

SOUTH CAROLINA STUDENT LOAN CORPORATION

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2000

SOUTH CAROLINA STUDENT LOAN CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
South Carolina Student Loan Corporation
Columbia, South Carolina

We have audited the accompanying statement of financial position of South Carolina Student Loan Corporation as of June 30, 2000, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Student Loan Corporation as of June 30, 2000 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles. In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2000 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

As described in Note 16 to the financial statements, on July 1, 1998 the Corporation changed its method of depreciating certain equipment.

Our audit was made for the purpose of forming an opinion on the financial statements of South Carolina Student Loan Corporation, taken as a whole. The accompanying supplementary information in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards in Schedule 7 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

August 31, 2000

Derrick, Stubbs & Stith, LLP

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2000

(With Comparative Amounts for 1999)

	2000		1999
	Unrestricted	Temporarily Restricted	Totals
ASSETS		Total	Memorandum Only
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 4,117,508	\$ 12,105,786	\$ 16,223,294
Investments	225,946	1,404,535	1,630,481
Current Portion of Student Loan Receivables		158,389,049	123,800,223
Interest Due from Borrowers	453,513	29,152,761	26,423,041
Due from United States Department of Education	228	10,928,999	7,127,781
Due from SC State Education Assistance Authority	897	10,269,774	8,705,491
Accrued Investment Income	1,174	293,097	308,404
Miscellaneous Operating Receivables	2,740		1,820
Prepaid Expenses	31,674		15,968
Due from (to) Other Funds	10,167,158	(10,167,158)	
Total Current Assets	\$ 15,000,838	\$ 212,376,843	\$ 183,310,824
<u>Investments and Long-Term Receivables:</u>			
Investments	\$	\$ 31,866,303	\$ 48,316,615
Other Student Loan Receivables Less, Current Portion			
Teacher Loans Receivable - Net Allowance for Teacher Loan	6,333,217	1,161,898,851	1,065,876,773
Cancellations of \$ 12,104,936 and Current Portion			
Cash Surrender Value of Life Insurance	33,349	11,391,849	11,744,627
Deferred Cost of Issuance of Bonds			
Total Investments and Long-Term Receivables	\$ 6,366,566	\$ 1,206,258,400	\$ 1,126,877,046
<u>Property and Equipment:</u>			
Furniture and Equipment	\$ 2,274,534	\$	\$ 2,883,744
Automobiles	33,016	33,016	29,719
Less, Accumulated Depreciation	(1,740,942)	(1,740,942)	(1,509,346)
Net Property and Equipment	\$ 566,608	\$ -	\$ 1,404,117
Total Assets	\$ 21,934,012	\$ 1,418,635,243	\$ 1,311,591,987

See Notes to Financial Statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2000

(With Comparative Amounts for 1999)

	2000		1999
	Unrestricted	Temporarily Restricted	Totals
		Total	Memorandum Only
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current Portion of Notes Payable - Finance Loans	\$	\$ 58,000,000	\$ 69,543,309
Current Maturities of Bonds Payable		98,731,193	62,890,636
Interest Payable		5,932,306	3,869,797
Accounts Payable	60,367	128,756	180,853
Accrued Pension Payable	406,820	419,402	364,684
Compensated Absences	181,409	195,004	170,327
Due to SC State Education Assistance Authority		8,892,356	6,469,818
Total Current Liabilities	\$ 648,596	\$ 171,650,421	\$ 143,489,424
Long-Term Debt:			
Bonds Payable Less, Current Maturities and Bond Premiums and Discounts of \$ 4,562,233	\$	\$ 665,351,983	\$ 614,635,622
Notes Payable - Finance Loans Less, Current Maturities		314,201,163	291,995,886
Note Payable to Banks		182,008,132	173,455,570
Total Long-Term Debt	\$ -	\$ 1,161,561,278	\$ 1,080,087,078
Total Liabilities	\$ 648,596	\$ 1,333,211,699	\$ 1,223,576,502
Net Assets:			
Temporarily Restricted:			
For Teacher Loans	\$	\$ 29,791,514	\$ 28,737,310
For Bond Indentures		47,102,166	32,842,049
For Bond Indentures - Current Debt Service		8,529,864	7,601,210
Total Temporarily Restricted	\$	\$ 85,423,544	\$ 69,180,569
Unrestricted	21,285,416	21,285,416	18,834,916
Total Net Assets	\$ 21,285,416	\$ 85,423,544	\$ 88,015,485
Total Liabilities and Net Assets	\$ 21,934,012	\$ 1,418,635,243	\$ 1,311,591,987

See Notes to Financial Statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2000

(With Comparative Amounts for 1999)

	2000		Total	1999 Totals
	Unrestricted	Temporarily Restricted		
Revenue and Other Support:				Memorandum Only
Income from United States Department of Education:				
Student Loan Interest - Subsidized	\$ 626	\$ 26,050,372	\$ 26,050,998	\$ 28,042,548
Special Allowances	215	13,929,722	13,929,937	4,159,288
Student Loan Interest - Non Subsidized	425,820	70,544,209	70,970,029	66,458,725
Investment Income	363,722	2,939,316	3,303,038	3,107,978
Unrealized Gain (Loss) on Investments	(36,399)		(36,399)	(152,138)
Late Charges	618	725,445	726,063	662,791
Miscellaneous Payments of Student Loans		2,371	2,371	9,410
Premium on Sale of Loans		9,656	9,656	14,147
State Appropriations - Department of Education		2,016,250	2,016,250	2,016,250
Processing Fee Income	74,661		74,661	83,256
Remittance from SC State Education Assistance Authority for Operating Cost	5,884,370		5,884,370	5,182,592
Net Assets Released from Restrictions	99,974,366	(99,974,366)		
Total Revenue and Support	\$ 106,687,999	\$ 16,242,975	\$ 122,930,974	\$ 109,584,847
Expenses:				
Personnel	\$ 4,622,940	\$	\$ 4,622,940	\$ 5,021,192
Contractual Services	525,273		525,273	464,781
General Operating	1,619,713		1,619,713	1,686,113
Interest on Debt	55,265,208		55,265,208	44,790,710
TLP Cancellations	4,188,420		4,188,420	3,898,664
Amortization of Deferred Cost of Bond Issuance	88,713		88,713	43,580
Payments to SC State Education Assistance Authority for Student Loan Income	33,513,035		33,513,035	30,803,775
Lender Origination Fees	2,359,524		2,359,524	1,998,901
Reinsurance Expense	71,397		71,397	102,964
Loss on Disposal of Equipment	952,328		952,328	27,016
Broker Dealer Fees	214,691		214,691	1,020,013
Other				151,342
Total Expenses	\$ 103,421,242	\$ -	\$ 103,421,242	\$ 90,009,051
Change in Net Assets	\$ 3,266,757	\$ 16,242,975	\$ 19,509,732	\$ 19,575,796
Net Assets, Beginning	\$ 18,834,916	\$ 69,180,569	\$ 88,015,485	\$ 68,439,689
Prior Period Adjustment for Depreciation	(816,257)		(816,257)	
Net Assets, Restated Beginning	\$ 18,018,659	\$ 69,180,569	\$ 87,199,228	\$ 68,439,689
Net Assets, Ending	\$ 21,285,416	\$ 85,423,544	\$ 106,708,960	\$ 88,015,485

See Notes to Financial Statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2000
(With Comparative Amounts for 1999)

	2000		1999 Totals
	Unrestricted	Temporarily Restricted	
<u>Cash Flows from Operating Activities:</u>			
Change in Net Assets	\$ 3,266,757	\$ 16,242,975	\$ 19,509,732
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	248,729		248,729
Loss on Sale of Property and Equipment			298,683
Amortization of Premiums and Discounts on Bonds Payable		332,554	27,016
Amortization of Cost of Bond Issuance		88,713	190,954
Changes in Operating Assets and Liabilities:			50,457
(Increase) Decrease in Due from Department of Education	(182)	(3,717,498)	(138,368)
(Increase) Decrease in Due from SCSEAA		(1,564,283)	(2,988,395)
(Increase) Decrease in Interest Due from Borrowers	(169,720)	(3,097,281)	(3,213,226)
(Increase) Decrease in Accrued Investment Income	(1,174)	15,308	(30,757)
(Increase) Decrease in Miscellaneous Receivables	(1,058)	137	3,287
(Increase) Decrease in Prepaid Expenses	(15,706)		44
Increase (Decrease) in Interest Payable		2,062,509	1,093,462
Increase (Decrease) in Accounts Payable	(36,256)	(16,737)	(134,397)
Increase (Decrease) in Accrued Pension Expense	53,076	1,640	364,684
Increase (Decrease) in Compensated Absences	20,698	3,979	14,527
Increase (Decrease) in Due to SCSEAA		2,422,539	341,390
Due to (from) Other funds	(1,586,831)	1,586,831	
Net Cash Provided by Operating Activities	<u>\$ 1,778,333</u>	<u>\$ 14,361,386</u>	<u>\$ 15,455,157</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Property and Equipment	\$ (227,476)		\$ (220,295)
Transfer of Assets to Authority			185,903
(Increase) Decrease in Cash Surrender Value of Life Insurance	(2,347)		424,474
Purchase and Issuance of Student Loans	(1,545,997)	(425,924,831)	(354,533,287)
Principal Payments on Student Loans	3,066	286,688,001	216,175,429
Teacher Loan Cancellations		4,188,421	3,898,664
(Increase) Decrease in Investments		15,045,777	(20,897,558)
Unrealized Gain on Investments	36,399		18,065
Net Cash (Used in) Investing Activities	<u>\$ (1,736,355)</u>	<u>\$ (120,002,632)</u>	<u>\$ (154,948,605)</u>

See Notes to Financial Statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2000

(With Comparative Amounts for 1999)

	2000		1999 Totals
	Unrestricted	Temporarily Restricted	
<u>Cash Flows from Financing Activities:</u>			
Proceeds from Financing Loans	\$ 31,640,686	\$ 31,640,686	\$ 110,856,367
Payments on Financing Loans	(20,978,718)	(20,978,718)	(76,657,285)
Proceeds from Bank Line-of-Credit	220,108,410	220,108,410	219,443,176
Payments on Bank Line-of-Credit	(211,555,848)	(211,555,848)	(55,076,714)
Proceeds from Bonds	150,000,000	150,000,000	
Payments on Bonds	(62,890,636)	(62,890,636)	(59,916,258)
Payment of Bond Premiums	(885,000)	(885,000)	
Payment of Costs of Bond Issuance	(282,083)	(282,083)	
Net Cash Provided by Financing Activities	\$ 105,156,811	\$ 105,156,811	\$ 138,649,286
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	\$ 41,978	\$ (484,435)	\$ (844,162)
<u>Cash and Cash Equivalents:</u>			
Beginning	4,075,530	12,590,221	17,509,913
Ending	4,117,508	12,105,786	16,665,751
<u>Supplemental Disclosures of Cash Flow Information:</u>			
Cash Payments for Interest	\$ -	\$ 53,202,699	\$ 43,697,248
<u>Supplemental Disclosure of Noncash Flow Information:</u>			
Prior Period Adjustment for Depreciation Expense	\$ 816,257	\$ -	\$ 816,257

See Notes to Financial Statements.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20001. Summary of Significant Accounting Policies:1.1 Reporting Entity:

The South Carolina Student Loan Corporation (Corporation) was incorporated November 15, 1973 under the Laws of the State of South Carolina. The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Its corporate goal is to receive, disburse and administer funds exclusively for educational purposes without pecuniary gain or profit to its members and to aid in the fulfillment of the desire and direction of the People of South Carolina in making loans available to students and parents to attend eligible institutions beyond the public school level. Funds from various sources are administered by the Corporation to achieve this goal.

The Corporation administers the operations of the South Carolina State Education Assistance Authority (Authority). The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. The Authority is part of the State of South Carolina created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the Code of Laws of South Carolina, 1976 as amended. The Authority is governed by its members, who under the Act are the members of the State Budget and Control Board (Board). The Board consists of five (5) members by virtue of their position in state government. They are the Governor, Treasurer, Comptroller General, Chairman of Senate Finance Committee and Chairman of South Carolina House of Representatives Ways and Means Committee.

The basic, but not the only, criteria for including a component unit in the reporting entity is the governing body's oversight responsibility for such component unit. Financial accountability is the most important element of oversight responsibility. Neither the Authority nor the Corporation is considered a component unit of the other because each is a legally separate organization and not financially accountable to/for the other.

The accompanying financial statements present the financial position, results of operations and cash flows solely of the South Carolina Student Loan Corporation.

1.2 Overall Operating Arrangement:

The Authority, as a guarantee agency, has approved the South Carolina Student Loan Corporation (Corporation) as an eligible lender to administer the Federal Family Education Loan Program. It is the duty of the Corporation to process applications, make student loans and collect principal, interest, fees and penalties on such loans. Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace, and deferred periods by the U.S. Department of Education. Upon entering the repayment period, the interest is paid by the borrower. Also, the U.S. Department of Education pays the Corporation a special allowance which is based on a variable percentage of the unpaid principal of the loans.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20001. Summary of Significant Accounting Policies (Continued):1.2 Overall Operating Arrangement (Continued):

The Corporation finances these loans using several sources. One source is the issuance of tax-exempt revenue bonds by the Authority. The Corporation, using the proceeds of these bonds as described in Note 7, makes loans. The Corporation remits all income on these loans to the Authority as it is received.

The operations of the Authority are administered by employees of the Corporation. The Authority reimburses the Corporation upon request for the actual operating costs and expenses plus reasonable capital costs incurred in the administration of the loans financed by the Authority's bonds in accordance with a previously approved budget.

Beginning with the 1986-87 year, the Corporation also arranged to finance its student loan program through a group of banks. Loans made under this financing arrangement were the property of the banks and did not appear on the books of the Corporation. This arrangement was phased out completely in December 1995.

Since June 15, 1994, the Corporation has entered into financing agreements with certain commercial banks. These financing arrangements are different from previous arrangements because the Corporation now owns the loans as described in Note 9. The Corporation expects to obtain a new commitment for each subsequent year.

Because of the scarcity of tax-exempt private activity bond allocation from the State and because of the yield limitation for loans financed with tax-exempt bonds, the Corporation issued taxable Education Loan Revenue Bonds for the first time in the year ended June 30, 1997.

During the 1984-85 year, the Corporation began administering the Teacher Loan Program (TLP) and the Auxiliary Loan Program for Students (ALPS). Neither of these programs is funded by the bonds issued by the Authority or Corporation. ALPS loans have the same terms as other student loans.

The TLP is a part of the Education Improvement Act of 1984 passed by the South Carolina General Assembly. The Corporation was named in the Act as the administrator of this program and the funds for operations and for making loans are provided by state appropriations. The intent of the program is to attract, through financial assistance, talented individuals and to encourage them to enter teaching in areas of critical need within the state. Loans are canceled at 20% to 33% per year for each year of teaching in a critical subject and/or location. These loans are repaid by the borrower if the borrower does not teach. TLP loans made for academic years before 1994-95 are guaranteed by the Authority. Loans made for academic years 1994-95 or after are non-guaranteed.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20001. Summary of Significant Accounting Policies (Continued):1.2 Overall Operating Arrangement (Continued):

The ALPS program is targeted primarily toward those borrowers ineligible to borrow under the Authority's guarantee. Funds are provided to finance these loans through a line-of-credit from a group of South Carolina banks. Through this arrangement, the Corporation is now able to process all loan requests and function directly as the lender. All loans under the ALPS program are guaranteed by United Student Aid Funds. The Corporation plans to sell these loans to a secondary market before the repayment period begins. This arrangement is being phased out with only renewal borrowers being placed in the ALPS program.

Beginning July 1, 1995, the Corporation started offering various loans for advanced education called the Palmetto Alternative Loan Program (PAL). MED-PAL offers supplemental loans for medical students enrolled at least half-time that have already received their yearly maximum amount of Federal Stafford Loans. R&R-PAL offers supplemental loans for fourth year medical students seeking their residency and relocation. INTER-PAL offers supplemental loans for international business students enrolled at least half-time that have already received their yearly maximum amount of Federal Stafford Loans. These loans are funded from Corporation accumulated unrestricted net assets.

1.3 Basis of Accounting:

These statements are prepared on the accrual method of accounting recognizing income when earned regardless of when received and expenses when incurred regardless of when paid.

1.4 Display of Net Assets by Class:

The Corporation adheres to the disclosures and display requirements of the Financial Accounting Standards Board (FASB) as set forth in Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 117 establishes standards for external financial reporting by non-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets, which are described as follows:

Unrestricted Net Assets - Net assets that are not subject to restrictions. These net assets, including Board designated, are legally unrestricted and can be used in any Corporation activity.

Temporarily Restricted Net Assets - Net assets subject to restrictions that will be met either by actions of the Corporation and/or the passage of time. These net assets are made up of guaranteed student loans from various funding sources.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20001. Summary of Significant Accounting Policies (Continued):1.4 Display of Net Assets by Class (Continued):

Permanently Restricted Net Assets - Net assets subject to stipulations that must be maintained permanently by the Corporation. The Corporation does not have any such net assets.

1.5 Use of 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 disclosures 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.

1.6 Cash and Cash Equivalents:

For purposes of reporting cash flows, the Corporation considers all certificates of deposit, regardless of maturity, and treasury bills, commercial paper and money market funds, including those that are classified as restricted assets, with a maturity of three months or less, to be cash equivalents.

1.7 Investments:

Investments are valued at market value. Realized and unrealized gains and losses on sale of investments are determined based on the cost of investments.

1.8 Property and Equipment:

Furniture, equipment and automobiles are capitalized at cost when purchased. Depreciation has been provided using the straight-line method over useful lives of three to ten years for furniture and equipment and three years for automobiles.

1.9 Deferred Compensation Agreement:

The Corporation offers its employees a voluntary deferred compensation plan structured and operated in accordance with provisions of Internal Revenue Code Section 403(b). The plan is administered by the Teachers Insurance and Annuity Association and the Corporation makes no contributions on behalf of the participants. The Corporation's liability is limited to remitting amounts deferred and withheld from the employees wages to the plan administrator.

SOUTH CAROLINA STUDENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2000

1. Summary of Significant Accounting Policies (Continued):

1.10 Compensated Absences:

Annual leave is earned at the rate of 10 to 20 days per year depending on length of employment. Employees are encouraged to use all annual leave earned in a given year and expected to use at least one week (5 consecutive days) each year. An employee may not carry forward more than 5 vacation days to the next year without his/her supervisor's permission. Earned, but unused, annual leave will be paid when an employee terminates his/her employment except when this termination is involuntary or inadequate notice is given. Sick leave is earned at the rate of 7 to 10 days per year depending on length of employment. An employee may not carry forward more than 60 sick days to the next year without his/her supervisor's approval. Employees are not paid for earned, but unused, sick days upon termination of employment.

1.11 Total Columns on the Financial Statements:

Columns on the financial statements captioned "1999 Totals Memorandum Only" are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles.

2. Cash and Cash Equivalents:

Cash and Cash Equivalents include demand deposits and short-term investments of less than three months as follows:

<u>Unrestricted</u>	<u>Carrying Value</u>	<u>Market Value</u>
U. S. Agency Bonds	\$ 3,401,143	\$ 3,401,143
Demand Deposits	<u>716,365</u>	<u>716,365</u>
	\$ <u>4,117,508</u>	\$ <u>4,117,508</u>
<u>Temporarily Restricted</u>	<u>Carrying Value</u>	<u>Market Value</u>
Repurchase Agreement	\$ 198,274	\$ 198,274
South Carolina State Treasurer Pool	11,794,998	11,794,998
Demand Deposits	<u>112,514</u>	<u>112,514</u>
	\$ <u>12,105,786</u>	\$ <u>12,105,786</u>

Cash and Cash Equivalents included in the Teacher Loan Program include the South Carolina State Treasurer Pool of \$ 11,794,998 and demand deposits of \$ 112,514 totaling \$ 11,907,512.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20003. Investments:

Investments consist of guaranteed investment contracts and U.S. Treasury Notes. Investments' cost and market value are the same. Investments' market value is determined by quoted market values and consist of the following:

	<u>Carrying Value</u>	<u>Appreciation</u>	<u>Market Value</u>
<u>Unrestricted:</u>			
Common Stock	\$ <u>-</u>	\$ <u>225,946</u>	\$ <u>225,946</u>
<u>Temporarily Restricted:</u>			
U.S. Treasury Notes - Short-Term	\$ 1,404,535	\$	\$ 1,404,535
Guaranteed Investment Contracts	<u>31,866,303</u>	<u>-</u>	<u>31,866,303</u>
Total	\$ <u>33,270,838</u>	\$ <u>-</u>	\$ <u>33,270,838</u>

4. Amounts Due from/to the Corporation:

The \$ 8,892,356 amount due to the Authority represents funds due for income earned but not yet received by the Corporation from the Department of Education and borrowers at June 30. These funds will be remitted to the Authority when received. The Authority also owes the Corporation funds collected on their behalf of \$ 10,270,671. Funds collected on behalf of the Corporation are required to be paid to the Corporation by the tenth of each month.

5. Student Loans/Insurance:

Loans bear interest at a fixed rate of 7-12% or a variable rate. Variable rates are based on the Treasury Bill rates and are adjusted each July 1. The rate in effect through June 30, 2000 is 6.32-7.87%. Loans are repayable over a period of five to ten years with a minimum payment of \$ 360 or \$ 600 per year. Repayment of principal is scheduled to begin six to ten months after the student graduates or ceases to be enrolled on at least a half-time basis at an eligible institution.

During the fall of 1982, the Parent Loan Program became operational. Loans are made to parents of dependent undergraduate students. The interest rate on these loans disbursed prior to July 1, 1987 was 12% to 14%. Loans disbursed after that date have a variable interest rate which is adjusted each July 1. The rate in effect through June 30, 2000 is 7.12-7.98%. Repayment begins within sixty (60) days after disbursement. These loans must be repaid over a period of five to ten years with a minimum payment of \$ 600 per year.

Loans are insured against death, disability and default by the Authority and are reinsured by the U. S. Department of Education up to 100% for loans made prior to October 1, 1993, up to 98% for loans made on or after October 1, 1993 but before October 1, 1998, and 95% for loans made on or after October 1, 1998. Prior to March 1, 1999, loan recipients paid an amount equal to 1/2 of 1% of the principal amount of the loan as a guaranty premium. Two-thirds of this amount was forwarded to the Authority's Federal Student Loan Reserve Account for the purpose of guaranteeing the loans. Since March 1, 1999, guaranty premiums have not been charged, however, the Authority reserves the right to reinstate such charges at such times and in such lawful amounts as it deems appropriate.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20005. Student Loans/Insurance (Continued):

Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace and deferred periods by the U. S. Department of Education. Upon entering the repayment period, the interest is paid by the borrower.

From August 1981 to October 1992, all student loan recipients paid an origination fee equal to 5% of the loan amount. From October 1992 to July 1994, an additional origination fee of 1.5% was paid by recipients of unsubsidized loans. Since July 1994, all loan recipients pay a reduced origination fee of 3%. The origination fees collected reduce the amount of interest subsidy the federal government pays to lenders on behalf of student borrowers.

6. Bonds Payable:

The Corporation issued Education Loan Revenue Bonds for the first time in the year ended June 30, 1997. These bonds are secured only by loans funded by bond proceeds, related revenue from such loans, investments and earnings on investments in related accounts and by a debt service reserve funded from bond proceeds. These loans were previously financed by bank lines-of-credit as described in Note 9. The bond resolution permits the Corporation to accumulate collections from borrowers to pay principal and interest on bonds as due. The bonds do not constitute a debt, liability or obligation of the State of South Carolina or a pledge of the faith and credit of the State of South Carolina. The current debt service account contains assets equal to the interest and principal accumulated to make the next payments of principal and interest due. As of June 30, 2000, the Corporation was required to have assets deposited in the current debt service account of \$ 8,529,864.

The Education Loan Revenue Bonds as of June 30, 2000 are as follows:

<u>Issued</u>	<u>Original Amount</u>	<u>Maturity Date</u>	Balance Outstanding <u>6/30/99</u>	Issued (Retired) <u>During FY 00</u>	Balance Outstanding <u>6/30/00</u>
July 11, 1996	\$ 223,900,000	12/1/02-9/1/26	\$ 171,123,474	\$(31,567,214)	\$ 139,556,260
May 15, 1997	335,300,000	12/1/04-9/1/27	299,012,571	(31,323,422)	267,689,149
May 14, 1998	211,400,000	9/1/33	211,400,000		211,400,000
July 7, 1999	150,000,000	9/1/07		<u>150,000,000</u>	<u>150,000,000</u>
			\$ <u>681,536,045</u>	\$ <u>87,109,364</u>	\$ <u>768,645,409</u>

The Corporation's Treasury Indexed Bonds totaled \$ 242,245,409 as of June 30, 2000, and have variable interest rates ranging from the Treasury Index plus 0.54% to the Treasury Index plus 0.65%. The Corporation's Auction Rate Bonds totaled \$ 376,400,000 as of June 30, 2000, and have variable interest rates determined by auctions every 7 to 28 days, subject to a maximum of the lesser of 20% and the Treasury Index plus 1.60%. The Corporation's LIBOR Indexed Bonds totaled \$ 150,000,000 as of June 30, 2000 and have variable interest rates equal to one-month LIBOR plus 0.27%. Throughout the year ended June 30, 2000, none of the rates exceeded 6.91%. Future interest payment projections are based upon the rate at June 30, 2000, which was 6.63%.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20006. Bonds Payable (Continued):

The Treasury Indexed Bonds and the LIBOR Indexed Bonds are not subject to redemption prior to maturity but are subject to pro rata principal reduction payments prior to maturity based on targeted amortization schedules. Failure by the Corporation to make any payment contemplated by an applicable Targeted Amortization Schedule does not constitute a payment default. The Corporation's intent is to follow these payment schedules.

The Auction rate bonds are subject to redemption in whole or in part at par plus accrued interest on the first day of any auction period, provided targeted amortization payments on other bonds have been made in accordance with the anticipated respective Targeted Amortization Schedules as of the date of such redemption.

As of June 30, 2000, the scheduled debt service to retire these bonds is as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Totals</u>
2001	\$ 98,731,193		\$ 48,296,363		\$ 147,027,556
2002	119,202,499		40,865,840		160,068,339
2003	113,334,354		33,041,387		146,375,741
2004	58,816,686		26,953,787		85,770,473
2005	2,160,677		24,979,195		27,139,872
2006			24,955,320		24,955,320
2007			24,955,320		24,955,320
2008			24,955,320		24,955,320
2009			24,955,320		24,955,320
2010			24,955,320		24,955,320
2011			24,955,320		24,955,320
2012			24,955,320		24,955,320
2013			24,955,320		24,955,320
2014			24,955,320		24,955,320
2015			24,955,320		24,955,320
2016			24,955,320		24,955,320
2017			24,955,320		24,955,320
2018			24,955,320		24,955,320
2019			24,955,320		24,955,320
2020			24,955,320		24,955,320
2021			24,955,320		24,955,320
2022			24,955,320		24,955,320
2023			24,955,320		24,955,320
2024			24,955,320		24,955,320
2025			24,955,320		24,955,320
2026			24,955,320		24,955,320
2027	85,000,000		20,259,070		105,259,070
2028	80,000,000		14,899,820		94,899,820
2029			14,015,820		14,015,820
2030			14,015,820		14,015,820
2031			14,015,820		14,015,820
2032			14,015,820		14,015,820
2033			14,015,820		14,015,820
2034	<u>211,400,000</u>		<u>2,335,970</u>		<u>213,735,970</u>
Totals	\$ <u>768,645,409</u>		\$ <u>805,772,252</u>		\$ <u>1,574,417,661</u>

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 20007. Notes Payable - Finance Loans:

The September 18, 1979 bond issue requires that all funds advanced to the Corporation by the Authority for the purpose of making student loans be evidenced by a note between the two parties. This note was set up on September 18, 1979 in the amount of the outstanding Guaranteed Student Loans (GSL) as of that date (\$ 3,970,167). The note is increased by all advances for the purpose of making loans and decreased by all payments of principal which are returned to the Authority. At June 30, 2000, the note totaled \$ 372,201,163.

8. Income from Department of Education:

As an inducement to the lender to make guaranteed student loans, the U. S. Department of Education pays the Corporation a special allowance which is based on a variable percentage of the unpaid principal of the loans and was instituted to assure that the interest rate and other limitations of the Higher Education Act, in the context of the current money market conditions, would not adversely affect access to student loans or cause the rate of return on student loans to be less than equitable.

9. Bank Lines of Credit:

The Corporation entered into financing arrangements with Bank of America, N.A., First Union National Bank and Wachovia Bank, N.A. to finance its student loan programs. These lines of credit are used to finance student loans until permanent financing is obtained (see Note 1.2). A portion of this commitment is restricted for funding of the ALPS program. Although the banks have no further obligation to extend credit, the Corporation anticipates lines of credit can be obtained, if necessary. As of June 30, 2000, the Corporation had available the following lines of credit and the following amounts were outstanding:

<u>Year</u>	<u>Line of Credit Available</u>	<u>Balance at June 30, 2000</u>	<u>Due Date</u>
1999	\$ 234,000,000	\$	November 2, 2000
2000	234,000,000	<u>182,008,132</u>	November 2, 2001
		\$ <u>182,008,132</u>	

Principal advances will accrue interest from the date of the first advance at one of the following rates: 30 Day Adjusted LIBOR plus .30%, Overnight Federal Funds plus .39% or 91 Day Treasury Rate plus .88%. The Corporation has the ability to alternate rates on a calendar quarter basis by notifying Bank of America of the selected rate fifteen (15) days prior to the beginning of the effective quarter. On the 1999 and 2000 lines of credit, the Corporation will pay an additional fee of .05% of the unused portion of credit line available. All student loans issued under this loan commitment will serve as collateral to the banks. The Corporation has agreed, among other things, to certain loan covenants which include maintaining a default rate no greater than four (4%) percent and that the South Carolina Education Assistance Authority will maintain at least an "A" bond rating on its Insured Student Loan Revenue Bond Issues as published by Standard and Poor's Corporation. The Corporation has complied with the covenants at June 30, 2000.

SOUTH CAROLINA STUDENT LOAN CORPORATIONNOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 200010. Employee Benefit Plans:

10.1 The Corporation provides retirement benefits through the South Carolina Student Loan Money Purchase Pension Plan for all employees who have completed one year of service and attained age 21. The Corporation has adopted the Wachovia Bank Money Purchase Pension Plan. Wachovia Bank, N.A. is the Trustee of the Plan. This is a defined contribution plan in which the employer contributes 5.6% of the participant's total annual compensation plus 5.6% of compensation exceeding \$ 72,600. Contributions are paid monthly. A participant is 20% vested after three years service and 100% vested after seven years. A participant receives normal retirement at age sixty-five. At termination of employment or reaching normal retirement age, the participant has the right to elect to receive all or any portion of his vested benefit derived from employer contributions. Voluntary contributions are not permitted. Forfeitures under the plan reduce the employer's contribution in the year following the plan year in which the forfeiture occurs. The total pension expense for 2000 totaled \$ 171,616 and is fully funded.

10.2 The South Carolina Student Loan Corporation finalized a supplemental retirement plan for its employees on July 1, 1998. The Plan is a defined benefit pension plan covering substantially all employees with one year of service and over 21 years of age. The Plan provides benefits based on participant earnings. The benefit formula uses one percent of average pay times years of service not to exceed 30 years. The Corporation funding policy is to make the minimum annual contribution that is actuarially computed by the projected unit credit method required by the Plan.

The expense for this Plan totaled \$ 257,099 for the year ended June 30, 2000. The Authority contributed \$ 69,292 to the expense for this Plan for its employees. The components of the pension cost charged to expense consisted of the following:

Service Cost (Benefits Earned)	\$ 166,641
Interest Cost on Projected Benefit Obligation	140,664
Actual Return on Assets	(59,045)
Net Amortization and Deferral	111,915
Minimum Liability	(103,076)
Net Pension Cost	\$ <u>257,099</u>

The following sets forth the Plan's funded status as of June 30, 2000. The measurement date of the projected benefits obligation and Plan assets was June 30, 2000.

Actuarial Present Value of Benefit Obligations:	
Vested Benefit Obligation	\$ 1,246,031
Nonvested Benefit Obligation	<u>74,960</u>
Accumulated Benefit Obligation	\$ <u>1,320,991</u>
Projected Benefits	\$(2,169,389)
Plan Assets at Fair Value	<u>886,795</u>
Projected Benefit Obligation (In Excess of) Plan Assets	\$(1,282,594)
Unrecognized Prior Service Cost	1,169,662
Unrecognized Net Loss	255,828
Required Additional Minimum Liability	(<u>562,298</u>)
Accrued Pension Cost	\$(<u>419,402</u>)

SOUTH CAROLINA STUDENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2000

10. Employee Benefit Plans (Continued):

10.2 (Continued):

Assumptions used in accounting for net periodic pension cost were for discount rates of 7.5%, weighted average rates of increase in compensation levels of 4%, and expected long-term rate of return on assets of 8%. Plan assets include life insurance policies and money market funds. Employer contributions were \$ 202,381. No participant contributions are permitted by the Plan. Benefit payments made during the year ended June 30, 2000 totaled \$ 26,399.

10.3 Certain health care, dental, long-term disability and life insurance benefits are provided to active employees. All full-time and part-time employees who worked at least 32 hours per week are eligible to receive these benefits. Employer contributions applicable to those benefits were \$ 611,134 in 2000.

11. Operating Leases:

The Corporation leases office space under a lease that expires September 30, 2002. The future obligations under this lease follow:

<u>Year Ended June 30</u>	<u>Office Space</u>
2001	\$ 275,049
2002	<u>68,762</u>
Total Minimum Lease Payments	\$ <u>343,811</u>

Total rental expenses including rental agreements under one year in duration were \$ 207,429 for June 30, 2000. Certain lease expense is allocated to South Carolina State Education Assistance Authority based on space occupied.

12. Concentration Risk:

The Corporation maintains cash accounts in commercial banks where the amounts on deposit at June 30, 2000 exceeded the insurance limits of the Federal Deposit Insurance Corporation by approximately \$ 200,000.

13. Disclosures About Fair Value of Financial Instruments:

The following methods and assumptions were used to estimate the fair value of the Corporation's financial instruments. Cash and cash equivalents' carrying amounts approximate fair value because of the short maturity of those instruments. Student loan receivables' carrying value approximates fair value based on similar investments' quoted market prices. The carrying value of finance loans also approximates fair value based on the prices for the same or similar debt issues and on the current rates offered to the Corporation for debt of the same remaining maturities with similar collateral requirements.

The Corporation intends to carry its investments and receivables to maturity. The Corporation also intends to carry to maturity the finance loans with the South Carolina State Education Assistance Authority.

SOUTH CAROLINA STUDENT LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2000

14. Assets Released from Restrictions:

Net assets during the year ended June 30, 2000 were released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of other events specified as follows:

Personnel	\$ 212,565
Contractual Services	15,744
General Operating	43,806
Interest on Debt	55,265,208
TLP Cancellations	4,188,420
Amortization of Deferred Cost of Bond Issuance	88,713
Payment to SC State Education Assistance	
Authority for Student Loan Income	33,513,035
Lender Origination Fees	2,359,524
Reinsurance Expense	71,397
Broker Dealer Fees	952,328
Other	<u>180,567</u>
Total Expenses	\$ 96,891,307
Other Transfers for Loan Servicing on	
Bank Loans	1,403,807
Transfers for Loan Servicing on Taxable Bonds	1,658,900
Transfer from TLP Fund for Operations	<u>20,352</u>
Total	\$ <u>99,974,366</u>

15. Subsequent Event:

On July 18, 2000, the Corporation issued \$ 150,000,000 in Education Loan Revenue Bonds maturing June 1, 2010. The Bonds are issued as Senior Lien Bonds pursuant to a June 7, 1996 General Resolution and a Series Resolution effective as of July 12, 2000. The bonds will be used to finance student loans including the retirement of short term lines of credit (See Note 9).

16. Prior Period Adjustment:

Effective July 1, 1999, the Corporation changed the method of computing depreciation on certain computer and other office equipment from five (5) or ten (10) years to three (3) years to better reflect the actual useful lives of the equipment.

Beginning net assets were decreased by \$ 816,257 at June 30, 1999.

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF FINANCIAL POSITION BY FUND
JUNE 30, 2000

ASSETS	Unrestricted		Temporarily Restricted				Total
	Operating	ALPS	PAL Loans	Taxable Bonds	Teacher Loans	Line-of-Credit Bank Loans	
Current Assets:							
Cash and Cash Equivalents	\$ 3,961,471	\$	\$ 156,037	\$	\$ 11,907,512	\$	\$ 16,223,294
Investments	225,946			1,404,535			1,630,481
Current Portion of Student Loan Receivables				95,475,002	4,589,557	324,489	158,389,049
Interest Due from Borrowers		9,793	443,720	18,856,310	1,794,771	2,342,643	29,606,274
Due from United States Department of Education		228		6,490,317		1,705,363	10,929,227
Due from SC State Education Assistance Authority	897			10,239,597		30,177	10,270,671
Accrued Investment Income	1,174			147,526	145,571		294,271
Miscellaneous Operating Receivables	2,740						2,740
Prepaid Expenses	31,674						31,674
Due from (to) Other Funds	8,485,030	1,682,128		1,779		(10,168,937)	
Total Current Assets	\$ 12,708,932	\$ 1,692,149	\$ 599,757	\$ 132,615,066	\$ 18,437,411	\$ (5,766,265)	\$ 227,377,681
Investments and Long-Term Receivables:							
Investments	\$	\$	\$	\$ 31,866,303	\$	\$	\$ 31,866,303
Other Student Loan Receivables Less, Current Portion		57,956	6,275,261	657,219,101		190,660,109	1,168,232,068
Teacher Loans Receivable - Net Allowance for Teacher Loan Cancellations and Current Portion					11,391,849		11,391,849
Cash Surrender Value of Life Insurance	33,349						33,349
Deferred Cost of Issuance of Bonds				1,101,397			1,101,397
Total Investments and Long-Term Receivables	\$ 33,349	\$ 57,956	\$ 6,275,261	\$ 690,186,801	\$ 11,391,849	\$ 190,660,109	\$ 1,212,624,966
Property and Equipment:							
Furniture and Equipment	\$ 2,274,534	\$	\$	\$	\$	\$	\$ 2,274,534
Automobiles	33,016						33,016
Less, Accumulated Depreciation	(1,740,942)						(1,740,942)
Net Property and Equipment	\$ 566,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 566,608
Total Assets	\$ 13,308,889	\$ 1,750,105	\$ 6,875,018	\$ 822,801,867	\$ 29,829,260	\$ 184,893,844	\$ 1,440,569,255

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF FINANCIAL POSITION BY FUND
JUNE 30, 2000

	Unrestricted		Temporarily Restricted				Total
	Operating	ALPS	PAL Loans	Taxable Bonds	Teacher Loans	Line-of-Credit Bank Loans	
LIABILITIES AND NET ASSETS							
<u>Current Liabilities:</u>							
Current Portion of Notes Payable - Finance Loans	\$	\$	\$	\$	\$	\$	\$ 58,000,000
Current Maturities of Bonds Payable				98,731,193			98,731,193
Interest Payable				3,056,764		2,875,542	5,932,306
Accounts Payable	53,648		6,719	29,897	11,569	10,170	128,756
Accrued Pension Payable	406,820				12,582		419,402
Compensated Absences	181,409				13,595		195,004
Due to SC State Education Assistance Authority							8,892,356
Total Current Liabilities	\$ 641,877	\$ -	\$ 6,719	\$ 101,817,854	\$ 37,746	\$ 2,885,712	\$ 8,892,356
							\$ 172,299,017
<u>Long-Term Debt:</u>							
Bonds Payable Less, Current Maturities and Bond Premiums and Discounts	\$	\$	\$	\$ 665,351,983	\$	\$	\$ 665,351,983
Notes Payable - Finance Loans Less, Current Maturities							314,201,163
Notes Payable to Banks						182,008,132	182,008,132
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ 665,351,983	\$ -	\$ 182,008,132	\$ 1,161,561,278
Total Liabilities	\$ 641,877	\$ -	\$ 6,719	\$ 767,169,837	\$ 37,746	\$ 184,893,844	\$ 1,333,860,295
<u>Net Assets:</u>							
Temporarily Restricted for Bond Indentures							
Current Debt Service	\$	\$	\$	\$ 8,529,864	\$	\$	\$ 8,529,864
Temporarily Restricted for Bond Indentures				47,102,166			47,102,166
Temporarily Restricted for Teacher Loans					29,791,514		29,791,514
Unrestricted	12,667,012	1,750,105	6,868,299				21,285,416
Total Net Assets	\$ 12,667,012	\$ 1,750,105	\$ 6,868,299	\$ 55,632,030	\$ 29,791,514	\$ -	\$ 106,708,960
Total Liabilities and Net Assets	\$ 13,308,889	\$ 1,750,105	\$ 6,875,018	\$ 822,801,867	\$ 29,829,260	\$ 184,893,844	\$ 1,440,569,255

SOUTH CAROLINA STUDENT LOAN CORPORATION

SCHEDULE OF ACTIVITIES BY FUND

YEAR ENDED JUNE 30, 2000

	Unrestricted			Temporarily Restricted				Total
	Operating	ALPS	PAL Loans	Taxable Bonds	Teacher Loans	Line-of-Credit Bank Loans	Tax-Exempt Bond Loans	
Revenue:								
Income from United States Department of Education:								
Student Loan Interest - Subsidized	\$	626	\$	\$ 17,094,044	\$ 17,970	\$ 3,942,007	\$ 4,996,351	\$ 26,050,998
Special Allowances		215		6,734,138	31,099	1,740,221	5,424,264	13,929,937
Student Loan Interest - Non Subsidized		4,688		39,726,583	3,166,497	4,062,515	23,588,614	70,970,029
Investment Income	352,858	1,254	9,610	2,325,980	337,859	16,223	259,254	3,303,038
Unrealized Gain (Loss) on Investments	(36,399)							(36,399)
Late Charges		618		371,012	9,779	5,960	338,694	726,063
Miscellaneous Payments of Student Loans				512	(11)	945	925	2,371
Premium on Sale of Loans						9,656		9,656
State Appropriations - Department of Education			74,661		2,016,250			2,016,250
Processing Fee Income								74,661
Remittance from SC State Education Assistance Authority for Operating Cost								
Total Revenue	\$ 5,884,370	\$ 7,401	\$ 505,403	\$ 66,252,269	\$ 5,579,443	\$ 9,777,527	\$ 34,608,102	\$ 5,884,370
	\$ 6,200,829							\$ 122,930,974
Expenses:								
Personnel	\$ 4,410,375	\$	\$	\$	\$ 212,565	\$	\$	\$ 4,622,940
Contractual Services	509,529				15,744			525,273
General Operating	1,575,907				43,806			1,619,713
Interest on Debt				48,153,412		7,111,796		55,265,208
TLP Cancellations					4,188,420			4,188,420
Amortization of Deferred Cost of Bond Issuance				88,713				88,713
Payments to SC State Education Assistance Authority for Student Loan Income							33,513,035	33,513,035
Lender Origination Fees				58,944		1,220,878	1,079,702	2,359,524
Reinsurance Expense				55,831		201	15,365	71,397
Loss on Disposal of Equipment								
Broker Dealer Fees				952,328				952,328
Other			34,124	95,370	44,352	40,845		214,691
Total Expenses	\$ 6,495,811	\$ -	\$ 34,124	\$ 49,404,598	\$ 4,504,887	\$ 8,373,720	\$ 34,608,102	\$ 103,421,242
Transfers Between Accounts:								
Transfers In	\$ 3,349,945	\$	\$ 1,200,000	\$	\$ 266,886	\$	\$	\$ 4,816,831
Transfers Out	(1,466,886)			(1,658,900)	(287,238)	(1,403,807)		(4,816,831)
Total Transfers Between Accounts	\$ 1,883,059	\$ -	\$ 1,200,000	\$ (1,658,900)	\$ (20,352)	\$ (1,403,807)	\$ -	\$ -
Change in Net Assets	\$ 1,588,077	\$ 7,401	\$ 1,671,279	\$ 15,188,771	\$ 1,054,204	\$ -	\$ -	\$ 19,509,732
Net Assets, Beginning	\$ 11,895,192	\$ 1,742,704	\$ 5,197,020	\$ 40,443,259	\$ 28,737,310	\$	\$	\$ 88,015,485
Prior Period Adjustment for Depreciation	(816,257)							(816,257)
Net Assets, Restated Beginning	\$ 11,078,935	\$ 1,742,704	\$ 5,197,020	\$ 40,443,259	\$ 28,737,310	\$ -	\$ -	\$ 87,199,228
Net Assets, Ending	\$ 12,667,012	\$ 1,750,105	\$ 6,868,299	\$ 55,632,030	\$ 29,791,514	\$ -	\$ -	\$ 106,708,960

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF CASH FLOWS BY FUND
YEAR ENDED JUNE 30, 2000

	Unrestricted		Temporarily Restricted				Total
	Operating	ALPS	PAL Loans	Taxable Bonds	Teacher Loans	Line-of-Credit Bank Loans	
Cash Flows from Operating Activities:							
Change in Net Assets	\$ 1,588,077	\$ 7,401	\$ 1,671,279	\$ 15,188,771	\$ 1,054,204	\$	\$ 19,509,732
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:							
Depreciation	248,729						248,729
Amortization of Premiums and Discounts on Bonds Payable				332,554			332,554
Amortization of Cost of Bond Issuance				88,713			88,713
Changes in Operating Assets and Liabilities:							
(Increase) Decrease in Due from Department of Education		(182)		(2,325,504)		(200,728)	(3,717,680)
(Increase) Decrease in Due from SC State Education Assistance Authority				(1,534,106)		(30,177)	(1,564,283)
(Increase) Decrease in Interest Due from Borrowers		(236)	(169,484)	(1,928,833)	(85,690)	148,515	(3,267,001)
(Increase) Decrease in Accrued Investment Income	(1,174)			53,526	(38,218)		14,134
(Increase) Decrease in Miscellaneous Receivables	(1,058)			137			(921)
(Increase) Decrease in Prepaid Expenses	(15,706)					910,072	(15,706)
Increase (Decrease) in Interest Payable			1,297	1,152,437	(28,281)		2,062,509
Increase (Decrease) in Accounts Payable	(37,553)			7,712	1,640	7,301	(52,993)
Increase (Decrease) in Accrued Pension Expense	53,076				3,979		54,716
Increase (Decrease) in Compensated Absences	20,698						24,677
Increase (Decrease) in Due to SC State Education Assistance Authority						2,422,539	2,422,539
Due to (from) Other Funds	(1,404,703)	(182,128)		(1,779)		1,588,610	
Net Cash Provided by (Used in) Operating Activities	\$ 450,386	\$ (175,145)	\$ 1,503,092	\$ 11,033,628	\$ 907,634	\$ 2,423,593	\$ 16,139,719
Cash Flows from Investing Activities:							
Purchase of Property and Equipment	\$ (227,476)	\$	\$	\$	\$	\$	\$ (227,476)
Decrease in Cash Surrender Value of Life Insurance	(2,347)						(2,347)
Purchase and Issuance of Student Loans			(1,545,997)	(166,145,463)	(8,030,272)	(220,108,410)	(427,470,828)
Principal Payments on Student Loans		3,066		54,105,108	3,583,774	209,132,255	286,691,067
Teacher Loan Cancellations					4,188,421		4,188,421
Sales of Investments				15,045,777			15,045,777
Unrealized (Gain) Loss on Investments	36,399						36,399
Net Cash Provided by (Used in) Investing Activities	\$ (193,424)	\$ 3,066	\$ (1,545,997)	\$ (96,994,578)	\$ (258,077)	\$ (10,976,155)	\$ (121,738,987)

SOUTH CAROLINA STUDENT LOAN CORPORATION

SCHEDULE OF PROPERTY AND EQUIPMENT

YEAR ENDED JUNE 30, 2000

Description and Rate	Cost	Accumulated Depreciation 6/30/99	Depreciation Adjustment	Accumulated Depreciation (Restated) 6/30/99	Depreciation Expense	Disposals and Transfers	Accumulated Depreciation 6/30/00
<u>Furniture and Fixtures:</u>							
Computer Equipment	\$ 1,471,289	\$ 1,042,422	\$ 761,985	\$ 1,804,407	\$ 168,235	\$ 799,800	\$ 1,172,842
Typewriters	10,005	10,005		10,005			10,005
Filing Equipment	67,558	51,451		51,451	3,784		55,235
Furniture	43,813	38,193		38,193	1,230		39,423
Other Office Machines	324,993	151,342	54,272	205,614	38,681	17,990	226,305
Partitions and Worksurfaces	111,934	102,039		102,039	4,359		106,398
Telephone Equipment	188,415	89,574		89,574	18,317		107,891
Miscellaneous	56,527	4,014		4,014	3,118		7,132
Total Furniture and Fixtures	\$ 2,274,534	\$ 1,489,040	\$ 816,257	\$ 2,305,297	\$ 237,724	\$ 817,790	\$ 1,725,231
<u>Automobiles:</u>							
1996 Chrysler	\$	\$ 15,600	\$	\$ 15,600	\$	\$ 15,600	\$
1998 Pontiac Bonneville	14,119	4,706		4,706	4,707		9,413
1999 Buick Park Avenue	18,897				6,298		6,298
Total Automobiles	\$ 33,016	\$ 20,306	\$ -	\$ 20,306	\$ 11,005	\$ 15,600	\$ 15,711
Grand Totals	\$ 2,307,550	\$ 1,509,346	\$ 816,257	\$ 2,325,603	\$ 248,729	\$ 833,390	\$ 1,740,942

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF EXPENSES
YEAR ENDED JUNE 30, 2000

	Operating Fund				Teacher Loan Program - EIA			
	2000		1999		2000		1999	
	Total Budget	Actual	Variance Favorable (Unfavorable)	Actual	Total Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating Expenses:								
Personnel:								
Staff Salaries	\$ 3,359,000	\$ 3,116,591	\$ 242,409	\$ 2,966,831	\$ 160,900	\$ 160,900	\$	\$ 157,096
Part-time Salaries	66,625	49,400	17,225	49,077				
Contracted Services	36,700	24,067	12,633	33,696			680	11,446
Social Security	257,600	236,534	21,066	219,189	12,200	11,520		25,624
Group Insurance	843,700	586,835	256,865	625,185	34,375	24,299	10,076	38,319
Retirement	295,375	390,886	(95,511)	888,372	12,000	15,518	(3,518)	317
Unemployment	6,600	6,063	537	6,040	400	328	72	
Total Personnel	\$ 4,865,600	\$ 4,410,376	\$ 455,224	\$ 4,788,390	\$ 219,875	\$ 212,565	\$ 7,310	\$ 232,802
Contractual:								
Loan Servicing	\$ 423,400	\$ 396,875	\$ 26,525	\$ 349,160	\$ 17,400	\$ 14,090	\$ 3,310	\$ 14,118
Legal	25,500	11,335	14,165	19,626				
Accounting	38,900	42,565	(3,665)	34,815	1,500	1,654	(154)	1,302
Credit Bureau Fees	60,000	58,754	1,246	45,760				
Total Contractual	\$ 547,800	\$ 509,529	\$ 38,271	\$ 449,361	\$ 18,900	\$ 15,744	\$ 3,156	\$ 15,420
General Operating:								
Rent	\$ 200,500	\$ 199,241	\$ 1,259	\$ 199,968	\$ 8,250	\$ 8,188	\$ 62	\$ 8,107
Telephone	213,150	171,791	41,359	241,636	8,800	7,060	1,740	9,796
Printing	190,600	234,010	(43,410)	223,735	8,575	5,696	2,879	6,034
Postage	418,500	442,591	(24,091)	446,274	16,250	15,942	308	16,790
Supplies	83,000	87,150	(4,150)	60,737	3,100	3,085	15	3,144
Travel	49,000	50,644	(1,644)	46,986	500	445	55	402
Equipment Maintenance	43,050	42,093	957	33,438	1,775	1,730	45	1,356
Subscriptions and Fees	29,000	28,042	958	27,686	100	45	55	76
Meeting and Conference Expenses	12,000	7,939	4,061	4,887	200	168	32	194
Insurance - General and Automotive	31,000	35,404	(4,404)	29,362	1,300	1,434	(134)	1,130
Contingencies	50,000	28,273	21,727	25,156	1,000	13	987	539
Depreciation	382,000	248,729	133,271	298,682				
Total General Operating	\$ 1,701,800	\$ 1,575,907	\$ 125,893	\$ 1,638,547	\$ 49,850	\$ 43,806	\$ 6,044	\$ 47,568
Total Operating Expenses	\$ 7,115,200	\$ 6,495,812	\$ 619,388	\$ 6,876,298	\$ 288,625	\$ 272,115	\$ 16,510	\$ 295,790

SOUTH CAROLINA STUDENT LOAN CORPORATIONSCHEDULE OF ORGANIZATIONAL DATAYEAR ENDED JUNE 30, 2000

Incorporated November 15, 1973 under the Laws of the State of South Carolina. Began operations October 14, 1974. Offices located at Suite 210, Interstate Center, Columbia, South Carolina in leased premises.

BOARD OF TRUSTEES OF THE CORPORATION

<u>Name</u>	<u>Office</u>	<u>Term Expires 6/30</u>
Fred L. Green, III	Chairman	2002
G. Lee Cory	Vice-Chairman	2001
Robert W. Derrick	Vice-Chairman	2002
H. Roderick Murchison	Treasurer	2003
William M. Mackie, Jr.	Secretary, President	2001
Melvin E. Barnette		2002
Sharon W. Bryant		2003
R. Thornwell Dunlap, Jr.		2003
J. Thornton Kirby		2002
James C. McColl		2001
Dr. Dennis A. Pruitt, Sr.		2003

SOUTH CAROLINA STUDENT LOAN CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2000

<u>Federal Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Amount of Grant</u>	<u>Expenses</u>
U.S. Department of Education Programs: Higher Education Act Insured Loans Contract			
Federal Family Education Loan Programs:			
Special Allowances	84.032		\$ 13,929,937
Subsidized Interest	84.032		<u>26,050,998</u>
Total U.S. Department of Education Programs (Major Program)			\$ <u>39,980,935</u>



DERRICK, STUBBS & STITH, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
South Carolina Student Loan Corporation
Columbia, South Carolina

We have audited the financial statements of the South Carolina Student Loan Corporation as of and for the year ended June 30, 2000, and have issued our report thereon dated August 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the South Carolina Student Loan Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Carolina Student Loan Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, Board of Trustees and the U.S. Department of Education and is not intended to be and should not be used by anyone other than those specified parties.

Derrick, Stubbs & Stith, LLP

August 31, 2000



DERRICK, STUBBS & STITH, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
South Carolina Student Loan Corporation
Columbia, South Carolina

Compliance

We have audited the compliance of the South Carolina Student Loan Corporation with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2000. The South Carolina Student Loan Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the South Carolina Student Loan Corporation's management. Our responsibility is to express an opinion on the South Carolina Student Loan Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the South Carolina Student Loan Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the South Carolina Student Loan Corporation's compliance with those requirements.

In our opinion, the South Carolina Student Loan Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the South Carolina Student Loan Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts

To the Board of Trustees
South Carolina Student Loan Corporation
Page 2

and grants applicable to federal programs. In planning and performing our audit, we considered the South Carolina Student Loan Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended for the information of the management, Board of Trustees and the U.S. Department of Education and is not intended to be and should not be used by anyone other than those specified parties.

Denise, Stubbins + Smith, LLP

August 31, 2000

SOUTH CAROLINA STUDENT LOAN CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2000

- | | | |
|--|--------------|----------------------|
| 1. Summary of Auditor's Results: | | |
| (i) Type of report issued on financial statements | | Unqualified |
| (ii) Reportable material weaknesses in internal control conditions | | None |
| (iii) Material noncompliance to the financial statements | | None |
| (iv) Material weaknesses in reportable conditions in internal control over major programs | | None |
| (v) Type of report issued on compliance for major programs | | Unqualified |
| (vi) Audit findings required to be reported under paragraph .510(a) OMB 133 | | None |
| (vii) Identification of major programs: | | |
| <u>U.S. Department of Education:</u> | | |
| <u>Higher Education Act Insured Loan Programs:</u> | | |
| <u>Federal Family Education Loan Program:</u> | <u>CFDA#</u> | <u>Expenditure</u> |
| Special Allowances | 84.032 | \$ 13,929,937 |
| Subsidized Interest | 84.032 | <u>26,050,998</u> |
| Total Federal Family Education Loan Program (Major Program) | | <u>\$ 39,980,935</u> |
| (viii) Dollar threshold used to distinguish between Type A and Type B programs | | \$ 1,199,428 |
| (ix) South Carolina Student Loan Corporation qualifies as a low risk auditee under paragraph .530 OMB 133 | | Yes |
| 2. Findings related to the financial statements which are required to be reported in accordance with GAGAS | | None |
| 3. Findings and questioned costs for Federal awards including audit findings as defined in paragraph .510(a) OMB 133 | | |
| (i) Audit findings (e.g., internal control findings, compliance findings, questioned costs, or fraud) | | None |
| (ii) Audit findings which relate to both the financial statements and Federal awards | | None |

SOUTH CAROLINA STUDENT LOAN CORPORATION

SCHEDULE OF SUMMARY OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2000

There are no prior audit findings and questioned costs relative to Federal Awards.

SOUTH CAROLINA STUDENT LOAN CORPORATION

SCHEDULE OF CORRECTIVE ACTION PLAN

JUNE 30, 2000

There is no corrective action plan required since there are no prior audit findings and questioned costs relative to Federal Awards.