

SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD
OFFICE OF INSURANCE SERVICES

NOTES TO COMBINED FINANCIAL STATEMENTS

(CONTINUED)

4. Investments and Deposits (Continued)

The investment types listed above include all investment types in which monies were held throughout the year ended June 30, 2001 and 2000. Due to higher cash flows at certain times during the year, the Office's investment in repurchase agreements and short-term investments fluctuated significantly. The maximum amounts held in these classifications during the year ended June 30, 2001 and 2000, were as follows:

| | <u>2001</u> | <u>2000</u> |
|------------------------|----------------------|----------------------|
| Short-term investments | <u>\$ 30,000,000</u> | <u>\$ 30,000,000</u> |
| Repurchase agreements | <u>\$ 98,000,000</u> | <u>\$ 71,000,000</u> |

A summary of total investments is as follows:

| | <u>2001</u> | | <u>2000</u> | |
|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>Amortized Cost</u> | <u>Fair Value</u> |
| Long-term investments | \$ 251,274,005 | \$ 265,658,652 | \$ 264,836,179 | \$ 269,536,712 |
| Repurchase agreements | 97,820,000 | 97,820,000 | 61,430,112 | 61,430,112 |
| | <u>\$ 349,094,005</u> | <u>\$ 363,478,652</u> | <u>\$ 326,266,291</u> | <u>\$ 330,966,824</u> |

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NOTES TO COMBINED FINANCIAL STATEMENTS

(CONTINUED)

4. Investments and Deposits (Continued)

A summary of long-term investments (at fair value) by internal service fund is as follows:

| | <u>2001</u> | <u>2000</u> |
|---------------------------|-----------------------|-----------------------|
| Governmental Fund Type | | |
| South Carolina Seniors' | | |
| Prescription Drug Program | \$ - | \$ - |
| Proprietary Fund Type | | |
| IRF | 247,349,450 | 251,098,185 |
| HLDIRF | 18,309,202 | 18,438,527 |
| | <u>\$ 265,658,652</u> | <u>\$ 269,536,712</u> |

5. Premiums Receivable

Premiums receivable at June 30, 2001 and 2000, consist of the following:

| <u>June 30, 2001:</u> | <u>Due to:</u> | | |
|-----------------------|---------------------------------------|---|----------------------|
| | Insurance Reserve Fund | Health, Life and Disability Insurance Reserve Fund | Total |
| <u>Due From:</u> | | | |
| Local government | \$ 7,487,456 | \$ 119,021 | \$ 7,606,477 |
| State government | 2,491,073 | 253,436 | 2,744,509 |
| Other | 229,111 | 236,093 | 465,204 |
| | <u>\$ 10,207,640</u> | <u>\$ 608,550</u> | <u>\$ 10,816,190</u> |

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(CONTINUED)

5. Premiums Receivable (Continued)

| <u>June 30, 2000:</u> | <u>Due to:</u> | | |
|-----------------------|---------------------------------------|---|----------------------|
| <u>Due From:</u> | <u>Insurance Reserve Fund</u> | <u>Health, Life and Disability Insurance Reserve Fund</u> | <u>Total</u> |
| Local government | \$ 9,792,628 | \$ 8,418 | \$ 9,801,046 |
| State government | 9,215,404 | 298,187 | 9,513,591 |
| Other | 367,617 | 88,531 | 456,148 |
| | <u>\$ 19,375,649</u> | <u>\$ 395,136</u> | <u>\$ 19,770,785</u> |

Premiums receivable and deferred premium revenue include approximately \$7,000,000 and \$16,000,000 attributable to premiums billed in advance of coverage as of June 30, 2001 and 2000, respectively.

6. Due from South Carolina Division of Retirement

\$20,944,763 and \$15,913,098 (\$20,206,994 and \$15,322,911 from South Carolina Retirement System and \$737,769 and \$590,187 from Police Officers Retirement System) were due from the South Carolina Retirement Systems at June 30, 2001 and 2000, respectively. The above amounts represent revenues recognized on behalf of Health, Life, and Disability Insurance Reserve Fund of a percentage of covered compensation from all State agencies and public school systems to be used for health and dental insurance benefits of State retirees. The percentages in effect were 2.52% from July 1, 2000 to June 30, 2001 and 1.95% from July 1, 1999 to December 31, 1999 and 2.16% for January 1, 2000 to June 30, 2000. In accordance with provisions of the Appropriations Act for each year, an additional employer contribution surcharge on covered payroll was added to the contribution rate applicable to entities covered by the State Health Insurance Plan.