

SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD  
OFFICE OF INSURANCE SERVICES

COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2000  
(With comparative totals for the year ended June 30, 1999)

|  | 2000                      |  | 1999           |                 |
|--|---------------------------|--|----------------|-----------------|
|  | Insurance<br>Reserve Fund | Health, Life,<br>and Disability<br>Insurance<br>Reserve Fund | Totals         | Totals          |
| <b>Cash Flows from Operating Activities</b>  |                           |  |                |                 |
| Operating income (loss)  | \$ 4,604,820              | \$ (91,790,863)  | \$(87,186,043) | \$ (46,341,893) |
| Reclassify interest and investment income to investing activity  | (17,331,430)              | (7,409,849)  | (24,741,279)   | (25,943,412)    |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:                                     |                           |  |                |                 |
| Depreciation expense   | 144,605                   | 146,185  | 290,790        | 344,385         |
| Change in fair value of long-term investments  | 4,736,014                 | 848,719  | 5,584,733      | 5,324,890       |
| Change in assets-(increase) decrease:  |                           |  |                |                 |
| Premiums receivable  | (3,687,185)               | 44,863   | (3,642,322)    | (1,567,923)     |
| Reinsurance recovery receivable  | (756,203)                 | —  | (756,203)      | (1,217,113)     |
| Due from South Carolina Division of Retirement   | —                         | (1,499,914)  | (1,499,914)    | (598,000)       |
| Prepaid insurance, prescription drug rebate receivable and other assets  | (39,994)                  | (669,824)  | (709,818)      | 30,463          |
| Change in liabilities-increase (decrease):   |                           |  |                |                 |
| Accounts payable, accrued payroll and compensated absences   | 178,897                   | 277,986  | 456,883        | (76,826)        |
| Deferred premium revenue   | 1,394,271                 | (189,235)  | 1,205,036      | (899,331)       |
| Claims payable and incurred but not reported   | 12,250,353                | 28,632,787   | 40,883,140     | 19,283,223      |
| Total adjustments  | 14,220,758                | 27,591,567   | 41,812,325     | 20,623,768      |
| Net cash provided by (used in) operating activities  | 1,494,148                 | (71,609,145)   | (70,114,997)   | (51,661,537)    |
| <b>Cash Flows from Capital and Related Financing Activities</b>  |                           |  |                |                 |
| Purchase of fixed assets   | (23,559)                  | (84,527)   | (108,086)      | (259,733)       |
| Net cash used in capital and related financing activities  | (23,559)                  | (84,527)   | (108,086)      | (259,733)       |
| <b>Cash Flows from Investing Activities:</b>   |                           |  |                |                 |
| Principal payments received on notes receivable  | 2,625,551                 | —  | 2,625,551      | 10,727,438      |
| Funds disbursed as notes receivable  | (1,224,262)               | —  | (1,224,262)    | (2,423,517)     |
| Purchase of investments  | (147,296,997)             | (1,109,998)  | (148,406,995)  | (107,855,855)   |
| Proceeds from sales and maturity of investments  | 103,528,476               | 3,527,126  | 107,055,602    | 67,764,234      |
| Interest received-deposits and investments   | 13,696,342                | 7,609,225  | 21,305,567     | 23,694,704      |
| Interest received-notes receivable   | 1,867,687                 | —  | 1,867,687      | 2,451,755       |
| Net cash provided by (used in) investing activities  | (26,803,203)              | 10,026,353   | (16,776,850)   | (5,641,241)     |
| Net decrease in cash and cash equivalents  | (25,332,614)              | (61,667,319)   | (86,999,933)   | (57,562,511)    |
| Cash and cash equivalents, beginning of year   | 78,344,195                | 100,954,742  | 179,298,937    | 236,861,448     |
| Cash and cash equivalents, end of year   | \$ 53,011,581             | \$ 39,287,423  | \$ 92,299,004  | \$ 179,298,937  |
| <b>Supplemental Information</b>  |                           |  |                |                 |
| Noncash capital and related financing activities:  |                           |  |                |                 |
| Disposal of contributed fixed assets   | \$                        | \$   | \$             | \$ (5,532)      |
| Disposal of purchased fixed assets (including \$106,636 and \$57,910 of accumulated depreciation for the years ended June 30, 2000 and 1999) | (35,975)                  | (82,696)   | (118,672)      | (71,411)        |