
**SUPPLEMENTARY
INFORMATION**

Governmental Funds

Governmental funds include the General Fund, several special revenue funds, a Capital Projects Fund, and two permanent funds. The State does not use debt service funds because it does not accumulate resources to pay future years' general long-term debt principal and interest; instead, the State finances such payments directly from the current year's resources.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's governmental funds:

- Combining Balance Sheet—Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds
- General Reserve Fund Activity—Budgetary General Fund

Generally accepted accounting principles (GAAP) for governments require that a Comprehensive Annual Financial Report (CAFR) include budgetary comparison schedules for "individual nonmajor special revenue funds and other governmental funds of the primary government (including its blended component units)." Such schedules would be included as supplementary information in this subsection of the CAFR if they were applicable. The State of South Carolina, however, does not prepare separate budgets for its individual special revenue funds or for its other governmental funds. Accordingly, this subsection includes no budgetary comparison schedules. (Also see the budgetary comparison schedules within the Required Supplementary Information section of this report.)

Note 1b in the notes to the financial statements describes the State's major governmental funds. The paragraphs below describe all other individual governmental funds that the State uses.

a. Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. The State uses the nonmajor special revenue funds described below:

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.

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.

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.

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.

Tobacco Settlement Revenue Management Authority Fund. The Tobacco Settlement Revenue Management Authority was created to issue bonds that securitized future payments received under the multi-state legal settlement with the tobacco industry. The State transferred to the Authority, from its General Fund, all of its rights to the future tobacco settlement revenues. In return, the Authority transferred part of the bond proceeds to the State Tobacco Settlement Fund.

Education Lottery Fund. State law requires the Lottery Commission, a major discretely presented component unit, to transfer all proceeds from lottery ticket sales and other revenues net of expenses to the Education Lottery Fund. The Fund distributes these monies for education purposes and programs as stipulated in State law. These programs include tuition assistance, needs-based grants, and scholarships for the State's universities and technical colleges.

Jobs–Economic Development Authority Fund. 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 those projects providing the greatest economic benefit.

Public Telecommunications Fund. The Public Telecommunications Fund of the State's Public Service Commission accounts for revenues collected from telephone companies within the State and redistributed to certain telephone companies in an effort to align prices and cost recovery with costs. This program also is intended to ensure basic telephone service at affordable rates is available to all citizens. Other revenues of the Fund include telephone customer surcharges for the 911 emergency system mandated by the FCC. These

Governmental Funds

monies are collected from the telephone companies and distributed to local governments for their 911 emergency telephone systems.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues that must be used for specific purposes. These include operations of various employment services, water recreation, agricultural boards, forest renewal programs, certain housing programs, medical and dental scholarships, energy-related programs, and certain programs administered by the Department of Probation, Parole, and Pardon Services.

b. Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments). Capital outlays financed from general obligation bond proceeds are accounted for through the Capital Projects Fund.

c. Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs—that is, for the benefit of the State or its citizenry.

Bequests Fund. Sometimes, private citizens make bequests of specific assets within their wills to the State. Typically, these gifts provide that the State may expend the earnings, but not the principal, to support certain State agencies or certain programs within a specific State agency. The Bequests Fund accounts for these funds.

Wildlife Endowment Fund. The Wildlife Endowment Fund accounts for funds received from private citizens as gifts and contributions, as well as fees for certain lifetime hunting and fishing licenses. The State may expend the earnings, but not the principal, in furthering the conservation of wildlife resources and the efficient operation of the State's Department of Natural Resources.

Combining Balance Sheet

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

(Expressed in Thousands)

						SPECIAL
	Education Improvement Act	Children's Education Endowment	Waste Management	Accommodations and Local Option Sales Tax	Medicaid Expansion	Tobacco Settlement Revenue Management Authority
ASSETS						
Cash and cash equivalents.....	\$ 82,622	\$ 41,277	\$ 98,837	\$ 50,138	\$ 11,572	\$ 251
Investments.....	—	—	—	—	—	—
Invested securities lending collateral.....	1,308	9,380	1,713	90	1,578	—
Receivables, net:						
Accounts.....	697	—	286	—	—	—
Accrued interest.....	1,387	553	804	—	77	—
Sales and other taxes.....	64,376	22,458	—	32,838	—	—
Loans and notes.....	14,338	—	—	—	—	—
Due from Federal government and other grantors.....	—	—	—	—	—	—
Due from other funds.....	2,298	—	—	56	—	—
Due from component units.....	—	—	—	—	—	—
Interfund receivables.....	—	—	—	—	—	—
Inventories.....	—	—	25	—	—	—
Restricted assets:						
Cash and cash equivalents.....	—	—	—	—	—	1
Investments.....	—	—	—	—	—	113,196
Other.....	—	—	—	—	—	39,648
Total assets.....	\$ 167,026	\$ 73,668	\$ 101,665	\$ 83,122	\$ 13,227	\$ 153,096
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 2,474	\$ —	\$ 2,989	\$ 1	\$ 28	\$ —
Accrued salaries and related expenditures.....	613	—	214	—	—	—
Retainages payable.....	—	—	—	—	—	—
Tax refunds payable.....	471	—	—	337	—	—
Intergovernmental payables.....	43,421	483	678	78,111	—	—
Due to other funds.....	1,187	—	207	212	22	—
Interfund payables.....	350	—	—	—	—	—
Deferred revenues.....	7,551	—	—	4,371	2,490	—
Securities lending collateral.....	1,308	9,380	1,713	90	1,578	—
Other liabilities.....	29	—	—	—	—	—
Total liabilities.....	57,404	9,863	5,801	83,122	4,118	—
Fund balances:						
Reserved for:						
Interfund receivables.....	—	—	—	—	—	—
Long-term loans and notes receivable.....	5,581	—	—	—	—	—
Debt requirements.....	—	—	—	—	—	152,845
School building aid.....	1,855	—	—	—	—	—
Endowments.....	—	—	—	—	—	—
Unreserved:						
Designated for scholarships.....	16,878	—	—	—	—	—
Designated for capital expenditures.....	—	—	—	—	—	—
Undesignated.....	85,308	63,805	95,864	—	9,109	251
Total fund balances.....	109,622	63,805	95,864	—	9,109	153,096
Total liabilities and fund balances.....	\$ 167,026	\$ 73,668	\$ 101,665	\$ 83,122	\$ 13,227	\$ 153,096

REVENUE

PERMANENT

Education Lottery	Jobs-Economic Development Authority	Public Telecommunications	Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Wildlife Endowment	Totals	TOTALS
\$ 177,324	\$ 4,768	\$ 18,928	\$ 67,889	\$ 553,606	\$ 207,164	\$ 1,335	\$ 1,556	\$ 2,891	\$ 763,661
—	581	—	—	581	—	—	—	—	581
41,622	—	3,021	5,045	63,757	13,989	146	129	275	78,021
2	26	3,225	1,999	6,235	—	—	—	—	6,235
1,680	2	140	253	4,896	299	14	15	29	5,224
—	—	—	5,787	125,459	503	—	—	—	125,962
—	737	—	10,741	25,816	—	—	—	—	25,816
—	—	—	—	—	1,645	—	—	—	1,645
—	—	1,169	1,115	4,638	886	—	—	—	5,524
18,083	—	—	—	18,083	—	—	—	—	18,083
—	—	—	1,983	1,983	—	—	—	—	1,983
—	—	—	—	25	—	—	—	—	25
—	—	—	—	1	—	—	—	—	1
—	—	—	—	113,196	—	—	—	—	113,196
—	—	—	—	39,648	—	—	—	—	39,648
\$ 238,711	\$ 6,114	\$ 26,483	\$ 94,812	\$ 957,924	\$ 224,486	\$ 1,495	\$ 1,700	\$ 3,195	\$ 1,185,605
\$ 2,928	\$ 15	\$ 760	\$ 1,748	\$ 10,943	\$ 3,678	\$ —	\$ —	\$ —	\$ 14,621
11	1	—	466	1,305	91	—	—	—	1,396
—	—	—	—	—	935	—	—	—	935
—	—	—	4	812	—	—	—	—	812
290	789	9,019	11,352	144,143	—	—	—	—	144,143
9,205	—	123	2,067	13,023	1,909	—	5	5	14,937
90	—	—	452	892	23,661	—	—	—	24,553
—	—	—	1,976	16,388	1,512	—	—	—	17,900
41,622	—	3,021	5,045	63,757	13,989	146	129	275	78,021
—	—	—	997	1,026	—	—	—	—	1,026
54,146	805	12,923	24,107	252,289	45,775	146	134	280	298,344
—	—	—	1,676	1,676	—	—	—	—	1,676
—	700	—	10,135	16,416	—	—	—	—	16,416
—	—	—	—	152,845	—	—	—	—	152,845
—	—	—	—	1,855	—	—	—	—	1,855
—	—	—	—	—	—	664	1,281	1,945	1,945
—	—	—	—	16,878	—	—	—	—	16,878
—	—	—	—	—	178,711	—	—	—	178,711
184,565	4,609	13,560	58,894	515,965	—	685	285	970	516,935
184,565	5,309	13,560	70,705	705,635	178,711	1,349	1,566	2,915	887,261
\$ 238,711	\$ 6,114	\$ 26,483	\$ 94,812	\$ 957,924	\$ 224,486	\$ 1,495	\$ 1,700	\$ 3,195	\$ 1,185,605

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

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2004
(Expressed in Thousands)

	Education Improvement Act	Children's Education Endowment	Waste Management	Accommodations and Local Option Sales Tax	Medicaid Expansion	SPECIAL Tobacco Settlement Revenue Management Authority
Revenues:						
Taxes:						
Retail sales and use.....	\$ 544,064	\$ —	\$ 1,608	\$ 252,828	\$ —	\$ —
Other.....	—	24,817	—	—	49,500	—
Licenses, fees, and permits.....	23	—	24,872	—	—	—
Interest and other investment income.....	2,058	1,624	1,343	—	260	5,075
Federal.....	2	—	—	—	—	—
Local and private grants.....	—	—	—	—	—	—
Departmental services.....	—	—	5,691	—	—	—
Contributions.....	—	—	—	—	7,594	—
Fines and penalties.....	—	—	352	—	—	—
Tobacco legal settlement.....	—	—	—	—	—	74,180
Other.....	1,840	79	—	—	—	—
Total revenues.....	547,987	26,520	33,866	252,828	57,354	79,255
Expenditures:						
Current:						
General government.....	1,457	—	1	39	—	160
Education.....	39,640	6,572	—	—	—	—
Health and environment.....	641	—	19,865	—	55,429	—
Social services.....	305	—	—	—	—	—
Administration of justice.....	1,369	—	—	—	—	—
Resources and economic development.....	—	—	—	—	—	—
Capital outlay.....	—	—	—	—	—	—
Debt service:						
Principal retirement.....	—	—	—	—	—	24,240
Interest and fiscal charges.....	—	—	—	—	—	56,294
Intergovernmental.....	481,265	19,651	3,839	251,129	—	—
Total expenditures.....	524,677	26,223	23,705	251,168	55,429	80,694
Excess (deficiency) of revenues over (under) expenditures.....	23,310	297	10,161	1,660	1,925	(1,439)
Other financing sources (uses):						
Bonds issued.....	—	—	—	—	—	—
Premiums on bonds issued.....	—	—	—	—	—	—
Transfers in.....	2,026	2,876	—	28	—	—
Transfers out.....	(1,152)	(40)	(3,465)	(1,688)	—	(2)
Total other financing sources (uses).....	874	2,836	(3,465)	(1,660)	—	(2)
Net change in fund balances.....	24,184	3,133	6,696	—	1,925	(1,441)
Fund balances at beginning of year (restated).....	85,438	60,672	89,168	—	7,184	154,537
Fund balances at end of year.....	\$ 109,622	\$ 63,805	\$ 95,864	\$ —	\$ 9,109	\$ 153,096

REVENUE

PERMANENT

<u>Education Lottery</u>	<u>Jobs-Economic Development Authority</u>	<u>Public Telecommunications</u>	<u>Other Special Revenue</u>	<u>Totals</u>	<u>CAPITAL PROJECTS</u>	<u>Bequests</u>	<u>Wildlife Endowment</u>	<u>Totals</u>	<u>TOTALS</u>
\$ —	\$ —	\$ —	\$ —	\$ 798,500	\$ —	\$ —	\$ —	\$ —	\$ 798,500
—	—	—	31,189	105,506	4,919	—	—	—	110,425
—	—	84,291	3,738	112,924	—	—	111	111	113,035
1,959	116	290	966	13,691	(153)	75	58	133	13,671
—	—	—	99	101	39,315	—	—	—	39,416
—	—	—	—	—	582	—	—	—	582
—	660	7,809	150	14,310	2,305	—	—	—	16,615
287,196	—	—	492	295,282	135	—	—	—	295,417
—	—	—	21,931	22,283	—	—	—	—	22,283
—	—	—	—	74,180	—	—	—	—	74,180
42	—	—	227	2,188	684	—	—	—	2,872
289,197	776	92,390	58,792	1,438,965	47,787	75	169	244	1,486,996
3,000	—	84,399	10,899	99,955	—	—	—	—	99,955
132,309	—	—	—	178,521	—	2	—	2	178,523
181	—	—	62	76,178	—	—	—	—	76,178
1	—	—	6,107	6,413	—	—	—	—	6,413
—	—	—	11,685	13,054	—	—	—	—	13,054
—	471	—	3,400	3,871	—	—	—	—	3,871
—	—	—	—	—	68,501	—	—	—	68,501
—	25	—	—	24,265	—	—	—	—	24,265
—	1	—	53	56,348	1,612	—	—	—	57,960
63,167	—	4,745	20,667	844,463	—	—	—	—	844,463
198,658	497	89,144	52,873	1,303,068	70,113	2	—	2	1,373,183
90,539	279	3,246	5,919	135,897	(22,326)	73	169	242	113,813
—	—	—	—	—	129,260	—	—	—	129,260
—	—	—	—	—	772	—	—	—	772
85	80	—	5,750	10,845	168,225	—	—	—	179,070
(12,256)	—	(4,136)	(12,298)	(35,037)	(201,509)	—	—	—	(236,546)
(12,171)	80	(4,136)	(6,548)	(24,192)	96,748	—	—	—	72,556
78,368	359	(890)	(629)	111,705	74,422	73	169	242	186,369
106,197	4,950	14,450	71,334	593,930	104,289	1,276	1,397	2,673	700,892
\$ 184,565	\$ 5,309	\$ 13,560	\$ 70,705	\$ 705,635	\$ 178,711	\$ 1,349	\$ 1,566	\$ 2,915	\$ 887,261

General Reserve Fund Activity

BUDGETARY GENERAL FUND Last Ten Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Reserve Fund. The reserve primarily is 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 requires restoration of the Reserve to full funding within three years.

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

Fiscal Year Ended June 30	Start-of- Year Balance	Deposits	Withdrawals	End-of-Year Balance	Full-Funding Amount^a	Actual End-of- Year % Funded^b
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%
2001	145,371	2,545	(87,393)	60,523	150,202	40%
2002	60,523	2,286	(62,809)	—	152,410	0%
2003	—	38,797	(38,797)	—	147,708	0%
2004	—	74,455	(49,300)	25,155	149,034	17%

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

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

Proprietary Funds

Proprietary funds include enterprise and internal service funds. This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's proprietary funds:

- Combining Statement of Net Assets—Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Nonmajor Enterprise Funds
- Combining Statement of Cash Flows—Nonmajor Enterprise Funds
- Combining Statement of Net Assets—Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds
- Combining Statement of Cash Flows—Internal Service Funds

Note 1b in the notes to the financial statements describes the State's major enterprise funds. The paragraphs below describe all nonmajor enterprise funds and the internal service funds that the State uses.

a. Nonmajor Enterprise Funds

The State uses enterprise funds to report activities for which it charges fees to external users for goods or services if *any* of the following situations applies:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The State uses the nonmajor enterprise funds described below.

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.

Patriots Point Development Authority Fund. 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.

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.

The State Housing Corporation Fund. The State Housing Corporation was organized to lease, operate, manage, and contract for the construction of office facilities for the South Carolina State Housing Finance and Development Authority and for affordable housing facilities for the members of the beneficiary classes of the Authority. The Corporation was dissolved during the fiscal year ended June 30, 2004.

The Tuition Prepayment Program Fund. This fund, previously known as the PACE program, allows contributors to make payments, under the terms of a tuition prepayment contract, to cover future undergraduate tuition expenses of a designated beneficiary at a South Carolina public higher education institution. Alternatively, the benefits of this contract can be applied toward the cost of tuition, up to the weighted average tuition at South Carolina public institutions, at any accredited college or university to which the designated beneficiary has been admitted.

The Citadel Trust, Inc., Fund. The Citadel Trust was formed for the purpose of investing funds in order to provide scholarship and other financial assistance or support to The Citadel, a higher education institution reported in the Higher Education Fund, a major enterprise fund.

University of South Carolina Trust Fund (the Trust). The Trust operates exclusively for the benefit of the University of South Carolina's School of Medicine to augment and aid education, research, and service in the field of health sciences. The University of South Carolina is a higher education institution reported in the Higher Education Fund, a major enterprise fund. The Trust's fiscal year ends December 31, and the accompanying supplementary information includes the Trust's financial information for the fiscal year ended December 31, 2003.

Medical University Hospital Authority Fund (the Authority). The Authority was created to manage and operate the Medical University of South Carolina's hospitals and clinics.

University Medical Associates Fund (UMA). UMA was established to promote and support educational, medical, scientific, and research purposes of the Medical University of South Carolina (MUSC), a higher education institution reported in the Higher Education Fund, a major enterprise fund. UMA promotes the recruitment and retention of superior faculty at MUSC.

Proprietary Funds

Medical University Facilities Corporation Fund (MUFC). MUFC was established to obtain financing for the Medical University of South Carolina to purchase land, an office building, and a parking garage.

CHS Development Company Fund. The Company was established to provide financing for the Medical University of South Carolina by developing and leasing property.

Pharmaceutical Education and Development Foundation Fund (PEDF). PEDF promotes educational, research, clinical, and other facilities and programs of the Medical University of South Carolina's College of Pharmacy. The Medical University of South Carolina is a higher education institution reported in the Higher Education Fund, a major enterprise fund.

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, the Canteens Fund, operation of the Columbia Farmers' Market, and enterprise operations of the Adjutant General's Office.

b. Internal Service Funds

The State uses the internal service funds described below to report activities that provide goods or services to other State funds, departments, agencies, component units, and/or to other governments, on a cost-reimbursement basis if the State is the predominant participant in the activity. If the State is *not* the predominant participant, it reports the activity as an enterprise fund.

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.

Employee Insurance Programs Fund. This is a risk management fund that underwrites the group

health, dental, life, accidental death and dismemberment, disability, and long-term care 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 Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS

June 30, 2004

(Expressed in Thousands)

	<u>Patients'</u> <u>Compensation</u>	<u>Patriots Point</u> <u>Development</u> <u>Authority</u>	<u>Second</u> <u>Injury</u>	<u>Tuition</u> <u>Prepayment</u> <u>Program</u>	<u>The Citadel</u> <u>Trust, Inc.</u>
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 6,976	\$ 5,376	\$ 220	\$ 88,572	\$ 335
Investments.....	—	—	—	—	2,871
Invested securities lending collateral.....	1,353	1,082	18,985	17,444	—
Receivables, net:					
Accounts.....	—	201	—	—	4
Contributions.....	—	—	—	—	193
Participants.....	—	—	—	5,778	—
Accrued interest.....	30	17	—	369	210
Patient accounts.....	—	—	—	—	—
Due from other funds.....	—	—	6	—	—
Inventories.....	—	324	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	81,266	—	658
Investments.....	—	—	—	—	6,300
Loans receivable.....	—	—	—	—	91
Other.....	—	—	1,083	—	481
Prepaid items.....	71	40	—	—	10
Other current assets.....	—	—	—	—	—
Total current assets.....	<u>8,430</u>	<u>7,040</u>	<u>101,560</u>	<u>112,163</u>	<u>11,153</u>
Long-term assets:					
Receivables, net:					
Contributions.....	—	—	—	—	325
Participants.....	—	—	—	17,935	—
Interfund receivables.....	—	—	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	—	—	2,832
Investments.....	—	—	—	—	39,182
Loans receivable.....	—	—	—	—	248
Other.....	—	—	—	—	1,245
Prepaid items.....	—	—	—	—	—
Other long-term assets.....	—	—	—	—	28
Deferred charges.....	—	—	—	—	—
Capital assets:					
Land and improvements.....	—	6,045	—	—	—
Buildings and improvements.....	—	1,503	—	—	—
Construction in progress.....	—	2,393	—	—	—
Vehicles.....	—	—	—	—	—
Machinery and equipment.....	—	555	59	—	—
Works of art and historical treasures.....	—	6,987	—	—	—
Intangible assets.....	—	—	—	—	—
Less: accumulated depreciation.....	—	(7,743)	(49)	—	—
Total capital assets, net.....	<u>—</u>	<u>9,740</u>	<u>10</u>	<u>—</u>	<u>—</u>
Total long-term assets.....	<u>—</u>	<u>9,740</u>	<u>10</u>	<u>17,935</u>	<u>43,860</u>
Total assets.....	<u>8,430</u>	<u>16,780</u>	<u>101,570</u>	<u>130,098</u>	<u>55,013</u>

<u>University of South Carolina Trust</u>	<u>Medical University Hospital Authority</u>	<u>University Medical Associates</u>	<u>Medical University Facilities Corporation</u>	<u>CHS Development Company</u>	<u>Pharmaceutical Education and Development Foundation</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 1,977	\$ 16,497	\$ 43,659	\$ —	\$ —	\$ 1	\$ 18,261	\$ 181,874
4,854	—	9,183	—	—	—	—	16,908
—	—	—	—	—	—	857	39,721
2,919	10,048	55	—	—	—	1,157	14,384
—	—	—	—	—	—	—	193
—	—	—	—	—	—	—	5,778
—	—	—	7	36	—	4	673
2,499	88,192	21,869	—	—	—	—	112,560
—	—	9,086	2,278	—	—	158	11,528
—	10,000	—	—	—	—	3,684	14,008
—	256	—	54	8,306	—	3,256	93,796
—	—	—	316	11,173	—	—	17,789
—	—	—	—	—	—	—	91
—	—	—	—	—	—	311	1,875
—	9,492	630	—	152	5	12	10,412
—	—	909	64	59	—	—	1,032
<u>12,249</u>	<u>134,485</u>	<u>85,391</u>	<u>2,719</u>	<u>19,726</u>	<u>6</u>	<u>27,700</u>	<u>522,622</u>
—	—	—	—	—	—	—	325
—	—	—	—	—	—	—	17,935
—	—	—	19,340	—	—	—	19,340
—	11,497	1,917	1,350	2,570	—	—	20,166
—	5,803	14,605	213	—	—	—	59,803
—	—	—	—	—	—	14,983	15,231
—	—	88	—	—	—	—	1,333
—	—	11,996	—	2,897	—	—	14,893
—	646	8,299	—	—	—	296	9,269
—	—	—	539	1,125	—	—	1,664
—	3,923	—	—	—	—	18,373	28,341
16,205	206,870	59,048	—	—	—	8,217	291,843
—	53,407	1,036	—	7,994	—	56	64,886
—	1,673	—	—	—	—	686	2,359
5,403	152,107	8,879	—	—	—	3,501	170,504
—	—	—	—	—	—	—	6,987
—	—	3,197	—	—	—	2,300	5,497
<u>(7,065)</u>	<u>(189,186)</u>	<u>(23,001)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,207)</u>	<u>(235,251)</u>
<u>14,543</u>	<u>228,794</u>	<u>49,159</u>	<u>—</u>	<u>7,994</u>	<u>—</u>	<u>24,926</u>	<u>335,166</u>
<u>14,543</u>	<u>246,740</u>	<u>86,064</u>	<u>21,442</u>	<u>14,586</u>	<u>—</u>	<u>40,205</u>	<u>495,125</u>
<u>26,792</u>	<u>381,225</u>	<u>171,455</u>	<u>24,161</u>	<u>34,312</u>	<u>6</u>	<u>67,905</u>	<u>1,017,747</u>

Continued on Next Page

Combining Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2004

(Expressed in Thousands)

	<u>Patients'</u> <u>Compensation</u>	<u>Patriots Point</u> <u>Development</u> <u>Authority</u>	<u>Second</u> <u>Injury</u>	<u>Tuition</u> <u>Prepayment</u> <u>Program</u>	<u>The Citadel</u> <u>Trust, Inc.</u>
LIABILITIES					
Current liabilities:					
Accounts payable.....	\$ 20	\$ 644	\$ 3	\$ 11	\$ —
Accrued salaries and related expenses.....	21	237	94	—	9
Accrued interest payable.....	—	—	—	—	—
Retainages payable.....	—	—	—	—	—
Tuition benefits payable.....	—	—	—	6,456	—
Policy claims.....	37,500	—	—	—	—
Due to other funds.....	1	49	290	—	—
Deferred revenues.....	12,325	602	—	—	—
Securities lending collateral.....	1,353	1,082	18,985	17,444	—
Liabilities payable from restricted assets:					
Accounts payable.....	—	—	—	—	—
Accrued interest payable.....	—	—	—	—	—
Other.....	—	—	82,069	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	13	275	88	—	—
Other current liabilities.....	—	—	—	—	815
Total current liabilities.....	51,233	2,889	101,529	23,911	824
Long-term liabilities:					
Tuition benefits payable.....	—	—	—	136,823	—
Policy claims.....	166,100	—	—	—	—
Interfund payables.....	—	—	—	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	2	—	31	—	—
Other long-term liabilities.....	—	—	—	—	23
Total long-term liabilities.....	166,102	—	31	136,823	23
Total liabilities.....	217,335	2,889	101,560	160,734	847
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	—	9,740	10	—	—
Restricted:					
Expendable:					
Education.....	—	—	—	—	24,079
Capital projects.....	—	—	—	—	2,621
Debt service.....	—	—	—	—	—
Nonexpendable:					
Education.....	—	—	—	—	21,626
Unrestricted.....	(208,905)	4,151	—	(30,636)	5,840
Total net assets (deficits).....	\$ (208,905)	\$ 13,891	\$ 10	\$ (30,636)	\$ 54,166

<u>University of South Carolina Trust</u>	<u>Medical University Hospital Authority</u>	<u>University Medical Associates</u>	<u>Medical University Facilities Corporation</u>	<u>CHS Development Company</u>	<u>Pharmaceutical Education and Development Foundation</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 3,175	\$ 23,991	\$ 1,475	\$ —	\$ 919	\$ 8,004	\$ 1,349	\$ 39,591
86	14,422	5,676	—	—	—	281	20,826
—	2,609	211	227	734	—	—	3,781
—	256	—	—	427	—	—	683
—	—	—	—	—	—	—	6,456
—	—	—	—	—	—	—	37,500
—	16,437	—	—	137	—	611	17,525
—	—	—	—	—	—	33	12,960
—	—	—	—	—	—	857	39,721
—	—	—	—	—	—	30	30
—	—	—	—	—	—	500	500
—	—	—	—	—	—	62	82,131
—	509	23,190	1,000	—	—	—	24,699
420	—	—	513	—	—	—	933
14	5,771	331	—	—	—	—	6,116
706	12,937	1,384	—	—	—	341	15,744
—	74	956	—	—	—	—	1,845
<u>4,401</u>	<u>77,006</u>	<u>33,223</u>	<u>1,740</u>	<u>2,217</u>	<u>8,004</u>	<u>4,064</u>	<u>311,041</u>
—	—	—	—	—	—	—	136,823
—	—	—	—	—	—	—	166,100
—	—	—	—	—	—	14,983	14,983
—	11,883	91,703	11,500	33,090	—	—	148,176
8,920	97,845	—	9,828	—	—	—	116,593
29	14,327	250	—	—	—	—	14,606
—	—	922	—	—	—	119	1,074
717	—	1,529	—	—	—	—	2,269
<u>9,666</u>	<u>124,055</u>	<u>94,404</u>	<u>21,328</u>	<u>33,090</u>	<u>—</u>	<u>15,102</u>	<u>600,624</u>
<u>14,067</u>	<u>201,061</u>	<u>127,627</u>	<u>23,068</u>	<u>35,307</u>	<u>8,004</u>	<u>19,166</u>	<u>911,665</u>
5,160	98,459	(519)	—	—	—	24,926	137,776
—	—	—	—	—	—	—	24,079
—	8,408	—	—	—	—	—	11,029
—	9,148	9,081	1,093	—	—	2,976	22,298
—	—	—	—	—	—	—	21,626
7,565	64,149	35,266	—	(995)	(7,998)	20,837	(110,726)
<u>\$ 12,725</u>	<u>\$ 180,164</u>	<u>\$ 43,828</u>	<u>\$ 1,093</u>	<u>\$ (995)</u>	<u>\$ (7,998)</u>	<u>\$ 48,739</u>	<u>\$ 106,082</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2004
(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	State Housing Corporation	Tuition Prepayment Program	The Citadel Trust, Inc.
Operating revenues:						
Charges for services.....	\$ 40,291	\$ 7,359	\$ 1,583	\$ —	\$ 2	\$ —
Contributions.....	—	—	—	—	13,661	—
Interest and other investment income.....	—	—	—	35	3,708	—
Operating revenues pledged for revenue bonds.....	—	—	—	—	—	—
Other operating revenues.....	—	—	—	—	—	6,380
Total operating revenues.....	40,291	7,359	1,583	35	17,371	6,380
Operating expenses:						
General operations and administration.....	921	6,485	1,551	30	—	111
Benefits and claims.....	29,812	—	—	—	—	—
Tuition plan disbursements.....	—	—	—	—	30,609	—
Interest.....	—	—	—	18	—	—
Depreciation and amortization.....	—	285	3	—	—	—
Other operating expenses.....	—	206	32	—	—	—
Total operating expenses.....	30,733	6,976	1,586	48	30,609	111
Operating income (loss).....	9,558	383	(3)	(13)	(13,238)	6,269
Nonoperating revenues (expenses):						
Interest income.....	51	246	—	—	346	—
Contributions.....	—	31	—	—	—	1,404
Local/private grants and contracts.....	—	—	—	—	—	65
Interest expense.....	—	—	—	—	—	—
Other nonoperating revenues (expenses).....	—	—	—	—	(11)	(3)
Total nonoperating revenues (expenses).....	51	277	—	—	335	1,466
Income (loss) before other revenues, expenses, losses, and transfers.....	9,609	660	(3)	(13)	(12,903)	7,735
Local/private capital grants and contracts.....	—	—	—	—	—	2,480
Additions to endowments.....	—	—	—	—	—	503
Special items.....	—	155	—	—	—	—
Transfers in.....	—	—	—	29	—	—
Transfers out.....	—	—	—	—	(318)	(3,761)
Change in net assets.....	9,609	815	(3)	16	(13,221)	6,957
Net assets (deficits) at beginning of year.....	(218,514)	13,076	13	(16)	(17,415)	47,209
Net assets (deficits) at end of year.....	\$ (208,905)	\$ 13,891	\$ 10	\$ —	\$ (30,636)	\$ 54,166

University of South Carolina Trust	Medical University Hospital Authority	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Pharmaceutical Education and Development Foundation	Other Enterprise	Totals
\$ 21,062	\$ —	\$ 169,228	\$ —	\$ —	\$ —	\$ 27,482	\$ 267,007
—	—	—	—	—	—	511	14,172
—	—	—	—	—	—	—	3,743
—	578,827	—	1,363	187	—	—	580,377
14,013	9,568	4,320	—	—	—	276	34,557
35,075	588,395	173,548	1,363	187	—	28,269	899,856
34,051	545,711	136,730	1,498	1,055	510	18,973	747,626
—	—	—	—	—	—	—	29,812
—	—	—	—	—	—	—	30,609
—	—	—	—	—	—	—	18
876	19,524	3,645	64	127	—	666	25,190
—	—	—	—	—	—	—	238
34,927	565,235	140,375	1,562	1,182	510	19,639	833,493
148	23,160	33,173	(199)	(995)	(510)	8,630	66,363
855	216	394	—	—	2	1,449	3,559
—	—	—	—	—	—	—	1,435
—	—	—	—	—	—	—	65
(448)	(6,681)	(5,968)	—	—	—	(1,223)	(14,320)
—	—	4,556	—	—	—	(641)	3,901
407	(6,465)	(1,018)	—	—	2	(415)	(5,360)
555	16,695	32,155	(199)	(995)	(508)	8,215	61,003
—	—	—	—	—	—	—	2,480
—	—	—	—	—	—	—	503
—	—	—	—	—	—	—	155
—	—	—	—	—	—	107	136
—	(553)	(15,741)	(41)	—	—	(107)	(20,521)
555	16,142	16,414	(240)	(995)	(508)	8,215	43,756
12,170	164,022	27,414	1,333	—	(7,490)	40,524	62,326
\$ 12,725	\$ 180,164	\$ 43,828	\$ 1,093	\$ (995)	\$ (7,998)	\$ 48,739	\$ 106,082

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	State Housing Corporation	Tuition Prepayment Program
Cash flows from operating activities:					
Receipts from customers, patients, and third-party payers....	\$ 40,786	\$ 4,764	\$ —	\$ —	\$ 2
Assessments received.....	—	—	129,003	—	—
Tuition plan contributions received.....	—	—	—	—	14,255
Other operating cash receipts.....	—	2,625	—	—	—
Claims and benefits paid.....	(36,792)	—	(124,327)	—	—
Payments to suppliers for goods and services.....	—	(2,527)	—	(12)	—
Payments to employees.....	—	(3,259)	—	—	—
Internal activity - payments to other funds.....	—	—	—	—	—
Other operating cash payments.....	(926)	(459)	(1,577)	—	(1,335)
Net cash provided by (used in) operating activities.....	3,068	1,144	3,099	(12)	12,922
Cash flows from noncapital financing activities:					
Principal payments made to other funds.....	—	—	—	—	—
Interest payments made to other funds.....	—	—	—	—	—
Proceeds from issuance of noncapital debt.....	—	—	—	—	—
Principal paid on noncapital debt.....	—	—	—	—	—
Interest payments on noncapital debt.....	—	—	—	—	—
Payment of bond issuance costs.....	—	—	—	—	—
Gifts and grants for other than capital purposes.....	—	—	—	—	—
Other cash receipts	—	—	—	—	—
Transfers in.....	—	—	—	29	—
Transfers out	—	—	—	—	(318)
Net cash provided by (used in) noncapital financing activities.....	—	—	—	29	(318)
Cash flows from capital and related financing activities:					
Acquisition of capital assets.....	—	(2,329)	—	—	—
Principal payments on notes payable.....	—	—	—	—	—
Proceeds from issuance of capital debt.....	—	—	—	—	—
Principal paid on capital debt and lease.....	—	—	—	(4,941)	—
Interest payments on capital debt.....	—	—	—	—	—
Payment of agent and broker fees.....	—	—	—	—	—
Proceeds from sale or disposal of capital assets.....	—	155	—	—	—
Capital grants and gifts received.....	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities.....	—	(2,174)	—	(4,941)	—
Cash flows from investing activities:					
Proceeds from sales and maturities of investments.....	—	—	—	—	—
Purchase of investments	—	—	—	—	—
Interest and dividends on investments.....	87	250	3,246	34	4,164
Collection of escrow payments from borrower.....	—	—	—	—	—
Net cash provided by (used in) investing activities.....	87	250	3,246	34	4,164
Net increase (decrease) in cash and cash equivalents.....	3,155	(780)	6,345	(4,890)	16,768
Cash and cash equivalents at beginning of year (restated)...	3,821	6,156	75,141	4,890	71,804
Cash and cash equivalents at end of year.....	\$ 6,976	\$ 5,376	\$ 81,486	\$ —	\$ 88,572

The Citadel Trust, Inc.	University of South Carolina Trust	Medical University Hospital Authority	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Pharmaceutical Education and Development Foundation	Other Enterprise	Totals
\$ —	\$ 20,941	\$ 509,401	\$ 171,138	\$ —	\$ —	\$ —	\$ 23,870	\$ 770,902
—	—	—	—	—	—	—	—	129,003
—	—	—	—	—	—	—	—	14,255
—	13,532	10,790	5,092	—	—	39	2,061	34,139
—	—	—	—	—	—	—	—	(161,119)
(66)	(12,746)	(193,755)	(50,669)	—	(3,309)	(367)	(15,190)	(278,641)
(46)	(20,920)	(238,646)	(81,418)	—	—	—	(4,144)	(348,433)
—	—	(52,946)	—	—	—	—	—	(52,946)
—	—	—	(126)	—	—	—	(250)	(4,673)
(112)	807	34,844	44,017	—	(3,309)	(328)	6,347	102,487
—	—	—	—	—	—	—	(510)	(510)
—	—	—	—	—	—	—	(1,239)	(1,239)
—	—	—	20,500	—	—	—	—	20,500
—	—	—	(24,498)	(15,003)	—	—	—	(39,501)
—	—	—	(2,893)	(2,005)	—	—	—	(4,898)
—	—	—	(64)	(10)	—	—	—	(74)
1,936	—	—	—	—	—	—	—	1,936
377	—	—	—	—	—	—	—	377
—	—	—	—	—	—	—	107	136
(3,761)	—	(553)	(15,741)	(41)	—	—	(107)	(20,521)
(1,448)	—	(553)	(22,696)	(17,059)	—	—	(1,749)	(43,794)
—	(609)	(31,960)	(2,221)	—	(6,511)	—	(268)	(43,898)
—	—	—	—	—	—	—	(18)	(18)
—	—	—	—	—	33,169	—	—	33,169
—	(496)	(8,557)	(1,892)	—	—	—	—	(15,886)
—	(447)	(5,768)	(3,171)	—	(233)	—	(1)	(9,620)
—	—	—	(72)	—	(1,219)	—	—	(1,291)
—	—	67	1	—	—	—	54	277
2,481	—	—	—	—	—	—	—	2,481
2,481	(1,552)	(46,218)	(7,355)	—	25,206	—	(233)	(34,786)
41,699	2,358	678	9,127	2,528	—	—	—	56,390
(41,735)	(2,306)	—	(23,307)	(1,159)	(11,172)	—	—	(79,679)
790	88	902	755	1,363	151	2	540	12,372
—	—	—	—	—	—	—	1,681	1,681
754	140	1,580	(13,425)	2,732	(11,021)	2	2,221	(9,236)
1,675	(605)	(10,347)	541	(14,327)	10,876	(326)	6,586	14,671
2,150	2,582	38,597	45,035	15,731	—	327	14,931	281,165
\$ 3,825	\$ 1,977	\$ 28,250	\$ 45,576	\$ 1,404	\$ 10,876	\$ 1	\$ 21,517	\$ 295,836

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	State Housing Corporation	Tuition Prepayment Program
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ 9,558	\$ 383	\$ (3)	\$ (13)	\$ (13,238)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	285	3	—	—
Realized gains and losses on investments.....	—	—	—	—	—
Interest payments reclassified as noncapital financing activities.....	—	—	—	—	—
Interest and dividends on investments and interfund loans...	—	—	—	(35)	(3,708)
Amounts received for payment of claims.....	—	—	127,438	—	—
Payment of claims.....	—	—	(124,327)	—	—
Other nonoperating revenues.....	—	31	—	—	—
Other nonoperating expenses.....	—	—	—	—	—
Other.....	—	—	(2)	(8)	—
Change in assets—decreases (increases):					
Accounts receivable, net.....	—	14	—	—	—
Receivable from participants, net.....	—	—	—	—	594
Patient accounts receivable, net.....	—	—	—	—	—
Accrued interest.....	—	—	—	—	—
Due from other funds.....	—	—	(6)	—	—
Inventories.....	—	(6)	—	—	—
Interfund receivables.....	—	—	—	—	—
Other assets	(11)	26	(18)	68	—
Change in liabilities—increases (decreases):					
Accounts payable.....	3	389	1	—	—
Accrued salaries and related expenses.....	4	(12)	(1)	—	—
Accrued interest payable.....	—	—	—	(24)	—
Retainages payable.....	—	—	—	—	—
Tuition benefits payable.....	—	—	—	—	29,274
Policy claims.....	(6,712)	—	—	—	—
Due to other funds.....	1	35	—	—	—
Deferred revenues	225	(15)	—	—	—
Liabilities payable from restricted assets.....	—	—	—	—	—
Compensated absences payable	—	14	14	—	—
Other liabilities.....	—	—	—	—	—
Net cash provided by (used in) operating activities.....	\$ 3,068	\$ 1,144	\$ 3,099	\$ (12)	\$ 12,922
Noncash capital, investing, and financing activities:					
Increase (decrease) in fair value of investments.....	\$ —	\$ —	\$ —	\$ —	\$ —

The Citadel Trust, Inc.	University of South Carolina Trust	Medical University Hospital Authority	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Pharmaceutical Education and Development Foundation	Other Enterprise	Totals
\$ 6,269	\$ 148	\$ 23,160	\$ 33,173	\$ (199)	\$ (995)	\$ (510)	\$ 8,630	\$ 66,363
—	876	19,524	3,645	64	127	—	666	25,190
(5,557)	—	—	—	—	—	—	—	(5,557)
—	—	—	—	1,498	886	—	—	2,384
(824)	—	—	—	(1,363)	(187)	—	—	(6,117)
—	—	—	—	—	—	—	—	127,438
—	—	—	—	—	—	—	—	(124,327)
—	—	—	4,943	—	—	—	1,045	6,019
—	—	—	(138)	—	—	—	(973)	(1,111)
—	(140)	600	93	—	—	—	(3,599)	(3,056)
—	(480)	(6,794)	(32)	—	—	—	386	(6,906)
—	—	—	—	—	—	—	—	594
—	(121)	(11,647)	(3,384)	—	—	—	—	(15,152)
—	—	—	—	—	—	—	41	41
—	—	835	3,315	—	—	—	(11)	4,133
—	—	820	—	—	—	—	(34)	780
—	—	—	1,245	—	—	—	—	1,245
—	—	(6,878)	50	—	(3,140)	(5)	20	(9,888)
—	643	4,176	(127)	—	—	187	(322)	4,950
—	53	2,165	1,892	—	—	—	68	4,169
—	—	(4)	—	—	—	—	—	(28)
—	—	(576)	—	—	—	—	—	(576)
—	—	—	—	—	—	—	—	29,274
—	—	—	—	—	—	—	—	(6,712)
—	—	8,518	(835)	—	—	—	436	8,155
—	—	—	—	—	—	—	—	210
—	—	—	—	—	—	—	27	27
—	33	946	177	—	—	—	(33)	1,151
—	(205)	(1)	—	—	—	—	—	(206)
<u>\$ (112)</u>	<u>\$ 807</u>	<u>\$ 34,844</u>	<u>\$ 44,017</u>	<u>\$ —</u>	<u>\$ (3,309)</u>	<u>\$ (328)</u>	<u>\$ 6,347</u>	<u>\$ 102,487</u>
<u>\$ 3,907</u>	<u>\$ 1,026</u>	<u>\$ —</u>	<u>\$ (340)</u>	<u>\$ —</u>	<u>\$ 17</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,610</u>

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS

June 30, 2004

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident Fund</u>	<u>General Services</u>	<u>Central Supplies and Equipment</u>
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 23,323	\$ 57,000	\$ 6,006	\$ 29,106	\$ 328
Invested securities lending collateral.....	50,578	13,427	1,037	451	—
Receivables, net:					
Accounts	15,092	4,894	71,200	444	—
Accrued interest.....	3,416	258	113	24	—
Due from other funds.....	812	26,516	1,556	6,934	660
Due from component units.....	—	—	—	1	—
Inventories.....	—	—	—	1,272	1,614
Prepaid items.....	10,574	—	583	—	—
Total current assets.....	<u>103,795</u>	<u>102,095</u>	<u>80,495</u>	<u>38,232</u>	<u>2,602</u>
Long-term assets:					
Investments.....	239,594	19,443	868	—	—
Accounts receivable, net.....	—	—	152	—	—
Interfund receivables.....	21,383	—	—	23,565	—
Deferred charges.....	—	—	—	161	—
Capital assets:					
Land and improvements.....	—	—	—	7,702	—
Buildings and improvements.....	—	—	—	179,464	—
Construction in progress.....	—	—	—	964	—
Vehicles.....	—	—	—	1,600	29
Machinery and equipment.....	384	174	670	49,951	7
Intangible assets.....	—	—	8,152	891	—
Less: accumulated depreciation.....	(288)	(123)	(7,863)	(110,169)	(14)
Total capital assets, net.....	<u>96</u>	<u>51</u>	<u>959</u>	<u>130,403</u>	<u>22</u>
Total long-term assets.....	<u>261,073</u>	<u>19,494</u>	<u>1,979</u>	<u>154,129</u>	<u>22</u>
Total assets.....	<u>364,868</u>	<u>121,589</u>	<u>82,474</u>	<u>192,361</u>	<u>2,624</u>

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Governor's School for the Arts Foundation, Inc.</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 8,736	\$ 1,290	\$ 2,026	\$ 1,570	\$ 194	\$ 129,579
—	316	—	—	—	65,809
504	—	2,219	373	—	94,726
—	25	—	—	—	3,836
1,818	111	538	—	34	38,979
—	—	—	—	—	1
12	—	4,252	—	—	7,150
—	—	—	—	—	11,157
<u>11,070</u>	<u>1,742</u>	<u>9,035</u>	<u>1,943</u>	<u>228</u>	<u>351,237</u>
—	—	—	354	—	260,259
—	—	—	—	—	152
1,455	—	—	—	—	46,403
—	—	—	—	—	161
929	—	—	—	—	8,631
527	—	6,510	—	—	186,501
—	—	—	—	—	964
41,221	—	1,180	—	—	44,030
31	2,222	6,453	—	—	59,892
—	343	—	—	—	9,386
<u>(31,830)</u>	<u>(1,708)</u>	<u>(6,983)</u>	<u>—</u>	<u>—</u>	<u>(158,978)</u>
<u>10,878</u>	<u>857</u>	<u>7,160</u>	<u>—</u>	<u>—</u>	<u>150,426</u>
<u>12,333</u>	<u>857</u>	<u>7,160</u>	<u>354</u>	<u>—</u>	<u>457,401</u>
<u>23,403</u>	<u>2,599</u>	<u>16,195</u>	<u>2,297</u>	<u>228</u>	<u>808,638</u>

Continued on Next Page

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS (Continued)

June 30, 2004

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident Fund</u>	<u>General Services</u>	<u>Central Supplies and Equipment</u>
LIABILITIES					
Current liabilities:					
Accounts payable.....	\$ 832	\$ 378	\$ 690	\$ 2,925	\$ 588
Accrued salaries and related expenses.....	235	309	317	1,530	—
Accrued interest payable.....	—	—	—	854	—
Retainages payable.....	—	—	—	27	—
Policy claims.....	235,253	179,872	53,208	—	—
Due to other funds.....	6	143	7	1,262	5
Deferred revenues.....	44,332	2,567	72,275	—	—
Securities lending collateral.....	50,578	13,427	1,037	451	—
Notes payable.....	—	—	—	113	—
Revenue bonds payable.....	—	—	—	1,190	—
Limited obligation bonds payable.....	—	—	—	3,930	—
Capital leases payable.....	—	—	—	448	—
Compensated absences payable.....	32	17	261	1,915	—
Other current liabilities.....	—	—	4,051	—	—
Total current liabilities.....	331,268	196,713	131,846	14,645	593
Long-term liabilities:					
Policy claims.....	—	—	57,677	—	—
Interfund payables.....	—	—	—	5,938	—
Revenue bonds payable.....	—	—	—	23,612	—
Limited obligation bonds payable.....	—	—	—	19,374	—
Capital leases payable.....	—	—	—	1,230	—
Compensated absences payable.....	275	383	34	1,174	—
Total long-term liabilities.....	275	383	57,711	51,328	—
Total liabilities.....	331,543	197,096	189,557	65,973	593
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	96	51	959	105,422	23
Restricted:					
Expendable:					
Loan programs.....	20,000	—	—	—	—
Insurance programs.....	13,229	—	—	—	—
Nonexpendable:					
Education.....	—	—	—	—	—
Unrestricted.....	—	(75,558)	(108,042)	20,966	2,008
Total net assets (deficits).....	\$ 33,325	\$ (75,507)	\$ (107,083)	\$ 126,388	\$ 2,031

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Governor's School for the Arts Foundation, Inc.</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 728	\$ 630	\$ 241	\$ —	\$ 2	\$ 7,014
71	557	777	—	14	3,810
—	—	—	—	—	854
—	—	—	—	—	27
—	—	—	—	—	468,333
95	431	392	—	7	2,348
—	—	—	—	—	119,174
—	316	—	—	—	65,809
—	—	—	—	—	113
—	—	—	—	—	1,190
—	—	—	—	—	3,930
—	—	131	—	—	579
80	630	366	—	22	3,323
—	—	—	—	—	4,051
<u>974</u>	<u>2,564</u>	<u>1,907</u>	<u>—</u>	<u>45</u>	<u>680,555</u>
—	—	—	—	—	57,677
—	—	—	—	—	5,938
—	—	—	—	—	23,612
—	—	—	—	—	19,374
—	—	584	—	—	1,814
49	386	225	—	13	2,539
<u>49</u>	<u>386</u>	<u>809</u>	<u>—</u>	<u>13</u>	<u>110,954</u>
<u>1,023</u>	<u>2,950</u>	<u>2,716</u>	<u>—</u>	<u>58</u>	<u>791,509</u>
10,877	857	6,445	—	—	124,730
—	—	—	—	—	20,000
—	—	—	—	—	13,229
—	—	—	354	—	354
<u>11,503</u>	<u>(1,208)</u>	<u>7,034</u>	<u>1,943</u>	<u>170</u>	<u>(141,184)</u>
<u>\$ 22,380</u>	<u>\$ (351)</u>	<u>\$ 13,479</u>	<u>\$ 2,297</u>	<u>\$ 170</u>	<u>\$ 17,129</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2004
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident Fund	General Services	Central Supplies and Equipment
Operating revenues:					
Charges for services.....	\$ 56,169	\$ 1,231,007	\$ 67,689	\$ 77,429	\$ 8,992
Contributions.....	—	—	—	—	—
Interest and other investment income.....	—	—	—	1,613	—
Other operating revenues.....	—	14,688	—	—	—
Total operating revenues.....	56,169	1,245,695	67,689	79,042	8,992
Operating expenses:					
General operations and administration.....	51,033	102,239	5,103	72,686	8,846
Benefits and claims.....	65,143	1,143,209	88,729	—	—
Depreciation and amortization.....	44	16	1,630	6,466	5
Other operating expenses.....	—	—	3,639	444	—
Total operating expenses.....	116,220	1,245,464	99,101	79,596	8,851
Operating income (loss).....	(60,051)	231	(31,412)	(554)	141
Nonoperating revenues (expenses):					
Interest income.....	5,656	4,538	49	109	—
Federal grants and contracts.....	—	—	—	512	—
Interest expense.....	—	—	—	(2,406)	—
Other nonoperating revenues (expenses).....	(4)	—	60	1,483	(15)
Total nonoperating revenues (expenses).....	5,652	4,538	109	(302)	(15)
Income (loss) before other revenues and transfers.....	(54,399)	4,769	(31,303)	(856)	126
Capital contributions.....	—	—	—	434	—
Transfers in.....	5	—	—	5,276	—
Transfers out.....	(375)	(361)	(11,586)	(4,687)	—
Change in net assets.....	(54,769)	4,408	(42,889)	167	126
Net assets (deficits) at beginning of year.....	88,094	(79,915)	(64,194)	126,221	1,905
Net assets (deficits) at end of year.....	\$ 33,325	\$ (75,507)	\$ (107,083)	\$ 126,388	\$ 2,031

Motor Pool	Pension Administration	Prison Industries	Governor's School for the Arts Foundation, Inc.	Other Internal Service	Totals
\$ 15,897	\$ 16,135	\$ 20,939	\$ —	\$ 272	\$ 1,494,529
—	—	—	613	—	613
—	—	—	58	—	1,671
—	—	—	27	—	14,715
15,897	16,135	20,939	698	272	1,511,528
10,115	16,052	20,660	631	333	287,698
—	—	—	—	—	1,297,081
4,233	311	526	—	—	13,231
1	95	3	—	2	4,184
14,349	16,458	21,189	631	335	1,602,194
1,548	(323)	(250)	67	(63)	(90,666)
—	85	—	—	—	10,437
—	—	—	—	—	512
—	—	—	—	—	(2,406)
430	(65)	699	—	—	2,588
430	20	699	—	—	11,131
1,978	(303)	449	67	(63)	(79,535)
3,201	—	—	—	—	3,635
311	3	7	—	—	5,602
(5,816)	(151)	—	—	(4)	(22,980)
(326)	(451)	456	67	(67)	(93,278)
22,706	100	13,023	2,230	237	110,407
\$ 22,380	\$ (351)	\$ 13,479	\$ 2,297	\$ 170	\$ 17,129

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident Fund	General Services
Cash flows from operating activities:				
Receipts from customers.....	\$ 41,402	\$ 997,160	\$ 16,471	\$ —
Internal activity—payments from other funds.....	28,786	231,066	63,559	78,821
Other operating cash receipts.....	—	14,326	—	—
Claims paid.....	(43,074)	(1,160,820)	(57,788)	—
Payments to suppliers for goods and services.....	(41,640)	(89,098)	(5,660)	(40,657)
Payments to employees.....	(2,881)	(3,766)	(3,907)	(29,937)
Internal activity—payments to other funds.....	(531)	—	(9,972)	(1,202)
Other operating cash payments.....	—	—	(1)	—
Net cash provided by (used in) operating activities.....	(17,938)	(11,132)	2,702	7,025
Cash flows from noncapital financing activities:				
Principal payments received from other funds.....	1,053	—	—	—
Principal payments made to other funds.....	—	—	—	—
Receipt of interest from other funds.....	1,293	—	—	—
Loans received from other funds.....	—	—	—	528
Loans made to other funds.....	—	—	—	—
Transfers in.....	5	—	—	5,276
Transfers out.....	(375)	(361)	(11,586)	(4,687)
Net cash provided by (used in) noncapital financing activities.....	1,976	(361)	(11,586)	1,117
Cash flows from capital and related financing activities:				
Acquisition of capital assets.....	(18)	—	(19)	(3,664)
Principal payments received from other funds.....	—	—	—	1,140
Loans made to other funds.....	—	—	—	(2,348)
Principal payments on notes payable.....	—	—	—	(108)
Principal payments on limited obligation bonds.....	—	—	—	(3,755)
Principal paid on capital debt and lease.....	—	—	—	(419)
Interest payments on capital debt.....	—	—	—	(2,406)
Proceeds from sale or disposal of capital assets.....	—	—	—	—
Net cash used in capital and related financing activities.....	(18)	—	(19)	(11,560)
Cash flows from investing activities:				
Proceeds from sales and maturities of investments.....	87,165	6,292	—	—
Purchase of investments.....	(144,073)	(3,861)	—	—
Interest on investments.....	12,513	5,278	145	109
Net cash provided by (used in) investing activities.....	(44,395)	7,709	145	109
Net increase (decrease) in cash and cash equivalents.....	(60,375)	(3,784)	(8,758)	(3,309)
Cash and cash equivalents at beginning of year	83,698	60,784	14,764	32,415
Cash and cash equivalents at end of year.....	\$ 23,323	\$ 57,000	\$ 6,006	\$ 29,106

Central Supplies and Equipment	Motor Pool	Pension Adminis- tration	Prison Industries	Governor's School for the Arts Foundation, Inc.	Other Internal Service	Totals
\$ —	\$ —	\$ —	\$ 20,938	\$ 726	\$ 274	\$ 1,076,971
8,992	16,407	16,140	—	—	—	443,771
—	249	3	829	—	—	15,407
—	—	—	—	—	—	(1,261,682)
(8,803)	(8,322)	(3,770)	(8,305)	(145)	(21)	(206,421)
—	(1,497)	(9,325)	(12,183)	(486)	(284)	(64,266)
—	(456)	(2,453)	(887)	—	(7)	(15,508)
(15)	—	—	(130)	—	—	(146)
174	6,381	595	262	95	(38)	(11,874)
—	45	—	—	—	—	1,098
(700)	—	—	—	—	—	(700)
—	—	—	—	—	—	1,293
—	—	—	—	—	—	528
—	(1,000)	—	—	—	—	(1,000)
—	311	3	7	—	—	5,602
—	(5,816)	(151)	—	—	(4)	(22,980)
(700)	(6,460)	(148)	7	—	(4)	(16,159)
—	(532)	(133)	(782)	—	—	(5,148)
—	—	—	—	—	—	1,140
—	—	—	—	—	—	(2,348)
—	—	—	—	—	—	(108)
—	—	—	—	—	—	(3,755)
—	—	—	(130)	—	—	(549)
—	—	—	—	—	—	(2,406)
—	181	—	—	—	—	181
—	(351)	(133)	(912)	—	—	(12,993)
—	—	—	—	—	—	93,457
—	—	—	—	(1)	—	(147,935)
—	—	85	—	—	—	18,130
—	—	85	—	(1)	—	(36,348)
(526)	(430)	399	(643)	94	(42)	(77,374)
854	9,166	891	2,669	1,476	236	206,953
\$ 328	\$ 8,736	\$ 1,290	\$ 2,026	\$ 1,570	\$ 194	\$ 129,579

Continued on Next Page

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident Fund</u>	<u>General Services</u>
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:				
Operating income (loss).....	\$ (60,051)	\$ 231	\$ (31,412)	\$ (554)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	44	16	1,630	6,466
Other nonoperating revenues.....	—	4	—	—
Other nonoperating expenses.....	—	—	—	—
Other.....	(2,799)	4	—	30
Change in assets—decreases (increases):				
Accounts receivable, net.....	(2,548)	(1,625)	(12,388)	(225)
Accrued interest.....	—	—	—	59
Due from other funds	—	1,919	8	2,326
Inventories.....	—	—	—	(84)
Other assets.....	544	—	(298)	—
Change in liabilities—increases (decreases):				
Accounts payable.....	420	289	830	(1,179)
Accrued salaries and related expenses.....	—	—	—	69
Accrued interest payable.....	—	—	—	(81)
Retainages payable.....	—	—	—	(112)
Policy claims.....	28,369	(8,281)	34,238	—
Due to other funds.....	—	—	—	55
Deferred revenues	18,036	(3,723)	10,136	—
Compensated absences payable.....	47	34	(42)	255
Net cash provided by (used in) operating activities.....	\$ (17,938)	\$ (11,132)	\$ 2,702	\$ 7,025
Noncash capital, investing, and financing activities:				
Decrease in fair value of investments.....	\$ (8,316)	\$ (825)	\$ —	\$ —
Long-term debt forgiven.....	—	—	—	718
Total noncash capital, investing, and financing activities.....	\$ (8,316)	\$ (825)	\$ —	\$ 718

<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>Totals</u>
\$ 141	\$ 1,548	\$ (323)	\$ (250)	\$ 67	\$ (63)	\$ (90,666)
5	4,233	311	526	—	—	13,231
—	249	—	829	—	—	1,082
—	—	—	(130)	—	—	(130)
(14)	180	3	(2)	—	—	(2,598)
—	(179)	—	(413)	28	1	(17,349)
—	—	5	—	—	—	64
(103)	509	(1)	(44)	—	20	4,634
16	2	—	(323)	—	—	(389)
—	—	—	—	—	—	246
147	(177)	396	(272)	—	2	456
—	—	52	211	—	(3)	329
—	—	—	—	—	—	(81)
—	—	—	—	—	—	(112)
—	—	—	—	—	—	54,326
(18)	18	76	120	—	(1)	250
—	—	—	—	—	—	24,449
—	(2)	76	10	—	6	384
\$ 174	\$ 6,381	\$ 595	\$ 262	\$ 95	\$ (38)	\$ (11,874)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (9,141)
—	—	—	—	—	—	718
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (8,423)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Note 1b in the notes to the financial statements provides definitions of each of these fund types.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's fiduciary funds:

- Combining Statement of Plan Net Assets—Pension Trust Funds
- Combining Statement of Changes in Plan Net Assets—Pension Trust Funds
- Combining Statement of Fiduciary Net Assets—Private-Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Assets—Private-Purpose Trust Funds
- Combining Statement of Fiduciary Net Assets—Agency Funds
- Combining Statement of Changes in Assets and Liabilities—Agency Funds

The State maintains only one investment trust fund, so no combining statements are necessary for that fund type. The paragraphs below describe all other individual fiduciary funds that the State uses.

a. Pension Trust Funds

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.

b. Private-Purpose Trust Funds

College Savings Plan Fund. The Future Scholar 529 College Savings Plan (the Plan), accounted for in this fund, provides participant families a tax-advantaged method of saving for future college costs. A primary objective of both the financial advisor program and the direct program within the Plan is to provide families with flexibility and professional investment management in meeting their college savings objectives.

Other Private-Purpose Trust Funds. This fund accounts for monies the State has received as trustee under various trust arrangements that specify how the principal and interest earnings must be used. In each case, all of the principal and income benefit individuals, private organizations, or governments outside the State reporting entity; none of the monies may be used for State purposes. The purposes to which the resources of these funds are dedicated include scholarships, the operation of the equestrian center and activities at the Springdale Race Course (for the exclusive benefit of the Carolina Cup Racing Association, Inc., a private nonprofit corporation), and the decommissioning of a low-level radioactive waste disposal facility on behalf of Chem-Nuclear Systems, Inc., a for-profit corporation.

c. 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.

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 Statement of Plan Net Assets

PENSION TRUST FUNDS

June 30, 2004

(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
ASSETS						
Cash and cash equivalents.....	\$ 2,516,500	\$ 251,741	\$ 4,661	\$ 16,504	\$ 11,388	\$ 2,800,794
Receivables:						
Contributions.....	105,278	13,099	45	285	—	118,707
Employer long-term.....	2,007	10	—	—	—	2,017
Accrued interest.....	108,379	12,853	281	700	124	122,337
Unsettled investment sales.....	43,356	5,195	99	224	—	48,874
Total receivables.....	<u>259,020</u>	<u>31,157</u>	<u>425</u>	<u>1,209</u>	<u>124</u>	<u>291,935</u>
Due from other funds.....	4,712	713	2	88	—	5,515
Investments, at fair value:						
United States government securities.....	1,543,220	164,834	1,928	1,520	—	1,711,502
United States government agencies and government-insured securities.....	2,217,241	394,421	3,747	11,412	—	2,626,821
Corporate bonds.....	3,941,559	464,919	9,803	25,647	—	4,441,928
Financial and other.....	2,093,851	278,308	3,871	9,165	—	2,385,195
Equities.....	9,109,714	1,084,315	20,997	46,873	—	10,261,899
Total investments.....	<u>18,905,585</u>	<u>2,386,797</u>	<u>40,346</u>	<u>94,617</u>	<u>—</u>	<u>21,427,345</u>
Invested securities lending collateral.....	3,272,155	407,560	5,979	13,055	1,758	3,700,507
Capital assets, net.....	3,544	362	10	17	—	3,933
Other assets.....	540	67	1	3	—	611
Total assets.....	<u>24,962,056</u>	<u>3,078,397</u>	<u>51,424</u>	<u>125,493</u>	<u>13,270</u>	<u>28,230,640</u>
LIABILITIES						
Accounts payable.....	4,438	531	10	23	—	5,002
Accounts payable—unsettled investment purchases.....	44,569	5,303	102	229	—	50,203
Due to other funds.....	26,381	499	76	—	—	26,956
Deferred retirement benefits.....	649,385	—	—	—	—	649,385
Securities lending collateral.....	3,272,155	407,560	5,979	13,055	1,758	3,700,507
Other liabilities.....	3,729	606	1	—	—	4,336
Total liabilities.....	<u>4,000,657</u>	<u>414,499</u>	<u>6,168</u>	<u>13,307</u>	<u>1,758</u>	<u>4,436,389</u>
NET ASSETS						
Held in trust for pension benefits....	<u>\$ 20,961,399</u>	<u>\$ 2,663,898</u>	<u>\$ 45,256</u>	<u>\$ 112,186</u>	<u>\$ 11,512</u>	<u>\$ 23,794,251</u>

Combining Statement of Changes in Plan Net Assets

PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 2004

(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
Additions:						
Retirement contributions:						
Employer.....	\$ 515,996	\$ 87,922	\$ 2,731	\$ 6,078	\$ 1,997	\$ 614,724
Employee.....	414,898	56,602	513	1,675	—	473,688
Total retirement contributions.....	930,894	144,524	3,244	7,753	1,997	1,088,412
Interest income and net appreciation						
in investments.....	1,765,324	213,078	4,044	9,231	429	1,992,106
Investment expense.....	20,620	2,428	47	104	—	23,199
Net income from investing activities.....	1,744,704	210,650	3,997	9,127	429	1,968,907
Securities lending income.....	50,989	5,818	110	224	—	57,141
Securities lending expense.....	36,007	4,267	76	160	—	40,510
Net income from securities lending activities.....	14,982	1,551	34	64	—	16,631
Total net investment income.....	1,759,686	212,201	4,031	9,191	429	1,985,538
Transfers between pension trust funds.....	69	2,545	—	218	—	2,832
Transfers in.....	2,328	72	—	—	—	2,400
Total additions.....	2,692,977	359,342	7,275	17,162	2,426	3,079,182
Deductions:						
Regular retirement benefits.....	1,103,336	140,317	5,347	8,605	2,376	1,259,981
Supplemental retirement benefits.....	2,328	72	—	—	—	2,400
Deferred retirement benefits.....	300,294	—	—	—	—	300,294
Refunds of retirement contributions						
to members.....	66,505	11,918	—	—	—	78,423
Group life insurance claims.....	13,515	1,555	8	124	—	15,202
Accidental death benefits.....	—	1,072	—	—	—	1,072
Depreciation.....	107	11	1	—	—	119
Administrative expense.....	13,641	1,697	30	72	4	15,444
Transfers between pension trust funds.....	2,677	24	131	—	—	2,832
Total deductions.....	1,502,403	156,666	5,517	8,801	2,380	1,675,767
Change in net assets	1,190,574	202,676	1,758	8,361	46	1,403,415
Net assets at beginning of year.....	19,770,825	2,461,222	43,498	103,825	11,466	22,390,836
Net assets at end of year.....	\$ 20,961,399	\$ 2,663,898	\$ 45,256	\$ 112,186	\$ 11,512	\$ 23,794,251

Combining Statement of Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2004

(Expressed in Thousands)

	<u>College Savings Plan</u>	<u>Other Private-Purpose Trust</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents.....	\$ —	\$ 26,397	\$ 26,397
Receivables, net:			
Accounts.....	—	30	30
Accrued interest.....	125	279	404
Unsettled investment sales.....	428	—	428
Investments.....	323,455	—	323,455
Invested securities lending collateral	—	2,683	2,683
Other assets.....	—	4,245	4,245
Total assets.....	324,008	33,634	357,642
LIABILITIES			
Accounts payable.....	723	25	748
Accounts payable—unsettled investment purchases.....	251	—	251
Securities lending collateral.....	—	2,683	2,683
Total liabilities.....	974	2,708	3,682
NET ASSETS			
Held in trust for other purposes.....	\$ 323,034	\$ 30,926	\$ 353,960

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
Additions:			
Licenses, fees, and permits.....	\$ —	\$ 250	\$ 250
Tuition plan deposits.....	151,706	—	151,706
Interest income.....	28,446	986	29,432
Total additions.....	180,152	1,236	181,388
Deductions:			
Administrative expense.....	2,256	3,088	5,344
Other expenses.....	—	2,642	2,642
Total deductions.....	2,256	5,730	7,986
Change in net assets.....	177,896	(4,494)	173,402
Net assets at beginning of year.....	145,138	35,420	180,558
Net assets at end of year.....	\$ 323,034	\$ 30,926	\$ 353,960

Combining Statement of Assets and Liabilities

AGENCY FUNDS

June 30, 2004

(Expressed in Thousands)

	<u>Insurance Company Deposits</u>	<u>Payroll Clearing</u>	<u>Other Agency</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents.....	\$ —	\$ 10,347	\$ 164,634	\$ 174,981
Receivables, net:				
Accounts.....	—	24	7,926	7,950
Accrued interest.....	—	—	1,061	1,061
Taxes.....	—	—	3,012	3,012
Due from other funds.....	—	44,956	11,008	55,964
Investments.....	—	—	23,931	23,931
Securities held in lieu of surety bonds.....	354,537	—	165	354,702
Invested securities lending collateral	—	—	29,717	29,717
Total assets.....	<u>\$ 354,537</u>	<u>\$ 55,327</u>	<u>\$ 241,454</u>	<u>\$ 651,318</u>
LIABILITIES				
Accounts payable.....	\$ —	\$ 10,519	\$ 16,757	\$ 27,276
Tax refunds payable.....	—	—	139	139
Intergovernmental payables.....	—	—	2,680	2,680
Deposits.....	—	—	1,097	1,097
Amounts held in custody for others.....	354,537	44,808	191,064	590,409
Securities lending collateral.....	—	—	29,717	29,717
Total liabilities.....	<u>\$ 354,537</u>	<u>\$ 55,327</u>	<u>\$ 241,454</u>	<u>\$ 651,318</u>

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
INSURANCE COMPANY DEPOSITS				
Assets:				
Cash and cash equivalents.....	\$ —	\$ 70,224	\$ 70,224	\$ —
Securities held in lieu of surety bonds.....	334,528	45,117	25,108	354,537
Total assets.....	\$ 334,528	\$ 115,341	\$ 95,332	\$ 354,537
Liabilities:				
Amounts held in custody for others.....	\$ 334,528	\$ 45,117	\$ 25,108	\$ 354,537
Total liabilities.....	\$ 334,528	\$ 45,117	\$ 25,108	\$ 354,537
PAYROLL CLEARING				
Assets:				
Cash and cash equivalents.....	\$ 10,849	\$ 1,010,475	\$ 1,010,977	\$ 10,347
Accounts receivable.....	26	24	26	24
Due from other funds.....	47,420	44,956	47,420	44,956
Total assets.....	\$ 58,295	\$ 1,055,455	\$ 1,058,423	\$ 55,327
Liabilities:				
Accounts payable.....	\$ 10,939	\$ 10,519	\$ 10,939	\$ 10,519
Due to other funds.....	—	10,811	10,811	—
Amounts held in custody for others.....	47,356	849,488	852,036	44,808
Total liabilities.....	\$ 58,295	\$ 870,818	\$ 873,786	\$ 55,327

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
OTHER AGENCY				
Assets:				
Cash and cash equivalents.....	\$ 159,723	\$ 2,066,901	\$ 2,061,990	\$ 164,634
Accounts receivable.....	12,388	50,945	55,407	7,926
Accrued interest receivable.....	1,215	1,061	1,215	1,061
Taxes receivable.....	3,045	3,012	3,045	3,012
Due from other funds.....	10,282	11,008	10,282	11,008
Investments.....	14,444	9,757	270	23,931
Securities held in lieu of surety bonds.....	165	—	—	165
Invested securities lending collateral.....	25,748	29,717	25,748	29,717
Total assets.....	\$ 227,010	\$ 2,172,401	\$ 2,157,957	\$ 241,454
Liabilities:				
Accounts payable.....	\$ 17,828	\$ 21,336	\$ 22,407	\$ 16,757
Due to other funds.....	—	192	192	—
Tax refunds payable.....	481	139	481	139
Intergovernmental payables.....	5,901	2,680	5,901	2,680
Deposits.....	744	1,097	744	1,097
Amounts held in custody for others.....	176,308	1,633,700	1,618,944	191,064
Securities lending collateral.....	25,748	29,717	25,748	29,717
Total liabilities.....	\$ 227,010	\$ 1,688,861	\$ 1,674,417	\$ 241,454
TOTALS--ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents.....	\$ 170,572	\$ 3,147,600	\$ 3,143,191	\$ 174,981
Accounts receivable.....	12,414	50,969	55,433	7,950
Accrued interest receivable.....	1,215	1,061	1,215	1,061
Taxes receivable.....	3,045	3,012	3,045	3,012
Due from other funds.....	57,702	55,964	57,702	55,964
Investments.....	14,444	9,757	270	23,931
Securities held in lieu of surety bonds.....	334,693	45,117	25,108	354,702
Invested securities lending collateral.....	25,748	29,717	25,748	29,717
Total assets.....	\$ 619,833	\$ 3,343,197	\$ 3,311,712	\$ 651,318
Liabilities:				
Accounts payable.....	\$ 28,767	\$ 31,855	\$ 33,346	\$ 27,276
Due to other funds.....	—	11,003	11,003	—
Tax refunds payable.....	481	139	481	139
Intergovernmental payables.....	5,901	2,680	5,901	2,680
Deposits.....	744	1,097	744	1,097
Amounts held in custody for others.....	558,192	2,528,305	2,496,088	590,409
Securities lending collateral.....	25,748	29,717	25,748	29,717
Total liabilities.....	\$ 619,833	\$ 2,604,796	\$ 2,573,311	\$ 651,318

Discretely Presented Component Units

Note 1a in the notes to the financial statements explains the relationship of component units to the primary government and the differences between blended component units and discretely presented component units. Note 1b in the notes to the financial statements explains that the State has designated four of its discretely presented component units as major component units. Government-wide financial statements for each of the four major component units are included in the basic financial statements (immediately preceding the notes to the financial statements).

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's nonmajor discretely presented component units:

- Combining Statement of Net Assets—Nonmajor Discretely Presented Component Units
- Combining Statement of Activities—Nonmajor Discretely Presented Component Units
- Balance Sheet—First Steps to School Readiness Board of Trustees
- Statement of Revenues, Expenditures, and Changes in Fund Balances—First Steps to School Readiness Board of Trustees

a. Nonmajor Discretely Presented Component Units

The paragraphs below describe the State's nonmajor discretely presented component units:

The Clemson University Foundation is a non-profit, tax-exempt public charity that was established to raise and manage private gifts for the advancement and benefit of Clemson University.

The University of South Carolina Educational Foundation (the Foundation) is an eleemosynary corporation operating for the benefit and support of the University of South Carolina. The Foundation establishes and implements long-range fund raising programs to assist in the expansion and improvement of the educational functions of the University.

The South Carolina Medical Malpractice Liability Joint Underwriting Association (the Association) was established to provide medical malpractice insurance on a self-supporting basis. The financial information presented in the accompanying supplemental information is for the Association's fiscal year ended December 31, 2003.

The South Carolina First Steps to School Readiness Board of Trustees (First Steps) was established in 1999 as a non-profit, tax-exempt corporation 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 Children's Trust Fund of South Carolina, Inc. (the Fund) is a non-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Fund's purpose is to stimulate innovative prevention and treatment programming to meet critical needs of South Carolina's children by awarding grants to private non-profit organizations. The financial information presented in the accompanying supplemental information is for the Fund's fiscal year ended December 31, 2003.

The Savannah Lakes Regional Loan Fund (the Fund) was established in 1990. It maintained a revolving loan fund to promote economic development in the State's Savannah Lakes Region. The Fund was dissolved during the fiscal year ended June 30, 2004, and the assets of the Fund were transferred to the Savannah Valley Development of the South Carolina Department of Commerce.

b. First Steps to School Readiness Board of Trustees (First Steps)

The State presents fund financial statements for First Steps, a nonmajor discretely presented component unit, because that organization does not issue separately audited financial statements of its own. First Steps uses accounting principles that apply to special revenue funds. As such, it uses the current financial resources measurement focus and the modified accrual basis of accounting.

Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2004

(Expressed in Thousands)

	Clemson University Foundation	University of South Carolina Educational Foundation	Medical Malpractice Joint Underwriting Association
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 3,768	\$ 15,055	\$ 7,616
Investments.....	—	205	34,095
Invested securities lending collateral.....	—	—	—
Receivables, net:			
Accounts.....	221	170	130
Contributions.....	7,510	10,590	—
Accrued interest.....	—	16	443
Restricted assets:			
Cash and cash equivalents.....	4,808	—	—
Prepaid items.....	—	25	—
Deferred charges.....	—	—	1,415
Total current assets.....	16,307	26,061	43,699
Long-term assets:			
Receivables, net:			
Accounts.....	2,135	176	—
Contributions.....	16,120	13,590	—
Investments.....	256,654	207,819	—
Restricted assets:			
Investments.....	—	266	—
Other long-term assets.....	12	—	—
Non-depreciable capital assets.....	8,971	—	—
Depreciable capital assets, net.....	489	72	—
Total long-term assets.....	284,381	221,923	—
Total assets.....	300,688	247,984	43,699
LIABILITIES			
Current liabilities:			
Accounts payable.....	228	586	141
Accrued salaries and related expenses.....	5	4	—
Policy claims.....	—	—	35,000
Due to primary government.....	55,521	27,093	—
Deferred revenues and deferred credits.....	67	—	21,961
Securities lending collateral.....	—	—	—
Compensated absences payable.....	—	—	—
Other current liabilities.....	—	362	—
Total current liabilities.....	55,821	28,045	57,102
Long-term liabilities:			
Policy claims.....	—	—	128,452
Amounts held in custody for others.....	2,084	—	73
Notes payable.....	—	300	—
Compensated absences payable.....	—	—	—
Other long-term liabilities.....	7,789	2,501	—
Total long-term liabilities.....	9,873	2,801	128,525
Total liabilities.....	65,694	30,846	185,627
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt.....	9,460	72	—
Restricted, expendable:			
Education.....	65,491	71,460	—
Other.....	—	—	1,961
Restricted, nonexpendable, education.....	143,045	124,365	—
Unrestricted.....	16,998	21,241	(143,889)
Total net assets (deficit).....	\$ 234,994	\$ 217,138	\$ (141,928)

First Steps to School Readiness Board of Trustees	Children's Trust Fund of S.C., Inc.	Totals
\$ 1,770	\$ 175	\$ 28,384
—	653	34,953
181	—	181
—	—	521
—	—	18,100
39	—	498
—	—	4,808
—	—	25
—	—	1,415
1,990	828	88,885
—	—	2,311
—	—	29,710
—	18	464,491
—	—	266
—	—	12
—	—	8,971
7	—	568
7	18	506,329
1,997	846	595,214
81	—	1,036
48	—	57
—	—	35,000
51	—	82,665
—	—	22,028
181	—	181
58	—	58
—	—	362
419	—	141,387
—	—	128,452
—	—	2,157
—	—	300
35	—	35
—	—	10,290
35	—	141,234
454	—	282,621
7	—	9,539
1,536	—	138,487
—	254	2,215
—	—	267,410
—	592	(105,058)
\$ 1,543	\$ 846	\$ 312,593

Combining Statement of Activities

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2004

(Expressed in Thousands)

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Clemson University Foundation.....	\$ 13,104	\$ —	\$ 52,392	\$ 39,288
University of South Carolina Educational Foundation.....	17,097	—	43,632	26,535
Medical Malpractice Joint Underwriting Association.....	54,249	34,022	970	(19,257)
First Steps to School Readiness Board of Trustees.....	19,352	—	19,360	8
Children's Trust Fund of S.C., Inc.....	80	—	189	109
Savannah Lakes Regional Loan Fund.....	515	—	2	(513)
Totals.....	<u>\$ 104,397</u>	<u>\$ 34,022</u>	<u>\$ 116,545</u>	<u>\$ 46,170</u>

Net Assets (Deficit) Beginning of Year (Restated)	Net Assets (Deficit) End of Year
\$ 195,706	\$ 234,994
190,603	217,138
(122,671)	(141,928)
1,535	1,543
737	846
513	—
\$ 266,423	\$ 312,593

Balance Sheet

FIRST STEPS TO SCHOOL READINESS
BOARD OF TRUSTEES

June 30, 2004

(Expressed in Thousands)

ASSETS

Cash and cash equivalents.....	\$	1,770
Invested securities lending collateral.....		180
Accrued interest receivable.....		39
Total assets.....	\$	1,989

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable.....	\$	81
Accrued salaries and related expenditures.....		48
Due to primary government.....		51
Securities lending collateral.....		180
Total liabilities.....		360

Fund Balance:

Unreserved, undesignated.....		1,629
Total liabilities and fund balance.....	\$	1,989

Reconciliation of the First Steps Balance Sheet to the Combining Statement of Net Assets Nonmajor Discretely Presented Component Units

Total fund balance - First Steps.....	\$	1,629
--	-----------	--------------

Amounts reported for First Steps in the Combining Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the Balance Sheet. These assets consist of:

Capital assets.....	\$	45	
Accumulated depreciation.....		(38)	
Total capital assets.....			7

Compensated absences payable are not due and payable in the current period and therefore are not reported in the Balance Sheet.....

(93)

Net assets of First Steps.....	\$	1,543
---------------------------------------	-----------	--------------

Statement of Revenues, Expenditures, and Changes in Fund Balance

FIRST STEPS TO SCHOOL READINESS
BOARD OF TRUSTEES

For the Fiscal Year Ended June 30, 2004
(Expressed in Thousands)

Revenues:

Interest and other investment income.....	\$ 269
State operating grants and contracts.....	18,355
Contributions.....	<u>736</u>
Total revenues.....	<u>19,360</u>

Expenditures:

Current:	
Education.....	1,878
Intergovernmental	<u>17,489</u>
Total expenditures.....	<u>19,367</u>

Deficiency of revenues under expenditures.....	(7)
Fund balance at beginning of year.....	<u>1,636</u>
Fund balance at end of year.....	<u><u>\$ 1,629</u></u>

**Reconciliation of the First Steps Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Combining Statement of Activities
Nonmajor Discretely Presented Component Units**

Net change in fund balance - First Steps.....	\$ (7)
--	---------------

Amounts reported for First Steps in the Combining Statement of
Activities are different because:

Capital outlays are reported as expenditures in the governmental fund.

However, in the Combining Statement of Activities the cost of
capital assets is allocated over their useful lives as depreciation
expense. In the current period these amounts are:

Capital outlay.....	9
Depreciation expense.....	<u>(5)</u>

Compensated absences expenses reported in the Combining Statement
of Activities do not require the use of current financial resources and
therefore are not reported as expenditures in the governmental fund.

Decrease in compensated absences payable.....	<u>11</u>
---	-----------

Change in net assets of First Steps.....	<u><u>\$ 8</u></u>
---	---------------------------