
**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, 2007

(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
ASSETS						
Cash and cash equivalents.....	\$ 81,810	\$ 22,987	\$ 211,327	\$ 101,142	\$ 52,683	\$ 533
Invested securities lending collateral.....	1,374	3,949	29,275	2,790	1,116	—
Receivables, net:						
Accounts.....	573	—	563	1	—	—
Accrued interest.....	1,866	239	1,725	102	321	—
Sales and other taxes.....	68,164	17,105	—	60,586	131	—
Loans and notes.....	14,895	—	—	—	—	—
Due from Federal government and other grantors.....	—	—	—	—	—	—
Due from other funds.....	5,255	—	—	660	—	—
Due from component units.....	—	—	—	—	—	—
Interfund receivables.....	—	—	—	—	—	—
Inventories.....	—	—	88	—	—	—
Restricted assets:						
Cash and cash equivalents.....	—	—	—	—	—	7
Investments.....	—	—	—	—	—	111,750
Other.....	—	—	—	—	—	42,310
Total assets.....	\$ 173,937	\$ 44,280	\$ 242,978	\$ 165,281	\$ 54,251	\$ 154,600
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 29,790	\$ —	\$ 2,605	\$ 37	\$ —	\$ —
Accrued salaries and related expenditures.....	1,116	—	251	—	—	—
Retainages payable.....	—	—	—	—	—	—
Tax refunds payable.....	305	—	—	209	—	—
Intergovernmental payables.....	1,142	—	748	158,932	—	—
Due to other funds.....	1,664	—	148	241	17	—
Interfund payables.....	450	—	—	—	—	—
Deferred revenues.....	3,038	—	—	2,970	32,304	—
Securities lending collateral.....	1,374	3,949	29,275	2,790	1,116	—
Other liabilities	39	—	—	—	—	—
Total liabilities.....	38,918	3,949	33,027	165,179	33,437	—
Fund balances:						
Reserved for:						
Inventories.....	—	—	88	—	—	—
Interfund receivables.....	—	—	—	—	—	—
Endowments.....	—	—	—	—	—	—
Long-term loans and notes receivable.....	12,885	—	—	—	—	—
Debt requirements.....	—	—	—	—	—	154,066
School building aid.....	33,342	—	—	—	—	—
Unreserved:						
Designated for scholarships.....	15,717	—	—	—	—	—
Designated for capital expenditures.....	—	—	—	—	—	—
Undesignated.....	73,075	40,331	209,863	102	20,814	534
Total fund balances.....	135,019	40,331	209,951	102	20,814	154,600
Total liabilities and fund balances.....	\$ 173,937	\$ 44,280	\$ 242,978	\$ 165,281	\$ 54,251	\$ 154,600

REVENUE

PERMANENT

Education Lottery	Jobs– Economic Development Authority	Public Telecommunications	Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Wildlife Endowment	Totals	TOTALS
\$ 149,587	\$ 1,021	\$ 32,586	\$ 95,003	\$ 748,679	\$ 274,533	\$ 1,037	\$ 2,317	\$ 3,354	\$ 1,026,566
21,849	—	3,606	2,688	66,647	37,790	13	77	90	104,527
30	17	1,514	107	2,805	31	—	—	—	2,836
1,680	4	233	223	6,393	1,469	8	20	28	7,890
—	—	—	40,977	186,963	678	—	—	—	187,641
—	326	—	11,557	26,778	—	—	—	—	26,778
—	—	—	—	—	3,569	—	—	—	3,569
220	—	1,352	2,099	9,586	3,941	73	1	74	13,601
21,848	—	—	—	21,848	—	—	—	—	21,848
—	—	—	3,942	3,942	—	—	—	—	3,942
—	—	—	—	88	—	—	—	—	88
—	—	—	—	7	—	—	—	—	7
—	—	—	—	111,750	—	—	—	—	111,750
—	—	—	—	42,310	—	—	—	—	42,310
\$ 195,214	\$ 1,368	\$ 39,291	\$ 156,596	\$ 1,227,796	\$ 322,011	\$ 1,131	\$ 2,415	\$ 3,546	\$ 1,553,353
\$ 5,706	\$ 1	\$ 3,123	\$ 1,510	\$ 42,772	\$ 2,029	\$ —	\$ —	\$ —	\$ 44,801
38	2	—	617	2,024	72	—	—	—	2,096
—	—	—	—	—	681	—	—	—	681
—	—	—	2	516	—	—	—	—	516
249	—	11,840	5,975	178,886	—	—	—	—	178,886
19,145	—	275	2,967	24,457	21,260	—	—	—	45,717
—	—	—	80	530	19,863	—	—	—	20,393
16	—	—	—	38,328	182	—	—	—	38,510
21,849	—	3,606	2,688	66,647	37,790	13	77	90	104,527
—	—	—	582	621	—	—	—	—	621
47,003	3	18,844	14,421	354,781	81,877	13	77	90	436,748
—	—	—	—	88	—	—	—	—	88
—	—	—	3,212	3,212	—	—	—	—	3,212
—	—	—	—	—	—	527	1,859	2,386	2,386
—	278	—	10,984	24,147	—	—	—	—	24,147
—	—	—	—	154,066	—	—	—	—	154,066
—	—	—	—	33,342	—	—	—	—	33,342
—	—	—	—	15,717	—	—	—	—	15,717
—	—	—	—	—	240,134	—	—	—	240,134
148,211	1,087	20,447	127,979	642,443	—	591	479	1,070	643,513
148,211	1,365	20,447	142,175	873,015	240,134	1,118	2,338	3,456	1,116,605
\$ 195,214	\$ 1,368	\$ 39,291	\$ 156,596	\$ 1,227,796	\$ 322,011	\$ 1,131	\$ 2,415	\$ 3,546	\$ 1,553,353

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

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2007

(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.....	\$ 648,119	\$ —	\$ 1,674	\$ 481,314	\$ —	\$ —
Other.....	—	17,488	—	—	213,654	—
Licenses, fees, and permits.....	369	—	30,464	—	—	—
Interest and other investment income.....	7,335	1,506	8,969	526	2,469	5,001
Federal.....	29	—	—	—	—	—
Local and private grants.....	—	—	—	—	—	—
Departmental services.....	—	—	1,078	—	—	—
Contributions.....	—	—	—	—	260	—
Fines and penalties.....	—	—	402	—	—	—
Tobacco legal settlement.....	—	—	—	—	—	79,912
Other.....	19	—	303	—	223	—
Total revenues.....	655,871	18,994	42,890	481,840	216,606	84,913
Expenditures:						
Current:						
General government.....	9,717	—	—	—	—	91
Education.....	86,454	6,798	—	—	—	—
Health and environment.....	621	—	25,906	—	217,224	—
Social services.....	345	—	—	—	—	—
Administration of justice.....	1,654	—	—	—	—	—
Resources and economic development.....	—	—	—	—	—	—
Capital outlay.....	—	—	—	—	—	—
Debt service:						
Principal retirement.....	—	—	—	—	—	27,145
Interest and fiscal charges.....	—	—	—	—	—	50,646
Intergovernmental.....	559,704	7,113	5,264	479,341	—	—
Total expenditures.....	658,495	13,911	31,170	479,341	217,224	77,882
Excess (deficiency) of revenues over (under) expenditures.....	(2,624)	5,083	11,720	2,499	(618)	7,031
Other financing sources (uses):						
Bonds issued.....	—	—	—	—	—	—
Discounts on bonds issued.....	—	—	—	—	—	—
Transfers in.....	2,053	4,370	69,180	—	—	—
Transfers out.....	(1,636)	—	(1,249)	(2,397)	(7)	(424)
Total other financing sources (uses).....	417	4,370	67,931	(2,397)	(7)	(424)
Net change in fund balances.....	(2,207)	9,453	79,651	102	(625)	6,607
Fund balances at beginning of year.....	137,226	30,878	130,300	—	21,439	147,993
Fund balances at end of year.....	\$ 135,019	\$ 40,331	\$ 209,951	\$ 102	\$ 20,814	\$ 154,600

REVENUE

PERMANENT

REVENUE					PERMANENT				
Education Lottery	Jobs– Economic Development Authority	Public Tele-communications	Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Wildlife Endowment	Totals	TOTALS
\$ —	\$ —	\$ —	\$ 39,334	\$ 1,170,441	\$ —	\$ —	\$ —	\$ —	\$ 1,170,441
—	—	—	35,049	266,191	—	—	—	—	266,191
—	—	90,491	21,673	142,997	—	—	262	262	143,259
9,682	109	1,223	2,931	39,751	10,125	53	116	169	50,045
—	—	—	68	97	38,071	—	—	—	38,168
1	—	—	—	1	100	—	—	—	101
—	584	2,113	265	4,040	1,283	—	—	—	5,323
281,327	—	—	170	281,757	533	—	—	—	282,290
—	—	—	23,459	23,861	—	—	—	—	23,861
—	—	—	—	79,912	—	—	—	—	79,912
184	—	—	1,151	1,880	340	—	—	—	2,220
291,194	693	93,827	124,100	2,010,928	50,452	53	378	431	2,061,811
—	—	90,323	29,827	129,958	—	—	—	—	129,958
213,395	—	—	—	306,647	—	2	—	2	306,649
34	—	—	15	243,800	—	8	—	8	243,808
—	—	—	13,657	14,002	—	—	—	—	14,002
30	—	—	14,685	16,369	—	—	—	—	16,369
—	2,586	—	3,795	6,381	—	—	—	—	6,381
—	—	—	—	—	80,571	—	—	—	80,571
—	—	—	—	27,145	—	—	—	—	27,145
—	—	—	—	50,646	1,335	—	—	—	51,981
68,397	—	7,139	18,979	1,145,937	—	—	—	—	1,145,937
281,856	2,586	97,462	80,958	1,940,885	81,906	10	—	10	2,022,801
9,338	(1,893)	(3,635)	43,142	70,043	(31,454)	43	378	421	39,010
—	—	—	241	241	20,295	—	—	—	20,536
—	—	—	—	—	(8)	—	—	—	(8)
30	72	9,406	14,494	99,605	75,328	—	—	—	174,933
(14,795)	—	(392)	(1,717)	(22,617)	(131,660)	(146)	—	(146)	(154,423)
(14,765)	72	9,014	13,018	77,229	(36,045)	(146)	—	(146)	41,038
(5,427)	(1,821)	5,379	56,160	147,272	(67,499)	(103)	378	275	80,048
153,638	3,186	15,068	86,015	725,743	307,633	1,221	1,960	3,181	1,036,557
\$ 148,211	\$ 1,365	\$ 20,447	\$ 142,175	\$ 873,015	\$ 240,134	\$ 1,118	\$ 2,338	\$ 3,456	\$ 1,116,605

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.

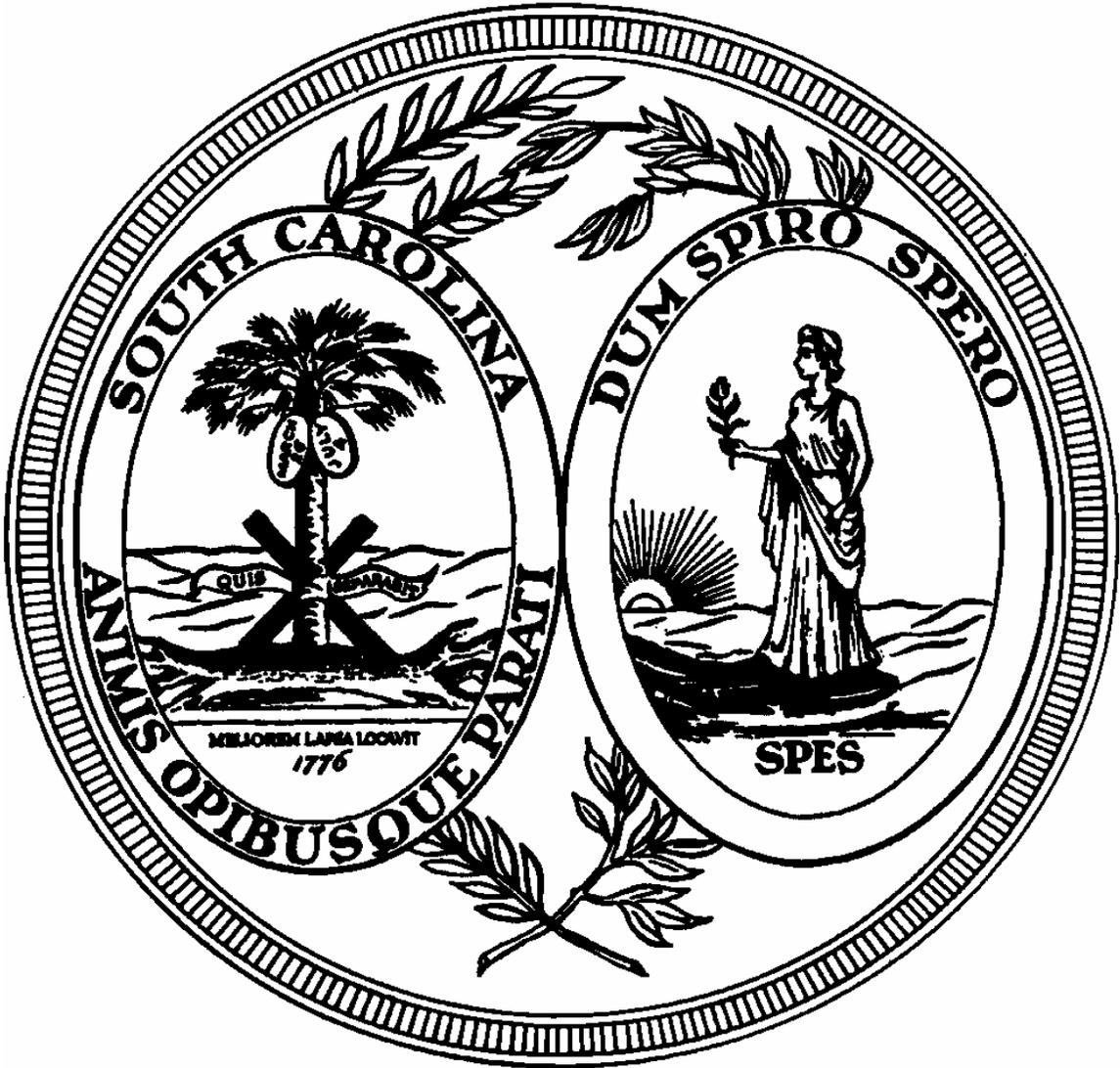
If amounts are withdrawn from the Reserve, the State Constitution requires restoration of the Reserve to full funding within three years.

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>
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%
2007	153,488	14,244	—	167,732	167,732	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.

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, 2006.

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.

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, 2007

(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.....	\$ 1,661	\$ 3,470	\$ 219	\$ 138,920	\$ 1,271
Investments.....	4,649	—	—	—	3,717
Invested securities lending collateral.....	—	386	7,898	18,707	—
Receivables, net:					
Accounts.....	1	461	—	—	—
Contributions.....	—	—	—	—	84
Participants.....	—	—	—	23,324	—
Accrued interest.....	63	10	—	608	203
Patient accounts.....	—	—	—	—	—
Due from Federal government and other grantors.....	—	—	—	—	—
Due from other funds.....	—	2	—	—	—
Inventories.....	—	293	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	51,775	—	1,113
Investments.....	—	—	—	—	10,195
Loans receivable.....	—	—	—	—	87
Other.....	—	—	619	—	144
Prepaid items.....	15	24	—	—	—
Other current assets.....	—	—	—	—	—
Total current assets.....	<u>6,389</u>	<u>4,646</u>	<u>60,511</u>	<u>181,559</u>	<u>16,814</u>
Long-term assets:					
Investments.....	—	—	—	—	3,490
Receivables, net:					
Contributions.....	—	—	—	—	35
Participants.....	—	—	—	12,618	—
Interfund receivables.....	—	—	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	—	—	3,914
Investments.....	—	—	—	—	47,565
Loans receivable.....	—	—	—	—	62
Other.....	—	—	—	—	657
Prepaid items.....	—	—	—	—	—
Other long-term assets.....	—	—	—	—	32
Non-depreciable capital assets.....	—	4,613	—	—	2,155
Depreciable capital assets, net.....	—	9,881	11	—	—
Total long-term assets.....	<u>—</u>	<u>14,494</u>	<u>11</u>	<u>12,618</u>	<u>57,910</u>
Total assets.....	<u>6,389</u>	<u>19,140</u>	<u>60,522</u>	<u>194,177</u>	<u>74,724</u>

University of South Carolina Trust	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Enterprise Campus Authority	Other Enterprise	Totals
\$ 1,574	\$ 21,903	\$ —	\$ —	\$ —	\$ 34,371	\$ 203,389
7,473	74,011	—	—	—	—	89,850
—	—	—	—	—	4,422	31,413
1,016	975	7	—	—	1,253	3,713
—	—	—	—	—	—	84
—	—	—	—	—	—	23,324
—	—	—	—	—	293	1,177
2,512	29,753	—	—	—	—	32,265
—	—	—	—	—	170	170
—	6,614	1,689	887	369	125	9,686
—	—	—	—	—	3,439	3,732
—	—	114	44	—	371	53,417
—	—	317	—	—	—	10,512
—	—	—	—	—	—	87
—	—	—	—	—	—	763
—	633	—	156	—	134	962
—	1,639	64	61	—	—	1,764
12,575	135,528	2,191	1,148	369	44,578	466,308
—	—	—	—	—	—	3,490
—	—	—	—	—	—	35
—	—	—	—	—	—	12,618
—	—	15,435	22,206	—	—	37,641
—	4,838	1,350	3,860	—	—	13,962
—	17,608	213	586	—	—	65,972
—	—	—	—	—	10,289	10,351
—	—	—	—	—	—	657
—	10,101	—	2,428	—	—	12,529
—	7,202	347	1,581	—	—	9,162
—	—	—	—	—	19,587	26,355
13,946	46,515	—	—	—	7,460	77,813
13,946	86,264	17,345	30,661	—	37,336	270,585
26,521	221,792	19,536	31,809	369	81,914	736,893

Continued on Next Page

Combining Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2007

(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.....	\$ 229	\$ 247	\$ 2	\$ —	\$ 162
Accrued salaries and related expenses.....	26	273	107	—	6
Accrued interest payable.....	—	—	—	—	—
Tuition benefits payable.....	—	—	—	15,284	—
Policy claims.....	30,000	—	—	—	—
Due to other funds.....	2	17	232	101	1,826
Unearned revenues.....	12,653	185	—	—	53
Securities lending collateral.....	—	386	7,898	18,707	—
Liabilities payable from restricted assets:					
Accrued interest payable.....	—	—	—	—	—
Other.....	—	—	52,172	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	3	254	86	—	—
Other current liabilities	19	—	—	—	8
Total current liabilities.....	<u>42,932</u>	<u>1,362</u>	<u>60,497</u>	<u>34,092</u>	<u>2,055</u>
Long-term liabilities:					
Tuition benefits payable.....	—	—	—	188,267	—
Policy claims.....	168,622	—	—	—	—
Interfund payables.....	—	—	—	—	—
Unearned revenues.....	—	638	—	—	—
Notes payable.....	3,000	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	—	—	14	—	—
Other long-term liabilities.....	—	—	—	—	17
Total long-term liabilities.....	<u>171,622</u>	<u>638</u>	<u>14</u>	<u>188,267</u>	<u>17</u>
Total liabilities.....	<u>214,554</u>	<u>2,000</u>	<u>60,511</u>	<u>222,359</u>	<u>2,072</u>
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	—	14,494	11	—	2,155
Restricted:					
Expendable:					
Education.....	—	—	—	—	29,965
Capital projects.....	—	—	—	—	3,543
Debt service.....	—	—	—	—	—
Nonexpendable:					
Education.....	—	—	—	—	30,282
Unrestricted.....	(208,165)	2,646	—	(28,182)	6,707
Total net assets (deficits).....	<u>\$ (208,165)</u>	<u>\$ 17,140</u>	<u>\$ 11</u>	<u>\$ (28,182)</u>	<u>\$ 72,652</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>Enterprise Campus Authority</u>	<u>Other Enterprise</u>	<u>Totals</u>
\$ 5,196	\$ 2,215	\$ 191	\$ 731	\$ —	\$ 1,050	\$ 10,023
12	8,949	—	—	—	254	9,627
—	149	—	—	—	—	149
—	—	—	—	—	—	15,284
—	—	—	—	—	—	30,000
—	1,583	—	—	—	924	4,685
—	—	—	—	—	33	12,924
—	—	—	—	—	4,422	31,413
—	—	—	—	—	213	213
—	—	—	—	—	140	52,312
—	2,650	1,145	1,165	—	—	4,960
425	—	640	—	—	—	1,065
119	40	—	—	—	—	159
918	1,677	—	—	—	369	3,307
—	2,573	—	200	—	—	2,800
<u>6,670</u>	<u>19,836</u>	<u>1,976</u>	<u>2,096</u>	<u>—</u>	<u>7,405</u>	<u>178,921</u>
—	—	—	—	—	—	188,267
—	—	—	—	—	—	168,622
—	—	—	—	—	10,414	10,414
—	—	—	—	—	—	638
—	84,253	8,210	29,678	—	—	125,141
7,650	—	8,039	—	—	—	15,689
208	115	—	—	—	—	323
—	1,118	—	—	—	147	1,279
299	1,221	—	—	—	—	1,537
<u>8,157</u>	<u>86,707</u>	<u>16,249</u>	<u>29,678</u>	<u>—</u>	<u>10,561</u>	<u>511,910</u>
<u>14,827</u>	<u>106,543</u>	<u>18,225</u>	<u>31,774</u>	<u>—</u>	<u>17,966</u>	<u>690,831</u>
5,545	772	—	—	—	27,047	50,024
—	—	—	—	—	—	29,965
—	—	—	—	—	—	3,543
—	9,080	1,311	35	—	18	10,444
—	—	—	—	—	—	30,282
6,149	105,397	—	—	369	36,883	(78,196)
<u>\$ 11,694</u>	<u>\$ 115,249</u>	<u>\$ 1,311</u>	<u>\$ 35</u>	<u>\$ 369</u>	<u>\$ 63,948</u>	<u>\$ 46,062</u>

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

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	Tuition Prepayment Program	The Citadel Trust, Inc.
Operating revenues:					
Charges for services.....	\$ 39,313	\$ 7,709	\$ 1,544	\$ —	\$ —
Contributions.....	—	—	—	18,878	—
Interest and other investment income.....	—	—	—	23,157	—
Operating revenues pledged for revenue bonds.....	—	—	—	—	—
Other operating revenues.....	—	—	4	—	9,663
Total operating revenues.....	39,313	7,709	1,548	42,035	9,663
Operating expenses:					
General operations and administration.....	958	6,313	1,533	—	129
Benefits and claims.....	23,577	—	—	—	—
Tuition plan disbursements.....	—	—	—	8,100	—
Depreciation and amortization.....	—	551	5	—	—
Other operating expenses.....	—	197	15	—	—
Total operating expenses.....	24,535	7,061	1,553	8,100	129
Operating income (loss).....	14,778	648	(5)	33,935	9,534
Nonoperating revenues (expenses):					
Interest income.....	364	170	—	—	—
Contributions.....	—	1,162	—	—	2,473
Local/private grants and contracts.....	—	—	—	—	85
Interest expense.....	(274)	—	—	—	—
Net other nonoperating revenues (expenses).....	—	—	—	—	153
Total nonoperating revenues (expenses).....	90	1,332	—	—	2,711
Income (loss) before other revenues, expenses, and transfers.....	14,868	1,980	(5)	33,935	12,245
Capital contributions.....	—	—	—	—	—
Additions to endowments.....	—	—	—	—	1,436
Transfers in.....	—	—	—	—	—
Transfers out.....	—	—	—	(423)	(4,188)
Change in net assets.....	14,868	1,980	(5)	33,512	9,493
Net assets (deficits) at beginning of year.....	(223,033)	15,160	16	(61,694)	63,159
Net assets (deficits) at end of year.....	\$ (208,165)	\$ 17,140	\$ 11	\$ (28,182)	\$ 72,652

University of South Carolina Trust	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Enterprise Campus Authority	Other Enterprise	Totals
\$ 25,692	\$ 225,730	\$ —	\$ —	\$ —	\$ 25,351	\$ 325,339
—	—	—	—	—	—	18,878
—	—	—	—	—	—	23,157
—	—	1,116	1,165	—	—	2,281
18,645	10,280	100	—	—	379	39,071
44,337	236,010	1,216	1,165	—	25,730	408,726
46,236	180,864	1,002	1,413	95	23,386	261,929
—	—	—	—	—	—	23,577
—	—	—	—	—	—	8,100
1,065	1,611	64	217	—	635	4,148
—	—	—	—	—	7	219
47,301	182,475	1,066	1,630	95	24,028	297,973
(2,964)	53,535	150	(465)	(95)	1,702	110,753
988	5,540	—	—	—	1,854	8,916
—	—	—	—	—	—	3,635
—	—	—	—	—	169	254
(402)	(5,799)	—	—	—	(606)	(7,081)
—	722	—	—	—	(2,405)	(1,530)
586	463	—	—	—	(988)	4,194
(2,378)	53,998	150	(465)	(95)	714	114,947
—	—	—	—	—	57	57
—	—	—	—	—	—	1,436
—	—	—	688	—	2,960	3,648
—	(26,393)	(74)	—	—	(30)	(31,108)
(2,378)	27,605	76	223	(95)	3,701	88,980
14,072	87,644	1,235	(188)	464	60,247	(42,918)
\$ 11,694	\$ 115,249	\$ 1,311	\$ 35	\$ 369	\$ 63,948	\$ 46,062

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2007

(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.....	\$ 38,692	\$ 4,558	\$ —	\$ (172)	\$ —
Assessments received.....	1	—	94,207	—	—
Tuition plan contributions received.....	—	—	—	8,822	—
Other operating cash receipts.....	—	4,052	—	—	—
Claims and benefits paid.....	(42,362)	—	(118,488)	—	—
Payments to suppliers for goods and services.....	(50)	(2,336)	—	—	(59)
Payments to employees.....	(332)	(3,232)	—	—	(70)
Other operating cash payments.....	(503)	(843)	(1,541)	(6,287)	—
Net cash provided by (used in) operating activities.....	(4,554)	2,199	(25,822)	2,363	(129)
Cash flows from noncapital financing activities:					
Principal payments made to other funds.....	(700)	—	—	—	—
Interest payments made to other funds.....	(255)	—	—	—	—
Proceeds from issuance of noncapital debt.....	1,700	—	—	—	—
Principal paid on noncapital debt.....	—	—	—	—	—
Interest payments on noncapital debt.....	—	—	—	—	—
Gifts and grants for other than capital purposes.....	—	—	—	—	4,044
Other cash receipts.....	—	—	—	—	1,654
Other cash payments.....	—	—	—	—	—
Transfers in.....	—	—	—	—	—
Transfers out.....	—	—	—	(423)	(4,188)
Net cash provided by (used in) noncapital financing activities.....	745	—	—	(423)	1,510
Cash flows from capital and related financing activities:					
Acquisition of capital assets.....	—	(2,566)	—	—	(2,155)
Principal paid on capital debt and lease.....	—	—	—	—	—
Interest payments on capital debt.....	—	—	—	—	—
Payment of agent and broker fees.....	—	—	—	—	—
Proceeds from sale of capital assets.....	—	—	—	—	—
Net cash used in capital and related financing activities.....	—	(2,566)	—	—	(2,155)
Cash flows from investing activities:					
Proceeds from sales and maturities of investments.....	11,301	—	—	—	35,467
Purchase of investments.....	(9,336)	—	—	—	(32,900)
Interest and dividends on investments.....	353	167	3,985	23,003	1,366
Collection of escrow payments from borrower.....	—	—	—	—	—
Net cash provided by (used in) investing activities.....	2,318	167	3,985	23,003	3,933
Net increase (decrease) in cash and cash equivalents.....	(1,491)	(200)	(21,837)	24,943	3,159
Cash and cash equivalents at beginning of year.....	3,152	3,670	73,831	113,977	3,139
Cash and cash equivalents at end of year.....	\$ 1,661	\$ 3,470	\$ 51,994	\$ 138,920	\$ 6,298

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
\$ 25,577	\$ 214,340	\$ —	\$ —	\$ —	\$ —	\$ 26,880	\$ 309,875
—	—	—	—	—	—	—	94,208
—	—	—	—	—	—	—	8,822
18,502	23,863	—	—	—	—	1,163	47,580
—	—	—	—	—	—	—	(160,850)
(13,802)	(66,382)	—	—	—	(83)	(15,930)	(98,642)
(30,649)	(110,547)	—	—	—	—	(5,056)	(149,886)
—	(3,206)	—	—	(2)	—	(3,264)	(15,646)
(372)	58,068	—	—	(2)	(83)	3,793	35,461
—	—	—	—	—	—	(3,276)	(3,976)
—	—	—	—	—	—	(674)	(929)
—	—	—	—	—	—	—	1,700
—	(1,231)	(1,690)	(1,130)	—	—	—	(4,051)
—	(3,007)	(1,017)	—	—	—	—	(4,024)
—	—	—	—	—	—	—	4,044
—	—	—	—	—	—	—	1,654
—	(18)	—	—	—	—	—	(18)
—	—	—	688	—	83	2,980	3,751
—	(26,393)	(74)	—	—	—	(30)	(31,108)
—	(30,649)	(2,781)	(442)	—	83	(1,000)	(32,957)
(895)	(3,525)	—	(138)	—	—	(836)	(10,115)
(539)	(1,355)	—	—	—	—	—	(1,894)
(402)	(3,091)	—	(1,435)	—	—	—	(4,928)
—	(28)	—	—	—	—	—	(28)
—	1	—	—	—	—	—	1
(1,836)	(7,998)	—	(1,573)	—	—	(836)	(16,964)
5,034	32,062	2,890	4,157	—	—	—	90,911
(3,502)	(65,456)	(1,301)	(3,607)	—	—	—	(116,102)
415	5,264	1,215	1,162	—	—	1,141	38,071
—	—	—	—	—	—	2,043	2,043
1,947	(28,130)	2,804	1,712	—	—	3,184	14,923
(261)	(8,709)	23	(303)	(2)	—	5,141	463
1,835	35,450	1,441	4,207	2	—	29,601	270,305
\$ 1,574	\$ 26,741	\$ 1,464	\$ 3,904	\$ —	\$ —	\$ 34,742	\$ 270,768

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Patients'</u> <u>Compensation</u>	<u>Patriots</u> <u>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>
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:					
Operating income (loss).....	\$ 14,778	\$ 648	\$ (5)	\$ 33,935	\$ 9,534
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	551	5	—	—
Provision for bad debts.....	—	—	—	—	—
Realized losses on investments.....	—	—	—	—	(9,663)
Interest and dividends on investments and interfund loans.....	—	—	—	(23,157)	—
Amounts received for payment of claims.....	—	—	92,659	—	—
Payment of claims.....	—	—	(118,488)	—	—
Other nonoperating revenues.....	—	1,161	—	—	—
Other.....	1	—	—	—	—
Effect of change in operating assets and liabilities:					
Accounts receivable, net.....	—	(187)	—	131	—
Receivable from participants, net.....	—	—	—	(10,187)	—
Due from other funds.....	—	—	—	—	—
Inventories.....	—	(5)	—	—	—
Other assets	10	(15)	—	—	—
Accounts payable.....	58	92	(5)	—	—
Accrued salaries and related expenses.....	(1)	25	4	1,813	—
Tuition benefits payable.....	—	—	—	(172)	—
Policy claims.....	(18,784)	—	—	—	—
Due to other funds.....	(4)	(8)	—	—	—
Unearned revenues	(618)	(72)	—	—	—
Compensated absences payable	(13)	9	8	—	—
Other liabilities.....	19	—	—	—	—
Net cash provided by (used in) operating activities.....	\$ (4,554)	\$ 2,199	\$ (25,822)	\$ 2,363	\$ (129)
Noncash capital, investing, and financing activities:					
Increase in fair value of investments.....	\$ 13	\$ —	\$ —	\$ —	\$ 4,151

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
\$ (2,964)	\$ 53,535	\$ 150	\$ (465)	\$ —	\$ (95)	\$ 1,702	\$ 110,753
1,065	1,611	64	217	—	—	635	4,148
—	36,786	—	—	—	—	—	36,786
—	—	—	—	—	—	—	(9,663)
—	—	—	—	—	—	—	(23,157)
—	—	—	—	—	—	—	92,659
—	—	—	—	—	—	—	(118,488)
—	—	—	—	—	—	1,438	2,599
—	1,744	(214)	248	—	—	—	1,779
(258)	(38,332)	—	—	—	—	(399)	(39,045)
—	—	—	—	—	—	—	(10,187)
—	—	—	—	—	—	13	13
—	—	—	—	—	—	(97)	(102)
—	(408)	—	—	—	—	494	81
1,668	2,750	—	—	(2)	12	514	5,087
(9)	—	—	—	—	—	(69)	1,763
—	—	—	—	—	—	—	(172)
—	—	—	—	—	—	—	(18,784)
—	—	—	—	—	—	(483)	(495)
—	—	—	—	—	—	—	(690)
103	221	—	—	—	—	45	373
23	161	—	—	—	—	—	203
\$ (372)	\$ 58,068	\$ —	\$ —	\$ (2)	\$ (83)	\$ 3,793	\$ 35,461
\$ 573	\$ 292	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,029

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS

June 30, 2007

(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.....	\$ 65,171	\$ 418,269	\$ 65,018	\$ 53,776	\$ 668
Invested securities lending collateral.....	36,294	61,493	9,186	258	—
Receivables, net:					
Accounts	15,100	24,318	77,969	571	6
Accrued interest.....	3,453	275	511	29	—
Due from other funds.....	24	34,653	377	7,629	640
Due from component units.....	—	—	—	7	—
Inventories.....	—	—	—	1,049	1,813
Prepaid items.....	16,912	—	14	—	—
Total current assets.....	<u>136,954</u>	<u>539,008</u>	<u>153,075</u>	<u>63,319</u>	<u>3,127</u>
Long-term assets:					
Investments.....	311,048	10,968	660	—	—
Accounts receivable, net.....	—	—	118	—	—
Interfund receivables.....	12,495	—	—	19,795	—
Deferred charges.....	—	—	—	125	—
Non-depreciable capital assets.....	—	—	—	6,297	—
Depreciable capital assets, net.....	185	135	120	111,519	7
Total long-term assets.....	<u>323,728</u>	<u>11,103</u>	<u>898</u>	<u>137,736</u>	<u>7</u>
Total assets.....	<u>460,682</u>	<u>550,111</u>	<u>153,973</u>	<u>201,055</u>	<u>3,134</u>

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 10,259	\$ 1,585	\$ 3,607	\$ 555	\$ 618,908
—	215	—	—	107,446
551	—	3,341	—	121,856
—	30	—	—	4,298
2,527	—	937	37	46,824
1	—	—	—	8
18	—	5,228	—	8,108
—	—	—	—	16,926
<u>13,356</u>	<u>1,830</u>	<u>13,113</u>	<u>592</u>	<u>924,374</u>
—	—	—	—	322,676
—	—	—	—	118
1,000	—	—	—	33,290
—	—	—	—	125
—	—	—	—	6,297
<u>20,853</u>	<u>476</u>	<u>6,127</u>	<u>—</u>	<u>139,422</u>
<u>21,853</u>	<u>476</u>	<u>6,127</u>	<u>—</u>	<u>501,928</u>
<u>35,209</u>	<u>2,306</u>	<u>19,240</u>	<u>592</u>	<u>1,426,302</u>

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS (Continued)

June 30, 2007

(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.....	\$ 364	\$ 430	\$ 718	\$ 6,725	\$ 419
Accrued salaries and related expenses.....	294	418	299	1,622	—
Accrued interest payable.....	—	—	—	664	—
Retainages payable.....	—	—	—	13	—
Policy claims.....	201,183	198,778	63,913	—	—
Due to other funds.....	8	296	5	916	9
Unearned revenues.....	57,790	4,359	84,758	—	—
Securities lending collateral.....	36,294	61,493	9,186	258	—
Notes payable.....	—	—	—	1,709	—
Revenue bonds payable.....	—	—	—	1,385	—
Limited obligation bonds payable.....	—	—	—	1,640	—
Capital leases payable.....	—	—	—	238	—
Compensated absences payable.....	248	385	253	1,694	—
Other current liabilities.....	—	—	6,455	—	—
Total current liabilities.....	<u>296,181</u>	<u>266,159</u>	<u>165,587</u>	<u>16,864</u>	<u>428</u>
Long-term liabilities:					
Policy claims.....	—	—	95,279	—	—
Interfund payables.....	—	—	—	2,962	1,005
Notes payable.....	—	—	—	5,174	—
Revenue bonds payable.....	—	—	—	19,372	—
Limited obligation bonds payable.....	—	—	—	9,345	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	135	194	117	1,392	—
Total long-term liabilities.....	<u>135</u>	<u>194</u>	<u>95,396</u>	<u>38,245</u>	<u>1,005</u>
Total liabilities.....	<u>296,316</u>	<u>266,353</u>	<u>260,983</u>	<u>55,109</u>	<u>1,433</u>
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	184	135	120	80,565	7
Restricted:					
Expendable:					
Loan programs.....	20,000	—	—	—	—
Insurance programs.....	144,182	283,623	—	—	—
Unrestricted.....	—	—	(107,130)	65,381	1,694
Total net assets (deficits).....	<u>\$ 164,366</u>	<u>\$ 283,758</u>	<u>\$ (107,010)</u>	<u>\$ 145,946</u>	<u>\$ 1,701</u>

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 3,517	\$ 677	\$ 672	\$ —	\$ 13,522
78	658	956	10	4,335
40	—	—	—	704
—	—	—	—	13
—	—	—	—	463,874
37	406	490	5	2,172
—	—	—	—	146,907
—	215	—	—	107,446
1,537	—	—	—	3,246
—	—	—	—	1,385
—	—	—	—	1,640
—	—	131	—	369
90	677	344	9	3,700
—	—	—	—	6,455
<u>5,299</u>	<u>2,633</u>	<u>2,593</u>	<u>24</u>	<u>755,768</u>
—	—	—	—	95,279
—	—	—	—	3,967
4,985	—	—	—	10,159
—	—	—	—	19,372
—	—	—	—	9,345
—	—	191	—	191
74	556	283	8	2,759
<u>5,059</u>	<u>556</u>	<u>474</u>	<u>8</u>	<u>141,072</u>
<u>10,358</u>	<u>3,189</u>	<u>3,067</u>	<u>32</u>	<u>896,840</u>
15,023	476	5,805	—	102,315
—	—	—	—	20,000
—	—	—	—	427,805
9,828	(1,359)	10,368	560	(20,658)
<u>\$ 24,851</u>	<u>\$ (883)</u>	<u>\$ 16,173</u>	<u>\$ 560</u>	<u>\$ 529,462</u>

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

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2007
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident Fund	General Services	Central Supplies and Equipment
Operating revenues:					
Charges for services.....	\$ 98,611	\$ 1,490,538	\$ 87,678	\$ 81,817	\$ 10,457
Interest and other investment income.....	—	—	—	959	—
Licenses, fees, and permits.....	—	—	—	5	—
Other operating revenues.....	—	78,463	—	—	—
Total operating revenues.....	98,611	1,569,001	87,678	82,781	10,457
Operating expenses:					
General operations and administration.....	58,287	141,166	4,972	67,337	10,658
Benefits and claims.....	20,518	1,329,600	88,981	—	—
Interest.....	—	—	—	9	—
Depreciation and amortization.....	52	40	107	8,139	5
Other operating expenses.....	—	—	4,800	787	14
Total operating expenses.....	78,857	1,470,806	98,860	76,272	10,677
Operating income (loss).....	19,754	98,195	(11,182)	6,509	(220)
Nonoperating revenues (expenses):					
Interest income.....	17,204	22,826	2,940	349	—
Interest expense.....	—	—	—	(1,856)	—
Net other nonoperating revenues (expenses).....	—	—	613	117	—
Total nonoperating revenues (expenses).....	17,204	22,826	3,553	(1,390)	—
Income (loss) before other revenues and transfers.....	36,958	121,021	(7,629)	5,119	(220)
Capital contributions.....	—	—	—	48	—
Transfers in.....	50,840	4,103	13,377	14,119	400
Transfers out.....	(442)	(370)	—	(11,407)	—
Change in net assets.....	87,356	124,754	5,748	7,879	180
Net assets (deficits) at beginning of year (restated).....	77,010	159,004	(112,758)	138,067	1,521
Net assets (deficits) at end of year.....	\$ 164,366	\$ 283,758	\$ (107,010)	\$ 145,946	\$ 1,701

Motor Pool	Pension Administration	Prison Industries	Other Internal Service	Totals
\$ 22,527	\$ 19,027	\$ 28,149	\$ 397	\$ 1,839,201
—	—	—	—	959
—	—	—	—	5
—	—	—	—	78,463
22,527	19,027	28,149	397	1,918,628
15,790	18,703	27,295	224	344,432
—	—	—	—	1,439,099
—	—	—	—	9
5,015	242	408	—	14,008
—	113	1	—	5,715
20,805	19,058	27,704	224	1,803,263
1,722	(31)	445	173	115,365
—	189	—	—	43,508
(308)	—	—	—	(2,164)
256	174	(950)	—	210
(52)	363	(950)	—	41,554
1,670	332	(505)	173	156,919
—	—	50	—	98
11,439	3	—	—	94,281
(10,128)	(445)	—	(10)	(22,802)
2,981	(110)	(455)	163	228,496
21,870	(773)	16,628	397	300,966
\$ 24,851	\$ (883)	\$ 16,173	\$ 560	\$ 529,462

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident Fund	General Services
Cash flows from operating activities:				
Receipts from customers.....	\$ 65,118	\$ 1,253,526	\$ 18,032	\$ —
Internal activity—payments from other funds.....	41,011	249,324	71,068	81,676
Other operating cash receipts.....	—	52,165	14,575	—
Claims paid.....	(27,367)	(1,327,461)	(64,078)	—
Payments to suppliers for goods and services.....	(62,482)	(131,688)	(5,328)	(28,050)
Payments to employees.....	(3,314)	(5,555)	(3,870)	(30,645)
Internal activity—payments to other funds.....	(459)	(678)	(7,311)	(1,160)
Other operating cash payments.....	—	—	—	(327)
Net cash provided by (used in) operating activities.....	12,507	89,633	23,088	21,494
Cash flows from noncapital financing activities:				
Principal payments received from other funds.....	3,371	—	—	—
Principal payments made to other funds.....	—	—	—	(196)
Receipt of interest from other funds.....	(755)	—	—	—
Loans received from other funds.....	—	—	—	—
Transfers in.....	50,840	4,103	13,377	14,119
Transfers out.....	(442)	(370)	—	(11,407)
Net cash provided by (used in) noncapital financing activities.....	53,014	3,733	13,377	2,516
Cash flows from capital and related financing activities:				
Acquisition of capital assets.....	(6)	—	(81)	(4,108)
Principal payments on limited obligation bonds.....	—	—	—	(4,320)
Proceeds from issuance of capital debt.....	—	—	—	1,385
Principal paid on capital debt and lease.....	—	—	—	(11,638)
Proceeds from sale or disposal of capital assets.....	—	—	—	—
Net cash used in capital financing activities.....	(6)	—	(81)	(18,681)
Cash flows from investing activities:				
Proceeds from sales and maturities of investments.....	225,751	4,261	—	—
Purchase of investments.....	(364,241)	(1,996)	—	—
Interest on investments.....	33,777	22,908	2,667	1,243
Net cash provided by (used in) investing activities.....	(104,713)	25,173	2,667	1,243
Net increase (decrease) in cash and cash equivalents.....	(39,198)	118,539	39,051	6,572
Cash and cash equivalents at beginning of year (restated).....	104,369	299,730	25,967	47,204
Cash and cash equivalents at end of year.....	\$ 65,171	\$ 418,269	\$ 65,018	\$ 53,776

<u>Central Supplies and Equipment</u>	<u>Motor Pool</u>	<u>Pension Adminis- tration</u>	<u>Prison Industries</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ —	\$ —	\$ —	\$ 29,179	\$ 397	\$ 1,366,252
10,458	22,352	19,013	—	—	494,902
—	313	238	74	—	67,365
—	—	—	—	—	(1,418,906)
(10,840)	(12,728)	(5,155)	(13,418)	(39)	(269,728)
—	(1,540)	(11,393)	(17,082)	(209)	(73,608)
—	(388)	(1,834)	(14)	—	(11,844)
—	—	—	—	—	(327)
(382)	8,009	869	(1,261)	149	154,106
—	—	—	—	—	3,371
—	—	—	—	—	(196)
—	—	—	—	—	(755)
505	6,522	—	—	—	7,027
400	11,439	3	—	—	94,281
—	(10,128)	(445)	—	(10)	(22,802)
905	7,833	(442)	—	(10)	80,926
—	(12,870)	(220)	(190)	—	(17,475)
—	—	—	—	—	(4,320)
—	—	—	—	—	1,385
—	—	—	(131)	—	(11,769)
—	819	—	—	—	819
—	(12,051)	(220)	(321)	—	(31,360)
—	—	—	—	—	230,012
—	—	—	—	—	(366,237)
—	—	189	—	—	60,784
—	—	189	—	—	(75,441)
523	3,791	396	(1,582)	139	128,231
145	6,468	1,189	5,189	416	490,677
\$ 668	\$ 10,259	\$ 1,585	\$ 3,607	\$ 555	\$ 618,908

Continued on Next Page

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident Fund</u>	<u>General Services</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss).....	\$ 19,754	\$ 98,195	\$ (11,182)	\$ 6,509
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	52	40	107	8,139
Other nonoperating revenues.....	—	—	529	1,191
Other nonoperating expenses.....	—	—	—	(895)
Effect of change in operating assets and liabilities:				
Accounts receivable, net.....	9,396	(4,522)	(6,260)	(184)
Accrued interest.....	—	—	—	28
Due from other funds	—	(4,347)	—	3,065
Inventories.....	—	—	—	8
Other assets.....	(1,106)	—	1	—
Accounts payable.....	(306)	20	1,084	3,670
Accrued salaries and related expenses.....	17	10	—	63
Accrued interest payable.....	—	—	—	(100)
Retainages payable.....	—	—	—	(20)
Policy claims.....	(13,468)	5,018	31,683	—
Due to other funds.....	—	282	—	(102)
Unearned revenues	(1,840)	(5,117)	7,104	—
Compensated absences payable.....	8	54	22	122
Net cash provided by (used in) operating activities.....	\$ 12,507	\$ 89,633	\$ 23,088	\$ 21,494
Noncash capital, investing, and financing activities:				
Increase in fair value of investments.....	\$ 2,960	\$ 240	\$ —	\$ —
Decrease in investments for amortization and accretion.....	(13,472)	—	—	—
Long-term debt forgiven.....	—	—	—	860
Total noncash capital, investing, and financing activities.....	\$ (10,512)	\$ 240	\$ —	\$ 860

<u>Central Supplies and Equipment</u>	<u>Motor Pool</u>	<u>Pension Adminis- tration</u>	<u>Prison Industries</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ (220)	\$ 1,722	\$ (31)	\$ 445	\$ 173	\$ 115,365
5	5,015	242	408	—	14,008
—	—	—	—	—	1,720
—	313	238	(900)	—	(1,244)
(6)	29	—	(650)	—	(2,197)
—	—	(14)	—	—	14
56	(205)	11	(320)	(18)	(1,758)
(15)	(1)	—	(172)	—	(180)
—	—	—	—	—	(1,105)
(139)	1,145	320	466	—	6,260
—	—	70	(4)	(3)	153
—	—	—	—	—	(100)
—	—	—	—	—	(20)
—	—	—	—	—	23,233
(63)	(3)	(143)	(527)	(1)	(557)
—	—	—	—	—	147
—	(6)	176	(7)	(2)	367
\$ (382)	\$ 8,009	\$ 869	\$ (1,261)	\$ 149	\$ 154,106
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,200
—	—	—	—	—	(13,472)
—	430	—	—	—	1,290
\$ —	\$ 430	\$ —	\$ —	\$ —	\$ (8,982)

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, 2007

(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.....	\$ 5,314,145	\$ 708,521	\$ 10,481	\$ 29,160	\$ 2,614	\$ 6,064,921
Receivables:						
Contributions.....	143,392	15,348	61	569	—	159,370
Employer long-term.....	845	22	—	—	—	867
Accrued interest.....	114,178	16,592	222	669	80	131,741
Unsettled investment sales.....	418,554	50,017	787	2,160	340	471,858
Other investment receivables.....	15,987	1,948	33	83	3	18,054
Total receivables.....	<u>692,956</u>	<u>83,927</u>	<u>1,103</u>	<u>3,481</u>	<u>423</u>	<u>781,890</u>
Due from other funds.....	7,487	526	4	136	—	8,153
Investments, at fair value:						
United States government securities.....	489,589	69,349	960	2,822	304	563,024
United States government agencies and government-insured securities.....	3,122,153	462,357	5,993	18,482	2,362	3,611,347
Corporate bonds.....	3,063,224	453,630	5,880	18,134	2,317	3,543,185
Financial and other.....	1,136,519	167,886	2,183	6,719	857	1,314,164
Equities.....	11,668,536	1,398,188	22,514	60,219	7,271	13,156,728
Total investments.....	<u>19,480,021</u>	<u>2,551,410</u>	<u>37,530</u>	<u>106,376</u>	<u>13,111</u>	<u>22,188,448</u>
Invested securities lending collateral.....	4,396,622	651,091	8,440	26,027	3,326	5,085,506
Capital assets, net.....	3,223	329	10	15	—	3,577
Prepaid items.....	350	46	1	2	96	495
Total assets.....	<u>29,894,804</u>	<u>3,995,850</u>	<u>57,569</u>	<u>165,197</u>	<u>19,570</u>	<u>34,132,990</u>
LIABILITIES						
Accounts payable.....	6,745	811	14	35	—	7,605
Accounts payable—unsettled investment purchases.....	250,188	30,448	477	1,305	184	282,602
Due to other funds.....	34,031	821	81	—	—	34,933
Deferred retirement benefits.....	641,750	—	—	—	—	641,750
Securities lending collateral.....	4,396,622	651,091	8,440	26,027	3,326	5,085,506
Other liabilities.....	22,299	8,698	11	639	167	31,814
Total liabilities.....	<u>5,351,635</u>	<u>691,869</u>	<u>9,023</u>	<u>28,006</u>	<u>3,677</u>	<u>6,084,210</u>
NET ASSETS						
Held in trust for pension benefits....	<u>\$ 24,543,169</u>	<u>\$ 3,303,981</u>	<u>\$ 48,546</u>	<u>\$ 137,191</u>	<u>\$ 15,893</u>	<u>\$ 28,048,780</u>

Combining Statement of Changes in Plan Net Assets

PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 2007

(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.....	\$ 644,350	\$ 106,753	\$ 2,358	\$ 6,706	\$ 3,948	\$ 764,115
Employee.....	505,122	70,641	551	1,705	—	578,019
Total retirement contributions.....	<u>1,149,472</u>	<u>177,394</u>	<u>2,909</u>	<u>8,411</u>	<u>3,948</u>	<u>1,342,134</u>
Interest income and net appreciation in investments.....	3,021,030	377,112	5,995	16,124	1,997	3,422,258
Investment expense.....	31,988	3,921	66	167	5	36,147
Net income from investing activities.....	<u>2,989,042</u>	<u>373,191</u>	<u>5,929</u>	<u>15,957</u>	<u>1,992</u>	<u>3,386,111</u>
Securities lending income.....	254,471	36,380	527	1,523	224	293,125
Securities lending expense.....	244,304	34,948	506	1,463	214	281,435
Net income from securities lending activities.....	<u>10,167</u>	<u>1,432</u>	<u>21</u>	<u>60</u>	<u>10</u>	<u>11,690</u>
Total net investment income.....	<u>2,999,209</u>	<u>374,623</u>	<u>5,950</u>	<u>16,017</u>	<u>2,002</u>	<u>3,397,801</u>
Transfers between pension trust funds.....	—	1,614	52	79	—	1,745
Transfers in.....	1,532	55	—	—	50	1,637
Total additions.....	<u>4,150,213</u>	<u>553,686</u>	<u>8,911</u>	<u>24,507</u>	<u>6,000</u>	<u>4,743,317</u>
Deductions:						
Regular retirement benefits.....	1,505,080	180,135	5,935	10,348	2,926	1,704,424
Supplemental retirement benefits.....	1,532	55	—	—	—	1,587
Deferred retirement benefits.....	240,580	—	—	—	—	240,580
Refunds of retirement contributions to members.....	77,212	12,543	70	—	—	89,825
Group life insurance claims.....	15,948	1,919	5	381	—	18,253
Accidental death benefits.....	—	1,198	—	—	—	1,198
Depreciation.....	107	11	—	1	—	119
Administrative expense.....	16,402	2,168	34	91	59	18,754
Transfers between pension trust funds.....	1,745	—	—	—	—	1,745
Total deductions.....	<u>1,858,606</u>	<u>198,029</u>	<u>6,044</u>	<u>10,821</u>	<u>2,985</u>	<u>2,076,485</u>
Change in net assets	<u>2,291,607</u>	<u>355,657</u>	<u>2,867</u>	<u>13,686</u>	<u>3,015</u>	<u>2,666,832</u>
Net assets at beginning of year.....	<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>
Net assets at end of year.....	<u>\$ 24,543,169</u>	<u>\$ 3,303,981</u>	<u>\$ 48,546</u>	<u>\$ 137,191</u>	<u>\$ 15,893</u>	<u>\$ 28,048,780</u>

Combining Statement of Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2007

(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
ASSETS			
Cash and cash equivalents.....	\$ —	\$ 27,490	\$ 27,490
Receivables, net:			
Accrued interest.....	726	240	966
Unsettled investment sales.....	414	—	414
Investments.....	975,221	—	975,221
Invested securities lending collateral	—	1,244	1,244
Other assets.....	—	5,027	5,027
Total assets.....	976,361	34,001	1,010,362
LIABILITIES			
Accounts payable.....	780	29	809
Accounts payable—unsettled investment purchases.....	239	—	239
Securities lending collateral.....	—	1,244	1,244
Total liabilities.....	1,019	1,273	2,292
NET ASSETS			
Held in trust for other purposes.....	\$ 975,342	\$ 32,728	\$ 1,008,070

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2007
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
Additions:			
Licenses, fees, and permits.....	\$ —	\$ 159	\$ 159
Tuition plan deposits.....	169,583	—	169,583
Interest income.....	120,361	1,323	121,684
Transfers in.....	—	597	597
Total additions.....	289,944	2,079	292,023
Deductions:			
Administrative expense.....	6,207	43	6,250
Payments in accordance with trust agreements.....	—	143	143
Other expenses.....	—	77	77
Total deductions.....	6,207	263	6,470
Change in net assets.....	283,737	1,816	285,553
Net assets at beginning of year	691,605	30,912	722,517
Net assets at end of year.....	\$ 975,342	\$ 32,728	\$ 1,008,070

Combining Statement of Assets and Liabilities

AGENCY FUNDS

June 30, 2007

(Expressed in Thousands)

	Insurance Company Deposits	Payroll Clearing	Other Agency	Totals
ASSETS				
Cash and cash equivalents.....	\$ —	\$ —	\$ 175,425	\$ 175,425
Receivables, net:				
Accounts.....	—	29	5,895	5,924
Accrued interest.....	—	—	1,478	1,478
Taxes.....	—	—	2,866	2,866
Due from other funds.....	—	50,085	5,856	55,941
Investments.....	—	—	29,598	29,598
Securities held in lieu of surety bonds.....	293,468	—	—	293,468
Invested securities lending collateral	—	—	18,329	18,329
Total assets.....	\$ 293,468	\$ 50,114	\$ 239,447	\$ 583,029
LIABILITIES				
Accounts payable.....	\$ —	\$ 270	\$ 16,736	\$ 17,006
Tax refunds payable.....	—	—	629	629
Intergovernmental payables.....	—	—	2,492	2,492
Deposits.....	—	—	2,838	2,838
Amounts held in custody for others.....	293,468	49,844	198,172	541,484
Securities lending collateral.....	—	—	18,329	18,329
Other liabilities.....	—	—	251	251
Total liabilities.....	\$ 293,468	\$ 50,114	\$ 239,447	\$ 583,029

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
INSURANCE COMPANY DEPOSITS				
Assets:				
Cash and cash equivalents.....	\$ —	\$ 36,143	\$ 36,143	\$ —
Securities held in lieu of surety bonds.....	329,611	—	36,143	293,468
Total assets.....	\$ 329,611	\$ 36,143	\$ 72,286	\$ 293,468
Liabilities:				
Amounts held in custody for others.....	\$ 329,611	\$ —	\$ 36,143	\$ 293,468
Total liabilities.....	\$ 329,611	\$ —	\$ 36,143	\$ 293,468
 PAYROLL CLEARING				
Assets:				
Cash and cash equivalents.....	\$ 11,135	\$ 1,075,849	\$ 1,086,984	\$ —
Accounts receivable.....	33	29	33	29
Due from other funds.....	47,821	50,085	47,821	50,085
Total assets.....	\$ 58,989	\$ 1,125,963	\$ 1,134,838	\$ 50,114
Liabilities:				
Accounts payable.....	\$ 183	\$ 270	\$ 183	\$ 270
Amounts held in custody for others.....	58,806	930,107	939,069	49,844
Total liabilities.....	\$ 58,989	\$ 930,377	\$ 939,252	\$ 50,114

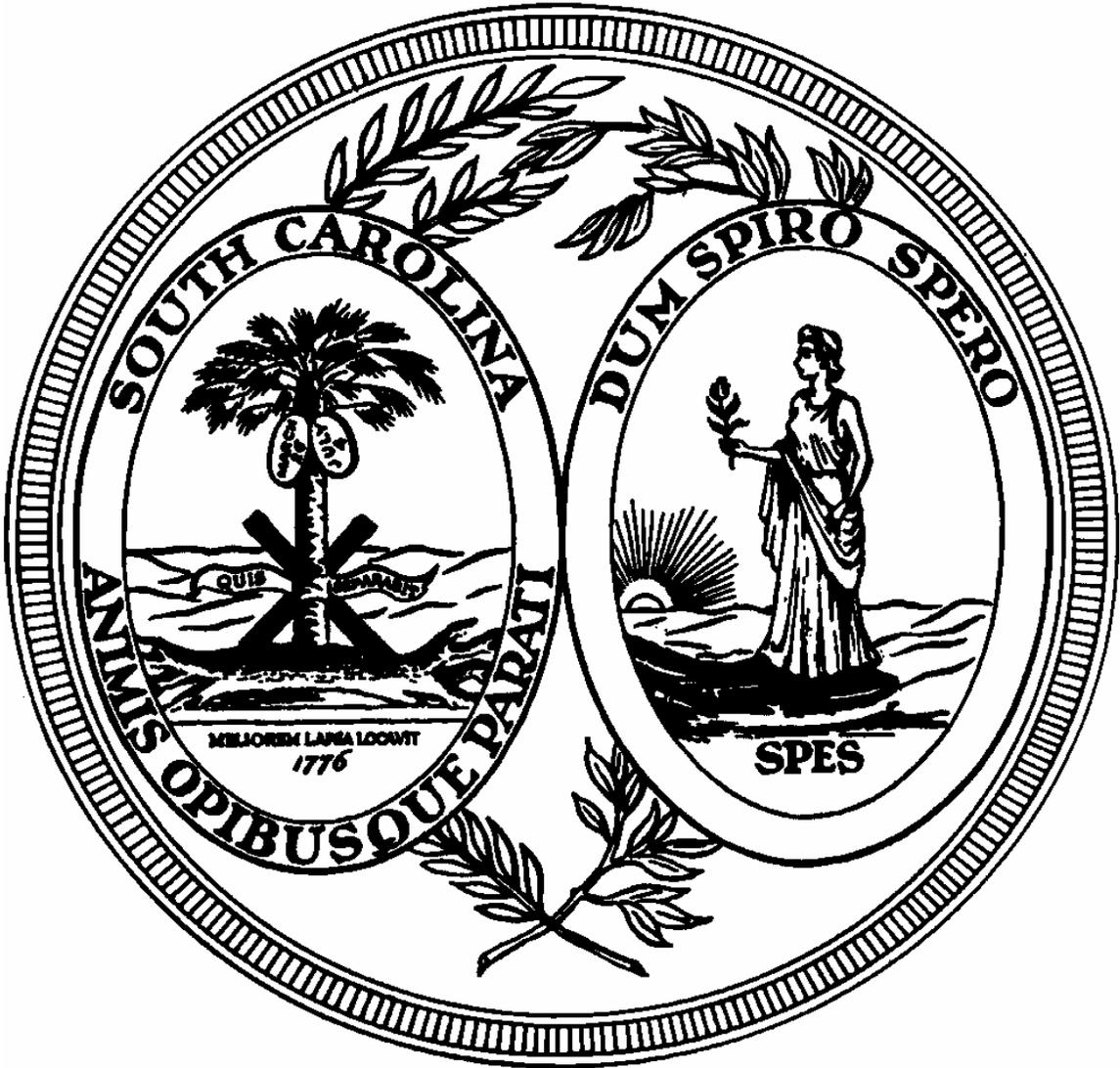
Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
OTHER AGENCY				
Assets:				
Cash and cash equivalents.....	\$ 154,141	\$ 2,327,038	\$ 2,305,754	\$ 175,425
Accounts receivable.....	8,717	6,622	9,444	5,895
Accrued interest receivable.....	808	1,478	808	1,478
Taxes receivable.....	2,667	2,866	2,667	2,866
Due from other funds.....	11,950	5,856	11,950	5,856
Investments.....	32,026	—	2,428	29,598
Invested securities lending collateral.....	14,989	18,329	14,989	18,329
Total assets.....	\$ 225,298	\$ 2,362,189	\$ 2,348,040	\$ 239,447
Liabilities:				
Accounts payable.....	\$ 18,380	\$ 17,727	\$ 19,371	\$ 16,736
Tax refunds payable.....	1,082	629	1,082	629
Intergovernmental payables.....	2,252	2,492	2,252	2,492
Deposits.....	3,271	2,838	3,271	2,838
Amounts held in custody for others.....	185,324	1,960,960	1,948,112	198,172
Securities lending collateral.....	14,989	18,329	14,989	18,329
Other liabilities.....	—	251	—	251
Total liabilities.....	\$ 225,298	\$ 2,003,226	\$ 1,989,077	\$ 239,447
TOTALS--ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents.....	\$ 165,276	\$ 3,439,030	\$ 3,428,881	\$ 175,425
Accounts receivable.....	8,750	6,651	9,477	5,924
Accrued interest receivable.....	808	1,478	808	1,478
Taxes receivable.....	2,667	2,866	2,667	2,866
Due from other funds.....	59,771	55,941	59,771	55,941
Investments.....	32,026	—	2,428	29,598
Securities held in lieu of surety bonds.....	329,611	—	36,143	293,468
Invested securities lending collateral.....	14,989	18,329	14,989	18,329
Total assets.....	\$ 613,898	\$ 3,524,295	\$ 3,555,164	\$ 583,029
Liabilities:				
Accounts payable.....	\$ 18,563	\$ 17,997	\$ 19,554	\$ 17,006
Tax refunds payable.....	1,082	629	1,082	629
Intergovernmental payables.....	2,252	2,492	2,252	2,492
Deposits.....	3,271	2,838	3,271	2,838
Amounts held in custody for others.....	573,741	2,891,067	2,923,324	541,484
Securities lending collateral.....	14,989	18,329	14,989	18,329
Other liabilities.....	—	251	—	251
Total liabilities.....	\$ 613,898	\$ 2,933,603	\$ 2,964,472	\$ 583,029



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, 2006.

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, 2006.

Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2007

(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.....	\$ 13,457	\$ 8,657	\$ 3,560
Investments.....	—	17,409	67,581
Invested securities lending collateral.....	—	—	—
Receivables, net:			
Accounts.....	262	102	359
Contributions.....	2,680	6	—
Accrued interest.....	—	—	733
Due from Federal government and other grantors....	—	—	—
Due from primary government.....	—	—	—
Restricted assets:			
Cash and cash equivalents.....	16,925	—	—
Prepaid items.....	—	—	146
Other current assets.....	318	—	—
Deferred charges.....	—	—	1,704
Total current assets.....	<u>33,642</u>	<u>26,174</u>	<u>74,083</u>
Long-term assets:			
Receivables, net:			
Accounts.....	1,939	—	—
Contributions.....	26,951	11,278	—
Investments.....	394,048	289,274	—
Other long-term assets.....	12	—	—
Non-depreciable capital assets.....	8,971	—	—
Depreciable capital assets, net.....	405	34	295
Total long-term assets.....	<u>432,326</u>	<u>300,586</u>	<u>295</u>
Total assets.....	<u>465,968</u>	<u>326,760</u>	<u>74,378</u>
LIABILITIES			
Current liabilities:			
Accounts payable.....	307	1,308	441
Accrued salaries and related expenses.....	—	—	—
Intergovernmental payables.....	—	—	—
Policy claims.....	—	—	45,000
Due to primary government.....	98,386	31,206	—
Deferred revenues and deferred credits.....	354	—	25,019
Securities lending collateral.....	—	—	—
Accounts payable from restricted assets.....	226	—	—
Compensated absences payable.....	—	—	—
Other current liabilities.....	—	447	—
Total current liabilities.....	<u>99,273</u>	<u>32,961</u>	<u>70,460</u>
Long-term liabilities:			
Policy claims.....	—	—	157,368
Amounts held in custody for others.....	2,659	—	73
Compensated absences payable.....	—	—	—
Other long-term liabilities.....	7,601	2,832	—
Total long-term liabilities.....	<u>10,260</u>	<u>2,832</u>	<u>157,441</u>
Total liabilities.....	<u>109,533</u>	<u>35,793</u>	<u>227,901</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt.....	9,376	34	294
Restricted, expendable:			
Education.....	135,398	78,221	—
Other.....	—	—	2,082
Restricted, nonexpendable, education.....	178,625	133,152	—
Unrestricted.....	33,036	79,560	(155,899)
Total net assets (deficit).....	<u>\$ 356,435</u>	<u>\$ 290,967</u>	<u>\$ (153,523)</u>

South Carolina First Steps to School Readiness Board of Trustees	Children's Trust Fund of S.C., Inc.	Totals
\$ 7,386	\$ 112	\$ 33,172
—	874	85,864
901	—	901
766	—	1,489
—	3	2,689
78	—	811
—	19	19
1	—	1
—	—	16,925
—	—	146
—	—	318
—	—	1,704
<u>9,132</u>	<u>1,008</u>	<u>144,039</u>
—	—	1,939
—	—	38,229
—	—	683,322
—	—	12
—	—	8,971
2	—	736
<u>2</u>	<u>—</u>	<u>733,209</u>
<u>9,134</u>	<u>1,008</u>	<u>877,248</u>
159	—	2,215
63	1	64
13	—	13
—	—	45,000
8	—	129,600
—	—	25,373
901	—	901
—	—	226
40	—	40
—	—	447
<u>1,184</u>	<u>1</u>	<u>203,879</u>
—	—	157,368
—	—	2,732
34	—	34
—	—	10,433
<u>34</u>	<u>—</u>	<u>170,567</u>
<u>1,218</u>	<u>1</u>	<u>374,446</u>
2	—	9,706
7,914	—	221,533
—	254	2,336
—	—	311,777
—	753	(42,550)
<u>\$ 7,916</u>	<u>\$ 1,007</u>	<u>\$ 502,802</u>

Combining Statement of Activities

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Clemson University Foundation.....	\$ 15,802	\$ —	\$ 71,024	\$ 55,222
University of South Carolina Educational Foundation.....	21,760	—	67,192	45,432
South Carolina Medical Malpractice Liability Joint Underwriting Association.....	57,981	50,392	2,950	(4,639)
South Carolina First Steps to School Readiness Board of Trustees.....	20,367	—	27,303	6,936
Children's Trust Fund of S.C., Inc.....	276	—	331	55
Totals.....	\$ 116,186	\$ 50,392	\$ 168,800	\$ 103,006

<u>Net Assets (Deficit)</u> <u>Beginning of Year</u>	<u>Net Assets (Deficit)</u> <u>End of Year</u>
\$ 301,213	\$ 356,435
245,535	290,967
(148,884)	(153,523)
980	7,916
952	1,007
\$ 399,796	\$ 502,802

Balance Sheet

SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS
BOARD OF TRUSTEES

June 30, 2007

(Expressed in Thousands)

ASSETS

Cash and cash equivalents.....	\$	7,386
Invested securities lending collateral.....		901
Accounts receivable.....		766
Accrued interest receivable.....		78
Due from primary government.....		1
Total assets.....	\$	9,132

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable.....	\$	159
Accrued salaries and related expenditures.....		63
Intergovernmental payables.....		13
Due to primary government.....		8
Securities lending collateral.....		901
Total liabilities.....		1,144

Fund Balance:

Unreserved, undesignated.....		7,988
Total liabilities and fund balance.....	\$	9,132

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

Total fund balance \$ **7,988**

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.....		(44)
Total capital assets.....		2

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

(74)

Net assets \$ **7,916**

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, 2007
(Expressed in Thousands)

Revenues:	
Interest and other investment income.....	\$ 540
State operating grants and contracts.....	26,072
Contributions.....	689
Other.....	<u>2</u>
Total revenues.....	<u>27,303</u>
Expenditures:	
Current: Education.....	3,078
Intergovernmental	<u>17,358</u>
Total expenditures.....	<u>20,436</u>
Excess of expenditures over revenues.....	6,867
Fund balance at beginning of year.....	<u>1,121</u>
Fund balance at end of year.....	<u><u>\$ 7,988</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	\$ 6,867
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.	
Decrease in compensated absences payable.....	<u>71</u>
Change in net assets.....	<u><u>\$ 6,936</u></u>