
**SUPPLEMENTARY
INFORMATION**

Governmental Funds

Governmental funds include the General Fund, several special revenue funds, a Capital Projects Fund, and two permanent funds. The State does not use debt service funds because it does not accumulate resources to pay future years' general long-term debt principal and interest; instead, the State finances such payments directly from the current year's resources.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's governmental funds:

- Combining Balance Sheet—Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds
- General Reserve Fund Activity—Budgetary General Fund

Generally accepted accounting principles (GAAP) for governments require that a Comprehensive Annual Financial Report (CAFR) include budgetary comparison schedules for "individual nonmajor special revenue funds and other governmental funds of the primary government (including its blended component units)." Such schedules would be included as supplementary information in this subsection of the CAFR if they were applicable. The State of South Carolina, however, does not prepare separate budgets for its individual special revenue funds or for its other governmental funds. Accordingly, this subsection includes no budgetary comparison schedules. (Also see the budgetary comparison schedules within the Required Supplementary Information section of this report.)

Note 1b in the notes to the financial statements describes the State's major governmental funds. The paragraphs below describe all other individual governmental funds that the State uses.

a. Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. The State uses the nonmajor special revenue funds described below:

Education Improvement Act Fund. This fund accounts for the special additional 1% sales tax levied to be used exclusively for improvements in elementary and secondary education, including academic loans for future teachers.

Children's Education Endowment Fund. This fund accounts for low-level radioactive waste fees collected from the Barnwell waste facility that are not required to be deposited to the General Fund or remitted to Barnwell County. These funds are to be used for public school facilities assistance and higher education scholarship grants.

Waste Management Fund. This fund accounts for fees collected from consumers, generators of solid and hazardous wastes, and owners and operators of solid waste and hazardous waste storage facilities. These fees must be used for the purposes set forth in the State's Solid Waste Policy and Management Act of 1991 and to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Accommodations and Local Option Sales Tax Fund. This fund accounts for: (1) a special additional 2% sales tax on the gross proceeds on the rental of transient accommodations and (2) a special 1% sales tax applicable in some localities within the State. The State allocates these revenues to counties and municipalities in accordance with State law.

Medicaid Expansion Fund. Resources of this fund include county assessments for indigent medical care and a tax on licensed hospitals. The fund was established to provide Medicaid coverage to persons formerly ineligible for such coverage and to provide additional State matching funds for Medicaid.

Tobacco Settlement Revenue Management Authority Fund. The Tobacco Settlement Revenue Management Authority was created to issue bonds that securitized future payments received under the multi-state legal settlement with the tobacco industry. The State transferred to the Authority, from its General Fund, all of its rights to the future tobacco settlement revenues. In return, the Authority transferred part of the bond proceeds to the State Tobacco Settlement Fund.

Education Lottery Fund. State law requires the Lottery Commission, a major discretely presented component unit, to transfer all proceeds from lottery ticket sales and other revenues net of expenses to the Education Lottery Fund. The Fund distributes these monies for education purposes and programs as stipulated in State law. These programs include tuition assistance, needs-based grants, and scholarships for the State's universities and technical colleges.

Jobs–Economic Development Authority Fund. 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.

Public Telecommunications Fund. The Public Telecommunications Fund of the State's Public Service Commission accounts for revenues collected from telephone companies within the State and redistributed to certain telephone companies in an effort to align prices and cost recovery with costs. This program also is intended to ensure basic telephone service at affordable rates is available to all citizens. Other revenues of the Fund include telephone customer surcharges for the 911 emergency system mandated by the FCC. These monies are collected from the telephone companies and distributed to local governments for their 911 emergency telephone systems.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues that must be used for specific purposes. These include operations of various employment services, water recreation, agricultural boards, forest renewal programs, certain housing programs, medical and dental scholarships, energy-related programs, and certain programs administered by the Department of Probation, Parole, and Pardon Services.

b. Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments). Capital outlays financed from general obligation bond proceeds are accounted for through the Capital Projects Fund.

c. Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs—that is, for the benefit of the State or its citizenry.

Bequests Fund. Sometimes private citizens make bequests of specific assets within their wills to the State. Typically, these gifts provide that the State may expend the earnings, but not the principal, to support certain State agencies or certain programs within a specific State agency. The Bequests Fund accounts for these funds.

Wildlife Endowment Fund. The Wildlife Endowment Fund accounts for funds received from private citizens as gifts and contributions, as well as fees for certain lifetime hunting and fishing licenses. The State may expend the earnings, but not the principal, in furthering the conservation of wildlife resources and the efficient operation of the State's Department of Natural Resources.

Combining Balance Sheet

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2006

(Expressed in Thousands)

	Education Improvement Act	Children's Education Endowment	Waste Management	Accommodations and Local Option Sales Tax	Medicaid Expansion	SPECIAL Tobacco Settlement Revenue Management Authority
ASSETS						
Cash and cash equivalents.....	\$ 83,516	\$ 20,766	\$ 131,360	\$ 90,656	\$ 16,838	\$ 721
Invested securities lending collateral.....	1,202	2,498	15,938	2,087	1,265	—
Receivables, net:						
Accounts.....	313	—	605	1	—	—
Accrued interest.....	1,598	207	840	93	69	—
Sales and other taxes.....	67,940	9,907	—	47,399	124,503	—
Loans and notes.....	14,112	—	—	—	—	—
Due from Federal government and other grantors.....	2	—	—	—	—	—
Due from other funds.....	5,413	—	—	181	9,933	—
Due from component units.....	—	—	—	—	—	—
Interfund receivables.....	—	—	—	—	—	—
Inventories.....	—	—	44	—	—	—
Restricted assets:						
Cash and cash equivalents.....	—	—	—	—	—	25,484
Investments.....	—	—	—	—	—	87,559
Other.....	—	—	—	—	—	34,519
Total assets.....	\$ 174,096	\$ 33,378	\$ 148,787	\$ 140,417	\$ 152,608	\$ 148,283
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 28,685	\$ —	\$ 1,510	\$ —	\$ 124,503	\$ —
Accrued salaries and related expenditures.....	935	—	214	—	—	—
Retainages payable.....	—	—	—	—	—	—
Tax refunds payable.....	352	—	—	177	—	—
Intergovernmental payables.....	728	—	636	135,331	—	—
Due to other funds.....	996	2	189	212	—	290
Interfund payables.....	450	—	—	—	—	—
Deferred revenues.....	3,489	—	—	2,610	5,401	—
Securities lending collateral.....	1,202	2,498	15,938	2,087	1,265	—
Other liabilities.....	33	—	—	—	—	—
Total liabilities.....	36,870	2,500	18,487	140,417	131,169	290
Fund balances:						
Reserved for:						
Inventories.....	—	—	44	—	—	—
Interfund receivables.....	—	—	—	—	—	—
Endowments.....	—	—	—	—	—	—
Long-term loans and notes receivable.....	11,993	—	—	—	—	—
Debt requirements.....	—	—	—	—	—	147,563
School building aid.....	369	—	—	—	—	—
Unreserved:						
Designated for scholarships.....	14,703	—	—	—	—	—
Designated for capital expenditures.....	—	—	—	—	—	—
Undesignated.....	110,161	30,878	130,256	—	21,439	430
Total fund balances.....	137,226	30,878	130,300	—	21,439	147,993
Total liabilities and fund balances.....	\$ 174,096	\$ 33,378	\$ 148,787	\$ 140,417	\$ 152,608	\$ 148,283

REVENUE

PERMANENT

Education Lottery	Jobs-Economic Development Authority	Public Telecommunications	Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Wildlife Endowment	Totals	TOTALS
\$ 153,107	\$ 2,347	\$ 23,846	\$ 82,646	\$ 605,803	\$ 341,548	\$ 1,212	\$ 1,943	\$ 3,155	\$ 950,506
19,290	—	2,119	2,505	46,904	42,176	22	75	97	89,177
6	4	—	—	929	—	—	—	—	929
1,439	8	157	205	4,616	1,901	9	16	25	6,542
—	—	—	2,300	252,049	827	—	—	—	252,876
—	829	—	10,862	25,803	—	—	—	—	25,803
—	—	—	—	2	2,164	—	—	—	2,166
123	—	1,557	2,724	19,931	801	—	1	1	20,733
10,940	—	—	—	10,940	—	—	—	—	10,940
—	—	—	3,961	3,961	—	—	—	—	3,961
—	—	—	—	44	—	—	—	—	44
—	—	—	—	25,484	—	—	—	—	25,484
—	—	—	—	87,559	—	—	—	—	87,559
—	—	—	—	34,519	—	—	—	—	34,519
\$ 184,905	\$ 3,188	\$ 27,679	\$ 105,203	\$ 1,118,544	\$ 389,417	\$ 1,243	\$ 2,035	\$ 3,278	\$ 1,511,239
\$ 981	\$ —	\$ 988	\$ 564	\$ 157,231	\$ 4,162	\$ —	\$ —	\$ —	\$ 161,393
43	2	—	482	1,676	65	—	—	—	1,741
—	—	—	—	—	1,837	—	—	—	1,837
—	—	—	3	532	—	—	—	—	532
390	—	9,412	9,121	155,618	—	—	—	—	155,618
10,545	—	92	5,886	18,212	9,827	—	—	—	28,039
—	—	—	30	480	21,193	—	—	—	21,673
18	—	—	—	11,518	2,524	—	—	—	14,042
19,290	—	2,119	2,505	46,904	42,176	22	75	97	89,177
—	—	—	597	630	—	—	—	—	630
31,267	2	12,611	19,188	392,801	81,784	22	75	97	474,682
—	—	—	—	44	—	—	—	—	44
—	—	—	3,335	3,335	—	—	—	—	3,335
—	—	—	—	—	—	663	1,593	2,256	2,256
—	722	—	10,194	22,909	—	—	—	—	22,909
—	—	—	—	147,563	—	—	—	—	147,563
—	—	—	—	369	—	—	—	—	369
—	—	—	—	14,703	—	—	—	—	14,703
—	—	—	—	—	307,633	—	—	—	307,633
153,638	2,464	15,068	72,486	536,820	—	558	367	925	537,745
153,638	3,186	15,068	86,015	725,743	307,633	1,221	1,960	3,181	1,036,557
\$ 184,905	\$ 3,188	\$ 27,679	\$ 105,203	\$ 1,118,544	\$ 389,417	\$ 1,243	\$ 2,035	\$ 3,278	\$ 1,511,239

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

						SPECIAL
	Education Improvement Act	Children's Education Endowment	Waste Management	Accommodations and Local Option Sales Tax	Medicaid Expansion	Tobacco Settlement Revenue Management Authority
Revenues:						
Taxes:						
Retail sales and use.....	\$ 660,573	\$ —	\$ 1,731	\$ 434,578	\$ —	\$ —
Other.....	—	9,907	—	—	264,000	—
Licenses, fees, and permits.....	—	—	27,034	—	—	—
Interest and other investment income.....	4,983	1,053	2,335	153	191	5,956
Federal.....	5	—	—	—	—	—
Departmental services.....	—	—	433	—	—	—
Contributions.....	—	—	—	—	7,500	—
Fines and penalties.....	—	—	384	—	—	—
Tobacco legal settlement.....	—	—	—	—	—	67,841
Other.....	16	—	8	—	3	—
Total revenues.....	665,577	10,960	31,925	434,731	271,694	73,797
Expenditures:						
Current:						
General government.....	10,055	—	—	55	—	110
Education.....	93,947	7,409	—	—	—	—
Health and environment.....	661	—	20,410	—	270,423	—
Social services.....	351	—	—	—	—	—
Administration of justice.....	1,388	—	—	—	—	—
Resources and economic development.....	—	—	—	—	—	—
Capital outlay.....	—	—	—	—	—	—
Debt service:						
Principal retirement.....	—	—	—	—	—	24,005
Interest and fiscal charges.....	—	—	—	—	—	52,484
Intergovernmental.....	549,969	16,048	4,383	427,758	—	—
Total expenditures.....	656,371	23,457	24,793	427,813	270,423	76,599
Excess (deficiency) of revenues over (under) expenditures.....	9,206	(12,497)	7,132	6,918	1,271	(2,802)
Other financing sources (uses):						
Bonds issued.....	—	—	—	—	—	—
Premiums on bonds issued.....	—	—	—	—	—	—
Transfers in.....	5,154	4,251	27,143	—	10,048	—
Transfers out.....	(6,692)	(4)	(1,068)	(6,918)	(48)	(450)
Total other financing sources (uses).....	(1,538)	4,247	26,075	(6,918)	10,000	(450)
Net change in fund balances.....	7,668	(8,250)	33,207	—	11,271	(3,252)
Fund balances at beginning of year.....	129,558	39,128	97,093	—	10,168	151,245
Fund balances at end of year.....	\$ 137,226	\$ 30,878	\$ 130,300	\$ —	\$ 21,439	\$ 147,993

REVENUE

PERMANENT

Education Lottery	Jobs-Economic Development Authority	Public Telecommunications	Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Wildlife Endowment	Totals	TOTALS
\$ —	\$ —	\$ —	\$ —	\$ 1,096,882	\$ —	\$ —	\$ —	\$ —	\$ 1,096,882
—	—	—	39,463	313,370	74	—	—	—	313,444
—	—	91,124	12,534	130,692	—	—	174	174	130,866
4,399	145	531	1,730	21,476	5,191	6	—	6	26,673
—	—	—	58	63	21,079	—	—	—	21,142
—	349	5,960	255	6,997	3,781	—	4	4	10,782
319,862	—	—	360	327,722	740	—	—	—	328,462
—	—	—	23,376	23,760	18	—	—	—	23,778
—	—	—	—	67,841	—	—	—	—	67,841
190	—	—	225	442	2,236	—	—	—	2,678
324,451	494	97,615	78,001	1,989,245	33,119	6	178	184	2,022,548
2,518	—	90,897	23,971	127,606	—	1	—	1	127,607
208,652	—	—	—	310,008	—	—	—	—	310,008
283	—	—	14	291,791	—	66	—	66	291,857
—	—	—	10,567	10,918	—	—	—	—	10,918
17	—	—	11,634	13,039	—	—	—	—	13,039
—	554	—	4,357	4,911	—	—	—	—	4,911
—	—	—	—	—	46,838	—	—	—	46,838
—	—	—	—	24,005	—	—	—	—	24,005
—	—	—	8	52,492	998	—	—	—	53,490
53,399	—	6,376	21,347	1,079,280	—	—	—	—	1,079,280
264,869	554	97,273	71,898	1,914,050	47,836	67	—	67	1,961,953
59,582	(60)	342	6,103	75,195	(14,717)	(61)	178	117	60,595
—	—	—	—	—	268,475	—	—	—	268,475
—	—	—	—	—	571	—	—	—	571
17	72	—	17,728	64,413	100,241	—	—	—	164,654
(21,312)	—	(373)	(13,593)	(50,458)	(230,700)	—	—	—	(281,158)
(21,295)	72	(373)	4,135	13,955	138,587	—	—	—	152,542
38,287	12	(31)	10,238	89,150	123,870	(61)	178	117	213,137
115,351	3,174	15,099	75,777	636,593	183,763	1,282	1,782	3,064	823,420
\$ 153,638	\$ 3,186	\$ 15,068	\$ 86,015	\$ 725,743	\$ 307,633	\$ 1,221	\$ 1,960	\$ 3,181	\$ 1,036,557

General Reserve Fund Activity

BUDGETARY GENERAL FUND Last Ten Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Reserve Fund. The reserve primarily is designed to prevent Budgetary General Fund deficits. On November 4, 1988, a Constitutional amendment was passed, which permanently changed the funding requirement for the Reserve to three percent of the Budgetary General Fund revenue of the previous fiscal year.

If amounts are withdrawn from the Reserve, the State Constitution requires restoration of the Reserve to full funding within three years.

Key amounts (dollars in thousands) for the General Reserve Fund for the last ten fiscal years are:

<u>Fiscal Year Ended June 30</u>	<u>Start-of-Year Balance</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>End-of-Year Balance</u>	<u>Full-Funding Amount^a</u>	<u>Actual End-of- Year % Funded^b</u>
1997	\$ 127,006	\$ 3,374	\$ —	\$ 130,380	\$ 130,380	100%
1998	130,380	—	—	130,380	130,380	100%
1999	130,380	7,270	—	137,650	137,650	100%
2000	137,650	7,721	—	145,371	145,371	100%
2001	145,371	2,545	(87,393)	60,523	147,916	41%
2002	60,523	2,286	(62,809)	—	150,202	0%
2003	—	38,797	(38,797)	—	152,410	0%
2004	—	74,455	(49,300)	25,155	147,708	17%
2005	25,155	50,000	—	75,155	149,034	50%
2006	75,155	78,333	—	153,488	153,488	100%

^aEquals 3% of the Budgetary General Fund revenues for the previous fiscal year.

^bEquals (End-of-Year Balance/Full-Funding Amount) x 100.

Proprietary Funds

Proprietary funds include enterprise and internal service funds. This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's proprietary funds:

- Combining Statement of Net Assets—Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Nonmajor Enterprise Funds
- Combining Statement of Cash Flows—Nonmajor Enterprise Funds
- Combining Statement of Net Assets—Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds
- Combining Statement of Cash Flows—Internal Service Funds

Note 1b in the notes to the financial statements describes the State's major enterprise funds. The paragraphs below describe all nonmajor enterprise funds and the internal service funds that the State uses.

a. Nonmajor Enterprise Funds

The State uses enterprise funds to report activities for which it charges fees to external users for goods or services if *any* of the following situations applies:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The State uses the nonmajor enterprise funds described below.

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.

Patriots Point Development Authority Fund. 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.

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.

The Tuition Prepayment Program Fund. This fund, previously known as the PACE program, allows contributors to make payments, under the terms of a tuition prepayment contract, to cover future undergraduate tuition expenses of a designated beneficiary at a South Carolina public higher education institution. Alternatively, the benefits of this contract can be applied toward the cost of tuition, up to the weighted average tuition at South Carolina public institutions, at any accredited college or university to which the designated beneficiary has been admitted.

The Citadel Trust, Inc., Fund. The Citadel Trust was formed for the purpose of investing funds in order to provide scholarship and other financial assistance or support to The Citadel, a higher education institution reported in the Higher Education Fund, a major enterprise fund.

University of South Carolina Trust Fund (the Trust). The Trust operates exclusively for the benefit of the University of South Carolina's School of Medicine to augment and aid education, research, and service in the field of health sciences. The University of South Carolina is a higher education institution reported in the Higher Education Fund, a major enterprise fund. The Trust's fiscal year ends December 31, and the accompanying supplementary information includes the Trust's financial information for the fiscal year ended December 31, 2005.

University Medical Associates Fund (UMA). UMA was established to promote and support educational, medical, scientific, and research purposes of the Medical University of South Carolina (MUSC), a higher education institution reported in the Higher Education Fund, a major enterprise fund. UMA promotes the recruitment and retention of superior faculty at MUSC.

Medical University Facilities Corporation Fund (MUFC). MUFC was established to obtain financing for the Medical University of South Carolina to purchase land, an office building, and a parking garage.

CHS Development Company Fund. The Company was established to provide financing for the Medical University of South Carolina by developing and leasing property.

Pharmaceutical Education and Development Foundation Fund (PEDF). PEDF promotes educational, research, clinical, and other facilities and programs of the Medical University of South Carolina's College of Pharmacy. The Medical University of South Carolina is a higher education institution reported in the Higher Education Fund, a major enterprise fund.

Enterprise Campus Authority. The Authority was established to provide for the management, development, and operation of the Enterprise Campus of Midlands Technical College. Midlands Technical College is a higher education institution reported in the Higher Education Fund, a major enterprise fund.

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, the Canteens Fund, operation of the Columbia Farmers' Market, and enterprise operations of the Adjutant General's Office.

b. Internal Service Funds

The State uses the internal service funds described below to report activities that provide goods or services to other State funds, departments, agencies, component units, and/or to other governments, on a cost-reimbursement basis if the State is the predominant participant in the activity. If the State is *not* the predominant participant, it reports the activity as an enterprise fund.

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.

Employee Insurance Programs Fund. This is a risk management fund that underwrites the group health, dental, life, accidental death and dismemberment, disability, and long-term care 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 Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS

June 30, 2006

(Expressed in Thousands)

	<u>Patients'</u> <u>Compensation</u>	<u>Patriots Point</u> <u>Development</u> <u>Authority</u>	<u>Second</u> <u>Injury</u>	<u>Tuition</u> <u>Prepayment</u> <u>Program</u>	<u>The Citadel</u> <u>Trust, Inc.</u>
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 3,152	\$ 3,670	\$ 202	\$ 113,977	\$ 219
Investments.....	6,604	—	—	—	2,797
Invested securities lending collateral.....	95	443	9,993	10,046	—
Receivables, net:					
Accounts.....	1	274	—	131	1
Contributions.....	—	—	—	—	179
Participants.....	—	—	—	8,336	—
Accrued interest.....	83	7	—	454	146
Patient accounts.....	—	—	—	—	—
Due from other funds.....	—	2	—	—	—
Inventories.....	—	288	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	73,629	—	1,036
Investments.....	—	—	—	—	9,274
Loans receivable.....	—	—	—	—	89
Other.....	—	—	659	—	124
Prepaid items.....	25	9	—	—	9
Other current assets.....	—	—	—	—	—
Total current assets.....	<u>9,960</u>	<u>4,693</u>	<u>84,483</u>	<u>132,944</u>	<u>13,874</u>
Long-term assets:					
Investments.....	—	—	—	—	3,033
Receivables, net:					
Contributions.....	—	—	—	—	100
Participants.....	—	—	—	17,419	—
Interfund receivables.....	—	—	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	—	—	1,884
Investments.....	—	—	—	—	44,198
Loans receivable.....	—	—	—	—	75
Other.....	—	—	—	—	558
Prepaid items.....	—	—	—	—	—
Other long-term assets.....	—	—	—	—	30
Non-depreciable capital assets.....	—	4,624	—	—	—
Depreciable capital assets, net.....	—	7,854	16	—	—
Total long-term assets.....	<u>—</u>	<u>12,478</u>	<u>16</u>	<u>17,419</u>	<u>49,878</u>
Total assets.....	<u>9,960</u>	<u>17,171</u>	<u>84,499</u>	<u>150,363</u>	<u>63,752</u>

<u>University of South Carolina Trust</u>	<u>University Medical Associates</u>	<u>Medical University Facilities Corporation</u>	<u>CHS Development Company</u>	<u>Pharmaceutical Education and Development Foundation</u>	<u>Enterprise Campus Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 1,835	\$ 30,915	\$ —	\$ —	\$ —	2	\$ —	\$ 181,374
8,432	42,093	—	—	—	—	—	59,926
—	—	—	—	—	—	3,225	23,802
873	183	7	—	—	—	874	2,344
—	—	—	—	—	—	—	179
—	—	—	—	—	—	—	8,336
—	—	—	—	—	—	103	793
2,397	28,206	—	—	—	—	—	30,603
—	6,174	2,373	850	—	488	307	10,194
—	—	—	—	—	—	3,343	3,631
—	—	91	183	—	—	2,199	77,138
—	—	317	—	—	—	—	9,591
—	—	—	—	—	—	—	89
—	—	—	—	—	—	1,457	2,240
—	631	—	156	—	—	131	961
—	1,777	64	61	—	—	—	1,902
<u>13,537</u>	<u>109,979</u>	<u>2,852</u>	<u>1,250</u>	<u>2</u>	<u>488</u>	<u>39,041</u>	<u>413,103</u>
—	—	—	—	—	—	—	3,033
—	—	—	—	—	—	—	100
—	—	—	—	—	—	—	17,419
—	—	16,340	23,094	—	—	—	39,434
—	4,535	1,350	4,024	—	—	—	11,793
—	15,842	213	283	—	—	—	60,536
—	—	—	—	—	—	13,565	13,640
—	—	—	—	—	—	—	558
—	10,733	—	2,584	—	—	—	13,317
—	7,524	410	1,635	—	—	296	9,895
—	62	—	—	—	—	19,595	24,281
<u>14,182</u>	<u>45,136</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,918</u>	<u>75,106</u>
<u>14,182</u>	<u>83,832</u>	<u>18,313</u>	<u>31,620</u>	<u>—</u>	<u>—</u>	<u>41,374</u>	<u>269,112</u>
<u>27,719</u>	<u>193,811</u>	<u>21,165</u>	<u>32,870</u>	<u>2</u>	<u>488</u>	<u>80,415</u>	<u>682,215</u>

Continued on Next Page

Combining Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2006

(Expressed in Thousands)

	<u>Patients'</u> <u>Compensation</u>	<u>Patriots Point</u> <u>Development</u> <u>Authority</u>	<u>Second</u> <u>Injury</u>	<u>Tuition</u> <u>Prepayment</u> <u>Program</u>	<u>The Citadel</u> <u>Trust, Inc.</u>
LIABILITIES					
Current liabilities:					
Accounts payable.....	\$ 171	\$ 155	\$ 7	\$ —	\$ 562
Accrued salaries and related expenses.....	26	248	102	—	5
Accrued interest payable.....	—	—	—	—	—
Tuition benefits payable.....	—	—	—	12,528	—
Policy claims.....	32,000	—	—	—	—
Due to other funds.....	6	25	1,126	272	—
Unearned revenues.....	13,271	895	—	—	—
Securities lending collateral.....	95	443	9,993	10,046	—
Liabilities payable from restricted assets:					
Accounts payable.....	—	—	—	—	—
Other.....	—	—	73,162	—	—
Notes payable.....	—	—	—	—	—
Letter of credit.....	2,000	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	15	245	70	—	—
Other current liabilities.....	—	—	—	—	8
Total current liabilities.....	<u>47,584</u>	<u>2,011</u>	<u>84,460</u>	<u>22,846</u>	<u>575</u>
Long-term liabilities:					
Tuition benefits payable.....	—	—	—	189,211	—
Policy claims.....	185,407	—	—	—	—
Interfund payables.....	—	—	—	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	2	—	23	—	—
Other long-term liabilities.....	—	—	—	—	18
Total long-term liabilities.....	<u>185,409</u>	<u>—</u>	<u>23</u>	<u>189,211</u>	<u>18</u>
Total liabilities.....	<u>232,993</u>	<u>2,011</u>	<u>84,483</u>	<u>212,057</u>	<u>593</u>
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	—	12,478	16	—	—
Restricted:					
Expendable:					
Education.....	—	—	—	—	28,417
Capital projects.....	—	—	—	—	3,360
Debt service.....	—	—	—	—	—
Nonexpendable:					
Education.....	—	—	—	—	25,568
Unrestricted.....	(223,033)	2,682	—	(61,694)	5,814
Total net assets (deficits).....	<u>\$ (223,033)</u>	<u>\$ 15,160</u>	<u>\$ 16</u>	<u>\$ (61,694)</u>	<u>\$ 63,159</u>

<u>University of South Carolina Trust</u>	<u>University Medical Associates</u>	<u>Medical University Facilities Corporation</u>	<u>CHS Development Company</u>	<u>Pharmaceutical Education and Development Foundation</u>	<u>Enterprise Campus Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 3,528	\$ 1,632	\$ —	\$ 160	\$ 1	\$ 24	\$ 567	\$ 6,807
23	7,781	—	—	—	—	323	8,508
—	420	206	718	—	—	—	1,344
—	—	—	—	—	—	—	12,528
—	—	—	—	—	—	—	32,000
—	1,459	—	13	—	—	1,532	4,433
—	—	—	—	—	—	33	14,199
—	—	—	—	—	—	3,225	23,802
—	—	—	—	—	—	452	452
—	—	—	—	—	—	—	73,162
—	2,500	1,095	1,130	—	—	—	4,725
—	—	—	—	—	—	—	2,000
425	—	595	—	—	—	—	1,020
114	87	—	—	—	—	—	201
814	1,544	—	—	—	—	351	3,039
—	1,408	—	188	1	—	—	1,605
<u>4,904</u>	<u>16,831</u>	<u>1,896</u>	<u>2,209</u>	<u>2</u>	<u>24</u>	<u>6,483</u>	<u>189,825</u>
—	—	—	—	—	—	—	189,211
—	—	—	—	—	—	—	185,407
—	—	—	—	—	—	13,565	13,565
—	86,853	9,355	30,849	—	—	—	127,057
8,075	—	8,679	—	—	—	—	16,754
326	156	—	—	—	—	—	482
—	1,029	—	—	—	—	120	1,174
342	1,298	—	—	—	—	—	1,658
<u>8,743</u>	<u>89,336</u>	<u>18,034</u>	<u>30,849</u>	<u>—</u>	<u>—</u>	<u>13,685</u>	<u>535,308</u>
<u>13,647</u>	<u>106,167</u>	<u>19,930</u>	<u>33,058</u>	<u>2</u>	<u>24</u>	<u>20,168</u>	<u>725,133</u>
5,242	(1,869)	—	—	—	—	27,513	43,380
—	—	—	—	—	—	—	28,417
—	—	—	—	—	—	—	3,360
—	9,081	1,235	—	—	—	3,204	13,520
—	—	—	—	—	—	—	25,568
8,830	80,432	—	(188)	—	464	29,530	(157,163)
<u>\$ 14,072</u>	<u>\$ 87,644</u>	<u>\$ 1,235</u>	<u>\$ (188)</u>	<u>\$ —</u>	<u>\$ 464</u>	<u>\$ 60,247</u>	<u>\$ (42,918)</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	Tuition Prepayment Program	The Citadel Trust, Inc.
Operating revenues:					
Charges for services.....	\$ 42,177	\$ 7,318	\$ 1,540	\$ —	\$ —
Contributions.....	—	—	—	9,481	—
Interest and other investment income.....	—	—	—	3,782	—
Operating revenues pledged for revenue bonds.....	—	—	—	—	—
Other operating revenues.....	—	—	—	—	5,182
Total operating revenues.....	42,177	7,318	1,540	13,263	5,182
Operating expenses:					
General operations and administration.....	973	6,274	1,517	—	129
Benefits and claims.....	51,625	—	—	—	—
Tuition plan disbursements.....	—	—	—	38,849	—
Depreciation and amortization.....	—	461	4	—	—
Other operating expenses.....	—	176	15	—	—
Total operating expenses.....	52,598	6,911	1,536	38,849	129
Operating income (loss).....	(10,421)	407	4	(25,586)	5,053
Nonoperating revenues (expenses):					
Interest income.....	301	114	—	—	—
Contributions.....	—	40	—	—	2,253
Local/private grants and contracts.....	—	—	—	—	215
Interest expense.....	—	—	—	—	—
Net other nonoperating revenues (expenses).....	—	—	—	—	45
Total nonoperating revenues (expenses).....	301	154	—	—	2,513
Income (loss) before other revenues, expenses, and transfers.....	(10,120)	561	4	(25,586)	7,566
Capital contributions.....	—	—	—	—	—
Local/private capital grants and contracts.....	—	—	—	—	40
Additions to endowments.....	—	—	—	—	823
Transfers in.....	1,500	74	—	—	—
Transfers out.....	—	—	—	(499)	(3,186)
Change in net assets.....	(8,620)	635	4	(26,085)	5,243
Net assets (deficits) at beginning of year.....	(214,413)	14,525	12	(35,609)	57,916
Net assets (deficits) at end of year.....	\$ (223,033)	\$ 15,160	\$ 16	\$ (61,694)	\$ 63,159

University of South Carolina Trust	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Pharmaceutical Education and Development Foundation	Enterprise Campus Authority	Other Enterprise	Totals
\$ 22,014	\$ 201,637	\$ —	\$ —	\$ —	\$ —	\$ 26,909	\$ 301,595
—	—	—	—	—	—	—	9,481
—	—	—	—	—	—	—	3,782
—	—	1,198	1,245	—	—	—	2,443
14,602	7,094	80	—	—	—	270	27,228
36,616	208,731	1,278	1,245	—	—	27,179	344,529
36,721	162,460	1,088	1,646	21	61	20,880	231,770
—	—	—	—	—	—	—	51,625
—	—	—	—	—	—	—	38,849
1,105	2,127	64	217	—	—	635	4,613
—	—	—	—	—	—	11	202
37,826	164,587	1,152	1,863	21	61	21,526	327,059
(1,210)	44,144	126	(618)	(21)	(61)	5,653	17,470
—	1,904	—	—	—	—	1,737	4,056
—	—	—	—	—	—	—	2,293
—	—	—	—	—	—	—	215
(421)	(5,861)	—	—	—	—	(1,116)	(7,398)
425	3,230	—	—	8,038	—	(645)	11,093
4	(727)	—	—	8,038	—	(24)	10,259
(1,206)	43,417	126	(618)	8,017	(61)	5,629	27,729
—	—	—	—	—	—	2,325	2,325
—	—	—	—	—	—	—	40
—	—	—	—	—	—	—	823
—	—	—	690	—	525	27	2,816
—	(21,216)	(56)	—	—	—	(1,295)	(26,252)
(1,206)	22,201	70	72	8,017	464	6,686	7,481
15,278	65,443	1,165	(260)	(8,017)	—	53,561	(50,399)
\$ 14,072	\$ 87,644	\$ 1,235	\$ (188)	\$ —	\$ 464	\$ 60,247	\$ (42,918)

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	Tuition Prepayment Program	The Citadel Trust, Inc.
Cash flows from operating activities:					
Receipts from customers, patients, and third-party payers.....	\$ 43,142	\$ 4,359	\$ —	\$ 241	\$ —
Assessments received.....	—	—	176,801	—	—
Tuition plan contributions received.....	—	—	—	8,799	—
Other operating cash receipts.....	—	2,916	—	—	—
Claims and benefits paid.....	(44,585)	—	(145,771)	—	—
Payments to suppliers for goods and services.....	—	(2,526)	—	—	(61)
Payments to employees.....	—	(3,176)	—	—	(68)
Other operating cash payments.....	(721)	(903)	(1,580)	(4,468)	—
Net cash provided by (used in) operating activities.....	(2,164)	670	29,450	4,572	(129)
Cash flows from noncapital financing activities:					
Principal payments made to other funds.....	(1,000)	—	—	—	—
Interest payments made to other funds.....	—	—	—	—	—
Proceeds from issuance of noncapital debt.....	3,000	—	—	—	—
Principal paid on noncapital debt.....	—	—	—	—	—
Interest payments on noncapital debt.....	—	—	—	—	—
Gifts and grants for other than capital purposes.....	—	—	—	—	3,821
Other cash receipts.....	—	—	—	—	425
Other cash payments.....	—	—	—	—	—
Transfers in.....	1,500	74	—	—	—
Transfers out.....	—	—	—	(499)	(3,186)
Net cash provided by (used in) noncapital financing activities.....	3,500	74	—	(499)	1,060
Cash flows from capital and related financing activities:					
Acquisition of capital assets.....	—	(335)	(7)	—	—
Principal paid on capital debt and lease.....	—	—	—	—	—
Interest payments on capital debt.....	—	—	—	—	—
Payment of agent and broker fees.....	—	—	—	—	—
Proceeds from sale or disposal of capital assets.....	—	—	—	—	—
Capital grants and gifts received.....	—	—	—	—	63
Net cash provided by (used in) capital and related financing activities.....	—	(335)	(7)	—	63
Cash flows from investing activities:					
Proceeds from sales and maturities of investments.....	7,211	—	—	—	24,352
Purchase of investments.....	(13,864)	—	—	—	(26,165)
Interest and dividends on investments.....	249	112	2,349	3,632	1,255
Collection of escrow payments from borrower.....	—	—	—	—	—
Net cash provided by (used in) investing activities.....	(6,404)	112	2,349	3,632	(558)
Net increase (decrease) in cash and cash equivalents.....	(5,068)	521	31,792	7,705	436
Cash and cash equivalents at beginning of year.....	8,220	3,149	42,039	106,272	2,703
Cash and cash equivalents at end of year.....	\$ 3,152	\$ 3,670	\$ 73,831	\$ 113,977	\$ 3,139

University of South Carolina Trust	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Pharmaceutical Education and Development Foundation	Enterprise Campus Authority	Other Enterprise	Totals
\$ 22,092	\$ 191,420	\$ —	\$ —	\$ —	\$ —	\$ 27,608	\$ 288,862
—	—	—	—	—	—	—	176,801
—	—	—	—	—	—	—	8,799
14,768	20,790	—	—	—	—	873	39,347
—	—	—	—	—	—	—	(190,356)
(11,791)	(45,474)	—	(201)	(20)	(37)	(17,507)	(77,617)
(24,006)	(116,631)	—	—	—	—	(4,893)	(148,774)
—	(986)	—	—	—	(488)	(10)	(9,156)
1,063	49,119	—	(201)	(20)	(525)	6,071	87,906
—	—	—	—	—	—	(833)	(1,833)
—	—	—	—	—	—	(1,144)	(1,144)
—	—	—	—	—	—	—	3,000
—	(1,165)	(1,604)	(1,100)	—	—	—	(3,869)
—	(2,742)	(1,072)	—	—	—	—	(3,814)
—	—	—	—	—	—	—	3,821
—	—	—	—	21	—	—	446
—	(7,020)	—	—	—	—	—	(7,020)
—	—	—	690	—	525	27	2,816
—	(21,216)	(56)	—	—	—	(1,295)	(26,252)
—	(32,143)	(2,732)	(410)	21	525	(3,245)	(33,849)
(832)	(1,886)	—	(2,232)	—	—	(1,209)	(6,501)
(575)	(1,444)	—	—	—	—	—	(2,019)
(421)	(2,915)	—	(1,468)	—	—	—	(4,804)
—	(26)	—	—	—	—	—	(26)
—	4	—	—	—	—	121	125
—	—	—	—	—	—	—	63
(1,828)	(6,267)	—	(3,700)	—	—	(1,088)	(13,162)
9,084	16,847	2,776	1,494	—	—	—	61,764
(10,034)	(34,105)	(1,278)	(827)	—	—	—	(86,273)
246	2,839	1,277	1,246	—	—	854	14,059
—	—	—	—	—	—	1,554	1,554
(704)	(14,419)	2,775	1,913	—	—	2,408	(8,896)
(1,469)	(3,710)	43	(2,398)	1	—	4,146	31,999
3,304	39,160	1,398	6,605	1	—	25,455	238,306
\$ 1,835	\$ 35,450	\$ 1,441	\$ 4,207	\$ 2	\$ —	\$ 29,601	\$ 270,305

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	Tuition Prepayment Program	The Citadel Trust, Inc.
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ (10,421)	\$ 407	\$ 4	\$ (25,586)	\$ 5,053
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	461	4	—	—
Provision for bad debt.....	—	—	—	—	—
Realized gains and losses on investments.....	—	—	—	—	(5,182)
Interest and dividends on investments and interfund loans....	—	—	—	(3,782)	—
Amounts received for payment of claims.....	—	—	175,254	—	—
Payment of claims.....	—	—	(145,771)	—	—
Other nonoperating revenues.....	—	40	—	—	—
Other nonoperating expenses.....	—	—	—	—	—
Other.....	23	22	—	—	—
Change in assets—decreases (increases):					
Accounts receivable, net.....	—	(95)	—	(131)	—
Receivable from participants, net.....	—	—	—	(551)	—
Accrued interest.....	—	—	—	—	—
Due from other funds.....	—	(2)	—	—	—
Inventories.....	—	6	—	—	—
Other assets	55	—	—	—	—
Change in liabilities—increases (decreases):					
Accounts payable.....	159	(48)	2	—	—
Accrued salaries and related expenses.....	3	(21)	3	—	—
Tuition benefits payable.....	—	—	—	34,381	—
Policy claims.....	7,041	—	—	—	—
Due to other funds.....	5	8	—	241	—
Deferred revenues	968	(83)	—	—	—
Liabilities payable from restricted assets.....	—	—	—	—	—
Compensated absences payable	3	(25)	(46)	—	—
Other liabilities.....	—	—	—	—	—
Net cash provided by (used in) operating activities.....	\$ (2,164)	\$ 670	\$ 29,450	\$ 4,572	\$ (129)
Noncash capital, investing, and financing activities:					
Acquisition of capital assets through assumption of liabilities.	\$ —	\$ —	\$ —	\$ —	\$ —
Increase (decrease) in fair value of investments.....	(48)	—	—	—	5
Total noncash capital, investing, and financing activities.....	\$ (48)	\$ —	\$ —	\$ —	\$ 5

<u>University of South Carolina Trust</u>	<u>University Medical Associates</u>	<u>Medical University Facilities Corporation</u>	<u>CHS Development Company</u>	<u>Pharmaceutical Education and Development Foundation</u>	<u>Enterprise Campus Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ (1,210)	\$ 44,144	\$ 126	\$ (618)	\$ (21)	\$ (61)	\$ 5,653	\$ 17,470
1,105	2,127	64	217	—	—	635	4,613
—	37,111	—	—	—	—	—	37,111
—	—	—	—	—	—	—	(5,182)
—	—	—	—	—	—	—	(3,782)
—	—	—	—	—	—	—	175,254
—	—	—	—	—	—	—	(145,771)
—	—	—	—	—	—	1,951	1,991
—	—	—	—	—	—	(1,531)	(1,531)
—	5,242	(190)	200	—	—	(27)	5,270
244	(39,822)	—	—	—	—	241	(39,563)
—	—	—	—	—	—	—	(551)
—	—	—	—	—	—	(5)	(5)
—	—	—	—	—	(488)	126	(364)
—	—	—	—	—	—	274	280
—	(786)	—	—	—	—	(10)	(741)
1,126	807	—	—	1	24	(1,266)	805
(56)	—	—	—	—	—	25	(46)
—	—	—	—	—	—	—	34,381
—	—	—	—	—	—	—	7,041
—	—	—	—	—	—	—	254
—	—	—	—	—	—	—	885
—	—	—	—	—	—	(2)	(2)
105	150	—	—	—	—	7	194
(251)	146	—	—	—	—	—	(105)
\$ 1,063	\$ 49,119	\$ —	\$ (201)	\$ (20)	\$ (525)	\$ 6,071	\$ 87,906
\$ —	\$ 114	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 114
165	(1,029)	—	—	—	—	—	(907)
\$ 165	\$ (915)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (793)

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS

June 30, 2006

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident Fund</u>	<u>General Services</u>	<u>Central Supplies and Equipment</u>
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 104,369	\$ 299,730	\$ 25,967	\$ 47,204	\$ 145
Invested securities lending collateral.....	57,027	37,667	2,751	1,233	—
Receivables, net:					
Accounts	24,443	19,665	69,542	387	—
Accrued interest.....	2,820	357	237	57	—
Due from other funds.....	77	30,038	2,496	12,273	696
Due from component units.....	—	—	—	1	—
Inventories.....	—	—	—	1,057	1,798
Prepaid items.....	15,807	—	15	—	—
Total current assets.....	<u>204,543</u>	<u>387,457</u>	<u>101,008</u>	<u>62,212</u>	<u>2,639</u>
Long-term assets:					
Investments.....	188,990	13,683	736	—	—
Accounts receivable, net.....	—	—	82	—	—
Interfund receivables.....	15,867	—	—	21,115	—
Deferred charges.....	—	—	—	137	—
Non-depreciable capital assets.....	—	—	—	6,297	—
Depreciable capital assets, net.....	248	123	70	116,586	12
Total long-term assets.....	<u>205,105</u>	<u>13,806</u>	<u>888</u>	<u>144,135</u>	<u>12</u>
Total assets.....	<u>409,648</u>	<u>401,263</u>	<u>101,896</u>	<u>206,347</u>	<u>2,651</u>

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Governor's School for the Arts Foundation, Inc.</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 6,468	\$ 1,189	\$ 5,189	\$ 242	\$ 416	\$ 490,919
—	158	—	—	—	98,836
580	—	2,691	461	—	117,769
—	16	—	—	—	3,487
2,322	11	617	—	19	48,549
—	—	—	—	—	1
17	—	5,056	—	—	7,928
—	—	—	—	—	15,822
<u>9,387</u>	<u>1,374</u>	<u>13,553</u>	<u>703</u>	<u>435</u>	<u>783,311</u>
—	—	—	1,922	—	205,331
—	—	—	—	—	82
1,430	—	—	—	—	38,412
—	—	—	—	—	137
—	—	—	—	—	6,297
<u>13,764</u>	<u>562</u>	<u>6,345</u>	<u>8</u>	<u>—</u>	<u>137,718</u>
<u>15,194</u>	<u>562</u>	<u>6,345</u>	<u>1,930</u>	<u>—</u>	<u>387,977</u>
<u>24,581</u>	<u>1,936</u>	<u>19,898</u>	<u>2,633</u>	<u>435</u>	<u>1,171,288</u>

Continued on Next Page

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS (Continued)

June 30, 2006

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident Fund</u>	<u>General Services</u>	<u>Central Supplies and Equipment</u>
LIABILITIES					
Current liabilities:					
Accounts payable.....	\$ 671	\$ 411	\$ 151	\$ 3,055	\$ 558
Accrued salaries and related expenses.....	276	408	296	1,559	—
Accrued interest payable.....	—	—	—	764	—
Retainages payable.....	—	—	—	33	—
Policy claims.....	214,651	193,760	46,140	—	—
Due to other funds.....	6	14	10	1,018	72
Unearned revenues.....	59,631	9,476	77,654	—	—
Securities lending collateral.....	57,027	37,667	2,751	1,233	—
Notes payable.....	—	—	—	2,879	—
Revenue bonds payable.....	—	—	—	1,320	—
Limited obligation bonds payable.....	—	—	—	4,320	—
Capital leases payable.....	—	—	—	512	—
Compensated absences payable.....	26	20	254	1,808	—
Other current liabilities.....	—	—	5,934	—	—
Total current liabilities.....	<u>332,288</u>	<u>241,756</u>	<u>133,190</u>	<u>18,501</u>	<u>630</u>
Long-term liabilities:					
Policy claims.....	—	—	81,369	—	—
Interfund payables.....	—	—	—	4,541	500
Notes payable.....	—	—	—	12,024	—
Revenue bonds payable.....	—	—	—	20,849	—
Limited obligation bonds payable.....	—	—	—	10,971	—
Capital leases payable.....	—	—	—	238	—
Compensated absences payable.....	350	503	95	1,156	—
Total long-term liabilities.....	<u>350</u>	<u>503</u>	<u>81,464</u>	<u>49,779</u>	<u>500</u>
Total liabilities.....	<u>332,638</u>	<u>242,259</u>	<u>214,654</u>	<u>68,280</u>	<u>1,130</u>
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	248	123	70	99,964	12
Restricted:					
Expendable:					
Education.....	—	—	—	—	—
Loan programs.....	20,000	—	—	—	—
Insurance programs.....	56,762	158,881	—	—	—
Nonexpendable:					
Education.....	—	—	—	—	—
Unrestricted.....	—	—	(112,828)	38,103	1,509
Total net assets (deficits).....	<u>\$ 77,010</u>	<u>\$ 159,004</u>	<u>\$ (112,758)</u>	<u>\$ 138,067</u>	<u>\$ 1,521</u>

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Governor's School for the Arts Foundation, Inc.</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 2,372	\$ 357	\$ 206	\$ —	\$ —	\$ 7,781
81	588	960	—	13	4,181
48	—	—	—	—	812
—	—	—	—	—	33
—	—	—	—	—	454,551
40	549	1,017	—	6	2,732
—	—	—	—	—	146,761
—	158	—	—	—	98,836
—	—	—	—	—	2,879
—	—	—	—	—	1,320
—	—	—	—	—	4,320
—	—	131	—	—	643
104	645	387	—	11	3,255
—	—	—	—	—	5,934
<u>2,645</u>	<u>2,297</u>	<u>2,701</u>	<u>—</u>	<u>30</u>	<u>734,038</u>
—	—	—	—	—	81,369
—	—	—	—	—	5,041
—	—	—	—	—	12,024
—	—	—	—	—	20,849
—	—	—	—	—	10,971
—	—	322	—	—	560
66	412	247	—	8	2,837
<u>66</u>	<u>412</u>	<u>569</u>	<u>—</u>	<u>8</u>	<u>133,651</u>
<u>2,711</u>	<u>2,709</u>	<u>3,270</u>	<u>—</u>	<u>38</u>	<u>867,689</u>
6,615	562	5,892	—	—	113,486
—	—	—	573	—	573
—	—	—	—	—	20,000
—	—	—	—	—	215,643
—	—	—	109	—	109
15,255	(1,335)	10,736	1,951	397	(46,212)
<u>\$ 21,870</u>	<u>\$ (773)</u>	<u>\$ 16,628</u>	<u>\$ 2,633</u>	<u>\$ 397</u>	<u>\$ 303,599</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2006
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident Fund	General Services	Central Supplies and Equipment
Operating revenues:					
Charges for services.....	\$ 94,442	\$ 1,446,748	\$ 72,707	\$ 83,193	\$ 9,395
Contributions.....	—	—	—	—	—
Interest and other investment income.....	—	—	—	997	—
Other operating revenues.....	—	38,901	—	—	—
Total operating revenues.....	94,442	1,485,649	72,707	84,190	9,395
Operating expenses:					
General operations and administration.....	44,602	133,127	4,896	67,347	9,673
Benefits and claims.....	11,206	1,222,827	63,638	—	—
Interest.....	—	—	—	11	—
Depreciation and amortization.....	28	39	193	7,154	5
Other operating expenses.....	—	—	4,863	568	—
Total operating expenses.....	55,836	1,355,993	73,590	75,080	9,678
Operating income (loss).....	38,606	129,656	(883)	9,110	(283)
Nonoperating revenues (expenses):					
Interest income.....	8,797	12,153	1,010	38	—
Interest expense.....	—	—	—	(2,049)	—
Net other nonoperating revenues (expenses).....	4	—	70	6,376	(1)
Total nonoperating revenues (expenses).....	8,801	12,153	1,080	4,365	(1)
Income (loss) before other revenues and transfers.....	47,407	141,809	197	13,475	(284)
Capital contributions.....	—	—	—	35	—
Transfers in.....	13	17	—	19,350	100
Transfers out.....	(402)	(398)	—	(19,806)	(100)
Change in net assets.....	47,018	141,428	197	13,054	(284)
Net assets (deficits) at beginning of year.....	29,992	17,576	(112,955)	125,013	1,805
Net assets (deficits) at end of year.....	\$ 77,010	\$ 159,004	\$ (112,758)	\$ 138,067	\$ 1,521

Motor Pool	Pension Administration	Prison Industries	Governor's School for the Arts Foundation, Inc.	Other Internal Service	Totals
\$ 19,725	\$ 17,248	\$ 29,816	\$ —	\$ 457	\$ 1,773,731
—	—	—	743	—	743
—	—	—	117	—	1,114
—	—	—	—	—	38,901
19,725	17,248	29,816	860	457	1,814,489
14,970	16,557	27,711	532	254	319,669
—	—	—	—	—	1,297,671
—	—	—	—	—	11
3,439	262	418	—	—	11,538
4	74	2	—	2	5,513
18,413	16,893	28,131	532	256	1,634,402
1,312	355	1,685	328	201	180,087
—	89	—	—	—	22,087
(49)	—	—	—	—	(2,098)
939	108	(185)	—	—	7,311
890	197	(185)	—	—	27,300
2,202	552	1,500	328	201	207,387
58	2	—	—	—	95
562	37	—	—	1	20,080
(2,859)	(542)	—	—	(13)	(24,120)
(37)	49	1,500	328	189	203,442
21,907	(822)	15,128	2,305	208	100,157
\$ 21,870	\$ (773)	\$ 16,628	\$ 2,633	\$ 397	\$ 303,599

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident Fund	General Services
Cash flows from operating activities:				
Receipts from customers.....	\$ 48,814	\$ 1,209,488	\$ 18,154	\$ —
Internal activity—payments from other funds.....	46,340	240,831	57,595	84,449
Other operating cash receipts.....	—	27,922	16,820	1,124
Claims paid.....	(49,203)	(1,131,449)	(67,802)	—
Payments to suppliers for goods and services.....	(45,328)	(210,155)	(5,682)	(38,853)
Payments to employees.....	(3,426)	(5,430)	(3,874)	(31,204)
Internal activity—payments to other funds.....	(153)	—	(13,256)	(1,014)
Other operating cash payments.....	—	—	(1)	—
Net cash provided by (used in) operating activities.....	(2,956)	131,207	1,954	14,502
Cash flows from noncapital financing activities:				
Principal payments received from other funds.....	4,617	—	—	—
Principal payments made to other funds.....	—	—	—	(191)
Receipt of interest from other funds.....	734	—	—	—
Loans received from other funds.....	—	—	—	—
Transfers in.....	13	17	—	19,350
Transfers out.....	(402)	(398)	—	(19,806)
Net cash provided by (used in) noncapital financing activities.....	4,962	(381)	—	(647)
Cash flows from capital and related financing activities:				
Acquisition of capital assets.....	(194)	—	(41)	(1,575)
Principal payments received from other funds.....	—	—	—	1,260
Principal payments on limited obligation bonds.....	—	—	—	(4,120)
Proceeds from issuance of capital debt.....	—	—	—	12,509
Principal paid on capital debt and lease.....	—	—	—	(479)
Interest payments on capital debt.....	—	—	—	(1,961)
Proceeds from sale or disposal of capital assets.....	—	16	—	—
Net cash provided by (used in) capital financing activities.....	(194)	16	(41)	5,634
Cash flows from investing activities:				
Proceeds from sales and maturities of investments.....	104,203	3,014	—	—
Purchase of investments.....	(112,770)	(1,050)	—	—
Interest on investments.....	14,760	11,994	922	38
Net cash provided by (used in) investing activities.....	6,193	13,958	922	38
Net increase (decrease) in cash and cash equivalents.....	8,005	144,800	2,835	19,527
Cash and cash equivalents at beginning of year	96,364	154,930	23,132	27,677
Cash and cash equivalents at end of year.....	\$ 104,369	\$ 299,730	\$ 25,967	\$ 47,204

Central Supplies and Equipment	Motor Pool	Pension Adminis- tration	Prison Industries	Governor's School for the Arts Foundation, Inc.	Other Internal Service	Totals
\$ —	\$ —	\$ —	\$ 29,816	\$ 824	\$ 458	\$ 1,307,554
9,394	19,014	17,245	—	—	—	474,868
—	232	108	817	—	—	47,023
—	—	—	—	—	—	(1,248,454)
(9,822)	(12,783)	(4,498)	(11,262)	—	(19)	(338,402)
—	(1,478)	(10,292)	(17,866)	(469)	(231)	(74,270)
—	(611)	(1,792)	(16)	—	—	(16,842)
—	(35)	—	—	—	—	(36)
(428)	4,339	771	1,489	355	208	151,441
—	—	—	—	—	—	4,617
—	—	—	—	—	—	(191)
—	—	—	—	—	—	734
500	—	—	—	—	—	500
100	562	37	—	—	1	20,080
(100)	(2,859)	(542)	—	—	(13)	(24,120)
500	(2,297)	(505)	—	—	(12)	1,620
—	(7,165)	(35)	(682)	—	—	(9,692)
—	—	—	—	—	—	1,260
—	—	—	—	—	—	(4,120)
—	—	—	—	—	—	12,509
—	—	—	(131)	—	—	(610)
—	—	—	—	—	—	(1,961)
—	2,362	—	—	—	—	2,378
—	(4,803)	(35)	(813)	—	—	(236)
—	—	—	—	12	—	107,229
—	—	—	—	(1,599)	—	(115,419)
—	—	89	—	—	—	27,803
—	—	89	—	(1,587)	—	19,613
72	(2,761)	320	676	(1,232)	196	172,438
73	9,229	869	4,513	1,474	220	318,481
\$ 145	\$ 6,468	\$ 1,189	\$ 5,189	\$ 242	\$ 416	\$ 490,919

Continued on Next Page

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident Fund	General Services
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:				
Operating income (loss).....	\$ 38,606	\$ 129,656	\$ (883)	\$ 9,110
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	28	39	193	7,154
Other nonoperating revenues.....	—	—	—	1,124
Other nonoperating expenses.....	—	—	—	—
Other.....	(1)	—	(1)	929
Change in assets—decreases (increases):				
Accounts receivable, net.....	(5,634)	(11,404)	(4,552)	265
Accrued interest.....	—	—	—	(46)
Due from other funds	—	(2,292)	—	(3,881)
Inventories.....	—	—	—	43
Other assets.....	(5,983)	—	39	—
Change in liabilities—increases (decreases):				
Accounts payable.....	(137)	(172)	252	(6)
Accrued salaries and related expenses.....	—	—	—	27
Accrued interest payable.....	—	—	—	(29)
Retainages payable.....	—	—	—	(3)
Policy claims.....	(37,304)	9,871	198	—
Due to other funds.....	—	—	—	117
Deferred revenues	7,425	5,463	6,699	—
Compensated absences payable.....	44	46	9	(302)
Net cash provided by (used in) operating activities.....	\$ (2,956)	\$ 131,207	\$ 1,954	\$ 14,502
Noncash capital, investing, and financing activities:				
Increase (decrease) in fair value of investments.....	\$ 6,654	\$ (854)	\$ —	\$ —
Long-term debt forgiven.....	—	—	—	807
Total noncash capital, investing, and financing activities.....	\$ 6,654	\$ (854)	\$ —	\$ 807

<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>Totals</u>
\$ (283)	\$ 1,312	\$ 355	\$ 1,685	\$ 328	\$ 201	\$ 180,087
5	3,439	262	418	—	—	11,538
—	232	108	817	—	—	2,281
—	—	—	(500)	—	—	(500)
(1)	(36)	1	—	63	1	955
—	(22)	—	162	(36)	—	(21,221)
—	—	(3)	—	—	—	(49)
(19)	(689)	93	(239)	—	4	(7,023)
(238)	(1)	—	(936)	—	—	(1,132)
—	—	—	—	—	—	(5,944)
133	109	(302)	(175)	—	—	(298)
—	—	28	74	—	1	130
—	—	—	—	—	—	(29)
—	—	—	—	—	—	(3)
—	—	—	—	—	—	(27,235)
(25)	(14)	145	125	—	(4)	344
—	—	—	—	—	—	19,587
—	9	84	58	—	5	(47)
\$ (428)	\$ 4,339	\$ 771	\$ 1,489	\$ 355	\$ 208	\$ 151,441
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,800
—	—	—	—	—	—	807
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,607

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Note 1b in the notes to the financial statements provides definitions of each of these fund types.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's fiduciary funds:

- Combining Statement of Plan Net Assets—Pension Trust Funds
- Combining Statement of Changes in Plan Net Assets—Pension Trust Funds
- Combining Statement of Fiduciary Net Assets—Private-Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Assets—Private-Purpose Trust Funds
- Combining Statement of Fiduciary Net Assets—Agency Funds
- Combining Statement of Changes in Assets and Liabilities—Agency Funds

The State maintains only one investment trust fund, so no combining statements are necessary for that fund type. The paragraphs below describe all other individual fiduciary funds that the State uses.

a. Pension Trust Funds

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

National Guard Retirement System. The State administers this single-employer pension system that provides a supplemental retirement benefit to members of the South Carolina National Guard. The State is a nonemployer contributor to the system.

b. Private-Purpose Trust Funds

College Savings Plan Fund. The Future Scholar 529 College Savings Plan (the Plan), accounted for in this fund, provides participant families a tax-advantaged method of saving for future college costs. A primary objective of both the financial advisor program and the direct program within the Plan is to provide families with flexibility and professional investment management in meeting their college savings objectives.

Other Private-Purpose Trust Funds. This fund accounts for monies the State has received as trustee under various trust arrangements that specify how the principal and interest earnings must be used. In each case, all of the principal and income benefit individuals, private organizations, or governments outside the State reporting entity; none of the monies may be used for State purposes. The purposes to which the resources of these funds are dedicated include scholarships, the operation of the equestrian center and activities at the Springdale Race Course (for the exclusive benefit of the Carolina Cup Racing Association, Inc., a private nonprofit corporation), and the decommissioning of a low-level radioactive waste disposal facility on behalf of Chem-Nuclear Systems, Inc., a for-profit corporation.

c. Agency Funds

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of surety bonds.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, miscellaneous clearing accounts, and other deposits.

Combining Statement of Plan Net Assets

PENSION TRUST FUNDS

June 30, 2006

(Expressed in Thousands)

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Retirement System	Totals
ASSETS						
Cash and cash equivalents.....	\$ 1,365,730	\$ 351,035	\$ 1,145	\$ 6,123	\$ 5,150	\$ 1,729,183
Receivables:						
Contributions.....	128,067	17,222	123	664	—	146,076
Employer long-term.....	1,435	26	—	—	—	1,461
Accrued interest.....	126,442	14,834	277	787	97	142,437
Unsettled investment sales.....	46,008	5,514	99	236	—	51,857
Total receivables.....	<u>301,952</u>	<u>37,596</u>	<u>499</u>	<u>1,687</u>	<u>97</u>	<u>341,831</u>
Due from other funds.....	6,192	957	7	11	—	7,167
Investments, at fair value:						
United States government securities.....	626,753	75,022	1,096	10,654	—	713,525
United States government agencies and government-insured securities.....	3,444,199	361,927	6,583	15,021	2,816	3,830,546
Corporate bonds.....	3,759,322	499,010	8,317	21,121	2,207	4,289,977
Financial and other.....	1,545,494	193,419	3,037	7,340	2,519	1,751,809
Equities.....	12,004,816	1,437,296	25,106	61,871	—	13,529,089
Total investments.....	<u>21,380,584</u>	<u>2,566,674</u>	<u>44,139</u>	<u>116,007</u>	<u>7,542</u>	<u>24,114,946</u>
Invested securities lending collateral.....	3,961,439	383,340	4,354	22,955	87	4,372,175
Capital assets, net.....	3,330	340	10	16	—	3,696
Prepaid items.....	103	13	—	1	96	213
Total assets.....	<u>27,019,330</u>	<u>3,339,955</u>	<u>50,154</u>	<u>146,800</u>	<u>12,972</u>	<u>30,569,211</u>
LIABILITIES						
Accounts payable.....	6,453	775	13	33	—	7,274
Accounts payable—unsettled investment purchases.....	39,198	4,679	84	201	—	44,162
Due to other funds.....	30,056	723	5	5	—	30,789
Deferred retirement benefits.....	670,527	—	—	—	—	670,527
Securities lending collateral.....	3,961,439	383,340	4,354	22,955	87	4,372,175
Other liabilities.....	60,095	2,114	19	101	7	62,336
Total liabilities.....	<u>4,767,768</u>	<u>391,631</u>	<u>4,475</u>	<u>23,295</u>	<u>94</u>	<u>5,187,263</u>
NET ASSETS						
Held in trust for pension benefits....	<u>\$ 22,251,562</u>	<u>\$ 2,948,324</u>	<u>\$ 45,679</u>	<u>\$ 123,505</u>	<u>\$ 12,878</u>	<u>\$ 25,381,948</u>

Combining Statement of Changes in Plan Net Assets

PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Retirement System	Totals
Additions:						
Retirement contributions:						
Employer.....	\$ 577,468	\$ 100,281	\$ 2,171	\$ 6,511	\$ 3,942	\$ 690,373
Employee.....	498,445	67,394	543	1,526	—	567,908
Total retirement contributions.....	1,075,913	167,675	2,714	8,037	3,942	1,258,281
Interest income and net appreciation in investments.....	1,151,454	141,677	2,129	5,850	24	1,301,134
Investment expense.....	26,458	3,190	54	135	—	29,837
Net income from investing activities.....	1,124,996	138,487	2,075	5,715	24	1,271,297
Securities lending income.....	171,278	22,411	217	910	7	194,823
Securities lending expense.....	161,635	21,113	206	864	7	183,825
Net income from securities lending activities.....	9,643	1,298	11	46	—	10,998
Total net investment income.....	1,134,639	139,785	2,086	5,761	24	1,282,295
Transfers between pension trust funds.....	13	3,026	41	218	—	3,298
Transfers in.....	1,741	60	—	—	300	2,101
Total additions.....	2,212,306	310,546	4,841	14,016	4,266	2,545,975
Deductions:						
Regular retirement benefits.....	1,316,123	165,830	5,726	9,677	2,705	1,500,061
Supplemental retirement benefits.....	1,741	60	—	—	—	1,801
Deferred retirement benefits.....	321,374	—	—	—	—	321,374
Refunds of retirement contributions to members.....	108,569	13,252	—	20	—	121,841
Group life insurance claims.....	14,875	1,821	17	124	—	16,837
Accidental death benefits.....	—	1,183	—	—	—	1,183
Depreciation.....	107	11	—	—	—	118
Administrative expense.....	15,205	1,957	33	83	204	17,482
Transfers between pension trust funds.....	3,233	—	65	—	—	3,298
Total deductions.....	1,781,227	184,114	5,841	9,904	2,909	1,983,995
Change in net assets	431,079	126,432	(1,000)	4,112	1,357	561,980
Net assets at beginning of year.....	21,820,483	2,821,892	46,679	119,393	11,521	24,819,968
Net assets at end of year.....	\$ 22,251,562	\$ 2,948,324	\$ 45,679	\$ 123,505	\$ 12,878	\$ 25,381,948

Combining Statement of Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2006

(Expressed in Thousands)

	<u>College Savings Plan</u>	<u>Other Private- Purpose Trust</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents.....	\$ —	\$ 25,624	\$ 25,624
Receivables, net:			
Accrued interest.....	523	207	730
Unsettled investment sales.....	488	—	488
Investments.....	692,524	—	692,524
Invested securities lending collateral	—	1,170	1,170
Other assets.....	—	5,104	5,104
Total assets.....	<u>693,535</u>	<u>32,105</u>	<u>725,640</u>
LIABILITIES			
Accounts payable.....	1,528	23	1,551
Accounts payable—unsettled investment purchases.....	402	—	402
Securities lending collateral.....	—	1,170	1,170
Total liabilities.....	<u>1,930</u>	<u>1,193</u>	<u>3,123</u>
NET ASSETS			
Held in trust for other purposes.....	<u>\$ 691,605</u>	<u>\$ 30,912</u>	<u>\$ 722,517</u>

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	College Savings Plan	Other Private- Purpose Trust	Totals
Additions:			
Licenses, fees, and permits.....	\$ —	\$ 177	\$ 177
Tuition plan deposits.....	147,753	—	147,753
Interest income.....	60,443	432	60,875
Total additions.....	208,196	609	208,805
Deductions:			
Administrative expense.....	5,403	123	5,526
Payments in accordance with trust agreements.....	—	1,297	1,297
Total deductions.....	5,403	1,420	6,823
Change in net assets.....	202,793	(811)	201,982
Net assets at beginning of year	488,812	31,723	520,535
Net assets at end of year.....	\$ 691,605	\$ 30,912	\$ 722,517

Combining Statement of Assets and Liabilities

AGENCY FUNDS

June 30, 2006

(Expressed in Thousands)

	Insurance Company Deposits	Payroll Clearing	Other Agency	Totals
ASSETS				
Cash and cash equivalents.....	\$ —	\$ 11,135	\$ 154,141	\$ 165,276
Receivables, net:				
Accounts.....	—	33	8,717	8,750
Accrued interest.....	—	—	808	808
Taxes.....	—	—	2,667	2,667
Due from other funds.....	—	47,821	11,950	59,771
Investments.....	—	—	32,026	32,026
Securities held in lieu of surety bonds.....	329,611	—	—	329,611
Invested securities lending collateral	—	—	14,989	14,989
Total assets.....	\$ 329,611	\$ 58,989	\$ 225,298	\$ 613,898
LIABILITIES				
Accounts payable.....	\$ —	\$ 183	\$ 18,380	\$ 18,563
Tax refunds payable.....	—	—	1,082	1,082
Intergovernmental payables.....	—	—	2,252	2,252
Deposits.....	—	—	3,271	3,271
Amounts held in custody for others.....	329,611	58,806	185,324	573,741
Securities lending collateral.....	—	—	14,989	14,989
Total liabilities.....	\$ 329,611	\$ 58,989	\$ 225,298	\$ 613,898

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	July 1, 2005 Balance	Additions	Deductions	June 30, 2006 Balance
INSURANCE COMPANY DEPOSITS				
Assets:				
Cash and cash equivalents.....	\$ —	\$ 15,215	\$ 15,215	\$ —
Securities held in lieu of surety bonds.....	314,396	15,215	—	329,611
Total assets.....	\$ 314,396	\$ 30,430	\$ 15,215	\$ 329,611
Liabilities:				
Amounts held in custody for others.....	\$ 314,396	\$ 15,215	\$ —	\$ 329,611
Total liabilities.....	\$ 314,396	\$ 15,215	\$ —	\$ 329,611
 PAYROLL CLEARING				
Assets:				
Cash and cash equivalents.....	\$ 10,653	\$ 1,047,927	\$ 1,047,445	\$ 11,135
Accounts receivable.....	30	33	30	33
Due from other funds.....	47,996	47,821	47,996	47,821
Total assets.....	\$ 58,679	\$ 1,095,781	\$ 1,095,471	\$ 58,989
Liabilities:				
Accounts payable.....	\$ 246	\$ 183	\$ 246	\$ 183
Amounts held in custody for others.....	58,433	904,018	903,645	58,806
Total liabilities.....	\$ 58,679	\$ 904,201	\$ 903,891	\$ 58,989

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	<u>July 1, 2005</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2006</u> <u>Balance</u>
OTHER AGENCY				
Assets:				
Cash and cash equivalents.....	\$ 152,850	\$ 2,286,677	\$ 2,285,386	\$ 154,141
Accounts receivable.....	5,156	10,836	7,275	8,717
Accrued interest receivable.....	675	808	675	808
Taxes receivable.....	2,486	2,667	2,486	2,667
Due from other funds.....	12,388	11,950	12,388	11,950
Investments.....	37,242	—	5,216	32,026
Securities held in lieu of surety bonds.....	165	—	165	—
Invested securities lending collateral.....	15,749	14,989	15,749	14,989
Total assets.....	\$ 226,711	\$ 2,327,927	\$ 2,329,340	\$ 225,298
Liabilities:				
Accounts payable.....	\$ 18,255	\$ 18,997	\$ 18,872	\$ 18,380
Tax refunds payable.....	664	1,082	664	1,082
Intergovernmental payables.....	2,366	2,252	2,366	2,252
Deposits.....	1,115	3,271	1,115	3,271
Amounts held in custody for others.....	188,562	1,933,925	1,937,163	185,324
Securities lending collateral.....	15,749	14,989	15,749	14,989
Total liabilities.....	\$ 226,711	\$ 1,974,516	\$ 1,975,929	\$ 225,298
TOTALS--ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents.....	\$ 163,503	\$ 3,349,819	\$ 3,348,046	\$ 165,276
Accounts receivable.....	5,186	10,869	7,305	8,750
Accrued interest receivable.....	675	808	675	808
Taxes receivable.....	2,486	2,667	2,486	2,667
Due from other funds.....	60,384	59,771	60,384	59,771
Investments.....	37,242	—	5,216	32,026
Securities held in lieu of surety bonds.....	314,561	15,215	165	329,611
Invested securities lending collateral.....	15,749	14,989	15,749	14,989
Total assets.....	\$ 599,786	\$ 3,454,138	\$ 3,440,026	\$ 613,898
Liabilities:				
Accounts payable.....	\$ 18,501	\$ 19,180	\$ 19,118	\$ 18,563
Tax refunds payable.....	664	1,082	664	1,082
Intergovernmental payables.....	2,366	2,252	2,366	2,252
Deposits.....	1,115	3,271	1,115	3,271
Amounts held in custody for others.....	561,391	2,853,158	2,840,808	573,741
Securities lending collateral.....	15,749	14,989	15,749	14,989
Total liabilities.....	\$ 599,786	\$ 2,893,932	\$ 2,879,820	\$ 613,898

Discretely Presented Component Units

Note 1a in the notes to the financial statements explains the relationship of component units to the primary government and the differences between blended component units and discretely presented component units. Note 1b in the notes to the financial statements explains that the State has designated four of its discretely presented component units as major component units. Government-wide financial statements for each of the four major component units are included in the basic financial statements (immediately preceding the notes to the financial statements).

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's nonmajor discretely presented component units:

- Combining Statement of Net Assets—Nonmajor Discretely Presented Component Units
- Combining Statement of Activities—Nonmajor Discretely Presented Component Units
- Balance Sheet—South Carolina First Steps to School Readiness Board of Trustees
- Statement of Revenues, Expenditures, and Changes in Fund Balances—South Carolina First Steps to School Readiness Board of Trustees

The paragraphs below describe the State's nonmajor discretely presented component units:

The Clemson University Foundation is a non-profit, tax-exempt public charity that was established to raise and manage private gifts for the advancement and benefit of Clemson University.

The University of South Carolina Educational Foundation (the Foundation) is an eleemosynary corporation operating for the benefit and support of the University of South Carolina. The Foundation establishes and implements long-range fund raising programs to assist in the expansion and improvement of the educational functions of the University.

The South Carolina Medical Malpractice Liability Joint Underwriting Association (the Association) was established to provide medical malpractice insurance on a self supporting basis. The financial information presented in the accompanying supplemental information is for the Association's fiscal year ended December 31, 2005.

The South Carolina First Steps to School Readiness Board of Trustees (First Steps) was established in 1999 as a non-profit, tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The corporation was created specifically to carry out the objectives of The South Carolina First Steps to School Readiness Act and to lessen the burdens on government by overseeing the South Carolina First Steps to School Readiness initiative for improving early childhood development.

The State presents fund financial statements for First Steps, a nonmajor discretely presented component unit, because that organization does not issue separately audited financial statements of its own. First Steps uses accounting principles that apply to special revenue funds. As such, it uses the current financial resources measurement focus and the modified accrual basis of accounting.

The Children's Trust Fund of South Carolina, Inc. (the Fund) is a non-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Fund's purpose is to stimulate innovative prevention and treatment programming to meet critical needs of South Carolina's children by awarding grants to private non-profit organizations. The financial information presented in the accompanying supplemental information is for the Fund's fiscal year ended December 31, 2005.

Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2006

(Expressed in Thousands)

	Clemson University Foundation	University of South Carolina Educational Foundation	South Carolina Medical Malpractice Liability Joint Underwriting Association
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 8,482	\$ 11,464	\$ 7,740
Investments.....	—	3,804	57,337
Invested securities lending collateral.....	—	—	—
Receivables, net:			
Accounts.....	188	210	623
Contributions.....	6,141	3,997	—
Accrued interest.....	—	—	609
Due from primary government.....	—	—	—
Restricted assets:			
Cash and cash equivalents.....	15,454	—	—
Deferred charges.....	—	—	1,616
Total current assets.....	<u>30,265</u>	<u>19,475</u>	<u>67,925</u>
Long-term assets:			
Receivables, net:			
Accounts.....	2,066	59	—
Contributions.....	22,645	4,793	—
Investments.....	324,742	254,266	—
Other long-term assets.....	86	—	—
Non-depreciable capital assets.....	8,971	—	—
Depreciable capital assets, net.....	387	60	241
Total long-term assets.....	<u>358,897</u>	<u>259,178</u>	<u>241</u>
Total assets.....	<u>389,162</u>	<u>278,653</u>	<u>68,166</u>
LIABILITIES			
Current liabilities:			
Accounts payable.....	491	887	332
Accrued salaries and related expenses.....	—	—	—
Intergovernmental payables.....	—	—	—
Policy claims.....	—	—	40,000
Due to primary government.....	77,371	29,619	—
Deferred revenues and deferred credits.....	10	—	27,577
Securities lending collateral.....	—	—	—
Accounts payable from restricted assets.....	325	—	—
Compensated absences payable.....	—	—	—
Other current liabilities.....	—	468	—
Total current liabilities.....	<u>78,197</u>	<u>30,974</u>	<u>67,909</u>
Long-term liabilities:			
Policy claims.....	—	—	149,067
Amounts held in custody for others.....	2,389	—	74
Compensated absences payable.....	—	—	—
Other long-term liabilities.....	7,363	2,144	—
Total long-term liabilities.....	<u>9,752</u>	<u>2,144</u>	<u>149,141</u>
Total liabilities.....	<u>87,949</u>	<u>33,118</u>	<u>217,050</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt.....	9,358	60	240
Restricted, expendable:			
Education.....	100,584	66,651	—
Other.....	—	—	2,048
Restricted, nonexpendable, education.....	166,562	139,672	—
Unrestricted.....	24,709	39,152	(151,172)
Total net assets (deficit).....	<u>\$ 301,213</u>	<u>\$ 245,535</u>	<u>\$ (148,884)</u>

South Carolina First Steps to School Readiness Board of Trustees	Children's Trust Fund of S.C., Inc.	<u>Totals</u>
\$ 1,601	\$ 168	\$ 29,455
—	785	61,926
95	—	95
—	—	1,021
—	1	10,139
22	—	631
3	—	3
—	—	15,454
—	—	1,616
<u>1,721</u>	<u>954</u>	<u>120,340</u>
—	—	2,125
—	—	27,438
—	—	579,008
—	—	86
—	—	8,971
4	—	692
<u>4</u>	<u>—</u>	<u>618,320</u>
<u>1,725</u>	<u>954</u>	<u>738,660</u>
120	—	1,830
66	2	68
318	—	318
—	—	40,000
1	—	106,991
—	—	27,587
95	—	95
—	—	325
89	—	89
—	—	468
<u>689</u>	<u>2</u>	<u>177,771</u>
—	—	149,067
—	—	2,463
56	—	56
—	—	9,507
<u>56</u>	<u>—</u>	<u>161,093</u>
<u>745</u>	<u>2</u>	<u>338,864</u>
4	—	9,662
976	—	168,211
—	254	2,302
—	—	306,234
—	698	(86,613)
<u>\$ 980</u>	<u>\$ 952</u>	<u>\$ 399,796</u>

Combining Statement of Activities

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2006

(Expressed in Thousands)

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Clemson University Foundation.....	\$ 13,963	\$ —	\$ 51,370	\$ 37,407
University of South Carolina Educational Foundation.....	18,402	—	31,444	13,042
South Carolina Medical Malpractice Liability Joint Underwriting Association.....	44,806	47,682	1,109	3,985
South Carolina First Steps to School Readiness Board of Trustees.....	21,108	—	18,953	(2,155)
Children's Trust Fund of S.C., Inc.....	221	—	243	22
Totals.....	\$ 98,500	\$ 47,682	\$ 103,119	\$ 52,301

<u>Net Assets (Deficit)</u> <u>Beginning of Year</u>	<u>Net Assets (Deficit)</u> <u>End of Year</u>
\$ 263,806	\$ 301,213
232,493	245,535
(152,869)	(148,884)
3,135	980
930	952
\$ 347,495	\$ 399,796

Balance Sheet

SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS
BOARD OF TRUSTEES

June 30, 2006

(Expressed in Thousands)

ASSETS

Cash and cash equivalents.....	\$	1,601
Invested securities lending collateral.....		95
Accrued interest receivable.....		22
Due from primary government.....		3
Total assets.....	\$	1,721

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable.....	\$	120
Accrued salaries and related expenditures.....		66
Intergovernmental payables.....		318
Due to primary government.....		1
Securities lending collateral.....		95
Total liabilities.....		600

Fund Balance:

Unreserved, undesignated.....		1,121
Total liabilities and fund balance.....	\$	1,721

Reconciliation of the Balance Sheet to the Combining Statement of Net Assets Nonmajor Discretely Presented Component Units

Total fund balance \$ **1,121**

Amounts reported for First Steps in the Combining Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the Balance
Sheet. These assets consist of:

Capital assets.....	\$	46
Accumulated depreciation.....		(42)
Total capital assets.....		4

Compensated absences payable are not due and payable
in the current period and therefore are not reported in the
Balance Sheet..... (145)

Net assets \$ **980**

Statement of Revenues, Expenditures, and Changes in Fund Balance

SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS
BOARD OF TRUSTEES

For the Fiscal Year Ended June 30, 2006
(Expressed in Thousands)

Revenues:

Interest and other investment income.....	\$	269
State operating grants and contracts.....		18,188
Contributions.....		<u>496</u>
Total revenues.....		<u>18,953</u>

Expenditures:

Current: Education.....		2,806
Intergovernmental		<u>18,286</u>
Total expenditures.....		<u>21,092</u>

Excess of expenditures over revenues.....		(2,139)
Fund balance at beginning of year.....		<u>3,260</u>
Fund balance at end of year.....	\$	<u><u>1,121</u></u>

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Combining Statement of Activities
Nonmajor Discretely Presented Component Units**

Net change in fund balance	\$	(2,139)
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Amounts reported for First Steps in the Combining Statement of
Activities are different because:

Capital outlays are reported as expenditures in the governmental fund. However, in the Combining Statement of Activities the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period this amount is:		
Depreciation expense.....		(2)
Compensated absences expenses reported in the Combining Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. Increase in compensated absences payable.....		<u>(14)</u>
Change in net assets.....	\$	<u><u>(2,155)</u></u>