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## Internal Service Funds

Internal Service Funds provide goods/services to other funds, other agencies, or other governments on a cost-reimbursement basis. The State uses the following Internal Service Funds:

**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.

**Health and Disability Insurance Fund.** This is a risk management fund that underwrites the group health, dental, long-term disability, and related 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 Balance Sheet

## INTERNAL SERVICE FUNDS

June 30, 2001

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services	Central Supplies and Equipment	Motor Pool
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents.....	\$ 92,519	\$ 27,697	\$ 25,359	\$ 37,634	\$ 1,363	\$ 5,825
Invested securities lending collateral.....	43,362	1,115	1,841	93	—	—
Accounts receivable, net.....	10,897	2,204	35,800	291	—	274
Due from other funds.....	5,426	21,264	644	6,700	573	1,325
Due from component units.....	—	—	1	3	—	2
Interfund receivables.....	915	—	—	—	—	—
Inventories.....	—	—	—	1,304	1,786	8
Other current assets.....	2,582	2	—	—	—	—
<b>Total current assets.....</b>	<b>155,701</b>	<b>52,282</b>	<b>63,645</b>	<b>46,025</b>	<b>3,722</b>	<b>7,434</b>
Long-term assets:						
Investments.....	247,350	18,309	1,094	—	—	—
Advances to other funds.....	21,353	—	—	—	—	—
<b>Total long-term assets.....</b>	<b>268,703</b>	<b>18,309</b>	<b>1,094</b>	<b>—</b>	<b>—</b>	<b>—</b>
Property, plant, and equipment:						
Land and improvements.....	—	—	—	6,347	—	329
Buildings and improvements.....	—	—	—	175,703	—	1,127
Machinery, equipment, and other.....	993	1,352	9,818	68,900	—	35,100
Construction in progress.....	—	—	—	2,384	—	—
Less: accumulated depreciation.....	(740)	(653)	(3,857)	(106,053)	—	(19,858)
<b>Total property, plant, and equipment, net.....</b>	<b>253</b>	<b>699</b>	<b>5,961</b>	<b>147,281</b>	<b>—</b>	<b>16,698</b>
<b>Total assets.....</b>	<b>\$ 424,657</b>	<b>\$ 71,290</b>	<b>\$ 70,700</b>	<b>\$ 193,306</b>	<b>\$ 3,722</b>	<b>\$ 24,132</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities.....	\$ 243	\$ 450	\$ 6,636	\$ 7,870	\$ 642	\$ 1,048
Retainages payable.....	—	—	—	221	—	—
Policy claims.....	168,243	141,029	24,411	—	—	25
Due to other funds.....	277	105	10	1,059	23	549
Interfund payables.....	—	—	—	949	1,000	—
Deferred revenues.....	29,593	581	35,418	—	—	—
Securities lending collateral.....	43,362	1,115	1,841	93	—	—
Notes payable.....	—	—	—	1,596	—	—
Limited obligation bonds payable.....	—	—	—	3,425	—	—
Capital lease and installment debt obligations payable.....	—	—	—	319	—	—
Compensated absences payable.....	272	273	335	2,574	—	118
<b>Total current liabilities.....</b>	<b>241,990</b>	<b>143,553</b>	<b>68,651</b>	<b>18,106</b>	<b>1,665</b>	<b>1,740</b>
Long-term liabilities:						
Policy claims.....	—	—	32,741	—	—	—
Advances from other funds.....	—	—	—	6,878	—	—
Notes payable.....	—	—	—	4,460	—	—
Limited obligation bonds payable.....	—	—	—	30,578	—	—
Capital lease and installment debt obligations payable.....	—	—	—	2,217	—	—
<b>Total long-term liabilities.....</b>	<b>—</b>	<b>—</b>	<b>32,741</b>	<b>44,133</b>	<b>—</b>	<b>—</b>
<b>Total liabilities.....</b>	<b>241,990</b>	<b>143,553</b>	<b>101,392</b>	<b>62,239</b>	<b>1,665</b>	<b>1,740</b>
<b>Fund Equity:</b>						
Contributed capital.....	—	41	—	86,201	—	110
Retained earnings (deficit).....	182,667	(72,304)	(30,692)	44,866	2,057	22,282
<b>Total fund equity (deficit).....</b>	<b>182,667</b>	<b>(72,263)</b>	<b>(30,692)</b>	<b>131,067</b>	<b>2,057</b>	<b>22,392</b>
<b>Total liabilities and fund equity.....</b>	<b>\$ 424,657</b>	<b>\$ 71,290</b>	<b>\$ 70,700</b>	<b>\$ 193,306</b>	<b>\$ 3,722</b>	<b>\$ 24,132</b>

<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>Elimina- tions</u>	<u>Totals</u>
\$ 2,070	\$ 3,826	\$ 537	\$ 6,208	\$ —	\$ 203,038
167	—	—	—	—	46,578
36	2,050	1,459	—	—	53,011
—	1,004	—	25	(7,839)	29,122
—	—	—	—	—	6
—	—	—	9	(924)	—
—	4,200	—	—	—	7,298
—	—	—	—	—	2,584
<u>2,273</u>	<u>11,080</u>	<u>1,996</u>	<u>6,242</u>	<u>(8,763)</u>	<u>341,637</u>
—	—	130	—	—	266,883
—	—	—	—	(1,171)	20,182
—	—	130	—	(1,171)	287,065
—	—	—	—	—	6,676
—	1,648	—	—	—	178,478
3,456	9,652	—	75	—	129,346
—	2,555	—	185	—	5,124
(1,823)	(7,142)	—	(57)	—	(140,183)
<u>1,633</u>	<u>6,713</u>	<u>—</u>	<u>203</u>	<u>—</u>	<u>179,441</u>
<u>\$ 3,906</u>	<u>\$ 17,793</u>	<u>\$ 2,126</u>	<u>\$ 6,445</u>	<u>\$ (9,934)</u>	<u>\$ 808,143</u>
\$ 948	\$ 913	\$ 16	\$ 41	\$ —	\$ 18,807
—	38	—	—	—	259
—	—	—	—	—	333,708
355	257	—	5,204	(7,839)	—
—	—	—	9	(924)	1,034
—	—	—	—	—	65,592
167	—	—	—	—	46,578
—	—	—	—	—	1,596
—	—	—	—	—	3,425
—	—	—	—	—	319
853	592	—	6	—	5,023
<u>2,323</u>	<u>1,800</u>	<u>16</u>	<u>5,260</u>	<u>(8,763)</u>	<u>476,341</u>
—	—	—	—	—	32,741
—	—	—	—	(1,171)	5,707
—	—	—	—	—	4,460
—	—	—	—	—	30,578
—	—	—	—	—	2,217
—	—	—	—	(1,171)	75,703
<u>2,323</u>	<u>1,800</u>	<u>16</u>	<u>5,260</u>	<u>(9,934)</u>	<u>552,044</u>
—	5,439	—	133	—	91,924
1,583	10,554	2,110	1,052	—	164,175
<u>1,583</u>	<u>15,993</u>	<u>2,110</u>	<u>1,185</u>	<u>—</u>	<u>256,099</u>
<u>\$ 3,906</u>	<u>\$ 17,793</u>	<u>\$ 2,126</u>	<u>\$ 6,445</u>	<u>\$ (9,934)</u>	<u>\$ 808,143</u>

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

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services	Central Supplies and Equipment
<b>Operating revenues:</b>					
Charges for services.....	\$ 69,878	\$ 911,394	\$ 34,908	\$ 91,895	\$ 10,004
Contributions.....	—	—	—	—	—
Interest and other investment income.....	33,215	5,972	2,436	—	—
<b>Total operating revenues.....</b>	<b>103,093</b>	<b>917,366</b>	<b>37,344</b>	<b>91,895</b>	<b>10,004</b>
<b>Operating expenses:</b>					
General operations and administration.....	35,460	130,644	5,281	72,900	10,169
Benefits and claims.....	52,513	776,657	40,168	—	—
Depreciation .....	68	81	1,103	8,541	—
Other operating expenses.....	—	—	1,245	6,760	—
<b>Total operating expenses.....</b>	<b>88,041</b>	<b>907,382</b>	<b>47,797</b>	<b>88,201</b>	<b>10,169</b>
<b>Operating income (loss).....</b>	<b>15,052</b>	<b>9,984</b>	<b>(10,453)</b>	<b>3,694</b>	<b>(165)</b>
<b>Nonoperating revenues (expenses):</b>					
Interest income.....	—	—	—	196	—
Federal revenue.....	—	—	—	4	—
Interest expense.....	—	—	—	(3,055)	—
Other nonoperating revenues (expenses).....	(5)	(6)	(21)	(110)	—
<b>Total nonoperating revenues (expenses).....</b>	<b>(5)</b>	<b>(6)</b>	<b>(21)</b>	<b>(2,965)</b>	<b>—</b>
<b>Income (loss) before operating transfers.....</b>	<b>15,047</b>	<b>9,978</b>	<b>(10,474)</b>	<b>729</b>	<b>(165)</b>
Operating transfers in.....	6	330	—	3,499	—
Operating transfers out.....	(403)	(588)	—	(2,179)	(300)
<b>Net income (loss).....</b>	<b>14,650</b>	<b>9,720</b>	<b>(10,474)</b>	<b>2,049</b>	<b>(465)</b>
<b>Retained earnings (deficit) at beginning of year .....</b>	<b>168,017</b>	<b>(82,024)</b>	<b>(20,218)</b>	<b>42,817</b>	<b>2,522</b>
<b>Retained earnings (deficit) at end of year.....</b>	<b>182,667</b>	<b>(72,304)</b>	<b>(30,692)</b>	<b>44,866</b>	<b>2,057</b>
<b>Contributed capital at beginning of year .....</b>	<b>—</b>	<b>41</b>	<b>—</b>	<b>85,512</b>	<b>—</b>
<b>Additions to contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>689</b>	<b>—</b>
<b>Deductions from contributed capital.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund equity (deficit) at end of year.....</b>	<b>\$ 182,667</b>	<b>\$ (72,263)</b>	<b>\$ (30,692)</b>	<b>\$ 131,067</b>	<b>\$ 2,057</b>

Motor Pool	Pension Administration	Prison Industries	Governor's School for the Arts Foundation, Inc.	Other Internal Service	Eliminations	Totals
\$ 17,359	\$ 14,792	\$ 20,259	\$ 66	\$ 411	\$ —	\$ 1,170,966
—	—	—	632	—	—	632
—	—	—	42	—	—	41,665
<b>17,359</b>	<b>14,792</b>	<b>20,259</b>	<b>740</b>	<b>411</b>	<b>—</b>	<b>1,213,263</b>
8,783	14,361	18,856	920	246	—	297,620
25	—	—	—	—	—	869,363
5,649	522	648	—	7	—	16,619
5	117	17	—	2	—	8,146
<b>14,462</b>	<b>15,000</b>	<b>19,521</b>	<b>920</b>	<b>255</b>	<b>—</b>	<b>1,191,748</b>
<b>2,897</b>	<b>(208)</b>	<b>738</b>	<b>(180)</b>	<b>156</b>	<b>—</b>	<b>21,515</b>
—	259	—	—	918	—	1,373
—	—	—	—	—	—	4
—	—	—	—	(702)	—	(3,757)
(48)	(54)	690	—	6	—	452
<b>(48)</b>	<b>205</b>	<b>690</b>	<b>—</b>	<b>222</b>	<b>—</b>	<b>(1,928)</b>
<b>2,849</b>	<b>(3)</b>	<b>1,428</b>	<b>(180)</b>	<b>378</b>	<b>—</b>	<b>19,587</b>
—	—	—	—	37	(487)	3,385
(1,674)	—	—	(1,782)	(38)	487	(6,477)
<b>1,175</b>	<b>(3)</b>	<b>1,428</b>	<b>(1,962)</b>	<b>377</b>	<b>—</b>	<b>16,495</b>
<b>21,107</b>	<b>1,586</b>	<b>9,126</b>	<b>4,072</b>	<b>675</b>	<b>—</b>	<b>147,680</b>
<b>22,282</b>	<b>1,583</b>	<b>10,554</b>	<b>2,110</b>	<b>1,052</b>	<b>—</b>	<b>164,175</b>
212	—	5,290	—	133	—	91,188
—	—	149	—	—	—	838
(102)	—	—	—	—	—	(102)
<b>\$ 22,392</b>	<b>\$ 1,583</b>	<b>\$ 15,993</b>	<b>\$ 2,110</b>	<b>\$ 1,185</b>	<b>\$ —</b>	<b>\$ 256,099</b>

# Combining Statement of Cash Flows

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services
<b>Cash flows from operating activities:</b>				
Operating income (loss).....	\$ 15,052	\$ 9,984	\$ (10,453)	\$ 3,694
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation .....	68	81	1,103	8,541
Provision for loan losses and bad debts.....	—	—	—	—
Amortization of deferred gain on sale of capital leaseback.....	—	—	—	—
Net increase in the fair value of investments.....	(9,090)	(542)	—	—
Interest on investments and interfund loans.....	(18,757)	(4,606)	(2,436)	—
Other nonoperating revenues.....	—	—	54	302
Other nonoperating expenses.....	—	—	—	(16)
Other.....	1	(129)	1	27
<b>Change in assets—decreases (increases):</b>				
Accounts receivable, net.....	16,932	167	(29,004)	36
Due from other funds .....	(4,868)	(3,867)	102	1,854
Inventories.....	—	—	—	21
Other current assets.....	(272)	—	—	—
<b>Change in liabilities—increases (decreases):</b>				
Accounts payable and accrued liabilities.....	(196)	28	2,270	(574)
Retainages payable.....	—	—	—	(142)
Policy claims.....	17,094	(16,410)	826	—
Due to other funds.....	259	25	(16)	203
Deferred revenues .....	(10,819)	8	31,281	—
Compensated absences payable.....	3	(105)	(28)	(293)
<b>Net cash provided by (used in) operating activities.....</b>	<b>5,407</b>	<b>(15,366)</b>	<b>(6,300)</b>	<b>13,653</b>
<b>Cash flows from noncapital financing activities:</b>				
Principal payments received from other funds.....	6,650	—	—	—
Principal payments made to other funds.....	—	—	—	(6,638)
Receipt of interest from other funds.....	1,260	—	—	—
Interest payments made to other funds.....	—	—	—	(1,012)
Loans made to other funds.....	(4,107)	—	—	—
Operating transfers in.....	6	330	—	3,499
Operating transfers out.....	(403)	(588)	—	(2,179)
<b>Net cash provided by (used in) noncapital financing activities.....</b>	<b>3,406</b>	<b>(258)</b>	<b>—</b>	<b>(6,330)</b>

<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>Elimina- tions</u>	<u>Totals</u>
\$ (165)	\$ 2,897	\$ (208)	\$ 738	\$ (180)	\$ 156	\$ —	\$ 21,515
—	5,649	522	648	—	7	—	16,619
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	(9,632)
—	—	—	—	—	—	—	(25,799)
—	263	10	738	—	—	—	1,367
—	—	—	—	—	—	—	(16)
—	(3)	(1)	(1)	—	6	—	(99)
318	(36)	14	433	1,375	1	—	(9,764)
—	1,562	—	306	—	(10)	5,817	896
22	6	—	(412)	—	—	—	(363)
—	—	—	—	—	—	—	(272)
(344)	(68)	(150)	(250)	(134)	23	—	605
—	—	—	29	—	—	—	(113)
—	(6)	—	—	—	—	—	1,504
(61)	496	(258)	(11)	—	5,180	(5,817)	—
—	—	—	—	—	—	—	20,470
—	(1)	(106)	(11)	—	(4)	—	(545)
<b>(230)</b>	<b>10,759</b>	<b>(177)</b>	<b>2,207</b>	<b>1,061</b>	<b>5,359</b>	<b>—</b>	<b>16,373</b>
—	—	—	—	—	6,523	—	13,173
—	—	—	—	—	(6,151)	—	(12,789)
—	—	—	—	—	918	—	2,178
—	—	—	—	—	(702)	—	(1,714)
—	—	—	—	—	—	—	(4,107)
—	—	—	—	—	37	(487)	3,385
(300)	(1,674)	—	—	(1,782)	(38)	487	(6,477)
<b>(300)</b>	<b>(1,674)</b>	<b>—</b>	<b>—</b>	<b>(1,782)</b>	<b>587</b>	<b>—</b>	<b>(6,351)</b>

# Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	State Accident Fund	General Services
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of property, plant, and equipment.....	\$ (86)	\$ (180)	\$ (111)	\$ (5,161)
Proceeds from notes payable.....	—	—	—	2,041
Proceeds from sale of limited obligation bonds.....	—	—	—	—
Proceeds from sale of limited obligation bonds.....	—	—	—	2,000
Principal payments on limited obligation bonds.....	—	—	—	(3,190)
Interest payments.....	—	—	—	(2,043)
Proceeds from sale of capital assets.....	—	—	—	—
Principal payments on capital leases and installment debt obligations payable.....	—	—	—	(298)
<b>Net cash used in capital and related financing activities.....</b>	<b>(86)</b>	<b>(180)</b>	<b>(111)</b>	<b>(6,651)</b>
<b>Cash flows from investing activities:</b>				
Proceeds from sale of investments.....	38,215	1,070	—	—
Purchase of investments.....	(24,754)	(441)	—	—
Interest on investments.....	17,319	5,059	2,310	196
<b>Net cash provided by investing activities.....</b>	<b>30,780</b>	<b>5,688</b>	<b>2,310</b>	<b>196</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>39,507</b>	<b>(10,116)</b>	<b>(4,101)</b>	<b>868</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>53,012</b>	<b>37,813</b>	<b>29,460</b>	<b>36,766</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>\$ 92,519</b>	<b>\$ 27,697</b>	<b>\$ 25,359</b>	<b>\$ 37,634</b>
<b>Noncash capital, investing, and financing activities:</b>				
Acquisition of property, plant, and equipment through transfers from other funds.....	\$ —	\$ —	\$ —	\$ 97
Disposal of fixed assets.....	(49)	(48)	—	—
Long-term interfund loan payments forgiven.....	—	—	—	592
<b>Total noncash capital and financing activities.....</b>	<b>\$ (49)</b>	<b>\$ (48)</b>	<b>\$ —</b>	<b>\$ 689</b>

<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>Elimina- tions</u>	<u>Totals</u>
\$ —	\$ (7,472)	\$ (235)	\$ (2,680)	\$ —	\$ (187)	\$ —	\$ (16,112)
—	—	—	—	—	—	—	2,041
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	2,000
—	—	—	—	—	—	—	(3,190)
—	—	—	—	—	—	—	(2,043)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	(298)
<u>—</u>	<u>(7,472)</u>	<u>(235)</u>	<u>(2,680)</u>	<u>—</u>	<u>(187)</u>	<u>—</u>	<u>(17,602)</u>
—	—	—	—	965	—	—	40,250
—	—	—	—	—	—	—	(25,195)
—	—	259	—	—	—	—	25,143
—	—	<u>259</u>	—	<u>965</u>	—	—	<u>40,198</u>
(530)	1,613	(153)	(473)	244	5,759	—	32,618
<u>1,893</u>	<u>4,212</u>	<u>2,223</u>	<u>4,299</u>	<u>293</u>	<u>449</u>	<u>—</u>	<u>170,420</u>
<u>\$ 1,363</u>	<u>\$ 5,825</u>	<u>\$ 2,070</u>	<u>\$ 3,826</u>	<u>\$ 537</u>	<u>\$ 6,208</u>	<u>\$ —</u>	<u>\$ 203,038</u>
\$ —	\$ —	\$ —	\$ 149	\$ —	\$ —	\$ —	\$ 246
—	(102)	—	—	—	—	—	(199)
—	—	—	—	—	—	—	592
<u>\$ —</u>	<u>\$ (102)</u>	<u>\$ —</u>	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 639</u>