

Enterprise Funds

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

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

Education Assistance Authority. The South Carolina Education Assistance Authority issues bonds for the purpose of making loans to students of the State to enable them to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, and investment earnings.

Jobs-Economic Development Authority. The Jobs-Economic Development Authority acts in conjunction with other organizations in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State. The Authority's emphasis

is on those areas of the State with the greatest economic need and those projects providing the greatest economic benefit. The Authority is supported primarily by interest charges on project loans.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State. This fund is reported as an insurance enterprise.

Second Injury Fund. This fund serves as a claims processor for insurance carriers, self-insurers, and the State Accident Fund. The fund processes claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment.

Patriots Point Development Authority. The Patriots Point Development Authority is responsible for developing and operating the Patriots Point area near Charleston, including a naval museum. The Authority is supported by user fees.

Other Enterprise Funds. Other enterprise activities of the State include: the Savannah Valley Development and the Public Railways Divisions of the South Carolina Department of Commerce, and the Canteens Fund.

Combining Balance Sheet

ENTERPRISE FUNDS

June 30, 2001

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 9,011	\$ 316,680	\$ 5,617	\$ 12,068
Investments.....	—	—	—	—
Invested securities lending collateral.....	715	2,844	—	855
Receivables, net:				
Accounts.....	217	10,582	26	198
Loans and notes.....	141	51,000	79	—
Due from Federal government and other grantors.....	3,797	—	—	—
Due from other funds.....	—	—	—	—
Inventories.....	—	—	—	—
Restricted assets:				
Cash and cash equivalents.....	146,841	14,202	—	—
Loans receivable.....	10,016	—	—	—
Other.....	6,334	—	—	—
Other current assets.....	—	19	—	—
Total current assets.....	<u>177,072</u>	<u>395,327</u>	<u>5,722</u>	<u>13,121</u>
Long-term assets:				
Investments.....	684	5,464	658	—
Receivables, net:				
Loans and notes.....	19,550	189,917	1,395	—
Servicing rights, net.....	—	—	—	—
Restricted assets:				
Investments.....	20,597	10,242	—	—
Loans receivable.....	508,737	—	—	—
Other long-term assets.....	—	—	322	—
Deferred charges.....	4,185	1,216	—	—
Total long-term assets.....	<u>553,753</u>	<u>206,839</u>	<u>2,375</u>	<u>—</u>
Property, plant, and equipment:				
Land and improvements.....	—	—	—	—
Buildings and improvements.....	—	—	—	—
Machinery, equipment, and other.....	1,333	277	—	33
Construction in progress.....	—	—	—	—
Less: accumulated depreciation.....	(483)	(176)	—	(31)
Total property, plant, and equipment, net.....	<u>850</u>	<u>101</u>	<u>—</u>	<u>2</u>
Total assets.....	<u>\$ 731,675</u>	<u>\$ 602,267</u>	<u>\$ 8,097</u>	<u>\$ 13,123</u>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 181	\$ 4,040	\$ 22,024	\$ —	\$ 369,621
—	—	91	—	91
3,719	205	799	—	9,137
—	237	2,136	—	13,396
—	—	—	—	51,220
—	—	—	—	3,797
—	—	5	(5)	—
—	283	1,436	—	1,719
46,368	—	3,964	—	211,375
—	—	—	—	10,016
722	—	—	—	7,056
—	—	32	—	51
<u>50,990</u>	<u>4,765</u>	<u>30,487</u>	<u>(5)</u>	<u>677,479</u>
—	—	562	—	7,368
—	—	17,270	—	228,132
—	—	1,610	—	1,610
—	—	—	—	30,839
—	—	—	—	508,737
—	—	296	—	618
—	—	—	—	5,401
<u>—</u>	<u>—</u>	<u>19,738</u>	<u>—</u>	<u>782,705</u>
—	5,960	14,108	—	20,068
—	1,650	2,367	—	4,017
197	8,179	5,390	—	15,409
—	—	1,032	—	1,032
<u>(122)</u>	<u>(7,738)</u>	<u>(4,053)</u>	<u>—</u>	<u>(12,603)</u>
<u>75</u>	<u>8,051</u>	<u>18,844</u>	<u>—</u>	<u>27,923</u>
<u><u>\$ 51,065</u></u>	<u><u>\$ 12,816</u></u>	<u><u>\$ 69,069</u></u>	<u><u>\$ (5)</u></u>	<u><u>\$ 1,488,107</u></u>

Continued on Next Page

Combining Balance Sheet

ENTERPRISE FUNDS (Continued)

June 30, 2001

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs- Economic Development Authority</u>	<u>Patients' Compensation</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities.....	\$ 5,653	\$ 18,920	\$ 170	\$ 16
Due to other funds.....	14	9	—	—
Deferred revenues.....	—	—	—	8,800
Deposits.....	—	—	1,654	—
Securities lending collateral.....	715	2,844	—	855
Liabilities payable from restricted assets.....	19,019	—	—	—
Notes payable.....	—	—	79	—
Revenue bonds payable.....	11,510	10	—	—
Compensated absences payable.....	523	95	25	21
Other current liabilities	2	—	—	—
Total current liabilities.....	<u>37,436</u>	<u>21,878</u>	<u>1,928</u>	<u>9,692</u>
Long-term liabilities:				
Policy claims.....	—	—	—	152,901
Advances from other funds.....	—	—	—	—
Notes payable.....	—	—	52	—
Revenue bonds payable.....	493,996	426,210	—	—
Other long-term liabilities.....	—	45,409	—	—
Total long-term liabilities.....	<u>493,996</u>	<u>471,619</u>	<u>52</u>	<u>152,901</u>
Total liabilities.....	<u>531,432</u>	<u>493,497</u>	<u>1,980</u>	<u>162,593</u>
Fund Equity (Deficit):				
Contributed capital.....	—	—	260	—
Retained earnings (deficit):				
Reserved for debt requirements.....	172,185	82,832	—	—
Unreserved.....	28,058	25,938	5,857	(149,470)
Total fund equity (deficit).....	<u>200,243</u>	<u>108,770</u>	<u>6,117</u>	<u>(149,470)</u>
Total liabilities and fund equity.....	<u>\$ 731,675</u>	<u>\$ 602,267</u>	<u>\$ 8,097</u>	<u>\$ 13,123</u>

<u>Second Injury</u>	<u>Patriots Point Development Authority</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 90	\$ 425	\$ 7,382	\$ —	\$ 32,656
581	17	70	(5)	686
—	558	41	—	9,399
—	—	—	—	1,654
3,719	205	799	—	9,137
46,518	—	1,429	—	66,966
—	—	2	—	81
—	—	—	—	11,520
82	240	467	—	1,453
—	—	26	—	28
<u>50,990</u>	<u>1,445</u>	<u>10,216</u>	<u>(5)</u>	<u>133,580</u>
—	—	—	—	152,901
—	—	17,270	—	17,270
—	—	19	—	71
—	—	—	—	920,206
—	—	—	—	45,409
<u>—</u>	<u>—</u>	<u>17,289</u>	<u>—</u>	<u>1,135,857</u>
<u>50,990</u>	<u>1,445</u>	<u>27,505</u>	<u>(5)</u>	<u>1,269,437</u>
—	11,809	9,034	—	21,103
—	—	3,020	—	258,037
75	(438)	29,510	—	(60,470)
<u>75</u>	<u>11,371</u>	<u>41,564</u>	<u>—</u>	<u>218,670</u>
<u>\$ 51,065</u>	<u>\$ 12,816</u>	<u>\$ 69,069</u>	<u>\$ (5)</u>	<u>\$ 1,488,107</u>

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

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs- Economic Development Authority	Patients' Compensation
Operating revenues:				
Charges for services.....	\$ 6,044	\$ 39,253	\$ 436	\$ 32,972
Interest and other investment income.....	47,676	10,720	408	1,763
Total operating revenues.....	53,720	49,973	844	34,735
Operating expenses:				
General operations and administration.....	7,924	9,456	4,587	264
Benefits and claims.....	—	—	—	82,558
Interest.....	31,641	20,076	—	—
Depreciation and amortization.....	454	160	—	3
Other operating expenses.....	2,035	2,439	92	—
Total operating expenses.....	42,054	32,131	4,679	82,825
Operating income (loss).....	11,666	17,842	(3,835)	(48,090)
Nonoperating revenues (expenses):				
Interest income.....	—	—	127	—
Federal revenue.....	38,116	—	—	—
Interest expense.....	—	—	(19)	—
Other nonoperating revenues (expenses).....	(34,693)	(6,973)	43	—
Total nonoperating revenues (expenses).....	3,423	(6,973)	151	—
Income (loss) before operating transfers and extraordinary items.....	15,089	10,869	(3,684)	(48,090)
Operating transfers in.....	—	—	125	—
Operating transfers out.....	—	—	—	—
Income (loss) before extraordinary items.....	15,089	10,869	(3,559)	(48,090)
Extraordinary loss on early extinguishment of debt.....	(372)	—	—	—
Net income (loss).....	14,717	10,869	(3,559)	(48,090)
Retained earnings (deficit) at beginning of year (restated).....	185,526	97,901	9,416	(101,380)
Retained earnings (deficit) at end of year.....	200,243	108,770	5,857	(149,470)
Contributed capital at beginning of year.....	—	—	260	—
Fund equity (deficit) at end of year.....	\$ 200,243	\$ 108,770	\$ 6,117	\$ (149,470)

<u>Second Injury</u>	<u>Patriots Point Develop- ment Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 1,421	\$ 6,890	\$ 17,730	\$ 104,746
—	—	—	60,567
<u>1,421</u>	<u>6,890</u>	<u>17,730</u>	<u>165,313</u>
1,351	5,620	15,954	45,156
—	—	—	82,558
—	—	—	51,717
16	463	401	1,497
34	184	3	4,787
<u>1,401</u>	<u>6,267</u>	<u>16,358</u>	<u>185,715</u>
<u>20</u>	<u>623</u>	<u>1,372</u>	<u>(20,402)</u>
—	85	2,550	2,762
—	—	—	38,116
—	—	(1,364)	(1,383)
(17)	—	905	(40,735)
<u>(17)</u>	<u>85</u>	<u>2,091</u>	<u>(1,240)</u>
3	708	3,463	(21,642)
—	—	—	125
—	—	(197)	(197)
<u>3</u>	<u>708</u>	<u>3,266</u>	<u>(21,714)</u>
—	—	—	(372)
<u>3</u>	<u>708</u>	<u>3,266</u>	<u>(22,086)</u>
<u>72</u>	<u>(1,146)</u>	<u>29,264</u>	<u>219,653</u>
75	(438)	32,530	197,567
—	11,809	9,034	21,103
<u>\$ 75</u>	<u>\$ 11,371</u>	<u>\$ 41,564</u>	<u>\$ 218,670</u>

Combining Statement of Cash Flows

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	<u>Housing Authority</u>	<u>Education Assistance Authority</u>	<u>Jobs— Economic Development Authority</u>
Cash flows from operating activities:			
Operating income (loss).....	\$ 11,666	\$ 17,842	\$ (3,835)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	454	160	—
Net increase in the fair value of investments.....	—	(1,119)	—
Issuance of loans and notes.....	(80,457)	(174,176)	(150)
Collection of loans and notes	48,549	302,995	536
Interest payments reclassified as noncapital financing activities....	31,621	20,076	—
Interest on investments.....	(10,469)	(9,601)	(319)
Amounts received for payment of claims.....	—	—	—
Payment of claims.....	—	—	—
Other nonoperating revenues.....	—	—	14
Other nonoperating expenses.....	—	—	—
Other.....	(30)	—	(34)
Change in assets—decreases (increases):			
Accounts receivable, net.....	(293)	135	99
Due from Federal government and other grantors.....	433	3,544	—
Due from other funds.....	—	—	—
Inventories.....	—	—	—
Other current assets	—	247	—
Change in liabilities—increases (decreases):			
Accounts payable and accrued liabilities.....	565	3,446	14
Policy claims.....	—	—	—
Due to other funds.....	—	—	—
Deferred revenues	—	—	—
Deposits.....	—	—	113
Liabilities payable from restricted assets.....	221	—	—
Compensated absences payable	—	9	(2)
Other current liabilities.....	47	—	—
Net cash provided by (used in) operating activities.....	2,307	163,558	(3,564)
Cash flows from noncapital financing activities:			
Proceeds from loans made by other funds.....	—	—	—
Principal payments made to other funds.....	—	—	—
Principal payments on notes payable.....	—	—	(107)
Proceeds from sale of revenue bonds.....	—	49,200	—
Principal payments on revenue bonds.....	(37,200)	(19,200)	—
Interest payments.....	(30,587)	(23,246)	(19)
Payment of bond issuance costs.....	(130)	(329)	—
Federal revenue.....	38,116	—	—
Payments from Federal grants.....	(34,694)	—	—
Operating transfers in	—	—	125
Operating transfers out	—	—	—
Net cash provided by (used in) noncapital financing activities.....	(64,495)	6,425	(1)

<u>Patients'</u> <u>Compensation</u>	<u>Second</u> <u>Injury</u>	<u>Patriots</u> <u>Point</u> <u>Development</u> <u>Authority</u>	<u>Other</u> <u>Enterprise</u>	<u>Elimina-</u> <u>tions</u>	<u>Totals</u>
\$ (48,090)	\$ 20	\$ 623	\$ 1,372	\$ —	\$ (20,402)
3	16	463	401	—	1,497
—	—	—	—	—	(1,119)
—	—	—	—	—	(254,783)
—	—	—	—	—	352,080
—	—	—	—	—	51,697
(1,763)	—	—	—	—	(22,152)
—	70,433	—	—	—	70,433
—	(80,851)	—	—	—	(80,851)
—	—	—	848	—	862
—	—	—	(480)	—	(480)
1	23	—	1	—	(39)
—	—	(27)	223	—	137
—	—	—	—	—	3,977
—	—	9	(4)	(253)	(248)
—	—	40	232	—	272
—	—	9	(3)	—	253
5	6	(116)	2,708	—	6,628
41,390	—	—	—	—	41,390
—	—	—	(324)	253	(71)
1,074	—	(53)	7	—	1,028
—	—	—	—	—	113
—	—	—	—	—	221
1	(5)	17	24	—	44
—	—	—	(2)	—	45
<u>(7,379)</u>	<u>(10,358)</u>	<u>965</u>	<u>5,003</u>	<u>—</u>	<u>150,532</u>
—	—	—	606	—	606
—	—	—	(200)	—	(200)
—	—	—	(2)	—	(109)
—	—	—	—	—	49,200
—	—	—	—	—	(56,400)
—	—	—	(1,350)	—	(55,202)
—	—	—	—	—	(459)
—	—	—	—	—	38,116
—	—	—	—	—	(34,694)
—	—	—	—	—	125
—	—	—	(197)	—	(197)
<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,143)</u>	<u>—</u>	<u>(59,214)</u>

Continued on Next Page

Combining Statement of Cash Flows

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Housing Authority	Education Assistance Authority	Jobs— Economic Development Authority
Cash flows from capital and related financing activities:			
Acquisition of property, plant, and equipment.....	\$ (187)	\$ (35)	\$ —
Proceeds from sale of capital assets.....	—	—	—
Net cash used in capital and related financing activities.....	(187)	(35)	—
Cash flows from investing activities:			
Proceeds from sale of investments.....	—	—	139
Purchase of investments	(16,387)	(1,469)	—
Interest on investments.....	9,790	9,970	475
Issuance of loans	—	—	—
Collection of loans	—	—	219
Net cash provided by (used in) investing activities.....	(6,597)	8,501	833
Net increase (decrease) in cash and cash equivalents.....	(68,972)	178,449	(2,732)
Cash and cash equivalents at beginning of year	224,824	152,433	8,349
Cash and cash equivalents at end of year.....	\$ 155,852	\$ 330,882	\$ 5,617
Noncash capital, investing, and financing activities:			
Increase in fair value of investments.....	\$ 284	\$ —	\$ —
Amortization and write-off of bond issue discount.....	650	—	—
Accrual of arbitrage expense.....	—	6,973	—
Total noncash capital, investing, and financing activities.....	\$ 934	\$ 6,973	\$ —

<u>Patients'</u> <u>Compensation</u>	<u>Second</u> <u>Injury</u>	<u>Patriots</u> <u>Point</u> <u>Development</u> <u>Authority</u>	<u>Other</u> <u>Enterprise</u>	<u>Elimina-</u> <u>tions</u>	<u>Totals</u>
\$ (1)	\$ (39)	\$ (72)	\$ (2,371)	\$ —	\$ (2,705)
—	3	—	2	—	5
(1)	(36)	(72)	(2,369)	—	(2,700)
—	—	—	—	—	139
—	—	—	—	—	(17,856)
1,841	5,562	74	2,617	—	30,329
—	—	—	(673)	—	(673)
—	—	—	200	—	419
1,841	5,562	74	2,144	—	12,358
(5,539)	(4,832)	967	3,635	—	100,976
17,607	51,381	3,073	22,353	—	480,020
<u>\$ 12,068</u>	<u>\$ 46,549</u>	<u>\$ 4,040</u>	<u>\$ 25,988</u>	<u>\$ —</u>	<u>\$ 580,996</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 284
—	—	—	—	—	650
—	—	—	—	—	6,973
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,907</u>