



**STATE OF  
SOUTH CAROLINA**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

FOR THE FISCAL YEAR ENDED  
JUNE 30,

**2000**

Prepared by the Comptroller General's Office

---

## COMPTROLLER'S MESSAGE...

### A MATTER OF STEWARDSHIP

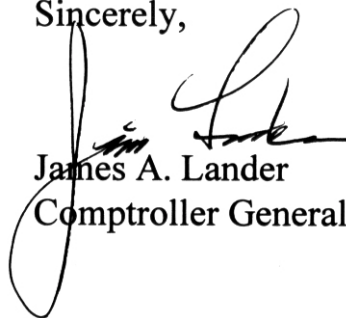
Each year, the pages of this annual report on South Carolina's financial condition have included information about other aspects of the State's rich traditions and heritage. It has been our belief over the years that a state's stewardship of its public moneys is directly related to the environment in which its leadership grows and matures.

As one of America's oldest states, in fact, South Carolina learns much from its past--its successes and failures, its triumphs and defeats.

When the Confederate submarine, the *H. L. Hunley*, was recovered from the waters of Charleston harbor in the summer of 2000, there was just such an opportunity to reflect on the State's history and to learn from its experience. The *Hunley* belonged to a bygone era of lost causes in South Carolina history, but its recovery signaled a new day of discovery and enlightenment for the State and the scientific world.

It is once again our pleasure to offer this report on the State's finances and their management. We also take pride in offering the story of the State's stewardship of its other resources and of the role that history and heritage play in the daily lives of South Carolina's citizens.

Sincerely,



James A. Lander  
Comptroller General



STATE OF SOUTH CAROLINA

## Office of Comptroller General

JAMES A. LANDER  
COMPTROLLER GENERAL

305 WADE HAMPTON OFFICE BUILDING  
POST OFFICE BOX 11228  
COLUMBIA, S.C. 29211  
TELEPHONE: (803) 734-2121  
FAX: (803) 734-2064

December 1, 2000

### **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, 2000. The report provides financial information about the State's operations during the year and describes its financial position at the end of the year.

The report includes information for the use of all parties who are interested in the State's finances. This includes the State's taxpayers, members of the General Assembly, and directors of State agencies as well as the State's investors and creditors.

Management is responsible for the accuracy of the data in this report as well as the completeness and fairness of the presentation. To the best of our knowledge and belief, this information is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups, and component units of the State of South Carolina. The report includes all disclosures that readers need to gain an understanding of the State of South Carolina's activities.

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, 1999 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), required supplementary information, other combining financial statements, and schedules.

- The Statistical Section, presenting comparative financial data and other non-financial data.

## **MAJOR INITIATIVES**

### **Legislative Initiatives**

The 2000 session of the South Carolina General Assembly concentrated on three key issues related to the State's economic well-being: (1) the needs of senior citizens, (2) tax relief, and (3) public education.

The legislature placed particular emphasis on providing financial assistance to the aging by boosting the homestead exemption from \$20 thousand to \$50 thousand for the property tax year 2000 and thereafter. Lawmakers also created a fund to assist senior citizens who cannot afford to purchase prescription drugs but do not qualify for Medicaid drug benefits.

Tax relief for all South Carolinians was targeted toward two levies that had been under legislative scrutiny for several years: the personal property tax at the local level on motor vehicles such as cars, motorcycles, aircraft and boats; and the statewide sales tax collected on food purchases.

The phase-out of the tax on motor vehicles was submitted to public referendum in November, and South Carolina voters approved it overwhelmingly. The legislation provides for adoption of a sales and use tax at the local level to replace the revenue lost on the motor vehicle tax.

The first step in phasing out the sales tax on food was approved by the 2000 legislature, and under the plan adopted, the 5% tax will be reduced to 4% on January 1, 2001. The General Assembly's intent was to eliminate one-fourth of the remaining tax during each of the subsequent four years and to ensure that cuts in the food tax will not lead to funding reductions for public education.

Public education itself received substantial funding attention. The General Assembly's \$470 million-plus for the State's schools included a critical \$10 million of additional monies for the First Steps to School Readiness program, an initiative of Governor Jim Hodges. This program is designed to provide early childhood development and educational services that will enable children to begin school ready to learn. The State's LIFE Scholarship program was expanded to cover the full cost of tuition for students attending two-year and technical colleges, and the stipend for students attending four-year colleges was increased from \$2 thousand to \$3 thousand per year. School bus safety and teacher quality incentives also were included in the wide-ranging package of education legislation.

South Carolina drew the most attention, however, from the enactment of legislation that removed the Confederate battle flag from both houses of the General

Assembly and from the dome of the State House. The law now provides for the display of the South Carolina Infantry Battle Flag of the Confederacy on a new flagpole at the Confederate Soldier Monument on the north end of the State House grounds. The same act also established State employee holidays honoring Dr. Martin Luther King, Jr., on the third Monday in January and Confederate Memorial Day on May 10.

### **Projects to Implement New Accounting and Financial Reporting Requirements**

The Governmental Accounting Standards Board (GASB) issued Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, in December 1998 and Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, in June 1999. To comply with generally accepted accounting principles for governments, the State of South Carolina must implement Statement 33, except for the accrual-basis revenue recognition provisions of that Statement, beginning July 1, 2000. Beginning July 1, 2001, the State must implement the accrual-basis revenue recognition provisions of Statement 33 as well as Statement 34, except for the provisions of Statement 34 that relate to retroactive reporting of major general infrastructure assets. Beginning July 1, 2005, the State must implement the provisions of Statement 34 that relate to retroactive reporting of major general infrastructure assets. Management intends to implement these statements no later than the dates specified by the GASB. The State has performed an evaluation of its readiness to implement these pronouncements, has prepared a detailed work plan, and has begun to perform early steps toward implementation.

Management anticipates that compliance with GASB Statements 33 and 34 will significantly affect the content and format of the State of South Carolina’s Comprehensive Annual Financial Reports (CAFRs) for fiscal years ending after the implementation dates described above. However, the State’s management has not yet determined the extent of those effects on specific account balances, financial statements, notes to the financial statements, or other presentations within the CAFR.

### **ECONOMIC CONDITION AND OUTLOOK**

Over the last three 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 approximately \$71.000 billion of investments in plants within the State.

The State’s recreation and retirement industries also have been rapidly growing economic sectors over the last three decades. Each year more retirees move here to take advantage of the area’s mild climate, lower cost of living, and special tax incentives for people over 65 years of age. The number of individuals receiving

Social Security retirement pay has grown at a rapid average annual rate of 4.1% since 1970. The annual income from retirement now exceeds an estimated \$7.700 billion.

The State's coastal areas have emerged as one of the leading recreation 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 9.9% per year over the last two decades and exceeds \$4.000 billion.

Since 1970, over 525,000 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 eleven-fold, one-fourth 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 11.9% compared to a much lower 10.7% nationwide. Even in the lower inflationary 1980's, personal income in South Carolina grew a healthy 8.7% per year, compared to a lesser 7.8% nationwide. Employment in South Carolina over the last two decades has grown one-fourth faster than in the United States as a whole.

Although South Carolina has been one of the poorer states in the nation since the War Between the States, the State is closing the gap in wealth between it and the rest of the country. In 1970, per capita income of South Carolina was only 75% of the national average but has since increased to 82% of the national average.

The State's economy has begun fiscal year 2000-2001 with a modest slowdown in growth. Employment in the State was up by 350,000 in September 2000 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 range of 5% to 6% but slower than last year's rate of growth.

In recent years, the State passed economic development legislation to further enhance the attractiveness of businesses to locate in rural sections of the State by substantially increasing the tax incentives that companies may be eligible to take. Through 1999, over 550 companies have taken advantage of the tax incentive package offered by the State. Global companies such as BMW, Honda of America, Bridgestone/Firestone, Michelin, and Hoffman-LaRoche have located corporate headquarters or have constructed multi-million dollar manufacturing facilities within the State. In addition to these projects, 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 (BEA) met on November 9, 2000, and reported that the State's Budgetary General Fund revenue collections at the end of the first four months of fiscal year 2000-2001 were slightly less than anticipated. The BEA reported that the State's economy has been impacted by six consecutive increases in interest rates by the Federal Reserve. The Sales Tax and Income Tax, the State's two leading sources of revenue, were both showing signs of slowing growth, indicating that the State's economy may be heading toward slower economic growth.

As a result, the BEA lowered the Budgetary General Fund revenue estimate for fiscal year 2000-2001 to an amount that is approximately \$96.000 million below the revenue estimate shown in the Appropriation Act. Accordingly, on November 21, 2000, the State Budget and Control Board acted to sequester \$98.611 million of appropriations to provide for this anticipated revenue shortfall. The Budget and Control Board's action will not reduce any individual agency's fiscal year 2000-2001 appropriations.

## **FINANCIAL CONTROLS**

### **Internal Controls**

The Statewide Accounting and Reporting System (STARS) is the State's budgetary-basis operating accounting system. This double-entry system, installed in 1981-1982, 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.

The Comptroller General's Office maintains an automated annual financial reporting system as well as an automated interface between STARS and that system. The Comptroller General's Office uses these automated systems to prepare this report in accordance with generally accepted accounting principles (GAAP). State agencies that use STARS prepare year-end forms to report amounts needed to adjust their budgetary-basis balances to conform with GAAP. The Comptroller General's Office then enters the data from these forms into its GAAP financial reporting system. Additional information entered into the GAAP financial reporting system is derived from the audited financial statements of certain entities and from other supplemental data provided by those entities.

The State's internal controls, designed by the management of the State, provide reasonable assurance that the following objectives are achieved:

- Reliability of financial reporting,
- Effectiveness and efficiency of operations, and
- Compliance with applicable laws and regulations.

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 estimated on a modified accrual basis, the State estimates revenues on a cash receipts basis. Appropriations for 1999-2000 covered all expenditures deemed applicable to that year and paid on or before July 20, 2000. Agencies may carry forward up to 10.0% 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 (except for some higher education institutions) does not record encumbrances. 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 verifies 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 (BEA) may approve revisions of estimated revenues of the Budgetary General Fund during the year. The BEA approved such upward revisions on November 10, 1999, and February 10, 2000. The BEA revised estimated revenues downward on May 24, 2000, after considering current economic trends and other factors.

During 1998-1999, the General Assembly and the Governor approved Supplemental Appropriation Act line-items that added \$216.625 million of additional appropriations to the Budgetary General Fund for the fiscal year ended June 30, 2000.

Late in 1999-2000, the General Assembly and the Governor approved \$91.194 million of supplemental appropriations from 1998-1999 unobligated budgetary surplus funds.

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 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; Connector 2000 Association, Inc.; the Savannah Lakes Regional Loan Fund; and the South Carolina First Steps to School Readiness Board of Trustees. Note 1a in the Notes to the Financial Statements provides a more complete description of the State's reporting entity.

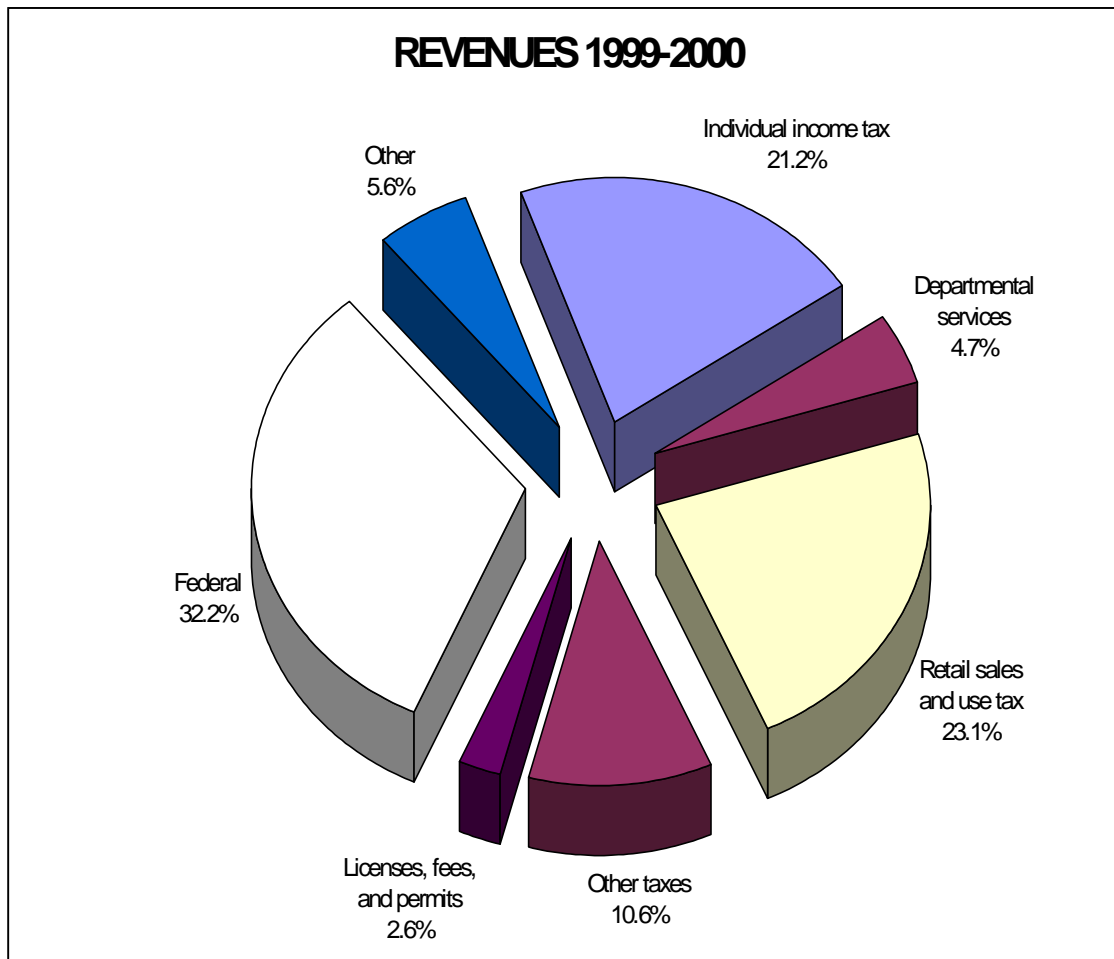
## FINANCIAL OVERVIEW

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, 2000, other financing uses exceeded other financing sources for these funds by \$330.252 million.

### Revenues

The State's most significant sources of revenue are its 5.0% 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, 2000 (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year revenues:

<u>Revenues</u>	<u>1999-2000 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1998-1999</u>	<u>Percentage Increase (Decrease)</u>
Individual income tax.....	\$ 2,453,465	21.2%	\$ 170,956	7.5%
Retail sales and use tax.....	2,676,686	23.1%	155,422	6.2%
Other taxes.....	1,227,671	10.6%	(46,695)	(3.7%)
Licenses, fees, and permits.....	306,067	2.6%	15,537	5.3%
Interest and other investment income...	154,753	1.3%	32,751	26.8%
Federal.....	3,708,958	32.2%	263,100	7.6%
Departmental services.....	539,549	4.7%	(314)	(0.1%)
Contributions.....	251,335	2.2%	58,483	30.3%
Fines and penalties.....	69,017	0.6%	(845)	(1.2%)
Tobacco legal settlement.....	96,274	0.8%	96,274	N/A
Other.....	83,650	0.7%	3,430	4.3%
<b>Totals.....</b>	<b><u>\$ 11,567,425</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 748,099</u></b>	<b><u>6.9%</u></b>



The interest and other investment income category increased because the improvement in the State's financial position during 1999-2000 made more cash available for investment.

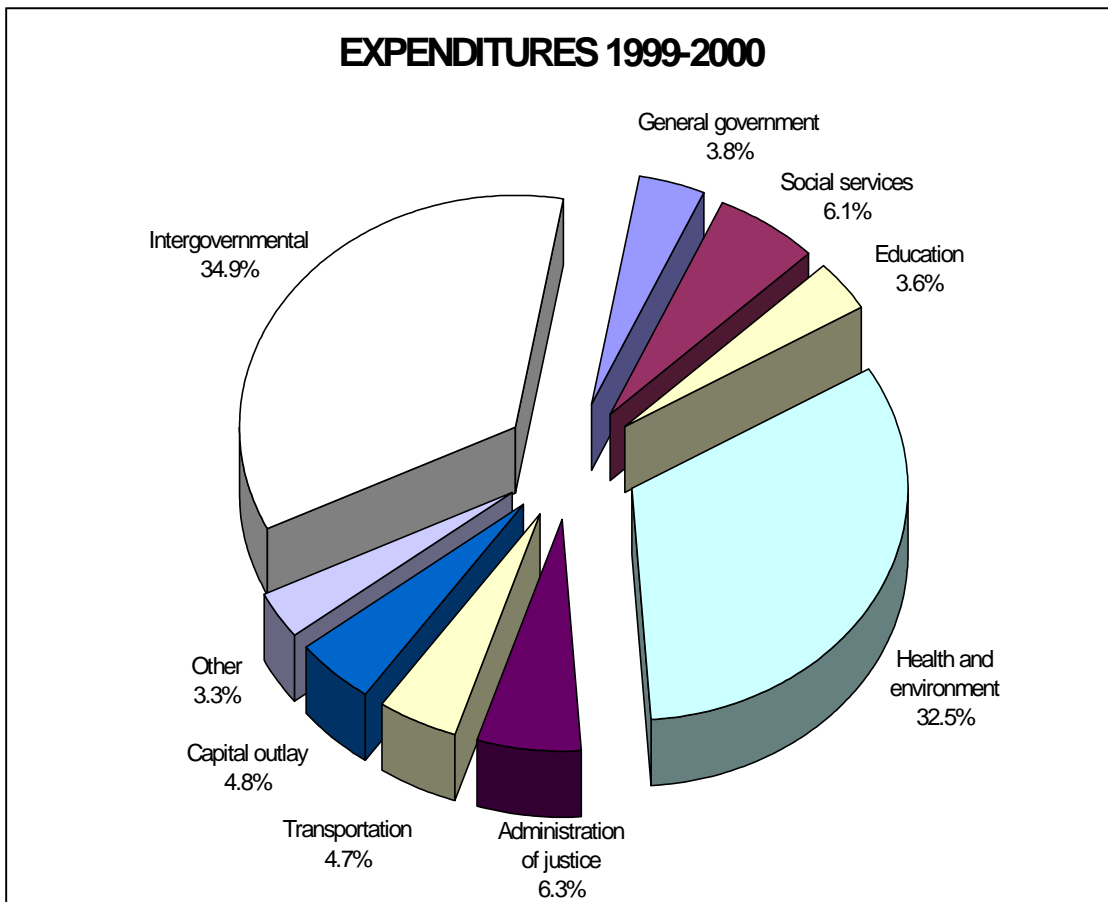
Contributions increased as a result of the activities of the South Carolina Transportation Infrastructure Bank. The amount of Contributions revenue that the bank received during 1999-2000 increased in response to an increase in the Bank's road-building activities.

During 1999-2000, the State received its initial settlement payments under a successful multi-state legal settlement with the tobacco industry.

### Expenditures

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended June 30, 2000 (expressed in thousands), and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year expenditures:

<u>Expenditures</u>	<u>1999-2000 Amount</u>	<u>Percent of Total</u>	<u>Increase from 1998-1999</u>	<u>Percentage Increase</u>
Current:				
General government.....	\$ 422,935	3.8%	\$ 67,377	18.9%
Education.....	403,453	3.6%	47,526	13.4%
Health and environment.....	3,600,808	32.5%	156,999	4.6%
Social services.....	674,353	6.1%	25,664	4.0%
Administration of justice.....	694,845	6.3%	61,973	9.8%
Resources and economic development	180,403	1.6%	20,857	13.1%
Transportation.....	518,584	4.7%	214,760	70.7%
Capital outlay.....	527,769	4.8%	74,061	16.3%
Debt service:				
Principal retirement.....	107,621	1.0%	16,835	18.5%
Interest and fiscal charges.....	81,632	0.7%	26,439	47.9%
Intergovernmental.....	3,874,298	34.9%	611,658	18.7%
<b>Totals.....</b>	<b>\$ 11,086,701</b>	<b>100.0%</b>	<b>\$ 1,324,149</b>	<b>13.6%</b>



General Government expenditures increased for items such as the K-12 Technology Initiative and State match expenditures required to receive Federal disaster funds related to Hurricane Floyd and the winter storm. Additionally, the State began receiving funds under the Telecommunications Act of 1996 that it used to help fund connectivity projects benefitting public schools and libraries.

Education and Intergovernmental expenditures increased because additional funds were provided for programs to reduce class size, to improve literacy levels in early grades, and to implement the Education Accountability Act. In addition, the State increased aid to school districts through the issuance of general obligation State school facilities bonds for school construction and equipment.

Projects related to tourism and economic growth, including the *H. L. Hunley* Project, the Columbia Conference Center, and Spartanburg Renaissance Projects, led to increased expenditures in the Resources and Economic Development category.

Transportation expenditures were greater because of the State's increased participation in certain highway and transportation facilities projects, including a new by-pass near Myrtle Beach.

The increases in Capital Outlay and Debt Service Principal and Interest were associated with the issuance in 1998-1999 of \$475.000 million in revenue bonds used to help finance the increased State road and bridge construction projects.

### 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:

	2000	1999	1998	1997	1996
<b>General Fund</b>					
Reserved.....	\$ 388,139	\$ 335,038	\$ 286,945	\$ 450,686	\$ 545,796
Unreserved, designated.....	—	31,360	—	—	—
Unreserved, undesignated.....	33,297	—	(109,468)	(294,233)	(261,065)
<b>Total General Fund.....</b>	<b>\$ 421,436</b>	<b>\$ 366,398</b>	<b>\$ 177,477</b>	<b>\$ 156,453</b>	<b>\$ 284,731</b>
<b>Special Revenue Funds</b>					
Reserved.....	\$ 556,474	\$ 350,722	\$ 204,427	\$ 205,377	\$ 202,628
Unreserved, designated.....	50,082	336,826	165,328	128,640	112,144
Unreserved, undesignated.....	1,210,905	1,015,125	775,557	541,769	386,726
<b>Total Special Revenue Funds.....</b>	<b>\$ 1,817,461</b>	<b>\$ 1,702,673</b>	<b>\$ 1,145,312</b>	<b>\$ 875,786</b>	<b>\$ 701,498</b>

The reserved component of fund balance represents amounts legally required to be segregated and amounts that cannot be appropriated for future expenditure. The unreserved component of fund balance is computed as total fund balance less reserved amounts.

The designated portion of unreserved fund balance reflects tentative plans for future use of available financial resources. For 1996 through 1998, the General Fund's reserve requirements exceeded its total fund balance. This created a negative

unreserved component of fund balance in the General Fund, even though the total fund balance was positive in those years. In those years, the General Fund did not have an unreserved designated fund balance because it had no net financial resources to finance any tentative future spending plans.

At June 30, 1999, the State had tentative plans to use \$91.766 million of the fund balance in its Budgetary General Fund to pay for selected recurring and nonrecurring items. Of that amount, only \$31.360 million in net financial resources was available in the General Fund at June 30, 1999, to finance those tentative plans.

In June 2000, the State General Assembly approved a plan to appropriate \$96.914 million of the fund balance in its Budgetary General Fund in fiscal year 2000-2001 to pay for certain recurring and nonrecurring items. Of that amount, only \$33.297 million in net financial resources was available in the General Fund at June 30, 2000, to finance those items. Had the Governor approved the plan in June 2000, the General Fund at June 30, 2000, would have had an unreserved, designated fund balance of \$33.297 million. However, the Governor delayed signing the bill until November 16, 2000, and as a result, the General Fund at June 30, 2000, had an unreserved, undesignated fund balance of \$33.297 million.

## 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, 2000, are as follows:

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>
Operating revenues....	\$ 49,033	\$ 46,679
Net income.....	8,341	4,328
Total assets.....	752,266	555,050
Total fund equity.....	185,526	127,469

### Discretely Presented Proprietary Component Units

The State's two largest proprietary operations are discretely presented proprietary 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 and wholesale water to individuals, businesses, electric cooperatives, and municipal power departments. The Public Service Authority (Santee Cooper) made payments to the State's General Fund of \$7.883 million during its fiscal year ended December 31, 1999. 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 proprietary component units for the fiscal year ended June 30, 2000, follow:

	<b>Public Service Authority (Santee Cooper)</b>	<b>State Ports Authority</b>
Operating revenues....	\$ 814,166	\$ 97,504
Net income.....	39,501	20,834
Total assets.....	3,563,223	525,216
Total fund equity.....	868,583	352,058

## **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. The State has funded all four of these plans in accordance with recommendations of the consulting actuaries, both in the current period and in past periods. The State has no pension liability for those plans at June 30, 2000.

The South Carolina Adjutant General's Office administers the National Guard Pension System. The State recorded a \$4.860 million pension liability for that plan in the General Long-Term Obligations Account Group at June 30, 2000. 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," and Standard & Poor's and Fitch Investors Service, Inc., rate these bonds as "AAA," the highest ratings that these services award. The Comptroller General's Office annually furnishes the State's Comprehensive Annual Financial Report and related information to the bond rating firms. This process is critical to ensuring that the State maintains its current high bond ratings.

During the fiscal year ended June 30, 2000, South Carolina issued \$346.034 million and retired \$94.840 million in general obligation bonds payable by governmental funds. The State budgets and pays principal and interest on capital improvement bonds and State school facilities 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, 2000, the Higher Education Funds reported State institution general obligation bonds outstanding of \$99.945 million.

State law limits annual debt service expenditures rather than directly limiting the amount of outstanding debt for general obligation bond and notes. The annual debt service margin at June 30, 2000, was \$121.939 million in total for all institution bonds, \$45.283 million for highway bonds and \$71.542 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 an indicator of the State's debt position that citizens, investors, and management may find useful. The following table shows this amount at June 30 for the last three years:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Net general obligation bonds/notes outstanding.....	\$1.394 billion	\$1.141 billion	\$952 million
Net general obligation bonds/notes outstanding per capita.....	\$357	\$294	\$248

The General Services Fund, an Internal Service Fund, had \$35.175 million of limited obligation lease revenue bonds outstanding at June 30, 2000.

The primary government's entities had revenue and Infrastructure Bank bonds, notes, and certificates of participation of \$2.051 billion outstanding on June 30, 2000. Revenue and Infrastructure Bank bonds, notes, and certificates of participation outstanding (expressed in thousands) by agency were:

South Carolina Housing Authority.....	\$ 542,440
South Carolina Education Assistance Authority.....	395,599
Transportation Infrastructure Bank bonds.....	574,275
Various higher education institutions.....	532,678
Other State agencies.....	5,690
<b>Total—primary government.....</b>	<b><u>\$ 2,050,682</u></b>

During the fiscal year ended June 30, 2000, the Housing Authority refunded \$135.735 million in revenue bonds to reduce its total debt service requirements by \$7.500 million and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$15.800 million. The Education Assistance Authority advance refunded \$39.050 million in revenue bonds to gain flexibilities provided by the 1993 bond resolution. For additional details on these refundings as well as a refunding in the Higher Education Funds, see Note 10 in the Notes to the Financial Statements.

In addition, discretely presented proprietary component units had the following amounts of bonds and notes outstanding (expressed in thousands) at June 30, 2000:

South Carolina Public Service Authority (Santee Cooper).....	\$ 2,059,278
South Carolina State Ports Authority.....	153,356
Connector 2000 Association, Inc.....	213,271
<b>Total—discretely presented component units.....</b>	<b><u>\$ 2,425,905</u></b>

During the fiscal year ended June 30, 2000, the Ports Authority executed an in-substance defeasance of \$27.975 million of outstanding revenue bonds using existing cash reserves. For additional details on this transaction, see Note 10 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. Under State law, the State Retirement Systems Investment Panel may make limited investments in equity securities for the State’s Pension Trust Funds. 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 income for the General Fund totaled \$76.607 million for the fiscal year ended June 30, 2000. This income includes realized and unrealized gains and losses.

## **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 aircraft and ocean marine insurance, areas in which the IRF has limited expertise. Further, 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 covered claims. The Fund purchases reinsurance 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 to participating licensed health care providers within the State of South Carolina.

## **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 Deloitte & Touche LLP. This report for the fiscal year ended June 30, 2000, includes an unqualified opinion, 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 as amended. 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, 1999. 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 twelve consecutive years (1987-1988 through 1998-1999). 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, 2000, meets the requirements to receive the Certificate of Achievement.

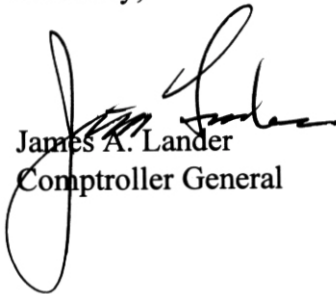
## **ACKNOWLEDGMENTS**

Production of this report would not have been possible without the support of all State agencies and component units that 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.

We extend special thanks to Mr. Daniel M. Dowdey of the Exhibits Division of the South Carolina State Museum Commission; Dr. Bruce E. Rippeteau, Director of the South Carolina Institute of Archaeology and Anthropology; Dr. Jonathan M. Leader, State Archaeologist for the South Carolina Institute of Archaeology and Anthropology; Mr. Christopher F. Amer, State Underwater Archaeologist for the South Carolina Institute of Archaeology and Anthropology;

Mr. Travis Bell, staff photographer for the South Carolina Office of the Governor; Dr. John Bryan, Professor of Art at the University of South Carolina; staff of the South Carolina Hunley Commission; staff of Friends of the Hunley, Inc.; Cramer Gallimore Photography; Rear Admiral William T. Schachte, Jr. (Ret.); the National Historical Center; the United States Office of the Pentagon; the United States Department of the Navy; the Charleston Naval Base Redevelopment Authority; and the City of North Charleston, South Carolina, for providing graphics and information regarding the *H. L. Hunley*, United States submarine warfare, and other historical treasures located in South Carolina. We also extend our appreciation 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, for providing invaluable assistance in producing the report.

Sincerely,



James A. Lander  
Comptroller General

# 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, 1999

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.



*Cary Brubaker*  
President

*Jeffrey L. Essler*  
Executive Director

## Principal State Officials

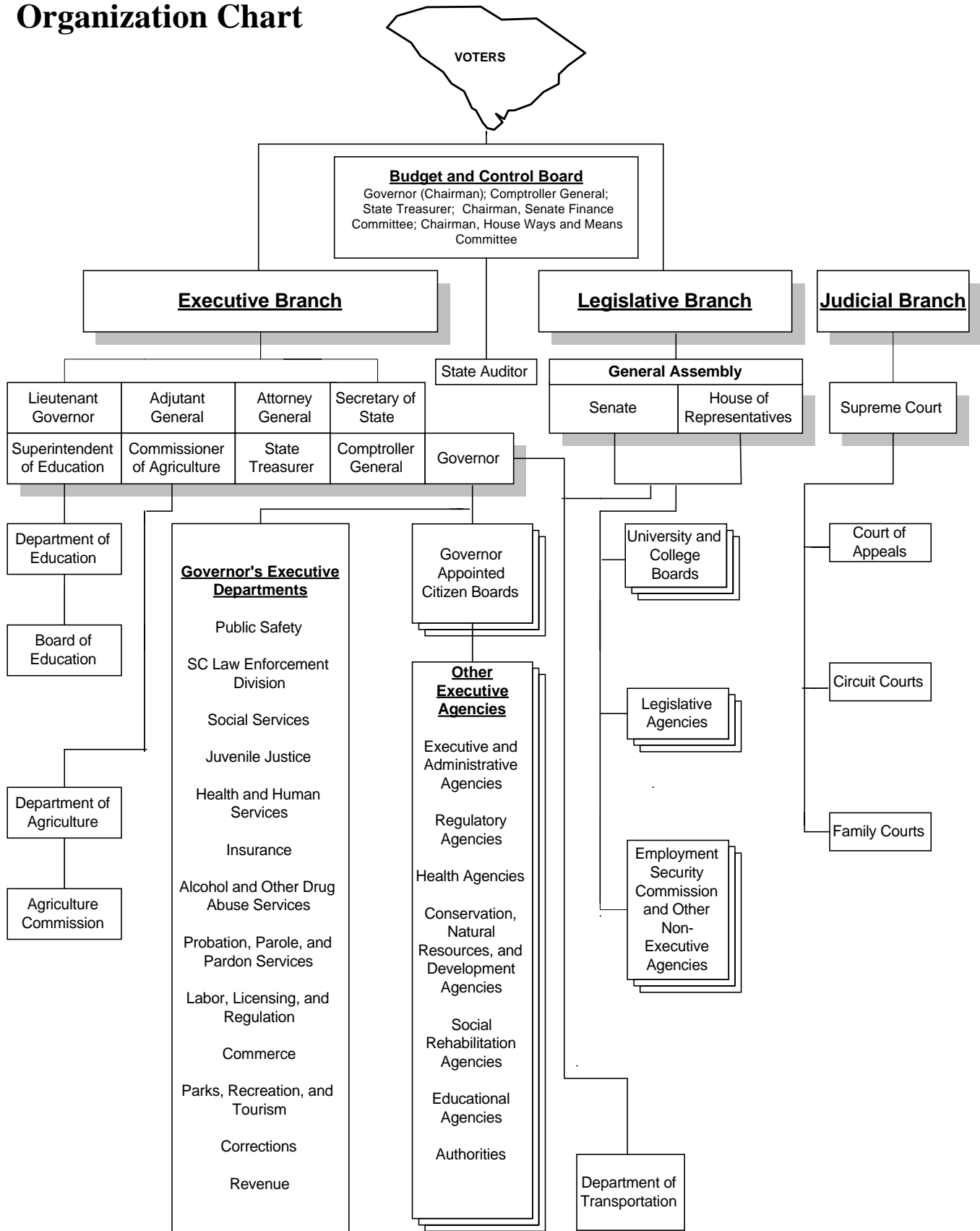
	Term of Office
<b>LEGISLATIVE—THE GENERAL ASSEMBLY</b>	
Robert L. Peeler, President of the Senate and Lieutenant Governor	1999-2003
John Drummond, President Pro Tempore of the Senate	2001-2005*
David H. Wilkins, Speaker, House of Representatives	2001-2003*
<b>EXECUTIVE</b>	
<b>STATE BUDGET AND CONTROL BOARD</b>	
James H. Hodges, Chairman, Governor	1999-2003
James A. Lander, Comptroller General	1999-2003
Grady L. Patterson, State Treasurer	1999-2003
John Drummond, Chairman, Senate Finance Committee	2001-2005*
Robert W. Harrell, Jr., Chairman, House Ways and Means Committee	2001-2003*
James M. Miles, Secretary of State	1999-2003
Charles M. Condon, Attorney General	1999-2003
Inez Tenenbaum, State Superintendent of Education	1999-2003
Major General Stanhope S. Spears, Adjutant General	1999-2003
D. Leslie Tindal, Commissioner of Agriculture	1999-2003
<b>JUDICIAL</b>	
Jean H. Toal,** Chief Justice, South Carolina Supreme Court	2000-2004

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, 2000, and were re-elected on November 7, 2000, to serve another term beginning in January 2001.

\*\*The Honorable Ernest A. Finney, Jr., retired as Chief Justice, South Carolina Supreme Court, in March 2000.

# Organization Chart



State of South Carolina



Office of the State Auditor

**Deloitte  
& Touche**

## INDEPENDENT AUDITORS' REPORT

The Honorable James H. Hodges, Governor  
and  
Members of the General Assembly  
State of South Carolina  
Columbia, South Carolina

We have jointly audited the accompanying general purpose financial statements of the State of South Carolina (the "State"), as of June 30, 2000, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the State. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not jointly audit the financial statements of certain blended component units and agencies of the primary government, which statements reflect the indicated percent of total assets and other debits and total revenues, respectively, of the Special Revenue (58% and 19%), Enterprise (100% and 92%), Internal Service (68% and 87%), Pension Trust (100% and 100%), Investment Trust (100% and 100%), Higher Education (100% and 100%), and Agency (18% of assets and other debits) Funds, General Fixed Assets Account Group (13% of assets and other debits), and the General Long-Term Obligations Account Group (42% 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 and Deloitte & Touche LLP acting separately, whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for those component units and agencies, is based solely on the reports of the other auditors. Deloitte & Touche LLP acting separately has audited 100% of the total assets and other debits and total revenues of the Investment Trust Fund. The Office of the State Auditor, acting separately, has audited 31% and 35% of the total assets and other debits and total revenues, respectively, of the Higher Education Funds.

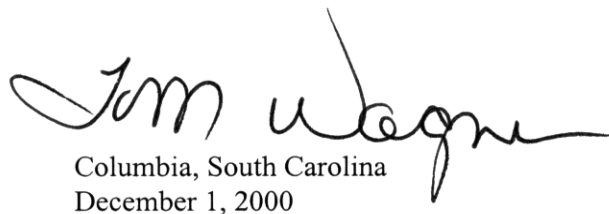
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units identified in Note 1(a) were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 provides a reasonable basis for our opinion.

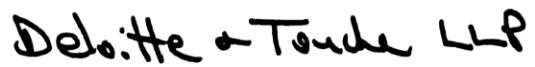
In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund and discretely presented component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the State. These financial statements and schedules are also the responsibility of the management of the State. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

The introductory and statistical data listed in the foregoing table of contents are presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the State. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2000, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

  
Columbia, South Carolina  
December 1, 2000

  
Columbia, South Carolina  
December 1, 2000



**Combined Balance Sheet**

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

June 30, 2000

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency
<b>ASSETS AND OTHER DEBITS</b>						
Cash and cash equivalents .....	\$ 799,920	\$ 1,375,110	\$ 105,385	\$ 192,419	\$ 170,420	\$ 4,078,970
Cash on deposit with fiscal agents .....	—	—	—	—	—	800,827
Investments .....	5,250	321	—	6,246	271,801	17,102,764
Invested securities lending collateral.....	59,165	14,960	3,011	2,487	37,933	1,427,433
Receivables, net:						
Accounts .....	52,697	109,119	1,617	16,410	43,657	349,088
Taxes .....	382,752	124,369	—	—	—	40,836
Patient and student .....	—	—	—	—	—	—
Student loans .....	—	15,780	—	12	—	—
Loans and notes .....	94	370,225	—	407,682	—	92
Due from Federal government and other grantors ..	6,889	336,319	3,585	4,085	—	2,624
Due from other funds .....	16,758	44,432	2,853	479	30,336	17,086
Due from component units.....	—	—	—	—	2	17
Due from primary government.....	—	—	—	—	—	—
Interfund receivables .....	6,427	—	—	—	—	—
Advances to other funds .....	7,461	2,620	—	—	16,872	—
Inventories .....	13,979	18,088	—	1,991	6,935	—
Prepaid long-term operating lease.....	—	—	—	—	—	—
Servicing rights, net.....	—	—	—	1,725	—	—
Interest in license agreement.....	—	—	—	—	—	—
Restricted assets:						
Cash and cash equivalents .....	—	—	—	287,601	—	—
Investments .....	—	—	—	14,075	—	—
Loans receivable .....	—	—	—	489,937	—	—
Other .....	—	—	—	11,298	—	—
Other assets .....	—	1,881	—	1,087	2,313	—
Deferred charges .....	—	—	—	1,008	—	—
Investment in joint venture.....	—	—	—	—	—	—
Property, plant, and equipment, net .....	—	—	—	26,403	180,511	4,409
Amount to be provided for retirement of long-term obligations .....	—	—	—	—	—	—
<b>Total assets and other debits .....</b>	<b>\$ 1,351,392</b>	<b>\$ 2,413,224</b>	<b>\$ 116,451</b>	<b>\$ 1,464,945</b>	<b>\$ 760,780</b>	<b>\$ 23,824,146</b>

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

<b>ACCOUNT GROUPS</b>		<b>HIGHER EDUCATION FUNDS</b>	<b>Totals Primary Government (Memorandum Only)</b>	<b>COMPONENT UNITS</b>	<b>Totals Reporting Entity (Memorandum Only)</b>
<b>General Fixed Assets</b>	<b>General Long-Term Obligations</b>				
\$ —	\$ —	\$ 528,184	\$ 7,250,408	\$ 89,269	\$ 7,339,677
—	—	—	800,827	—	800,827
—	—	102,788	17,489,170	205,166	17,694,336
—	—	6,547	1,551,536	290	1,551,826
—	—	13,104	585,692	104,611	690,303
—	—	—	547,957	—	547,957
—	—	107,693	107,693	—	107,693
—	—	47,760	63,552	—	63,552
—	—	64,714	842,807	—	842,807
—	—	76,615	430,117	—	430,117
—	—	17,940	129,884	—	129,884
—	—	154	173	—	173
—	—	—	—	82	82
—	—	—	6,427	—	6,427
—	—	—	26,953	—	26,953
—	—	26,394	67,387	83,361	150,748
—	—	15,634	15,634	—	15,634
—	—	—	1,725	—	1,725
—	—	—	—	108,074	108,074
—	—	—	287,601	240,016	527,617
—	—	—	14,075	400,141	414,216
—	—	—	489,937	—	489,937
—	—	—	11,298	—	11,298
—	—	39,390	44,671	3,693	48,364
—	—	—	1,008	390,700	391,708
—	—	—	—	4,382	4,382
2,464,783	—	3,327,337	6,003,443	2,702,824	8,706,267
—	2,205,291	—	2,205,291	49	2,205,340
<b>\$ 2,464,783</b>	<b>\$ 2,205,291</b>	<b>\$ 4,374,254</b>	<b>\$ 38,975,266</b>	<b>\$ 4,332,658</b>	<b>\$ 43,307,924</b>

Continued on Next Page

# Combined Balance Sheet

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

June 30, 2000

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities .....	\$ 181,281	\$ 321,650	\$ 4,446	\$ 29,420	\$ 18,202	\$ 57,744
Retainages payable.....	—	10,440	1,207	—	372	—
Tax refunds payable .....	444,993	608	—	—	—	4,077
Intergovernmental payables .....	78,296	157,206	—	—	—	517
Policy claims.....	—	—	—	111,511	364,945	—
Due to other funds .....	29,612	34,174	2,279	976	—	57,771
Due to component units.....	77	5	—	—	—	—
Due to primary government.....	—	—	—	—	—	—
Interfund payables .....	—	4,566	—	200	1,408	—
Advances from other funds .....	2,150	—	—	17,064	6,338	—
Deferred revenues and deferred credits .....	116,367	52,129	294	8,370	45,122	488
Deposits .....	—	—	—	1,541	—	517
Amounts held in custody for others .....	—	—	—	—	—	562,367
Securities lending collateral.....	59,165	14,960	3,011	2,487	37,933	1,427,433
Liabilities payable from restricted assets .....	—	—	—	70,550	—	—
Notes payable .....	—	—	—	261	4,015	—
General obligation bonds payable .....	—	—	—	—	—	—
Infrastructure bank bonds payable.....	—	—	—	—	—	—
Revenue bonds payable .....	—	—	—	938,039	—	—
Limited obligation bonds payable.....	—	—	—	—	35,175	—
Certificates of participation payable .....	—	—	—	—	—	—
Capital lease and installment debt obligations payable .....	—	—	—	—	2,834	—
Commercial paper notes .....	—	—	—	—	—	—
Compensated absences payable .....	—	—	—	1,359	5,568	—
Other liabilities .....	18,015	25	—	12,843	—	—
<b>Total liabilities .....</b>	<b>929,956</b>	<b>595,763</b>	<b>11,237</b>	<b>1,194,621</b>	<b>521,912</b>	<b>2,110,914</b>
<b>Fund equity and other credits:</b>						
Contributed capital .....	—	—	—	21,103	91,188	—
Investment in fixed assets .....	—	—	—	—	—	—
Retained earnings (deficit):						
Reserved.....	—	—	—	266,683	—	—
Unreserved, accumulated deficit— development stage .....	—	—	—	—	—	—
Unreserved .....	—	—	—	(17,462)	147,680	—
Fund balances:						
Reserved .....	388,139	556,474	—	—	—	21,559,723
Unreserved, designated.....	—	50,082	105,214	—	—	—
Unreserved, undesignated.....	33,297	1,210,905	—	—	—	153,509
<b>Total fund equity and other credits.....</b>	<b>421,436</b>	<b>1,817,461</b>	<b>105,214</b>	<b>270,324</b>	<b>238,868</b>	<b>21,713,232</b>
<b>Total liabilities, fund equity, and other credits .....</b>	<b>\$ 1,351,392</b>	<b>\$ 2,413,224</b>	<b>\$ 116,451</b>	<b>\$ 1,464,945</b>	<b>\$ 760,780</b>	<b>\$ 23,824,146</b>

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

ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals Primary Government (Memorandum Only)	COMPONENT UNITS	Totals Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Obligations				
\$ —	\$ —	\$ 119,513	\$ 732,256	\$ 135,713	\$ 867,969
—	—	4,883	16,902	7,429	24,331
—	—	—	449,678	—	449,678
—	6,110	—	242,129	50	242,179
—	4,616	—	481,072	—	481,072
—	—	5,072	129,884	—	129,884
—	—	—	82	—	82
—	—	—	—	173	173
—	—	253	6,427	—	6,427
—	—	1,601	27,153	—	27,153
—	—	48,427	271,197	62,461	333,658
—	—	3,797	5,855	—	5,855
—	—	4,650	567,017	—	567,017
—	—	6,547	1,551,536	290	1,551,826
—	—	—	70,550	1,766	72,316
—	1,414	184,390	190,080	—	190,080
—	1,392,192	99,945	1,492,137	—	1,492,137
—	574,275	—	574,275	—	574,275
—	—	328,406	1,266,445	2,425,905	3,692,350
—	—	—	35,175	—	35,175
—	—	19,882	19,882	—	19,882
—	9,812	48,109	60,755	32,301	93,056
—	—	—	—	370,059	370,059
—	195,758	96,710	299,395	13,717	313,112
—	21,114	11,006	63,003	43,226	106,229
—	<b>2,205,291</b>	<b>983,191</b>	<b>8,552,885</b>	<b>3,093,090</b>	<b>11,645,975</b>
—	—	—	112,291	221,137	333,428
2,464,783	—	2,801,249	5,266,032	58	5,266,090
—	—	—	266,683	—	266,683
—	—	—	—	(267)	(267)
—	—	—	130,218	999,981	1,130,199
—	—	301,174	22,805,510	—	22,805,510
—	—	137,646	292,942	—	292,942
—	—	150,994	1,548,705	18,659	1,567,364
<b>2,464,783</b>	<b>—</b>	<b>3,391,063</b>	<b>30,422,381</b>	<b>1,239,568</b>	<b>31,661,949</b>
<b>\$ 2,464,783</b>	<b>\$ 2,205,291</b>	<b>\$ 4,374,254</b>	<b>\$ 38,975,266</b>	<b>\$ 4,332,658</b>	<b>\$ 43,307,924</b>

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

ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS, AND  
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNIT

For the Fiscal Year Ended June 30, 2000  
(Expressed in Thousands)

## GOVERNMENTAL FUND TYPES

	General	Special Revenue	Capital Projects
<b>Revenues:</b>			
Taxes:			
Individual income.....	\$ 2,452,602	\$ 863	\$ —
Retail sales and use.....	1,954,492	722,194	—
Other.....	707,529	520,142	—
Licenses, fees, and permits.....	145,491	160,576	—
Interest and other investment income.....	76,607	78,146	1,239
Federal.....	93,652	3,615,306	13,457
Departmental services.....	344,044	195,505	307
Contributions.....	746	250,589	188
Fines and penalties.....	17,243	51,774	—
Tobacco legal settlement.....	96,274	—	—
Other.....	8,993	74,657	564
<b>Total revenues.....</b>	<b>5,897,673</b>	<b>5,669,752</b>	<b>15,755</b>
<b>Expenditures:</b>			
Current:			
General government.....	283,054	139,881	—
Education.....	233,104	170,349	—
Health and environment.....	1,209,387	2,391,421	—
Social services.....	105,504	568,849	—
Administration of justice.....	602,880	91,965	—
Resources and economic development.....	104,974	75,429	—
Transportation.....	—	518,584	—
Capital outlay.....	—	527,769	55,992
Debt service:			
Principal retirement.....	91,159	16,462	—
Interest and fiscal charges.....	40,492	41,140	—
Intergovernmental.....	2,443,950	1,430,348	—
<b>Total expenditures.....</b>	<b>5,114,504</b>	<b>5,972,197</b>	<b>55,992</b>
<b>Revenues over (under) expenditures.....</b>	<b>783,169</b>	<b>(302,445)</b>	<b>(40,237)</b>
<b>Other financing sources (uses):</b>			
Proceeds from bonds and notes.....	250,000	311,713	96,035
Lease and installment debt proceeds.....	151	—	—
Operating transfers in.....	20,851	143,784	36,859
Transfers from primary government.....	—	—	—
Transfers from component units.....	8,497	—	—
Operating transfers out.....	(987,350)	(57,898)	(65,882)
Transfers to component units.....	(20,000)	—	(12,300)
<b>Total other financing sources (uses).....</b>	<b>(727,851)</b>	<b>397,599</b>	<b>54,712</b>
<b>Revenues and other sources over expenditures and other uses.....</b>	<b>55,318</b>	<b>95,154</b>	<b>14,475</b>
<b>Fund balances at beginning of year (restated).....</b>	<b>366,398</b>	<b>1,721,803</b>	<b>91,507</b>
<b>Increases in reserve for inventories.....</b>	<b>275</b>	<b>504</b>	<b>—</b>
<b>Residual equity transfers out.....</b>	<b>(555)</b>	<b>—</b>	<b>(768)</b>
<b>Fund balances at end of year.....</b>	<b>\$ 421,436</b>	<b>\$ 1,817,461</b>	<b>\$ 105,214</b>

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

<b>FIDUCIARY FUND TYPE</b>		<b>GOVERNMENTAL COMPONENT UNIT</b>	
<b>Expendable Trust</b>	<b>Totals Primary Government (Memorandum Only)</b>	<b>First Steps to School Readiness Board of Trustees</b>	<b>Totals Reporting Entity (Memorandum Only)</b>
\$ —	\$ 2,453,465	\$ —	\$ 2,453,465
—	2,676,686	—	2,676,686
177,106	1,404,777	—	1,404,777
434	306,501	—	306,501
58,511	214,503	982	215,485
6,084	3,728,499	—	3,728,499
—	539,856	—	539,856
23,476	274,999	794	275,793
—	69,017	—	69,017
—	96,274	—	96,274
1,517	85,731	—	85,731
<b>267,128</b>	<b>11,850,308</b>	<b>1,776</b>	<b>11,852,084</b>
198,320	621,255	—	621,255
—	403,453	3,117	406,570
18	3,600,826	—	3,600,826
19	674,372	—	674,372
18	694,863	—	694,863
156	180,559	—	180,559
—	518,584	—	518,584
—	583,761	—	583,761
—	107,621	—	107,621
—	81,632	—	81,632
—	3,874,298	—	3,874,298
<b>198,531</b>	<b>11,341,224</b>	<b>3,117</b>	<b>11,344,341</b>
<b>68,597</b>	<b>509,084</b>	<b>(1,341)</b>	<b>507,743</b>
—	657,748	—	657,748
—	151	—	151
10	201,504	—	201,504
—	—	20,000	20,000
—	8,497	—	8,497
(1,098)	(1,112,228)	—	(1,112,228)
—	(32,300)	—	(32,300)
<b>(1,088)</b>	<b>(276,628)</b>	<b>20,000</b>	<b>(256,628)</b>
<b>67,509</b>	<b>232,456</b>	<b>18,659</b>	<b>251,115</b>
<b>924,176</b>	<b>3,103,884</b>	—	<b>3,103,884</b>
—	779	—	779
—	(1,323)	—	(1,323)
<b>\$ 991,685</b>	<b>\$ 3,335,796</b>	<b>\$ 18,659</b>	<b>\$ 3,354,455</b>

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

ALL BUDGETED FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

**BUDGETARY GENERAL FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Admissions tax.....	\$ 35,334	\$ 30,992	\$ (4,342)
Aircraft tax.....	3,183	3,321	138
Alcoholic liquors tax.....	45,748	47,063	1,315
Bank tax.....	15,000	17,313	2,313
Beer and wine tax.....	86,785	88,446	1,661
Business license tax.....	30,362	29,685	(677)
Coin-operated device tax.....	11,100	13,078	1,978
Commercial nuclear waste tax.....	—	—	—
Contractors' license tax.....	—	—	—
Corporation income tax.....	191,930	173,778	(18,152)
Corporation license tax.....	45,086	50,355	5,269
Department of Agriculture.....	—	—	—
Departmental revenue (primarily grant revenues and fees for services).....	50,738	58,190	7,452
Documentary tax.....	34,329	32,837	(1,492)
Earned on investments.....	71,000	73,674	2,674
Education Improvement Act—1% sales tax.....	—	—	—
Education Improvement Act—investment earnings.....	—	—	—
Education Improvement Act—other.....	—	—	—
Electric power tax.....	21,315	22,307	992
Estate tax.....	42,000	43,072	1,072
Excise tax—casual sales.....	17,095	16,729	(366)
Fertilizer inspection tax.....	205	174	(31)
Gift tax.....	—	13	13
Individual income tax.....	2,119,529	2,099,144	(20,385)
Insurance tax.....	95,656	95,990	334
Miscellaneous sources.....	48,730	47,083	(1,647)
Motor transport fees.....	6	8	2
Motor vehicle licenses.....	58,117	57,054	(1,063)
Petroleum inspection tax.....	7,758	7,893	135
Private car lines tax.....	2,899	2,687	(212)
Public service assessment.....	—	53	53
Public Service Authority.....	8,288	8,497	209
Retail sales tax (4%).....	1,979,621	1,964,063	(15,558)
Retailers' license tax.....	1,140	900	(240)
Savings and loan association tax.....	3,136	1,893	(1,243)
Soft drinks tax.....	10,095	11,060	965
Tobacco legal settlement.....	—	—	—
Workers' compensation insurance tax.....	8,722	9,385	663
<b>Total revenues.....</b>	<b><u>5,044,907</u></b>	<b><u>5,006,737</u></b>	<b><u>(38,170)</u></b>

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

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 6,598	\$ 4,360	\$ (2,238)	\$ 41,932	\$ 35,352	\$ (6,580)
—	—	—	3,183	3,321	138
—	—	—	45,748	47,063	1,315
—	—	—	15,000	17,313	2,313
—	—	—	86,785	88,446	1,661
—	—	—	30,362	29,685	(677)
1,919	1,578	(341)	13,019	14,656	1,637
24,015	47,687	23,672	24,015	47,687	23,672
1,677	1,395	(282)	1,677	1,395	(282)
—	—	—	191,930	173,778	(18,152)
—	—	—	45,086	50,355	5,269
3,325	2,697	(628)	3,325	2,697	(628)
8,466,239	7,574,745	(891,494)	8,516,977	7,632,935	(884,042)
4,230	4,069	(161)	38,559	36,906	(1,653)
46,402	49,281	2,879	117,402	122,955	5,553
499,179	493,183	(5,996)	499,179	493,183	(5,996)
3,600	3,726	126	3,600	3,726	126
2,187	2,839	652	2,187	2,839	652
—	—	—	21,315	22,307	992
—	—	—	42,000	43,072	1,072
—	—	—	17,095	16,729	(366)
—	—	—	205	174	(31)
—	—	—	—	13	13
—	863	863	2,119,529	2,100,007	(19,522)
5,045	4,067	(978)	100,701	100,057	(644)
141,476	74,093	(67,383)	190,206	121,176	(69,030)
3,391	2,699	(692)	3,397	2,707	(690)
57,637	64,002	6,365	115,754	121,056	5,302
—	—	—	7,758	7,893	135
—	—	—	2,899	2,687	(212)
5,923	5,830	(93)	5,923	5,883	(40)
—	—	—	8,288	8,497	209
600	577	(23)	1,980,221	1,964,640	(15,581)
—	—	—	1,140	900	(240)
—	—	—	3,136	1,893	(1,243)
—	—	—	10,095	11,060	965
95,103	96,274	1,171	95,103	96,274	1,171
—	—	—	8,722	9,385	663
<b>9,368,546</b>	<b>8,433,965</b>	<b>(934,581)</b>	<b>14,413,453</b>	<b>13,440,702</b>	<b>(972,751)</b>

Continued on Next Page



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

ALL BUDGETED FUNDS (Continued)

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

**BUDGETARY GENERAL FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures:</b>			
Legislative.....	\$ 34,589	\$ 30,399	\$ 4,190
Judicial.....	46,404	41,203	5,201
Executive and administrative.....	211,759	166,566	45,193
Educational.....	2,679,541	2,627,002	52,539
Health.....	989,962	960,659	29,303
Social rehabilitation services.....	132,212	131,006	1,206
Correctional and public safety.....	574,310	557,015	17,295
Conservation, natural resources, and development...	182,146	171,876	10,270
Regulatory.....	65,472	61,502	3,970
Transportation.....	2,787	782	2,005
Debt service.....	135,294	128,958	6,336
Miscellaneous.....	279,510	193,948	85,562
Enterprise agencies.....	—	—	—
<b>Total expenditures.....</b>	<b><u>5,333,986</u></b>	<b><u>5,070,916</u></b>	<b><u>263,070</u></b>
<b>Excess of revenues over (under) expenditures.....</b>	<b><u>(289,079)</u></b>	<b><u>(64,179)</u></b>	<b><u>224,900</u></b>
<b>Other financing sources (uses):</b>			
Operating transfers in.....	6,500	6,500	—
Operating transfers out.....	(91,766)	(91,766)	—
<b>Total financing sources (uses).....</b>	<b><u>(85,266)</u></b>	<b><u>(85,266)</u></b>	<b><u>—</u></b>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	<b><u>(374,345)</u></b>	<b><u>(149,445)</u></b>	<b><u>224,900</u></b>
<b>Budgetary fund balance at beginning of year.....</b>	<b><u>722,877</u></b>	<b><u>722,877</u></b>	<b><u>—</u></b>
<b>Budgetary fund balance at end of year.....</b>	<b><u>\$ 348,532</u></b>	<b><u>\$ 573,432</u></b>	<b><u>\$ 224,900</u></b>

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

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 2,146	\$ 1,831	\$ 315	\$ 36,735	\$ 32,230	\$ 4,505
150	55	95	46,554	41,258	5,296
444,555	314,034	130,521	656,314	480,600	175,714
3,300,636	2,627,754	672,882	5,980,177	5,254,756	725,421
3,201,843	3,128,913	72,930	4,191,805	4,089,572	102,233
685,771	611,823	73,948	817,983	742,829	75,154
219,887	177,143	42,744	794,197	734,158	60,039
259,518	171,543	87,975	441,664	343,419	98,245
176,930	157,599	19,331	242,402	219,101	23,301
1,269,362	1,170,782	98,580	1,272,149	1,171,564	100,585
—	—	—	135,294	128,958	6,336
—	—	—	279,510	193,948	85,562
24,200	17,328	6,872	24,200	17,328	6,872
<b>9,584,998</b>	<b>8,378,805</b>	<b>1,206,193</b>	<b>14,918,984</b>	<b>13,449,721</b>	<b>1,469,263</b>
<b>(216,452)</b>	<b>55,160</b>	<b>271,612</b>	<b>(505,531)</b>	<b>(9,019)</b>	<b>496,512</b>
91,766	91,766	—	98,266	98,266	—
(6,500)	(6,500)	—	(98,266)	(98,266)	—
<b>85,266</b>	<b>85,266</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>(131,186)</b>	<b>140,426</b>	<b>271,612</b>	<b>(505,531)</b>	<b>(9,019)</b>	<b>496,512</b>
<b>1,165,420</b>	<b>1,165,420</b>	<b>—</b>	<b>1,888,297</b>	<b>1,888,297</b>	<b>—</b>
<b>\$ 1,034,234</b>	<b>\$ 1,305,846</b>	<b>\$ 271,612</b>	<b>\$ 1,382,766</b>	<b>\$ 1,879,278</b>	<b>\$ 496,512</b>

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

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

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE
	Enterprise	Internal Service	Nonexpendable Trust
<b>Operating revenues:</b>			
Charges for services.....	\$ 86,506	\$ 1,030,709	\$ —
Contributions.....	—	635	1
Interest and other investment income.....	53,796	26,771	(18)
Licenses, fees, and permits.....	—	—	107
Other operating revenues.....	—	85	—
<b>Total operating revenues.....</b>	<b>140,302</b>	<b>1,058,200</b>	<b>90</b>
<b>Operating expenses:</b>			
General operations and administration.....	44,833	303,018	—
Benefits and claims.....	104,567	829,840	—
Interest.....	50,150	—	—
Depreciation and amortization.....	1,530	16,095	—
Other operating expenses.....	5,516	6,636	4
<b>Total operating expenses.....</b>	<b>206,596</b>	<b>1,155,589</b>	<b>4</b>
<b>Operating income (loss).....</b>	<b>(66,294)</b>	<b>(97,389)</b>	<b>86</b>
<b>Nonoperating revenues (expenses):</b>			
Interest income.....	2,200	1,001	—
Federal revenue.....	25,062	77	—
Costs to be recovered from future revenues.....	—	—	—
Interest expense.....	(1,371)	(3,414)	—
Other nonoperating expenses.....	(35,717)	(917)	—
<b>Total nonoperating revenues (expenses).....</b>	<b>(9,826)</b>	<b>(3,253)</b>	<b>—</b>
<b>Income (loss) before operating transfers and extraordinary items.....</b>	<b>(76,120)</b>	<b>(100,642)</b>	<b>86</b>
Operating transfers in.....	375	7,663	—
Transfers from primary government.....	—	—	—
Operating transfers out.....	(104)	(11,322)	—
Transfers to primary government.....	—	—	—
<b>Income (loss) before extraordinary items.....</b>	<b>(75,849)</b>	<b>(104,301)</b>	<b>86</b>
Extraordinary loss on early extinguishment of debt.....	(470)	—	—
<b>Net income (loss).....</b>	<b>(76,319)</b>	<b>(104,301)</b>	<b>86</b>
<b>Retained earnings/fund balances at beginning of year (restated).....</b>	<b>325,540</b>	<b>251,981</b>	<b>1,724</b>
<b>Retained earnings/fund balances at end of year.....</b>	<b>249,221</b>	<b>147,680</b>	<b>1,810</b>
Contributed capital at beginning of year (restated).....	20,310	69,751	—
Additions to contributed capital.....	793	21,472	—
Deductions from contributed capital.....	—	(35)	—
<b>Fund equity at end of year.....</b>	<b>\$ 270,324</b>	<b>\$ 238,868</b>	<b>\$ 1,810</b>

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

<b>Totals Primary Government (Memorandum Only)</b>	<b>COMPONENT UNITS</b>	<b>Totals Reporting Entity (Memorandum Only)</b>
\$ 1,117,215	\$ 911,679	\$ 2,028,894
636	—	636
80,549	—	80,549
107	—	107
85	—	85
<b>1,198,592</b>	<b>911,679</b>	<b>2,110,271</b>
347,851	531,015	878,866
934,407	—	934,407
50,150	—	50,150
17,625	135,892	153,517
12,156	2,238	14,394
<b>1,362,189</b>	<b>669,145</b>	<b>2,031,334</b>
<b>(163,597)</b>	<b>242,534</b>	<b>78,937</b>
3,201	18,765	21,966
25,139	—	25,139
—	(41,245)	(41,245)
(4,785)	(154,298)	(159,083)
(36,634)	(7,965)	(44,599)
<b>(13,079)</b>	<b>(184,743)</b>	<b>(197,822)</b>
<b>(176,676)</b>	<b>57,791</b>	<b>(118,885)</b>
8,038	—	8,038
—	12,300	12,300
(11,426)	—	(11,426)
—	(7,883)	(7,883)
<b>(180,064)</b>	<b>62,208</b>	<b>(117,856)</b>
(470)	(1,992)	(2,462)
<b>(180,534)</b>	<b>60,216</b>	<b>(120,318)</b>
<b>579,245</b>	<b>939,498</b>	<b>1,518,743</b>
<b>398,711</b>	<b>999,714</b>	<b>1,398,425</b>
90,061	211,797	301,858
22,265	9,340	31,605
(35)	—	(35)
<b>\$ 511,002</b>	<b>\$ 1,220,851</b>	<b>\$ 1,731,853</b>

# Combined Statement of Cash Flows

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

For the Fiscal Year Ended June 30, 2000  
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE
	Enterprise	Internal Service	Nonexpendable Trust
<b>Cash flows from operating activities:</b>			
Operating income (loss) .....	\$ (66,294)	\$ (97,389)	\$ 86
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization .....	1,530	16,095	—
Net decrease in the fair value of investments.....	1,160	—	—
Issuance of loans and notes.....	(193,559)	—	—
Collection of loans and notes.....	114,862	—	—
Interest payments.....	49,520	—	—
Interest on investments and interfund loans.....	(21,373)	(20,859)	18
Amounts received for payment of claims.....	65,379	—	—
Payment of claims.....	(69,942)	—	—
Deferred coal contract buy-out costs.....	—	—	—
Impact of transactions involving joint venture.....	—	—	—
Other nonoperating revenues.....	924	464	—
Other nonoperating expenses.....	(250)	(2)	—
Other.....	(142)	(50)	—
<b>Change in assets—decreases (increases):</b>			
Accounts receivable, net.....	1,562	2,384	—
Due from Federal government and other grantors.....	(2,423)	—	—
Due from other funds.....	245	2,878	—
Due from component units.....	—	(2)	—
Inventories.....	223	(293)	—
Other current assets.....	(14)	(33)	—
Deferred charges.....	—	—	—
<b>Change in liabilities—increases (decreases):</b>			
Accounts payable and accrued liabilities.....	(3,611)	(152,845)	—
Retainages payable.....	—	28	—
Policy claims.....	86,072	193,455	—
Due to other funds.....	(359)	(865)	—
Deferred revenues .....	1,706	(7,419)	—
Deposits.....	(23)	—	—
Liabilities payable from restricted assets .....	704	—	—
Compensated absences payable .....	87	539	—
Other current liabilities.....	(26)	(768)	—
<b>Net cash provided by (used in) operating activities.....</b>	<b>(34,042)</b>	<b>(64,682)</b>	<b>104</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from loans made by other funds.....	1,224	—	—
Principal payments received from other funds.....	—	4,083	—
Principal payments made to other funds.....	(202)	(3,048)	—
Receipt of interest from other funds.....	—	2,497	—
Interest payments made to other funds.....	—	(1,216)	—
Loans made to other funds.....	—	(1,224)	—
Proceeds from sale of notes payable .....	75	—	—
Principal payments on notes payable .....	(642)	—	—
Proceeds from sale of revenue bonds.....	318,326	—	—
Principal payments on revenue bonds.....	(233,705)	—	—
Interest payments.....	(50,685)	—	—
Payment of bond issuance costs.....	(3,316)	—	—
Federal revenue.....	25,515	—	—
Payments from Federal grants.....	(24,160)	—	—
Operating transfers in.....	375	7,663	—
Operating transfers out.....	(104)	(11,322)	—
Transfers from primary government.....	—	—	—
Transfers to primary government.....	—	—	—
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>32,701</b>	<b>(2,567)</b>	<b>—</b>

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

Totals Primary Government (Memorandum Only)	COMPONENT UNITS	Totals Reporting Entity (Memorandum Only)
\$ (163,597)	\$ 242,534	\$ 78,937
17,625	135,892	153,517
1,160	—	1,160
(193,559)	—	(193,559)
114,862	—	114,862
49,520	—	49,520
(42,214)	—	(42,214)
65,379	—	65,379
(69,942)	—	(69,942)
—	6,600	6,600
—	1,205	1,205
1,388	2,008	3,396
(252)	(12,300)	(12,552)
(192)	365	173
3,946	(18,040)	(14,094)
(2,423)	—	(2,423)
3,123	—	3,123
(2)	—	(2)
(70)	13,683	13,613
(47)	(666)	(713)
—	(1,293)	(1,293)
(156,456)	21,827	(134,629)
28	—	28
279,527	—	279,527
(1,224)	—	(1,224)
(5,713)	—	(5,713)
(23)	—	(23)
704	—	704
626	—	626
(794)	29,002	28,208
<b>(98,620)</b>	<b>420,817</b>	<b>322,197</b>
1,224	—	1,224
4,083	—	4,083
(3,250)	—	(3,250)
2,497	—	2,497
(1,216)	—	(1,216)
(1,224)	—	(1,224)
75	—	75
(642)	—	(642)
318,326	—	318,326
(233,705)	—	(233,705)
(50,685)	—	(50,685)
(3,316)	—	(3,316)
25,515	—	25,515
(24,160)	—	(24,160)
8,038	—	8,038
(11,426)	—	(11,426)
—	12,300	12,300
—	(7,883)	(7,883)
<b>30,134</b>	<b>4,417</b>	<b>34,551</b>

Continued on Next Page

## Combined Statement of Cash Flows

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

For the Fiscal Year Ended June 30, 2000  
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE
	Enterprise	Internal Service	Nonexpendable Trust
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of property, plant, and equipment .....	\$ (1,141)	\$ (20,616)	\$ —
Proceeds from the sale of notes payable.....	—	3,344	—
Principal payments on notes payable .....	—	(843)	—
Proceeds from sale of revenue bonds.....	—	—	—
Principal payments on revenue bonds.....	—	—	—
Principal payments on limited obligation bonds.....	—	(3,050)	—
Interest payments .....	—	(2,197)	—
Payment of bond issuance costs.....	—	—	—
Decrease in commercial paper notes.....	—	—	—
Proceeds from the sale of capital assets.....	50	—	—
Principal payments on capital leases and installment debt obligations payable .....	—	(277)	—
Contributions of capital .....	767	—	—
<b>Net cash used in capital and related financing activities.....</b>	<b>(324)</b>	<b>(23,639)</b>	<b>—</b>
<b>Cash flows from investing activities:</b>			
Payment for interest in license agreement.....	—	—	—
Proceeds from sale of investments .....	17,441	113,817	—
Purchase of investments .....	(3,674)	(148,407)	—
Interest on investments.....	26,811	23,266	7
Net decrease in the fair value of investments.....	(1,160)	—	(36)
Issuance of loans .....	(1,368)	—	—
Collection of loans .....	663	—	—
<b>Net cash provided by (used in) investing activities.....</b>	<b>38,713</b>	<b>(11,324)</b>	<b>(29)</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>37,048</b>	<b>(102,212)</b>	<b>75</b>
<b>Cash and cash equivalents at beginning of year (restated).....</b>	<b>442,972</b>	<b>272,632</b>	<b>1,702</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>\$ 480,020</b>	<b>\$ 170,420</b>	<b>\$ 1,777</b>
<b>Reconciliation of cash and cash equivalents to the balance sheet:</b>			
Cash and cash equivalents for Fiduciary Funds.....			\$ 4,078,970
Less: Cash and cash equivalents for Expendable Trust Funds, Pension Trust Funds, Investment Trust Fund, and Agency Funds.....			(4,077,193)
<b>Cash and cash equivalents Nonexpendable Trust Fund.....</b>			<b>\$ 1,777</b>
<b>Noncash capital, investing, and financing activities:</b>			
Acquisition of property and equipment through accrual of liabilities.....	\$ —	\$ —	\$ —
Disposal of fixed assets.....	—	(83)	—
Increase in interest in license agreement through:			
Accrual of construction retainages.....	—	—	—
Accrual of construction requisitions.....	—	—	—
Accretion of interest on bonds payable.....	—	—	—
Increase in fair value of investments.....	1,640	—	—
Amortization and write-off of bond issue discount.....	704	—	—
Loan write-off.....	—	—	—
Long-term interfund loan payments forgiven.....	—	555	—
<b>Total noncash capital, investing, and financing activities.....</b>	<b>\$ 2,344</b>	<b>\$ 472</b>	<b>\$ —</b>

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

Totals Primary Government (Memorandum Only)	COMPONENT UNITS	Totals Reporting Entity (Memorandum Only)
\$ (21,757)	\$ (216,860)	\$ (238,617)
3,344	—	3,344
(843)	—	(843)
—	325,479	325,479
—	(112,106)	(112,106)
(3,050)	—	(3,050)
(2,197)	(139,825)	(142,022)
—	(5,318)	(5,318)
—	(85,998)	(85,998)
50	—	50
(277)	(3,675)	(3,952)
767	9,128	9,895
<b>(23,963)</b>	<b>(229,175)</b>	<b>(253,138)</b>
—	(64,312)	(64,312)
131,258	78,180	209,438
(152,081)	(269,384)	(421,465)
50,084	23,739	73,823
(1,196)	—	(1,196)
(1,368)	—	(1,368)
663	—	663
<b>27,360</b>	<b>(231,777)</b>	<b>(204,417)</b>
<b>(65,089)</b>	<b>(35,718)</b>	<b>(100,807)</b>
<b>717,306</b>	<b>346,340</b>	<b>1,063,646</b>
<b>\$ 652,217</b>	<b>\$ 310,622</b>	<b>\$ 962,839</b>

\$ —	\$ 1,664	\$ 1,664
(83)	—	(83)
—	2,805	2,805
—	1,820	1,820
—	8,490	8,490
1,640	—	1,640
704	219	923
—	931	931
555	—	555
<b>\$ 2,816</b>	<b>\$ 15,929</b>	<b>\$ 18,745</b>



# Combining Statement of Changes in Plan Net Assets

## PENSION TRUST FUNDS

### Statement of Changes in Net Assets

#### INVESTMENT TRUST FUND

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	PENSION TRUST		
	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System
<b>Additions:</b>			
Retirement contributions:			
Employer.....	\$ 455,914	\$ 76,267	\$ 2,636
Employee.....	379,467	48,621	638
Transfers from other retirement systems.....	24	1,817	—
Total retirement contributions.....	<u>835,405</u>	<u>126,705</u>	<u>3,274</u>
Deposits, pool participants.....	—	—	—
Investment income.....	791,176	93,243	1,827
Investment expense.....	3,137	387	6
Net income from investing activities.....	<u>788,039</u>	<u>92,856</u>	<u>1,821</u>
Securities lending income.....	78,026	9,125	153
Securities lending expenses .....	73,783	8,556	147
Net income from securities lending activities...	<u>4,243</u>	<u>569</u>	<u>6</u>
Total net investment income.....	<u>792,282</u>	<u>93,425</u>	<u>1,827</u>
Operating transfers in.....	3,873	113	—
<b>Total additions.....</b>	<b><u>1,631,560</u></b>	<b><u>220,243</u></b>	<b><u>5,101</u></b>
<b>Deductions:</b>			
Regular retirement benefits.....	779,297	84,386	3,998
Supplemental retirement benefits.....	3,873	113	—
Refunds of retirement contributions to members.....	72,452	10,643	16
Group life insurance claims.....	10,026	1,404	36
Accidental death benefits.....	—	736	—
Withdrawals, pool participants.....	—	—	—
Distributions to pool participants.....	—	—	—
Depreciation.....	107	11	1
Administrative expense.....	13,189	1,514	32
Transfers to other retirement systems.....	1,879	—	34
<b>Total deductions.....</b>	<b><u>880,823</u></b>	<b><u>98,807</u></b>	<b><u>4,117</u></b>
<b>Net increase in plan and pool net assets.....</b>	<b>750,737</b>	<b>121,436</b>	<b>984</b>
<b>Net assets held in trust for pension benefits and pool participants:</b>			
Beginning of year.....	16,736,543	1,921,599	39,881
End of year.....	<u>\$ 17,487,280</u>	<u>\$ 2,043,035</u>	<u>\$ 40,865</u>

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

PENSION TRUST (Continued)				INVESTMENT TRUST
Judges' and Solicitors' Retirement System	National Guard Pension System	Eliminations	Totals	Local Government Investment Pool
\$ 5,659	\$ 2,499	\$ —	\$ 542,975	\$ —
1,122	—	—	429,848	—
72	—	(1,913)	—	—
<u>6,853</u>	<u>2,499</u>	<u>(1,913)</u>	<u>972,823</u>	<u>—</u>
—	—	—	—	3,442,504
3,793	334	—	890,373	57,333
12	—	—	3,542	—
<u>3,781</u>	<u>334</u>	<u>—</u>	<u>886,831</u>	<u>57,333</u>
169	—	—	87,473	9
159	—	—	82,645	7
10	—	—	4,828	2
<u>3,791</u>	<u>334</u>	<u>—</u>	<u>891,659</u>	<u>57,335</u>
—	—	—	3,986	—
<u>10,644</u>	<u>2,833</u>	<u>(1,913)</u>	<u>1,868,468</u>	<u>3,499,839</u>
6,979	1,929	—	876,589	—
—	—	—	3,986	—
71	—	—	83,182	—
15	—	—	11,481	—
—	—	—	736	—
—	—	—	—	3,285,634
—	—	—	—	56,524
—	—	—	119	—
67	13	—	14,815	119
—	—	(1,913)	—	—
<u>7,132</u>	<u>1,942</u>	<u>(1,913)</u>	<u>990,908</u>	<u>3,342,277</u>
3,512	891	—	877,560	157,562
84,486	7,493	—	18,790,002	894,613
<u>\$ 87,998</u>	<u>\$ 8,384</u>	<u>\$ —</u>	<u>\$ 19,667,562</u>	<u>\$ 1,052,175</u>

## Combined Statement of Changes in Fund Balances

### HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
<b>Revenues and other additions:</b>				
Unrestricted Current Fund revenues.....	\$ 1,361,851	\$ —	\$ —	\$ —
Restricted student tuition and fees.....	—	—	—	—
Federal grants and contracts—restricted.....	—	351,793	775	—
State and local grants—restricted.....	—	12,127	—	—
Nongovernmental grants and contracts--restricted..	—	59,079	43	—
Gifts—restricted.....	—	29,631	21	5,459
Interest and other investment income—restricted....	—	6,388	1,845	2,149
Interest and other investment income—unrestricted.	—	—	—	232
Expended for plant facilities (including \$69,021 charged to current funds expenditures).....	—	—	—	—
Retirement of indebtedness (including \$4,559 charged to current funds expenditures).....	—	—	—	—
Capitalization of interest cost.....	—	—	—	—
Sale of property.....	—	—	—	1,567
Foundations and institutes.....	—	—	—	—
Other revenues and additions.....	—	1,283	329	13
<b>Total revenues and other additions.....</b>	<b>1,361,851</b>	<b>460,301</b>	<b>3,013</b>	<b>9,420</b>
<b>Expenditures and other deductions:</b>				
Educational and general.....	1,496,531	482,166	—	—
Auxiliary enterprises.....	208,072	3,016	—	—
Hospital.....	409,514	—	—	—
Foundations and institutes.....	—	—	—	—
Indirect costs recovered.....	—	37,612	—	—
Loan cancellation and bad debt write-offs.....	—	—	1,654	—
Administration and collection costs.....	—	129	243	—
Expended for plant facilities (including noncapitalized expenditures of \$22,429).....	—	—	—	—
Retirement of indebtedness.....	—	—	—	—
Interest on indebtedness.....	—	—	—	—
Disposal of plant facilities.....	—	—	—	—
Refunds to grantors.....	—	199	22	—
Other expenditures and deductions.....	6,483	265	—	23
<b>Total expenditures and other deductions.....</b>	<b>2,120,600</b>	<b>523,387</b>	<b>1,919</b>	<b>23</b>
<b>Transfers in (out):</b>				
Transfers among Higher Education Funds:				
Mandatory transfers for:				
Principal and interest.....	(32,391)	(124)	—	—
Renewals and replacements.....	—	—	—	—
Loan fund matching grants.....	(280)	—	280	—
Other.....	(39)	21	—	18
Nonmandatory transfers.....	(34,754)	(4,218)	(5)	5,758
Operating transfers in.....	816,801	70,303	284	68
Operating transfers out.....	(22,263)	(77)	—	—
<b>Total transfers in (out).....</b>	<b>727,074</b>	<b>65,905</b>	<b>559</b>	<b>5,844</b>
<b>Net increase (decrease) in fund balances.....</b>	<b>(31,675)</b>	<b>2,819</b>	<b>1,653</b>	<b>15,241</b>
<b>Fund balances at beginning of year (restated)....</b>	<b>202,694</b>	<b>53,200</b>	<b>53,665</b>	<b>108,947</b>
<b>Fund balances at end of year.....</b>	<b>\$ 171,019</b>	<b>\$ 56,019</b>	<b>\$ 55,318</b>	<b>\$ 124,188</b>

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

<b>PLANT FUNDS</b>				
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Foundations and Institutes</u>	<u>Totals</u>
\$ —	\$ —	\$ —	\$ —	\$ 1,361,851
6,413	22,952	—	—	29,365
6,417	266	—	—	359,251
1,979	—	—	—	14,106
172	—	178	—	59,472
7,773	10	9,041	—	51,935
6,156	2,590	—	—	19,128
—	—	—	—	232
—	—	223,631	—	223,631
216	—	33,209	—	33,425
1,394	—	80	—	1,474
65	—	—	—	1,632
—	—	—	263,840	263,840
3,849	267	58	—	5,799
<u>34,434</u>	<u>26,085</u>	<u>266,197</u>	<u>263,840</u>	<u>2,425,141</u>
—	—	—	—	1,978,697
—	—	—	—	211,088
—	—	—	—	409,514
—	—	—	276,160	276,160
—	—	—	—	37,612
—	—	—	—	1,654
—	—	—	—	372
177,039	—	—	—	177,039
—	28,866	—	—	28,866
—	23,654	—	—	23,654
—	—	28,828	—	28,828
—	—	—	—	221
1,034	803	833	—	9,441
<u>178,073</u>	<u>53,323</u>	<u>29,661</u>	<u>276,160</u>	<u>3,183,146</u>
(1,447)	33,962	—	—	—
30	(30)	—	—	—
—	—	—	—	—
213	(213)	—	—	—
74,729	(1,436)	(36,764)	(3,310)	—
45,758	—	—	—	933,214
(748)	—	—	—	(23,088)
<u>118,535</u>	<u>32,283</u>	<u>(36,764)</u>	<u>(3,310)</u>	<u>910,126</u>
(25,104)	5,045	199,772	(15,630)	152,121
152,017	35,371	2,601,477	31,571	3,238,942
<u>\$ 126,913</u>	<u>\$ 40,416</u>	<u>\$ 2,801,249</u>	<u>\$ 15,941</u>	<u>\$ 3,391,063</u>

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

## HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Unrestricted	Restricted	Totals
<b>Revenues:</b>			
Tuition and fees.....	\$ 478,456	\$ —	\$ 478,456
Federal grants and contracts.....	44,318	315,969	360,287
State grants and contracts.....	—	11,775	11,775
Local grants and contracts.....	34,431	1,583	36,014
Nongovernmental grants and contracts.....	9,046	50,738	59,784
Gifts.....	19,464	29,250	48,714
Endowment income.....	608	2,631	3,239
Sales and services of educational departments.....	36,287	—	36,287
Sales and services of auxiliary enterprises.....	223,825	—	223,825
Sales and services of hospitals.....	466,094	—	466,094
Other.....	49,322	3,113	52,435
<b>Total current revenues.....</b>	<b>1,361,851</b>	<b>415,059</b>	<b>1,776,910</b>
<b>Expenditures, mandatory and operating transfers:</b>			
Educational and general:			
Instruction.....	714,292	37,299	751,591
Research.....	92,288	148,953	241,241
Public service.....	82,742	62,180	144,922
Academic support.....	170,046	8,926	178,972
Student services.....	100,893	11,295	112,188
Institutional support.....	149,718	5,127	154,845
Operation and maintenance of plant.....	142,172	1,751	143,923
Scholarships and fellowships.....	44,380	206,635	251,015
Educational and general expenditures.....	1,496,531	482,166	1,978,697
Mandatory transfers for:			
Principal and interest.....	2,660	124	2,784
Loan fund matching grants.....	280	—	280
Other.....	39	(21)	18
Total educational and general.....	1,499,510	482,269	1,981,779
Auxiliary enterprises:			
Expenditures.....	208,072	3,016	211,088
Mandatory transfers for principal and interest.....	18,069	—	18,069
Total auxiliary enterprises.....	226,141	3,016	229,157
Hospitals:			
Expenditures.....	409,514	—	409,514
Mandatory transfers for principal and interest.....	11,662	—	11,662
Total hospitals.....	421,176	—	421,176
Operating transfers in.....	(816,801)	(70,303)	(887,104)
Operating transfers out.....	22,263	77	22,340
<b>Total expenditures, mandatory and operating transfers.....</b>	<b>1,352,289</b>	<b>415,059</b>	<b>1,767,348</b>
<b>Other additions (deductions):</b>			
Excess of restricted receipts over transfers to revenues.....	—	7,630	7,630
Refunds to grantors.....	—	(199)	(199)
Other deductions.....	(41,237)	(4,612)	(45,849)
<b>Total net additions (deductions).....</b>	<b>(41,237)</b>	<b>2,819</b>	<b>(38,418)</b>
<b>Net increase (decrease) in fund balances.....</b>	<b>\$ (31,675)</b>	<b>\$ 2,819</b>	<b>\$ (28,856)</b>

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

# Combining Balance Sheet

## DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2000

(Expressed in Thousands)

	GOVERNMENTAL		PROPRIETARY				Totals
	First Steps to School Readiness Board of Trustees	Public Service Authority	State Ports Authority	Connector 2000 Association, Inc.	Savannah Lakes Regional Loan Fund		
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents.....	\$ 18,663	\$ 23,904	\$ 46,359	\$ —	\$ 343	\$ 89,269	
Investments.....	—	120,079	—	84,947	140	205,166	
Invested securities lending collateral.....	290	—	—	—	—	290	
Accounts receivable, net .....	283	88,319	16,009	—	—	104,611	
Due from primary government.....	15	—	67	—	—	82	
Inventories.....	—	81,446	1,915	—	—	83,361	
Restricted assets:							
Cash and cash equivalents.....	—	121,159	—	1,773	—	122,932	
Investments.....	—	999	—	24,622	—	25,621	
Other current assets.....	—	773	2,920	—	—	3,693	
<b>Total current assets.....</b>	<b>19,251</b>	<b>436,679</b>	<b>67,270</b>	<b>111,342</b>	<b>483</b>	<b>635,025</b>	
Long-term assets:							
Interest in license agreement.....	—	—	—	108,074	—	108,074	
Restricted assets:							
Cash and cash equivalents.....	—	66,734	50,350	—	—	117,084	
Investments.....	—	368,525	5,995	—	—	374,520	
Deferred charges.....	—	383,733	2,005	4,962	—	390,700	
Investment in joint venture.....	—	4,382	—	—	—	4,382	
<b>Total long-term assets.....</b>	<b>—</b>	<b>823,374</b>	<b>58,350</b>	<b>113,036</b>	<b>—</b>	<b>994,760</b>	
Property, plant, and equipment:							
Land and improvements.....	—	—	256,622	—	—	256,622	
Buildings and improvements.....	—	—	208,030	—	—	208,030	
Utility plant.....	—	3,435,373	—	—	—	3,435,373	
Machinery, equipment, and other.....	58	1,893	57,730	—	—	59,681	
Construction in progress.....	—	160,148	85,960	—	—	246,108	
Less: accumulated depreciation.....	—	(1,294,244)	(208,746)	—	—	(1,502,990)	
<b>Total property, plant, and equipment, net....</b>	<b>58</b>	<b>2,303,170</b>	<b>399,596</b>	<b>—</b>	<b>—</b>	<b>2,702,824</b>	
Amount to be provided for retirement of long-term obligations.....							
	49	—	—	—	—	49	
<b>Total assets.....</b>	<b>\$ 19,358</b>	<b>\$ 3,563,223</b>	<b>\$ 525,216</b>	<b>\$ 224,378</b>	<b>\$ 483</b>	<b>\$ 4,332,658</b>	

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

Continued on Next Page

# Combining Balance Sheet

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

June 30, 2000

(Expressed in Thousands)

	GOVERNMENTAL		PROPRIETARY				Totals
	First Steps to School Readiness Board of Trustees	Public Service Authority	State Ports Authority	Connector 2000 Association, Inc.	Savannah Lakes Regional Loan Fund		
<b>LIABILITIES AND FUND EQUITY</b>							
<b>Liabilities:</b>							
Current liabilities:							
Accounts payable and accrued liabilities.....	\$ 79	\$ 115,329	\$ 14,757	\$ 5,542	\$ 6	\$ 135,713	
Retainages payable.....	—	—	3,363	4,066	—	7,429	
Intergovernmental payables.....	50	—	—	—	—	50	
Due to primary government.....	173	—	—	—	—	173	
Securities lending collateral.....	290	—	—	—	—	290	
Liabilities payable from restricted assets.....	—	—	—	1,766	—	1,766	
Revenue bonds payable.....	—	83,520	1,765	—	—	85,285	
Capital lease and installment debt obligations payable.....	—	2,763	37	—	—	2,800	
Commercial paper notes.....	—	370,059	—	—	—	370,059	
Compensated absences payable.....	—	—	1,629	—	—	1,629	
Other current liabilities.....	—	20,075	—	—	—	20,075	
<b>Total current liabilities.....</b>	<b>592</b>	<b>591,746</b>	<b>21,551</b>	<b>11,374</b>	<b>6</b>	<b>625,269</b>	
Long-term liabilities:							
Deferred revenues and deferred credits.....	—	62,461	—	—	—	62,461	
Revenue bonds payable.....	—	1,975,758	151,591	213,271	—	2,340,620	
Capital lease and installment debt obligations payable.....	—	29,485	16	—	—	29,501	
Compensated absences payable.....	49	12,039	—	—	—	12,088	
Other long-term liabilities.....	—	23,151	—	—	—	23,151	
<b>Total long-term liabilities.....</b>	<b>49</b>	<b>2,102,894</b>	<b>151,607</b>	<b>213,271</b>	<b>—</b>	<b>2,467,821</b>	
<b>Total liabilities.....</b>	<b>641</b>	<b>2,694,640</b>	<b>173,158</b>	<b>224,645</b>	<b>6</b>	<b>3,093,090</b>	
<b>Fund Equity:</b>							
Contributed capital.....	—	34,650	185,467	—	1,020	221,137	
Investment in fixed assets.....	58	—	—	—	—	58	
Retained earnings (deficit):							
Unreserved, accumulated deficit—development stage.....	—	—	—	(267)	—	(267)	
Unreserved.....	—	833,933	166,591	—	(543)	999,981	
Unreserved, undesignated fund balance.....	18,659	—	—	—	—	18,659	
<b>Total fund equity (deficit).....</b>	<b>18,717</b>	<b>868,583</b>	<b>352,058</b>	<b>(267)</b>	<b>477</b>	<b>1,239,568</b>	
<b>Total liabilities and fund equity.....</b>	<b>\$ 19,358</b>	<b>\$ 3,563,223</b>	<b>\$ 525,216</b>	<b>\$ 224,378</b>	<b>\$ 483</b>	<b>\$ 4,332,658</b>	

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

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

DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Connector 2000 Association, Inc.	Savannah Lakes Regional Loan Fund	Totals
<b>Operating revenues:</b>					
Charges for services.....	\$ 814,166	\$ 97,504	\$ —	\$ 9	\$ 911,679
<b>Total operating revenues.....</b>	<b>814,166</b>	<b>97,504</b>	<b>—</b>	<b>9</b>	<b>911,679</b>
<b>Operating expenses:</b>					
General operations and administration.....	471,472	59,534	—	9	531,015
Depreciation and amortization.....	118,617	17,275	—	—	135,892
Other operating expenses.....	2,238	—	—	—	2,238
<b>Total operating expenses.....</b>	<b>592,327</b>	<b>76,809</b>	<b>—</b>	<b>9</b>	<b>669,145</b>
<b>Operating income.....</b>	<b>221,839</b>	<b>20,695</b>	<b>—</b>	<b>—</b>	<b>242,534</b>
<b>Nonoperating revenues (expenses):</b>					
Interest income.....	16,506	2,238	—	21	18,765
Costs to be recovered from future revenues.....	(41,245)	—	—	—	(41,245)
Interest expense.....	(152,411)	(1,887)	—	—	(154,298)
Other nonoperating revenues (expenses).....	2,695	(10,520)	(140)	—	(7,965)
<b>Total nonoperating revenues (expenses).....</b>	<b>(174,455)</b>	<b>(10,169)</b>	<b>(140)</b>	<b>21</b>	<b>(184,743)</b>
<b>Income (loss) before operating transfers and extraordinary items.....</b>	<b>47,384</b>	<b>10,526</b>	<b>(140)</b>	<b>21</b>	<b>57,791</b>
Transfers from primary government.....	—	12,300	—	—	12,300
Transfers to primary government.....	(7,883)	—	—	—	(7,883)
<b>Income (loss) before extraordinary items.....</b>	<b>39,501</b>	<b>22,826</b>	<b>(140)</b>	<b>21</b>	<b>62,208</b>
Extraordinary loss on early extinguishment of debt.....	—	(1,992)	—	—	(1,992)
<b>Net income (loss).....</b>	<b>39,501</b>	<b>20,834</b>	<b>(140)</b>	<b>21</b>	<b>60,216</b>
<b>Retained earnings (deficit) at beginning of year.....</b>	<b>794,432</b>	<b>145,757</b>	<b>(127)</b>	<b>(564)</b>	<b>939,498</b>
<b>Retained earnings (deficit) at end of year.....</b>	<b>833,933</b>	<b>166,591</b>	<b>(267)</b>	<b>(543)</b>	<b>999,714</b>
<b>Contributed capital at beginning of year.....</b>	<b>34,438</b>	<b>176,339</b>	<b>—</b>	<b>1,020</b>	<b>211,797</b>
<b>Additions to contributed capital.....</b>	<b>212</b>	<b>9,128</b>	<b>—</b>	<b>—</b>	<b>9,340</b>
<b>Fund equity (deficit) at end of year.....</b>	<b>\$ 868,583</b>	<b>\$ 352,058</b>	<b>\$ (267)</b>	<b>\$ 477</b>	<b>\$ 1,220,851</b>

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



## Combining Statement of Cash Flows

DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Connector 2000 Association, Inc.	Savannah Lakes Regional Loan Fund	Totals
<b>Cash flows from operating activities:</b>					
Operating income .....	\$ 221,839	\$ 20,695	\$ —	\$ —	\$ 242,534
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization .....	118,617	17,275	—	—	135,892
Deferred coal contract buy-out costs .....	6,600	—	—	—	6,600
Impact of transactions involving joint venture.....	1,205	—	—	—	1,205
Other nonoperating revenues.....	228	1,780	—	—	2,008
Other nonoperating expenses.....	—	(12,300)	—	—	(12,300)
Other.....	212	153	—	—	365
<b>Change in assets—decreases (increases):</b>					
Accounts receivable, net.....	(15,344)	(2,696)	—	—	(18,040)
Inventories.....	14,059	(376)	—	—	13,683
Other current assets.....	(102)	(564)	—	—	(666)
Deferred charges.....	(1,293)	—	—	—	(1,293)
<b>Change in liabilities—increases:</b>					
Accounts payable and accrued liabilities.....	19,397	2,430	—	—	21,827
Other current liabilities.....	29,002	—	—	—	29,002
<b>Net cash provided by operating activities.....</b>	<b>394,420</b>	<b>26,397</b>	<b>—</b>	<b>—</b>	<b>420,817</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfers from primary government.....	—	12,300	—	—	12,300
Transfers to primary government.....	(7,883)	—	—	—	(7,883)
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>(7,883)</b>	<b>12,300</b>	<b>—</b>	<b>—</b>	<b>4,417</b>

# Combining Statement of Cash Flows

DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS (Continued)

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Public Service Authority	State Ports Authority	Connector 2000 Association, Inc.	Savannah Lakes Regional Loan Fund	Totals
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of property, plant, and equipment.....	\$ (170,400)	\$ (46,460)	\$ —	\$ —	\$ (216,860)
Proceeds from sale of revenue bonds.....	325,479	—	—	—	325,479
Principal payments on revenue bonds.....	(81,627)	(30,479)	—	—	(112,106)
Interest payments .....	(127,787)	(8,506)	(3,532)	—	(139,825)
Payment of bond issuance costs.....	(5,318)	—	—	—	(5,318)
Decrease in commercial paper notes .....	(85,998)	—	—	—	(85,998)
Principal payments on capital leases and installment debt obligations payable .....	(3,610)	(65)	—	—	(3,675)
Contributions of capital .....	—	9,128	—	—	9,128
<b>Net cash used in capital and related financing activities.....</b>	<b>(149,261)</b>	<b>(76,382)</b>	<b>(3,532)</b>	<b>—</b>	<b>(229,175)</b>
<b>Cash flows from investing activities:</b>					
Payment for interest in license agreement.....	—	—	(64,312)	—	(64,312)
Proceeds from sale of investments.....	—	10,001	67,899	280	78,180
Purchase of investments .....	(259,740)	(9,364)	—	(280)	(269,384)
Interest on investments.....	17,111	5,531	1,076	21	23,739
<b>Net cash provided by (used in) investing activities.....</b>	<b>(242,629)</b>	<b>6,168</b>	<b>4,663</b>	<b>21</b>	<b>(231,777)</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>(5,353)</b>	<b>(31,517)</b>	<b>1,131</b>	<b>21</b>	<b>(35,718)</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>217,150</b>	<b>128,226</b>	<b>642</b>	<b>322</b>	<b>346,340</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>\$ 211,797</b>	<b>\$ 96,709</b>	<b>\$ 1,773</b>	<b>\$ 343</b>	<b>\$ 310,622</b>
<b>Noncash capital, investing, and financing activities:</b>					
Acquisition of property, plant, and equipment through accrual of liabilities.....	\$ —	\$ 1,664	\$ —	\$ —	\$ 1,664
Increase in interest in license agreement through:					
Accrual of construction retainages.....	—	—	2,805	—	2,805
Accrual of construction requisitions.....	—	—	1,820	—	1,820
Accretion of interest on bonds payable.....	—	—	8,490	—	8,490
Amortization and write-off of bond issue discount .....	—	—	219	—	219
Loan write-off .....	—	—	—	931	931
<b>Total noncash capital, investing, and financing activities.....</b>	<b>\$ —</b>	<b>\$ 1,664</b>	<b>\$ 13,334</b>	<b>\$ 931</b>	<b>\$ 15,929</b>

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

## **Statement of Revenues, Expenses, and Changes in Accumulated Deficit**

CONNECTOR 2000 ASSOCIATION, INC. (A DEVELOPMENT STAGE ENTERPRISE)

For the Period January 12, 1996 (Date of Inception) through December 31, 1999

(Expressed in Thousands)

<b>Operating income (loss)</b> .....	<u>\$ —</u>
<b>Nonoperating expenses:</b>	
Other nonoperating expenses.....	<u>(267)</u>
<b>Total nonoperating expenses</b> .....	<u><b>(267)</b></u>
<b>Net loss</b> .....	<b>(267)</b>
<b>Accumulated deficit (development stage) at beginning of period</b> .....	<u>—</u>
<b>Accumulated deficit (development stage) at end of period</b> .....	<u><u><b>\$ (267)</b></u></u>

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

---

## Statement of Cash Flows

CONNECTOR 2000 ASSOCIATION, INC. (A DEVELOPMENT STAGE ENTERPRISE)

For the Period January 12, 1996 (Date of Inception) through December 31, 1999

(Expressed in Thousands)

<b>Cash flows from operating activities:</b>	
Operating income .....	\$ —
<b>Net cash provided by operating activities.....</b>	<b>—</b>
<b>Cash flows from noncapital financing activities:</b>	
	—
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from sale of revenue bonds.....	194,711
Interest payments .....	(5,003)
Payment of bond issuance costs.....	(2,358)
<b>Net cash provided by capital and related financing activities.....</b>	<b>187,350</b>
<b>Cash flows from investing activities:</b>	
Payment for interest in license agreement.....	(92,353)
Proceeds from sale of investments.....	93,125
Purchase of investments .....	(188,393)
Interest on investments.....	2,044
<b>Net cash used in investing activities.....</b>	<b>(185,577)</b>
<b>Net increase in cash and cash equivalents.....</b>	<b>1,773</b>
<b>Cash and cash equivalents at beginning of period.....</b>	<b>—</b>
<b>Cash and cash equivalents at end of period.....</b>	<b>\$ 1,773</b>
<b>Noncash capital, investing, and financing activities:</b>	
Increase in interest in license agreement through:	
Accrual of construction retainages.....	\$ 4,066
Accrual of construction requisitions.....	5,541
Accrual of interest on bonds payable.....	1,766
Accretion of interest on bonds payable.....	15,634
Amortization and write-off of bond issue discount .....	420
<b>Total noncash capital, investing, and financing activities.....</b>	<b>\$ 27,427</b>

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

## Notes to the Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Scope of Reporting Entity

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

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

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

#### Primary Government

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

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

Fiscal year ended June 30, 2000:

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

Fiscal year ended December 31, 1999:

- The Public Railways Division of the Department of Commerce

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 1u 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
- University of South Carolina School of Medicine Educational Trust
- Clinical Faculty Practice Plan (University of South Carolina)
- Charleston Memorial Hospital
- University Medical Associates of the Medical University of South Carolina (including its three for-profit 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
- Francis Marion University Center for Research and Professional Services
- Medical University Hospital Authority

#### Blended Component Units

The State's financial statements include the Governor's School for the Arts Foundation, Inc., a blended component unit. The Foundation exists solely to support the South Carolina Governor's School for the Arts and Humanities. Complete financial statements for the Foundation may be obtained from its office as follows:

- Governor's School for the Arts Foundation, Inc.
- 15 University Street
- Greenville, South Carolina 29601

#### Discretely Presented Component Units

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

Fiscal year ended June 30, 2000:

- South Carolina First Steps to School Readiness Board of Trustees
- South Carolina State Ports Authority
- Savannah Lakes Regional Loan Fund

## Notes to the Financial Statements

Fiscal year ended December 31, 1999:  
South Carolina Public Service Authority  
(Santee Cooper)

Fiscal year ended December 31, 1999,  
development stage enterprise:  
Connector 2000 Association, Inc.

### Governmental

The South Carolina First Steps to School Readiness Board of Trustees was established in 1999 as a non-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The corporation was created specifically to carry out the objectives of The South Carolina First Steps to School Readiness Act and to lessen the burdens on government by overseeing the South Carolina First Steps to School Readiness initiative for improving early childhood development. The corporation's governing board is composed of two classes of members, voting and nonvoting. The voting members of the Board include the Governor, State Superintendent of Education, ten persons appointed by the Governor, four persons appointed by the President Pro Tempore of the Senate, four members appointed by the Speaker of the House of Representatives, the Chairman of the Senate Education Committee, and the Chairman of the House Education and Public Works Committee.

### Proprietary

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

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

Connector 2000 Association, Inc., a development stage enterprise, was created in 1996 to assist the Department of Transportation in the financing, acquisition, construction, and operation of turnpikes and other transportation projects, primarily the project known as the Southern Connector in Greenville County. The Association is considered to be in the development stage during the construction of the Southern Connector. The project is expected to be completed and in full operation in 2001. The Department of Transportation initially set the toll rates for the Southern Connector and has the right, but not the obligation, to revise the rates as long as they are within 90% to 120% of the optimum toll rates as estimated by an independent traffic consultant retained by the Association. The rates also must be in compliance with revenue covenants of the Association's financing agreements. As required for a development stage enterprise, the Association's financial statements include

statements of revenues, expenses, and changes in accumulated deficit and of cash flows with cumulative amounts from the Association's inception.

The Savannah Lakes Regional Loan Fund was established in 1990. It maintains a revolving loan fund to promote economic development in the State's Savannah Lakes Region. The Fund's Board of Directors consists of three members from each of two State agencies, the Department of Commerce and the Jobs—Economic Development Authority.

Separate financial statements are not available for the First Steps to School Readiness Board of Trustees. Complete financial statements for the remaining component units may be obtained from the entity's administrative office as follows:

South Carolina Public Service Authority  
(Santee Cooper)  
One Riverwood Drive  
Moncks Corner, South Carolina 29461-2901

South Carolina State Ports Authority  
Post Office Box 22287  
Charleston, South Carolina 29413-2287

Connector 2000 Association, Inc.  
J. Peters & Associates  
14 Belle Meade Court  
Greenville, South Carolina 29605

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

These financial statements exclude the related foundations listed in Note 14 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 accountable but not *financially accountable*. The South Carolina Children's Trust Fund, the Gift of Life Trust Fund of South Carolina, the South Carolina Reinsurance Facility, the Associated Auto Insurers Plan, and the Rural Crossroads Institute are related organizations because the State is not financially accountable for them despite the fact that the Governor appoints a voting majority of their governing boards. County boards of mental retardation and redevelopment authorities are related organizations if a voting majority of their members is appointed by the Governor. Enterprise Development, Inc., of South Carolina is a related organization because the State created the organization and could abolish it, but the State is not financially accountable for it.

### Jointly Governed Organizations

The Governor, in conjunction with officials of certain local governments, appoints the board members of two military facility redevelopment authorities. The State does not have an ongoing financial interest in these authorities. The Governor

## Notes to the Financial Statements

appoints one out of seven board members of the Charleston Naval Complex Redevelopment Authority and three out of nine board members of the Myrtle Beach Air Force Base Redevelopment Authority.

### Subsequent Event

The Tobacco Settlement Revenue Management Authority commenced operations in August 2000 in accordance with an act of the General Assembly. The purpose of the Authority is to receive all of the tobacco receipts due to the State under the Master Settlement Agreement after June 30, 2001, and to issue bonds of the Authority payable solely from and secured solely by these receipts. The Authority's governing board is composed of the Governor, the State Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. It is anticipated that the Authority will be included in the State's reporting entity as a blended component unit for the fiscal year ended June 30, 2001.

### b. Basis of Presentation—Fund Accounting

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

### Governmental Funds

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

The General Fund is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

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

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

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

### Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector. The Financial Accounting Standards Board (FASB) and its predecessor organizations have issued accounting and reporting standards for activities in the private sector. The State's Proprietary Funds have elected

not to apply standards issued by those organizations after November 30, 1989. These funds, however, have applied all applicable pronouncements issued by the Governmental Accounting Standards Board (GASB).

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

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

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

### Fiduciary Funds

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

Expendable Trust Funds have the same measurement focus as Governmental Funds. Nonexpendable Trust, the Investment Trust Fund, 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 proprietary 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 remaining discretely presented proprietary component units have elected not to apply standards issued by the FASB after November 30, 1989. The measurement focus of the discretely presented governmental component unit is on sources, uses, and balances of financial resources.

## Notes to the Financial Statements

### 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, Agency Funds, and Discretely Presented Governmental Component Unit

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

Individual and corporate income taxes in the hands of employers or corporations, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

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

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

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

Connector 2000 Association, Inc., a discretely presented proprietary component unit, uses accounting principles established for development stage enterprises.

### 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). In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

Non-cash support in the form of food commodities totaled \$15.177 million for the fiscal year ended June 30, 2000. 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, 2000, totaled \$246.782 million. In addition, the State has recorded \$50 thousand for food stamp coupons on hand at June 30, 2000. At June 30, 2000, food stamp coupons on hand represented all of the Other Assets account and part of 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, 2000, assets totaling \$3.962 million were being held in Agency Funds pending such determination.

### d. Cash and Cash Equivalents

The amounts shown on the Combined Balance Sheet as Cash and Cash Equivalents represent petty cash, cash on deposit in banks, and cash invested in various instruments as a part of the State's cash management pool, an internal investment pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as Cash and Cash Equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of domestic corporations, certificates of deposit, and collateralized repurchase agreements.

Most entities in the primary government and the discretely presented governmental component unit participate in the cash management pool. Significant exceptions, however, are: retirement plans, the Local Government Investment Pool (an external investment pool), the Housing Authority Fund (an Enterprise Fund), and certain activities of the Higher Education Funds. Of the discretely presented proprietary 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.



## Notes to the Financial Statements

### e. Cash Management Pool—Allocation of Interest

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

### f. Cash on Deposit with Fiscal Agents

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

### g. Investments

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

To insure safety of principal, the State Treasurer's policy is to limit liquid investments (i.e., those with maturities not exceeding one year) to cash, repurchase agreements (when collateralized by United States Treasury, Federal agency or other Federally guaranteed obligations with a market value in excess of 100% of funds advanced), United States Treasury bills, Federal agency discount notes, and commercial paper. The State Treasurer further preserves principal by investing in only the highest investment grade securities (i.e., those rated at least A by two leading national rating services). In order to diversify investment holdings, asset allocation policies are utilized for investments having more than one year to maturity. Overall credit exposure is managed by asset allocation policies and by additional constraints controlling risk exposure to individual corporate issuers.

Under State law, the State Retirement Systems Investment Panel (the Panel) may make limited investments in equity securities for the State's Pension Trust Funds. Each member of the State Budget and Control Board appoints one member of the five-member Panel. The Panel's objective is to optimize the long-term performance of equity investments consistent with a prudent level of portfolio risk, considering the liabilities and liquidity needs of the State's Pension Trust Funds. Note 4c (State Retirement Systems Investment Panel) includes specific details related to the Panel's investment plan for the current fiscal year.

Substantially all of the State's investments are presented at fair value; securities are valued at the last reported sales price as provided by an independent pricing service. In contrast, however, the State has presented at historical cost the

investment securities and other instruments that the Chief Insurance Commissioner holds for insurance companies in lieu of surety bonds. These instruments are recorded in the State's Agency Funds and are not held for investment purposes.

The State sponsors the Local Government Investment Pool (LGIP), an external investment pool reported in the Fiduciary Funds as a separate Investment Trust Fund. The LGIP's separate financial report may be obtained by writing to the following address:

The State Treasurer's Office  
Local Government Investment Pool  
Post Office Drawer 11778  
Columbia, South Carolina 29201

### 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 average cost methodology. Inventories of the Proprietary Funds and the discretely presented proprietary component units are valued at cost using the average cost methodology. The Governmental Funds and the discretely presented governmental component unit use the purchases method while the Proprietary Funds and the discretely presented proprietary 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 reports 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. Interest in License Agreement

The Connector 2000 Association, Inc., a development stage enterprise reported as a discretely presented component unit, is a party to a License Agreement with the State's Department of Transportation (DOT). The Association is financing and constructing the Southern Connector toll road under the terms of the Agreement. The Agreement grants to the Association various rights and obligations pertaining to the financing, acquisition, construction, and operation of the Southern Connector. However, DOT retains fee simple title to the Southern Connector, all real property and improvements thereon, and all rights-of-way acquired during construction. Following completion of the Southern Connector's construction and commencement of toll road operations, the

## Notes to the Financial Statements

Association will be entitled to collect the tolls and will be required to pay monthly license fees to DOT.

The Association's interest in the License Agreement is an intangible asset that will generate revenues for the Association upon completion of the Southern Connector's construction and commencement of toll road operations. In order to account for its interest in the License Agreement, the Association is capitalizing all costs of acquisition and construction of the Southern Connector, including interest expense attributable to the construction period. Once the toll road is open to the public, the Association's interest in the License Agreement will be amortized on a straight-line basis over the remaining term of the Agreement through 2038. Construction of the project is expected to be completed during 2001.

### I. Fixed Assets and Depreciation

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

#### Governmental Funds and Discretely Presented Governmental Component Unit

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 discretely presented governmental component unit records expenditures when it acquires fixed assets and capitalizes those assets. The State does not capitalize its public domain (infrastructure) assets.

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

Proprietary Funds, Nonexpendable Trust Funds, Pension Trust Funds, the Investment Trust Fund, and discretely presented proprietary component units capitalize fixed assets when acquired. Net interest costs are capitalized on projects during the construction period. Depreciation is provided using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Wando River channel dredging project .....	50
Other land improvements .....	3-60
Residential buildings.....	20-30
Office and other buildings .....	5-50
Naval museum exhibits.....	10-25
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.....	2-25

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

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

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

### n. 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.

Deferred charges also include the cost of a buy-out option on a coal contract exercised by the Authority. The cost is being amortized as a component of fuel costs over the remaining life of the former contract.

### o. Tax Refunds Payable

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

In November 1999, the State's Supreme Court repealed video-poker gambling in South Carolina effective July 1, 2000. The State classifies the related machine licenses as a tax. As a result of the repeal, the State is obligated to refund to video poker operators the portion of the machine licenses extending beyond June 30, 2000. Accordingly, Tax Refunds Payable at June 30 includes an estimated

## Notes to the Financial Statements

\$64.400 million in refunds due to video-poker operators.

### p. Long-Term Obligations

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

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

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

For Proprietary Fund Types and the discretely presented proprietary 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.

A component unit of an institution reported in the State's Higher Education Funds 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.

### q. Compensated Absences

During their first ten years of service, most full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, most employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for 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, Governmental Fund Types of the primary government 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 and the discretely presented proprietary component units record an expense and a liability when employees earn vacation leave.

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

### r. Accumulated Deficit—Development Stage

The Connector 2000 Association, Inc., is a development stage enterprise reported as a discretely presented component unit. Cumulative net losses are reported as Accumulated Deficit—Development Stage.

### s. 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 expenditures in the reimbursed fund and increase expenditures in the reimbursing fund.

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

Residual equity transfers are nonroutine or nonrecurring transfers between funds.

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

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

### t. 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

## Notes to the Financial Statements

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

### u. Higher Education Funds

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

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

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

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

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

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

Foundations and Institutes Funds account for certain component units of the State's colleges and universities. Most of these component units have fiscal years ended June 30, but some have fiscal years ended December 31. All component units in the Foundations and Institutes Funds meet the criteria for blending but are presented in a separate column because they use a basis of accounting different from the one followed by the State's colleges and universities. Most of the component units of higher education institutions are governmental entities that follow one of the two accounting and financial reporting models defined by the Governmental Accounting Standards Board's Statement 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles* by

*Governmental Entities*. A few of the component units, however, 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 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).

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 but do not record depreciation.

Unamortized bond discounts are netted against the related portion of bonds payable in the Retirement of Indebtedness subgroup. The discounts are amortized to interest on indebtedness over the life of the bonds using the straight-line method.

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

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

### v. Totals (Memorandum Only) Columns

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

## Notes to the Financial Statements

### NOTE 2: BUDGETARY ACCOUNTING AND REPORTING

#### a. Budgetary Funds

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

**General Funds.** These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund.

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

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

#### b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Agencies may carry forward up to 10% of unexpended Budgetary General Fund appropriations to the next fiscal year. Any remaining unexpended Budgetary General Fund appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

State law does not precisely define the budgetary basis of accounting. In practice, however, it is the cash basis with the following exceptions:

- (i) Departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 20.
- (ii) Certain revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.
- (iii) 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, Sales Taxes (including the Education Improvement Act—1% Sales Tax, Excise Tax—Casual Sales, and Retail Sales Tax—4%), Soft Drinks Tax, and Commercial Nuclear Waste Tax.

- (iv) All other revenues are recorded only when the State receives the related cash.

#### c. Budgetary Policies

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

The State maintains budgetary control at the level of summary object category of expenditure within each program of each department or agency. All budgeted departments and agencies except the higher education institutions process their disbursement vouchers through a central budgetary accounting system maintained by the Comptroller General's Office. Departments and agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriations exist. The State's 1999-2000 Appropriation Act has approximately 3,050 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 programs within the same budgetary fund. No such transfer request, however, may exceed twenty percent of the program budget. In addition, the Budget and Control Board, composed of five key executive and legislative officials, has the authority to restrict transfers of appropriations between personal service and other operating accounts.

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The 1999-2000 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 the Education Improvement Act, revenues earmarked for tax relief, and revenues of the Department of Transportation. The Budget and Control Board, however, provides estimated revenue amounts for the other resources in these funds. The Appropriation Act includes appropriation amounts for Other Budgeted Funds in total, although it does not provide separate appropriation amounts for the Education Improvement Act and other individual funds within the aggregate.

## Notes to the Financial Statements

As operating conditions change, departments and agencies may request revisions of estimated revenues and expenditures in Other Budgeted Funds. Such changes require the Budget and Control Board's approval. 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 1998-1999, the General Assembly and the Governor approved Supplemental Appropriation Act line-items that added \$216.625 million of additional appropriations to the Budgetary General Fund for the fiscal year ended June 30, 2000.

Late in 1999-2000, the General Assembly and the Governor approved \$91.194 million of supplemental appropriations from 1998-1999 unobligated budgetary surplus funds.

### d. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2000, the Educational function within Other Budgeted Funds had \$14.194 million of expenditures in excess of appropriations at the level of legal control. These overexpenditures were associated with the State's technical colleges. The technical colleges maintain their own accounting systems. The colleges had sufficient budgetary-basis revenue and cash to provide for their budgetary-basis expenditures.

### e. Legal Limit On Appropriations

State law imposes a ceiling on appropriations for general, school, and highway purposes. The limit

equals the greater of: (1) the limit for the last fiscal year increased by the average percentage rate of growth in State personal income for the previous three completed calendar years, or (2) 9.5% of the total personal income of the State for the last completed calendar year.

The 1999-2000 Appropriation Act included appropriations of \$6.238 billion for general, school, and highway purposes—\$1.717 billion less than the legal limit.

### f. Legal Limit on Number of State Employees

The State's Constitution and statutes limit the number of employees that the Budgetary General Fund may fund. The number of these employees may not increase faster than the State's population. On June 30, 2000, 39,461 employees were funded by the State's Budgetary General Fund—8,411 fewer than the legal limit.

### g. Reconciliation of Budget to GAAP Reporting Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)—All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 2000, were:

GAAP Fund Type	Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses						
	Budgetary Balances Classified Into GAAP Fund Structure			Timing Differences	Basis Differences	Entity Differences (Unbudgeted Funds)	GAAP Balances
	Budgetary General Fund	Other Budgeted Funds	Total Budgeted Funds				
General Fund.....	\$ (149,445)	\$ 85,937	\$ (63,508)	\$ —	\$ (26,532)	\$ 145,358	\$ 55,318
Special Revenue Funds.....	—	11,735	11,735	—	71,607	11,812	95,154
Capital Projects Fund.....	—	4,991	4,991	—	(2,345)	11,829	14,475
Enterprise Funds.....	—	4,978	4,978	—	3,333	(84,630)	(76,319)
Internal Service Funds.....	—	2,190	2,190	—	10,100	(116,591)	(104,301)
Expendable Trust Funds.....	—	(89)	(89)	—	—	67,598	67,509
Nonexpendable Trust Fund.....	—	108	108	—	(13)	(9)	86
Pension Trust Funds.....	—	—	—	—	—	877,560	877,560
Investment Trust Fund.....	—	—	—	—	—	157,562	157,562
Agency Funds.....	—	12,044	12,044	—	(12,044)	—	—
Higher Education Funds.....	—	4,942	4,942	2,134	(24,748)	169,793	152,121
Component Unit—Governmental...	—	18,618	18,618	—	41	—	18,659
Component Units—Proprietary.....	—	(5,028)	(5,028)	—	—	65,244	60,216
<b>Totals (Memorandum Only).....</b>	<b>\$ (149,445)</b>	<b>\$ 140,426</b>	<b>\$ (9,019)</b>	<b>\$ 2,134</b>	<b>\$ 19,399</b>	<b>\$ 1,305,526</b>	<b>\$ 1,318,040</b>

## Notes to the Financial Statements

### NOTE 3: ACCOUNTING AND REPORTING CHANGES

#### a. Reporting Change—Fund Structure

In the past, the State's fund structure included the Department of Transportation Internal Service Fund. This fund accounted for a rental pool for equipment used for highway construction projects and provided other administrative services to other funds of the Department of Transportation. Beginning July 1, 1999, the State's management decided to eliminate this fund and to report these

activities as part of the Department of Transportation Special Revenue Fund. The effects of this change on beginning fund equity balances are shown in the table below, and the effect on the General Fixed Assets Account Group is shown in Note 6.

#### b. Effects of Accounting and Reporting Changes on Beginning Fund Equity

The schedule below, expressed in thousands, details changes made to beginning fund equity to give effect to (a) the fund structure reporting change described above and (b) changes in capitalization thresholds for certain fixed assets:

	Special Revenue Funds	Internal Service Funds		Higher Education Funds
		Contributed Capital	Retained Earnings	Investment in Plant
June 30, 1999, fund equity as previously reported.....	\$ 1,702,673	\$ 81,961	\$ 264,710	\$ 2,612,636
Effect of changes in capitalization policy.....	—	—	—	(11,159)
Reporting change--fund structure.....	19,130	(12,210)	(12,729)	—
<b>July 1, 1999, fund equity as restated.....</b>	<b>\$ 1,721,803</b>	<b>\$ 69,751</b>	<b>\$ 251,981</b>	<b>\$ 2,601,477</b>

#### c. Account Reclassification

In the past, the State reported the liability for policy claims reported but not yet paid for its risk management programs within its Accounts Payable and Accrued Liabilities account with the liability for policy claims incurred but not reported within its Insurance Claims Incurred But Not Reported account. Beginning July 1, 1999, the State has reported both the liability for policy claims reported but not yet paid and the liability for policy claims incurred but not reported in a new account labeled Policy Claims.

At June 30, 1999, the State included in its Accounts Payable and Accrued Liabilities account liabilities for policy claims known but not yet paid of \$16.000 million in its Enterprise Funds and \$147.346 million in its Internal Service Funds. Liabilities for policy claims incurred but not

reported totaling \$9.440 million in the Enterprise Funds and \$171.489 million in the Internal Service Funds at June 30, 1999, were previously reported separately on the face of the financial statements.

### NOTE 4: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those which by specific authority are under the control of other agencies or discretely presented proprietary 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, 2000 (expressed in thousands):

## Notes to the Financial Statements

### Combined Balance Sheet

Cash and cash equivalents.....	\$	7,339,677
Cash on deposit with fiscal agents.....		800,827
Less: Unemployment Compensation Benefits Fund deposits with United States Treasury.....		(800,827)
Investments.....		17,694,336
Invested securities lending collateral.....		1,551,826
Restricted assets:		
Cash and cash equivalents.....		527,617
Investments.....		414,216
<b>Total.....</b>	<b>\$</b>	<b>27,527,672</b>

### Disclosure regarding deposits and investments plus reconciling items

Carrying value of deposits.....	\$	180,431
Reported amount of investments.....		27,346,139
Cash on hand.....		1,102
<b>Total.....</b>	<b>\$</b>	<b>27,527,672</b>

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, 2000, the deposits of the State's primary government and its discretely presented component units (expressed in thousands) were as follows:

	Category			Total Bank Balance	Carrying Amount
	1	2	3		
Primary					
Government ..	\$ 288,858	\$ 20,945	\$ 42,491	\$ 352,294	\$ 120,715
Component					
Units.....	1,931	379	57,406	59,716	59,716
<b>Totals .....</b>	<b>\$ 290,789</b>	<b>\$ 21,324</b>	<b>\$ 99,897</b>	<b>\$ 412,010</b>	<b>\$ 180,431</b>

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

All deposits under the control of the State Treasurer are fully insured or collateralized, except at June 30, 2000, Category 1 deposits were uncollateralized approximately \$7.000 million because the pledging financial institution's collateral of \$10,000 million was not received until the next business day. Under the terms of the collateral agreement, the pledging financial institution has two days to fully collateralize deposits upon receiving the State's notification of an increase in deposits.

### 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. Limited investments in equity securities are now allowed by State law for the State's Pension Trust Funds as explained in subsection c (State Retirement Systems Investment Panel) below. Substantially all of the State's investments are presented at fair value. Securities are valued at the last reported sales price as provided by an independent pricing service. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest income earned.

For the fiscal year ended June 30, 2000, the State's primary government and its discretely presented component units have classified their investments into three risk categories. Category 1 includes investments that were insured or registered or for which the securities were held by a State entity (i.e., primary government or discretely presented component unit) or its agent in the entity's name. Category 1 also includes investments for which a State 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, 2000, were:



## Notes to the Financial Statements

	Category			Reported Amount	Fair Value
	1	2	3		
<b>Primary Government</b>					
U.S. government securities.....	\$ 6,740,617	\$ 306,527	\$ 30,588	\$ 7,077,732	\$ 7,052,766
Corporate bonds.....	8,963,607	30,054	75	8,993,736	8,993,783
Equity securities.....	1,559,064	—	—	1,559,064	1,559,064
Repurchase agreements.....	2,411,821	1,112	22,551	2,435,484	2,435,484
Collateralized mortgage obligations.....	643,426	—	—	643,426	643,426
Asset-backed securities.....	82,063	—	—	82,063	82,063
Commercial paper.....	1,172,615	—	—	1,172,615	1,172,615
Securities lending program					
Investments from cash collateral					
Corporate bonds.....	—	—	851,621	851,621	851,621
Repurchase agreements.....	—	—	675,190	675,190	675,190
Commercial paper.....	—	—	25,015	25,015	25,014
Other.....	31,578	40,786	5,406	77,770	78,045
Subtotals.....				23,593,716	23,569,071
Not categorized:					
Mutual funds.....				1,379,692	1,379,692
Securities lending program					
U.S. government securities.....				1,367,746	1,367,746
Corporate bonds.....				67,989	67,989
Equity securities.....				57,915	57,915
Unsettled investment transactions.....				28,864	28,864
<b>Totals—primary government.....</b>	<b>\$ 21,604,791</b>	<b>\$ 378,479</b>	<b>\$ 1,610,446</b>	<b>26,495,922</b>	<b>26,471,277</b>
<b>Discretely Presented Component Units</b>					
U.S. government securities.....	\$ 536,595	\$ —	\$ 85,722	622,317	622,317
Repurchase agreements.....	116,500	110,799	—	227,299	227,299
Subtotals.....				849,616	849,616
Not categorized:					
Investment in primary government's investment pool.....				59	59
Mutual funds.....				542	542
<b>Totals—discretely presented component units.....</b>	<b>\$ 653,095</b>	<b>\$ 110,799</b>	<b>\$ 85,722</b>	<b>850,217</b>	<b>850,217</b>
<b>Totals—reporting entity.....</b>				<b>\$ 27,346,139</b>	<b>\$ 27,321,494</b>

At June 30, 2000, 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, 2000, had an average life of one to three

## Notes to the Financial Statements

years and a legal final maturity of five to six years. These securities represented an undivided ownership interest in a trust consisting of credit-card, automobile loan, and utility receivables and provided incremental yields above other securities with similar maturities without increasing the risk of the investment portfolios. These asset-backed securities are rated AAA by the major credit rating agencies.

The fiscal year for the Public Service Authority, a discretely presented component unit, ends December 31. Included in the Public Service Authority's investments, carried at fair value, are nuclear decommissioning funds of \$60.907 million with related unrealized holding gains of \$6.290 million. All of the Authority's investments, with the exception of decommissioning funds, are limited to a maturity of ten years or less.

### c. State Retirement Systems Investment Panel

State law created the State Retirement Systems Investment Panel that may make limited investments in equity securities for the State's Pension Trust Funds. The five-member investment panel, established by legislation, is responsible for developing investment goals and objectives and defining the types of investments that the State's Pension Trust Funds can purchase. By law, a maximum of 10% of assets for each pension system may be invested in equities annually until a maximum of 40% of assets is invested in equities.

The annual investment plan adopted by the panel for the fiscal year ended June 30, 1999, provided for 5% of the assets to be invested in a Standard and Poor's 500 index fund. As of June 30, 2000, the balance held in mutual funds for the State's Pension Trust Funds was \$1.354 billion. The annual investment plan adopted by the panel for the fiscal year ended June 30, 2000, provided for an additional investment of 10% of the market value of the pension system's assets (as of June 30, 1999) in the equity market during the 1999-2000 fiscal year. As of June 30, 2000, the balance invested in the equity market for the State's Pension Trust Funds was \$1.555 billion.

### d. Securities Lending Programs

By law, the State's primary government may lend securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions, with a simultaneous agreement to return the collateral for the same securities in the future. The State may lend United States Government securities, corporate bonds, and other securities for collateral in the form of cash or other securities. The contracts with the State's custodians require them to indemnify the State if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the State for income distributions by the securities' issuers while the securities are on loan.

The weighted average maturity of the State's collateral investments generally matched the maturity of the securities loans during the fiscal year and at June 30, 2000. At June 30, 2000, the State had no credit risk exposure to borrowers because the

amounts the State owed the borrowers exceeded the amounts the borrowers owed the State. Either the State or the borrower can terminate all securities loans on demand. There are no restrictions on the amount of the loans that can be made. For the fiscal year ended June 30, 2000, the State experienced no losses on its securities lending transactions because of borrower defaults.

The State receives primarily cash as collateral for its loaned securities. A small portion of the collateral received by the State at June 30, 2000, was in the form of securities. 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. During the fiscal year ended June 30, 2000, the State met the 102% requirement. The State cannot pledge or sell collateral securities unless the borrower defaults. The lending agent, on behalf of the State, invests cash collateral received. Accordingly, at June 30, 2000, these investments of cash collateral were recorded as assets on the State's Combined Balance Sheet. Corresponding liability amounts also have been recorded because the State must return the cash collateral to the borrower upon expiration of the loan. At June 30, 2000, the fair value of the State's securities on loan was \$1.494 billion, and they are uncategorized as to custodial credit risk in the table in subsection b (Investments) above. For the State's cash collateral investments, the table includes the reported amount, fair value, and custodial credit risk by investment type.

## NOTE 5: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 2000, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use.....	\$ 219,714	\$ 82,483	\$ —
Individual income.....	160,373	—	—
Corporate income.....	6,746	—	—
Unemployment.....	—	—	35,914
Gasoline and motor vehicle.....	586	29,804	4,957
Alcoholic beverages and tobacco.....	15,357	—	—
Other.....	15,029	16,845	—
<b>Gross taxes receivable.....</b>	<b>417,805</b>	<b>129,132</b>	<b>40,871</b>
Less: Allowance for uncollectible taxes.....	35,053	4,763	35
<b>Net taxes receivable.....</b>	<b>\$ 382,752</b>	<b>\$ 124,369</b>	<b>\$ 40,836</b>

A total of \$418.387 million in net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 2000, and were collected within thirty days after that date.

## Notes to the Financial Statements

### NOTE 6: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 2000, consisted of:

	Primary Government					
	Enter- prise	Internal Service	Trust and Agency	General Fixed Assets	Higher Educa- tion	Com- ponent Units
Land and improvements.....	\$ 18,882	\$ 6,338	\$ 582	\$ 200,907	\$ 141,114	\$ 256,622
Buildings, improvements, and utility plant.....	4,083	178,145	4,749	1,120,598	2,283,621	3,643,403
Machinery, equipment, and other.....	15,561	125,949	4	1,083,007	804,130	59,681
Construction in progress.....	—	814	—	60,271	120,005	246,108
<b>Property, plant and equipment before accumulated depreciation.....</b>	<b>38,526</b>	<b>311,246</b>	<b>5,335</b>	<b>2,464,783</b>	<b>3,348,870</b>	<b>4,205,814</b>
<b>Less: accumulated depreciation.....</b>	<b>(12,123)</b>	<b>(130,735)</b>	<b>(926)</b>	<b>—</b>	<b>(21,533)</b>	<b>(1,502,990)</b>
<b>Total property, plant and equipment, net.....</b>	<b>\$ 26,403</b>	<b>\$ 180,511</b>	<b>\$ 4,409</b>	<b>\$ 2,464,783</b>	<b>\$ 3,327,337</b>	<b>\$ 2,702,824</b>

Changes in general fixed assets (expressed in thousands) for the fiscal year ended June 30, 2000, were:

	July 1, 1999		Restated July 1, 1999 Balances	Additions	Retirements	June 30, 2000 Balance
	Balances as Previously Reported	Adjustment				
Land and improvements...	\$ 195,473	\$ —	\$ 195,473	\$ 6,780	\$ 1,346	\$ 200,907
Buildings, improvements and utility plant.....	1,122,468	—	1,122,468	41,365	43,235	1,120,598
Machinery, equipment, and other.....	1,042,264	12,210	1,054,474	115,314	86,781	1,083,007
Construction in progress..	46,614	—	46,614	52,142	38,485	60,271
<b>Total General Fixed Assets.....</b>	<b>\$ 2,406,819</b>	<b>\$ 12,210</b>	<b>\$ 2,419,029</b>	<b>\$ 215,601</b>	<b>\$ 169,847</b>	<b>\$ 2,464,783</b>

## Notes to the Financial Statements

The "Adjustment" column in the table above reports amounts that changed as a result of the fund structure reporting change described in Note 3.

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

Outstanding commitments for construction of fixed assets and public domain (infrastructure) assets at June 30, 2000, totaled \$619.773 million for the primary government. Outstanding commitments for construction of such assets for discretely presented component units were as follows: \$217.502 million for the Public Service Authority at December 31, 1999; \$20.818 million for the State Ports Authority at June 30, 2000; and \$74.335 million for the Connector 2000 Associates, Inc., at December 31, 1999.

At June 30, 2000, the primary government had other significant permanent improvement projects in progress that will not be capitalized when completed. These projects include replacements, repairs, and/or renovations to existing facilities. Outstanding commitments for these projects total \$8.791 million.

The primary government recorded capitalized construction period interest of \$1.473 million during the fiscal year ended June 30, 2000. The Connector 2000 Association, Inc., a discretely presented component unit, recorded capitalized construction period interest of \$4.578 million during its fiscal year ended December 31, 1999.

During the fiscal year ended June 30, 2000, certain higher education institutions entered into commitments to sell land totaling \$16.700 million.

### 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. Plan 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 defined benefit 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 vest after five years of service. Vested members who retire at age sixty-five or with thirty years of service at any age receive an annual benefit, payable monthly, for life. The benefit is based on length of service and average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. The annual benefit amount is 1.82% of average final compensation times years of service. Reduced benefits are payable as early as age fifty-five.

PORS, established by Section 9-11-20 of the South Carolina Code of Laws, is a cost-sharing multiple-employer defined benefit 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, 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. Both the members of the General Assembly and the State must contribute. Benefits vest after eight years of service. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly, for life. The annual benefit amount is 4.82% of earnable compensation times years of service. Earnable compensation is defined as forty days' pay at the rate currently paid to members of the General Assembly plus \$12 thousand.

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. Both judges and the State must contribute. Benefits vest after twelve years of service in a position as a judge or solicitor. Members may retire at age seventy with fifteen years of service, at age sixty-five with twenty years of service, or at any age with twenty-five years of service. Members receive a retirement benefit equal to 71.3% of the current active salary of the position occupied at retirement.

Information regarding the number of participating employers at June 30, 2000, was as follows:

## Notes to the Financial Statements

	SCRS	PORS	GARS	JSRS
State and school.....	99	1	1	1
Other.....	520	255	—	—
Total participating employers.....	619	256	1	1

Plan	Rate
SCRS	7.70%
PORS	10.70%
JSRS	40.76%
GARS	71.32%

The plans provide retirement, death, and disability benefits to State employees; public school employees; and 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 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, 2000, 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, 2000, were as follows:

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, 2000, were \$2.576 million for SCRS and \$432 thousand 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 follows:

	GARS	JSRS
Annual pension cost.....	\$2,636	\$5,659
Employer contributions made.....	\$2,636	\$5,659
Actuarial valuation date.....	July 1, 1999	July 1, 1999
Actuarial cost method.....	Entry age	Entry age
Amortization method.....	Level percent, open	Level percent, open
Remaining amortization period.....	25 years	27 years
Asset valuation method.....	5 year smoothed market	5 year smoothed 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 due.

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:

## Notes to the Financial Statements

	Fiscal Year Ended					
	June 30, 2000		June 30, 1999		June 30, 1998	
	Required	% Contributed	Required	% Contributed	Required	% Contributed
SCRS—State:						
Primary government.....	\$ 164,900	100%	\$ 155,644	100%	\$ 149,541	100%
Component units.....	8,244	100%	7,675	100%	7,397	100%
PORS—State:						
Primary government.....	\$ 33,331	100%	\$ 30,892	100%	\$ 29,674	100%
Component units.....	20	100%	18	100%	17	100%

The following table presents the Annual Pension Cost, percentage of Annual Pension Cost Contributed, and the Net Pension Obligation for the three latest available years for the State's single-employer defined benefit plans (dollars expressed in thousands):

Plan	Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
GARS	1998	\$ 2,796	100%	\$ —
	1999	2,768	100%	—
	2000	2,636	100%	—
JSRS	1998	\$ 4,991	100%	\$ —
	1999	5,485	100%	—
	2000	5,659	100%	—

### 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 three latest available years:

Plan	Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
GARS	1997	\$ 33,627	\$ 60,052	\$ 26,425	56.0%	\$ 4,721	559.7%
	1998	36,260	60,330	24,070	60.1%	4,810	500.4%
	1999	38,685	63,501	24,816	60.9%	4,979	498.4%
JSRS	1997	\$ 68,980	\$ 112,185	\$ 43,205	61.5%	\$ 11,221	385.0%
	1998	75,699	124,756	49,057	60.7%	11,564	424.2%
	1999	81,780	134,272	52,492	60.9%	12,748	411.8%

## Notes to the Financial Statements

### f. Receivables and Investments

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

June 30, 2000, for the four plans administered by the South Carolina Retirement Systems were as follows:

	SCRS	PORS	GARS	JSRS	Totals
<b>Receivables:</b>					
Contributions.....	\$ 96,118	\$ 10,277	\$ 13	\$ 312	\$ 106,720
Employer long-term.....	2,576	432	—	—	3,008
Accrued interest.....	180,850	19,670	444	981	201,945
Unsettled investment sales....	25,281	2,930	59	125	28,395
Due from other funds.....	11,572	3,048	1	61	14,682
<b>Total receivables.....</b>	<b>\$ 316,397</b>	<b>\$ 36,357</b>	<b>\$ 517</b>	<b>\$ 1,479</b>	<b>\$ 354,750</b>
<b>Investments:</b>					
United States government securities.....	\$ 2,577,261	\$ 258,431	\$ 8,586	\$ 3,812	\$ 2,848,090
United States government agencies and government-insured securities.....	3,062,458	305,790	6,012	22,485	3,396,745
Corporate bonds.....	4,324,758	490,086	11,371	24,106	4,850,321
Financial and other.....	2,440,707	249,656	4,368	7,780	2,702,511
Equities.....	2,591,886	297,962	6,084	12,887	2,908,819
Invested securities lending collateral.....	1,277,578	130,418	2,201	3,696	1,413,893
<b>Total investments.....</b>	<b>\$ 16,274,648</b>	<b>\$ 1,732,343</b>	<b>\$ 38,622</b>	<b>\$ 74,766</b>	<b>\$ 18,120,379</b>

### g. Subsequent Event

Legislation amending State law relating to the South Carolina Retirement System (SCRS) was approved by action of the Governor in November 2000. The amendment reduces from thirty to twenty-eight the years of creditable service required to retire at any age without penalty and will make other changes effective January 1, 2001.

### h. National Guard Pension System

#### Plan Description

The National Guard Pension System (NGPS) is a single-employer defined benefit pension plan administered by the State Adjutant General's Office.

That 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 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.

## Notes to the Financial Statements

The following table shows the number of employees by type of membership as of June 30, 2000, the date of the latest actuarial valuation:

	<u>NGPS</u>
Retirees and beneficiaries receiving benefits.....	1,963
Terminated employees entitled to benefits but not yet receiving them.....	2,555
Active employees.....	<u>5,289</u>
Total participants.....	<u>9,807</u>

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

### Receivables and Investments

The assets of the NGPS consist of Cash and Cash Equivalents and Accounts Receivable. At June 30, 2000, all of the \$165 thousand in Accounts Receivable represented 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 General's Office administers the plan. Administrative charges are financed through investment earnings. The State funded the plan on an actuarial basis for the fiscal years ended June 30, 1994, through June 30, 1996. From July 1, 1996, through the present time, however, the plan has not been fully funded in accordance with actuarial recommendations. 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, 2000, was \$8.384 million.

### Funding Policy and Annual Pension Cost

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

	<u>NGPS</u>
Annual pension cost.....	\$3,157
Employer contributions made.....	\$2,499
Actuarial valuation date.....	June 30, 2000
Actuarial cost method.....	Entry age normal
Amortization method.....	Level dollar, 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.....	Not applicable
Assumed cost-of-living adjustments.....	Not applicable

The following represents the components of the net pension obligation (NPO) for the NGPS, at June 30, 2000 (expressed in thousands):

	<u>NGPS</u>
Actuarially required contribution (ARC).....	\$ 3,200
Interest on the NPO.....	304
Adjustment to the ARC.....	(347)
Annual pension cost.....	3,157
Contributions made.....	<u>2,499</u>
Increase in NPO.....	658
NPO beginning of year.....	4,202
NPO end of year.....	<u>\$ 4,860</u>

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

The following schedule (dollars expressed in thousands) describes the funding progress for the NGPS for each of the three most recent actuarial valuations:



## Notes to the Financial Statements

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30						
1996	\$ 6,259	\$ 36,756	\$ 30,497	17.0%	\$ 48,861	62.4%
1998	8,640	41,478	32,838	20.8%	40,333	81.4%
2000	11,219	44,069	32,850	25.5%	40,789	80.5%

### Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. The following table presents the Annual Pension Cost, percentage of Annual Pension Cost contributed, and the Net Pension Obligation for the latest three fiscal years for the plan (dollars expressed in thousands):

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30			
1998	\$ 3,055	81.8%	\$ 3,537
1999	3,164	79.0%	4,202
2000	3,157	79.2%	4,860

### 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.

ORP participation is limited to faculty and administrative staff of the colleges presented in the State's Higher Education Funds 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 \$8.900 million and \$10.700 million, respectively, for the fiscal year ended June 30, 2000.

## 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 21,026 retirees meet these eligibility requirements.

Eligible retirees choose between two health insurance plans underwritten by the State, the Economy Plan and the Standard Plan. In accordance with contractual provisions of the plans, participants must meet specified annual deductible requirements. Thereafter, the Standard Plan pays 85% of allowable claims, and the Economy Plan pays 80% of allowable claims. The State pays 100% of allowable claims, however, after the participant has paid the annual out-of-pocket limit prescribed by each plan. Both plans disallow claims in excess of specified annual and lifetime maximums. In addition, State health benefits are reduced if the participant receives or qualifies to receive Medicare benefits. Effective January 1, 2001, the percentage of allowable claims the plans will pay decreases to 80% for the Standard Plan and 75% for the Economy 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, 2000, the State recognized expenses (net of participant contributions) of \$82.715 million to provide health and dental benefits to State participants in post-employment status.

## Notes to the Financial Statements

### NOTE 9: LEASES AND INSTALLMENT PURCHASES

#### a. Lease and Installment Purchase Commitments

The State leases land, office facilities, equipment, and other assets under both capital and

operating leases. Some of these leases take the form of installment purchases of property. The present value of future minimum capital lease and installment purchase payments and minimum annual lease payments for capital leases and installment purchases (expressed in thousands) follow:

Fiscal Year Ending June 30	Primary Government				Component Units	Totals
	Internal Service Funds	General Long-Term Obligations Account Group	Higher Education Funds			
2001	\$ 487	\$ 3,263	\$ 6,476	\$ 4,169	\$ 14,395	
2002	487	2,780	6,142	3,834	13,243	
2003	487	1,367	5,628	3,818	11,300	
2004	487	1,306	4,998	3,819	10,610	
2005	487	1,278	4,424	3,708	9,897	
2006 and after	1,216	1,263	54,118	22,304	78,901	
<b>Total minimum payments</b> .....	<b>3,651</b>	<b>11,257</b>	<b>81,786</b>	<b>41,652</b>	<b>138,346</b>	
Less: interest and executory costs.....	(817)	(1,445)	(33,677)	(9,351)	(45,290)	
<b>Present value of net minimum payments</b> .....	<b>\$ 2,834</b>	<b>\$ 9,812</b>	<b>\$ 48,109</b>	<b>\$ 32,301</b>	<b>\$ 93,056</b>	

Assets under capital leases at June 30, 2000, were as follows (expressed in thousands):

Assets Acquired Under Capital Leases	Primary Government				Component Units	Totals
	Internal Service Funds	General Long-Term Obligations Account Group	Higher Education Funds			
Land and improvements.....	\$ —	\$ —	\$ 5,479	\$ —	\$ 5,479	
Buildings, improvements, and utility plant.....	5,231	—	52,304	97,341	154,876	
Machinery, equipment, and other.....	—	19,412	13,815	293	33,520	
<b>Assets acquired under capital leases before accumulated amortization</b> .....	<b>5,231</b>	<b>19,412</b>	<b>71,598</b>	<b>97,634</b>	<b>193,875</b>	
Less: accumulated amortization.....	(1,308)	—	—	(71,509)	(72,817)	
<b>Assets acquired under capital leases, net</b> .....	<b>\$ 3,923</b>	<b>\$ 19,412</b>	<b>\$ 71,598</b>	<b>\$ 26,125</b>	<b>\$ 121,058</b>	

Operating lease payments during the fiscal year ended June 30, 2000, totaled \$74.294 million. At June 30, 2000, future minimum payments under

operating leases (expressed in thousands) were as follows:

## Notes to the Financial Statements

Fiscal Year Ending June 30	Operating Leases		
	Primary Government	Component Units	Totals
2001	\$ 37,779	\$ 4,407	\$ 42,186
2002	34,177	3,382	37,559
2003	23,490	2,920	26,410
2004	17,527	2,485	20,012
2005	9,409	—	9,409
2006 and after	24,417	—	24,417
<b>Total minimum payments...</b>	<b>\$ 146,799</b>	<b>\$ 13,194</b>	<b>\$ 159,993</b>

### b. Facilities Leased to Others

Non-State parties lease land and facilities under operating leases from the State Ports Authority, a discretely presented component unit, and from Enterprise Funds (the Patriots Point Development Authority and the Other Enterprise Funds). At June 30, 2000, the State Ports Authority had leased to others certain land and facilities having a cost of approximately \$304.171 million and \$87.673 million of related accumulated depreciation. At June 30, 2000, the total cost of land and improvements leased to others by the Enterprise Funds was \$9.434 million, with \$826 thousand of related accumulated depreciation. Future minimum rental payments to be received at June 30, 2000, under these operating leases (expressed in thousands) were:

Fiscal Year Ending June 30	Enterprise Funds	Component Unit
2001	\$ 378	\$ 17,571
2002	325	17,391
2003	307	10,021
2004	327	3,930
2005	327	3,754
2006 and after	12,867	3,625
<b>Total.....</b>	<b>\$ 14,531</b>	<b>\$ 56,292</b>

## NOTE 10: 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, 2000, were:

General Long-Term Obligations Account Group	
Capital improvement bonds, 3.50% to 6.35%.....	\$ 815,252
State highway bonds, 3.50% to 6.50%.....	326,940
State school facilities bonds, 4.25% to 5.75%.....	250,000
<b>Subtotal—General Long-Term Obligations Account Group.....</b>	<b>1,392,192</b>
Higher Education Funds	
State institution bonds, 4.25% to 7.00%.....	99,945
<b>Total—general obligation bonds payable.....</b>	<b>\$ 1,492,137</b>

Of the \$815.252 million in outstanding capital improvement bonds, \$29.442 million are capital appreciation (deep-discount) bonds.

At June 30, 2000, \$372.475 million of capital improvement bonds were authorized but unissued.

At June 30, 2000, future debt service requirements (expressed in thousands) for general obligation bonds were:

Year Ending June 30	Principal	Interest	Totals
2001	\$ 133,198	\$ 72,149	\$ 205,347
2002	114,970	65,914	180,884
2003	132,652	60,046	192,698
2004	111,325	53,752	165,077
2005	123,813	47,833	171,646
2006 and after	886,199	234,137	1,120,336
<b>Total debt service requirements.....</b>	<b>1,502,157</b>	<b>\$ 533,831</b>	<b>\$ 2,035,988</b>
Unamortized discounts...	(10,020)		
<b>Total principal outstanding.....</b>	<b>\$ 1,492,137</b>		

# Notes to the Financial Statements

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.

Rather than directly limiting the amount of outstanding general obligation debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 2000, was \$121.939 million in total for all institution bonds, \$45.283 million for highway bonds, and \$71.542 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, 2000, were:

### Internal Service Funds

Lease revenue bonds, 4.00% to 6.50%..... \$ 35,175

At June 30, 2000, 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 certain State agencies. The bonds are secured by pledges of lease rental payments that the agencies will pay from their General Fund appropriations and Special Revenue Funds.

At June 30, 2000, future debt service requirements (expressed in thousands) for limited obligation bonds were:

Year Ending June 30	Principal	Interest	Totals
2001	\$ 3,190	\$ 1,712	\$ 4,902
2002	3,330	1,536	4,866
2003	3,480	1,365	4,845
2004	3,655	1,205	4,860
2005	3,820	1,036	4,856
2006 and after	17,870	3,485	21,355
<b>Total debt service requirements.....</b>	<b>35,345</b>	<b>\$ 10,339</b>	<b>\$ 45,684</b>
Unamortized discounts.....	(170)		
<b>Total principal outstanding.....</b>	<b>\$ 35,175</b>		

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

## c. Revenue and Infrastructure Bank Bonds, Notes, and Certificates of Participation

Revenue and Infrastructure Bank bonds, notes, and certificates of participation are not backed by the full faith, credit, and taxing power of the State.

Revenue and Infrastructure Bank bonds, notes, and certificates of participation outstanding (expressed in thousands) at June 30, 2000, were:

	Bonds	Notes	Certificates of Participation
<b>Primary Government:</b>			
<b>Enterprise Funds</b>			
Housing Authority bonds, 3.50% to 7.40%.....	\$ 542,440	\$ —	\$ —
Education Assistance Authority bonds, 3.50% to 6.63%.....	395,599	—	—
Jobs—Economic Development Authority notes, 8.75% to 9.00%.....	—	238	—
Other Enterprise notes, 6.00%.....	—	23	—
<b>Totals—Enterprise Funds.....</b>	<b>938,039</b>	<b>261</b>	<b>—</b>
<b>Internal Service Funds</b>			
Budget and Control Board notes, 4.52% to 5.32%.....	—	4,015	—
<b>General Long-Term Obligations Account Group</b>			
Infrastructure Bank bonds, 4.45% to 6.00%.....	574,275	—	—
Mental Health Department note, 4.59%.....	—	249	—
Deaf and Blind School note, 4.59%.....	—	313	—
Natural Resources Department note, 4.59%.....	—	852	—
<b>Totals—General Long-Term Obligations Account Group.....</b>	<b>574,275</b>	<b>1,414</b>	<b>—</b>
<b>Higher Education Funds</b>			
Various bonds and notes, 3.75% to 10.15%.....	328,406	83,864	—
Direct note obligations, 5.70% to 6.82%.....	—	100,526	—
Certificates of participation, 5.60% to 7.50%.....	—	—	19,882
<b>Totals—Higher Education Funds.....</b>	<b>328,406</b>	<b>184,390</b>	<b>19,882</b>
<b>Totals—Primary Government.....</b>	<b>1,840,720</b>	<b>190,080</b>	<b>19,882</b>
<b>Discretely Presented Component Units:</b>			
Public Service Authority bonds, 4.00% to 7.42%.....	2,059,278	—	—
State Ports Authority bonds, 3.80% to 6.20%.....	153,356	—	—
Connector 2000 Association, Inc. bonds, 5.25% to 6.30%.....	213,271	—	—
<b>Totals—Discretely Presented Component Units.....</b>	<b>2,425,905</b>	<b>—</b>	<b>—</b>
<b>Totals—revenue bonds, notes, and certificates of participation payable.....</b>	<b>\$ 4,266,625</b>	<b>\$ 190,080</b>	<b>\$ 19,882</b>

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.

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. During December 1997, UMA issued an additional \$40.000 million in Direct Note Obligations, Select Auction Variable Rate Securities. During December 1999, UMA issued

## Notes to the Financial Statements

\$39.400 million and \$45.600 million in Direct Note Obligations, Select Auction Variable Rate Securities. UMA used a portion of the proceeds to partially refund the 1995 and 1997 issues. The variable rate of interest is set every 35 days. UMA entered into twenty-five year interest rate swap agreements for these obligations. Based on the swap agreements, UMA owes interest calculated at a fixed rate of 6.82% on \$10.000 million of the 1995 issue, 6.82% on the \$39.400 million issue and 5.70% on the \$45.600 million issue. If the actual floating variable interest rates exceed these rates, the counterparty pays the differential to UMA. If the actual floating variable rates are less than these rates, UMA pays the counterparty. Only the net difference in interest payments is actually exchanged with the counterparties. The \$10.000 million, \$39.400 million, and \$45.600 million in note principal are not exchanged; they are 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 agreements, UMA effectively pays fixed rates on the debt. The debt service requirements to maturity included in this note are based on those fixed rates. UMA will be exposed to variable rates if the counterparties to the swaps default or if the swaps are terminated. For the year ended June 30, 2000, total interest costs incurred were \$7.018 million.

The funds that receive the proceeds of revenue and Infrastructure Bank 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

Jobs-Economic Development Authority notes: loan repayments

**Internal Service Funds**

Budget and Control Board notes: rental payments for vehicles and office space

**General Long-Term Obligations Account Group**

Infrastructure Bank bonds: Transportation Infrastructure Bank revenues

Mental Health Department note: rental payments for equipment

Deaf and Blind School note: client service revenues

Natural Resources Department note: boat title and registration fees

**Higher Education Funds**

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

**Discretely Presented Proprietary Component Units:**

Public Service Authority bonds: Public Service Authority Fund revenues

State Ports Authority bonds: State Ports Authority Fund revenues

Connector 2000 Association, Inc., bonds: investment earnings during the development stage and toll revenues once toll operations commence

At June 30, 2000, future debt service requirements (expressed in thousands) for revenue

and Infrastructure Bank bonds, notes, and certificates of participation were:

**Primary Government:**

Year Ending June 30	Principal	Interest	Totals
2001	\$ 96,806	\$ 106,560	\$ 203,366
2002	64,692	105,775	170,467
2003	72,277	102,405	174,682
2004	70,334	98,162	168,496
2005	69,678	94,843	164,521
2006 and after	1,688,285	1,015,327	2,703,612
<b>Total debt service requirements.....</b>	<b>2,062,072</b>	<b>\$ 1,523,072</b>	<b>\$ 3,585,144</b>
Unamortized discounts.....	(5,343)		
Deferred amount on refunding...	(6,047)		
<b>Total principal outstanding...</b>	<b>\$ 2,050,682</b>		

**Discretely Presented Component Units:**

Year Ending June 30	Principal	Interest	Totals
2001	\$ 85,285	\$ 134,992	\$ 220,277
2002	68,075	136,009	204,084
2003	72,570	131,722	204,292
2004	89,520	127,527	217,047
2005	78,660	122,448	201,108
2006 and after	2,336,211	2,106,447	4,442,658
<b>Total debt service requirements.....</b>	<b>2,730,321</b>	<b>\$ 2,759,145</b>	<b>\$ 5,489,466</b>
Unamortized discounts.....	(41,952)		
Deferred amount on refunding...	(262,464)		
<b>Total principal outstanding...</b>	<b>\$ 2,425,905</b>		

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 proprietary component units. At December 31, 1999, the carrying value of the Public Service Authority's debt was \$2.394 billion while the fair value was approximately \$2.640 billion. At June 30, 2000, the carrying value of the State Ports Authority debt was \$152.413 million while the fair value was approximately \$149.799 million. The fair values were estimated using current rates available to the entities for similar borrowing arrangements and on the market rate of comparable traded debt.

**d. Extraordinary Loss on Early Extinguishment of Debt**

The \$470 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 bond redemptions using existing cash reserves.

The State Ports Authority, a discretely presented proprietary component unit, incurred an Extraordinary Loss on the Early Extinguishment of Debt of \$1.992 million in connection with a bond defeasance using existing cash reserves.

**e. Defeased Bonds**

University Medical Associates of the Medical University of South Carolina (UMA), is a component unit of the Medical University of South

## Notes to the Financial Statements

Carolina, an institution reported in the State's Higher Education Funds. During December 1999, UMA issued \$85.000 million in Direct Note Obligations, Select Auction Variable Rate Securities. The proceeds were used to refund \$78.050 million in Direct Note Obligations, Select Auction Variable Rate Securities and to pay down two lines of credit. As a result of the current refunding, UMA reduced its total debt service requirements by \$19.400 million and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$10.600 million.

During the fiscal year ended June 30, 2000, the Housing Authority, an entity reported in the Enterprise Funds, issued \$261.345 million in Mortgage Revenue Bonds with an average interest rate of 6.83%. Of the \$261.345 million, \$105.114 million was to refund \$135.735 million in Mortgage Revenue Bonds. The proceeds applicable to the refunding plus an additional \$35.083 million were used in the current refunding. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3.205 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2032 using the bonds outstanding method. The Authority refunded these bonds to reduce its total debt service payments over the next 32 years by \$7.500 million and to obtain an economic gain of \$15.800 million.

During June 2000, the Education Assistance Authority, an entity reported in the Enterprise Funds, issued \$59.050 million in Guaranteed Student Loan Revenue and Refunding Bonds with an auction interest rate varying up to 12.00% to advance refund \$39.050 million in Student Loan Revenue Bonds with an average interest rate of 6.00% and to provide financing for student loans. The net proceeds of \$39.050 million (after payment of \$687 thousand for a bond premium, insurance and other issuance costs and \$19.313 million for the purchase of new student loans) were used to purchase United States government securities. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$343 thousand. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2003 using the straight-line basis. The Authority completed the advance 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 \$13.738 million and results in an economic loss of \$275 thousand.

During August 1999, the State Ports Authority, a discretely presented proprietary component unit, executed an in-substance defeasance of \$27.975 million of outstanding revenue bonds. The Authority used existing cash reserves to purchase United States government securities.

In addition, during 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, 2000, the following outstanding bonds (expressed in thousands) are considered defeased:

	Primary Government		
	Enterprise Funds	Higher Education Funds	Component Units
Education Assistance			
Authority bonds.....	\$ 39,050	\$ —	\$ —
Public Service Authority bonds.....	—	—	703,030
Other.....	—	51,077	—
<b>Totals.....</b>	<b>\$ 39,050</b>	<b>\$ 51,077</b>	<b>\$ 703,030</b>

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

### f. Conduit Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds, therefore, do not appear as liabilities in the accompanying financial statements.

The Jobs-Economic Development Authority, an Enterprise Fund, issues industrial revenue bonds to develop and benefit business enterprises. The bonds are payable solely by revenues of the business enterprise and generally are secured by an irrevocable letter of credit. At June 30, 2000, the outstanding balance of bonds issued after June 30, 1995, was \$1.084 billion. The original amount of bonds issued prior to that date is not available.

The State Housing Finance and Development Authority, an Enterprise Fund, issues certain mortgage loan notes and housing revenue bonds for developers to construct moderate to low income housing projects. The bonds are payable solely from housing rental payments received by the developer and generally are secured by an irrevocable letter of credit or bond insurance. At June 30, 2000, the outstanding balance of bonds issued was \$188.538 million.

The Educational Facilities Authority, reported as part of the State's primary government, issues bonds to assist nonprofit educational institutions that do not receive State appropriations in the acquisition, construction, and financing of facilities for educational programs. The bonds are payable solely from, and secured by, a lease agreement on the facilities between the Authority and the institution. When the bonds have been fully paid, the Authority conveys the title for the facility to the institution. At June 30, 2000, the outstanding balance of bonds issued was \$101.980 million.

### g. Resources Authority Debt

In prior years, the Resources Authority, reported as part of the primary government, issued bonds and used the proceeds to purchase obligations of local

## Notes to the Financial Statements

governmental entities. The local governmental entities used the proceeds received from the Authority to fund water and sewer projects. Periodic principal and interest payments received from the local governmental entities are used by the Authority to retire its own debt. The debt issued by the Authority is not a debt of the State and is not recorded in the accompanying Combined Balance Sheet. The Authority's outstanding debt at June 30, 2000, was \$24.160 million. Effective October 1994, the General Assembly enacted legislation that prohibits the Authority from issuing bonds except to refund bonds previously issued.

Beginning in fiscal year 1993-1994, one local governmental entity has been 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, 2000, the system was partially operating and producing some revenue but construction had not been completed. The State paid a total of \$2.147 million in the fiscal years 1993-1994 through 1998-1999, and \$420 thousand in 1999-2000 to the Authority to offset the loss of revenues from the delinquent local entity. The State has appropriated \$400 thousand in fiscal year 2000-2001 to be used, if needed, to offset the loss of revenues from the delinquent local entity.

### h. Commercial Paper Notes

The Public Service Authority, a discretely presented proprietary component unit, has recorded a \$370.059 million liability for Commercial Paper Notes at its fiscal year ended December 31, 1999. The paper is issued for valid corporate purposes with a term not to exceed 270 days. The Authority has a \$500.000 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, 1999.

### i. Subsequent Events

Since June 30, 2000, the State's primary government has issued \$9.587 million of general obligation bonds and \$268.810 million of revenue bonds.

The State's primary government plans to issue \$1.200 million in revenue notes and \$16.600 million in revenue bonds in December 2000.

Before June 30, 2001, the Tobacco Settlement Revenue Management Authority, a blended component unit of the State's primary government, plans to issue approximately \$800.000 million in revenue bonds to securitize future payments received under the multi-state legal settlement with the tobacco industry.

## NOTE 11: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the fiscal year ended June 30, 2000, were:

	Balances at July 1, 1999	Increases	Decreases	Balances at June 30, 2000
Intergovernmental payables.....	\$ 7,430	\$ —	\$ (1,320)	\$ 6,110
Policy claims.....	4,448	3,239	(3,071)	4,616
Notes payable.....	785	851	(222)	1,414
General obligation bonds payable....	1,139,782	347,250	(94,840)	1,392,192
Infrastructure Bank bonds payable.....	275,000	308,900	(9,625)	574,275
Capital lease and installment debt obligations payable.....	12,482	151	(2,821)	9,812
Compensated absences payable..	180,637	91,683	(76,562)	195,758
Other liabilities.....	24,044	2,605	(5,535)	21,114
<b>Totals.....</b>	<b>\$ 1,644,608</b>	<b>\$ 754,679</b>	<b>\$ (193,996)</b>	<b>\$ 2,205,291</b>

The majority of Other Liabilities consists of claims and judgments payable and the National Guard Pension System Net Pension Obligation. The increase of \$347.250 million for General Obligation Bonds Payable includes \$1.216 million in accretion of interest on capital appreciation (deep-discount) bonds.

## NOTE 12: 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, 2000, were:

## Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
<b>General</b>						
General Fund.....	\$ 56,479	\$ 69,333	\$ 7,849	\$ 1,422	\$ 7,461	\$ 2,150
Less: eliminations.....	(39,721)	(39,721)	(1,422)	(1,422)	—	—
<b>Adjusted General Fund.....</b>	<b>16,758</b>	<b>29,612</b>	<b>6,427</b>	<b>—</b>	<b>7,461</b>	<b>2,150</b>
<b>Special Revenue</b>						
Departmental General Operating Fund.....	16,360	58,076	—	5,761	400	—
Education Improvement Act Fund.....	2,483	1,516	—	400	—	—
Children's Education Endowment Fund.....	13	—	—	—	—	—
Repair, Maintenance, and Renovation Fund.....	985	595	—	—	—	—
Waste Management Fund.....	1,568	239	—	—	—	—
Department of Transportation Special Revenue Fund.....	52,461	162,475	1,359	—	2,151	—
Local Government Infrastructure Fund.....	168,962	8,733	200	—	—	—
Accommodations and Local Option Sales Tax Fund....	81	183	—	—	—	—
Energy Settlement Fund.....	—	46	—	—	—	—
Omnibus Crime Fund.....	11	484	—	—	—	—
Medicaid Expansion Fund.....	—	1,853	—	—	—	—
Other Special Revenue Funds.....	2,132	598	66	30	69	—
Less: eliminations.....	(200,624)	(200,624)	(1,625)	(1,625)	—	—
<b>Adjusted Special Revenue Funds.....</b>	<b>44,432</b>	<b>34,174</b>	<b>—</b>	<b>4,566</b>	<b>2,620</b>	<b>—</b>
<b>Capital Projects</b>						
Capital Projects Fund.....	3,493	2,919	—	—	—	—
Less: eliminations.....	(640)	(640)	—	—	—	—
<b>Adjusted Capital Projects Fund.....</b>	<b>2,853</b>	<b>2,279</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Enterprise</b>						
Housing Authority Fund.....	—	21	—	—	—	—
Education Assistance Authority Fund.....	728	202	—	—	—	—
Second Injury Fund.....	—	600	—	—	—	—
Patriots Point Development Authority Fund.....	9	17	—	—	—	—
Other Enterprise Funds.....	—	394	—	200	—	17,064
Less: eliminations.....	(258)	(258)	—	—	—	—
<b>Adjusted Enterprise Funds.....</b>	<b>479</b>	<b>976</b>	<b>—</b>	<b>200</b>	<b>—</b>	<b>17,064</b>
<b>Internal Service</b>						
Insurance Reserve Fund.....	558	18	1,556	—	23,254	—
Health and Disability Insurance Fund.....	17,397	80	—	—	—	—
State Accident Fund.....	746	26	—	—	—	—
General Services Fund.....	8,554	856	—	1,996	—	13,061
Central Supplies and Equipment Fund.....	891	84	—	1,000	—	—
Motor Pool Fund.....	2,887	53	—	—	—	—
Pension Administration Fund.....	—	613	—	—	—	—
Prison Industries Fund.....	1,310	268	—	—	—	—
Other Internal Service Funds.....	15	24	1,289	1,257	5,244	4,903
Less: eliminations.....	(2,022)	(2,022)	(2,845)	(2,845)	(11,626)	(11,626)
<b>Adjusted Internal Service Funds.....</b>	<b>30,336</b>	<b>—</b>	<b>—</b>	<b>1,408</b>	<b>16,872</b>	<b>6,338</b>



# Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
<b>Trust and Agency</b>						
Expendable Trust:						
Unemployment Compensation Benefits Fund.....	\$ —	\$ 180	\$ —	\$ —	\$ —	\$ —
Other Expendable Trust Funds.....	—	7	—	—	—	—
Pension Trust:						
South Carolina Retirement System.....	11,572	15,655	—	—	—	—
Police Officers' Retirement System.....	3,048	590	—	—	—	—
General Assembly Retirement System.....	1	—	—	—	—	—
Judges' and Solicitors' Retirement System.....	61	—	—	—	—	—
Agency Funds:						
Federal Interfund Activity Fund.....	1	2,835	—	—	—	—
Payroll Clearing Fund.....	49,179	10,737	—	—	—	—
Other Agency Funds.....	8,258	82,801	—	—	—	—
Less: eliminations.....	(55,034)	(55,034)	—	—	—	—
<b>Adjusted Trust and Agency Funds.....</b>	<b>17,086</b>	<b>57,771</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Higher Education</b>						
Unrestricted Current Funds.....	13,864	4,596	—	—	—	—
Restricted Current Funds.....	5,283	1,781	—	—	—	—
Endowment and Similar Funds.....	—	—	—	—	690	—
Unexpended Plant Funds.....	3	—	—	—	—	490
Retirement of Indebtedness Funds.....	—	—	—	—	490	—
Investment in Plant Funds.....	—	—	—	253	—	31,906
Agency Funds.....	95	—	—	—	—	—
Foundations and Institutes.....	—	—	—	—	29,615	—
Less: eliminations.....	(1,305)	(1,305)	—	—	(30,795)	(30,795)
<b>Adjusted Higher Education Funds.....</b>	<b>17,940</b>	<b>5,072</b>	<b>—</b>	<b>253</b>	<b>—</b>	<b>1,601</b>
<b>Totals—Primary Government.....</b>	<b>\$ 129,884</b>	<b>\$ 129,884</b>	<b>\$ 6,427</b>	<b>\$ 6,427</b>	<b>\$ 26,953</b>	<b>\$ 27,153</b>

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

Interfund assets and liabilities (expressed in thousands) between discretely presented component units and the primary government at June 30, 2000, were:

Receivable Primary Government Fund	Payable Component Unit	Amount (Thousands)
General Services Fund.....	First Steps to School Readiness....	\$ 2
Payroll Clearing Fund.....	First Steps to School Readiness....	17
Higher Education—Unrestricted Current Fund.....	First Steps to School Readiness....	117
Higher Education—Restricted Current Fund.....	First Steps to School Readiness....	37
<b>Total.....</b>		<b>\$ 173</b>

Receivable Component Unit	Payable Primary Government Fund	Amount (Thousands)
First Steps to School Readiness.....	General Fund.....	\$ 10
First Steps to School Readiness.....	Departmental General Operating Fund.....	5
State Ports Authority.....	General Fund.....	67
<b>Total.....</b>		<b>\$ 82</b>

**c. Inequality of Advances To and Advances From Other Funds**

Advances From Other Funds exceed Advances To Other Funds by \$200 thousand because of an interfund loan from the Local Government Infrastructure Fund, a Special Revenue Fund, to the Division of Public Railways (reported as part of Other Enterprise Funds). The Division of Public

## Notes to the Financial Statements

Railways reports using a fiscal year ending December 31, while the Local Government Infrastructure Fund's fiscal year ends June 30. The Division of Public Railways' \$200 thousand June 2000 loan payment was not reflected in its Advances From Other Funds at December 31, 1999, but that payment reduced the Local Government Infrastructure Fund's Advances To Other Funds as of June 30, 2000.

### d. Inequality of Transfers From Component Units and Transfers To Primary Government

Transfers From Component Units exceed Transfers To Primary Government by \$614 thousand because the Public Service Authority, a discretely presented component unit, reports using a fiscal year ending December 31. The \$614 thousand difference represents Transfers From Component Units to the General Fund for the fiscal year ended June 30, 2000, less Transfers To Primary Government from the Public Service Authority for its fiscal year ended December 31, 1999.

### e. Inequality of Residual Equity Transfers In and Out

Residual Equity Transfers Out of \$768 thousand in the Capital Projects Fund were recorded as additions to Contributed Capital in the Enterprise Funds. These balances resulted from transfers of Capital Improvement Bond proceeds.

Residual Equity Transfers Out of \$555 thousand in the General Fund were recorded as additions to

Contributed Capital in the Internal Service Funds. These balances resulted from payments forgiven on long-term interfund loans.

## NOTE 13: 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.

### a. Primary Government—Reserved Retained Earnings

At June 30, 2000, the \$266.683 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, 2000, the following amounts of fund balance (expressed in thousands) were reserved or designated:

## Notes to the Financial Statements

	General	Special Revenue	Trust and Agency	Higher Education
<b>Fund balances reserved for:</b>				
Pension and other benefits .....	\$ —	\$ —	\$ 20,505,876	\$ —
External investment pool participants .....	—	—	1,052,175	—
Restricted fund balance .....	—	—	—	168,952
Federal government grants refundable .....	—	—	—	47,622
General fund reserve .....	145,371	—	—	—
Inventories .....	13,979	18,088	—	—
Advances to other funds .....	7,461	2,620	—	—
Appropriations to be carried forward .....	212,367	—	—	—
Endowment and similar funds .....	—	—	1,672	62,521
Long-term loans and notes receivable .....	61	357,145	—	—
Debt requirements .....	—	151,100	—	11,118
School building aid .....	8,900	27,521	—	—
Encumbrances .....	—	—	—	2,134
Other special purposes .....	—	—	—	8,827
<b>Total reserved fund balances.....</b>	<b>\$ 388,139</b>	<b>\$ 556,474</b>	<b>\$ 21,559,723</b>	<b>\$ 301,174</b>

	Special Revenue	Capital Projects	Higher Education
<b>Unreserved fund balances designated for:</b>			
Capital expenditures .....	\$ 31,624	\$ 105,214	\$ —
Loan funds .....	—	—	2,866
Scholarships .....	18,458	—	—
Endowment and similar funds	—	—	61,618
Plant funds .....	—	—	65,714
Special purposes .....	—	—	7,448
<b>Total unreserved, desig- nated fund balances.....</b>	<b>\$ 50,082</b>	<b>\$ 105,214</b>	<b>\$ 137,646</b>

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 \$19.668 billion reserved for pension, group life, and accidental death benefits. It also includes \$838.314 million of reserves to

recognize the restricted nature of the fund balances in the Unemployment Compensation Benefits Fund.

### Reserved for External Investment Pool Participants

Amounts reserved for external investment pool participants consist of public monies deposited with the State Treasurer by local governmental units and other political subdivisions of the State. The State Treasurer invests these monies on the participants' behalf in an investment portfolio.

### 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

## Notes to the Financial Statements

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.

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, 1999, the Reserve was \$7.721 million below the full-funding amount of \$145.371 million. On September 1, 1999, \$7.721 million of budgetary surplus from 1998-1999 was added to the reserve to bring its balance to \$145.371 million. During the remainder of the fiscal year ended June 30, 2000, the Reserve remained at \$145.371 million. Accordingly, at June 30, 2000, the reserve was \$2.545 million below the full-funding amount of \$147.916 million. A provision of law that became effective in November 2000 will increase the Reserve by \$2.545 million during 2000-2001.

### 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

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.

The South Carolina Transportation Infrastructure Bank, reported within the State's Special Revenue Funds, recorded an amount as Reserved for Debt Requirements as required by certain financing agreements and bond indentures.

### 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 technical colleges 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 Capital Expenditures

The amount reported in the Special Revenue Funds represents amounts that the Department of Transportation designated for replacement of structurally deficient bridges and new road construction. State Highway Bonds will finance these projects. 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

Of the amount reported as Designated for Scholarships in the Special Revenue Funds, \$18.400 million is to be used for the Teacher Loan Program. The program makes loans to students to

## Notes to the Financial Statements

attract talented individuals to teach in areas of critical need. For each year the borrower teaches in a critical need area, 20.0% to 33.0% of the loan is canceled. If the borrower does not teach, however, the loan must be repaid. The remaining \$58 thousand reported as Designated for Scholarships in the Special Revenue Funds is being accumulated to establish endowments at public and private colleges and universities. The purpose of these endowments is to provide environmental scholarships.

### Designated for Endowment and Similar Funds

The Designated for Endowment and Similar Funds 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.

### c. Subsequent Event

In June 2000, the State General Assembly approved a plan to appropriate \$96.914 million of the fund balance in its Budgetary General Fund in fiscal year 2000-2001 to pay for certain recurring and nonrecurring items. Of that amount, only \$33,297 million in net financial resources was available in the General Fund at June 30, 2000, to finance those items. Had the Governor approved the plan in June 2000, the General Fund at June 30, 2000, would have had an unreserved, designated fund balance of \$33.297 million. However, the Governor delayed signing the bill until November 16, 2000, and as a result, the General Fund at June 30, 2000, had an unreserved, undesignated fund balance of \$33.297 million.

## NOTE 14: RELATED PARTY TRANSACTIONS

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

The most significant of these organizations include: the University of South Carolina Development Foundation; the University of South

Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the South Carolina Research Institute; 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 Real Estate Foundation; the Clemson University Research Foundation; the Clemson Advancement Foundation for Design and Building; the Clemson University Continuing Education and Conference Complex Corporation; the Clemson Engineering 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, Inc.; the College of Charleston Foundation; the Cougar Club of the College of Charleston; the Winthrop University Foundation; the Alumni Association of Winthrop University; the Winthrop University Eagle Club; the Francis Marion University Foundation; the Citadel Development Foundation; the Citadel Alumni Association; the Citadel's Brigadier Foundation; South Carolina State University Educational Foundation; the S.T.A.T.E. Club of South Carolina State University; the South Carolina State University Alumni Association; the Lander University Foundation; the Lander University Alumni Association; Aiken Technical College Foundation, Inc.; Horry-Georgetown Technical College Foundation; Greenville Technical Foundation, Inc.; Tri-County Technical College Foundation; the South Carolina Student Loan Corporation; the Educational Television Endowment of South Carolina, Inc.; the South Carolina State Museum Foundation; the South Carolina Research Authority; and the Carolina Capital Investment Corporation.

Those organizations above that are related to higher education report total assets of \$853.074 million. During the fiscal year ended June 30, 2000, 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—\$55.888 million; donations of cash and other assets from foundations—\$47.564 million; expenditures paid to foundations—\$9.638 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations—\$2.610 million.

The South Carolina Education Assistance Authority (EAA), an Enterprise Fund, has designated the South Carolina Student Loan Corporation (SLC) as the entity to administer the EAA student loan program. During the fiscal year ended June 30, 2000, EAA entered into various transactions with SLC. Approximate amounts within the State's Enterprise Funds that represent these transactions include: accounts receivable from SLC—\$8.892 million; notes receivable from SLC—\$372.201 million; program revenue from SLC—\$34.349 million; accounts payable to SLC—\$10.271 million; and reimbursements to SLC for administrative costs—\$5.884 million.

During the fiscal year ended June 30, 2000, the Educational Television Endowment of South Carolina, Inc., disbursed \$10.228 million on behalf

## Notes to the Financial Statements

of the State for programs, development, advertising, and other costs.

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, 2000, JEDA paid CCIC \$403 thousand for management and administrative expenses and incurred payables to CCIC of \$161 thousand.

### NOTE 15: SEGMENT INFORMATION

#### a. Enterprise Funds

The State groups its Enterprise Funds into the following segments: the State Housing Finance and Development Authority (Housing Authority), the South Carolina Education Assistance Authority, the Jobs—Economic Development Authority, and the Patients' Compensation Fund. In addition, the

Patriots Point Development Authority, the Second Injury Fund, and Other Enterprise Funds are grouped into an Other segment.

The Housing Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The South Carolina 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. The Patients' Compensation Fund provides for the payment of that portion of any medical malpractice claim, settlement or judgment against a health care provider that is in excess of \$100 thousand per incident or in excess of \$300 thousand in the aggregate for one year. All providers licensed in South Carolina are eligible to participate in the Fund upon remitting the annual assessment fees in amounts determined by the governing board of the Fund.

Financial information (expressed in thousands) for these segments for the fiscal year ended June 30, 2000, follows:

	Housing Authority	Education Assistance Authority	Jobs—Economic Development Authority	Patients' Compensation	Other	Totals
Operating revenues.....	\$ 49,033	\$ 46,679	\$ 1,630	\$ 15,353	\$ 27,607	\$ 140,302
Depreciation and amortization expense.....	299	243	—	1	987	1,530
Operating income (loss).....	7,909	16,578	(2,479)	(89,479)	1,177	(66,294)
Federal revenue.....	25,062	—	—	—	—	25,062
Operating transfers in.....	—	—	125	—	250	375
Operating transfers out.....	—	—	—	—	(104)	(104)
Extraordinary loss.....	(470)	—	—	—	—	(470)
Net income (loss).....	8,341	4,328	(2,105)	(89,479)	2,596	(76,319)
Current capital contributions and transfers.....	—	—	—	—	793	793
Property, plant, and equipment:						
Additions.....	343	56	—	—	742	1,141
Retirements.....	(103)	(77)	—	—	(75)	(255)
Net working capital.....	215,136	202,687	6,824	10,126	21,175	455,948
Total assets.....	752,266	555,050	11,638	18,151	128,098	1,465,203
Bonds and other long-term payable from operating revenues.....	535,435	404,811	187	111,511	17,086	1,069,030
Total fund equity (deficit).....	185,526	127,469	9,676	(101,380)	49,033	270,324

#### b. Discretely Presented Proprietary Component Units

The segments of the State's discretely presented proprietary component units are the Public Service Authority, the State Ports Authority, the Connector 2000 Association, Inc., and the Savannah Lakes Regional Loan Fund.

The Public Service Authority sells electric power and wholesale water. The State Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The Connector 2000 Association, Inc., is a development stage enterprise created to assist the Department of Transportation in the financing, acquisition, construction, and operation of turnpikes and other transportation projects. The Savannah Lakes Regional Loan Fund maintains a revolving

## Notes to the Financial Statements

loan fund to promote economic development in the State's Savannah Lakes Region.

Financial information (expressed in thousands) for these segments for the fiscal year ended June 30, 2000, follows:

	Public Service Authority	State Ports Authority	Connector 2000 Association, Inc.	Savannah Lakes Regional Loan Fund	Totals
Operating revenues.....	\$ 814,166	\$ 97,504	\$ —	\$ 9	\$ 911,679
Depreciation and amortization expense.....	118,617	17,275	—	—	135,892
Operating income.....	221,839	20,695	—	—	242,534
Transfers from primary government....	—	12,300	—	—	12,300
Transfers to primary government.....	(7,883)	—	—	—	(7,883)
Extraordinary loss.....	—	(1,992)	—	—	(1,992)
Net income (loss).....	39,501	20,834	(140)	21	60,216
Current capital contributions and transfers.....	212	9,128	—	—	9,340
Property, plant, and equipment:					
Additions.....	173,514	51,407	—	—	224,921
Retirements.....	(28,301)	(2,998)	—	—	(31,299)
Net working capital.....	(155,067)	45,719	99,968	477	(8,903)
Total assets.....	3,563,223	525,216	224,378	483	4,313,300
Bonds and other long-term liabilities payable from operating revenues.....	2,102,894	151,607	213,271	—	2,467,772
Total fund equity (deficit).....	868,583	352,058	(267)	477	1,220,851

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, 1999, the Authority's Revenue and Accounts Receivable (expressed in thousands) attributable to those customers were:

Customer	Revenue	% of Total Operating Revenue	Accounts Receivable	% of Total Accounts Receivable
Central Electric Power Cooperative, Inc.....	\$ 370,000	45.45%	\$ 44,206	50.05%
Alumax of South Carolina, Inc.....	92,000	11.30%	7,670	8.68%

During the fiscal year ended June 30, 2000, one customer accounted for approximately 25% of the State Ports Authority's revenues.

### NOTE 16: DEFICIT RETAINED EARNINGS

The Patients' Compensation Fund, reported in the Enterprise Funds, had a deficit Retained Earnings balance of \$101.380 million at

June 30, 2000. This deficit resulted from losses that the Fund has experienced over the last several years. The Fund has increased premiums in recent years, and it is their intent to increase them again prior to June 30, 2001. In September 2000, the Fund collected a special assessment from members which totaled approximately \$16.000 million. However, the liability recorded for unpaid claims each year is based on an actuarial analysis performed after June 30. The premium increases and assessment may not be sufficient to prevent an accounting deficit when the actuarial liability is recorded.

The Patriots Point Development Authority, reported in the Enterprise Funds, had a deficit Retained Earnings balance of \$1.146 million at June 30, 2000. This deficit resulted primarily from an interrupted development project and the related bankruptcy proceedings in the past. The interrupted project left the Authority with an unfinished hotel and marina. The Authority expects that revenues from profitable operating leases of the property to the new developer of the hotel and amenities complex as well as private contributions eventually will eliminate the deficit Retained Earnings.

The Health and Disability Insurance Fund, reported in the Internal Service Funds, had deficit Retained Earnings of \$82.024 million at

## Notes to the Financial Statements

June 30, 2000. This deficit resulted from unprecedented growth in claims expenditures and a change in the prescription drug benefit methodology effective January 2000. Prescription drug claims, formerly paid only after the patient filed a paper claim form, now are filed electronically by the pharmacy. While this change is not expected to affect annual claims costs, it accelerated drug claim payments during the period January through June 2000. Employer contribution rates were increased effective January 2000 and will increase by 20% effective January 2001. Also effective January 2001, benefit payments will be reduced by increasing the employee annual deductibles and by increasing the employee share of coinsurance. All enrollee contribution rates also will increase. The Fund expects that these actions will result in a positive movement toward correction of the deficit Retained Earnings.

The State Accident Fund, reported in the Internal Service Funds, had a deficit Retained Earnings balance of \$20.218 million at June 30, 2000. This deficit resulted from a decrease in revenues and increase in claims expenses over the prior fiscal year. The Fund has purchased excess-of-loss reinsurance as of July 1, 2000, to cover claims exceeding \$250 thousand for accidents that occur subsequent to June 30, 2000. The Fund also will determine if rates should be increased in January 2001 and if other rating factors should change. Revised procedures for claim case management that are expected to reduce claim costs will begin in January 2001. The Fund anticipates additional efficiencies from its new automated system.

The Connector 2000 Association, Inc., a development stage enterprise reported as a discretely presented proprietary component unit, had an accumulated deficit of \$267 thousand for its fiscal year ended December 31, 1999. See Note 1r for additional information.

At June 30, 2000, the Savannah Lakes Regional Loan Fund, a discretely presented proprietary component unit, reported a deficit Retained Earnings balance of \$543 thousand. This deficit resulted from the default of a loan that is related to the Lake Russell development project. The Fund hopes to eliminate this deficit when a developer is found to take over the Lake Russell project.

### NOTE 17: 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. Amounts for allocated and unallocated claims adjustment expenses have been included in the calculation of the unpaid claims liability. The liability is reported net of receivables for salvage, subrogation, and reinsurance. The unpaid claims liability of \$151.149 million at June 30, 2000, includes a provision for claims in the process of review and for claims incurred but not reported. The liabilities for claims in the process of review and for claims incurred but not reported are reported as Policy Claims in the financial statements. The liability for claims incurred but not reported is an actuarial estimate 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 operating statement.

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

Fiscal Year Ended June 30	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
1999	\$ 146,778	\$ 21,021	\$ (28,900)	\$ 138,899
2000	138,899	39,844	(27,594)	151,149

The IRF purchases aircraft and ocean marine insurance, areas in which the IRF has limited expertise.

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



## Notes to the Financial Statements

\$6.100 million and \$5.600 million as of June 30, 2000, and 1999, respectively, for amounts relating to unpaid claims estimated to be recoverable from reinsurers.

### b. Health and Disability Insurance Fund

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

The Health and Disability Insurance Fund establishes claims liabilities when information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. Amounts for allocated and unallocated claims adjustment expenses have been included in the calculation of the unpaid claims liability. The unpaid claims liability of \$157.439 million at June 30, 2000, includes a provision for claims in the process of review and for claims incurred but not reported. The liabilities for claims in the process of review and for claims incurred but not reported are reported as Policy Claims in the financial statements. The liability for claims incurred but not reported is estimated actuarially based on the most current historical claims experience of previous payments, changes in number of members and participants, inflation, award trends, and estimates of health care trend changes (cost, utilization, and intensity of services). This process does not necessarily result in an exact amount. Estimates of liabilities for incurred claims are continually reviewed and revised as changes occur. Revisions are reflected in the current year's operating statement.

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 5.50% for 2000 and 1999, compounded annually. Of the total claims liability reported for the Health and Disability Insurance Fund at June 30, 2000, \$23.384 million relates to group life and long-term disability insurance coverage. Claims liabilities for health and dental

insurance coverage are not discounted to present value.

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

Fiscal Year Ended June 30	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
1999	\$ 101,644	\$ 642,148	\$ (614,986)	\$ 128,806
2000	128,806	741,882	(713,249)	157,439

Section 1-11-710(A)(4) of the South Carolina Code of Laws requires that the Health and Disability Insurance Fund maintain "a reserve equal to not less than an average of one and one-half months' claims" to pay the cost of administering the health and dental insurance programs of the State. At June 30, 2000, the Fund was not in compliance with this statute due to a decrease in cash reserves. See Note 16 for related information on the Fund's deficit retained earnings at June 30, 2000.

### c. State Accident Fund

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

The Fund investigates, adjusts, and pays workers' compensation claims as awarded by the Workers' Compensation Commission for job-related accidental injury, disease, or death to covered individuals. The Fund annually bills participating entities for estimated premiums based on the entity's estimated payroll. After the policy period ends, policyholders submit the details of the actual salaries paid. The Fund then adjusts the premium using the actual payroll data and a rating modifier based on claims experience.

The Fund 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. The claims liabilities include specific incremental claims adjustment expenses but not administrative expenses. Estimated amounts of salvage and subrogation and reinsurance recoverable, if any, on both settled and unsettled claims are deducted from the liability for unpaid claims to the extent they can be reasonably estimated. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made. At June 30, 2000, the claims liability for the Fund was \$56.326 million. The liabilities for claims reported but not yet paid and for claims incurred but not reported are reported as Policy Claims in the financial statements. Because actual claims costs

## Notes to the Financial Statements

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.

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

Fiscal Year Ended June 30	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
1999	\$ 51,326	\$ 30,874	\$ (31,011)	\$ 51,189
2000	51,189	41,118	(35,981)	56,326

The Fund has entered into a reinsurance agreement to reduce its exposure to catastrophic losses on insured events. Losses are covered up to \$45.000 million per event and \$2.000 million per individual, with the Fund retaining the risk for the first \$5.000 million of loss. 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, 2000, or at June 30, 1999.

### d. Patients' Compensation Fund

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 Enterprises*.

State law created the PCF to pay that portion of any medical malpractice claim, settlement, or judgment against a licensed health care provider that 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 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, 2000, the claims liability for the PCF was \$111.511 million. The liabilities for claims reported but not settled and for claims incurred but not reported are reported as Policy Claims in the financial statements. The PCF does not incur claim adjustment expenses because it provides only excess liability coverage. The length of time for which claims 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 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 (Santee Cooper)—A Discretely Presented Component Unit

The Public Service Authority (Santee Cooper), 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; business interruption; 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 \$850 thousand with the exception of named storm losses which carry deductibles up to \$3.000 million. 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 that do not arise out of an insured event. 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 calendar years 1999 or 1998.

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, 1999, the amount of these liabilities was \$2.135 million. Changes in the reported liability in each of the past two years were as follows (expressed in thousands):

## Notes to the Financial Statements

Fiscal Year Ended December 31	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
1998	\$ 1,293	\$ 1,260	\$ (991)	\$ 1,562
1999	1,562	2,205	(1,632)	2,135

### NOTE 18: JOINT VENTURE AND JOINT OPERATION

#### a. Joint Venture

In May 1997, the Public Service Authority (the Authority), a discretely presented component unit, along with two unrelated publicly owned electric utilities formed a wholesale power marketing joint venture (the Venture). During 1999, a third unrelated entity joined the Venture. The Authority now has a one-fourth ownership interest, which it records as an equity investment. The Venture provides services to its member organizations, as well as to certain non-member organizations, and allocates transaction savings and operating expenses to its member organizations pursuant to a Settlement Agreement.

During its fiscal year ended December 31, 1999, the Authority received distributions of \$22.291 million from the Venture and recognized \$21.586 million in reductions to power costs, partially offset by \$740 thousand in equity losses. In addition, due to the entry of the additional member, the Authority received \$500 thousand, representing a partial return of trading capital previously extended.

The Authority provides certain guarantees and has pledged certain collateral to support the Venture's transactions. The Authority's Board of Directors has approved the use of \$15.000 million to support the Venture's trading activities in the form of corporate guarantees, letters of credit and/or cash as determined by management.

Interested parties may obtain a copy of the Venture's financial statements by writing to:

The Energy Authority  
76 South Laura Street  
Jacksonville, Florida 32201-1599

#### b. 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 design, construction, management, budgeting, operation, maintenance, and decommissioning; and the Authority is obligated to

pay its ownership share of all costs relating thereto. The Authority receives one-third of the net electricity generated.

In accordance with regulatory accounting practices, the Authority reported Property, Plant, and Equipment of \$494.000 million and expenses of \$41.801 million which represent its interest in this joint operation. The Summer Nuclear Station is not a separate legal entity and does not prepare separate financial statements.

Nuclear fuel costs are being amortized based on energy expended, which includes a component for estimated disposal costs of spent nuclear fuel. This amortization is included in fuel expense and is recovered through the Authority's rates.

SCE&G has on-site spent fuel storage capability until at least 2006 and expects to be able to expand its storage capacity to accommodate the spent fuel output for the life of the plant through rod consolidation, dry cask storage, or other technology as it becomes available.

The Nuclear Regulatory Commission (NRC) requires 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 its share of the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates.

To comply with the NRC regulations, the Authority established an external trust fund and has been making deposits into this fund since September 1990. In addition, the Authority established an internal decommissioning account. 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 \$60.366 million (adjusted to market) at December 31, 1999, 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 Energy Policy Act of 1992 gave the Department of Energy (DOE) the authority to assess utilities for the decommissioning of its facilities used for the enrichment of uranium included in nuclear fuel costs. In order to decommission these facilities, the DOE estimates that it would need to charge utilities \$150.000 million, indexed for inflation, annually for 15 years based on enrichment services used by utilities in past periods. Based on an estimate provided by SCE&G, the Authority's one-third share of this liability at December 31, 1999, totaled \$1.407 million. This amount has been deferred and will be recovered through rates as paid. These costs are included in Deferred Charges, and Deferred Revenues and Deferred Credits on the face of the accompanying financial statements.

The Price-Anderson Indemnification Act has established the maximum liability for public claims arising from any nuclear incident as \$9.500 billion. This amount would be covered by nuclear liability

## Notes to the Financial Statements

insurance of approximately \$200.000 million per site, with potential retrospective assessments of up to \$88.100 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 \$29.400 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 nuclear reactors, and (iii) any increase in the amount of commercial liability insurance that the Authority must maintain to comply with the NRC.

SCE&G and the Authority maintain, with American Nuclear Insurers (ANI) and Nuclear Electric Insurance Limited (NEIL), \$500.000 million primary and \$1.500 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 five 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 \$2.000 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 19: CONTINGENCIES AND COMMITMENTS

#### a. Litigation

Among the unresolved lawsuits in which the State was involved at June 30, 2000, are several that challenge the legality of certain taxes. The challenged revenues include the sales tax on gross business proceeds, and the deprivation of sales tax exemption for persons 85 or older. In the event of unfavorable outcomes for these cases, the ultimate liability is estimated to be approximately \$63.057 million. State losses in these cases could reduce future revenues. These estimates do not include the impact on future revenues.

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 retirement payments. The Circuit Court ruled in favor of the State at trial, and the plaintiffs appealed the decision to the South Carolina Supreme Court. On May 22, 2000, the Supreme Court found in favor of the plaintiffs. On June 21, 2000, the State filed a motion for a rehearing. On July 24, 2000, the Supreme Court unanimously granted the State's request for a rehearing. The State's liability in the event of an unfavorable outcome is actuarially estimated at \$1.950 billion for retirees and active members of the South Carolina Retirement System

and the Police Officers' Retirement System. The State continues to defend its position and believes it is meritorious.

Two class action lawsuits relating to the taxation of retirement benefits are pending against the State. One case challenges the taxation of federal retirees' income, and a second case challenges the State's law imposing income taxes upon benefits paid to retired government employees by the South Carolina Retirement Systems. In both actions, the State Circuit Court granted the State's motion to dismiss. In the first case, the State Supreme Court reversed the dismissal of the suit by the Circuit Court but did not comment on the merits of the case. The case will now proceed in State Circuit Court. The second case is still pending on appeal in the State Supreme Court and is awaiting oral argument. In the event of an unfavorable outcome in both cases, the State's liability for retroactive relief is estimated at \$522.500 million. In addition, the estimated unfavorable impact on future year revenues would be an additional \$47.500 million per year.

The State is involved in other legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving claims asserted against the State arising from alleged torts, breach of contract, and possible violations of State Laws. These cases include a class action suit challenging the constitutionality of the State's Debt Set-Off Act. In the event of unfavorable outcomes in all of the above matters, the State's liability is estimated to be approximately \$12.382 million.

While the State is uncertain as to the ultimate outcome of any of the above-described lawsuits, it is vigorously defending its position in each case.

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 the case, and the Circuit Court granted that motion. The plaintiffs appealed, and the State Supreme Court affirmed part of the Circuit Court's order but remanded the case to the Circuit Court for further proceedings as to the issue of alleged inadequate educational opportunity. The time for the Defendants to file an Answer in this case has been continued until the Plaintiffs decide whether to amend the complaint.

The State is also involved in a direct action against the United States to enjoin the collection of penalties for the State's purported failure to implement a statewide Child Support System. The State's suit against the United States has been dismissed, but it is anticipated that this decision will be appealed. In the event of an unfavorable outcome in this case, the State's total liability is estimated to be \$7.104 million. A liability in the amount of \$947 thousand, representing penalties paid in July 2000, has been recorded in the General Long-Term Obligations Account Group.

Directly related to the above case, the State has also instigated an administrative proceeding before the State's Procurement Review Panel for breach of contract against the vendor with whom the State contracted to develop and implement the statewide Child Support System. The vendor, in turn, has brought suit against the State in State Circuit Court,

## Notes to the Financial Statements

and the State has counterclaimed, subject to its motion to dismiss. The Court has dismissed the case pursuant to the motion, but the Order is under appeal. In the event of an unfavorable outcome in this case, the State's liability is not expected to exceed approximately \$8.000 million. The administrative proceedings before the Panel have been stayed by the court pending the appeal.

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.

The South Carolina Supreme Court has concluded that the statutory government liability cap provided in the South Carolina Tort Claims Act does not apply to tort cases filed against the State prior to July 1, 1994. The State has recorded liabilities for the uninsured judgments against the State in cases filed prior to July 1, 1994. These uninsured liabilities at June 30, 2000, consist of \$3.200 million recorded in the State's General Long-Term Obligations Account Group.

### b. Gain from Tobacco Settlement

As a party to a successful multi-state legal settlement with the tobacco industry, the State of South Carolina stands to receive settlement payments through 2025. The settlement money is intended to compensate the State for costs it has incurred in providing health and other services to its citizens that were necessitated by the use of tobacco products.

Future settlement payments are subject to several adjustments. These adjustments include a "volume adjustment," ongoing and potential future litigation against the tobacco industry, and the future financial health of the tobacco manufacturers. Because the net realizable value of the future settlement payments is not measurable, the State has not recorded a receivable for the future payments at June 30, 2000.

On June 30, 2000, the Governor signed into law the Tobacco Settlement Revenue Management Authority Act. Under this law, rights to the State's tobacco receipts due after June 30, 2001, have been assigned to the Tobacco Settlement Revenue Management Authority.

### c. Federal Grants

The State receives significant Federal grant and entitlement revenues. Compliance audits of Federal programs may identify disallowed expenditures. Disallowances by Federal program officials as a result of these audits may become liabilities of the State. The State records a liability for pending disallowances if settlement is probable and the settlement amount is reasonably estimable. Otherwise, the liability is recorded when the State and the Federal government agree upon reimbursement terms. It is presently not possible for management to determine the outcome of pending audit disallowances. Based on an analysis of historical data, however, the State believes that any such reimbursements relating to the fiscal year

ended June 30, 2000, or earlier years will not have a material impact on the State's financial statements.

### d. Education Assistance Loan Guarantees

The South Carolina Education Assistance Authority within the State's Enterprise Funds guarantees student loans. At June 30, 2000, these loans totaled \$1.320 billion. The United States Department of Education reinsures 100% of losses under these guarantees for loans made prior to October 1, 1993; 98% of losses for loans made on or after October 1, 1993, but before October 1, 1998; and 95% for loans made on or after October 1, 1998. 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 during the fiscal year ended June 30, 2000, was approximately 1.2%.

### e. Federal Housing and Urban Development Loan Guarantee Program

During 1994, Lexington County entered into a contract for participation in the Housing and Urban Development (HUD) Section 108 loan guarantee program. Under this program, HUD arranges a public offering of notes guaranteed by Federal funds and lends the note proceeds to the program participant. The participant guarantees the loan with HUD Community Development Block Grant (CDBG) funds. Because the County did not receive CDBG funds directly from HUD, the State cosigned the HUD contract and pledged its future federal CDBG funds on behalf of the County. The County lent its loan proceeds to fund an economic development project.

During 1997, the funded project declared bankruptcy. Because the project will not make any further loan payments to the County, the County will not receive the funds it would have used to make the corresponding loan payments to HUD. Under the agreement, therefore, the State must use its federal CDBG funds to make the loan payments on behalf of the County to the extent that such funds are available. If the State does not receive CDBG funds in future years, the Federal government is responsible for the payments to the note holders.

At June 30, 2000, \$6.110 million remained outstanding on the Lexington County loan. The payment terms require the State to repay this amount in four years at 8.0% interest. Accordingly, the State has recorded an Intergovernmental Payables liability in the General Long-Term Obligations Account Group for the amount it owes HUD on this loan to be paid from federal CDBG funds.

### f. Purchase Commitments

At December 31, 1999, the Public Service Authority, a discretely presented component unit and electric utility company, had outstanding minimum obligations under existing purchase contracts totaling \$317.507 million for coal. In addition, minimum obligations under purchased power contracts were: (a) approximately \$91.000 million and \$36.000 million at December 31, 1999, with

## Notes to the Financial Statements

remaining terms of thirty-five years and four years, respectively; and (b) approximately \$25.000 million with terms of one year or less beginning in 2001. Also, the Authority has commitments for nuclear fuel enrichment and fabrication contracts that are contingent upon the operating life of its nuclear unit. As of December 31, 1999, these commitments totaled approximately \$83.600 million over the next ten years.

### g. Transportation Infrastructure Bank Loan Commitments

The South Carolina Transportation Infrastructure Bank, reported within the State's Special Revenue Funds, has entered into intergovernmental agreements with Horry County and York County to fund interest-bearing loans totaling \$554.178 million for road and bridge construction projects. At June 30, 2000, the undrawn loan balance is \$345.446 million. The Bank also has agreements with various counties to provide financial assistance totaling \$906.500 million for certain road projects. At June 30, 2000, the remaining commitments for these agreements totaled \$657.872 million.

### h. 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. Most of the Clean Air Act Amendment regulations and the Environmental Protection Agency's (EPA) regulations related to ozone transport are now final, and costs have been quantified. The Authority has installed continuous emissions monitoring equipment at a cost of \$5.200 million and estimates that it will spend approximately \$8.200 million more to complete necessary combustion upgrades. Although the EPA regulations are currently in litigation, potential costs to the Public Service Authority could exceed \$170.000 million in capital expenditures by 2004 and annual recurring costs could exceed \$30.000 million.

### i. Deregulation of Electric Utilities

The Public Service Authority, a discretely presented component unit, currently is a regulated electric utility. The electric industry is increasingly competitive due to regulatory changes and market developments. As utilities move to a deregulated environment where rates are based on market forces,

there may be costs that cannot be recovered by charging the market rate. Some proposed deregulation measures allow for recovery of some portion of these costs, but the ultimate regulatory treatment of such costs cannot be predicted.

Bills have been introduced in the United States Congress and the South Carolina General Assembly to provide for retail customer choice. The outcome of these initiatives and the impact on the Authority cannot be determined at this time.

The Authority is implementing a long-term strategic plan designed to position it to compete effectively in the changing competitive environment. Although the Authority is preparing for a deregulated market, the effects of increased competition on the Authority's operations and financial condition cannot be predicted.

## NOTE 20: PLEDGES OF GIFTS— HIGHER EDUCATION FUNDS

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

Fiscal Year Ending June 30	Higher Education Funds			Totals
	Current Unre- stricted	Current Restricted	Unexpended Plant	
2001	\$ 1,962	\$ 190	\$ 75	\$ 2,227
2002	—	151	75	226
2003	—	1	75	76
2004	—	—	—	—
2005	—	—	—	—
Thereafter	148	1,070	—	1,218
<b>Totals</b>	<b>\$ 2,110</b>	<b>\$ 1,412</b>	<b>\$ 225</b>	<b>\$ 3,747</b>

In December 1993, a benefactor established a charitable remainder uni-trust consisting of \$60.000 million of publicly traded common stock. Upon the benefactor's death the trust will receive one-third of the remaining assets. In fiscal year 1998-1999, another donor established a charitable remainder trust consisting of assets valued at less than \$600 thousand. Upon the death of the beneficiaries, this trust will receive all of the remaining assets. This second pledge is restricted for scholarships. Because of the significant uncertainties involved in these charitable remainder trust situations, it is not possible to estimate the ultimate value of these pledges.

It is not practicable to estimate the net realizable value at June 30, 2000, of any of the pledges described above; accordingly, they are not recorded as pledges receivable in the accompanying financial statements.

## Notes to the Financial Statements

### **NOTE 21: FUTURE ADOPTION OF ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) issued Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, in December 1998 and Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, in June 1999. To comply with generally accepted accounting principles for governments, the State of South Carolina must implement Statement 33, except for the accrual-basis revenue recognition provisions of that Statement, beginning July 1, 2000. Beginning July 1, 2001, the State must implement the accrual-basis revenue recognition provisions of Statement 33 as well as Statement 34, except for the provisions of

Statement 34 that relate to retroactive reporting of major general infrastructure assets. Beginning July 1, 2005, the State must implement the provisions of Statement 34 that relate to retroactive reporting of major general infrastructure assets. Management intends to implement these statements no later than the dates specified by the GASB. The State has performed an evaluation of its readiness to implement these pronouncements, has prepared a detailed work plan, and has begun to perform early steps toward implementation.

Management anticipates that compliance with GASB Statements 33 and 34 will significantly affect the content and format of the State of South Carolina's Comprehensive Annual Financial Reports (CAFRs) for fiscal years ending after the implementation dates described above. However, the State's management has not yet determined the extent of those effects on specific account balances, financial statements, notes to the financial statements, or other presentations within the CAFR.

## National Guard Pension System

### SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

Biennial Actuarial Valuation Date June 30 <sup>a</sup>	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL As a Percentage of Covered Payroll ((b-a)/c)
1996	\$ 6,259	\$ 36,756	\$ 30,497	17.0%	\$ 48,861	62.4%
1998	8,640	41,478	32,838	20.8%	40,333	81.4%
2000	11,219	44,069	32,850	25.5%	40,789	80.5%

<sup>a</sup> The State Adjutant General's Office administers the plan. Effective June 30, 1996, the plan's administrator implemented a biennial valuation schedule.

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**  
**(Dollars in Thousands)**

<b>Fiscal Year Ended June 30</b>	<b>Employer Contributions</b>	
	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
1995	\$ 2,499	100.0%
1996 <sup>a</sup>	2,499	100.0%
1997 <sup>a</sup>	3,085	81.0%
1998 <sup>a</sup>	3,085	81.0%
1999 <sup>a</sup>	3,200	78.1%
2000 <sup>a</sup>	3,200	78.1%

<sup>a</sup> The State Adjutant General's Office administers the plan. Effective June 30, 1996, the plan's administrator implemented a biennial valuation schedule.

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. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date.....	June 30, 2000
Actuarial cost method.....	Entry age normal
Amortization method.....	Level dollar, 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 .....	Not applicable
Assumed cost-of-living adjustments.....	Not applicable

## 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 1% sales tax levied to be used exclusively for improvements in elementary and secondary education, including academic loans for future teachers.

**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 as well as most of the administrative activities of the Department.

**Local Government Infrastructure Fund.** This fund accounts for grants, loans, and other financial assistance to local governments for infrastructure purposes. It is funded by certain motor fuel taxes, Federal funds, and transfers from other funds. The South Carolina Transportation Infrastructure Bank is accounted for within this fund.

**Accommodations and Local Option Sales Tax Fund.** This fund accounts for: (1) a special additional 2% sales tax on the gross proceeds on the rental of transient accommodations and (2) a special 1% 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.

**Combining Balance Sheet**

## SPECIAL REVENUE FUNDS

June 30, 2000

(Expressed in Thousands)

	Depart- mental General Operating	Education Improve- ment Act	Children's Education Endowment	Repair, Mainte- nance, and Renovation	Waste Manage- ment	Department of Transportation Special Revenue
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 200,538	\$ 88,952	\$ 67,185	\$ 26,559	\$ 70,481	\$ 179,322
Investments.....	321	—	—	—	—	—
Invested securities lending collateral.....	227	179	998	48	1,013	2,775
Receivables, net:						
Accounts.....	85,912	2,808	1,379	44	967	9,230
Taxes.....	185	51,945	15,218	—	—	29,520
Student loans.....	—	15,780	—	—	—	—
Loans and notes.....	538	—	—	—	—	—
Due from Federal government and other grantors.....	287,827	—	—	1,150	—	47,342
Due from other funds.....	16,360	2,483	13	985	1,568	52,461
Interfund receivables.....	—	—	—	—	—	1,359
Advances to other funds.....	400	—	—	—	—	2,151
Inventories.....	9,267	—	—	—	36	8,785
Other assets.....	50	—	—	—	—	1,831
<b>Total assets.....</b>	<b>\$ 601,625</b>	<b>\$ 162,147</b>	<b>\$ 84,793</b>	<b>\$ 28,786</b>	<b>\$ 74,065</b>	<b>\$ 334,776</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities.....	\$ 210,866	\$ 3,434	\$ —	\$ 2,975	\$ 2,061	\$ 80,847
Retainages payable.....	—	—	—	727	—	9,713
Tax refunds payable.....	—	170	—	—	—	377
Intergovernmental payables.....	97,347	3,415	64	—	1,025	—
Due to other funds.....	58,076	1,516	—	595	239	162,475
Due to component units.....	5	—	—	—	—	—
Interfund payables.....	5,761	400	—	—	—	—
Deferred revenues.....	34,844	6,340	—	306	—	6,977
Securities lending collateral.....	227	179	998	48	1,013	2,775
Other liabilities.....	8	14	—	—	—	—
<b>Total liabilities.....</b>	<b>407,134</b>	<b>15,468</b>	<b>1,062</b>	<b>4,651</b>	<b>4,338</b>	<b>263,164</b>
<b>Fund balances:</b>						
Reserved for:						
Inventories.....	9,267	—	—	—	36	8,785
Advances to other funds.....	400	—	—	—	—	2,151
Long-term loans and notes receivable.....	321	11,392	—	—	—	—
Debt requirements.....	—	—	—	—	—	—
School building aid.....	—	27,521	—	—	—	—
Unreserved:						
Designated for capital expenditures.....	—	—	—	—	—	31,624
Designated for scholarships.....	—	18,400	—	—	58	—
Undesignated.....	184,503	89,366	83,731	24,135	69,633	29,052
<b>Total fund balances.....</b>	<b>194,491</b>	<b>146,679</b>	<b>83,731</b>	<b>24,135</b>	<b>69,727</b>	<b>71,612</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 601,625</b>	<b>\$ 162,147</b>	<b>\$ 84,793</b>	<b>\$ 28,786</b>	<b>\$ 74,065</b>	<b>\$ 334,776</b>

Local Government Infrastructure	Accommodations and Local Option Sales Tax	Energy Settlement	Omnibus Crime	Medicaid Expansion	Other Special Revenue	Eliminations	Totals
\$ 591,405	\$ 48,743	\$ 18,348	\$ 1,985	\$ 8,761	\$ 72,831	\$ —	\$ 1,375,110
—	—	—	—	—	—	—	321
8,969	96	281	—	66	308	—	14,960
7,989	53	266	—	77	394	—	109,119
—	25,842	—	—	—	1,659	—	124,369
—	—	—	—	—	—	—	15,780
363,501	—	155	—	—	6,031	—	370,225
—	—	—	—	—	—	—	336,319
168,962	81	—	11	—	2,132	(200,624)	44,432
200	—	—	—	—	66	(1,625)	—
—	—	—	—	—	69	—	2,620
—	—	—	—	—	—	—	18,088
—	—	—	—	—	—	—	1,881
<b>\$ 1,141,026</b>	<b>\$ 74,815</b>	<b>\$ 19,050</b>	<b>\$ 1,996</b>	<b>\$ 8,904</b>	<b>\$ 83,490</b>	<b>\$ (202,249)</b>	<b>\$ 2,413,224</b>
\$ 17,879	\$ 17	\$ 148	\$ 574	\$ —	\$ 2,849	\$ —	\$ 321,650
—	—	—	—	—	—	—	10,440
—	60	—	—	—	1	—	608
4,565	45,249	54	—	—	5,487	—	157,206
8,733	183	46	484	1,853	598	(200,624)	34,174
—	—	—	—	—	—	—	5
—	—	—	—	—	30	(1,625)	4,566
—	3,640	—	—	—	22	—	52,129
8,969	96	281	—	66	308	—	14,960
—	—	—	—	—	3	—	25
<b>40,146</b>	<b>49,245</b>	<b>529</b>	<b>1,058</b>	<b>1,919</b>	<b>9,298</b>	<b>(202,249)</b>	<b>595,763</b>
—	—	—	—	—	—	—	18,088
—	—	—	—	—	69	—	2,620
339,472	—	155	—	—	5,805	—	357,145
151,100	—	—	—	—	—	—	151,100
—	—	—	—	—	—	—	27,521
—	—	—	—	—	—	—	31,624
—	—	—	—	—	—	—	18,458
610,308	25,570	18,366	938	6,985	68,318	—	1,210,905
<b>1,100,880</b>	<b>25,570</b>	<b>18,521</b>	<b>938</b>	<b>6,985</b>	<b>74,192</b>	<b>—</b>	<b>1,817,461</b>
<b>\$ 1,141,026</b>	<b>\$ 74,815</b>	<b>\$ 19,050</b>	<b>\$ 1,996</b>	<b>\$ 8,904</b>	<b>\$ 83,490</b>	<b>\$ (202,249)</b>	<b>\$ 2,413,224</b>

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

## SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Depart- mental General Operating	Education Improve- ment Act	Children's Education Endowment	Repair, Mainte- nance, and Renovation	Waste Manage- ment
<b>Revenues:</b>					
Taxes:					
Individual income.....	\$ —	\$ —	\$ —	\$ —	\$ —
Retail sales and use.....	670	493,183	—	—	2,042
Other.....	13,867	—	47,687	—	—
Licenses, fees, and permits.....	64,667	—	—	—	24,453
Interest and other investment income.....	1,088	7,236	4,796	155	2,207
Federal.....	3,249,970	49	—	1,587	—
Departmental services.....	148,164	—	—	913	552
Contributions.....	99,570	—	—	—	—
Fines and penalties.....	25,574	—	—	1,340	940
Other.....	64,400	1,095	—	380	89
<b>Total revenues.....</b>	<b>3,667,970</b>	<b>501,563</b>	<b>52,483</b>	<b>4,375</b>	<b>30,283</b>
<b>Expenditures:</b>					
Current:					
General government.....	92,218	7,828	—	5,509	1
Education.....	138,627	26,066	2,239	3,417	—
Health and environment.....	2,328,974	759	—	5,033	19,398
Social services.....	559,705	4,314	—	327	—
Administration of justice.....	70,042	1,972	—	5,406	—
Resources and economic development.....	65,253	—	—	4,195	—
Transportation.....	—	—	—	—	—
Capital outlay.....	—	—	—	—	—
Debt service:					
Principal retirement.....	124	—	—	—	—
Interest and fiscal charges.....	14	—	—	—	—
Intergovernmental.....	497,715	440,763	35,278	—	5,066
<b>Total expenditures.....</b>	<b>3,752,672</b>	<b>481,702</b>	<b>37,517</b>	<b>23,887</b>	<b>24,465</b>
<b>Revenues over (under) expenditures.....</b>	<b>(84,702)</b>	<b>19,861</b>	<b>14,966</b>	<b>(19,512)</b>	<b>5,818</b>
<b>Other financing sources (uses):</b>					
Proceeds from bonds and notes.....	852	—	—	—	—
Operating transfers in.....	112,112	625	35	25,932	250
Operating transfers out.....	(22,670)	(7,303)	(18,677)	(2,593)	(596)
<b>Total other financing sources (uses).....</b>	<b>90,294</b>	<b>(6,678)</b>	<b>(18,642)</b>	<b>23,339</b>	<b>(346)</b>
<b>Revenues and other sources over (under) expenditures and other uses.....</b>	<b>5,592</b>	<b>13,183</b>	<b>(3,676)</b>	<b>3,827</b>	<b>5,472</b>
<b>Fund balances at beginning of year (restated).....</b>	<b>188,574</b>	<b>133,496</b>	<b>87,407</b>	<b>20,308</b>	<b>64,243</b>
<b>Increases (decreases) in reserve for inventories.....</b>	<b>325</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12</b>
<b>Fund balances at end of year.....</b>	<b>\$ 194,491</b>	<b>\$ 146,679</b>	<b>\$ 83,731</b>	<b>\$ 24,135</b>	<b>\$ 69,727</b>

Department of Transportation Special Revenue	Local Government Infrastructure	Accommodations and Local Option Sales Tax	Energy Settlement	Omnibus Crime	Medicaid Expansion	Other Special Revenue	Eliminations	Totals
\$ —	\$ 863	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 863
—	—	226,299	—	—	—	—	—	722,194
378,301	18,000	—	—	—	30,721	31,566	—	520,142
—	59,246	—	—	—	—	12,210	—	160,576
17,757	41,288	129	1,012	—	322	2,156	—	78,146
330,070	33,630	—	—	—	—	—	—	3,615,306
37,656	832	—	236	—	—	7,152	—	195,505
—	141,670	—	—	—	7,504	1,845	—	250,589
—	—	—	—	13,323	—	10,597	—	51,774
4,085	42	1	—	21	—	4,544	—	74,657
<b>767,869</b>	<b>295,571</b>	<b>226,429</b>	<b>1,248</b>	<b>13,344</b>	<b>38,547</b>	<b>70,070</b>	<b>—</b>	<b>5,669,752</b>
—	3,683	30	1,194	—	—	29,418	—	139,881
—	—	—	—	—	—	—	—	170,349
—	—	—	—	—	37,214	43	—	2,391,421
—	—	—	—	—	—	4,503	—	568,849
—	—	—	—	14,394	—	151	—	91,965
—	1,576	—	—	—	—	4,405	—	75,429
518,584	—	—	—	—	—	—	—	518,584
527,769	—	—	—	—	—	—	—	527,769
6,605	9,625	—	—	—	—	108	—	16,462
16,699	24,423	—	—	2	—	2	—	41,140
9,500	196,599	223,023	107	—	—	22,297	—	1,430,348
<b>1,079,157</b>	<b>235,906</b>	<b>223,053</b>	<b>1,301</b>	<b>14,396</b>	<b>37,214</b>	<b>60,927</b>	<b>—</b>	<b>5,972,197</b>
<b>(311,288)</b>	<b>59,665</b>	<b>3,376</b>	<b>(53)</b>	<b>(1,052)</b>	<b>1,333</b>	<b>9,143</b>	<b>—</b>	<b>(302,445)</b>
—	310,861	—	—	—	—	—	—	311,713
2,977	8,423	381	—	—	—	2,757	(9,708)	143,784
(5,474)	(469)	(1,965)	(99)	—	(1)	(7,759)	9,708	(57,898)
<b>(2,497)</b>	<b>318,815</b>	<b>(1,584)</b>	<b>(99)</b>	<b>—</b>	<b>(1)</b>	<b>(5,002)</b>	<b>—</b>	<b>397,599</b>
<b>(313,785)</b>	<b>378,480</b>	<b>1,792</b>	<b>(152)</b>	<b>(1,052)</b>	<b>1,332</b>	<b>4,141</b>	<b>—</b>	<b>95,154</b>
<b>385,229</b>	<b>722,400</b>	<b>23,778</b>	<b>18,674</b>	<b>1,990</b>	<b>5,653</b>	<b>70,051</b>	<b>—</b>	<b>1,721,803</b>
<b>168</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>504</b>
<b>\$ 71,612</b>	<b>\$ 1,100,880</b>	<b>\$ 25,570</b>	<b>\$ 18,521</b>	<b>\$ 938</b>	<b>\$ 6,985</b>	<b>\$ 74,192</b>	<b>\$ —</b>	<b>\$ 1,817,461</b>

---

## Enterprise Funds

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

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

**Education Assistance Authority.** The South Carolina 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.

# Combining Balance Sheet

## ENTERPRISE FUNDS

June 30, 2000

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents.....	\$ 6,121	\$ 138,373	\$ 8,349	\$ 17,607
Investments.....	—	—	—	—
Invested securities lending collateral.....	697	568	—	263
Receivables, net:				
Accounts.....	221	13,460	59	276
Student loans.....	—	2	—	—
Loans and notes.....	95	58,000	52	—
Due from Federal government and other grantors.....	4,085	—	—	—
Due from other funds.....	—	728	—	—
Inventories.....	—	—	—	—
Restricted assets:				
Cash and cash equivalents.....	218,703	14,060	—	—
Loans receivable.....	10,732	—	—	—
Other.....	5,787	—	—	—
Other current assets.....	—	266	139	—
<b>Total current assets.....</b>	<b><u>246,441</u></b>	<b><u>225,457</u></b>	<b><u>8,599</u></b>	<b><u>18,146</u></b>
Long-term assets:				
Investments.....	675	4,098	735	—
Receivables, net:				
Student loans.....	—	10	—	—
Loans and notes.....	16,492	314,201	1,979	—
Servicing rights, net.....	—	—	—	—
Restricted assets:				
Investments.....	3,936	10,139	—	—
Loans receivable.....	479,205	—	—	—
Other.....	4,639	—	—	—
Other long-term assets.....	—	—	325	—
Deferred charges.....	—	1,008	—	—
<b>Total long-term assets.....</b>	<b><u>504,947</u></b>	<b><u>329,456</u></b>	<b><u>3,039</u></b>	<b><u>—</u></b>
Property, plant, and equipment:				
Land and improvements.....	—	—	—	—
Buildings and improvements.....	—	—	—	—
Machinery, equipment, and other.....	1,310	255	—	32
Less: accumulated depreciation.....	(432)	(118)	—	(27)
<b>Total property, plant, and equipment, net.....</b>	<b><u>878</u></b>	<b><u>137</u></b>	<b><u>—</u></b>	<b><u>5</u></b>
<b>Total assets.....</b>	<b><u>\$ 752,266</u></b>	<b><u>\$ 555,050</u></b>	<b><u>\$ 11,638</u></b>	<b><u>\$ 18,151</u></b>



<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 175	\$ 2,854	\$ 18,940	\$ —	\$ 192,419
—	—	85	—	85
813	3	143	—	2,487
—	199	2,195	—	16,410
—	—	—	—	2
—	—	—	—	58,147
—	—	—	—	4,085
—	9	—	(258)	479
—	323	1,668	—	1,991
51,206	219	3,413	—	287,601
—	—	—	—	10,732
872	—	—	—	6,659
—	9	28	—	442
<u>53,066</u>	<u>3,616</u>	<u>26,472</u>	<u>(258)</u>	<u>581,539</u>
—	—	653	—	6,161
—	—	—	—	10
—	—	16,863	—	349,535
—	—	1,725	—	1,725
—	—	—	—	14,075
—	—	—	—	479,205
—	—	—	—	4,639
—	—	320	—	645
—	—	—	—	1,008
<u>—</u>	<u>—</u>	<u>19,561</u>	<u>—</u>	<u>857,003</u>
—	5,954	12,928	—	18,882
—	1,650	2,433	—	4,083
236	8,113	5,615	—	15,561
(164)	(7,275)	(4,107)	—	(12,123)
<u>72</u>	<u>8,442</u>	<u>16,869</u>	<u>—</u>	<u>26,403</u>
<u>\$ 53,138</u>	<u>\$ 12,058</u>	<u>\$ 62,902</u>	<u>\$ (258)</u>	<u>\$ 1,464,945</u>

Continued on Next Page

**Combining Balance Sheet**

ENTERPRISE FUNDS (Continued)

June 30, 2000

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities.....	\$ 5,133	\$ 18,384	\$ 156	\$ 11
Due to other funds.....	21	202	—	—
Interfund payables.....	—	—	—	—
Deferred revenues.....	—	—	—	7,726
Deposits.....	—	—	1,541	—
Securities lending collateral.....	697	568	—	263
Liabilities payable from restricted assets.....	17,975	—	—	—
Notes payable.....	—	—	51	—
Revenue bonds payable.....	7,005	—	—	—
Compensated absences payable.....	472	86	27	20
Other current liabilities .....	2	3,530	—	—
<b>Total current liabilities.....</b>	<b>31,305</b>	<b>22,770</b>	<b>1,775</b>	<b>8,020</b>
Long-term liabilities:				
Policy claims.....	—	—	—	111,511
Advances from other funds.....	—	—	—	—
Notes payable.....	—	—	187	—
Revenue bonds payable.....	535,435	395,599	—	—
Other long-term liabilities.....	—	9,212	—	—
<b>Total long-term liabilities.....</b>	<b>535,435</b>	<b>404,811</b>	<b>187</b>	<b>111,511</b>
<b>Total liabilities.....</b>	<b>566,740</b>	<b>427,581</b>	<b>1,962</b>	<b>119,531</b>
<b>Fund Equity (Deficit):</b>				
Contributed capital.....	—	—	260	—
Retained earnings (deficit):				
Reserved for debt requirements.....	157,949	106,364	—	—
Unreserved.....	27,577	21,105	9,416	(101,380)
<b>Total fund equity (deficit).....</b>	<b>185,526</b>	<b>127,469</b>	<b>9,676</b>	<b>(101,380)</b>
<b>Total liabilities and fund equity.....</b>	<b>\$ 752,266</b>	<b>\$ 555,050</b>	<b>\$ 11,638</b>	<b>\$ 18,151</b>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 84	\$ 541	\$ 5,111	\$ —	\$ 29,420
600	17	394	(258)	976
—	—	200	—	200
—	611	33	—	8,370
—	—	—	—	1,541
813	3	143	—	2,487
51,482	—	1,093	—	70,550
—	—	1	—	52
—	—	—	—	7,005
87	223	444	—	1,359
—	—	99	—	3,631
<u>53,066</u>	<u>1,395</u>	<u>7,518</u>	<u>(258)</u>	<u>125,591</u>
—	—	—	—	111,511
—	—	17,064	—	17,064
—	—	22	—	209
—	—	—	—	931,034
—	—	—	—	9,212
<u>—</u>	<u>—</u>	<u>17,086</u>	<u>—</u>	<u>1,069,030</u>
<u>53,066</u>	<u>1,395</u>	<u>24,604</u>	<u>(258)</u>	<u>1,194,621</u>
—	11,809	9,034	—	21,103
—	—	2,370	—	266,683
72	(1,146)	26,894	—	(17,462)
<u>72</u>	<u>10,663</u>	<u>38,298</u>	<u>—</u>	<u>270,324</u>
<u>\$ 53,138</u>	<u>\$ 12,058</u>	<u>\$ 62,902</u>	<u>\$ (258)</u>	<u>\$ 1,464,945</u>

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

## ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compen- sation
<b>Operating revenues:</b>				
Charges for services.....	\$ 3,805	\$ 39,880	\$ 1,073	\$ 14,141
Interest and other investment income.....	45,228	6,799	557	1,212
<b>Total operating revenues.....</b>	<b>49,033</b>	<b>46,679</b>	<b>1,630</b>	<b>15,353</b>
<b>Operating expenses:</b>				
General operations and administration.....	6,473	8,891	4,051	264
Benefits and claims.....	—	—	—	104,567
Interest.....	31,147	19,003	—	—
Depreciation and amortization.....	299	243	—	1
Other operating expenses.....	3,205	1,964	58	—
<b>Total operating expenses.....</b>	<b>41,124</b>	<b>30,101</b>	<b>4,109</b>	<b>104,832</b>
<b>Operating income (loss).....</b>	<b>7,909</b>	<b>16,578</b>	<b>(2,479)</b>	<b>(89,479)</b>
<b>Nonoperating revenues (expenses):</b>				
Interest income.....	—	—	33	—
Federal revenue.....	25,062	—	—	—
Interest expense.....	—	—	(22)	—
Other nonoperating revenues (expenses).....	(24,160)	(12,250)	238	—
<b>Total nonoperating revenues (expenses).....</b>	<b>902</b>	<b>(12,250)</b>	<b>249</b>	<b>—</b>
<b>Income (loss) before operating transfers and extraordinary items.....</b>	<b>8,811</b>	<b>4,328</b>	<b>(2,230)</b>	<b>(89,479)</b>
Operating transfers in.....	—	—	125	—
Operating transfers out.....	—	—	—	—
<b>Income (loss) before extraordinary items.....</b>	<b>8,811</b>	<b>4,328</b>	<b>(2,105)</b>	<b>(89,479)</b>
Extraordinary loss on early extinguishment of debt.....	(470)	—	—	—
<b>Net income (loss).....</b>	<b>8,341</b>	<b>4,328</b>	<b>(2,105)</b>	<b>(89,479)</b>
<b>Retained earnings (deficit) at beginning of year .....</b>	<b>177,185</b>	<b>123,141</b>	<b>11,521</b>	<b>(11,901)</b>
<b>Retained earnings (deficit) at end of year.....</b>	<b>185,526</b>	<b>127,469</b>	<b>9,416</b>	<b>(101,380)</b>
<b>Contributed capital at beginning of year.....</b>	<b>—</b>	<b>—</b>	<b>260</b>	<b>—</b>
<b>Additions to contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund equity (deficit) at end of year.....</b>	<b>\$ 185,526</b>	<b>\$ 127,469</b>	<b>\$ 9,676</b>	<b>\$ (101,380)</b>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 1,340	\$ 6,112	\$ 20,155	\$ 86,506
—	—	—	53,796
<b>1,340</b>	<b>6,112</b>	<b>20,155</b>	<b>140,302</b>
1,290	5,447	18,417	44,833
—	—	—	104,567
—	—	—	50,150
29	476	482	1,530
34	105	150	5,516
<b>1,353</b>	<b>6,028</b>	<b>19,049</b>	<b>206,596</b>
<b>(13)</b>	<b>84</b>	<b>1,106</b>	<b>(66,294)</b>
—	10	2,157	2,200
—	—	—	25,062
—	—	(1,349)	(1,371)
—	(250)	705	(35,717)
—	<b>(240)</b>	<b>1,513</b>	<b>(9,826)</b>
<b>(13)</b>	<b>(156)</b>	<b>2,619</b>	<b>(76,120)</b>
—	250	—	375
—	—	(104)	(104)
<b>(13)</b>	<b>94</b>	<b>2,515</b>	<b>(75,849)</b>
—	—	—	(470)
<b>(13)</b>	<b>94</b>	<b>2,515</b>	<b>(76,319)</b>
<b>85</b>	<b>(1,240)</b>	<b>26,749</b>	<b>325,540</b>
72	(1,146)	29,264	249,221
—	11,809	8,241	20,310
—	—	793	793
<b>\$ 72</b>	<b>\$ 10,663</b>	<b>\$ 38,298</b>	<b>\$ 270,324</b>

# Combining Statement of Cash Flows

## ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority
<b>Cash flows from operating activities:</b>			
Operating income (loss).....	\$ 7,909	\$ 16,578	\$ (2,479)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization .....	299	243	—
Net decrease in the fair value of investments.....	—	1,160	—
Issuance of loans and notes.....	(127,432)	(66,127)	—
Collection of loans and notes .....	56,446	58,201	215
Interest payments.....	31,084	18,436	—
Interest on investments.....	(11,740)	(7,959)	(462)
Amounts received for payment of claims.....	—	—	—
Payment of claims.....	—	—	—
Other nonoperating revenues.....	—	—	238
Other nonoperating expenses.....	—	—	—
Other.....	(35)	2	13
<b>Change in assets—decreases (increases):</b>			
Accounts receivable, net.....	(203)	(548)	12
Due from Federal government and other grantors.....	—	(2,423)	—
Due from other funds.....	—	—	—
Inventories.....	—	—	—
Other current assets .....	—	(11)	—
<b>Change in liabilities—increases (decreases):</b>			
Accounts payable and accrued liabilities.....	235	637	(11)
Policy claims.....	—	—	—
Due to other funds.....	—	—	—
Deferred revenues .....	—	—	—
Deposits.....	—	—	(23)
Liabilities payable from restricted assets.....	704	—	—
Compensated absences payable .....	—	11	5
Other current liabilities.....	(26)	—	—
<b>Net cash provided by (used in) operating activities.....</b>	<b>(42,759)</b>	<b>18,200</b>	<b>(2,492)</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from loans made by other funds.....	—	—	—
Principal payments made to other funds.....	—	—	—
Proceeds from sale of notes payable.....	—	—	75
Principal payments on notes payable.....	—	—	(42)
Proceeds from sale of revenue bonds.....	259,276	59,050	—
Principal payments on revenue bonds.....	(184,885)	(48,820)	—
Interest payments.....	(31,397)	(17,900)	(22)
Payment of bond issuance costs.....	(2,629)	(687)	—
Federal revenue.....	25,515	—	—
Payments from Federal grants.....	(24,160)	—	—
Operating transfers in .....	—	—	125
Operating transfers out .....	—	—	—
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>41,720</b>	<b>(8,357)</b>	<b>136</b>

<u>Patients' Compensation</u>	<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ (89,479)	\$ (13)	\$ 84	\$ 1,106	\$ —	\$ (66,294)
1	29	476	482	—	1,530
—	—	—	—	—	1,160
—	—	—	—	—	(193,559)
—	—	—	—	—	114,862
—	—	—	—	—	49,520
(1,212)	—	—	—	—	(21,373)
—	65,379	—	—	—	65,379
—	(69,942)	—	—	—	(69,942)
—	—	—	686	—	924
—	—	(250)	—	—	(250)
—	(18)	(1)	(103)	—	(142)
479	1,342	15	465	—	1,562
—	—	—	—	—	(2,423)
—	—	(9)	21	233	245
—	—	57	166	—	223
—	—	—	(3)	—	(14)
(664)	(1,840)	155	(2,123)	—	(3,611)
86,072	—	—	—	—	86,072
—	—	(216)	90	(233)	(359)
1,750	—	(40)	(4)	—	1,706
—	—	—	—	—	(23)
—	—	—	—	—	704
(8)	5	32	42	—	87
—	—	—	—	—	(26)
<b>(3,061)</b>	<b>(5,058)</b>	<b>303</b>	<b>825</b>	<b>—</b>	<b>(34,042)</b>
—	—	—	1,224	—	1,224
—	—	—	(202)	—	(202)
—	—	—	—	—	75
—	—	—	(600)	—	(642)
—	—	—	—	—	318,326
—	—	—	—	—	(233,705)
—	—	—	(1,366)	—	(50,685)
—	—	—	—	—	(3,316)
—	—	—	—	—	25,515
—	—	—	—	—	(24,160)
—	—	250	—	—	375
—	—	—	(104)	—	(104)
—	—	<b>250</b>	<b>(1,048)</b>	<b>—</b>	<b>32,701</b>

Continued on Next Page

## Combining Statement of Cash Flows

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of property, plant, and equipment.....	\$ (343)	\$ (56)	\$ —
Proceeds from the sale of capital assets.....	—	—	—
Contributions of capital.....	—	—	—
<b>Net cash provided by (used in) capital and related financing activities.....</b>	<b>(343)</b>	<b>(56)</b>	<b>—</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments.....	8,619	8,822	—
Purchase of investments .....	—	(3,674)	—
Interest on investments.....	11,541	8,180	385
Net decrease in the fair value of investments.....	—	(1,160)	—
Issuance of loans .....	—	—	(75)
Collection of loans .....	—	—	63
<b>Net cash provided by investing activities.....</b>	<b>20,160</b>	<b>12,168</b>	<b>373</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>18,778</b>	<b>21,955</b>	<b>(1,983)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>206,046</b>	<b>130,478</b>	<b>10,332</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>\$ 224,824</b>	<b>\$ 152,433</b>	<b>\$ 8,349</b>
<b>Noncash capital, investing, and financing activities:</b>			
Increase in fair value of investments.....	\$ 1,640	\$ —	\$ —
Amortization and write-off of bond issue discount.....	704	—	—
<b>Total noncash capital, investing, and financing activities.....</b>	<b>\$ 2,344</b>	<b>\$ —</b>	<b>\$ —</b>



<u>Patients' Compensation</u>	<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ —	\$ (16)	\$ (64)	\$ (662)	\$ —	\$ (1,141)
—	—	—	50	—	50
—	—	—	767	—	767
<u>—</u>	<u>(16)</u>	<u>(64)</u>	<u>155</u>	<u>—</u>	<u>(324)</u>
—	—	—	—	—	17,441
—	—	—	—	—	(3,674)
1,088	3,408	11	2,198	—	26,811
—	—	—	—	—	(1,160)
—	—	—	(1,293)	—	(1,368)
—	—	—	600	—	663
<u>1,088</u>	<u>3,408</u>	<u>11</u>	<u>1,505</u>	<u>—</u>	<u>38,713</u>
<u>(1,973)</u>	<u>(1,666)</u>	<u>500</u>	<u>1,437</u>	<u>—</u>	<u>37,048</u>
<u>19,580</u>	<u>53,047</u>	<u>2,573</u>	<u>20,916</u>	<u>—</u>	<u>442,972</u>
<u>\$ 17,607</u>	<u>\$ 51,381</u>	<u>\$ 3,073</u>	<u>\$ 22,353</u>	<u>\$ —</u>	<u>\$ 480,020</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,640
—	—	—	—	—	704
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,344</u>

# Combining Statement of Cash Flows

## ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>
<b>Cash flows from operating activities:</b>			
Operating income (loss).....	\$ 7,909	\$ 16,578	\$ (2,479)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization .....	299	243	—
Net decrease in the fair value of investments.....	—	1,160	—
Issuance of loans and notes.....	(127,432)	(66,127)	—
Collection of loans and notes .....	56,446	58,201	215
Interest payments.....	31,084	18,436	—
Interest on investments.....	(11,740)	(7,959)	(462)
Amounts received for payment of claims.....	—	—	—
Payment of claims.....	—	—	—
Other nonoperating revenues.....	—	—	238
Other nonoperating expenses.....	—	—	—
Other.....	(35)	2	13
<b>Change in assets—decreases (increases):</b>			
Accounts receivable, net.....	(203)	(548)	12
Due from Federal government and other grantors.....	—	(2,423)	—
Due from other funds.....	—	—	—
Inventories.....	—	—	—
Other current assets .....	—	(11)	—
<b>Change in liabilities—increases (decreases):</b>			
Accounts payable and accrued liabilities.....	235	637	(11)
Policy claims.....	—	—	—
Due to other funds.....	—	—	—
Deferred revenues .....	—	—	—
Deposits.....	—	—	(23)
Liabilities payable from restricted assets.....	704	—	—
Compensated absences payable .....	—	11	5
Other current liabilities.....	(26)	—	—
<b>Net cash provided by (used in) operating activities.....</b>	<b>(42,759)</b>	<b>18,200</b>	<b>(2,492)</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from loans made by other funds.....	—	—	—
Principal payments made to other funds.....	—	—	—
Proceeds from sale of notes payable.....	—	—	75
Principal payments on notes payable.....	—	—	(42)
Proceeds from sale of revenue bonds.....	259,276	59,050	—
Principal payments on revenue bonds.....	(184,885)	(48,820)	—
Interest payments.....	(31,397)	(17,900)	(22)
Payment of bond issuance costs.....	(2,629)	(687)	—
Federal revenue.....	25,515	—	—
Payments from Federal grants.....	(24,160)	—	—
Operating transfers in .....	—	—	125
Operating transfers out .....	—	—	—
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>41,720</b>	<b>(8,357)</b>	<b>136</b>

<u>Patients' Compensation</u>	<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ (89,479)	\$ (13)	\$ 84	\$ 1,106	\$ —	\$ (66,294)
1	29	476	482	—	1,530
—	—	—	—	—	1,160
—	—	—	—	—	(193,559)
—	—	—	—	—	114,862
—	—	—	—	—	49,520
(1,212)	—	—	—	—	(21,373)
—	65,379	—	—	—	65,379
—	(69,942)	—	—	—	(69,942)
—	—	—	686	—	924
—	—	(250)	—	—	(250)
—	(18)	(1)	(103)	—	(142)
479	1,342	15	465	—	1,562
—	—	—	—	—	(2,423)
—	—	(9)	21	233	245
—	—	57	166	—	223
—	—	—	(3)	—	(14)
(664)	(1,840)	155	(2,123)	—	(3,611)
86,072	—	—	—	—	86,072
—	—	(216)	90	(233)	(359)
1,750	—	(40)	(4)	—	1,706
—	—	—	—	—	(23)
—	—	—	—	—	704
(8)	5	32	42	—	87
—	—	—	—	—	(26)
<b>(3,061)</b>	<b>(5,058)</b>	<b>303</b>	<b>825</b>	<b>—</b>	<b>(34,042)</b>
—	—	—	1,224	—	1,224
—	—	—	(202)	—	(202)
—	—	—	—	—	75
—	—	—	(600)	—	(642)
—	—	—	—	—	318,326
—	—	—	—	—	(233,705)
—	—	—	(1,366)	—	(50,685)
—	—	—	—	—	(3,316)
—	—	—	—	—	25,515
—	—	—	—	—	(24,160)
—	—	250	—	—	375
—	—	—	(104)	—	(104)
—	—	<b>250</b>	<b>(1,048)</b>	<b>—</b>	<b>32,701</b>

Continued on Next Page

## Combining Statement of Cash Flows

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of property, plant, and equipment.....	\$ (343)	\$ (56)	\$ —
Proceeds from the sale of capital assets.....	—	—	—
Contributions of capital.....	—	—	—
<b>Net cash provided by (used in) capital and related financing activities.....</b>	<b>(343)</b>	<b>(56)</b>	<b>—</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments.....	8,619	8,822	—
Purchase of investments .....	—	(3,674)	—
Interest on investments.....	11,541	8,180	385
Net decrease in the fair value of investments.....	—	(1,160)	—
Issuance of loans .....	—	—	(75)
Collection of loans .....	—	—	63
<b>Net cash provided by investing activities.....</b>	<b>20,160</b>	<b>12,168</b>	<b>373</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>18,778</b>	<b>21,955</b>	<b>(1,983)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>206,046</b>	<b>130,478</b>	<b>10,332</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>\$ 224,824</b>	<b>\$ 152,433</b>	<b>\$ 8,349</b>
<b>Noncash capital, investing, and financing activities:</b>			
Increase in fair value of investments.....	\$ 1,640	\$ —	\$ —
Amortization and write-off of bond issue discount.....	704	—	—
<b>Total noncash capital, investing, and financing activities.....</b>	<b>\$ 2,344</b>	<b>\$ —</b>	<b>\$ —</b>

<u>Patients' Compensation</u>	<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ —	\$ (16)	\$ (64)	\$ (662)	\$ —	\$ (1,141)
—	—	—	50	—	50
—	—	—	767	—	767
<u>—</u>	<u>(16)</u>	<u>(64)</u>	<u>155</u>	<u>—</u>	<u>(324)</u>
—	—	—	—	—	17,441
—	—	—	—	—	(3,674)
1,088	3,408	11	2,198	—	26,811
—	—	—	—	—	(1,160)
—	—	—	(1,293)	—	(1,368)
—	—	—	600	—	663
<u>1,088</u>	<u>3,408</u>	<u>11</u>	<u>1,505</u>	<u>—</u>	<u>38,713</u>
<u>(1,973)</u>	<u>(1,666)</u>	<u>500</u>	<u>1,437</u>	<u>—</u>	<u>37,048</u>
<u>19,580</u>	<u>53,047</u>	<u>2,573</u>	<u>20,916</u>	<u>—</u>	<u>442,972</u>
<u>\$ 17,607</u>	<u>\$ 51,381</u>	<u>\$ 3,073</u>	<u>\$ 22,353</u>	<u>\$ —</u>	<u>\$ 480,020</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,640
—	—	—	—	—	704
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,344</u>

---

## 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. State law limits the Fund's customers to certain governmental persons/entities within the State and certain associated parties.

**Health and Disability Insurance Fund.** This is a risk management fund that underwrites the group health, dental, long-term disability, and related benefits provided to State and public school employees and retirees.

**State Accident Fund.** This is a risk management fund that provides workers' compensation benefits predominantly 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.

**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.

**Governor's School for the Arts Foundation, Inc., Fund.** This fund collects and disburses funds for the support of programs, services, scholarships, operations, and capital needs of the South Carolina Governor's School for the Arts and Humanities. The Foundation is a blended component unit of that entity.

**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

# Combining Balance Sheet

## INTERNAL SERVICE FUNDS

June 30, 2000

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services	Central Supplies and Equipment	Motor Pool
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents.....	\$ 53,012	\$ 37,813	\$ 29,460	\$ 36,766	\$ 1,893	\$ 4,212
Invested securities lending collateral.....	36,986	436	463	12	—	—
Accounts receivable, net.....	28,274	2,780	6,671	326	—	238
Due from other funds.....	558	17,397	746	8,554	891	2,887
Due from component units.....	—	—	—	2	—	—
Interfund receivables.....	1,556	—	—	—	—	—
Inventories.....	—	—	—	1,325	1,808	14
Other current assets.....	2,311	2	—	—	—	—
<b>Total current assets.....</b>	<b>122,697</b>	<b>58,428</b>	<b>37,340</b>	<b>46,985</b>	<b>4,592</b>	<b>7,351</b>
Long-term assets:						
Investments.....	251,099	18,438	1,169	—	—	—
Advances to other funds.....	23,254	—	—	—	—	—
<b>Total long-term assets.....</b>	<b>274,353</b>	<b>18,438</b>	<b>1,169</b>	<b>—</b>	<b>—</b>	<b>—</b>
Property, plant, and equipment:						
Land and improvements.....	—	—	—	6,009	—	329
Buildings and improvements.....	—	—	—	175,370	—	1,127
Machinery, equipment, and other.....	925	1,250	10,065	67,762	—	32,038
Construction in progress.....	—	—	—	500	—	—
Less: accumulated depreciation.....	(685)	(771)	(3,112)	(98,673)	—	(18,207)
<b>Total property, plant, and equipment, net.....</b>	<b>240</b>	<b>479</b>	<b>6,953</b>	<b>150,968</b>	<b>—</b>	<b>15,287</b>
<b>Total assets.....</b>	<b>\$ 397,290</b>	<b>\$ 77,345</b>	<b>\$ 45,462</b>	<b>\$ 197,953</b>	<b>\$ 4,592</b>	<b>\$ 22,638</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities.....	\$ 439	\$ 422	\$ 4,365	\$ 8,445	\$ 986	\$ 1,116
Retainages payable.....	—	—	—	363	—	—
Policy claims.....	151,149	157,439	26,396	—	—	31
Due to other funds.....	18	80	26	856	84	53
Interfund payables.....	—	—	—	1,996	1,000	—
Deferred revenues.....	40,412	573	4,137	—	—	—
Securities lending collateral.....	36,986	436	463	12	—	—
Notes payable.....	—	—	—	732	—	—
Limited obligation bonds payable.....	—	—	—	3,190	—	—
Capital lease and installment debt obligations payable.....	—	—	—	298	—	—
Compensated absences payable.....	269	378	363	2,867	—	119
<b>Total current liabilities.....</b>	<b>229,273</b>	<b>159,328</b>	<b>35,750</b>	<b>18,759</b>	<b>2,070</b>	<b>1,319</b>
Long-term liabilities:						
Policy claims.....	—	—	29,930	—	—	—
Advances from other funds.....	—	—	—	13,061	—	—
Notes payable.....	—	—	—	3,283	—	—
Limited obligation bonds payable.....	—	—	—	31,985	—	—
Capital lease and installment debt obligations payable.....	—	—	—	2,536	—	—
<b>Total long-term liabilities.....</b>	<b>—</b>	<b>—</b>	<b>29,930</b>	<b>50,865</b>	<b>—</b>	<b>—</b>
<b>Total liabilities.....</b>	<b>229,273</b>	<b>159,328</b>	<b>65,680</b>	<b>69,624</b>	<b>2,070</b>	<b>1,319</b>
<b>Fund Equity:</b>						
Contributed capital.....	—	41	—	85,512	—	212
Retained earnings (deficit).....	168,017	(82,024)	(20,218)	42,817	2,522	21,107
<b>Total fund equity (deficit).....</b>	<b>168,017</b>	<b>(81,983)</b>	<b>(20,218)</b>	<b>128,329</b>	<b>2,522</b>	<b>21,319</b>
<b>Total liabilities and fund equity.....</b>	<b>\$ 397,290</b>	<b>\$ 77,345</b>	<b>\$ 45,462</b>	<b>\$ 197,953</b>	<b>\$ 4,592</b>	<b>\$ 22,638</b>

<b>Pension Adminis- tration</b>	<b>Prison Industries</b>	<b>Governor's School for the Arts Foundation, Inc.</b>	<b>Other Internal Service</b>	<b>Elimina- tions</b>	<b>Totals</b>
\$ 2,223	\$ 4,299	\$ 293	\$ 449	\$ —	\$ 170,420
36	—	—	—	—	37,933
50	2,483	2,834	1	—	43,657
—	1,310	—	15	(2,022)	30,336
—	—	—	—	—	2
—	—	—	1,289	(2,845)	—
—	3,788	—	—	—	6,935
—	—	—	—	—	2,313
<u>2,309</u>	<u>11,880</u>	<u>3,127</u>	<u>1,754</u>	<u>(4,867)</u>	<u>291,596</u>
—	—	1,095	—	—	271,801
—	—	—	5,244	(11,626)	16,872
—	—	1,095	5,244	(11,626)	288,673
—	—	—	—	—	6,338
—	1,648	—	—	—	178,145
3,648	10,189	—	72	—	125,949
—	314	—	—	—	814
(1,665)	(7,572)	—	(50)	—	(130,735)
<u>1,983</u>	<u>4,579</u>	<u>—</u>	<u>22</u>	<u>—</u>	<u>180,511</u>
<b>\$ 4,292</b>	<b>\$ 16,459</b>	<b>\$ 4,222</b>	<b>\$ 7,020</b>	<b>\$ (16,493)</b>	<b>\$ 760,780</b>
\$ 1,098	\$ 1,163	\$ 150	\$ 18	\$ —	\$ 18,202
—	9	—	—	—	372
—	—	—	—	—	335,015
613	268	—	24	(2,022)	—
—	—	—	1,257	(2,845)	1,408
—	—	—	—	—	45,122
36	—	—	—	—	37,933
—	—	—	—	—	732
—	—	—	—	—	3,190
—	—	—	—	—	298
959	603	—	10	—	5,568
<u>2,706</u>	<u>2,043</u>	<u>150</u>	<u>1,309</u>	<u>(4,867)</u>	<u>447,840</u>
—	—	—	—	—	29,930
—	—	—	4,903	(11,626)	6,338
—	—	—	—	—	3,283
—	—	—	—	—	31,985
—	—	—	—	—	2,536
—	—	—	4,903	(11,626)	74,072
<u>2,706</u>	<u>2,043</u>	<u>150</u>	<u>6,212</u>	<u>(16,493)</u>	<u>521,912</u>
—	5,290	—	133	—	91,188
1,586	9,126	4,072	675	—	147,680
<u>1,586</u>	<u>14,416</u>	<u>4,072</u>	<u>808</u>	<u>—</u>	<u>238,868</u>
<b>\$ 4,292</b>	<b>\$ 16,459</b>	<b>\$ 4,222</b>	<b>\$ 7,020</b>	<b>\$ (16,493)</b>	<b>\$ 760,780</b>



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

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2000  
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services	Central Supplies and Equipment
<b>Operating revenues:</b>					
Charges for services.....	\$ 69,564	\$ 773,363	\$ 33,225	\$ 89,918	\$ 9,796
Contributions.....	—	—	—	—	—
Interest and other investment income.....	17,331	7,410	1,890	—	—
Other operating revenues.....	—	—	—	—	85
<b>Total operating revenues.....</b>	<b>86,895</b>	<b>780,773</b>	<b>35,115</b>	<b>89,918</b>	<b>9,881</b>
<b>Operating expenses:</b>					
General operations and administration.....	41,891	130,234	5,385	72,140	9,841
Benefits and claims.....	39,844	741,881	48,115	—	—
Depreciation .....	145	146	1,086	8,446	—
Other operating expenses.....	—	—	121	6,347	—
<b>Total operating expenses.....</b>	<b>81,880</b>	<b>872,261</b>	<b>54,707</b>	<b>86,933</b>	<b>9,841</b>
<b>Operating income (loss).....</b>	<b>5,015</b>	<b>(91,488)</b>	<b>(19,592)</b>	<b>2,985</b>	<b>40</b>
<b>Nonoperating revenues (expenses):</b>					
Interest income.....	—	—	—	190	—
Federal revenue.....	—	—	—	77	—
Interest expense.....	—	—	—	(2,919)	—
Other nonoperating revenues (expenses).....	(5)	(7)	13	(725)	—
<b>Total nonoperating revenues (expenses).....</b>	<b>(5)</b>	<b>(7)</b>	<b>13</b>	<b>(3,377)</b>	<b>—</b>
<b>Income (loss) before operating transfers.....</b>	<b>5,010</b>	<b>(91,495)</b>	<b>(19,579)</b>	<b>(392)</b>	<b>40</b>
Operating transfers in.....	—	—	—	7,770	—
Operating transfers out.....	(411)	(302)	—	(1,564)	—
<b>Net income (loss).....</b>	<b>4,599</b>	<b>(91,797)</b>	<b>(19,579)</b>	<b>5,814</b>	<b>40</b>
<b>Retained earnings (deficit) at beginning of year (restated).....</b>	<b>163,418</b>	<b>9,773</b>	<b>(639)</b>	<b>37,003</b>	<b>2,482</b>
<b>Retained earnings (deficit) at end of year.....</b>	<b>168,017</b>	<b>(82,024)</b>	<b>(20,218)</b>	<b>42,817</b>	<b>2,522</b>
<b>Contributed capital at beginning of year (restated).....</b>	<b>—</b>	<b>41</b>	<b>—</b>	<b>64,055</b>	<b>—</b>
<b>Additions to contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>21,462</b>	<b>—</b>
<b>Deductions from contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(5)</b>	<b>—</b>
<b>Fund equity (deficit) at end of year.....</b>	<b>\$ 168,017</b>	<b>\$ (81,983)</b>	<b>\$ (20,218)</b>	<b>\$ 128,329</b>	<b>\$ 2,522</b>

<b>Motor Pool</b>	<b>Pension Administration</b>	<b>Prison Industries</b>	<b>Governor's School for the Arts Foundation, Inc.</b>	<b>Other Internal Service</b>	<b>Eliminations</b>	<b>Totals</b>
\$ 16,495	\$ 14,807	\$ 22,994	\$ 6	\$ 541	\$ —	\$ 1,030,709
—	—	—	635	—	—	635
—	—	—	140	—	—	26,771
—	—	—	—	—	—	85
<b>16,495</b>	<b>14,807</b>	<b>22,994</b>	<b>781</b>	<b>541</b>	<b>—</b>	<b>1,058,200</b>
8,038	13,602	20,984	352	551	—	303,018
—	—	—	—	—	—	829,840
5,079	568	616	—	9	—	16,095
5	150	12	—	1	—	6,636
<b>13,122</b>	<b>14,320</b>	<b>21,612</b>	<b>352</b>	<b>561</b>	<b>—</b>	<b>1,155,589</b>
<b>3,373</b>	<b>487</b>	<b>1,382</b>	<b>429</b>	<b>(20)</b>	<b>—</b>	<b>(97,389)</b>
1	181	—	—	629	—	1,001
—	—	—	—	—	—	77
(5)	—	—	—	(490)	—	(3,414)
(244)	(116)	168	—	(1)	—	(917)
<b>(248)</b>	<b>65</b>	<b>168</b>	<b>—</b>	<b>138</b>	<b>—</b>	<b>(3,253)</b>
<b>3,125</b>	<b>552</b>	<b>1,550</b>	<b>429</b>	<b>118</b>	<b>—</b>	<b>(100,642)</b>
—	—	—	—	108	(215)	7,663
(148)	—	(108)	(8,211)	(793)	215	(11,322)
<b>2,977</b>	<b>552</b>	<b>1,442</b>	<b>(7,782)</b>	<b>(567)</b>	<b>—</b>	<b>(104,301)</b>
<b>18,130</b>	<b>1,034</b>	<b>7,684</b>	<b>11,854</b>	<b>1,242</b>	<b>—</b>	<b>251,981</b>
21,107	1,586	9,126	4,072	675	—	147,680
242	—	5,280	—	133	—	69,751
—	—	10	—	—	—	21,472
(30)	—	—	—	—	—	(35)
<b>\$ 21,319</b>	<b>\$ 1,586</b>	<b>\$ 14,416</b>	<b>\$ 4,072</b>	<b>\$ 808</b>	<b>\$ —</b>	<b>\$ 238,868</b>

# Combining Statement of Cash Flows

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services
<b>Cash flows from operating activities:</b>				
Operating income (loss).....	\$ 5,015	\$ (91,488)	\$ (19,592)	\$ 2,985
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation .....	145	146	1,086	8,446
Interest on investments and interfund loans.....	(12,378)	(6,591)	(1,890)	—
Other nonoperating revenues.....	—	—	—	113
Other nonoperating expenses.....	—	—	—	(2)
Other.....	(1)	1	(113)	62
<b>Change in assets—decreases (increases):</b>				
Accounts receivable, net.....	(10,019)	1,552	10,105	119
Due from other funds .....	5,578	(2,752)	1,497	(725)
Due from component units.....	—	—	—	(2)
Inventories.....	—	—	—	428
Other current assets.....	(40)	—	—	—
<b>Change in liabilities—increases (decreases):</b>				
Accounts payable and accrued liabilities.....	(92,766)	(30,362)	(30,398)	(651)
Retainages payable.....	—	—	—	20
Policy claims.....	100,131	55,959	37,335	—
Due to other funds.....	10	(12)	(62)	228
Deferred revenues .....	1,395	(189)	(8,625)	—
Compensated absences payable.....	24	19	23	273
Other current liabilities.....	—	—	(768)	—
<b>Net cash provided by (used in) operating activities.....</b>	<b>(2,906)</b>	<b>(73,717)</b>	<b>(11,402)</b>	<b>11,294</b>
<b>Cash flows from noncapital financing activities:</b>				
Principal payments received from other funds.....	2,626	—	—	—
Principal payments made to other funds.....	—	—	—	(1,609)
Receipt of interest from other funds.....	1,868	—	—	—
Interest payments made to other funds.....	—	—	—	(726)
Loans made to other funds.....	(1,224)	—	—	—
Operating transfers in.....	—	—	—	7,770
Operating transfers out.....	(411)	(302)	—	(1,564)
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>2,859</b>	<b>(302)</b>	<b>—</b>	<b>3,871</b>

<u>Central Supplies and Equipment</u>	<u>Motor Pool</u>	<u>Pension Adminis- tration</u>	<u>Prison Industries</u>	<u>Governor's School for the Arts Foundation, Inc.</u>	<u>Other Internal Service</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ 40	\$ 3,373	\$ 487	\$ 1,382	\$ 429	\$ (20)	\$ —	\$ (97,389)
—	5,079	568	616	—	9	—	16,095
—	—	—	—	—	—	—	(20,859)
—	109	17	225	—	—	—	464
—	—	—	—	—	—	—	(2)
1	4	—	(2)	6	(8)	—	(50)
12	(64)	(2)	(1,057)	1,740	(2)	—	2,384
(5)	(1,075)	—	(125)	—	26	459	2,878
—	—	—	—	—	—	—	(2)
3	(3)	—	(721)	—	—	—	(293)
—	—	—	—	—	7	—	(33)
518	199	150	353	(547)	659	—	(152,845)
—	—	—	8	—	—	—	28
—	30	—	—	—	—	—	193,455
34	—	231	17	(200)	(652)	(459)	(865)
—	—	—	—	—	—	—	(7,419)
—	2	114	97	—	(13)	—	539
—	—	—	—	—	—	—	(768)
<b>603</b>	<b>7,654</b>	<b>1,565</b>	<b>793</b>	<b>1,428</b>	<b>6</b>	<b>—</b>	<b>(64,682)</b>
—	—	—	—	—	1,457	—	4,083
—	—	—	—	—	(1,439)	—	(3,048)
—	—	—	—	—	629	—	2,497
—	—	—	—	—	(490)	—	(1,216)
—	—	—	—	—	—	—	(1,224)
—	—	—	—	—	108	(215)	7,663
—	(148)	—	(108)	(8,211)	(793)	215	(11,322)
—	(148)	—	(108)	(8,211)	(528)	—	(2,567)

Continued on Next Page

## Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of property, plant, and equipment.....	\$ (24)	\$ (85)	\$ (13)	\$ (10,894)
Proceeds from the sale of notes payable.....	—	—	—	3,344
Principal payments on notes payable.....	—	—	—	—
Principal payments on limited obligation bonds.....	—	—	—	(3,050)
Interest payments.....	—	—	—	(2,192)
Principal payments on capital leases and installment debt obligations payable.....	—	—	—	(277)
<b>Net cash used in capital and related financing activities.....</b>	<b>(24)</b>	<b>(85)</b>	<b>(13)</b>	<b>(13,069)</b>
<b>Cash flows from investing activities:</b>				
Proceeds from sale of investments.....	103,528	3,527	—	—
Purchase of investments.....	(147,297)	(1,110)	—	—
Interest on investments.....	13,479	7,639	1,776	190
<b>Net cash provided by (used in) investing activities.....</b>	<b>(30,290)</b>	<b>10,056</b>	<b>1,776</b>	<b>190</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>(30,361)</b>	<b>(64,048)</b>	<b>(9,639)</b>	<b>2,286</b>
<b>Cash and cash equivalents at beginning of year (restated).....</b>	<b>83,373</b>	<b>101,861</b>	<b>39,099</b>	<b>34,480</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>\$ 53,012</b>	<b>\$ 37,813</b>	<b>\$ 29,460</b>	<b>\$ 36,766</b>
<b>Noncash capital, investing, and financing activities:</b>				
Disposal of fixed assets.....	\$ —	\$ (83)	\$ —	\$ —
Long-term interfund loan payments forgiven.....	—	—	—	555
<b>Total noncash capital and financing activities.....</b>	<b>\$ —</b>	<b>\$ (83)</b>	<b>\$ —</b>	<b>\$ 555</b>

Central Supplies and Equipment	Motor Pool	Pension Adminis- tration	Prison Industries	Governor's School for the Arts Foundation, Inc.	Other Internal Service	Elimina- tions	Totals
\$ —	\$ (8,077)	\$ (672)	\$ (851)	\$ —	\$ —	\$ —	\$ (20,616)
—	—	—	—	—	—	—	3,344
—	(843)	—	—	—	—	—	(843)
—	—	—	—	—	—	—	(3,050)
—	(5)	—	—	—	—	—	(2,197)
—	—	—	—	—	—	—	(277)
—	<b>(8,925)</b>	<b>(672)</b>	<b>(851)</b>	—	—	—	<b>(23,639)</b>
—	—	—	—	6,762	—	—	113,817
—	—	—	—	—	—	—	(148,407)
—	1	181	—	—	—	—	23,266
—	<b>1</b>	<b>181</b>	—	<b>6,762</b>	—	—	<b>(11,324)</b>
<b>603</b>	<b>(1,418)</b>	<b>1,074</b>	<b>(166)</b>	<b>(21)</b>	<b>(522)</b>	—	(102,212)
<b>1,290</b>	<b>5,630</b>	<b>1,149</b>	<b>4,465</b>	<b>314</b>	<b>971</b>	—	<b>272,632</b>
<b>\$ 1,893</b>	<b>\$ 4,212</b>	<b>\$ 2,223</b>	<b>\$ 4,299</b>	<b>\$ 293</b>	<b>\$ 449</b>	<b>\$ —</b>	<b>\$ 170,420</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (83)
—	—	—	—	—	—	—	555
<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 472</b>

## 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.

**Tuition Prepayment Program Fund.** The South Carolina Tuition Prepayment Program, also known as the PACE (Prepaid Affordable College Education) Program, allows contributors to make affordable payments, under the terms of a tuition prepayment contract, to cover future undergraduate tuition expenses of a designated beneficiary at a South Carolina public college or university.

**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 members of the South Carolina National Guard. The State is a nonemployer contributor to the system.

### INVESTMENT TRUST FUND

**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.

### 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:

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

**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, miscellaneous clearing accounts, and other deposits.

# Combining Balance Sheet

## FIDUCIARY FUNDS

June 30, 2000

(Expressed in Thousands)

### EXPENDABLE TRUST

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Tuition Prepayment Program	Other Expendable Trust
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 98,411	\$ 8,981	\$ 19,361	\$ 33,659
Cash on deposit with fiscal agents.....	—	800,827	—	—
Investments.....	—	—	—	—
Invested securities lending collateral .....	1,515	120	299	563
Receivables, net:				
Accounts.....	1,409	910	242	399
Taxes.....	—	35,896	—	—
Loans and notes.....	—	—	—	—
Due from Federal government.....	—	65	—	—
Due from other funds.....	—	—	—	—
Due from component units.....	—	—	—	—
Property, plant, and equipment:				
Land and improvements.....	—	—	—	—
Buildings and improvements.....	—	—	—	—
Machinery, equipment, and other.....	—	—	—	—
Less: accumulated depreciation.....	—	—	—	—
<b>Total assets.....</b>	<b>\$ 101,335</b>	<b>\$ 846,799</b>	<b>\$ 19,902</b>	<b>\$ 34,621</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.....	\$ —	\$ 4,058	\$ 7	\$ 96
Tax refunds payable.....	—	3,639	—	—
Intergovernmental payables.....	—	—	—	—
Due to other funds.....	—	180	—	7
Deferred revenues.....	—	488	—	—
Deposits.....	—	—	—	—
Amounts held in custody for others.....	—	—	—	—
Securities lending collateral.....	1,515	120	299	563
<b>Total liabilities.....</b>	<b>1,515</b>	<b>8,485</b>	<b>306</b>	<b>666</b>
<b>Fund Balances:</b>				
Reserved for:				
Pension and other benefits.....	—	838,314	—	—
External investment pool participants.....	—	—	—	—
Endowment and similar funds.....	—	—	—	—
Unreserved, undesignated.....	99,820	—	19,596	33,955
<b>Total fund balances.....</b>	<b>99,820</b>	<b>838,314</b>	<b>19,596</b>	<b>33,955</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 101,335</b>	<b>\$ 846,799</b>	<b>\$ 19,902</b>	<b>\$ 34,621</b>



PENSION TRUST

NONEXPENDABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Pension System
\$ 1,777	\$ 2,216,075	\$ 408,697	\$ 3,981	\$ 15,569	\$ 8,232
—	—	—	—	—	—
—	14,997,070	1,601,925	36,421	71,070	—
11	1,277,578	130,418	2,201	3,696	—
33	304,825	33,309	516	1,418	165
—	—	—	—	—	—
—	—	—	—	—	—
—	11,572	3,048	1	61	—
—	—	—	—	—	—
—	524	54	1	3	—
—	4,279	437	13	20	—
—	—	—	—	—	4
—	(830)	(85)	(3)	(4)	(4)
<b>\$ 1,821</b>	<b>\$ 18,811,093</b>	<b>\$ 2,177,803</b>	<b>\$ 43,131</b>	<b>\$ 91,833</b>	<b>\$ 8,397</b>
\$ —	\$ 30,580	\$ 3,760	\$ 65	\$ 139	\$ 13
—	—	—	—	—	—
—	15,655	590	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
11	1,277,578	130,418	2,201	3,696	—
<b>11</b>	<b>1,323,813</b>	<b>134,768</b>	<b>2,266</b>	<b>3,835</b>	<b>13</b>
—	17,487,280	2,043,035	40,865	87,998	8,384
—	—	—	—	—	—
1,672	—	—	—	—	—
138	—	—	—	—	—
<b>1,810</b>	<b>17,487,280</b>	<b>2,043,035</b>	<b>40,865</b>	<b>87,998</b>	<b>8,384</b>
<b>\$ 1,821</b>	<b>\$ 18,811,093</b>	<b>\$ 2,177,803</b>	<b>\$ 43,131</b>	<b>\$ 91,833</b>	<b>\$ 8,397</b>

Continued on Next Page

# Combining Balance Sheet

FIDUCIARY FUNDS (Continued)

June 30, 2000

(Expressed in Thousands)

	<u>INVESTMENT TRUST</u>	<u>AGENCY</u>
	<u>Local Government Investment Pool</u>	<u>Insurance Company Deposits</u>
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 1,036,604	\$ —
Cash on deposit with fiscal agents.....	—	—
Investments.....	20,821	354,221
Invested securities lending collateral .....	9,180	—
Receivables, net:		
Accounts.....	574	—
Taxes.....	—	—
Loans and notes.....	—	—
Due from Federal government.....	—	—
Due from other funds.....	—	—
Due from component units.....	—	—
Property, plant, and equipment:		
Land and improvements.....	—	—
Buildings and improvements.....	—	—
Machinery, equipment, and other.....	—	—
Less: accumulated depreciation.....	—	—
<b>Total assets.....</b>	<b><u>\$ 1,067,179</u></b>	<b><u>\$ 354,221</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities.....	\$ 5,824	\$ —
Tax refunds payable.....	—	—
Intergovernmental payables.....	—	—
Due to other funds.....	—	—
Deferred revenues.....	—	—
Deposits.....	—	—
Amounts held in custody for others.....	—	354,221
Securities lending collateral.....	9,180	—
<b>Total liabilities.....</b>	<b><u>15,004</u></b>	<b><u>354,221</u></b>
<b>Fund Balances:</b>		
Reserved for:		
Pension and other benefits.....	—	—
External investment pool participants.....	1,052,175	—
Endowment and similar funds.....	—	—
Unreserved, undesignated.....	—	—
<b>Total fund balances.....</b>	<b><u>1,052,175</u></b>	<b><u>—</u></b>
<b>Total liabilities and fund balances.....</b>	<b><u>\$ 1,067,179</u></b>	<b><u>\$ 354,221</u></b>

**AGENCY (Continued)**

<u>Federal Interfund Activity</u>	<u>Payroll Clearing</u>	<u>Other Agency</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 1,402	\$ 10,837	\$ 215,384	\$ —	\$ 4,078,970
—	—	—	—	800,827
—	—	21,236	—	17,102,764
—	—	1,852	—	1,427,433
—	—	5,288	—	349,088
—	—	4,940	—	40,836
—	—	92	—	92
2,559	—	—	—	2,624
1	49,179	8,258	(55,034)	17,086
—	17	—	—	17
—	—	—	—	582
—	—	—	—	4,749
—	—	—	—	4
—	—	—	—	(926)
<u>\$ 3,962</u>	<u>\$ 60,033</u>	<u>\$ 257,050</u>	<u>\$ (55,034)</u>	<u>\$ 23,824,146</u>
\$ —	\$ 139	\$ 13,063	\$ —	\$ 57,744
—	—	438	—	4,077
10	—	507	—	517
2,835	10,737	82,801	(55,034)	57,771
—	—	—	—	488
—	—	517	—	517
1,117	49,157	157,872	—	562,367
—	—	1,852	—	1,427,433
<u>3,962</u>	<u>60,033</u>	<u>257,050</u>	<u>(55,034)</u>	<u>2,110,914</u>
—	—	—	—	20,505,876
—	—	—	—	1,052,175
—	—	—	—	1,672
—	—	—	—	153,509
—	—	—	—	<u>21,713,232</u>
<u>\$ 3,962</u>	<u>\$ 60,033</u>	<u>\$ 257,050</u>	<u>\$ (55,034)</u>	<u>\$ 23,824,146</u>

## Combining Statement of Plan Net Assets

### PENSION TRUST FUNDS

June 30, 2000

(Expressed in Thousands)

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Pension System	Totals
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 2,216,075	\$ 408,697	\$ 3,981	\$ 15,569	\$ 8,232	\$ 2,652,554
Receivables:						
Contributions.....	96,118	10,277	13	312	—	106,720
Employer long-term.....	2,576	432	—	—	—	3,008
Accrued interest.....	180,850	19,670	444	981	165	202,110
Unsettled investment sales.....	25,281	2,930	59	125	—	28,395
Due from other funds.....	11,572	3,048	1	61	—	14,682
Total receivables.....	316,397	36,357	517	1,479	165	354,915
Investments, at fair value:						
United States government securities.....	2,577,261	258,431	8,586	3,812	—	2,848,090
United States government agencies and government-insured securities.....	3,062,458	305,790	6,012	22,485	—	3,396,745
Corporate bonds.....	4,324,758	490,086	11,371	24,106	—	4,850,321
Financial and other.....	2,440,707	249,656	4,368	7,780	—	2,702,511
Equities.....	2,591,886	297,962	6,084	12,887	—	2,908,819
Total investments.....	14,997,070	1,601,925	36,421	71,070	—	16,706,486
Invested securities lending collateral.....	1,277,578	130,418	2,201	3,696	—	1,413,893
Property, plant, and equipment, net of accumulated depreciation.....	3,973	406	11	19	—	4,409
<b>Total assets.....</b>	<b>18,811,093</b>	<b>2,177,803</b>	<b>43,131</b>	<b>91,833</b>	<b>8,397</b>	<b>21,132,257</b>
<b>LIABILITIES</b>						
Accounts payable—unsettled investment purchases.....	25,698	2,979	60	127	—	28,864
Due to other funds.....	15,655	590	—	—	—	16,245
Accounts payable and accrued liabilities.....	4,882	781	5	12	13	5,693
Securities lending collateral.....	1,277,578	130,418	2,201	3,696	—	1,413,893
<b>Total liabilities.....</b>	<b>1,323,813</b>	<b>134,768</b>	<b>2,266</b>	<b>3,835</b>	<b>13</b>	<b>1,464,695</b>
<b>Net assets held in trust for pension benefits.....</b>	<b>\$ 17,487,280</b>	<b>\$ 2,043,035</b>	<b>\$ 40,865</b>	<b>\$ 87,998</b>	<b>\$ 8,384</b>	<b>\$ 19,667,562</b>

**Statement of Net Assets**

INVESTMENT TRUST FUND

June 30, 2000

(Expressed in Thousands)

	<u>Local Government Investment Pool</u>
<b>ASSETS</b>	
Cash and cash equivalents.....	\$ 1,036,604
Accrued interest receivable.....	574
Investments.....	20,821
Invested securities lending collateral.....	<u>9,180</u>
<b>Total assets.....</b>	<b><u>1,067,179</u></b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities.....	5,824
Securities lending collateral.....	<u>9,180</u>
<b>Total liabilities.....</b>	<b><u>15,004</u></b>
<b>Net assets held in trust for pool participants.....</b>	<b><u>\$ 1,052,175</u></b>

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

## EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Tuition Prepayment Program	Other Expendable Trust	Totals
<b>Revenues:</b>					
Taxes, other.....	\$ —	\$ 177,106	\$ —	\$ —	\$ 177,106
Licenses, fees, and permits.....	434	—	—	—	434
Interest and other investment income.....	5,207	51,851	607	846	58,511
Federal.....	—	6,084	—	—	6,084
Contributions.....	—	32	10,895	12,549	23,476
Other.....	—	1,514	—	3	1,517
<b>Total revenues.....</b>	<b>5,641</b>	<b>236,587</b>	<b>11,502</b>	<b>13,398</b>	<b>267,128</b>
<b>Expenditures:</b>					
Current:					
General government.....	—	198,185	—	135	198,320
Health and environment.....	—	—	—	18	18
Social services.....	—	—	—	19	19
Administration of justice.....	—	—	—	18	18
Resources and economic development..	—	—	—	156	156
<b>Total expenditures.....</b>	<b>—</b>	<b>198,185</b>	<b>—</b>	<b>346</b>	<b>198,531</b>
<b>Revenues over expenditures.....</b>	<b>5,641</b>	<b>38,402</b>	<b>11,502</b>	<b>13,052</b>	<b>68,597</b>
<b>Other financing sources (uses):</b>					
Operating transfers in.....	—	10	—	—	10
Operating transfers out.....	—	(1,017)	(81)	—	(1,098)
<b>Total other financing uses.....</b>	<b>—</b>	<b>(1,007)</b>	<b>(81)</b>	<b>—</b>	<b>(1,088)</b>
<b>Revenues and other sources over expenditures and other uses.....</b>	<b>5,641</b>	<b>37,395</b>	<b>11,421</b>	<b>13,052</b>	<b>67,509</b>
<b>Fund balances at beginning of year .....</b>	<b>94,179</b>	<b>800,919</b>	<b>8,175</b>	<b>20,903</b>	<b>924,176</b>
<b>Fund balances at end of year.....</b>	<b>\$ 99,820</b>	<b>\$ 838,314</b>	<b>\$ 19,596</b>	<b>\$ 33,955</b>	<b>\$ 991,685</b>

# Combining Statement of Changes in Assets and Liabilities

## AGENCY FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Balance July 1, 1999	Additions	Deductions	Balance June 30, 2000
<b>INSURANCE COMPANY DEPOSITS</b>				
<b>Assets:</b>				
Cash and cash equivalents.....	\$ —	\$ 31,233	\$ 31,233	\$ —
Investments.....	322,988	112,505	81,272	354,221
<b>Total assets.....</b>	<b>\$ 322,988</b>	<b>\$ 143,738</b>	<b>\$ 112,505</b>	<b>\$ 354,221</b>
<b>Liabilities:</b>				
Amounts held in custody for others.....	\$ 322,988	\$ 112,505	\$ 81,272	\$ 354,221
<b>Total liabilities.....</b>	<b>\$ 322,988</b>	<b>\$ 112,505</b>	<b>\$ 81,272</b>	<b>\$ 354,221</b>
<b>FEDERAL INTERFUND ACTIVITY</b>				
<b>Assets:</b>				
Cash and cash equivalents.....	\$ 46	\$ 26,353	\$ 24,997	\$ 1,402
Due from Federal government.....	863	2,559	863	2,559
Due from other funds.....	—	1	—	1
<b>Total assets.....</b>	<b>\$ 909</b>	<b>\$ 28,913</b>	<b>\$ 25,860</b>	<b>\$ 3,962</b>
<b>Liabilities:</b>				
Intergovernmental payables.....	\$ —	\$ 10	\$ —	\$ 10
Due to other funds.....	858	2,835	858	2,835
Amounts held in custody for others.....	51	22,575	21,509	1,117
<b>Total liabilities.....</b>	<b>\$ 909</b>	<b>\$ 25,420</b>	<b>\$ 22,367</b>	<b>\$ 3,962</b>
<b>PAYROLL CLEARING</b>				
<b>Assets:</b>				
Cash and cash equivalents.....	\$ 9,926	\$ 1,040,220	\$ 1,039,309	\$ 10,837
Due from other funds.....	45,637	49,179	45,637	49,179
Due from component units.....	—	34	17	17
<b>Total assets.....</b>	<b>\$ 55,563</b>	<b>\$ 1,089,433</b>	<b>\$ 1,084,963</b>	<b>\$ 60,033</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.....	\$ 464	\$ 152	\$ 477	\$ 139
Due to other funds.....	9,790	10,737	9,790	10,737
Amounts held in custody for others.....	45,309	889,109	885,261	49,157
<b>Total liabilities.....</b>	<b>\$ 55,563</b>	<b>\$ 899,998</b>	<b>\$ 895,528</b>	<b>\$ 60,033</b>

Continued on Next Page

# Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Balance July 1, 1999	Additions	Deductions	Balance June 30, 2000
<b>OTHER AGENCY</b>				
<b>Assets:</b>				
Cash and cash equivalents.....	\$ 168,734	\$ 1,672,595	\$ 1,625,945	\$ 215,384
Investments.....	19,706	1,883	353	21,236
Invested securities lending collateral.....	20	1,852	20	1,852
Accounts receivable.....	3,158	6,264	4,134	5,288
Taxes receivable.....	5,841	4,960	5,861	4,940
Loans and notes receivable.....	95	92	95	92
Due from other funds.....	8,793	8,258	8,793	8,258
<b>Total assets.....</b>	<b>\$ 206,347</b>	<b>\$ 1,695,904</b>	<b>\$ 1,645,201</b>	<b>\$ 257,050</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.....	\$ 4,440	\$ 13,826	\$ 5,203	\$ 13,063
Tax refunds payable.....	143	438	143	438
Intergovernmental payables.....	243	507	243	507
Due to other funds.....	79,889	87,942	85,030	82,801
Deposits.....	728	517	728	517
Amounts held in custody for others.....	120,884	1,324,388	1,287,400	157,872
Securities lending collateral.....	20	1,852	20	1,852
<b>Total liabilities.....</b>	<b>\$ 206,347</b>	<b>\$ 1,429,470</b>	<b>\$ 1,378,767</b>	<b>\$ 257,050</b>
<b>TOTALS--ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash and cash equivalents.....	\$ 178,706	\$ 2,770,401	\$ 2,721,484	\$ 227,623
Investments.....	342,694	114,388	81,625	375,457
Invested securities lending collateral.....	20	1,852	20	1,852
Accounts receivable.....	3,158	6,264	4,134	5,288
Taxes receivable.....	5,841	4,960	5,861	4,940
Loans and notes receivable.....	95	92	95	92
Due from Federal government.....	863	2,559	863	2,559
Due from other funds.....	54,430	57,438	54,430	57,438
Due from component units.....	—	34	17	17
<b>Total assets.....</b>	<b>\$ 585,807</b>	<b>\$ 2,957,988</b>	<b>\$ 2,868,529</b>	<b>\$ 675,266</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.....	\$ 4,904	\$ 13,978	\$ 5,680	\$ 13,202
Tax refunds payable.....	143	438	143	438
Intergovernmental payables.....	243	517	243	517
Due to other funds.....	90,537	101,514	95,678	96,373
Deposits.....	728	517	728	517
Amounts held in custody for others.....	489,232	2,348,577	2,275,442	562,367
Securities lending collateral.....	20	1,852	20	1,852
<b>Total liabilities.....</b>	<b>\$ 585,807</b>	<b>\$ 2,467,393</b>	<b>\$ 2,377,934</b>	<b>\$ 675,266</b>



## 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.

## Schedule of General Fixed Assets by Function

June 30, 2000

(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General government.....	\$ 12,576	\$ 152,863	\$ 88,338	\$ 253,777
Education.....	5,401	87,207	353,874	446,482
Health and environment.....	14,310	211,824	130,956	357,090
Social services.....	923	15,780	50,338	67,041
Administration of justice.....	6,363	496,879	140,382	643,624
Resources and economic development.....	157,150	70,702	96,572	324,424
Transportation.....	4,184	85,343	222,547	312,074
<b>Total general fixed assets allocated to functions.....</b>	<b><u>\$ 200,907</u></b>	<b><u>\$ 1,120,598</u></b>	<b><u>\$ 1,083,007</u></b>	<b>2,404,512</b>
Construction in progress.....				60,271
<b>Total general fixed assets.....</b>				<b><u>\$ 2,464,783</u></b>

## Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

Function	July 1, 1999 Balances as Previously Reported	Adjustment <sup>a</sup>	Restated July 1, 1999 Balances	Additions	Retirements	June 30, 2000 Balances
General government.....	\$ 268,476	\$ —	\$ 268,476	\$ 12,864	\$ 27,563	\$ 253,777
Education.....	452,535	—	452,535	23,363	29,416	446,482
Health and environment.....	366,665	—	366,665	22,858	32,433	357,090
Social services.....	61,754	—	61,754	6,808	1,521	67,041
Administration of justice.....	617,833	—	617,833	39,683	13,892	643,624
Resources and economic development....	316,736	—	316,736	17,950	10,262	324,424
Transportation.....	276,206	12,210	288,416	39,933	16,275	312,074
Construction in progress.....	46,614	—	46,614	52,142	38,485	60,271
<b>Total general fixed assets.....</b>	<b>\$ 2,406,819</b>	<b>\$ 12,210</b>	<b>\$ 2,419,029</b>	<b>\$ 215,601</b>	<b>\$ 169,847</b>	<b>\$ 2,464,783</b>

<sup>a</sup>See Note 3 to the Financial Statements for information regarding this adjustment.

## 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 (renamed Northeastern Technical College effective July 19, 2000)  
 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 quasi-endowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

### PLANT FUNDS

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

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

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

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

### AGENCY FUNDS

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

### FOUNDATIONS AND INSTITUTES FUNDS

Foundations and Institutes Funds account for certain component units of the State's colleges and universities. All 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.

# Combining Balance Sheet

## HIGHER EDUCATION FUNDS

June 30, 2000

(Expressed in Thousands)

	CURRENT FUNDS			ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted	LOAN FUNDS	
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 216,975	\$ 10,056	\$ 6,919	\$ 13,014
Investments.....	18,200	6,358	554	49,457
Invested securities lending collateral.....	795	173	102	153
Receivables, net:				
Accounts.....	1,281	1,110	57	701
Patient and student.....	83,837	22	15	—
Student loans.....	—	—	47,760	—
Loans and notes.....	6,150	109	—	58,455
Due from Federal government and other grantors.....	1,217	64,186	75	—
Due from other Higher Education Funds.....	42,814	5,567	13	—
Due from other funds .....	13,864	5,283	—	—
Due from component units .....	117	37	—	—
Advances to other funds.....	—	—	—	690
Inventories.....	25,969	—	—	—
Prepaid long-term operating lease.....	—	—	—	—
Other assets.....	18,766	145	—	2,268
Property, plant, and equipment, net.....	—	—	—	—
<b>Total assets.....</b>	<b>\$ 429,985</b>	<b>\$ 93,046</b>	<b>\$ 55,495</b>	<b>\$ 124,738</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.....	\$ 78,614	\$ 6,817	\$ 20	\$ 62
Retainages payable.....	2	—	—	—
Due to other Higher Education Funds.....	27,309	26,853	—	310
Due to other funds.....	4,596	1,781	—	—
Interfund payables.....	—	—	—	—
Advances from other funds.....	—	—	—	—
Deferred revenues.....	41,914	775	—	—
Deposits.....	3,797	—	—	—
Amounts held in custody for others.....	—	—	—	—
Securities lending collateral.....	795	173	102	153
Notes payable.....	9,281	—	—	—
General obligation bonds payable.....	—	—	—	—
Revenue bonds payable.....	—	—	—	—
Certificates of participation payable.....	—	—	—	—
Capital lease and installment debt obligations payable....	—	—	—	—
Compensated absences payable.....	91,167	628	—	—
Other liabilities.....	1,491	—	55	25
<b>Total liabilities.....</b>	<b>258,966</b>	<b>37,027</b>	<b>177</b>	<b>550</b>
<b>Fund Balances (Deficit):</b>				
Investment in plant.....	—	—	—	—
Reserved for:				
Restricted fund balance.....	—	56,019	4,830	—
Federal government grants refundable.....	—	—	47,622	—
Endowment and similar funds.....	—	—	—	62,521
Debt requirements.....	—	—	—	—
Encumbrances.....	2,134	—	—	—
Other special purposes.....	6,908	—	—	49
Unreserved:				
Designated for loan funds.....	—	—	2,866	—
Designated for endowment and similar funds.....	—	—	—	61,618
Designated for plant funds.....	—	—	—	—
Designated for special purposes.....	7,448	—	—	—
Undesignated.....	154,529	—	—	—
<b>Total fund balances.....</b>	<b>171,019</b>	<b>56,019</b>	<b>55,318</b>	<b>124,188</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 429,985</b>	<b>\$ 93,046</b>	<b>\$ 55,495</b>	<b>\$ 124,738</b>

PLANT FUNDS			AGENCY FUNDS	FOUNDATIONS AND INSTITUTES	Eliminations	Totals
Unexpended	Retirement of Indebtedness	Investment in Plant				
\$ 188,928	\$ 47,194	\$ —	\$ 2,810	\$ 42,288	\$ —	\$ 528,184
8,161	—	—	—	20,058	—	102,788
2,280	2,949	—	95	—	—	6,547
3,289	942	—	3,596	2,128	—	13,104
—	—	—	—	23,819	—	107,693
—	—	—	—	—	—	47,760
—	—	—	—	—	—	64,714
9,410	—	—	—	1,727	—	76,615
15,186	547	—	145	5,680	(69,952)	—
3	—	—	95	—	(1,305)	17,940
—	—	—	—	—	—	154
—	490	—	—	29,615	(30,795)	—
—	—	—	—	425	—	26,394
—	—	—	—	15,634	—	15,634
5	223	1,476	2	16,505	—	39,390
33,994	—	3,218,077	—	75,266	—	3,327,337
<b>\$ 261,256</b>	<b>\$ 52,345</b>	<b>\$ 3,219,553</b>	<b>\$ 6,743</b>	<b>\$ 233,145</b>	<b>\$ (102,052)</b>	<b>\$ 4,374,254</b>
\$ 15,285	\$ 6,630	\$ —	\$ 1,018	\$ 11,067	\$ —	\$ 119,513
4,881	—	—	—	—	—	4,883
3,134	1,215	—	963	10,168	(69,952)	—
—	—	—	—	—	(1,305)	5,072
—	—	253	—	—	—	253
490	—	31,906	—	—	(30,795)	1,601
355	897	—	—	4,486	—	48,427
—	—	—	—	—	—	3,797
—	—	—	4,650	—	—	4,650
2,280	2,949	—	95	—	—	6,547
—	—	39,290	—	135,819	—	184,390
30,695	—	69,250	—	—	—	99,945
77,223	—	238,289	—	12,894	—	328,406
—	—	—	—	19,882	—	19,882
—	—	39,112	—	8,997	—	48,109
—	—	—	—	4,915	—	96,710
—	238	204	17	8,976	—	11,006
<b>134,343</b>	<b>11,929</b>	<b>418,304</b>	<b>6,743</b>	<b>217,204</b>	<b>(102,052)</b>	<b>983,191</b>
—	—	2,801,249	—	—	—	2,801,249
74,575	27,040	—	—	6,488	—	168,952
—	—	—	—	—	—	47,622
—	—	—	—	—	—	62,521
—	—	—	—	11,118	—	11,118
—	—	—	—	—	—	2,134
—	—	—	—	1,870	—	8,827
—	—	—	—	—	—	2,866
—	—	—	—	—	—	61,618
52,338	13,376	—	—	—	—	65,714
—	—	—	—	—	—	7,448
—	—	—	—	(3,535)	—	150,994
<b>126,913</b>	<b>40,416</b>	<b>2,801,249</b>	<b>—</b>	<b>15,941</b>	<b>—</b>	<b>3,391,063</b>
<b>\$ 261,256</b>	<b>\$ 52,345</b>	<b>\$ 3,219,553</b>	<b>\$ 6,743</b>	<b>\$ 233,145</b>	<b>\$ (102,052)</b>	<b>\$ 4,374,254</b>

## **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.

# Appropriation Activity

## BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 2000  
(Expressed in Thousands)

Function	Original Appropriations	Adjustments <sup>a</sup>
Legislative.....	\$ 29,680	\$ 4,909
Judicial.....	40,516	5,888
Executive and administrative.....	191,615	20,144
Educational.....	2,529,757	149,784
Health.....	848,678	141,284
Social rehabilitation services.....	121,623	10,589
Correctional and public safety.....	515,284	59,026
Conservation, natural resources, and development.....	149,347	32,799
Regulatory.....	56,866	8,606
Transportation.....	579	2,208
Debt service.....	135,294	—
Miscellaneous.....	228,711	50,799
<b>Totals--appropriations for expenditures.....</b>	<b>4,847,950</b>	<b>486,036</b>
Transfer to designation for capital and nonrecurring.....	96,914	—
<b>Totals--appropriations for expenditures and intrafund transfers.....</b>	<b>\$ 4,944,864</b>	<b>\$ 486,036</b>

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

<sup>a</sup>The adjustments shown above (expressed in thousands) may be summarized as follows:

Appropriations brought forward from 1998-1999.....	\$ 175,090
Open-ended appropriations.....	13,161
Supplemental appropriations.....	307,819
Appropriation reduction.....	(10,034)
<b>Total adjustments.....</b>	<b>\$ 486,036</b>



<u>Adjusted Appropriations</u>	<u>Expenditures</u>	<u>Intrafund Transfer</u>	<u>Appropriations To Be Carried Forward</u>	<u>Lapsed Appropriations</u>
\$ 34,589	\$ 30,399	\$ —	\$ 4,190	\$ —
46,404	41,203	—	5,169	32
211,759	166,566	—	44,724	469
2,679,541	2,627,002	—	52,539	—
989,962	960,659	—	29,303	—
132,212	131,006	—	1,206	—
574,310	557,015	—	17,295	—
182,146	171,876	—	10,270	—
65,472	61,502	—	3,799	171
2,787	782	—	2,005	—
135,294	128,958	—	6,336	—
279,510	193,948	—	37,531	48,031
<b>5,333,986</b>	<b>5,070,916</b>	<b>—</b>	<b>214,367</b>	<b>48,703</b>
96,914	—	96,914	—	—
<b>\$ 5,430,900</b>	<b>\$ 5,070,916</b>	<b>\$ 96,914</b>	<b>\$ 214,367</b>	<b>\$ 48,703</b>

## 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, 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 are:

<b>Fiscal Year Ended June 30</b>	<b>Start-of- Year Balance</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>End-of-Year Balance</b>	<b>Full-Funding Amount<sup>a</sup></b>	<b>Actual End-of- Year % Funded<sup>b</sup></b>
1991	\$ 87,999	\$ 6,115	\$ (60,687)	\$ 33,427	\$ 98,843	34%
1992	33,427	4,729	(38,156)	—	99,163	0%
1993	—	66,832	—	66,832	100,248	67%
1994	66,832	43,346	—	110,178	110,178	100%
1995	110,178	10,557	—	120,735	120,735	100%
1996	120,735	6,271	—	127,006	127,006	100%
1997	127,006	3,374	—	130,380	130,380	100%
1998	130,380	—	—	130,380	137,650	95%
1999	130,380	7,270	—	137,650	145,371	95%
2000	137,650	7,721	—	145,371	147,916	98% <sup>c</sup>

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

<sup>b</sup>Equals (End-of-Year Balance/Full Funding Amount) x 100.

<sup>c</sup>A provision of law that became effective in November 2000 will increase the Reserve by \$2.545 million during 2000-2001, bringing the total Reserve balance to \$147.916 million.

## Funds Earmarked for Public Education

### BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

Part IB, Section 72, of the 1999-2000 Appropriation Act and Sections 12-21-1130, 12-33-30, 12-33-50, 61-4-250, 61-6-4260, and 61-6-4270 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 expenditures from Budgetary General Funds and Capital Reserve Funds for these particular agencies and for other school purposes exceed the State's portion of the specified revenues.

<b>Gross budgetary-basis revenues:</b>	
Retail sales tax (4%) and excise tax--casual sales.....	\$ 1,980,792
Alcoholic liquors tax--60% portion.....	21,961
Beer and wine tax--penalties and fines.....	484
Soft drinks tax.....	11,060
	<u>2,014,297</u>
<b>Budgetary-basis revenues available for appropriation.....</b>	<b>2,014,297</b>
<b>Total budgetary-basis revenues earmarked for public education (95.5% of budgetary-basis revenues available for appropriation).....</b>	<b>1,923,654</b> <sup>a</sup>
<b>Budgetary-basis expenditures:</b>	
Department of Education.....	1,747,127
State Board of Technical and Comprehensive Education.....	183,680
Educational Television Commission.....	22,586
Wil Lou Gray Opportunity School.....	3,382
School for the Deaf and Blind.....	14,346
John De La Howe School.....	4,284
Debt service on capital improvement bonds applicable to above agencies.....	23,759
Other school purposes.....	15,297 <sup>b</sup>
	<u>2,014,461</u>
<b>Total budgetary-basis expenditures for public education.....</b>	<b>2,014,461</b>
<b>Excess of budgetary-basis expenditures over revenues earmarked for public education.....</b>	<b>\$ 90,807</b>

<sup>a</sup>Title 6, Chapter 27 of the South Carolina Code of Laws is known as the State Aid to Subdivisions Act. That Act requires the State to appropriate not less than four and one-half percent (4.5%) of the latest completed fiscal year's total budgetary General Fund revenues to local governments. Accordingly, the State's portion of the above revenues is ninety-five and one-half percent (95.5%) of the budgetary-basis revenues available for appropriation.

<sup>b</sup>The Other School Purposes expenditure category includes: (1) a State supplement to school districts to help pay the district contribution toward public school employee benefits, (2) State expenditures for the Palmetto Unified School District, (3) State expenditures for the Department of Juvenile Justice's education program, and (4) State expenditures for the Governor's Office Division of Education.

## Expenditures by Function

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

Last Ten Fiscal Years  
(Expressed in Thousands)

Function	For the Fiscal Year Ended June 30			
	1991	1992	1993	1994
General government.....	\$ 251,692	\$ 234,092	\$ 247,452	\$ 399,456
Education .....	262,697	241,230	254,464	293,158
Individual and family services <sup>b</sup> .....	2,097,614	2,489,321	2,682,162	—
Health and environment <sup>b, c</sup> .....	—	—	—	2,166,088
Social services <sup>b</sup> .....	—	—	—	678,772
Administration of justice.....	300,250	304,488	312,961	405,503
Resources and economic development.....	132,970	128,059	131,021	138,937
Transportation.....	274,895	274,957	290,740	214,574
Capital outlay <sup>d</sup> .....	25,166	22,819	24,572	391,848
Debt service:				
Principal retirement.....	66,715	94,538	104,316	82,602
Interest and fiscal charges.....	50,825	53,911	53,316	49,107
Intergovernmental.....	2,007,557	2,033,486	2,096,679	2,157,866
<b>Total expenditures.....</b>	<b>\$ 5,470,381</b>	<b>\$ 5,876,901</b>	<b>\$ 6,197,683</b>	<b>\$ 6,977,911</b>

<sup>a</sup> General Governmental Fund Types include General and Special Revenue Funds.

<sup>b</sup> Beginning July 1, 1993, Individual and Family Services expenditures were divided into two new functional expenditure categories--Health and Environment expenditures and Social Services expenditures. Prior years were not restated for this change.

<sup>c</sup> Before July 1, 1995, the State used an Agency Fund to account for Medicaid assistance that the South Carolina Department of Health and Human Services paid to other State agency providers. Effective July 1, 1995, the State began classifying these transactions as quasi-external transactions in the Governmental Fund Types. Prior years were not restated for this change.

<sup>d</sup> Until July 1, 1993, all highway construction projects were included as Capital Project expenditures. Since July 1, 1993, these projects have been recorded in the Special Revenue Funds.

## For the Fiscal Year Ended June 30

<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
\$ 352,015	\$ 330,519	\$ 351,156	\$ 352,065	\$ 355,558	\$ 422,935
322,219	379,984	326,103	318,558	355,927	403,453
—	—	—	—	—	—
2,320,642	2,946,457	3,032,995	3,121,887	3,443,809	3,600,808
697,958	709,747	700,442	662,912	648,689	674,353
457,008	488,425	543,456	592,556	632,872	694,845
139,635	155,302	150,131	160,242	159,546	180,403
203,837	218,366	230,384	281,021	303,824	518,584
385,698	398,776	436,798	396,801	453,708	527,769
88,765	82,997	97,728	110,076	90,786	107,621
48,796	50,574	53,493	51,132	55,193	81,632
2,358,823	2,636,440	2,805,584	3,032,018	3,262,640	3,874,298
<b>\$ 7,375,396</b>	<b>\$ 8,397,587</b>	<b>\$ 8,728,270</b>	<b>\$ 9,079,268</b>	<b>\$ 9,762,552</b>	<b>\$ 11,086,701</b>

## Revenues by Source

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

Last Ten Fiscal Years

(Expressed in Thousands)

For the Fiscal Year Ended June 30

Sources	1991	1992	1993	1994
Taxes:				
Individual income.....	\$ 1,377,825	\$ 1,386,724	\$ 1,481,592	\$ 1,519,030
Retail sales and use.....	1,463,941	1,515,223	1,628,766	1,756,157
Other.....	914,729	911,036	983,546	999,077
Licenses, fees, and permits.....	198,235	218,726	300,699	307,939
Interest and other investment				
income.....	77,602	55,634	44,702	48,596
Federal.....	1,821,552	2,140,272	2,228,180	2,582,498
Departmental services <sup>b</sup> .....	118,209	137,112	153,781	161,375
Contributions .....	54,337	81,232	101,242	82,507
Fines and penalties.....	31,643	43,610	44,182	51,926
Tobacco legal settlement.....	—	—	—	—
Other.....	32,045	43,552	52,796	53,195
<b>Total revenues.....</b>	<b>\$ 6,090,118</b>	<b>\$ 6,533,121</b>	<b>\$ 7,019,486</b>	<b>\$ 7,562,300</b>

<sup>a</sup> General Governmental Fund Types include General and Special Revenue Funds.

<sup>b</sup> Before July 1, 1995, the State used an Agency Fund to account for Medicaid assistance that the South Carolina Department of Health and Human Services paid to other State agency providers. Effective July 1, 1995, the State began classifying these transactions as quasi-external transactions in the Governmental Fund Types. Prior years were not restated for this change.

For the Fiscal Year Ended June 30

<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
\$ 1,646,375	\$ 1,809,287	\$ 1,927,600	\$ 2,103,799	\$ 2,282,509	\$ 2,453,465
1,892,801	2,034,484	2,141,864	2,304,004	2,521,264	2,676,686
1,059,846	1,149,342	1,163,889	1,190,605	1,274,366	1,227,671
255,570	243,502	258,960	281,242	290,530	306,067
82,412	98,728	113,199	130,155	122,002	154,753
2,787,132	2,907,661	3,087,312	3,213,004	3,445,858	3,708,958
215,485	535,117	533,395	540,047	539,863	539,549
89,797	106,606	115,739	155,137	192,852	251,335
54,881	55,340	58,170	61,744	69,862	69,017
—	—	—	—	—	96,274
59,716	73,639	70,424	81,067	80,220	83,650
<u><b>\$ 8,144,015</b></u>	<u><b>\$ 9,013,706</b></u>	<u><b>\$ 9,470,552</b></u>	<u><b>\$ 10,060,804</b></u>	<u><b>\$ 10,819,326</b></u>	<u><b>\$ 11,567,425</b></u>

## Income and Sales Tax Rates

### Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Individual Income Tax</u>	<u>Corporate Income Tax</u>	<u>Retail Sales Tax<sup>a</sup></u>
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%
1997	2.50 - 7%	5%	5%
1998	2.50 - 7%	5%	5%
1999	2.50 - 7%	5%	5%
2000	2.50 - 7%	5%	5%

<sup>a</sup> Excludes the 2% accommodations tax and the local option sales tax; includes the 4% retail sales tax and 1% Education Improvement Act sales tax.

Source: Department of Revenue.



## Net General Obligation Bonds and Notes Per Capita

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population<sup>a</sup> (Thousands)</u>	<u>Gross Bonded Debt<sup>b</sup> (Thousands)</u>	<u>Debt Payable From Higher Education Funds (Thousands)</u>	<u>Net General Bonded Debt<sup>c</sup> (Thousands)</u>	<u>Net General Bonded Debt Per Capita</u>
1991	3,559	\$ 828,650	\$ 28,560	\$ 800,090	\$ 224.81
1992	3,601	876,305	44,570	831,735	230.97
1993	3,635	884,025	43,230	840,795	231.31
1994	3,666	929,571	40,420	889,151	242.54
1995	3,700	898,047	44,345	853,702	230.73
1996	3,739	1,007,394	41,900	965,494	258.22
1997	3,790	1,052,173	85,365	966,808	255.09
1998	3,840	1,036,642	84,465	952,177	247.96
1999	3,886	1,218,872	78,305	1,140,567	293.51
2000	3,907	1,493,551	99,945	1,393,606	356.69

<sup>a</sup> Office of Research and Statistics, State Budget and Control Board.

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

<sup>c</sup> Net general bonded debt is the gross general bonded debt less the general obligation debt payable not expected to be repaid through general governmental resources (e.g., the debt payable from Higher Education Funds).

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

# Computation of Legal Debt Margin

June 30, 2000

(Expressed in Thousands)

Section 59-107-90 of the South Carolina Code of Laws states that the maximum amount of annual debt service on institution bonds for each institution shall not exceed ninety percent of the sums received from tuition fees for the preceding fiscal year.

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)."

## INSTITUTION BONDS

Institution	Prior Year Revenues	90% Computation	Maximum Debt Service	Margin
The Citadel.....	\$ 488	\$ 439	\$ 206	\$ 233
Clemson University.....	86,641	77,977	1,542	76,435
Coastal Carolina University.....	585	527	343	184
University of South Carolina.....	7,164	6,448	4,361	2,087
Winthrop University.....	660	594	406	188
Medical University of South Carolina..	8,420	7,578	3,631	3,947
Greenville Technical College.....	15,887	14,298	118	14,180
Midlands Technical College.....	14,337	12,903	832	12,071
Central Carolina Technical College....	3,155	2,840	202	2,638
Tri-County Technical College.....	1,004	904	735	169
Trident Technical College.....	11,355	10,220	413	9,807
<b>Totals.....</b>	<b>\$ 149,696</b>	<b>\$ 134,728</b>	<b>\$ 12,789</b>	<b>\$ 121,939</b>

## HIGHWAY BONDS

1998-1999 Budgetary General Fund revenues pledged for highway bonds.....	\$ 80,725
1998-1999 other revenues pledged for highway bonds.....	438,426
1998-1999 revenues pledged for highway bonds.....	519,151
15% of 1998-1999 revenues pledged for highway bonds.....	77,873
Less: maximum annual debt service for highway bonds <sup>a</sup> .....	32,590
<b>Legal debt service margin at June 30, 2000—highway bonds.....</b>	<b>\$ 45,283</b>

<sup>a</sup> As of June 30, 2000, the maximum annual debt service will occur in the fiscal year ending June 30, 2009.

Continued on Next Page

**Computation of Legal Debt Margin (Continued)**

June 30, 2000

(Expressed in Thousands)

**GENERAL OBLIGATION BONDS (EXCLUDING INSTITUTION AND HIGHWAY BONDS)**

1998-1999 Budgetary General Fund revenues .....	\$ 4,930,547
Less: 1998-1999 Budgetary General Fund revenues pledged for highway bonds.....	80,725
Less: 1998-1999 transfers for institution bond debt service recorded as Budgetary General Fund revenues.....	10,626
1998-1999 net Budgetary General Fund revenues.....	<u>4,839,196</u>
5% of 1998-1999 net Budgetary General Fund revenues.....	241,960
Less: maximum annual debt service for general obligation bonds excluding institution and highway bonds <sup>a</sup> .....	<u>170,418</u>
<b>Legal debt service margin at June 30, 2000--general obligation bonds excluding institution and highway bonds.....</b>	<b><u>\$ 71,542</u></b>

<sup>a</sup> As of June 30, 2000, the maximum annual debt service will occur in the fiscal year ending June 30, 2001.

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

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1991	\$ 66,715	\$ 50,825	\$ 117,540	\$ 5,470,381	2.15%
1992	94,538	53,911	148,449	5,876,901	2.53%
1993	104,316	53,316	157,632	6,197,683	2.54%
1994	82,602	49,107	131,709	6,977,911	1.89%
1995	88,765	48,796	137,561	7,375,396	1.87%
1996	82,997	50,574	133,571	8,397,587	1.59%
1997	97,728	53,493	151,221	8,728,270	1.73%
1998	110,076	51,132	161,208	9,079,268	1.78%
1999	90,786	55,193	145,979	9,762,552	1.50%
2000	107,621	81,632	189,253	11,086,701	1.71%

<sup>a</sup> General Governmental Expenditures include the General and Special Revenue Funds.

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

Last Ten Fiscal Years  
(Dollars in Thousands)

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

<u>Fiscal Year Ended June 30</u>	<u>Gross Revenues</u>	<u>Principal Proceeds</u>	<u>Direct Operating Expenses<sup>b</sup></u>	<u>Net Revenue Available for Debt Service</u>
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	51,109	55,527	6,093	100,543
1997	50,520	47,254	6,273	91,501
1998	52,825	62,732	6,608	108,949
1999	47,643	68,045	6,863	108,825
2000	49,033	56,446	9,678	95,801

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

<u>Fiscal Year Ended June 30</u>	<u>Gross Revenues</u>	<u>Principal Proceeds</u>	<u>Direct Operating Expenses<sup>b</sup></u>	<u>Net Revenue Available for Debt Service</u>
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	7,108	85,224
1997	45,130	43,907	7,479	81,558
1998	44,708	43,402	8,252	79,858
1999	45,159	70,490	10,454	105,195
2000	46,679	46,367	10,855	82,191

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

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

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

<sup>d</sup> In years prior to 1994, the South Carolina Education Assistance Authority Fund included the Student Loan Corporation. Previous years have not been restated.

<b>Debt Service Requirements</b>			
<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage Ratio</b>
\$ 10,025	\$ 59,359	\$ 69,384	1.64
11,325	59,468	70,793	2.35
43,103	49,503	92,606	1.66
81,965	39,405	121,370	1.35
11,715	35,307	47,022	1.92
9,880	34,492	44,372	2.27
11,070	33,588	44,658	2.05
11,645	33,629	45,274	2.41
41,330	31,258	72,588	1.50
5,620	31,147	36,767	2.61

<b>Debt Service Requirements</b>			
<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage Ratio</b>
\$ 17,665	\$ 12,419	\$ 30,084	1.09
21,320	14,284	35,604	1.31
22,480	17,507	39,987	1.32
24,895	19,199	44,094	1.40
34,795	21,469	56,264	1.25
32,155	23,563	55,718	1.53
29,395	21,971	51,366	1.59
47,515	20,275	67,790	1.18
1,270	18,350	19,620	5.36
9,770	19,003	28,773	2.86

## Demographic Statistics

### Last Ten Years

<u>Year</u>	<u>Population<sup>a</sup> at June 30</u>	<u>Per Capita Income<sup>a</sup> Year Ended December 31</u>	<u>Median Age<sup>a</sup> (Years) at June 30</u>	<u>School Enrollment<sup>b</sup> at June 30</u>	<u>Unemployment Rate<sup>c</sup> at December 31</u>
1990	3,499,064	\$ 15,106	31.7	677,356	5.2%
1991	3,559,470	15,482	32.2	681,717	6.5%
1992	3,600,576	16,467	32.6	685,744	6.7%
1993	3,634,507	17,242	32.9	688,513	7.3%
1994	3,666,456	18,072	33.3	692,515	5.2%
1995	3,699,943	18,789	33.7	701,140	5.5%
1996	3,738,974	20,403	34.1	699,058	5.8%
1997	3,790,066	21,416	34.5	708,751	3.6%
1998	3,839,578	22,372	35.0	718,969	4.2%
1999	3,885,736	23,496	35.4	720,855	4.4%
2000	3,907,400	d	35.8	716,721	d

Sources:

<sup>a</sup>Office of Research and Statistics, State Budget and Control Board

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

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

<sup>d</sup>Not yet available

# Property Value, Construction, and Bank Deposits

Last Ten Years

(Dollars in Millions)

Year	Nonresidential Construction	Residential Construction <sup>a</sup>		Bank Deposits at December 31	Property Value <sup>b</sup>	
	Thousands of Square Feet at December 31	Number of Units at December 31	Value at December 31		Nonresidential at June 30	Residential at June 30
1989	18,866	20,530	\$ 1,252	\$ 27,849	\$ 34,936	\$ 33,869
1990	18,525	22,454	1,475	29,091	37,079	38,852
1991	17,272	19,309	1,372	29,528	39,089	41,220
1992	15,052	20,853	1,585	30,224	41,104	45,926
1993	15,840	21,186	1,662	31,005	43,084	50,963
1994	20,369	23,670	1,898	30,475	44,204	54,118
1995	22,345	22,400	1,826	33,035	45,334	57,987
1996	25,816	28,281	2,402	30,032	46,864	60,977
1997	31,397	27,984	2,430	23,515	48,409	63,905
1998	23,763	31,070	2,821	24,729	51,294	70,109
1999	26,181	32,894	3,261	25,921	d	d
2000	c	c	c	c	d	d

<sup>a</sup> The residential construction statistics exclude mobile home permits.

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

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

<sup>d</sup> Due to legislation requiring that tax assessments be based on the prior year's property value, neither the 1999 nor 2000 information is yet available.

Sources: Board of Economic Advisors, State Budget and Control Board; Department of Revenue; University of South Carolina, College of Business Administration, Division of Research.

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

December 31, 1999

Name	Number of Plants in South Carolina	Number of Employees in South Carolina
Westinghouse Electric Corporation.....	1	12,180
Springs Industries, Incorporated.....	13	6,867
Michelin Tire Corporation.....	8	6,777
Milliken & Company.....	25	6,516
Robert Bosch GmbH.....	7	5,131
WestPoint Stevens.....	7	4,652
International Paper.....	11	3,427
AB Electrolux Sweden.....	2	3,200
General Electric Company.....	2	2,925
Ingersoll-Rand Company.....	5	2,862
Sealed Air Corporation.....	3	2,792
Gold Kist Incorporated.....	2	2,531
KEMET Corporation.....	4	2,457
Greenwood Mills, Incorporated.....	6	2,209
Alice Manufacturing Company.....	4	2,142
Honeywell International, Incorporated.....	5	2,121
Westvaco Corporation.....	9	2,104
BMW AG.....	1	2,100

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

Source: 2000-2001 South Carolina Industrial Directory.



**Miscellaneous Statistics**  
**December 31, 1999 (Except as Noted)**

Date of ratification--U. S. Constitution.....	1788 <sup>a</sup>
Form of government.....	Legislative-Executive-Judicial
Miles of State highways.....	64,904 <sup>b</sup>
Land area (square miles).....	30,111 <sup>c</sup>
State police protection:	
Police and sheriff agencies.....	299 <sup>d</sup>
Total number of sworn officers.....	9,907 <sup>d</sup>
Higher education (universities, colleges, and technical education centers):	
Number of campuses.....	60 <sup>e</sup>
Number of students.....	164,659 <sup>e</sup>
Recreation:	
Number of State parks and historical sites.....	53 <sup>f</sup>
Area of State parks.....	80,902 acres <sup>f</sup>
Area of State forests.....	71,922 acres <sup>g</sup>
State employees--all funds (at June 30, 2000).....	69,650 <sup>h</sup>

Sources:

- <sup>a</sup>2000 Legislative Manual
- <sup>b</sup>Department of Transportation
- <sup>c</sup>Office of Research and Statistics, State Budget and Control Board
- <sup>d</sup>State Law Enforcement Division
- <sup>e</sup>Commission on Higher Education
- <sup>f</sup>Department of Parks, Recreation, and Tourism
- <sup>g</sup>Forestry Commission
- <sup>h</sup>Office of State Budget, State Budget and Control Board