

**SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS  
CHARLESTON, SOUTH CAROLINA  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007**

SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS

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YEAR ENDED DECEMBER 31, 2007

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## **INDEPENDENT AUDITOR'S REPORT**

Mr. Richard H. Gilbert, Jr., CPA  
Deputy State Auditor  
South Carolina Office of the State Auditor  
Columbia, South Carolina

We have audited the accompanying financial statements of the South Carolina Department of Commerce - Division of Public Railways as of December 31, 2007, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the South Carolina Department of Commerce - Division of Public Railways are intended to present the financial position, results of operations, and the cash flows of only that portion of the funds of the State of South Carolina that is attributable to the transactions of the South Carolina Department of Commerce - Division of Public Railways, enterprise funds of the State. These financial statements do not include other funds or enterprises of the Department or the State or any component units of the State. These financial statements do not purport to, and do not, present fairly the financial position of the State of South Carolina primary government or financial reporting entity or of the South Carolina Department of Commerce as of December 31, 2007, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The South Carolina Department of Commerce - Division of Public Railway's financial statements does not adequately classify certain transactions and do not contain certain material disclosures. Also the notes to the financial statements do not disclose material information and accounting policies. These disclosures and information are not in the financial statements because it is exempted from public disclosure pursuant to the South Carolina Freedom of Information Act. Reporting of such information is essential for a fair presentation in conformity with accounting principles generally accepted in the United States of America.

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Deputy State Auditor  
South Carolina Office of the State Auditor  
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In our opinion, because of the incomplete presentation and omission of note disclosures discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, in all material respects, the financial position of the South Carolina Department of Commerce - Division of Public Railways as of December 31, 2007, and the results of its operations and its cash flows for the year then ended.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Columbia, South Carolina  
May 2, 2008

## **FINANCIAL STATEMENTS**

SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS

**STATEMENT OF FUND NET ASSETS - ENTERPRISE FUNDS**  
DECEMBER 31, 2007

<u>ASSETS</u>	<u>PUC-PTR</u>	<u>ECBR</u>	<u>INTERDIVISION ELIMINATIONS</u>	<u>TOTAL</u>
Current Assets:				
Cash and cash equivalents	\$ 11,974,771	\$ 22,302,306	\$ -	\$ 34,277,077
Accounts receivable	476,586	648,749	-	1,125,335
Accounts receivable from other division	175,722	-	(175,722)	-
Interest receivable	108,530	205,952	-	314,482
Inventories	1,799,327	72,563	-	1,871,890
Prepayments	127,116	2,012	-	129,128
<b>Total Current Assets</b>	<b>14,662,052</b>	<b>23,231,582</b>	<b>(175,722)</b>	<b>37,717,912</b>
Property, Plant, and Equipment, Net of Accumulated Depreciation	14,605,420	7,342,537	-	21,947,957
Other Assets:				
Servicing rights	-	2,300,000	-	2,300,000
Accumulated amortization - Servicing Rights	-	(1,495,000)	-	(1,495,000)
<b>Total Other Assets</b>	<b>-</b>	<b>805,000</b>	<b>-</b>	<b>805,000</b>
<b>Total Assets</b>	<b>29,267,472</b>	<b>31,379,119</b>	<b>(175,722)</b>	<b>60,470,869</b>
 <u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable to other division	-	175,722	(175,722)	-
Accounts payable - other	52,195	56,288	-	108,483
Accrued payroll	118,716	-	-	118,716
Payroll taxes withheld and accrued employee benefits	43,926	-	-	43,926
Accrued annual leave and benefits	84,668	107,759	-	192,427
Deferred revenue	36,453	-	-	36,453
<b>Total Current Liabilities</b>	<b>335,958</b>	<b>339,769</b>	<b>(175,722)</b>	<b>500,005</b>
<b>Total Liabilities</b>	<b>335,958</b>	<b>339,769</b>	<b>(175,722)</b>	<b>500,005</b>
 <u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt Unrestricted	14,605,420 14,326,094	7,342,537 23,696,813	- -	21,947,957 38,022,907
<b>Total Net Assets</b>	<b>\$ 28,931,514</b>	<b>\$ 31,039,350</b>	<b>\$ -</b>	<b>\$ 59,970,864</b>

THE ACCOMPANYING NOTES ARE AN  
INTEGRAL PART OF THIS FINANCIAL STATEMENT

SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>PUC-PTR</u>	<u>ECBR</u>	<u>TOTAL</u>
Operating Revenues:			
Switching fees	\$ 2,339,722	\$ 68,952	\$ 2,408,674
Freight charges, net	-	4,793,531	4,793,531
Use of engine	15,152	208,904	224,056
Dispatching service	-	65,723	65,723
Other	<u>252,578</u>	<u>1,050</u>	<u>253,628</u>
Total Operating Revenues	<u>2,607,452</u>	<u>5,138,160</u>	<u>7,745,612</u>
Operating Expenses:			
Railway Operating Expenses:			
Maintenance of Way and Structures:			
Depreciation	86,735	50,793	137,528
Other maintenance of way expenses	<u>354,563</u>	<u>643,912</u>	<u>998,475</u>
Total Maintenance of Way and Structures	<u>441,298</u>	<u>694,705</u>	<u>1,136,003</u>
Maintenance of Equipment:			
Depreciation	85,548	31,459	117,007
Other equipment expenses	<u>261,692</u>	<u>167,798</u>	<u>429,490</u>
Total Maintenance of Equipment	<u>347,240</u>	<u>199,257</u>	<u>546,497</u>
Transportation:			
Superintendence	70,381	89,278	159,659
Yard employees	432,226	325,708	757,934
Other transportation expenses	<u>245,702</u>	<u>299,693</u>	<u>545,395</u>
Total Transportation	<u>748,309</u>	<u>714,679</u>	<u>1,462,988</u>
General:			
Administration	408,641	487,230	895,871
Insurance	279,907	291,368	571,275
Amortization of servicing rights	<u>-</u>	<u>115,000</u>	<u>115,000</u>
Total General	<u>688,548</u>	<u>893,598</u>	<u>1,582,146</u>
Total Railway Operating Expenses	<u>2,225,395</u>	<u>2,502,239</u>	<u>4,727,634</u>

THE ACCOMPANYING NOTES ARE AN  
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SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>PUC-PTR</u>	<u>ECBR</u>	<u>TOTAL</u>
Other General Operating Expenses:			
Rent expense for leased road and equipment	<u>-</u>	<u>1,951</u>	<u>1,951</u>
Total Other General Operating Expenses	<u>-</u>	<u>1,951</u>	<u>1,951</u>
Total Operating Expenses	<u>2,225,395</u>	<u>2,504,190</u>	<u>4,729,585</u>
Operating Income	<u>382,057</u>	<u>2,633,970</u>	<u>3,016,027</u>
Nonoperating Revenues (Expenses):			
Rental income	563,043	100	563,143
Interest income	616,931	1,152,610	1,769,541
Gain on sale of fixed assets	88,624		88,624
Other income, net	<u>329,116</u>	<u>-</u>	<u>329,116</u>
Total Nonoperating Revenues (Expenses)	<u>1,597,714</u>	<u>1,152,710</u>	<u>2,750,424</u>
Income Before Other Revenues	1,979,771	3,786,680	5,766,451
Capital contributions	73,631	6,927	80,558
Increase in Net Assets	2,053,402	3,793,607	5,847,009
Net Assets			
Beginning of Year	<u>26,878,112</u>	<u>27,245,743</u>	<u>54,123,855</u>
End of Year	<u>\$ 28,931,514</u>	<u>\$ 31,039,350</u>	<u>\$ 59,970,864</u>

THE ACCOMPANYING NOTES ARE AN  
INTEGRAL PART OF THIS FINANCIAL STATEMENT

SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	PUC-PTR	ECBR	TOTAL
Cash Flows From Operating Activities:			
Cash received from customers	\$ 2,613,401	\$ 4,989,970	\$ 7,603,371
Cash payments to suppliers and employees	(1,900,826)	(2,395,628)	(4,296,454)
Rents received	575,743	100	575,843
Other income received	311,148	-	311,148
Net Cash Provided (Used) by Operating Activities	1,599,466	2,594,442	4,193,908
 Cash Flows From Capital and Related Financing Activities:			
Capital contributions	73,631	6,927	80,558
Cash received from sale of fixed assets	188,902	-	188,902
Acquisition and construction of capital assets	(574,258)	(138,155)	(712,413)
Net Cash Provided (Used) by Capital and Related Financing Activities	(311,725)	(131,228)	(442,953)
 Cash Flows from Investing Activities:			
Investment income received	614,350	1,134,388	1,748,738
Net Cash Provided (Used) by Investing Activities	614,350	1,134,388	1,748,738
 Net Increase (Decrease) in Cash and Cash Equivalents	1,902,091	3,597,602	5,499,693
 Cash and Cash Equivalents, Beginning of Year	10,072,680	18,704,704	28,777,384
 Cash and Cash Equivalents, End of Year	\$ 11,974,771	\$ 22,302,306	\$ 34,277,077

THE ACCOMPANYING NOTES ARE AN  
INTEGRAL PART OF THIS FINANCIAL STATEMENT

SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>PUC-PTR</u>	<u>ECBR</u>	<u>TOTAL</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating income (loss)	\$ 382,057	\$ 2,633,970	\$ 3,016,027
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	172,283	82,252	254,535
Depreciation charged to sister division	35,334	(35,334)	-
Gain on sale of assets	(88,624)	-	(88,624)
Amortization	-	115,000	115,000
Nonoperating Revenues (Expenses)	980,783	100	980,883
(Increase) decrease in assets:			
Accounts receivable	(17,720)	(148,190)	(165,910)
Accounts receivable from other divisions	(38,793)	38,793	-
Inventories	21,349	(18,696)	2,653
Prepayments	3,850	(61)	3,789
Increase (decrease) in liabilities:			
Accounts payable - other	12,321	(74,028)	(61,707)
Payroll taxes withheld and accrued employee benefits	14,291	-	14,291
Accrued annual leave	499	636	1,135
Deferred revenue	3,120	-	3,120
Accrued salaries	118,716	-	118,716
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,599,466</u>	<u>\$ 2,594,442</u>	<u>\$ 4,193,908</u>

THE ACCOMPANYING NOTES ARE AN  
INTEGRAL PART OF THIS FINANCIAL STATEMENT

SOUTH CAROLINA DEPARTMENT OF COMMERCE -  
DIVISION OF PUBLIC RAILWAYS

**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

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**NOTE 1 - REPORTING ENTITY**

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all its component units. Component units are legally separate organizations for which the elected officials or the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity.

The primary entity is financially accountable if it appoints a voting majority of the organization's governing body including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally dependent on the primary entity that holds one or more of the following powers:

- (1) Determine its budget without another government's having the authority to approve and modify that budget.
- (2) Levy taxes or set rates or charges without approval by another government.
- (3) Issue bonded debt without approval by another government.

Based on the application of the above criteria, no component units are included in the reporting entity.

The South Carolina Department of Commerce - Division of Public Railways (Division) is part of the State of South Carolina Primary Government. The Division is reported as an enterprise fund in the State's Comprehensive Annual Financial Report.

Effective July 1, 1993, as part of the Government Restructuring Act of 1993, Code Section 13-1-1310 created the Division of Public Railways (the Division) within the Department of Commerce which is governed by the Secretary of the Department of Commerce.

The Department of Commerce is a cabinet agency operating under the governor and is subject to state laws and regulations. The Division however is not subject to the State Procurement Code or Appropriation Act. Also, the Division is not subject to State Human Resource Regulations. The Secretary of the Department of Commerce is responsible for oversight of the Division. The Division has powers of a body corporate including,

1. The power to sue or be sued, and make contracts.
2. To acquire by purchase or donation and to own, rent, lease, mortgage and dispose of real or personal property.
3. To operate, acquire, construct, maintain and control the tracks and equipment of the Division and be governed by rules and regulations of the Interstate Commerce Commission and its successor, the Surface Transportation Board.
4. To employ and dismiss the employees of the Division and to fix and to pay the compensation thereof.
5. To issue revenue bonds and other obligations, subject to approval by the State Budget and Control Board, to defray the cost of acquisition of other railroads.

The individual divisions of the South Carolina Department of Commerce - Division of Public Railways are funds of the State of South Carolina established per various sections of the Code of Laws of South Carolina. The accompanying financial statements present the financial position, results of operations, and the cash flows solely of the South Carolina Department of Commerce - Division of Public Railways and do not include any other funds of the State of South Carolina.

The South Carolina Department of Commerce - Division of Public Railways consists of two separate divisions: the Port Utilities Commission and Port Terminal Railroad, and the East Cooper and Berkeley Railroad. The functions of each of the divisions are outlined as follows:

- a. Port Utilities Commission and Port Terminal Railroad (PUC-PTR) has the responsibility of operation of the railroad yard at Charleston Harbor. Switching activity between privately owned railroad lines and seagoing vessels is its primary operation and revenue source.
- b. Operation and maintenance of the railroad line constructed in Berkeley County, South Carolina, is the primary responsibility of the East Cooper and Berkeley Railroad (ECBR). The railroad was constructed with financing by Amoco Chemicals Corporation, its major customer. This came after requests from the Commission and the State Budget and Control Board to service the east side of

the Cooper River north of Charleston, South Carolina were denied by the common carrier railroads operating in South Carolina.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

The Division adheres to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

The South Carolina Department of Commerce - Division of Public Railways is required by State Law (58-19-10) to maintain separate accounting of its two divisions: the Port Utilities Commission and Port Terminal Railroad, and the East Cooper and Berkeley Railroad. Presented here are the financial statements of the divisions of the South Carolina Department of Commerce - Division of Public Railways.

The Division utilizes the accrual basis of accounting. Under the accrual basis of governmental accounting for enterprise funds, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable. Net assets are segregated into invested in capital assets, restricted and unrestricted components. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accounting principles utilized by the Division are in conformity with the uniform system of accounts for railroad companies prescribed by the Surface Transportation Board and generally accepted accounting principles. The Division has elected to apply all Financial Accounting Standards Board statements and interpretations issued prior to December 31, 1989 unless they conflict with GASB pronouncements.

Operating income includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods and services and include administrative expenses and depreciation of capital assets.

### **Fund Accounting**

The Division uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances and changes therein which are segregated to carry on specific activities or attain certain objectives in accordance with applicable regulations, restrictions or limitations. Separate accounts are maintained for each fund however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund types. Accordingly, all financial transactions have been reported by fund type.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." The Division reports activities of the enterprise "fund type" under the proprietary fund category.

The Division's operations are classified as enterprise fund types within the proprietary fund classification. Enterprise funds account for activities that are self-sustaining, primarily through user charges or are used when management wants to control or measure costs of services.

**Property, Plant, and Equipment**

Except for track and roadway, capital assets with a unit acquisition cost in excess of \$5,000 are capitalized and depreciated over the estimated useful lives of the assets using the straight-line method of depreciation. Estimated useful lives are as follows:

Buildings	15 - 40 years
Depreciable Road	75 years
Equipment	3 - 25 years
Leasehold Improvements	5 - 20 years

Track and roadway are capitalized at cost and depreciation is not recognized. Replacements and repairs are expensed in the period that costs are incurred. Betterments to track and roadway are capitalized.

**Servicing Rights**

The servicing rights asset is being amortized.

**Inventories**

Inventories consisting of materials and supplies are stated at the lower of cost or market using the weighted average method.

### **Policy for Uncollectible Accounts**

At year-end management reviews past due accounts receivable and recognizes bad debt expense for those accounts determined to be uncollectible. This method is not in conformity with generally accepted accounting principles, which requires accounts receivable to be reported at net realizable value using an allowance for uncollectible accounts. However based on the Divisions collection history, the results from using the direct write-off method are not materially different from the allowance method.

### **Inter-division Transactions and Balances**

Transactions among the two divisions of the Division of Public Railways have been eliminated for purposes of the combined financial statements presented herein. Administration overhead incurred is divided between PUC-PTR and ECBR. Overhead of the two Divisions is split, 56% to ECBR and 44% to PUC-PTR. Overhead expense includes superintendence, general administrative, and insurance. See Note 10 regarding eliminations.

### **Statement of Cash Flows**

For purposes of this statement the Division considers deposits with State of South Carolina cash management pool to be cash equivalents because they are readily convertible to cash with an insignificant risk of loss in value.

### **Cash and Cash Equivalents**

The amounts shown in the financial statements as "*cash and cash equivalents*" represent cash on deposit with the State Treasurer and cash invested in various investments by the State Treasurer as part of the State's internal cash management pool.

Because the State's internal cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The pool includes some long-term investments such as obligations of the United States and certain agencies of the of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. Most State agencies participate in the State's internal cash management pool; however, some agency accounts are not included in the pool because of restrictions on the use of funds. For those accounts, cash equivalents included investments in short-term, highly liquid securities having an original maturity of three months or less.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each agency's equity interest in the general deposit account; however, all earnings on that account are credited to

the General Fund of the State. Agencies record and report their deposits in the general deposit account at cost. However, agencies report their deposits in the special deposit accounts at fair value. Investments in the pool are recorded at fair value. Interest earned by the agencies' special deposit accounts is posted to the agency's account at the end of each month and is retained by the agency. Interest earnings are allocated based on the percentage of an agency's accumulated daily interest receivable to the total undistributed interest received by the pool. Reported interest income includes interest earnings, realized gains/losses and unrealized gains/losses on investments in the pool arising from changes in fair value. The divisions only have special deposit accounts. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year-end based on the agency's percentage of ownership in the pool.

Although the State's internal cash management pool includes some long-term investments, it operates as a demand deposit account; therefore, for credit risk information pertaining to the internal cash management pool, see the deposits disclosures in Note 3.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE 3 - DEPOSITS**

All deposits of the Division are under the control of the State Treasurer who, by law, has sole authority for investing state funds.

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At December 31, 2007, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

With respect to investments in the State's cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

**NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment are stated at original cost with the exception of certain assets received from the State Ports Authority. \$451,136 of assets acquired by the Division from the South Carolina State Ports Authority during the organization of the South Carolina Department of Commerce - Division of Public Railways are stated at the cost to the State Ports Authority, less accumulated depreciation at the time of organization. The accumulated depreciation on these assets, since acquisition by the Division, at December 31, 2007 is \$30,261. Also, in 1997 the PUC-PTR Division exchanged certain assets with the State Ports Authority. The assets received from the State Ports Authority were recorded on PUC-PTR's books at book value of assets as recorded by the State Ports Authority. Amounts recorded included track and land improvements of \$1,324,462 and an engine house in the amount of \$1,182,402. Depreciation is computed on the straight-line method. In 2005 a capital contribution was recorded for land, land improvements and track on ECRB. The amounts recorded were \$201,000 for land, \$308,229 for land improvements and \$749,746 for non-depreciable road. A summary of property, plant, and equipment by division is as follows:

**PUC-PTR**

**CAPITAL ASSETS**

	Balance 12/31/06	Transfer In (Out)	Additions	Deletions	Balance 12/31/07
Land	\$ 4,119,749	\$ -	\$ -	\$ -	\$ 4,119,749
Land improvements	3,295,086	-	-	-	3,295,086
Fencing	51,478	-	-	-	51,478
Buildings	2,481,911	-	-	-	2,481,911
Machinery and equipment	2,746,233	-	448,870	(612,919)	2,582,184
Depreciable road	64,957	-	-	-	64,957
Non-depreciable road	3,841,729	-	-	-	3,841,729
Leasehold improvements	210,038	-	26,200	-	236,238
Projects under construction	89,687	-	99,188	-	188,875
<b>Total</b>	<b>\$ 16,900,868</b>	<b>\$ -</b>	<b>\$ 574,258</b>	<b>\$ (612,919)</b>	<b>\$ 16,862,207</b>

**ACCUMULATED DEPRECIATION**

Buildings	\$ 438,215	\$ -	\$ 67,442	\$ -	\$ 505,657
Fencing	9,818	-	5,207	-	15,025
Machinery and equipment	1,920,684	-	127,181	(508,191)	1,539,674
Depreciable road	216	-	866	-	1,082
Leasehold improvements	188,428	-	6,921	-	195,349
<b>Total</b>	<b>\$ 2,557,361</b>	<b>\$ -</b>	<b>\$ 207,617</b>	<b>\$ (508,191)</b>	<b>\$ 2,256,787</b>

**ECBR**

**CAPITAL ASSETS**

	<u>Balance</u> <u>12/31/06</u>	<u>Transfer</u> <u>In (Out)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/07</u>
Land	\$ 627,419	\$ -	\$ -	\$ -	\$ 627,419
Land improvements	2,057,803	-	-	-	2,057,803
Buildings	893,888	-	12,845	-	906,733
Machinery and equipment	775,880	-	103,448	-	879,328
Depreciable road	945,851	-	-	-	945,851
Non-depreciable road	3,539,374	-	21,862	-	3,561,236
Projects under construction	-	-	-	-	-
Total	<u>\$ 8,840,215</u>	<u>\$ -</u>	<u>\$ 138,155</u>	<u>\$ -</u>	<u>\$ 8,978,370</u>

**ACCUMULATED DEPRECIATION**

Buildings	\$ 692,926	\$ -	\$ 17,146	\$ -	\$ 710,072
Depreciable road	317,657	-	13,413	-	331,070
Machinery and equipment	<u>578,332</u>	<u>-</u>	<u>16,359</u>	<u>-</u>	<u>594,691</u>
Total	<u>\$ 1,588,915</u>	<u>\$ -</u>	<u>\$ 46,918</u>	<u>\$ -</u>	<u>\$ 1,635,833</u>

**COMBINED**

**CAPITAL ASSETS**

	<u>Balance</u> <u>12/31/06</u>	<u>Transfer</u> <u>In (Out)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/07</u>
Land	\$ 4,747,168	\$ -	\$ -	\$ -	\$ 4,747,168
Land improvements	5,352,889	-	-	-	5,352,889
Fencing	51,478	-	-	-	51,478
Buildings	3,375,799	-	12,845	-	3,388,644
Machinery and equipment	3,522,113	-	552,318	(612,919)	3,461,512
Depreciable road	1,010,808	-	-	-	1,010,808
Non-depreciable road	7,381,103	-	21,862	-	7,402,965
Leasehold improvements	210,038	-	26,200	-	236,238
Projects under construction	<u>89,687</u>	<u>-</u>	<u>99,188</u>	<u>-</u>	<u>188,875</u>
Total	<u>\$ 25,741,083</u>	<u>\$ -</u>	<u>\$ 712,413</u>	<u>\$ (612,919)</u>	<u>\$ 25,840,577</u>

ACCUMULATED DEPRECIATION

	Balance 12/31/06	Transfer In (Out)	Additions	Deletions	Balance 12/31/07
Buildings	\$ 1,131,141	\$ -	\$ 84,588	\$ -	\$ 1,215,729
Fencing	9,818	-	5,207	-	15,025
Depreciable road	317,873	-	14,279	-	332,152
Machinery and equipment	2,499,016	-	143,540	(508,191)	2,134,365
Leasehold improvements	188,428	-	6,921	-	195,349
Total	<u>\$ 3,924,613</u>	<u>\$ -</u>	<u>\$ 254,535</u>	<u>\$ (508,191)</u>	<u>\$ 3,892,620</u>

Depreciation expense for the period by division and in total was as follows: PUC-PTR \$207,617 and ECBR \$46,918, Total - \$254,535.

**NOTE 5 - ACCRUED ANNUAL LEAVE**

Non-union employees are entitled to accrue and carry forward at calendar year end a maximum of 180 days sick leave and 45 days annual vacation leave. Upon termination of employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum of 45 days, but are not entitled to any payment for unused sick leave. Employees do not accrue or carry forward holiday leave, compensatory time, or overtime.

Union employees can earn up to 25 days annual vacation leave per year, but do not earn any sick leave. Union employees do not carry forward any unused vacation leave. Upon termination of employment, union employees are entitled to be paid for accumulated unused annual vacation leave up to 25 days. Union employees do not accrue or carry forward holiday leave, compensatory time, or overtime.

The Division calculates the gross compensated absences liability based on recorded balances of unused leave. The entire unpaid liability for which the employer expects to compensate employees through paid time off or cash payments, inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments is recorded as a current liability. The net change in the liability is recorded in the current year in the applicable operating department.

**NOTE 6 - DEFERRED REVENUE/OPERATING LEASES/NONOPERATING RENTAL REVENUE**

Effective March 4, 1994, PUC-PTR began leasing land and improvements in Spartanburg County, South Carolina for \$200,000 a year. The lease is for twenty years with two ten-year options to renew. During the lease term the lessee has the right to purchase the land and improvements for PUC-PTR's cost not to exceed \$5,000,000. The rent is paid at the beginning of each year's anniversary for one year

effective March 4, 1994 and will be adjusted annually based on 90-day treasury bill rates. The initial rent was based on a 4% annual return on the initial investment of \$2,000,000, which is why treasury bill rates will be used to determine changes in the annual rent. The Divisions total investment in this project ended up being \$4,365,595 which is the amount on which a new rental rate will be determined annually effective March 4. The annual rental rate determined at March 4, 2006 was \$200,000 and at March 4, 2007 was \$218,716. The land is used as a railroad spur to the BMW plant. During 2007, \$215,597 was recognized as nonoperating rental revenue and \$36,453 was deferred revenue based on the terms of this agreement. Also effective March 4, 1996, the Division began receiving revenue on certain car hauls out of the BMW plant by Norfolk Southern. This amounted to \$204,665 in 2007 and is included in other income, net, nonoperating revenue. See Note 8 regarding other income, net.

PUC-PTR received rental revenue from the North Charleston Terminal Company in the amount of \$280,289 for 2007. Effective May 30, 1995, this lease was renewed. The lease is a supplemental lease to preexisting 1980 and 1986 leases. The lease expires on February 16, 2015, with automatic one-year renewals unless either party serves the other with at least twelve months notice. Under the supplemental lease each year's rent will be adjusted to correspond to the change in the national consumer price index ("CPI") for the previous year. The cost of land and non-depreciable track being leased to the North Charleston Terminal Company is \$655,881.

Minimum rentals on non-cancelable leases based on current year rates are as follows:

2008	\$ 499,905
2009	499,905
2010	499,905
2011	499,905
2012	499,905
2013-2016	<u>1,673,449</u>
Total	<u>\$ 4,172,974</u>

#### **NOTE 7 - COMPENSATED ABSENCES**

The following is a summary of changes in compensated absences for the year ended December 31, 2007.

	<u>Jan 1, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Dec 31, 2007</u>	<u>Due Within One Year</u>
Compensated Absences:					
PUC-PTR	\$ 84,169	\$ 14,800	\$ (14,301)	\$ 84,668	\$ 84,668
ECBR	<u>107,123</u>	<u>18,838</u>	<u>(18,202)</u>	<u>107,759</u>	<u>107,759</u>
Total	<u>\$ 191,292</u>	<u>\$ 33,638</u>	<u>\$ (32,503)</u>	<u>\$ 192,427</u>	<u>\$ 192,427</u>

**NOTE 8- OTHER INCOME, NET**

The category under "Nonoperating revenues (expenses)" entitled "Other income, net" is used to report miscellaneous income not related to the primary operating functions of each division. It consists primarily of fees received for sale of supplies, insurance proceeds, permits, lease, processing (clerical) services and contracted services. See Note 6 regarding \$204,665 of income from the BMW plant. See Note 11 regarding \$99,207 of offset charges received from the State Ports Authority. A breakdown by division of "Other income, net" for the year ended December 31, 2007, is as follows:

	<u>PUC-PTR</u>	<u>ECBR</u>	<u>TOTAL</u>
Sale of supplies, leases and contractual services:			
Between divisions	\$ -	\$ -	\$ -
With outside parties	<u>329,116</u>	<u>-</u>	<u>329,116</u>
Total	<u>\$ 329,116</u>	<u>\$ -</u>	<u>\$ 329,116</u>

**NOTE 9 - INTER-DIVISION ELIMINATIONS**

The following transactions between the separate divisions have been eliminated in the combined financial statements as follows:

BALANCE SHEET  
DECEMBER 31, 2007

<u>Descriptions</u>	<u>PUC-PTR</u>	<u>ECBR</u>
Accounts receivable from other divisions	\$ (175,722)	\$ -
Accounts payable to other divisions	<u>-</u>	<u>175,722</u>
	<u>\$ (175,722)</u>	<u>\$ 175,722</u>

Other amounts in accounts payable for ECBR and PUC-PTR are normal monthly amounts initially paid by one division that will be reimbursed by the division receiving the goods/services.

**NOTE 10 - PENSION PLANS AND EMPLOYEE BENEFIT PLANS**

The Retirement Division of the State Budget and Control Board maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained

by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina, 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

The majority of employees of the Division are covered by a pension plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Under SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after five years service and qualify for a survivor's benefit upon completion of 15 years credited service (five years effective January 1, 2001). Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years credited service (this requirement does not apply if the disability is the result of a job related injury). A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

Since July 1, 1988, employees participating in the SCRS have been required to contribute 6.0 percent of all compensation. Effective July 1, 2005 the contribution rate for employees became 6.5 percent. Effective July 1, 2007, the employer contribution rate became 12.48 percent, which included a 3.42 percent surcharge to fund retiree health and dental insurance coverage. The Division's actual contributions to the SCRS for the fiscal year ended December 31, 2007 were \$161,631 and equaled the required contributions

of 8.05 percent (excluding the surcharge) for the first six months of 2007 and 9.06 percent for the last six months of 2007. Employer contributions for 2006 were \$137,613 and for 2005 were \$123,277. Also, the Division paid employer group-life insurance contributions of \$2,887 in the current fiscal year at the rate of .15 percent of compensation.

The contributions by each division is as follows:

	<u>PUC-PTR</u>	<u>ECBR</u>	<u>Total</u>
Retirement Plan			
Employer	\$ 83,225	\$ 78,406	\$ 161,631
Group Life			
Employer	1,488	\$ 1,399	2,887

The amounts paid by the South Carolina Department of Commerce - Division of Public Railways for pension and group-life benefits are recorded in the appropriate operating department corresponding to the employee for whom the contributions are made.

Article X, Section 16, of the South Carolina Constitution requires that all State operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates to SCRS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of service and on average final compensation (an annualized average of the employee's highest 12 consecutive quarters of compensation).

The System does not make separate measurements of assets and pension liabilities for individual employers. Under Title 9 of the South Carolina Code of Laws, the Division's liability under the plan is limited to the amounts of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the Division's liability under the pension plan is limited to the contribution requirements for the applicable year from amounts appropriated therefore in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the Division recognizes no contingent liability for unfunded costs associated with participation in the plan.

At retirement, employees participating in the SCRS receive additional service credit (at a rate of 20 days equals one month of service) for up to 90 days for accumulated unused sick leave.

The General Assembly amended Chapter 1, Title 9, of the 1976 Code of Laws, relating to the South Carolina Retirement System effective July 1, 2001, with some provision effective January 1, 2001. The amendment enacted the Teacher and Employee

Retention Incentive Program, reducing from thirty to twenty-eight years of credible service required to retire at any age without penalty and made other changes to the South Carolina Retirement System.

The Division contributed \$367,540 this year to the U.S. Railroad Retirement System, which covers all employees. PUC-PTR contributed \$191,082 and ECBR, \$176,458. Participation is mandatory. This program is a two-tier system, which is funded, based on each employee's gross annual wages. Effective January 1, 2007, wages up to \$97,500 were funded at 6.2 percent by the Division to meet Tier 1 funding requirements and all wages were funded at 1.45 percent by the Division to meet Tier I Medicare funding requirements. The Division funded wages up to \$72,600 at 12.1 percent to meet Tier II funding requirements. Employees matched the Division's Tier 1 contribution, but paid only 3.9 percent versus the Division's 12.1 percent Tier II rate on wages up to \$72,600 for the maximum Tier II employee liability of \$2,831.

The U. S. Railroad Retirement Board, in accordance with the Railroad Retirement Acts, administers this plan.

Data concerning the actuarial status of the U.S. Railroad Retirement System as related to the Division is not available. The Division is not liable for any unfunded costs associated with the plan and recognized no contingent liability for such cost.

#### **Post-Employment and Other Employee Benefits**

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to active and certain retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the Division are eligible to receive these benefits. The State provides post employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirement, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits. These benefits are provided through applicable revenue sources for the Division's active employees and the State Budget and Control Board for all participating State retirees except the portion funded through the pension surcharge and provided from other applicable fund sources of the Division for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis. Currently, approximately 30,000 State retirees meet these eligibility requirements.

The South Carolina Department of Commerce - Division of Public Railways recorded employer contributions applicable to these benefits for active employees in the amount of \$158,557 for the year ended December 31, 2007. Contributions by division are as follows: PUC-PTR, \$69,765 and ECBR, \$88,792. Contributions to these plans are recorded as insurance expense in the administrative costs of the divisions.

As discussed above, the Division paid \$65,178 applicable to the surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits. Contributions by Division is as follows: PUC-PTR \$33,593; and ECBR \$31,585.

Information regarding the cost of insurance benefits applicable to the Division retirees is not available. By State law, the Division has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from System's earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS benefits.

#### **Deferred Compensation Plans**

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the Division have elected to participate. The multiple-employer plans, created under Internal Revenue Service code sections 457, 401(k), and 403(b) are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw the current value of their contributions prior to termination if they meet requirements specified by the applicable plan. The State has no liability for losses under the plans.

#### **NOTE 11 - TRANSACTIONS WITH STATE ENTITIES AND SISTER DIVISIONS**

PUC-PTR allocated to ECBR \$35,334 of depreciation expense as part of the administrative overhead expense allocation between the two divisions explained in Note 2. This is shown as depreciation expense under general railway operating expenses of ECBR.

The Ports Authority pays PUC-PTR monthly offset charges. In 1988, the S.C. State Ports Authority took possession of a certain area of trackage at the Port Terminal Railroad which caused PUC-PTR to incur additional operating costs. The Ports Authority continues to pay PUC-PTR for the additional costs, which equals the initial annual base amount of \$58,615 adjusted for changes in the consumer price index. The amount paid to PUC-PTR was \$99,207 in 2007 and is included in other non-operating revenues. See Note 8 regarding other income, net.

As described in Note 9, the Divisions provide each other with certain services.

Services received at no cost from State agencies include banking and investment functions from the State Treasurer, and, retirement and insurance plan administration from various divisions of the State Budget and Control Board. The Division had financial transactions with various State agencies during the year. Payments made in 2007 to the State Budget and Control Board were primarily for insurance coverage.

**NOTE 12 - OPERATING LEASES**

The Division's Port Utilities Commission and Port Terminal Railroad Division, and the South Carolina State Ports Authority entered into an agreement, effective July 1, 1976, allowing the South Carolina Department of Commerce - Division of Public Railways to lease the building known as the Shore Patrol Office for a period of twenty (20) years. The Division is now occupying these premises on a month-to-month lease. The monthly rental charge is \$300. The Division incurred \$3,600 for rental of this building in 2007. The Division is required to carry insurance for property damage and to maintain and repair the leased building.

The only other lease payment is \$1,951 per year by ECBR to the U.S. Department of Agriculture for right of way for the railroad on National Forest Land. This lease is for an indefinite term.

Total operating lease expense in 2007 was \$5,478. Minimum future payments of the Division for the lease with the indefinite terms as of December 31, 2007 are as follows:

	<u>ECBR</u>
2008	\$ 1,951
2009	1,951
2010	1,951
2011	1,951
2012	<u>1,951</u>
Totals	<u>\$ 9,755</u>

## **NOTE 13 - RISK MANAGEMENT**

The Division is exposed to various risks of loss and maintains State or commercial insurance coverage for certain risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Division. Settled claims have not exceeded this coverage in any of the past three years. There were no significant reductions in insurance coverage from coverage in the prior year. The Division pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered losses sustained during the policy period in accord with the insurance policy and benefit program limits. State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
2. Claims of covered public employees for long-term disability and group-life insurance benefits (Office of Insurance Services).

Employees elect health coverage through either a health maintenance organization or through the states self-insured plan. All of the other coverages listed above are through the applicable state self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The Divisions and other entities pay premiums to the States Insurance Reserve Fund (IRF) which issues policies, accumulate assets to cover the risks of loss and pays claims incurred for covered losses related to the following Division assets, activities, and/or events.

1. Real property, its contents and other equipment - Coverage per loss for real property is based on current valuation with a \$250 deductible. Eighty percent of each loss is covered by the IRF.
2. Motor vehicles - Coverage is up to \$1,000,000 per loss with a \$200 deductible for comprehensive coverage and \$500 for collision.
3. Torts

The IRF is a self insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, and automobile liability. The IRF's rates are determined actuarially.

State agencies are the primary participants in the Employee Insurance Program and in IRF.

The Division purchases insurance, which covers all divisions, through private carriers for liability and property loss on road and locomotive assets, and employee fidelity bond insurance coverage for all employees to cover losses of up to \$100,000 arising from theft or misappropriations. Management believes based on exposure and likelihood of loss that this coverage is sufficient.

The Division has purchased insurance, which covers all divisions, from a private carrier for liability under the Federal Employers Liability Act (FELA), which is similar to workmans compensation insurance and covers all employees. The Division has elected to retain the risk of loss on this coverage for up to the first \$100,000 of costs per claim. Management has elected to retain this amount of risk because it feels that it is more economical than paying additional premiums for increased coverage. In the current year, no expenses were incurred on claims under the policy. Also a tax is paid to the U.S. Railroad Retirement System to cover all the Division employees for unemployment benefits.

The Division has recorded insurance premium expenses in the applicable operating department corresponding to the employees for whom contributions are made or in insurance expense under administrative costs.

The Division's management believes risk of loss from business interruption is a remote likelihood, however does have a \$250,000 coverage through their equipment liability coverage policy for this risk.

The Division did not incur any significant losses in 2007 for self insured risks. Also, no reserves have been established for potential losses for self insured risks. The Division reports such expenses if information prior to issuance of the financial statement indicates that it is probable that an asset has been impaired or a liability has been incurred on or before fiscal year end and the amount is reasonably estimable. The recorded expense is valued at an estimate of the ultimate cost of settling the claim or of the asset loss.

#### **NOTE 14 - GASB 31 ADJUSTMENTS**

Effective January 1, 1998, the Division adopted Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires that most investments of governmental entities be stated at fair value rather than at cost. For internal (and external) investment pools, this statement requires the equity position of each fund that sponsors the pool to be reported as assets in those funds. The unrealized gains included in cash and cash equivalents at December 31, 2007, were \$51,566 for PUC-PTR and \$99,824 for ECRB.

**NOTE 15 – ENTERPRISE FUND INFORMATION**

Charges for services	\$ 8,637,871
Operating grant and contributions	1,858,165
Capital grants and contributions	80,558
Less: expenses	<u>(4,729,585)</u>
Net program revenue	<u>5,847,009</u>
Change in net assets	5,847,009
Net assets - beginning	<u>54,123,855</u>
Net assets - ending	<u>\$ 59,970,864</u>

This information is included only for the State of South Carolina GAAP reporting purposes and includes terminology and classifications which are not consistent with the financial statements.