
Net income (loss)	10,004	13,774	(9,489)	(11,992)	
Retained earnings (deficit), July 1, 1995	122,343	61,714	22,395	12,891	
Retained earnings (deficit), June 30, 1996	132,347	75,488	12,906	899	
Contributed capital, July 1, 1995	_	_	6,440	_	
Additions to contributed capital	_		648	-	
Deductions from contributed capital	_	_	_	_	
Fund equity, June 30, 1996	\$ 132,347	\$ 75,488	\$ 19,994	\$ 899	
	 	+,	,	,	

Second Injury	Patriots Point Develop- ment Authority	Other Enterprise	Totals		
\$ 1,114	\$ 4,240	\$ 18,909	\$ 65,941		
_		8 	8 57,321		
	4.040	18,917	123,270		
1,114	4,240		123,270		
1,053	3,900	17,761	37,150		
		<u>,</u>	15,831		
_	_	_	58,055		
31	440	506	1,166		
43	42	2	2,648		
1,127	4,382	18,269	114,850		
(13)	(142)	648	8,420		
		4.470	1,476		
_	6	1,470	22,868		
	_				
-	_	(968)	(968) (28,526)		
	250	(451)			
	256	51	(5,150)		
(13)	114	699	3,270		
_			125		
(13)	114	699	3,395		
		_	(298)		
(13)	114	699	3,097		
74	(1,686)	23,053	240,784		
61	(1,572)	23,752	243,881		
_	6,809	3,729	16,978		
_	5,000	<u> </u>	5,648		
	<u> </u>	(5)	(5)		
\$ 61	\$ 10,237	\$ 27,476	\$ 266,502		

Combining Statement of Cash Flows

ENTERPRISE FUNDS

(Expressed in Thousands)	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	
Cash flows from operating activities: Operating income (loss)	f 10.220	e 44.000	f (4.740)	
Adjustments to reconcile operating income (loss)	\$ 10,339	\$ 11,293	\$ (1,713)	
to net cash provided by (used in) operations:	405			
Depreciation and amortization	185	_	_	
Provisions for loan losses and bad debts			1,443	
Issuance of loans and notes	(45,376)	(93,045)	(6,968)	
Collection of loans and notes	55,527	56,409	1,502	
Interest payments	34,492	23,061	_	
Interest on investments	(8,903)	(6,510)	_	
Amounts received for payment of claims	_	_	_	
Payment of claims			_	
Other nonoperating expenses	_	(15)	_	
Other	(629)	521	71	
Change in assetsdecreases (increases):				
Accounts receivable, net	(50)	(682)	183	
Student loans receivable, net	<u> </u>	` 5 [°]	_ `	
Due from Federal government and other grantors	(6)		_	
Inventories	` ′	_	_	
Other restricted assets	(54)	_	_	
Other current assets		_	_	
Change in liabilitiesincreases (decreases):				
Accounts payable and accrued liabilities	(12)	500	105	
Insurance claims incurred but not reported	(12)	589	165	
Due to other funds	 25	_	_	
Deferred revenues	25	- 27		
	_	37		
Deposits			1	
Liabilities payable from restricted assets		_	_	
Compensated absences payable	28		_	
Other liabilities, including retainages payable	1,093	3		
Net cash provided by (used in) operating activities	46,659	(8,334)	(5,316)	
Cash flows from noncapital financing activities:		· · · · · · · · · · · · · · · · · · ·		
Principal payments made to other funds				
Proceeds from sale of revenue bonds	24,730	62,055		
Principal payments on revenue bonds		•	_	
	(14,545)	(32,155)	_	
Proceeds from notes payable	_		_	
Principal payments on notes payable	(24.400)	(00.000)	_	
Interest payments	(34,180)	(22,880)		
Payment of bond issuance costs	_	(835)		
Federal revenue	20,372	2,496		
Payments from Federal grants	(20,372)		(711)	
Operating transfers in		-	125	
Indirect cost remitted to State General Fund	(37)	_	_	
Loss on early extinguishment of debt	(212)			
Net cash provided by (used in) noncapital financing activities	(24,244)	8,681	(586)	

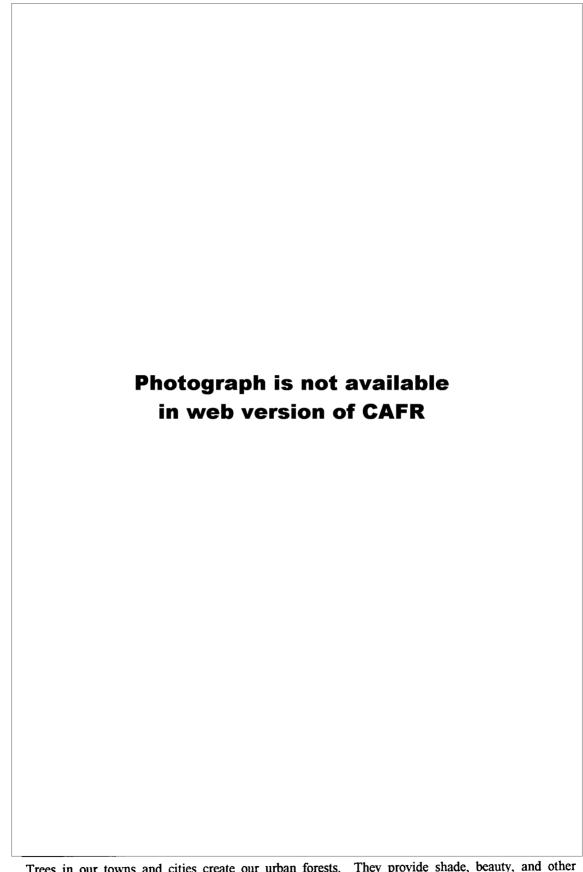
Patients' Second Compensation Injury		F Deve	Patriots Point Development Authority		Other Enterprise		Totals		
\$	(11,992)	\$	(13)	\$	(142)	\$	648	\$	8,420
•	(11,002)	•	()	•	(/	·			•
			31		440		506		1,166
	4				44 0		_		1,100
	_				_		_		(145,389)
	_		_		_		_		113,438
	_		_		_		1		57,554
	(1,519)		_		_		_		(16,932)
	_		50,178		_		_		50,178
	_		54,991)		_		_		(54,991)
			_		_		(107)		(122)
	_		(1)		_		44		6
	_				(29)		(27)		(605)
	_		_		_ (23)				5
	_				_		_		(6)
	_				6		(314)		(308)
									(54)
	_		_		_		(3)		(3)
	3,384		354		(150)		755		5,085
	(43)		_		_		_		(43)
	_		_		5		205		235
	100		_		121		(1)		257
	_		_		_		_		1
	_		_		—		153		153
	3		2		145		14		192
				-			(80)		1,016
	(10,063)		(4,440)		396		1,794		20,696
	_		_		(420)		_		(420)
	_		_		_		_		86,785
	_		_		_		_		(46,700)
			_		_		1,569		1,569
	_		-		_		(425)		(425)
	_		_		_		(864)		(57,924)
			-		_		-		(835)
			_				_		22,868
	_						_		(21,083) 125
	_		_		_		_		(37)
	_		_		_		_		(212)
							···		(2.12)
					(420)		280		(16,289)

Combining Statement of Cash Flows

ENTERPRISE FUNDS (Continued)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority		
Cash flows from capital and related financing activities:					
Acquisition of property, plant, and equipment	\$ (86)	\$ 	\$ —		
Interest payments	_	_	_		
Principal payments on notes payable			_		
Proceeds from the sale of capital assets	_	_	_		
Proceeds from the sale of notes payable					
Net cash used in capital and					
related financing activities	(86)				
Cash flows from investing activities:					
Proceeds from sale of investments	_	21,937	10,937		
Purchase of investments	(989)	(19,646)	-		
Interest on investments	9,058	6,469	_		
Issuance of loans	_		_		
Collection of loans					
Net cash provided by					
investing activities	8,069	8,760	10,937		
Net increase (decrease) in cash and cash equivalents	30,398	9,107	5,035		
Cash and cash equivalents at beginning of year	99,829	78,999	6,285		
Cash and cash equivalents at end of year	\$ 130,227	\$ 88,106	\$ 11,320		
Noncash capital, investing, and financing activities:					
Contributions from other funds	<u> </u>	<u> </u>	\$ 335		
Total noncash capital, investing,	_				
and financing activities	<u> </u>	<u> </u>	\$ 335		

Patients' Compensation	Second Injury	Patriots Point Development Authority	Other Enterprise	Totals			
s —	\$ (18)	\$ (234)	\$ (2,304)	\$ (2,642)			
_	_	_	(70)	(70)			
_		_	(2,845)	(2,845)			
_	-	_	231	231			
			1,000	1,000			
	(18)	(234)	(3,988)	(4,326)			
	_		_	32,874			
_				(20,635)			
1,465	3,332	6	1,480	21,810			
	_	_	(1,548)	(1,548)			
			425	425			
1,465	3,332	6	357	32,926			
(8,598)	(1,126)	(252)	(1,557)	33,007			
29,806	47,795	1,355	17,637	281,706			
\$ 21,208	\$ 46,669	\$ 1,103	\$ 16,080	\$ 314,713			
ė.	•	ft 5.000					
<u> </u>	<u> </u>	\$ 5,000	<u> </u>	\$ 5,335			
<u> </u>	<u> </u>	\$ 5,000	<u> </u>	\$ 5,335			



Trees in our towns and cities create our urban forests. They provide shade, beauty, and other environmental benefits.

Internal Service Funds

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

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

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

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

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

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

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

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

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

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

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

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

Photograph is not available in web version of CAFR

Wood is a preferred building material. In the United States we use more wood, by weight, than steel, concrete, or any other material. It promotes energy conservation, too, because less energy is consumed to convert trees into useful products than other materials.

INTERNAL SERVICE FUNDS

(Expressed in Thousands)	Insurance Reserve	Health and Disability Insurance	Accident	General Services	Central Supplies and Equipment	Motor Pool
Current assets:						
Cash and cash equivalents	\$ 246,594	\$ 201,294	\$ 60,702	\$ 24,787	\$ 1,642	\$ 1,948
Receivables, net:						
Accounts	21,739	4,296	7,329	355	_	68
Due from Federal government and other grantors	_	_		14	_	
Due from other funds	1,260	14,068	3 10,195	6,079	730	1,784
Interfund receivables	4,428	_	_	8	_	_
Inventories		_	_	1,750	2,192	17
Other current assets	1,624	150	<u> </u>	33		
Total current assets	275,645	219,80	78,226	33,026	4,564	3,817
Long-term assets:			_			
Long-term investments	_	15,90	3 —	_	_	_
Advances to other funds	35,282					
Total long-term assets	35,282	15,90	<u> </u>			
Property, plant, and equipment:				4 000		220
Land and improvements	_	_	_	4,888	_	1,112
Buildings and improvements	_	_	 B 1,408	133,032 63,984	_	20,077
Machinery, equipment, and other	1,006	86	3 1,400	504	_	20,077
Construction in progress			- (445)		_	(11,744)
Less: accumulated depreciation	(303)	(44		(88,651)		
Total property, plant, and equipment, net	703	42		113,757		9,665
Total assets	\$ 311,630	\$ 236,13	7 \$ 79,189	\$ 146,783	\$ 4,564	\$ 13,482
LIABILITIES AND FUND EQUITY Liabilities: Current liabilities:	e 100.661	\$ 30,64	3 \$ 18,854	\$ 5,786	\$ 824	\$ 269
Accounts payable and accrued liabilities	\$ 109,661	\$ 30,64 61,17	•	\$ 5,760	y 024 	4 203
Insurance claims incurred but not reported Due to other funds	64,492 135	5	•	452	10	165
				2,241	1,075	_
Interfund payables	32,595		7,900			
Deferred revenues Limited obligation bonds payable	52,555	_		215		_
Capital lease and installment debt						
obligations payable	_	_	_	1,938		
Compensated absences payable	239	28	5 228	1,768	_	113
Other current liabilities, including retainages payable			86	44		
Total current liabilities	207,122	92,16	2 38,415	12,444	1,909	547
Long-term liabilities:						
Accrued liabilities	_	11,13		_	_	_
Insurance claims incurred but not reported	_	3,19	2 17,839	_	_	_
Advances from other funds	_	_	_	21,554	_	_
Limited obligation bonds payable	_	-	_	6,457	_	_
Capital lease and installment debt	_	_	_	30,553	_	_
obligations payable						•
Total long-term liabilities		14,32		58,564		
Total liabilities	207,122	106,49	1 74,735	71,008	1,909	547
Fund Equity:	_		7 —	60,708	_	334
Contributed capital	104 509	129,63		15,067	 2,655	12,601
Retained earnings	104,508		_			
Total fund equity	104,508	129,64	6 4,454	75,775	2,655	12,935
Total liabilities and fund equity	\$ 311,630	\$ 236,13	7 \$ 79,189	\$ 146,783	\$ 4,564	\$ 13,482

Department of Transportation Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 14,576	\$ 1,365	\$ 3,840	\$ 1,264	s –	\$ 558,012
_	10	802	_	_	34,599
	_	_	_	_	14
_	_	719	22	(1,349)	33,508
_	_	— 1,942	2,711	(4,150)	2,997 5,901
			8		1,815
14,576	1,375	7,303	4,005	(5,499)	636,846
_	_	_	_	_	15,906
			19,020	(31,211)	23,091
			19,020	(31,211)	38,997
_		_	_	_	5,108
_	_	_	-		134,144
13,206	5,001	7,197	174	_	112,921 504
(8,012)	(2,003)	(5,178)	(91)		(116,872)
5,194	2,998	2,019	83		135,805
\$ 19,770	\$ 4,373	\$ 9,322	\$ 23,108	\$ (36,710)	\$ 811,648
s —	\$ 1,256	\$ 568	\$ 110	s –	\$ 167,971
-	_	_	_	_	136,922
	146	264	26	(1,349)	_
_	_	_	2,752 —	(4,150) —	1,918 40,495
_	_		_	_	215
	_	_	_	_	1,938
_	640	363	58	_	3,694
					130
	2,042	1,195	2,946	(5,499)	353,283
_	_	_	_		29,618
_	_	_	_	(04.044)	21,031
_	_	_	18,479 —	(31,211) —	8,822 6,457
					30,553
			18,479	(31,211)	96,481
	2,042	1,195	21,425	(36,710)	449,764
_	_	•	_		
13,205 6,565	8 2,323	3,854 4,273	138 1,545	_	78,254 283,630
19,770	2,323		1,683		361,884
\$ 19,770	\$ 4,373	\$ 9,322	\$ 23,108	\$ (36,710)	\$ 811,648
- 10,110	4 4,010	4 0,022	7 20,100	+ (30,110)	+ 311,040

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

INTERNAL SERVICE FUNDS

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services	Central Supplies and Equipment
Operating revenues:		A 575 A7A	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	
Charges for services	\$ 60,228	\$ 575,073	\$ 36,381	\$ 66,668	\$ 10,430
Interest and other investment income	18,380	13,555	3,297		_
Other operating revenues					
Total operating revenues	78,608	588,628	39,678	66,668	10,430
Operating expenses:					
General operations and administration	48,625	92.084	5,699	48,032	11,209
Benefits and claims	22,798	474,268	25,764	-	
Depreciation	133	120	88	5.555	_
Other operating expenses			137	3,584	_
Total operating expenses	71,556	566,472	31,688	57,171	11,209
Operating income (loss)	7,052	22,156	7,990	9,497	(779)
Nonoperating revenues (expenses): Interest income	 (74)			162 459 (4,910) 646	
Total nonoperating revenues (expenses)	(74)	4		(3,643)	1
Income (loss) before operating transfers	6,978	22,160	7,990	5,854	(778)
Operating transfers in	22	_	_	694	_
Operating transfers out	(408)	(792)		(1,103)	_
Net income (loss)	6,592	21,368	7,990	5,445	(778)
Retained earnings (deficit), July 1, 1995 (restated)	97,916	108,271	(3,536)	9,622	3,433
Retained earnings, June 30, 1996	104,508	129,639	4,454	15,067	2,655
Contributed capital, July 1, 1995	11	11	_	60,812	_
Additions to contributed capital	_	1	_	79	_
Deductions from contributed capital	(11)	(5)		(183)	
Fund equity, June 30, 1996	\$ 104,508	\$ 129,646	\$ 4,454	\$ 75,775	\$ 2,655

	Motor Pool	Tran	artment of sportation nternal Service	A	Pension dminis- tration		Prison dustries	In	Other Iternal ervice		imina- tions		Totals
\$	8,841	\$	3,903	\$	11,632	\$	12,358	\$	2,661	\$	_	\$	788,175
	_		_		_		_ 2		_		_		35,232 2
						_						_	
	8,841		3,903		11,632		12,360		2,661			_	823,409
	4,244		1,920		10,556		11,431		1,914		_		235,714
					_				_		_		522,830
	3,416 4		490 190		661 125		500 14		12 5		_		10,975 4,059
					120							_	4,000
	7,664		2,600		11,342		11,945	_	1,931				773,578
	1,177		1,303		290		415		730				49,831
	_		_		_		_		1,827		_		1,989
	— (4)		_		_		_		— (1,492)		_		459 (6,406)
	(137)				245		75		(3)			_	757
_	(141)				245		75		332			_	(3,201)
	1,036		1,303		535		490		1,062		_		46,630
	110		_		534		_		41		(1,223)		178
	(238)								(155)		1,223		(1,473)
	908		1,303		1,069		490		948		_		45,335
	11,693		5,262		1,254		3,783		597			:	238,295
	12,601		6,565		2,323		4,273		1,545		_	;	283,630
	319		13,144		8		3,622		132		_		78,059
	61		3,036		_		232		6				3,415
	(46)		(2,975)										(3,220)
\$	12,935	\$	19,770	<u>\$</u>	2,331	<u>\$</u>	8,127	\$	1,683	<u>\$</u>		\$	361,884

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

		nsurance Reserve	D	Health and Disability Insurance	_A	State ccident Fund	ieneral ervices_
Cash flows from operating activities:			_	00.450			0.407
Operating income (loss)	\$	7,052	\$	22,156	\$	7,990	\$ 9,497
Adjustments to reconcile operating income (loss)							
to net cash provided by (used in) operations:							
Depreciation		133		120		88	5,555
Loss on disposition of property and equipment				4		64	88
Interest on investments and interfund loans		(18,294)		(13,555)		(3,297)	
Other nonoperating revenues		_					656
Other nonoperating expenses		_		_		_	(10)
Other		(13)		11		_	(2)
Change in assetsdecreases (increases):							
Accounts receivable, net		(3,384)		304		13,280	6
Due from Federal government and other grantors		_		_		_	23
Due from other funds		3,250		1,962		4,521	(2,205)
Inventories		_				_	(42)
Other current assets		183		(83)		_	(33)
Change in liabilitiesincreases (decreases):							
Accounts payable and accrued liabilities		(14,346)		3,915		(2,433)	1,346
Insurance claims incurred but not reported		10,002		(6,728)		(1,445)	_
Due to other funds		129		34		(10)	(344)
Deferred revenues		1,493		_		(9,389)	
Limited obligation bonds payable				_		_	(142)
Compensated absences payable		(4)		11		15	82
Other liabilities, including retainages payable	_				-	21	 (224)
Net cash provided by (used in)							
operating activities		(13,799)	-	8,151		9,405	 14,251
Cash flows from noncapital financing activities:							
Principal payments received from other funds		3,983		_		_	35
Proceeds from loans made by other funds		-		_		_	451
Principal payments made to other funds		_		_		_	(2,423)
Receipt of interest from other funds		2,713		_		_	1
Interest payments made to other funds						_	(1,793)
Loans made to other funds		(3,797)				_	
Federal revenue		(3 ,737)		_		_	459
Operating transfers in		22		_			694
		(408)		(792)			(1,103)
Operating transfers out		(400)		(102)			 (1,100)
Net cash provided by (used in)		2,513		(792)			(3,679)
noncapital financing activities	_	2,013		(132)	_		 (0,013)

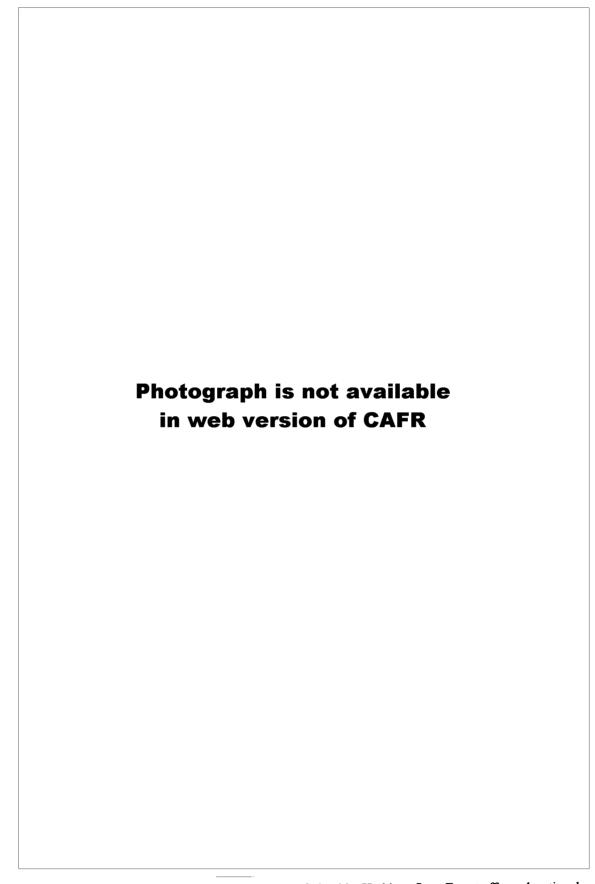
Su	entral pplies and ipment	Department of Transportation Pension Motor Internal Adminis- Prison Pool Service tration Industries		Transportation Motor Internal			Other Internal Service		Elimina- tions			Totals		
\$	(779)	\$ 1,177	\$	1,303	\$	290	\$	415	\$	730	\$	_	\$	49,831
	_	3,416		490 —		661 9		500		12 		_		10,975 165
	_	_		_		_ `		_		_		_		(35,146)
	1	4		_		245				_		_		906
	_	_		_		_		_				_		(10)
		_		_		_		(1)		(1)		_		(6)
	1	(15)		_		(10)		(30)				_		10,152
	— 59	— (445)		_		_ 2		— (511)		203		— (4,337)		23 2, 4 99
	697	(5)		_				(326)			,	(4 ,337)		324
	_	_ ` '		-		_		_		(8)		_		59
	145	(4)		_		475		25		60		_		(10,817)
	_			-		_		_		_		_		1,829
	7	47		_		. 9		107		(4,316)		4,337		_
		_		_		_		_		_		_		(7,896)
	_	_				 57		— 12		— (9)		_		(142) 164
		 									_			(203)
	131	 4,175		1,793		1,738		191		(3,329)			<u>. </u>	22,707
	_	_		_				_		2,894		_		6,912
	75	_		_		_		_		1,827		_		2,353
	_	(59)								(2,943)		_		(5,425)
	_	_ (4)		_		_		_		1,827		_		4,541
	_	_ (4)		_		_		_		(1,492)		_		(3,289)
	_	_		_		_		_		(1,827) —		_		(5,624) 459
		110		_		534		_		— 41		— (1,223)		178
		 (238)		_					-	(155)		1,223		(1,473)
	75	 (191)				534				172				(1,368)

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

		surance eserve	D	Health and isability surance	Ac	State ccident Fund	-	eneral ervices
Cash flows from capital and related financing activities: Acquisition of property, plant, and equipment	\$	(585)	\$	(62)	\$	(678)	\$	(4.004)
Interest payments	Ψ	— (303) —	Ψ	_ (02)	Ψ		•	(3,117)
Principal payments on capital leases and								
installment debt obligations payable								(1,822)
Net cash used in capital and								
related financing activities		(585)		(62)		(678)		(8,943)
Cash flows from investing activities: Proceeds from sale of investments		_		14,360		_		_
Purchase of investments		_		(12,402)				
Interest on investments		15,581		11,437		3,489		161
Net cash provided by investing activities		15,581		13,395		3,489		161
Net increase (decrease) in cash and cash equivalents		3,710		20,692		12,216		1,790
Cash and cash equivalents at beginning of year		242,884		180,602		48,486		22,997
Cash and cash equivalents at end of year	\$	246,594	\$	201,294	\$	60,702	\$	24,787
Noncash capital and financing activities: Acquisition of property and equipment through contributions and transfers from (to) other funds Total noncash capital and financing activities	\$ \$	13 13	\$ \$	(13) (13)	\$ \$		\$ \$	

S	Central upplies and uipment	 Motor Pool	Tran	artment of esportation enternal Service	A	Pension dminis- tration		Prison dustries	In	Other iternal ervice		imina- ions		Totals
\$	_	\$ (4,608) —	\$	_	\$	(1,887) —	\$	(267)	\$	— (15) —	\$	_	\$	(12,106) (3,117)
		 												(1,822)
		(4,608)				(1,887)		(267)		(15)				(17,045)
	<u>-</u>	 _ _ 		_ _ 		_ 		_ 		_ 		_ _ 		14,360 (12,402) 30,668
		 (624)		 1,793						(3,172)				32,626 36,920
	1,436	2,572		12,783		980		3,916		4,436				521,092
\$	1,642	\$ 1,948	\$	14,576	\$	1,365	\$	3,840	\$	1,264	\$		\$	558,012
\$		\$ 60 60	\$ \$	1,978 1,978	\$ \$	<u>-</u>	\$ \$	<u>-</u>	\$		\$ \$		\$ \$	2,038 2,038



A quiet refuge just minutes away from downtown Columbia, Harbison State Forest offers educational opportunities and outdoor recreation. The 2,000 acre tract is thought to be the nation's largest working forest situated entirely within city limits.

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.

FIDUCIARY FUNDS

June 30, 1996 (Expressed in Thousands)

EXPENDABLE TRUST

ASSETS	Cor	Waste ntingency	Con	mployment npensation Benefits	Other Expendable Trust	NONEXPENDABLE TRUST
Cash and cash edilivalents	\$	82,683	\$		\$ 19,071	\$ 1,978
Cash and cash equivalents Cash on deposit with fiscal agents	Ψ	02,000 	Ψ	 604,965	\$ 19,071 —	\$ 1,970
Investments		_		—	_	_
Receivables, net:						
Accounts		852		86	291	34
Taxes		_		44,693	_	
Loans and notes					60	_
Due from other funds		_		4	_	
Interfund receivables		_		_ `	_	_
Advances to other funds				_	_	_
Other assets		_		_		_
Property, plant, and equipment:						
Land and improvements		_			_	_
Buildings and improvements		_		_	_	_
Machinery, equipment, and other		_			_	_
Less: accumulated depreciation		-		_	_	_
Total assets	\$	83,535	\$	649,748	\$ 19,422	\$ 2,012
LIABILITIES AND FUND BALANCES Liabilities:						<u></u>
Accounts payable and accrued liabilities	\$	7,015	\$	1,033	\$ 260	\$ -
Tax refunds payable		_		1,396	_	_
Intergovernmental payables		_			_	
Due to other funds		_			56	
Interfund payables		_		421	_	_
Advances from other funds		_		_	_	_
Deferred revenues		_		839		_
Deposits		_		_	_	_
Amounts held in custody for others		_		_		
Deferred compensation		_		_		_
Other liabilities						
Total liabilities		7,015		3,689	316	
Fund Balances:						
Reserved for:						
Pension and other benefits		_		646,059		
Endowment and similar funds		_		_		1,112
Unreserved, undesignated		76,520			19,106	900
Total fund balances		76,520		646,059	19,106	2,012
Total liabilities and fund balances	\$	83,535	\$	649,748	\$ 19,422	\$ 2,012

PENSION TRUST

R	South Carolina etirement System	O: Ref	Police fficers' tirement system	As: Ret	eneral sembly irement ystem	Sol Ret	idges' and icitors' irement ystem	G Pe	tional uard nsion vstem
\$	253,283	\$	70,104	\$	3,657	\$	7,784	\$	3,769
	— 12,809,981		 1,352,013		 29,191		 57,293		_
	243,792		33,802		466		937		51
			_		_		_		_
	— 15,009		 2,126		_		 31		_
				•	_		_		_
	_		_		_		_		_
	_		_		_				_
	524		54		1		2		_
	4,279		437		13		20		_
	— (403)		— (41)		(1)		— (1)		2 (1)
	(403)			_					
<u>\$</u> _	13,326,465	<u>\$</u>	1,458,495	<u> </u>	33,327	\$	66,066	\$	3,821
\$	33,339 — — 13,467 — — — — — — — 46,806	\$	10,201 — 412 — — — — — — — — — — — — —	\$	3 3	\$	- - - - - - - - - -	\$	- - - - - - - - - -
	13,279,659 — — — — 13,279,659		1,447,882 1,447,882		33,324 — — — 33,324		66,066 — — — 66,066		3,821 — — 3,821
<u> </u>	13,326,465	<u> </u>	1,458,495	<u> </u>	33,327	\$	66,066	\$	3,821
_	.0,020,700		-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				,	<u> </u>	-,

Continued on Next Page

FIDUCIARY FUNDS (Continued)

	Deferred Compensation Plans	Insurance Company Deposits
ASSETS		•
Cash and cash equivalents	\$ 	\$ —
Cash on deposit with fiscal agents	<u> </u>	214.064
Receivables, net:	674,011	314,061
Accounts	2,583	
Taxes	2,505	<u>-</u>
Loans and notes	20,830	
Due from other funds	20,030	<u>-</u>
Interfund receivables	<u> </u>	_
Advances to other funds	_	<u> </u>
Other assets	4,974	<u> </u>
Property, plant, and equipment:	4,574	_
Land and improvements	_	
Buildings and improvements	<u> </u>	
Machinery, equipment, and other	_	_
Less: accumulated depreciation	_	_
Total assets	\$ 902,398	\$ 314,061
LIABILITIES AND FUND BALANCES		
Liabilities:		
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		314,061
Deferred compensation	902,398	<u> </u>
Other liabilities	<u> </u>	_
Total liabilities	902,398	314,061
Fund Balances:		
Reserved for:		
Pension and other benefits	_	_
Endowment and similar funds	<u> </u>	<u>-</u>
Unreserved, undesignated	_	_
Total fund balances		
Total liabilities and fund balances	\$ 902,398	\$ 314,061

AGENCY

Local Government Investment Pool	Federal Interfund Activity	Payroll Clearing	Other Agency	Eliminations	Totals
\$ 20,000	s —	\$ 8,763	\$ 253,409	s —	\$ 724,501
_	_	_	_	_	604,965
595,480	_	_	16,507	_	16,048,537
927	_	_	930	_	284,751
_	_	_		_	44,693
_	_	_	_	_	20,890
_	860	39,666	5,490	(46,756)	16,430
_	_		20	_	20
_	_		20	_	20
_	_	_		_	4,974
_		_	_	_	581
_	_		_	_	4,749
_	_	_	_	_	2
					(447)
\$ 616,407	\$ 860	\$ 48,429	\$ 276,376	\$ (46,756)	\$ 17,754,666
\$ 20,000	s —	\$ 219	\$ 16,397	\$ 	\$ 88,467
	_	_	_	_	1,396
_	1	_	-	_	1
_	53	8,766	74,399	(46,756)	50,397
_	755	30		_	1,206
	_	_	1,100	_	1,100
	_	_		_	839
			700		700
596,407	51	39,414	183,615	_	1,133,548
_	_	_		_	902,398
			165_		165
616,407	860	48,429	276,376	(46,756)	2,180,217
_		_	_	_	15,476,811
_	-	_	_	_	1,112
					96,526
					15,574,449
\$ 616,407	\$ 860	\$ 48,429	\$ 276,376	\$ (46,756)	\$ 17,754,666

Combining Statement of Plan Net Assets

PENSION TRUST FUNDS

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Pension System	Totals
ASSETS						
Cash and cash equivalents	\$ 253,283	\$ 70,104	\$ 3,657	\$ 7,784	\$ 3,769	\$ 338,597
Receivables:						
Contributions	70,800	9,523	9	95		80,427
Employer long-term	1,538	5,001	_	_	_	6,539
Accrued interest	171,454	19,278	457	842	51	192,082
Due from other funds	15,009	2,126		31		17,166
Total receivables	258,801	35,928	466	968	51	296,214
Investments, at fair value:						
United States government securities	3,324,844	260,459	8,235	9,614	_	3,603,152
United States government agencies and	,,,,-	,	.,	,		-,,
government-insured securities	3,812,063	397,496	7,465	18,472		4,235,496
Corporate bonds	3,404,900	481,619	9,354	19,353	_	3,915,226
Financial and other	2,268,174	212,439	4,137	9,854	_	2,494,604
Total investments	12,809,981	1,352,013	29,191	57,293		14,248,478
Property and equipment, net of						
accumulated depreciation	4,400	450	13	21	1	4,885
Total assets	13,326,465	1,458,495	33,327	66,066	3,821	14,888,174
LIABILITIES						
Accounts payable-unsettled investment						
purchases	30,000	10,000	_			40,000
Due to other funds	13,467	412	_	_	_	13,879
Accounts payable and accrued liabilities	3,339	201	3			3,543
Total liabilities	46,806	10,613	3			57,422
Net assets held in trust						
for pension benefits	\$ 13,279,659	\$ 1,447,882	\$ 33,324	\$ 66,066	\$ 3,821	\$ 14,830,752

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

EXPENDABLE TRUST FUNDS

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Other Expendable Trust	Eliminations	Totals
Revenues:	_				
Taxes, other	\$ —	\$ 205,911	\$ —	\$ —	\$ 205,911
Licenses, fees, and permits	1,340		2,447		3,787
Federal	4,410	39,586 14,680	1,089	_	45,085 14,680
Contributions		14,000	 6	_	14,660
Other	_	1,553	_	_	1,553
01101		1,000			1,555
Total revenues	5,750	261,730	3,542		271,022
Expenditures:					
Current:					
General government	_	213,455	629		214,084
Health and environment	_	_	6	_	6
Social services		_	62	_	62
Resources and economic development	_	_	6	-	6
Intergovernmental			7		7
Total expenditures		213,455	710		214,165
Revenues over expenditures	5,750	48,275	2,832		56,857
Other financing sources (uses):					
Operating transfers in	_	48	210	(88)	170
Operating transfers out		(993)		88	(905)
Total other financing sources (uses)		(945)	210		(735)
Revenues and other sources over					
expenditures and other uses	5,750	47,330	3,042		56,122
Fund balances, July 1, 1995	70,770	598,729	16,064		685,563
Fund balances, June 30, 1996	\$ 76,520	\$ 646,059	\$ 19,106	<u> </u>	\$ 741,685

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

	Balance July 1, 1995		Additions		Deductions		Balance June 30, 1996	
DEFERRED COMPENSATION PLANS								
Assets:								
Investments	\$	770,657	\$	130,751	\$	27,397	\$	874,011
Accounts receivable		1,916		70,737		70,070		2,583
Loans and notes receivable		16,880		3,950		_		20,830
Other assets		4,767		4,255		4,048		4,974
Total assets	\$	794,220	\$	209,693	\$	101,515	\$	902,398
Liabilities:								
Deferred compensation	\$	794,220	\$	139,479	\$	31,301	\$	902,398
Total liabilities		794,220		139,479	<u>\$</u>	31,301	\$	902,398
INSURANCE COMPANY DEPOSITS Assets: Investments	<u>\$</u>	313,891		94,523		94,353	\$	314,061
Liabilities: Amounts held in custody for others	\$	313,891	\$	94,523	<u>\$</u>	94,353	\$	314,061
LOCAL GOVERNMENT INVESTMENT POOL								
Assets:								
Cash and cash equivalents	\$	39,993	\$	28,936,348	\$	28,956,341	\$	20,000
Investments		470,980		26,094,818		25,970,318		595,480
Accounts receivable		1,621		27,018		27,712		927
Total assets	\$	512,594	<u>\$</u>	55,058,184	<u>\$</u>	54,954,371	\$	616,407
Liabilities:								
Accounts payable and accrued liabilities	\$	40,000	\$	20,000	\$	40,000	\$	20,000
Amounts held in custody for others		472,594		1,759,798		1,635,985		596,407
Total liabilities	\$	512,594	\$	1,779,798	\$	1,675,985	\$	616,407

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

	alance / 1, 1995	A	dditions	De	Deductions		alance e 30, 1996
FEDERAL INTERFUND ACTIVITY							
Assets:							
Cash and cash equivalents	\$ 91	\$	16,426	\$	16,517	\$	_
Accounts receivable	7		_		7		_
Due from other funds	 3,083		860		3,083		860
Total assets	\$ 3,181	\$	17,286	\$	19,607	<u>\$</u>	860
Liabilities:							
Intergovernmental payables	\$ 	\$	26	\$	25	\$	1
Due to other funds	3,114		294		3,355		53
Interfund payables	_ `		755		_		755
Amounts held in custody for others	 67		11,802		11,818		<u>51</u>
Total liabilities	\$ 3,181	\$	12,877	\$	15,198	\$	860
PAYROLL CLEARING			,				
Assets:				_		_	
Cash and cash equivalents	\$ 8,517	\$	875,874	\$	875,628	\$	8,763
Accounts receivable	7		_		7		_
Due from other funds	 38,729		39,666		38,729		39,666
Total assets	\$ 47,253	\$	915,540	\$	914,364	\$	48,429
Liabilities:							
Accounts payable and accrued liabilities	\$ 305	\$	260	\$	346	\$	219
Due to other funds	8,492		8,801		8,527		8,766
Interfund payables	30		30		30		30
Amounts held in custody for others	 38,426		750,121		749,133		39,414
Total liabilities	\$ 47,253	\$	759,212	\$	758,036	\$	48,429

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

	Balance July 1, 1995		Additions		Deductions		Balance June 30, 1996	
OTHER AGENCY								
Assets:								
Cash and cash equivalents	\$	214,104	\$	1,604,919	\$	1,565,614	\$	253,409
Investments		16,351		206		50		16,507
Accounts receivable		2,375		1,272		2,717		930
Due from Federal government and other grantors		16		_		16		_
Due from other funds		4,632		5,490		4,632		5,490
Interfund receivables		20		20		20		20
Advances to other funds		40		20		40		20
Other assets		38				38		
Total assets	\$	237,576	\$	1,611,927	\$	1,573,127	\$	276,376
Liabilities:								· ·
Accounts payable and accrued liabilities	\$	1,578	\$	18,408	\$	3.589	\$	16,397
Due to other funds	Ψ	61,305	Ψ	83,021	Ψ	69,927	Ψ	74,399
Advances from other funds		1,100		1,100		1,100		1,100
Deposits		3,493		700		3,493		700
Amounts held in custody for others		169,935		1,168,299		1,154,619		183,615
Other liabilities		165		165		1,134,019		165,015
Total liabilities	\$	237,576	\$	1,271,693	\$	1,232,893	\$	276,376
TOTALS-ALL AGENCY FUNDS Assets: Cash and cash equivalents	\$	262,705 1,571,879 5,926 16,880	\$	31,433,567 26,320,298 99,027 3,950	\$	31,414,100 26,092,118 100,513	\$	282,172 1,800,059 4,440 20,830
Due from Federal government and other grantors		16				16		
Due from other funds		46,444		46,016		46.444		46,016
Interfund receivables		20		20		20		20
Advances to other funds		40		20		40		20
		4,805		4,255		4,086		
Other assets				4,200		1,000		4,974
Other assets	\$	1,908,715	\$	57,907,153	\$	57,657,337	\$	
	<u>\$</u>	1,908,715	\$		\$		\$	4,974
Total assets	\$ \$	1,908,715 41,883	\$		\$		\$	4,974
Total assets	\$	· · · · · · · · · · · · · · · · · · ·	\$	57,907,153	\$	57,657,337	\$	4,974 2,158,531
Total assets Liabilities: Accounts payable and accrued liabilities	\$	· · · · · · · · · · · · · · · · · · ·	\$	57,907,153 38,668	\$	57,657,337 43,935	\$	4,974 2,158,531
Total assets Liabilities: Accounts payable and accrued liabilities Intergovernmental payables	\$	41,883	\$	57,907,153 38,668 26	\$	57,657,337 43,935 25	\$	4,974 2,158,531 36,616 1
Total assets Liabilities: Accounts payable and accrued liabilities Intergovernmental payables Due to other funds	\$	41,883 — 72,911	\$	57,907,153 38,668 26 92,116	\$	57,657,337 43,935 25 81,809	\$	4,974 2,158,531 36,616 1 83,218
Total assets Liabilities: Accounts payable and accrued liabilities Intergovernmental payables Due to other funds Interfund payables Advances from other funds Deposits	\$	41,883 — 72,911 30	\$	57,907,153 38,668 26 92,116 785	\$	57,657,337 43,935 25 81,809 30	\$	4,974 2,158,531 36,616 1 83,218 785
Total assets Liabilities: Accounts payable and accrued liabilities	\$	41,883 — 72,911 30 1,100	\$	38,668 26 92,116 785 1,100	\$	57,657,337 43,935 25 81,809 30 1,100	\$	4,974 2,158,531 36,616 1 83,218 785 1,100
Total assets Liabilities: Accounts payable and accrued liabilities Intergovernmental payables Due to other funds Interfund payables Advances from other funds Deposits	\$	41,883 — 72,911 30 1,100 3,493	\$	38,668 26 92,116 785 1,100 700	\$	57,657,337 43,935 25 81,809 30 1,100 3,493	\$	4,974 2,158,531 36,616 1 83,218 785 1,100 700
Total assets Liabilities: Accounts payable and accrued liabilities	\$	41,883 — 72,911 30 1,100 3,493 994,913	\$	38,668 26 92,116 785 1,100 700 3,784,543	\$	57,657,337 43,935 25 81,809 30 1,100 3,493 3,645,908	\$	4,974 2,158,531 36,616 1 83,218 785 1,100 700 1,133,548

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

Clean water, wildlife habitat, and quiet beauty combine with timber in an economic and aesthetic treasure, South Carolina's hardwood wetlands. The forest floor is home to a wide diversity of plant and animal life.

Schedule of General Fixed Assets by Function

June 30, 1996 (Expressed in Thousands)

Function	 and and rovements	lmp	uildings, rovements, Utility Plant	Eq	achinery, juipment, nd Other	Totals
General government	\$ 8,875	\$	122,909	\$	86,336	\$ 218,120
Education	5,607		80,860		360,020	446,487
Health and environment	12,448		192,519		125,947	330,914
Social services	514		12,809		30,923	44,246
Administration of justice	5,964		408,435		113,501	527,900
Resources and economic development	135,374		67,285		85,260	287,919
Transportation	 3,257		61,310	_	186,222	 250,789
Total general fixed assets allocated to functions	\$ 172,039	\$	946,127	<u>\$</u>	988,209	2,106,375
Construction in progress						86,043
Total general fixed assets						\$ 2,192,418

Photograph is not available in web version of CAFR

Engineered wood products provide maximum utilization of the wood fiber harvested. Wood that was formerly wasted is pressed together with resins to create literally hundreds of useful products. South Carolina leads the nation in production of medium density fiberboard (MDF), an important furniture and cabinet panel material.

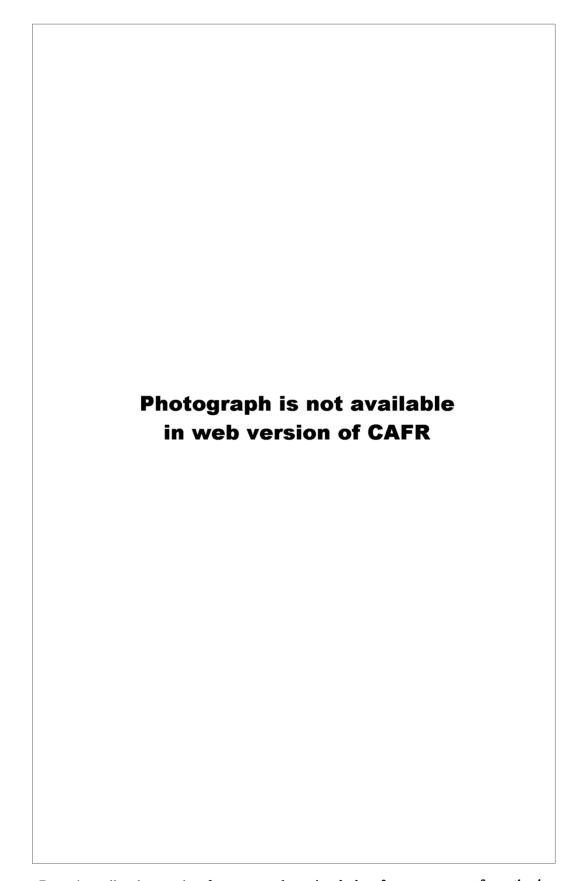
Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1996 (Expressed in Thousands)

Function	J	Balance uly 1, 1995	 Additions	_	Retirements	 Balance June 30, 1996
General government	\$	220,222	\$ 4,723	\$	6,825	\$ 218,120
Education		358,868	92,424		4,805	446,487
Health and environment		309,453	27,175		5,714	330,914
Social services		37,634	8,765		2,153	44,246
Administration of justice		473,006	63,414		8,520	527,900
Resources and economic development		275,196	22,291		9,568	287,919
Transportation		243,393	18,025		10,629	250,789
Construction in progress		73,176	69,860		56,993	86,043
Total general fixed assets	\$	1,990,948	\$ 306,677	\$	105,207	\$ 2,192,418

Photograph is not available in web version of CAFR

Producing useful products from wood, such as the chairs above, provides over 50,000 jobs in South Carolina.



By testing soil and vegetation, foresters can determine the best forestry treatment for wetlands.

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. The majority of these funds are completely unrestricted. Certain institutions, however, have reserved or designated small portions of available resources for various operating purposes specific to the individual institution.

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 quasiendowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

PLANT FUNDS

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

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

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

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

AGENCY FUNDS

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

FOUNDATIONS AND INSTITUTES FUNDS

Foundations and Institutes Funds account for certain component units of the State's colleges and universities. All but one of these component units meet the criteria for blending but are presented in a separate column because they use a basis of accounting different from the one followed by the State's colleges and universities. The South Carolina Environmental Education Consortium qualifies as a discrete component unit of one of the State's universities but is still considered part of the State's primary government.

Combining Balance Sheet

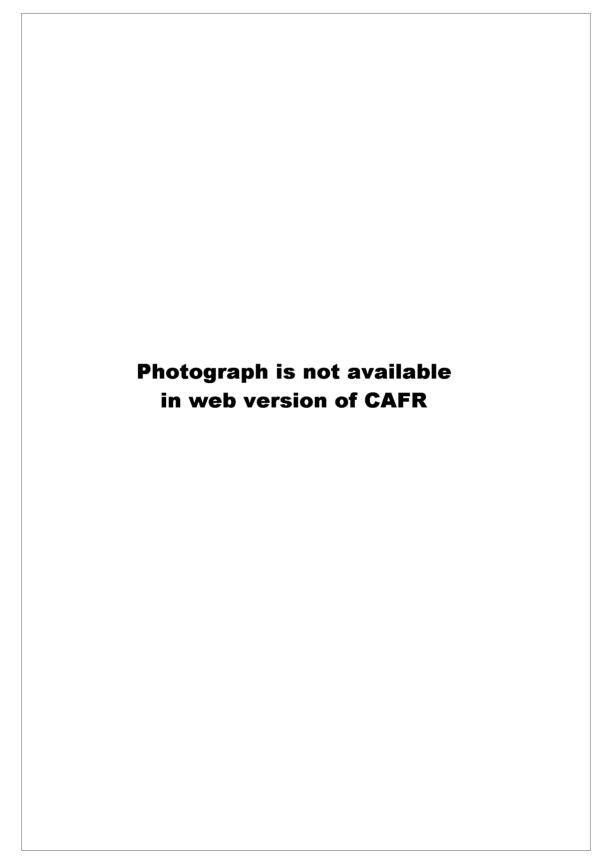
HIGHER EDUCATION FUNDS

June 30, 1996 (Expressed in Thousands)

CURRENT FUNDS

(Expressed in 1 nousands)	CURRENT FUNDS							
	Unr	restricted	Re	stricted	LOAN FUNDS		ANE	OOWMENT OSIMILAR FUNDS
ASSETS								
Cash and cash equivalents	\$	323,237	\$	8,175	\$	4,711	\$	39,911
Investments		11,344		3,208		681		26,099
Receivables, net:								
Accounts		3,710		2,302		97		146
Patient and student		53,132		_		_		_
Student loans		_		_		43,465		_
Loans and notes		_		115				_
Due from Federal government and other grantors		15,861		38,943		43		_
Due from other Higher Education Funds		50,293		43		8		35
Due from other funds		9,048		2,770		_		50
Advances to other funds		3,040		2,770		_		50
Inventories		21 245				_		
		21,345				_		_
Other assets		16,071		742		108		1,468
Property, plant, and equipment, net			-					
Total assets	\$	504,041	\$	56,298	\$	49,113	\$	67,709
LIABILITIES AND FUND BALANCES Liabilities:								
Accounts payable and accrued liabilities	\$	72,780	\$	7,501	\$	720	\$	932
Due to other Higher Education Funds	Ψ	15,580	Ψ	13,467	Ψ	31	Ψ	96
Due to other funds		28,594		1,660		31		30
		•		1,000		_		_
Interfund payables		64				_		_
Advances from other funds		104				_		_
Deferred revenues		32,320		687		-		
Deposits		2,801		_		_		
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		72,461		15		_		_
Other liabilities		2,109		9		_		_
Total liabilities		226,813		23,339		751		1,028
Fund Balances:								.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Investment in plant								
•				_		_		_
Reserved for:				20.050		E 000		
Restricted fund balance		_		32,959		5,229		
Federal government grants refundable		_		_		43,051		_
Endowment and similar funds		_				_		52,740
Debt requirements		_		_		_		_
Encumbrances		1,745		_		_		_
Other special purposes		4,474		_				_
Unreserved:								
Designated for future years' expenditures		_		_				
Designated for loan funds		_				82		_
Designated for quasi-endowments		_		_		-		13,941
Designated for plant funds		_		_		_		_
Designated for special purposes		6,505		_				_
Undesignated		264,504						
Total fund balances		277,228		32,959		48,362		66,681
						49,113		
Total liabilities and fund balances	\$	504,041	\$	56,298	\$		\$	67,709

		PLAN1	FUNDS	S							
Une	xpended	Retire of Indebte	f	In	vestment in Plant	AGENCY FUNDS	FOUNDATIONS AND INSTITUTES	EI	iminations	,	Totals
\$	100,818 7,576	\$ 5	53,237 —	\$	_ _	\$ 5,279 —	\$ 37,623 38,935	\$	<u>-</u>	\$	572,991 87,843
	1,226		560		_	5,224	1,144 24,486		_		14,409 77,618
	_				_	_	24,480		_		43,485
	_		_		_	-			_		115
	567		_		_	_	556		_		55,970
	24,325		252		_	120	2,524		(77,600)		_
	59	•			_	111	<u> </u>		(5,099) (33,035)		6,939
	_		530 —		_	_	597		(33,925)		21,942
	14		40		98		27,367				45,908
	44,775		_		2,678,264	_	33,526		_		2,756,565
\$	179,360	\$ 5	54,619	\$	2,678,362	\$ 10,734	\$ 200,173	\$	(116,624)	\$	3,683,785
								_			
\$	14,567	\$	7,281	\$	_	\$ 4,010	\$ 6,913	\$	— (77 600)	\$	114,704
	14,648		675		_	205 1,000	32,898		(77,600) (5,099)		<u> </u>
	_		_		885		_		(0,000)		949
	11,735		_		25,419		_		(33,925)		3,333
	_		_			_	7,633				40,640
	_		_		_		_		_		2,801
	— 3,911		_		 37,332	5,490	<u> </u>		_		5,490 109,377
	2,675		_		39,225	_			<u> </u>		41,900
	4,867		_		217,998	_	14,196		_		237,061
	_		_			_	22,870		_		22,870
	_		_		27,311	_	477		_		27,788
	 4,487				 271	 29	3,842 1,603		_		76,318 8,508
	56,890		7,956		348,441	10,734	158,566		(116,624)		717,894
	_		_		2,329,921	_	_		_		2,329,921
	67,861	3	39,607		_	_	12,214				157,870
	-		_			_	_		_		43,051 52,740
	_		_		_		8,027		_		8,027
	1,674		_		_	_	_		_		3,419
	_		_		-	_	_		_		4,474
	_		_		-	_	2,512 —		_		2,512 82
	_		_		-	_	- -		_		13,941
	52,935		7,056			_	_				59,991
	_		_		_		_				6,505
							18,854				283,358
_	122,470		46,663		2,329,921		41,607		<u> </u>		2,965,891
\$	179,360	\$ (54,619	\$	2,678,362	\$ 10,734	\$ 200,173	<u>\$</u>	(116,624)	: 🚢	3,683,785



Land with longleaf pines was cleared extensively by early settlers. With less land needed for agriculture today, these stately trees are being reestablished.

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.

Photograph is not available in web version of CAFR

A locally-grown Christmas tree has become the favored holiday centerpiece in many South Carolina homes. More than 175 growers provide quality local trees to markets throughout the State. The Leyland Cypress, a hybrid which grows well in South Carolina's moderate climate, has become popular in the State.

Appropriation Activity

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1996 (Expressed in Thousands)

Function	Original Appropriations	Adjustments ^a		
Legislative	\$ 26,247	\$ 4,357		
Judicial	28,748	3,705		
Executive and administrative	161,759	52,579		
Educational	1,931,221	130,731		
Health	681,502	69,177		
Social rehabilitation services	122,575	21,118		
Correctional and public safety	371,247	87,023		
Conservation, natural resources, and development	105,292	60,568		
Regulatory	81,141	(8,274)		
Department of Transportation	586	7		
Debt service	138,204	_		
Miscellaneous	377,880	216,822		
Totalsappropriations for expenditures	4,026,402	637,813		
Transfer to designation for capital and nonrecurring	80,490			
Totalsappropriations for expenditures and intrafund transfers	\$ 4,106,892	\$ 637,813		

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

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

Appropriations brought forward from 1994-95 Governor vetoes of 1994-95 supplemental appropriations	\$ 313,440 (2,533)
Open-ended appropriations	6.392
Supplemental appropriations	236,201
Surplus revenue appropriations 1994-95	 84,313
Total adjustments	\$ 637,813

Adjusted Appropriations		Expenditures		 ntrafund Fransfer	``1	opriations Fo Be ed Forward	Lapsed Appropriations		
\$	30,604	\$	27,180	\$ _	\$	3,424	\$	_	
	32,453		30,711	-		1,742			
	214,338		123,764	_		89,557		1,017	
	2,061,952		2,006,600	_		55,352		_	
	750,679		731,051	_		19,628		_	
	143,693		126,189	_		17,503		1	
	458,270		400,100	_		58,170			
	165,860		130,190	_		35,670		_	
	72,867		71,438	_		1,429		_	
	593		589	_		4			
	138,204		136,505	_		_		1,699	
	594,702		485,022	 		108,903		777	
	4,664,215		4,269,339	_		391,382		3,494	
	80,490			 80,490					
\$	4,744,705	\$	4,269,339	\$ 80,490	\$	391,382	<u> \$ </u>	3,494	

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Nursery workers exercise care to insure that the tree seedlings produced for reforestation are of the highest quality.

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 (dollars in thousands) for the General Fund Reserve for the last ten fiscal years

Fiscal Year Ended June 30	tart-of- Year alance	De	posits	With	ndrawals	 I-of-Year alance	I-Funding	Actual End-of- Year % Funded ^c
1987	\$ 51,775	\$	23,606	\$	_	\$ 75,381	\$ 100,372ª	75%
1988	75,381		25,093		(14,382)	86,092	80,783 ^b	107%
1989	86,092		7,217		(5,310)	87,999	87,999 ^b	100%
1990	87,999				_	87,999	94,114 ^b	94%
1991	87,999		6,115		(60,687)	33,427	98,843 ^b	34%
1992	33,427		4,729		(38,156)	_	99,163 ^b	0%
1993	_		66,832			66,832	100,248 ^b	67%
1994	66,832		43,346		_	110,178	110,178 ^b	100%
1995	110,178		10,557		_	120,735	120,735 ^b	100%
1996	120,735		6,271		_	127,006	127,006 ^b	100%

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

bEquals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

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

Funds Earmarked for Public Education

BUDGETARY GENERAL FUND For the Fiscal Year Ended June 30, 1996 (Expressed in Thousands)

Part I, Section 1, of the 1995-96 Appropriation Act and Sections 12-21-1130, 12-33-30, and 61-13-520 of the South Carolina Code of Laws require that the State's portion of those Budgetary General Fund revenues shown below be expended only to support the specific public education agencies listed below (including debt service on

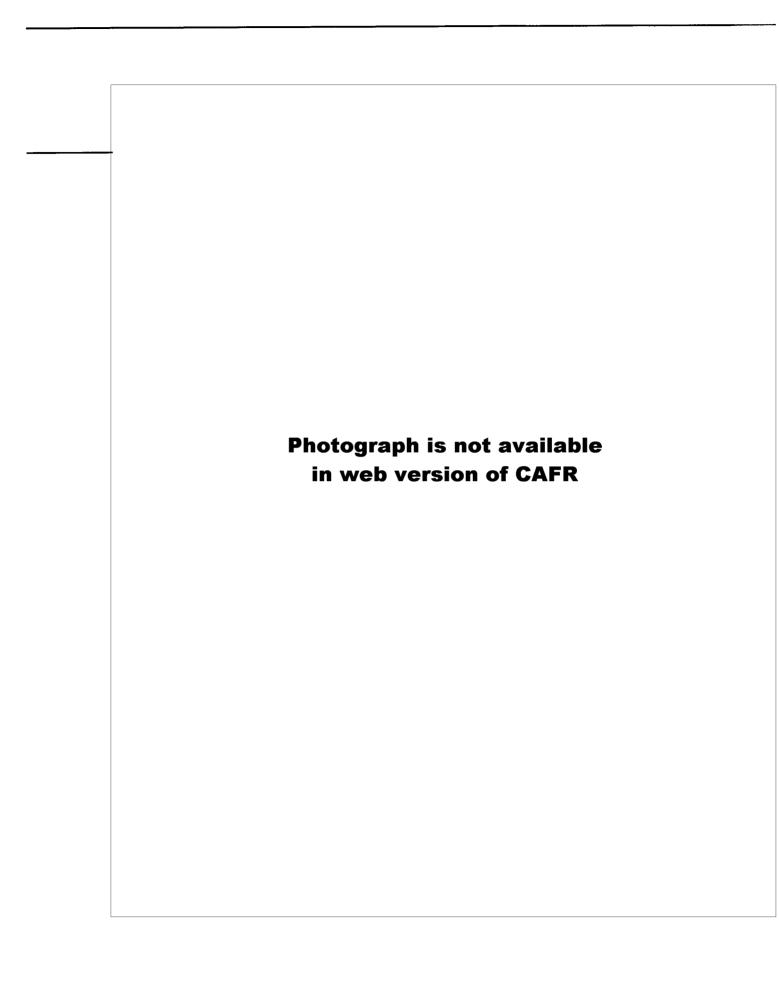
Capital Improvement Bonds applicable to those agencies) and for other school purposes. These legal requirements are considered to be satisfied if the amount of Budgetary General Funds expended for these particular agencies and for other school purposes exceeds the State's portion of the specified revenues.

Gross budgetary-basis revenues:	
Retail sales tax (4%) and excise tax-casual sales	\$ 1,544,724
Alcoholic liquors tax60% portion	19,868
Beer and wine taxpenalties and fines	300
Soft drinks tax	27,231
Commercial nuclear waste tax	860
Gross budgetary-basis revenues	1,592,983
Less: Applicable portion of Act 162 of 1993 Spending	
Limitation	(23,531) a
Budgetary-basis revenues available for appropriation	 1,569,452
Total budgetary-basis revenues earmarked for public	
education (95.5% of budgetary-basis revenues	1.
available for appropriation)	1,498,827 b
Budgetary-basis expenditures:	
Department of Education	1,307,309
State Board of Technical and Comprehensive Education	136,632
Educational Television Commission	19,867
Wil Lou Gray Opportunity School	2,738
School for the Deaf and Blind	10,773
John De La Howe School	3,944
Debt service on Capital Improvement Bonds applicable to	J, J 1 1
above agencies	16,080
Other school purposes.	8,578 ^c
Total budgetary-basis expenditures for public education	1,505,921
Excess of budgetary-basis expenditures over revenues	 1,303,321
earmarked for public education	\$ 7,094

^aAct 162 of 1993 limits annual appropriations to the lesser of: (1) the total recurring revenues collected in the preceding fiscal year plus seventy-five percent (75%) of the revenue growth projected by the Board of Economic Advisors, or (2) the estimated revenue projected by the Board of Economic Advisors.

^bTitle 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 budgetary-basis revenues available for appropriation.

^cThe Other School Purposes expenditure category includes: (1) a State supplement to school districts to help pay the district contribution toward public school employee benefits and (2) State expenditures for the Palmetto Unified School District.



Statistical Section

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Producing tree seeds is the first step in reforestation. Seed orchards, such as the one pictured, produce genetically improved seeds for trees that have improved growth and yield characteristics. C. H. Niederhof Seed Orchard in Jasper County is one of the largest pine seed orchards in the United States.

Expenditures by Function

ALL GOVERNMENTAL FUND TYPES®

Last Nine Fiscal Years^b (Expressed in Thousands)

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

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

^bThe 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.

^cUntil July 1, 1990, General Government 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 Government expenditures for the fiscal year ended June 30, 1991.

^dBeginning 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

19	91	 1992	 1993	 1994		1995	 1996
\$ 2	251,692	\$ 234,092	\$ 247,452	\$ 399,456	\$	352,015	\$ 331,398
2	262,697	241,230	254,464	293,158		322,219	376,035
2,0	097,614	2,489,321	2,682,162	_		_	_
	_		_	2,166,088		2,320,642	2,541,100
	_	_	_	678,772		697,958	702,075
3	300,250	304,488	312,961	405,503		457,008	492,723
	132,970	128,059	131,021	138,937		139,635	155,302
2	274,895	274,957	290,740	214,574		203,837	218,366
	_		_	_		_	_
4	402,258	429,896	456,707	453,625		435,336	470,050
	66,715	94,538	104,316	82,602		88,765	82,997
	50,878	53,943	53,316	49,202		48,796	50,574
2,0	007,557	 2,033,486	 2,096,679	 2,157,866	•	2,358,823	 2,636,440
\$ 5,8	347,526	\$ 6,284,010	\$ 6,629,818	\$ 7,039,783	\$	7,425,034	\$ 8,057,060

Revenues by Source

ALL GOVERNMENTAL FUND TYPES^a
Last Nine Fiscal Years^b
(Expressed in Thousands)

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

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

^bThe 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

1991	1992	1993	1994	1995	1996	
\$ 1,377,825	\$ 1,386,724	\$ 1,481,592	\$ 1,519,030	\$ 1,646,375	\$ 1,809,287	
1,463,941	1,515,223	1,628,766	1,756,157	1,892,801	2,034,484	
914,736	911,110	983,586	999,733	1,060,165	1,151,544	
198,253	218,726	300,699	308,019	255,570	243,502	
78,092	55,708	44,756	48,765	82,723	96,400	
2,001,490	2,347,896	2,443,881	2,586,257	2,792,165	2,803,303	
120,098	138,610	155,546	161,378	215,547	235,003	
54,424	81,421	101,486	82,665	89,849	106,939	
31,643	43,610	44,182	51,926	54,881	55,379	
33,856	43,853	52,894	53,293	59,716	73,676	
\$ 6,274,358	\$ 6,742,881	\$ 7,237,388	\$ 7,567,223	\$ 8,149,792	\$ 8,609,517	

Income and Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year Ended June 30	Individual Income Tax	Corporate Income Tax	Retail Sales Taxª
1987	3 - 7%	6%	5%
1988	3 - 7%	5.5%	5%
1989	3 - 7%	5%	5%
1990	3 - 7%	5%	5%
1991	2.75 - 7%	5%	5%
1992	2.50 - 7%	5%	5%
1993	2.50 - 7%	5%	5%
1994	2.50 - 7%	5%	5%
1995	2.50 - 7%	5%	5%
1996	2.50 - 7%	5%	5%

^aExcludes the 2% accommodations tax and the local option sales tax.

Source: The Department of Revenue and Taxation

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Trees can be harvested with minimal damage to the environment. Trees are South Carolina's most valuable cash crop, with receipts to landowners of over \$600 million annually.

Net General Obligation Bonds and Notes Per Capita Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ^a (Thousands)	Gross Bonded Debt ^b (Thousands)	Debt Payable From Higher Education Funds (Thousands)	Net General Bonded Debt ^c (Thousands)	Net General Bonded Debt Per Capita
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	3,487	807,911	28,071	779,840	223.64
1991	3,555	828,650	28,560	800,090	225.06
1992	3,594	876,305	44,570	831,735	231.42
1993	3,627	884,025	43,230	840,795	231.82
1994	3,643	929,571	40,420	889,151	244.07
1995	3,673	898,047	44,345	853,702	232.43
1996	3,730	1,007,394	41,900	965,494	258.85

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

^aOffice of Research and Statistics, State Budget and Control Board.

^bIncludes 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.

^cNet 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).

Computation of Legal Debt Margin

June 30, 1996

(Expressed in Thousands)

Section 59-107-90 of the South Carolina Code of Laws limits State institution bonds legally

outstanding to \$90 million. Section 57-11-240 of the

Section 57-11-240 of the South Carolina Code of Laws and Article X, Section 13 of the South Carolina Constitution state that highway bonds may be issued if such bonds are additionally secured by a pledge of revenues designated by the General Assembly for state highway purposes from taxes or licenses imposed for using the public highways of the State. The maximum annual debt service on all highway bonds shall not exceed fifteen percent of

the proceeds received from the designated revenues for the fiscal year next preceding.

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	\$ 90,000 41,900
Legal debt margin at June 30, 1996institution bonds	\$ 48,100
1994-1995 Budgetary General Fund revenues pledged for highway bonds	\$ 101,420 287,379
1994-1995 revenues pledged for highway bonds	388,799
15% of 1994-1995 revenues pledged for highway bonds Less: maximum annual debt service for highway bonds ^a	58,320 4,796
Legal debt service margin at June 30, 1996highway bonds	\$ 53,524
1994-1995 Budgetary General Fund revenues Less: 1994-1995 Budgetary General Fund revenues pledged for highway bonds	\$ 4,233,540
	\$ 4,233,540 101,420 6,662
Less: 1994-1995 Budgetary General Fund revenues pledged for highway bonds	\$ 101,420
Less: 1994-1995 Budgetary General Fund revenues pledged for highway bonds Less: 1994-1995 transfers for institution bond debt service recorded as Budgetary General Fund revenues	\$ 101,420 6,662
Less: 1994-1995 Budgetary General Fund revenues pledged for highway bonds Less: 1994-1995 transfers for institution bond debt service recorded as Budgetary General Fund revenues	\$ 101,420 6,662 4,125,458

^aAs of June 30, 1996, the maximum annual debt service will occur in the fiscal year ending June 30, 1997, for (1) highway bonds and (2) for general obligation bonds (excluding institution and highway bonds).

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

Last Nine Fiscal Years^b (Dollars in Thousands)

Fiscal Year Ended June 30	rear nded		Total General Debt Governmental Service Expenditures		Ratio of Debt Service to General Governmental Expenditures	
1988	\$ 77,521	\$ 44,684	\$ 122,205	\$ 4,512,025	2.71%	
1989	84,680	46,077	130,757	4,829,547	2.71%	
1990	62,482	47,902	110,384	5,521,600	2.00%	
1991	66,715	50,878	117,593	5,847,526	2.01%	
1992	94,538	53,943	148,481	6,284,010	2.36%	
1993	104,316	53,316	157,632	6,629,818	2.38%	
1994	82,602	49,202	131,804	7,036,723	1.87%	
1995	88,765	48,796	137,561	7,424,673	1.85%	
1996	82,997	50,574	133,571	8,057,060	1.66%	

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

Photograph is not available in web version of CAFR

South Carolina Forestry Commission workers clear underbrush to help prevent the spread of wildfires. Even though South Carolina experiences over 6,000 wildfires annually, losses are kept low, averaging 5 acres per fire. Average wildfire loss has been reduced by 40% in the past 25 years.

^bThe 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.

Revenue Bond Coverage—Enterprise Funds^a

Last Ten Fiscal Years (Dollars in Thousands)

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

Fiscal Year Ended June 30	Gross evenues	Principal Proceeds		Direct Operating Expenses ^b		Net Revenue Available for Debt Service	
1987	\$ 83,269	\$	70,526	\$	4,323	\$	149,472
1988	75,642		42,642		4,472		113,812
1989	69,673		41,888		4,758		106,803
1990	71,017		45,028		5,853		110,192
1991	73,984		44,896		5,265		113,615
1992	68,431		103,495		5,314		166,612
1993	64,465		94,666		5,797		153,334
1994	53,871		116,082		5,703		164,250
1995	52,576		44,228		6,611		90,193
1996	51,391		55,527		6,375		100,543

SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY •

Fiscal Year Ended June 30		Gross evenues	Principal Proceeds		Direct Operating Expenses ^b		Net Revenue Available for Debt Service	
1987	\$	13,916	\$	7,086	\$	2,328	\$	18,674
1988		14,387		8,954		3,436		19,905
1989		19,541		10,677		7,477		22,741
1990		24,312		15,249		4,663		34,898
1991		22,969		18,087		8,320		32,736
1992		32,411		23,163		9,025		46,549
1993		35,697		28,402		11,299		52,800
1994		35,207		32,965		6,450		61,722
1995		41,164		36,715		7,641		70,238
1996		44,597		47,735		7,245		85,087

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

^bExcludes depreciation and interest expense.

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

^dThese 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.

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

Dobt	Canrica	Danii	irements

Dobt Corvino Requirements					
Interest	Total	Coverage <u>Ratio</u>			
\$ 60,505	\$ 80,235	1.86			
53,435	63,510	1.79			
55,412	65,537	1.63			
56,661	66,671	1.65			
59,359	69,384	1.64			
59,468	70,793	2.35			
49,503	92,606	1.66			
39,405	121,370	1.35			
35,307	47,022	1.92			
34,492	44,372	2.27			
	\$ 60,505 53,435 55,412 56,661 59,359 59,468 49,503 39,405 35,307	Interest Total \$ 60,505 \$ 80,235 53,435 63,510 55,412 65,537 56,661 66,671 59,359 69,384 59,468 70,793 49,503 92,606 39,405 121,370 35,307 47,022			

Debt Service Requirements

Interest	Total	Coverage Ratio
\$ 6,965	\$ 27,615	0.68
5,655	15,470	1.29
7,477	14,807	1.54
11,864	23,304	1.50
12,419	30,084	1.09
14,284	35,604	1.31
17,507	39,987	1.32
19,199	44,094	1.40
21,469	56,264	1.25
23,563	55,718	1.53
	\$ 6,965 5,655 7,477 11,864 12,419 14,284 17,507 19,199 21,469	\$ 6,965 \$ 27,615 5,655 15,470 7,477 14,807 11,864 23,304 12,419 30,084 14,284 35,604 17,507 39,987 19,199 44,094 21,469 56,264

Photograph is not available in web version of CAFR

Fire is indispensable in managing many of our forest communities. Professionally applied, fire is used to enhance wildlife habitat, improve forest growth, and insure against damaging wildfire.

Demographic Statistics

Last Ten Years

Year	Population ^a at June 30	l Ye	er Capita ncome ^a ar Ended cember 31	Median Age ^a (Years) at June 30	School Enrollment ^b at June 30	Unemployment Rate ^c at December 31
1986	3,332,000	\$	11,585	30.1	670,980	6.0%
1987	3,369,000		12,283	30.6	672,943	5.1%
1988	3,400,000		13,192	31.0	676,847	4.3%
1989	3,444,000		13,884	31.4	678,050	4.6%
1990	3,486,703		15,106	31.7	677,356	5.2%
1991	3,555,000		15,482	32.2	681,717	6.5%
1992	3,594,000		16,196	32.6	685,744	6.7%
1993	3,627,000		16,877	32.9	688,513	7.4%
1994	3,643,000		17,713	33.3	692,515	5.3%
1995	3,673,000		18,788	33.7	701,140	5.3%
1996	3,729,900		d	34.1	699,058	d

Sources:

^aOffice of Research and Statistics, State Budget and Control Board

^bSouth Carolina Department of Education

^cSouth Carolina Employment Security Commission

^dNot yet available.

Property Value, Construction, and Bank Deposits

Last Ten Years
(Dollars in Millions)

		idential ruction	Residential Construction			Property Value ^a		
<u>Year</u>	Number of Units at December 31	Value at December 31	Number of Units at December 31	Value at December 31	Bank Deposits at December 31	Nonresidential at June 30	Residential at June 30	
1986	6,761	\$ 743	40,390	\$ 1,581	\$ 22,907	\$ 25,915	\$ 27,149	
1987	7,283	835	26,991 ^b	1,489	23,612	28,364	29,114	
1988	6,926	763	25,563 ^b	1,438	26,022	34,127	31,241	
1989	6,627	707	20,530 ^b	1,252	27,849	34,936	33,869	
1990	6,877	788	22,454 ^b	1,475	29,091	37,079	38,852	
1991	6,811	670	19,309 ^b	1,372	29,528	39,089	41,220	
1992	6,329	494	20,853 ^b	1,585	30,224	41,104	45,926	
1993	6,078	694	21,186 ^b	1,662	31,005	43,084	50,963	
1994	6,678	746	23,670 b	1,898	30,475	44,204	54,118	
1995	c	c	22,400 b	1,825	33,035	d	ď	
1996	С	c	С	с	c	d	d	

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

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

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

^cNot yet available.

^dDue to legislation requiring that tax assessments be based on the prior year's property value, neither the 1995 nor 1996 information is yet available.

Largest Manufacturing Companies^a December 31, 1995

Name	Number of Plants in South Carolina	Number of Employees in South Carolina
Westinghouse Electric Corporation	3	16,011
Springs Industries, Incorporated	22	12,036
Milliken & Company	27	6,650
Michelin Tire Corporation	6	6,024
KEMET Corporation	4	5,286
Robert Bosch GmbH	6	4,401
Hoechst AG	5	3,807
WestPoint Stevens	6	3,200
Ingersoll-Rand Company	6	3,066
Greenwood Mills, Incorporated	9	2,868
W. R. Grace & Company	5	2,830
AB Electrolux Sweden	2	2,800
AlliedSignal, Incorporated	5	2,645
JPS Textile Group	5	2,499
E. I. du Pont de Nemours	4	2,472
Graniteville Company	7	2,440
Ryobi North America, Incorporated	2	2,428
Sonoco Products Company	3	2,422
Kyocera Corporation	2	2,310
Wellman, Incorporated	3	2,280
Owens-Corning Fiberglas Corporation	3	2,219
Spartan Mills	7	2,210
General Electric Company	2	2,150
International Paper	5	2,064

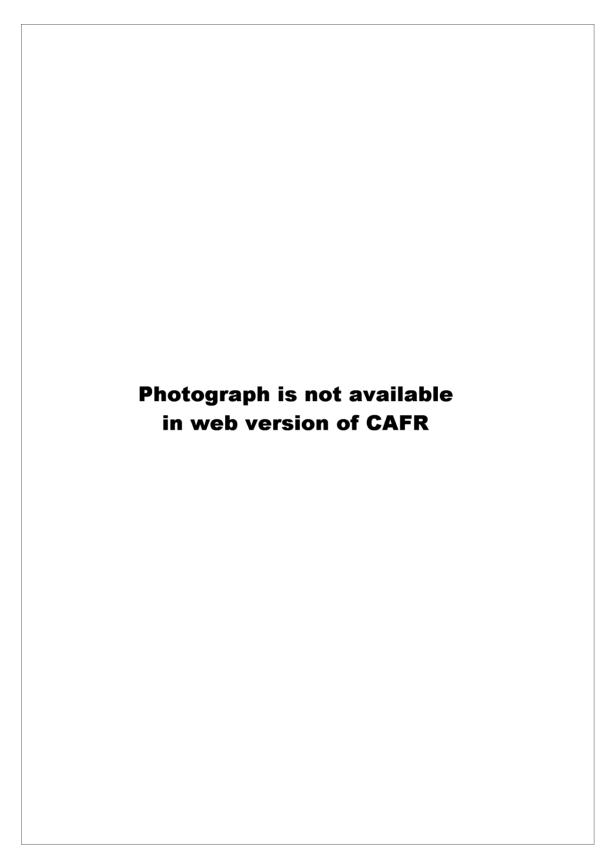
Source: 1996-97 South Carolina Industrial Directory.

^aBased on number of employees. This list includes all companies with 2,000 or more employees.

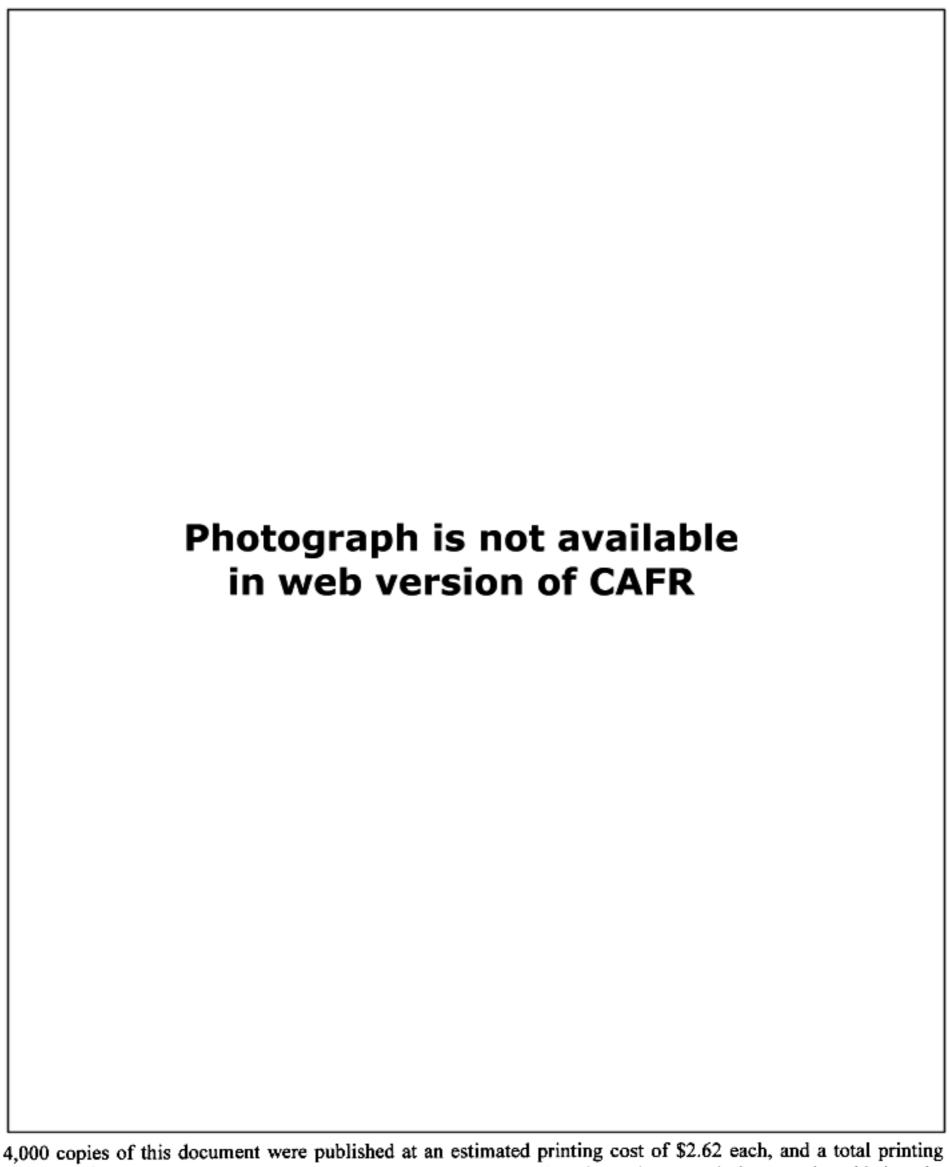
Miscellaneous Statistics

December 31, 1995 (Except as Noted)

Date of ratificationU. S. Constitution	1788ª
Form of government	Legislative-Executive-Judicial
Miles of State highways	64,290 ^b
Land area (square miles)	30,111°
State police protection:	
Police and sheriff agencies Total number of sworn officers	292 ^d 8,918 ^d
Higher education (universities, colleges, and technical education centers):	
Number of campuses Number of students	61 ° 176,794 °
Recreation:	
Number of State parks and historical sitesArea of State parksArea of State forests	56 ¹ 81,589 acres ^f 77,018 acres ^g
State employeesall funds (at June 30,1996)	67,787 ^h
Sources:	
^a 1996 Legislative Manual	
^b Department of Transportation	
^c Office of Research and Statistics, State Budget and Control Board	
^d State Law Enforcement Division	
^e Commission on Higher Education	
^f Department of Parks, Recreation, and Tourism	
^g Forestry Commission	
^h Office of State Budget, State Budget and Control Board	



Smokey Bear has been a symbol of forest fire prevention for over 50 years. Most adults today remember Smokey's timeless message learned as a child, "Only You Can Prevent Forest Fires."



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