
**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.

Homestead Exemption Fund. This fund accounts for a special additional 1% sales tax to be used for property tax relief reimbursements. 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.

Public Telecommunications Fund. The Public Telecommunications Fund of the State's Office of Regulatory Staff 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 funds 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. These funds also include operations of the Jobs-Economic Development Authority, which 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.

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, 2008

(Expressed in Thousands)

SPECIAL

	Education Improvement Act	Children's Education Endowment	Waste Management	Accommodations and Local Option Sales Tax	Homestead Exemption	Medicaid Expansion
ASSETS						
Cash and cash equivalents.....	\$ 59,688	\$ 32,489	\$ 216,595	\$ 142,252	\$ 53,942	\$ 62,474
Invested securities lending collateral.....	1,659	4,472	29,782	3,873	—	5,901
Receivables, net:						
Accounts.....	410	—	960	5	—	100
Accrued interest.....	2,247	274	1,883	158	532	695
Sales and other taxes.....	60,266	—	12,122	58,748	50,454	109
Loans and notes.....	15,141	—	—	—	—	—
Due from Federal government and other grantors.....	—	—	—	—	—	—
Due from other funds.....	7,026	—	—	457	3,604	83,077
Due from component units.....	—	—	—	—	—	—
Interfund receivables.....	—	—	—	—	—	—
Inventories.....	—	—	9	—	—	—
Restricted assets:						
Cash and cash equivalents.....	—	—	—	—	—	—
Investments.....	—	—	—	—	—	—
Other.....	—	—	—	—	—	—
Total assets.....	\$ 146,437	\$ 37,235	\$ 261,351	\$ 205,493	\$ 108,532	\$ 152,356
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 5,715	\$ —	\$ 1,481	\$ 25	\$ —	\$ —
Accrued salaries and related expenditures.....	1,109	—	214	—	—	—
Retainages payable.....	—	—	—	—	—	—
Tax refunds payable.....	424	—	—	160	148	—
Intergovernmental payables.....	24,878	—	677	199,674	56,689	—
Due to other funds.....	2,080	—	198	296	—	23
Interfund payables.....	300	—	—	—	—	—
Deferred revenues.....	—	—	—	—	—	23,605
Securities lending collateral.....	1,659	4,472	29,782	3,873	—	5,901
Other liabilities.....	35	—	—	—	—	—
Total liabilities.....	36,200	4,472	32,352	204,028	56,837	29,529
Fund balances:						
Reserved for:						
Inventories.....	—	—	9	—	—	—
Interfund receivables.....	—	—	—	—	—	—
Endowments.....	—	—	—	—	—	—
Long-term loans and notes receivable.....	13,198	—	—	—	—	—
Debt requirements.....	—	—	—	—	—	—
School building aid.....	20,124	—	—	—	—	—
Unreserved:						
Designated for scholarships.....	15,882	—	—	—	—	—
Designated for capital expenditures.....	—	—	—	—	—	—
Undesignated.....	61,033	32,763	228,990	1,465	51,695	122,827
Total fund balances.....	110,237	32,763	228,999	1,465	51,695	122,827
Total liabilities and fund balances.....	\$ 146,437	\$ 37,235	\$ 261,351	\$ 205,493	\$ 108,532	\$ 152,356

REVENUE					PERMANENT				
Tobacco Settlement Revenue Management Authority	Education Lottery	Public Telecommunications	Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Wildlife Endowment	Totals	TOTALS
\$ 562	\$ 153,759	\$ 36,926	\$ 100,149	\$ 858,836	\$ 283,608	\$ 1,292	\$ 2,704	\$ 3,996	\$ 1,146,440
—	22,267	4,656	2,739	75,349	35,360	117	383	500	111,209
—	67	2,023	13	3,578	26	—	—	—	3,604
—	1,708	289	223	8,009	897	10	22	32	8,938
—	—	—	1,175	182,874	449	—	—	—	183,323
—	—	—	13,036	28,177	—	—	—	—	28,177
—	—	—	—	—	1,857	—	—	—	1,857
—	—	2,249	4,498	100,911	986	—	—	—	101,897
—	18,651	—	—	18,651	—	—	—	—	18,651
—	—	—	3,275	3,275	—	—	—	—	3,275
—	—	—	—	9	—	—	—	—	9
14,547	—	—	—	14,547	—	—	—	—	14,547
6,829	—	—	—	6,829	—	—	—	—	6,829
42,363	—	—	—	42,363	—	—	—	—	42,363
\$ 64,301	\$ 196,452	\$ 46,143	\$ 125,108	\$ 1,343,408	\$ 323,183	\$ 1,419	\$ 3,109	\$ 4,528	\$ 1,671,119
\$ 761	\$ 244	\$ 2,798	\$ 2,585	\$ 13,609	\$ 3,654	\$ —	\$ —	\$ —	\$ 17,263
—	4	—	642	1,969	70	—	—	—	2,039
—	—	—	—	—	1,063	—	—	—	1,063
—	—	—	2	734	—	—	—	—	734
—	506	10,046	8,234	300,704	—	—	—	—	300,704
—	8,715	456	3,105	14,873	29,241	—	—	—	44,114
—	—	—	280	580	18,469	—	—	—	19,049
—	—	—	—	23,605	1,203	—	—	—	24,808
—	22,267	4,656	2,739	75,349	35,360	117	383	500	111,209
—	—	—	694	729	—	—	—	—	729
761	31,736	17,956	18,281	432,152	89,060	117	383	500	521,712
—	—	—	—	9	—	—	—	—	9
—	—	—	2,663	2,663	—	—	—	—	2,663
—	—	—	—	—	—	714	2,105	2,819	2,819
—	—	—	12,211	25,409	—	—	—	—	25,409
62,979	—	—	—	62,979	—	—	—	—	62,979
—	—	—	—	20,124	—	—	—	—	20,124
—	—	—	—	15,882	—	—	—	—	15,882
—	—	—	—	—	234,123	—	—	—	234,123
561	164,716	28,187	91,953	784,190	—	588	621	1,209	785,399
63,540	164,716	28,187	106,827	911,256	234,123	1,302	2,726	4,028	1,149,407
\$ 64,301	\$ 196,452	\$ 46,143	\$ 125,108	\$ 1,343,408	\$ 323,183	\$ 1,419	\$ 3,109	\$ 4,528	\$ 1,671,119

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

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

	SPECIAL					
	Education Improvement Act	Children's Education Endowment	Waste Management	Accommodations and Local Option Sales Tax	Homestead Exemption	Medicaid Expansion
Revenues:						
Taxes:						
Retail sales and use.....	\$ 633,137	\$ —	\$ 1,849	\$ 598,458	\$ 559,444	\$ —
Other.....	—	2,393	12,123	—	—	267,954
Licenses, fees, and permits.....	182	—	28,452	—	—	—
Interest and other investment income.....	5,765	2,028	11,557	916	3,404	3,489
Federal.....	1	—	—	—	—	—
Local and private grants.....	—	—	—	—	—	—
Departmental services.....	—	—	24	—	—	—
Contributions.....	—	—	—	—	—	7,588
Fines and penalties.....	—	—	326	—	—	—
Tobacco legal settlement.....	—	—	—	—	—	—
Other.....	22	2	406	—	—	—
Total revenues.....	639,107	4,423	54,737	599,374	562,848	279,031
Expenditures:						
Current:						
General government.....	4,154	—	—	—	—	—
Education.....	61,875	5,903	—	—	—	—
Health and environment.....	669	—	28,950	—	—	177,018
Social services.....	340	—	—	—	—	—
Administration of justice.....	1,240	—	—	—	—	—
Resources and economic development.....	—	—	—	—	—	—
Capital outlay.....	—	—	—	—	—	—
Debt service:						
Principal retirement.....	—	—	—	—	—	—
Bonds repurchased.....	—	—	—	—	—	—
Interest and fiscal charges.....	—	—	—	—	—	—
Other debt service charges.....	—	—	—	—	—	—
Intergovernmental.....	595,968	9,377	5,611	594,739	880,447	—
Total expenditures.....	664,246	15,280	34,561	594,739	880,447	177,018
Excess of revenues over (under) expenditures.....	(25,139)	(10,857)	20,176	4,635	(317,599)	102,013
Other financing sources (uses):						
Refunding bonds issued.....	—	—	—	—	—	—
Accrued interest on refunding bonds.....	—	—	—	—	—	—
Discounts on bonds issued.....	—	—	—	—	—	—
Payment to refunded bond escrow agent.....	—	—	—	—	—	—
Transfers in.....	1,791	4,404	30	—	329,962	—
Transfers out.....	(1,434)	(1,115)	(1,158)	(3,272)	—	—
Total other financing sources (uses).....	357	3,289	(1,128)	(3,272)	329,962	—
Net change in fund balances.....	(24,782)	(7,568)	19,048	1,363	12,363	102,013
Fund balances at beginning of year (restated).....	135,019	40,331	209,951	102	39,332	20,814
Fund balances at end of year.....	\$ 110,237	\$ 32,763	\$ 228,999	\$ 1,465	\$ 51,695	\$ 122,827

REVENUE					PERMANENT				
Tobacco Settlement Revenue Management Authority	Education Lottery	Public Telecommunications	Other Special Revenue	Totals	CAPITAL PROJECTS	Bequests	Wildlife Endowment	Totals	TOTALS
\$ —	\$ —	\$ —	\$ —	\$ 1,792,888	\$ —	\$ —	\$ —	\$ —	\$ 1,792,888
—	—	—	39,734	322,204	—	—	—	—	322,204
—	—	91,522	16,332	136,488	—	—	247	247	136,735
10,048	10,248	1,620	2,528	51,603	6,065	212	141	353	58,021
—	—	—	115	116	24,801	—	—	—	24,917
—	16	—	34	50	—	—	—	—	50
—	—	14,928	681	15,633	3,370	—	—	—	19,003
—	263,931	—	196	271,715	155	—	—	—	271,870
—	—	—	26,731	27,057	—	—	—	—	27,057
83,493	—	—	—	83,493	—	—	—	—	83,493
—	385	—	661	1,476	9	—	—	—	1,485
93,541	274,580	108,070	87,012	2,702,723	34,400	212	388	600	2,737,723
2,609	—	91,388	31,361	129,512	—	—	—	—	129,512
—	192,852	—	—	260,630	—	1	—	1	260,631
—	69	—	55	206,761	—	7	—	7	206,768
—	3	—	20,398	20,741	—	20	—	20	20,761
—	13	—	14,460	15,713	—	—	—	—	15,713
—	—	—	5,150	5,150	—	—	—	—	5,150
—	—	—	—	—	60,051	—	—	—	60,051
390,735	—	—	98	390,833	970	—	—	—	391,803
152,430	—	—	—	152,430	—	—	—	—	152,430
48,540	—	—	4	48,544	1,725	—	—	—	50,269
75,953	—	—	—	75,953	—	—	—	—	75,953
—	54,594	8,632	26,957	2,176,325	—	—	—	—	2,176,325
670,267	247,531	100,020	98,483	3,482,592	62,746	28	—	28	3,545,366
(576,726)	27,049	8,050	(11,471)	(779,869)	(28,346)	184	388	572	(807,643)
275,730	—	—	—	275,730	—	—	—	—	275,730
957	—	—	—	957	—	—	—	—	957
(8,249)	—	—	—	(8,249)	—	—	—	—	(8,249)
(251,180)	—	—	—	(251,180)	—	—	—	—	(251,180)
468,908	5	450	15,402	820,952	114,924	—	—	—	935,876
(500)	(10,549)	(760)	(1,312)	(20,100)	(92,589)	—	—	—	(112,689)
485,666	(10,544)	(310)	14,090	818,110	22,335	—	—	—	840,445
(91,060)	16,505	7,740	2,619	38,241	(6,011)	184	388	572	32,802
154,600	148,211	20,447	104,208	873,015	240,134	1,118	2,338	3,456	1,116,605
\$ 63,540	\$ 164,716	\$ 28,187	\$ 106,827	\$ 911,256	\$ 234,123	\$ 1,302	\$ 2,726	\$ 4,028	\$ 1,149,407

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.

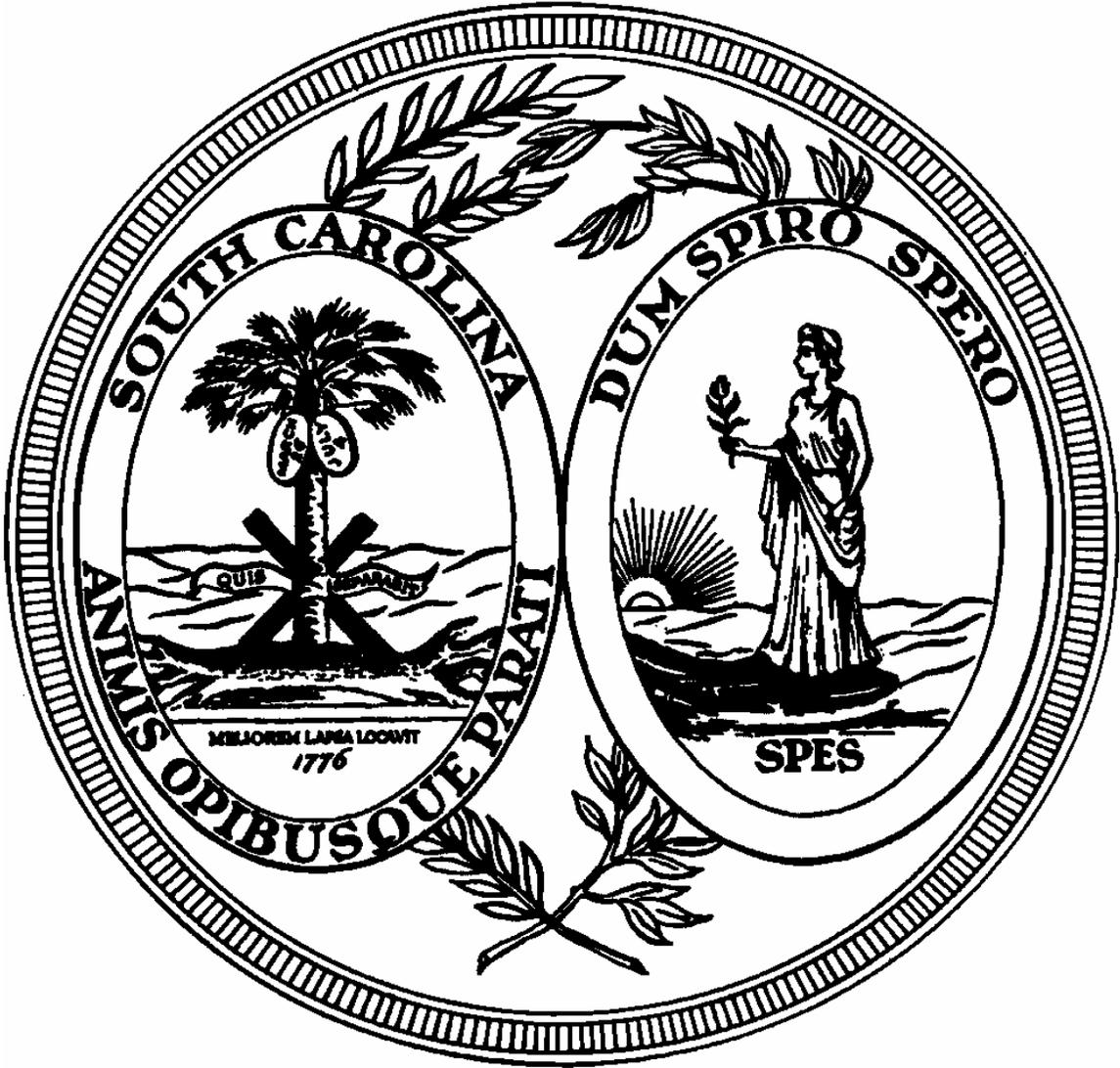
If amounts are withdrawn from the Reserve, the State Constitution requires restoration of the Reserve to full funding within three years.

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

Fiscal Year Ended June 30	Start-of- Year Balance	Deposits	Withdrawals	End-of-Year Balance	Full-Funding Amount^a	Actual End-of- Year % Funded^b
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%
2008	167,732	19,049	(91,658)	95,123	186,781	51%

^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, 2007.

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.

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 and the State Board for Technical and Comprehensive Education.

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, 2008

(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.....	\$ 5,002	\$ 4,667	\$ 198	\$ 151,083	\$ 315
Investments.....	6,329	—	—	—	3,391
Invested securities lending collateral.....	—	553	7,330	11,360	—
Receivables, net:					
Accounts.....	2	373	—	—	45
Contributions.....	—	—	—	—	80
Participants.....	—	—	—	13,381	—
Accrued interest.....	69	10	—	312	238
Patient accounts.....	—	—	—	—	—
Due from other funds.....	—	—	—	—	—
Inventories.....	—	279	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	49,801	—	1,448
Investments.....	—	—	—	—	8,441
Loans receivable.....	—	—	—	—	84
Other.....	—	—	567	—	148
Prepaid items.....	199	9	—	—	1
Other current assets.....	—	—	—	—	—
Total current assets.....	<u>11,601</u>	<u>5,891</u>	<u>57,896</u>	<u>176,136</u>	<u>14,191</u>
Long-term assets:					
Investments.....	—	—	—	—	3,010
Receivables, net:					
Contributions.....	—	—	—	—	8
Participants.....	—	—	—	9,904	—
Interfund receivables.....	—	—	—	—	—
Restricted assets:					
Cash and cash equivalents.....	—	—	—	—	5,660
Investments.....	—	—	—	—	45,386
Loans receivable.....	—	—	—	—	55
Other.....	—	—	—	—	560
Prepaid items.....	—	—	—	—	—
Other long-term assets.....	—	—	—	—	12
Non-depreciable capital assets.....	—	4,973	—	—	2,155
Depreciable capital assets, net.....	—	9,161	7	—	—
Total long-term assets.....	<u>—</u>	<u>14,134</u>	<u>7</u>	<u>9,904</u>	<u>56,846</u>
Total assets.....	<u>11,601</u>	<u>20,025</u>	<u>57,903</u>	<u>186,040</u>	<u>71,037</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>
\$ 2,658	\$ 59,765	\$ —	\$ —	\$ —	\$ 39,791	\$ 263,479
8,000	5,759	—	—	—	—	23,479
—	—	—	—	—	5,210	24,453
2,757	714	10	—	—	1,213	5,114
—	—	—	—	—	—	80
—	—	—	—	—	—	13,381
—	—	—	—	—	315	944
2,972	30,785	—	—	—	—	33,757
—	16,339	1,795	927	318	—	19,379
—	—	—	—	—	3,112	3,391
—	—	1,467	11	—	9	52,736
—	—	316	605	—	—	9,362
—	—	—	—	—	—	84
—	—	—	—	—	205	920
—	631	—	156	—	129	1,125
—	1,594	64	60	—	—	1,718
<u>16,387</u>	<u>115,587</u>	<u>3,652</u>	<u>1,759</u>	<u>318</u>	<u>49,984</u>	<u>453,402</u>
—	29,949	—	—	—	—	32,959
—	—	—	—	—	—	8
—	—	—	—	—	—	9,904
—	—	13,640	21,280	—	—	34,920
—	8,001	—	4,095	—	—	17,756
—	16,255	213	—	—	—	61,854
—	—	—	—	—	9,033	9,088
—	—	—	—	—	—	560
—	10,058	—	2,272	—	—	12,330
—	6,330	283	882	—	—	7,507
—	39	—	—	—	19,708	26,875
<u>13,507</u>	<u>44,728</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,406</u>	<u>74,809</u>
<u>13,507</u>	<u>115,360</u>	<u>14,136</u>	<u>28,529</u>	<u>—</u>	<u>36,147</u>	<u>288,570</u>
<u>29,894</u>	<u>230,947</u>	<u>17,788</u>	<u>30,288</u>	<u>318</u>	<u>86,131</u>	<u>741,972</u>

Continued on Next Page

Combining Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2008

(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.....	\$ 78	\$ 395	\$ 2	\$ —	\$ 3
Accrued salaries and related expenses.....	27	288	96	—	7
Accrued interest payable.....	—	—	—	—	—
Tuition benefits payable.....	—	—	—	9,119	—
Policy claims.....	20,000	—	—	—	—
Due to other funds.....	—	14	292	—	1,039
Unearned revenues.....	11,804	240	—	—	45
Securities lending collateral.....	—	553	7,330	11,360	—
Liabilities payable from restricted assets:					
Accrued interest payable.....	—	—	—	—	—
Other.....	—	—	50,075	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	2	264	87	—	—
Other current liabilities	202	—	—	—	8
Total current liabilities.....	<u>32,113</u>	<u>1,754</u>	<u>57,882</u>	<u>20,479</u>	<u>1,102</u>
Long-term liabilities:					
Tuition benefits payable.....	—	—	—	180,298	—
Policy claims.....	162,368	—	—	—	—
Interfund payables.....	—	—	—	—	—
Unearned revenues.....	—	552	—	—	—
Other liabilities payable from restricted assets.....	—	—	—	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	—	—	—	—	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	—	—	14	—	—
Other long-term liabilities.....	—	—	—	—	18
Total long-term liabilities.....	<u>162,368</u>	<u>552</u>	<u>14</u>	<u>180,298</u>	<u>18</u>
Total liabilities.....	<u>194,481</u>	<u>2,306</u>	<u>57,896</u>	<u>200,777</u>	<u>1,120</u>
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	—	14,134	7	—	2,155
Restricted:					
Expendable:					
Education.....	—	—	—	—	27,360
Capital projects.....	—	—	—	—	2,504
Debt service.....	—	—	—	—	—
Nonexpendable:					
Education.....	—	—	—	—	32,055
Unrestricted.....	(182,880)	3,585	—	(14,737)	5,843
Total net assets (deficits).....	<u>\$ (182,880)</u>	<u>\$ 17,719</u>	<u>\$ 7</u>	<u>\$ (14,737)</u>	<u>\$ 69,917</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>
\$ 3,579	\$ 2,327	\$ —	\$ —	\$ —	\$ 403	\$ 6,787
—	12,758	—	—	—	391	13,567
—	446	172	683	—	—	1,301
—	—	—	—	—	—	9,119
—	—	—	—	—	—	20,000
—	—	—	—	—	1,335	2,680
—	—	23	—	—	36	12,148
—	—	—	—	—	5,210	24,453
—	—	—	—	—	208	208
—	—	—	—	—	—	50,075
—	3,050	1,195	1,200	—	—	5,445
425	—	689	—	—	—	1,114
120	60	—	—	—	—	180
998	1,850	—	—	—	412	3,613
—	1,784	—	—	—	—	1,994
<u>5,122</u>	<u>22,275</u>	<u>2,079</u>	<u>1,883</u>	<u>—</u>	<u>7,995</u>	<u>152,684</u>
—	—	—	—	—	—	180,298
—	—	—	—	—	—	162,368
—	—	—	—	—	9,133	9,133
—	—	—	—	—	—	552
—	—	—	—	—	6	6
—	81,253	7,015	28,473	—	—	116,741
7,225	—	7,350	—	—	—	14,575
88	91	—	—	—	—	179
—	1,233	—	—	—	198	1,445
401	1,143	—	—	—	—	1,562
<u>7,714</u>	<u>83,720</u>	<u>14,365</u>	<u>28,473</u>	<u>—</u>	<u>9,337</u>	<u>486,859</u>
<u>12,836</u>	<u>105,995</u>	<u>16,444</u>	<u>30,356</u>	<u>—</u>	<u>17,332</u>	<u>639,543</u>
5,649	2,290	—	—	—	27,114	51,349
—	—	—	—	—	—	27,360
—	—	—	—	—	—	2,504
—	24,256	1,344	—	—	—	25,600
—	—	—	—	—	—	32,055
11,409	98,406	—	(68)	318	41,685	(36,439)
<u>\$ 17,058</u>	<u>\$ 124,952</u>	<u>\$ 1,344</u>	<u>\$ (68)</u>	<u>\$ 318</u>	<u>\$ 68,799</u>	<u>\$ 102,429</u>

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

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	Tuition Prepayment Program	The Citadel Trust, Inc.
Operating revenues:					
Charges for services.....	\$ 38,198	\$ 8,193	\$ 1,673	\$ —	\$ —
Contributions.....	—	—	—	11,590	—
Interest and other investment income.....	—	—	—	(3,628)	—
Operating revenues pledged for revenue bonds.....	—	—	—	—	—
Other operating revenues.....	—	—	—	—	1,317
Total operating revenues.....	38,198	8,193	1,673	7,962	1,317
Operating expenses:					
General operations and administration.....	926	6,875	1,650	—	125
Benefits and claims.....	12,292	—	—	—	—
Tuition plan disbursements.....	—	—	—	(5,844)	—
Depreciation and amortization.....	—	733	5	—	—
Other operating expenses.....	—	240	22	—	5,730
Total operating expenses.....	13,218	7,848	1,677	(5,844)	5,855
Operating income (loss).....	24,980	345	(4)	13,806	(4,538)
Nonoperating revenues (expenses):					
Interest income.....	346	157	—	—	—
Contributions.....	—	77	—	—	2,659
Local/private grants and contracts.....	—	—	—	—	203
Interest expense.....	(41)	—	—	—	—
Net other nonoperating revenues (expenses).....	—	—	—	—	139
Total nonoperating revenues (expenses).....	305	234	—	—	3,001
Income (loss) before other revenues, expenses, and transfers.....	25,285	579	(4)	13,806	(1,537)
Capital contributions.....	—	—	—	—	—
Local/private grants and contracts.....	—	—	—	—	18
Additions to endowments.....	—	—	—	—	5,039
Transfers in.....	—	—	—	—	—
Transfers out.....	—	—	—	(361)	(6,255)
Change in net assets.....	25,285	579	(4)	13,445	(2,735)
Net assets (deficits) at beginning of year.....	(208,165)	17,140	11	(28,182)	72,652
Net assets (deficits) at end of year.....	\$ (182,880)	\$ 17,719	\$ 7	\$ (14,737)	\$ 69,917

University of South Carolina Trust	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Enterprise Campus Authority	Other Enterprise	Totals
\$ 29,771	\$ 243,256	\$ —	\$ —	\$ —	\$ 29,219	\$ 350,310
—	—	—	—	—	—	11,590
—	—	—	—	—	—	(3,628)
—	—	1,028	1,245	—	—	2,273
23,952	11,513	84	—	—	254	37,120
53,723	254,769	1,112	1,245	—	29,473	397,665
47,627	204,202	916	1,378	51	24,413	288,163
—	—	—	—	—	—	12,292
—	—	—	—	—	—	(5,844)
1,089	2,678	64	217	—	630	5,416
—	—	—	—	—	19	6,011
48,716	206,880	980	1,595	51	25,062	306,038
5,007	47,889	132	(350)	(51)	4,411	91,627
738	862	—	—	—	2,297	4,400
—	—	—	—	—	—	2,736
—	—	—	—	—	—	203
(381)	(5,679)	—	—	—	(521)	(6,622)
—	(2,619)	—	—	—	(916)	(3,396)
357	(7,436)	—	—	—	860	(2,679)
5,364	40,453	132	(350)	(51)	5,271	88,948
—	—	—	—	—	81	81
—	—	—	—	—	—	18
—	—	—	—	—	—	5,039
—	—	—	247	—	480	727
—	(30,750)	(99)	—	—	(981)	(38,446)
5,364	9,703	33	(103)	(51)	4,851	56,367
11,694	115,249	1,311	35	369	63,948	46,062
\$ 17,058	\$ 124,952	\$ 1,344	\$ (68)	\$ 318	\$ 68,799	\$ 102,429

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

	Patients' Compensation	Patriots Point Development Authority	Second Injury	Tuition Prepayment Program
Cash flows from operating activities:				
Receipts from customers, patients, and third-party payers.....	\$ 37,349	\$ 4,751	\$ —	\$ (101)
Assessments received.....	—	—	111,090	—
Tuition plan contributions received.....	—	—	—	24,247
Other operating cash receipts.....	—	3,580	—	—
Claims and benefits paid.....	(28,545)	—	(114,719)	—
Payments to suppliers for goods and services.....	—	(2,482)	—	—
Payments to employees.....	—	(3,472)	—	—
Internal activity - payments to other funds.....	—	—	—	—
Other operating cash payments.....	(1,062)	(962)	(1,682)	(8,290)
Net cash provided by (used in) operating activities.....	7,742	1,415	(5,311)	15,856
Cash flows from noncapital financing activities:				
Principal payments made to other funds.....	(3,000)	—	—	—
Interest payments made to other funds.....	(59)	—	—	—
Principal paid on noncapital debt.....	—	—	—	—
Interest payments on noncapital debt.....	—	—	—	—
Gifts and grants for other than capital purposes.....	—	—	—	—
Other cash payments.....	—	—	—	—
Transfers in.....	—	—	—	—
Transfers out.....	—	—	—	(361)
Net cash provided by (used in) noncapital financing activities.....	(3,059)	—	—	(361)
Cash flows from capital and related financing activities:				
Acquisition of capital assets.....	—	(374)	—	—
Principal paid on capital debt and lease.....	—	—	—	—
Interest payments on capital debt.....	—	—	—	—
Payment of agent and broker fees.....	—	—	—	—
Proceeds from sale of capital assets.....	—	—	—	—
Capital grants and gifts received.....	—	—	—	—
Net cash provided by (used in) capital and related financing activities.....	—	(374)	—	—
Cash flows from investing activities:				
Proceeds from sales and maturities of investments.....	7,440	—	—	—
Purchase of investments.....	(9,099)	—	—	—
Interest and dividends on investments.....	317	156	3,316	(3,332)
Collection of escrow payments from borrower.....	—	—	—	—
Net cash provided by (used in) investing activities.....	(1,342)	156	3,316	(3,332)
Net increase (decrease) in cash and cash equivalents.....	3,341	1,197	(1,995)	12,163
Cash and cash equivalents at beginning of year.....	1,661	3,470	51,994	138,920
Cash and cash equivalents at end of year.....	\$ 5,002	\$ 4,667	\$ 49,999	\$ 151,083

The Citadel Trust, Inc.	University of South Carolina Trust	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Enterprise Campus Authority	Other Enterprise	Totals
\$ —	\$ 29,311	\$ 223,971	\$ —	\$ —	\$ —	\$ 29,878	\$ 325,159
—	—	—	—	—	—	—	111,090
—	—	—	—	—	—	—	24,247
—	23,493	25,117	—	—	—	887	53,077
—	—	—	—	—	—	—	(143,264)
(74)	(17,924)	(77,827)	—	—	(51)	(19,281)	(117,639)
(52)	(32,429)	(124,278)	—	—	—	(5,252)	(165,483)
—	—	—	—	—	—	386	386
—	—	(53)	—	—	—	(1,915)	(13,964)
(126)	2,451	46,930	—	—	(51)	4,703	73,609
—	—	—	—	—	—	(1,256)	(4,256)
—	—	—	—	—	—	(551)	(610)
—	—	(1,350)	—	—	—	—	(1,350)
—	—	(2,760)	—	—	—	—	(2,760)
7,992	—	—	—	—	—	—	7,992
(14)	—	(6,941)	—	—	—	—	(6,955)
—	—	—	—	686	51	480	1,217
(7,041)	—	(30,750)	(99)	—	—	(980)	(39,231)
937	—	(41,801)	(99)	686	51	(2,307)	(45,953)
—	(653)	(1,578)	—	(31)	—	(802)	(3,438)
—	(543)	(1,357)	(1,785)	(1,165)	—	—	(4,850)
—	(381)	(2,649)	(936)	(1,401)	—	—	(5,367)
—	—	(28)	—	—	—	—	(28)
—	—	274	—	—	—	189	463
18	—	—	—	—	—	81	99
18	(1,577)	(5,338)	(2,721)	(2,597)	—	(532)	(13,121)
42,964	6,222	44,223	3,000	3,755	—	—	107,604
(44,144)	(6,369)	(8,803)	(1,311)	(2,886)	—	—	(72,612)
1,476	357	5,814	1,134	1,244	—	1,772	12,254
—	—	—	—	—	—	1,422	1,422
296	210	41,234	2,823	2,113	—	3,194	48,668
1,125	1,084	41,025	3	202	—	5,058	63,203
6,298	1,574	26,741	1,464	3,904	—	34,742	270,768
\$ 7,423	\$ 2,658	\$ 67,766	\$ 1,467	\$ 4,106	\$ —	\$ 39,800	\$ 333,971

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2008

(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>
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:				
Operating income (loss).....	\$ 24,980	\$ 345	\$ (4)	\$ 13,806
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	—	734	4	—
Provision for bad debts.....	—	—	—	—
Realized gains and losses on sale of assets.....	—	—	—	—
Net (increase) decrease in the fair value of investments.....	—	—	—	—
Interest and dividends on investments and interfund loans.....	—	—	—	3,628
Amounts received for payment of claims.....	—	—	109,418	—
Payment of claims.....	—	—	(114,719)	—
Other nonoperating revenues.....	—	77	—	—
Other nonoperating expenses.....	—	—	—	—
Other.....	(185)	—	—	—
Effect of change in operating assets and liabilities:				
Accounts receivable, net.....	—	88	—	—
Receivable from participants, net.....	—	—	—	12,657
Loans receivable.....	—	—	—	—
Due from other funds.....	—	2	—	—
Inventories.....	—	14	—	—
Other assets	—	15	—	—
Accounts payable.....	(151)	148	—	—
Accrued salaries and related expenses.....	1	15	(11)	—
Tuition benefits payable.....	—	—	—	(14,134)
Policy claims.....	(16,253)	—	—	—
Due to other funds.....	(2)	(3)	—	(101)
Unearned revenues	(849)	(30)	—	—
Compensated absences payable	(1)	10	1	—
Other liabilities.....	202	—	—	—
Net cash provided by (used in) operating activities.....	\$ 7,742	\$ 1,415	\$ (5,311)	\$ 15,856
Noncash capital, investing, and financing activities:				
Acquisition of capital assets through assumption of liabilities.....	\$ —	\$ —	\$ —	\$ —
Decrease in fair value of investments.....	—	—	—	—
Other non-cash activity.....	22	—	—	—
	<u>\$ 22</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Citadel Trust, Inc.	University of South Carolina Trust	University Medical Associates	Medical University Facilities Corporation	CHS Development Company	Enterprise Campus Authority	Other Enterprise	Totals
\$ (4,539)	\$ 5,007	\$ 47,889	\$ 132	\$ (350)	\$ (51)	\$ 4,412	\$ 91,627
—	1,089	2,678	64	217	—	630	5,416
—	—	42,482	—	—	—	—	42,482
—	—	—	—	—	—	(89)	(89)
4,413	—	—	—	—	—	—	4,413
—	—	—	—	—	—	—	3,628
—	—	—	—	—	—	—	109,418
—	—	—	—	—	—	—	(114,719)
—	—	4,958	(1,112)	(1,245)	—	981	3,659
—	—	—	916	1,378	—	(1,896)	398
—	—	30	—	—	—	—	(155)
—	(459)	(43,514)	—	—	—	52	(43,833)
—	—	—	—	—	—	—	12,657
—	(1,741)	—	—	—	—	—	(1,741)
—	—	(11,307)	—	—	—	295	(11,010)
—	—	—	—	—	—	327	341
—	—	293	—	—	—	4	312
—	(1,615)	3,134	—	—	—	(650)	866
—	(16)	—	—	—	—	137	126
—	—	—	—	—	—	—	(14,134)
—	—	—	—	—	—	—	(16,253)
—	—	—	—	—	—	386	280
—	—	—	—	—	—	3	(876)
—	81	287	—	—	—	95	473
—	105	—	—	—	—	16	323
<u>\$ (126)</u>	<u>\$ 2,451</u>	<u>\$ 46,930</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (51)</u>	<u>\$ 4,703</u>	<u>\$ 73,609</u>
\$ —	\$ —	\$ 52	\$ —	\$ —	\$ —	\$ —	\$ 52
(8,054)	(228)	(4,787)	—	—	—	—	(13,069)
—	—	—	—	—	—	—	22
<u>\$ (8,054)</u>	<u>\$ (228)</u>	<u>\$ (4,735)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (12,995)</u>

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS

June 30, 2008

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident</u>	<u>General Services</u>	<u>Central Supplies and Equipment</u>
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 28,718	\$ 344,901	\$ 96,000	\$ 55,478	\$ 557
Invested securities lending collateral.....	57,677	48,730	13,047	922	—
Receivables, net:					
Accounts	16,952	17,293	79,436	944	5
Accrued interest.....	4,309	53	772	87	—
Due from other funds.....	2,129	220	2,866	4,198	658
Due from component units.....	—	—	—	7	—
Inventories.....	—	—	—	734	1,511
Prepaid items.....	14,348	—	25	—	—
Total current assets.....	<u>124,133</u>	<u>411,197</u>	<u>192,146</u>	<u>62,370</u>	<u>2,731</u>
Long-term assets:					
Investments.....	369,854	—	585	—	—
Accounts receivable, net.....	—	—	97	—	—
Interfund receivables.....	11,139	—	—	18,410	—
Deferred charges.....	—	—	—	113	—
Non-depreciable capital assets.....	—	—	—	6,897	—
Depreciable capital assets, net.....	158	99	126	105,158	6
Total long-term assets.....	<u>381,151</u>	<u>99</u>	<u>808</u>	<u>130,578</u>	<u>6</u>
Total assets.....	<u>505,284</u>	<u>411,296</u>	<u>192,954</u>	<u>192,948</u>	<u>2,737</u>

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 6,096	\$ 1,308	\$ 3,544	\$ 634	\$ 537,236
—	184	—	—	120,560
844	—	3,461	—	118,935
—	27	—	—	5,248
2,233	31	257	43	12,635
4	—	—	—	11
21	—	4,371	—	6,637
—	—	—	—	14,373
<u>9,198</u>	<u>1,550</u>	<u>11,633</u>	<u>677</u>	<u>815,635</u>
—	—	—	—	370,439
—	—	—	—	97
1,000	—	—	—	30,549
—	—	—	—	113
875	—	304	—	8,076
<u>24,686</u>	<u>450</u>	<u>5,849</u>	<u>—</u>	<u>136,532</u>
<u>26,561</u>	<u>450</u>	<u>6,153</u>	<u>—</u>	<u>545,806</u>
<u>35,759</u>	<u>2,000</u>	<u>17,786</u>	<u>677</u>	<u>1,361,441</u>

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS (Continued)

June 30, 2008

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident</u>	<u>General Services</u>	<u>Central Supplies and Equipment</u>
LIABILITIES					
Current liabilities:					
Accounts payable.....	\$ 754	\$ 479	\$ 524	\$ 6,289	\$ 451
Accrued salaries and related expenses.....	284	407	301	1,638	—
Accrued interest payable.....	—	—	—	608	—
Retainages payable.....	—	—	—	214	—
Intergovernmental payables.....	—	—	—	55	—
Policy claims.....	215,902	184,593	75,297	—	—
Due to other funds.....	40	43	30	788	11
Unearned revenues.....	58,840	10,887	87,171	—	—
Securities lending collateral.....	57,677	48,730	13,047	922	—
Notes payable.....	—	—	—	1,775	—
Revenue bonds payable.....	—	—	—	1,470	—
Limited obligation bonds payable.....	—	—	—	1,730	—
Capital leases payable.....	—	—	—	—	—
Compensated absences payable.....	169	300	275	1,625	—
Other current liabilities.....	—	—	1,894	—	—
Total current liabilities.....	<u>333,666</u>	<u>245,439</u>	<u>178,539</u>	<u>17,114</u>	<u>462</u>
Long-term liabilities:					
Policy claims.....	—	—	113,513	—	—
Interfund payables.....	—	—	—	1,749	1,500
Notes payable.....	—	—	—	3,399	—
Revenue bonds payable.....	—	—	—	17,811	—
Limited obligation bonds payable.....	—	—	—	7,622	—
Compensated absences payable.....	195	259	80	1,464	—
Total long-term liabilities.....	<u>195</u>	<u>259</u>	<u>113,593</u>	<u>32,045</u>	<u>1,500</u>
Total liabilities.....	<u>333,861</u>	<u>245,698</u>	<u>292,132</u>	<u>49,159</u>	<u>1,962</u>
NET ASSETS (DEFICITS)					
Invested in capital assets, net of related debt.....	158	99	126	79,659	6
Restricted:					
Expendable:					
Loan programs.....	20,000	—	—	—	—
Insurance programs.....	151,265	165,499	—	—	—
Unrestricted.....	—	—	(99,304)	64,130	769
Total net assets (deficits).....	<u>\$ 171,423</u>	<u>\$ 165,598</u>	<u>\$ (99,178)</u>	<u>\$ 143,789</u>	<u>\$ 775</u>

<u>Motor Pool</u>	<u>Pension Administration</u>	<u>Prison Industries</u>	<u>Other Internal Service</u>	<u>Totals</u>
\$ 2,013	\$ 518	\$ 329	\$ —	\$ 11,357
85	728	964	15	4,422
361	—	—	—	969
—	—	—	—	214
—	—	—	—	55
—	—	—	—	475,792
184	415	1,983	7	3,501
—	—	—	—	156,898
—	184	—	—	120,560
3,331	—	—	—	5,106
—	—	—	—	1,470
—	—	—	—	1,730
—	—	37	—	37
90	677	295	12	3,443
—	—	—	—	1,894
<u>6,064</u>	<u>2,522</u>	<u>3,608</u>	<u>34</u>	<u>787,448</u>
—	—	—	—	113,513
1,500	—	—	—	4,749
11,054	—	—	—	14,453
—	—	—	—	17,811
—	—	—	—	7,622
81	610	266	11	2,966
<u>12,635</u>	<u>610</u>	<u>266</u>	<u>11</u>	<u>161,114</u>
<u>18,699</u>	<u>3,132</u>	<u>3,874</u>	<u>45</u>	<u>948,562</u>
11,705	450	6,116	—	98,319
—	—	—	—	20,000
—	—	—	—	316,764
5,355	(1,582)	7,796	632	(22,204)
<u>\$ 17,060</u>	<u>\$ (1,132)</u>	<u>\$ 13,912</u>	<u>\$ 632</u>	<u>\$ 412,879</u>

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

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	Insurance Reserve	Employee Insurance Programs	State Accident	General Services	Central Supplies and Equipment
Operating revenues:					
Charges for services.....	\$ 109,769	\$ 1,612,996	\$ 101,658	\$ 92,174	\$ 10,440
Interest and other investment income.....	—	—	—	953	—
Licenses, fees, and permits.....	—	—	—	3	—
Other operating revenues.....	—	63,458	—	—	—
Total operating revenues.....	109,769	1,676,454	101,658	93,130	10,440
Operating expenses:					
General operations and administration.....	61,174	147,006	4,966	90,668	11,334
Benefits and claims.....	45,738	1,696,845	87,997	11	—
Interest.....	—	—	—	7	—
Depreciation and amortization.....	52	43	150	7,363	1
Other operating expenses.....	—	—	5,081	831	31
Total operating expenses.....	106,964	1,843,894	98,194	98,880	11,366
Operating income (loss).....	2,805	(167,440)	3,464	(5,750)	(926)
Nonoperating revenues (expenses):					
Interest income.....	24,698	24,003	4,318	442	—
Interest expense.....	—	—	—	(1,635)	—
Net other nonoperating revenues (expenses).....	11	—	50	369	—
Total nonoperating revenues (expenses).....	24,709	24,003	4,368	(824)	—
Income (loss) before other revenues and transfers.....	27,514	(143,437)	7,832	(6,574)	(926)
Special items.....	(20,000)	25,611	—	—	—
Transfers in.....	297	262	—	12,959	—
Transfers out.....	(754)	(596)	—	(8,542)	—
Change in net assets.....	7,057	(118,160)	7,832	(2,157)	(926)
Net assets (deficits) at beginning of year.....	164,366	283,758	(107,010)	145,946	1,701
Net assets (deficits) at end of year.....	\$ 171,423	\$ 165,598	\$ (99,178)	\$ 143,789	\$ 775

Motor Pool	Pension Administration	Prison Industries	Other Internal Service	Totals
\$ 25,207	\$ 21,149	\$ 29,411	\$ 454	\$ 2,003,258
—	7	—	—	960
—	—	—	—	3
—	—	—	—	63,458
25,207	21,156	29,411	454	2,067,679
18,626	20,973	29,884	367	384,998
—	—	—	—	1,830,591
—	—	—	—	7
7,952	173	374	—	16,108
3	151	3	—	6,100
26,581	21,297	30,261	367	2,237,804
(1,374)	(141)	(850)	87	(170,125)
—	186	—	—	53,647
(580)	—	—	—	(2,215)
639	110	(1,411)	—	(232)
59	296	(1,411)	—	51,200
(1,315)	155	(2,261)	87	(118,925)
—	—	—	—	5,611
5,448	62	—	—	19,028
(11,924)	(466)	—	(15)	(22,297)
(7,791)	(249)	(2,261)	72	(116,583)
24,851	(883)	16,173	560	529,462
\$ 17,060	\$ (1,132)	\$ 13,912	\$ 632	\$ 412,879

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident</u>	<u>General Services</u>
Cash flows from operating activities:				
Receipts from customers.....	\$ 62,638	\$ 1,352,605	\$ 29,248	\$ —
Internal activity—payments from other funds.....	45,436	268,269	65,834	92,978
Other operating cash receipts.....	—	103,567	12,929	1,508
Claims paid.....	(39,705)	1,132,809	(63,670)	—
Payments to suppliers for goods and services.....	(46,745)	(2,959,941)	(5,328)	(57,914)
Payments to employees.....	(3,524)	(5,528)	(3,901)	(32,193)
Internal activity—payments to other funds.....	(473)	—	(8,107)	(1,799)
Other operating cash payments.....	—	—	—	(10)
Net cash provided by (used in) operating activities.....	<u>17,627</u>	<u>(108,219)</u>	<u>27,005</u>	<u>2,570</u>
Cash flows from noncapital financing activities:				
Principal payments received from other funds.....	1,356	—	—	—
Principal payments made to other funds.....	—	—	—	(1,709)
Receipt of interest from other funds.....	(1,095)	—	—	—
Loans received from other funds.....	—	—	—	—
Special refund to participants in Insurance Reserve Fund.....	(20,000)	—	—	—
Transfers in.....	297	262	—	12,959
Transfers out.....	(754)	(596)	—	(8,542)
Net cash provided by (used in) noncapital financing activities.....	<u>(20,196)</u>	<u>(334)</u>	<u>—</u>	<u>2,708</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.....	(27)	(7)	(80)	(1,698)
Principal payments on limited obligation bonds.....	—	—	—	(1,640)
Principal paid on capital debt and lease.....	—	—	—	(238)
Proceeds from sale or disposal of capital assets.....	—	—	—	—
Net cash used in capital financing activities.....	<u>(27)</u>	<u>(7)</u>	<u>(80)</u>	<u>(3,576)</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments.....	687,596	21,974	—	—
Purchase of investments.....	(748,739)	(11,007)	—	—
Interest on investments.....	27,286	24,225	4,057	—
Net cash provided by (used in) investing activities.....	<u>(33,857)</u>	<u>35,192</u>	<u>4,057</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents.....	<u>(36,453)</u>	<u>(73,368)</u>	<u>30,982</u>	<u>1,702</u>
Cash and cash equivalents at beginning of year.....	<u>65,171</u>	<u>418,269</u>	<u>65,018</u>	<u>53,776</u>
Cash and cash equivalents at end of year.....	<u>\$ 28,718</u>	<u>\$ 344,901</u>	<u>\$ 96,000</u>	<u>\$ 55,478</u>

<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>
\$ —	\$ —	\$ —	\$ 29,410	\$ 454	\$ 1,474,355
10,441	25,204	21,158	—	—	529,320
—	639	110	1,601	—	120,354
—	—	—	—	—	1,029,434
(11,047)	(18,434)	(6,720)	(8,555)	(111)	(3,114,795)
—	(1,548)	(12,741)	(18,810)	(249)	(78,494)
—	—	(1,720)	(13)	—	(12,112)
—	—	—	(3,001)	—	(3,011)
(606)	5,861	87	632	94	(54,949)
—	—	—	—	—	1,356
—	—	—	—	—	(1,709)
—	—	—	—	—	(1,095)
495	7,863	—	—	—	8,358
—	—	—	—	—	(20,000)
—	5,448	62	—	—	19,028
—	(11,924)	(466)	—	(15)	(22,297)
495	1,387	(404)	—	(15)	(16,359)
—	(12,409)	(146)	(410)	—	(14,777)
—	—	—	—	—	(1,640)
—	—	—	(285)	—	(523)
—	998	—	—	—	998
—	(11,411)	(146)	(695)	—	(15,942)
—	—	—	—	—	709,570
—	—	—	—	—	(759,746)
—	—	186	—	—	55,754
—	—	186	—	—	5,578
(111)	(4,163)	(277)	(63)	79	(81,672)
668	10,259	1,585	3,607	555	618,908
\$ 557	\$ 6,096	\$ 1,308	\$ 3,544	\$ 634	\$ 537,236

Continued on Next Page

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

	<u>Insurance Reserve</u>	<u>Employee Insurance Programs</u>	<u>State Accident</u>	<u>General Services</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss).....	\$ 2,806	\$ (167,440)	\$ 3,464	\$ (5,750)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	52	43	150	7,363
Elimination of claims liability due to transfer of LTDI Plan.....	—	25,611	—	—
Other nonoperating revenues.....	—	—	87	1,473
Other nonoperating expenses.....	—	—	(395)	—
Effect of change in operating assets and liabilities:				
Accounts receivable, net.....	(2,722)	7,199	(3,974)	(373)
Accrued interest.....	—	—	—	(58)
Due from other funds	(1,235)	34,258	—	—
Inventories.....	—	—	—	315
Other assets.....	2,565	—	(12)	—
Accounts payable.....	389	(214)	(4,331)	(436)
Accrued salaries and related expenses.....	(10)	—	—	16
Accrued interest payable.....	—	—	—	(56)
Retainages payable.....	—	—	—	201
Policy claims.....	14,719	(14,185)	29,619	—
Due to other funds.....	32	—	—	(128)
Unearned revenues	1,050	6,529	2,413	—
Compensated absences payable.....	(19)	(20)	(16)	3
Net cash provided by (used in) operating activities.....	<u>\$ 17,627</u>	<u>\$ (108,219)</u>	<u>\$ 27,005</u>	<u>\$ 2,570</u>
Noncash capital, investing, and financing activities:				
Decrease in fair value of investments.....	\$ (2,199)	\$ —	\$ —	\$ —
Decrease in investments for amortization and accretion.....	(138)	—	—	—
Total noncash capital, investing, and financing activities.....	<u>\$ (2,337)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

<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>
\$ (926)	\$ (1,375)	\$ (141)	\$ (850)	\$ 87	\$ (170,125)
1	7,952	173	374	—	16,108
—	—	—	—	—	25,611
—	639	110	1,601	—	3,910
—	—	—	(3,001)	—	(3,396)
1	(293)	—	(120)	—	(282)
—	—	3	—	—	(55)
(18)	294	(31)	680	(6)	33,942
302	(3)	—	856	—	1,470
—	—	—	—	—	2,553
32	(1,503)	(160)	(343)	—	(6,566)
—	—	70	8	5	89
—	—	—	—	—	(56)
—	—	—	—	—	201
—	—	—	—	—	30,153
2	143	9	1,493	2	1,553
—	—	—	—	—	9,992
—	7	54	(66)	6	(51)
<u>\$ (606)</u>	<u>\$ 5,861</u>	<u>\$ 87</u>	<u>\$ 632</u>	<u>\$ 94</u>	<u>\$ (54,949)</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ (2,199)
—	—	—	—	—	(138)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2,337)</u>

Fiduciary Funds

Fiduciary funds include pension and other post-employment benefit 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 and Other Post-Employment Benefit Trust Funds
- Combining Statement of Changes in Plan Net Assets—Pension and Other Post-Employment Benefit 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 and Other Post-Employment Benefit 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.

South Carolina Retiree Health Insurance Trust Fund. This trust was established to fund the State's cost-sharing multiple employer post-employment health and dental benefit plans.

Long-term Disability Insurance Trust Fund. This trust was established to fund the State's cost-sharing multiple employer long-term disability insurance plans.

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 AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

June 30, 2008

(Expressed in Thousands)

PENSION TRUST

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Retirement System
ASSETS					
Cash and cash equivalents.....	\$ 1,509,652	\$ 209,614	\$ 2,849	\$ 8,447	\$ 1,074
Receivables:					
Contributions.....	156,756	17,158	37	737	—
Employer long-term.....	577	19	—	—	—
Accrued interest.....	77,503	10,476	146	423	52
Unsettled investment sales.....	721,176	96,321	1,358	3,923	486
Other investment receivables.....	3,923	524	8	21	3
Total receivables.....	<u>959,935</u>	<u>124,498</u>	<u>1,549</u>	<u>5,104</u>	<u>541</u>
Due from other funds.....	<u>11,094</u>	<u>366</u>	<u>8</u>	<u>—</u>	<u>175</u>
Investments, at fair value:					
Short term securities.....	89,014	11,889	168	484	60
Debt-domestic.....	5,390,761	727,962	10,140	29,283	3,626
Debt-international.....	3,093,577	413,183	5,827	16,828	2,083
Equity-domestic.....	5,406,024	722,037	10,183	29,406	3,642
Equity-international.....	425,462	56,825	801	2,314	287
Alternatives.....	7,223,315	964,757	13,605	39,291	4,866
Financial and other.....	—	—	—	—	—
Total investments.....	<u>21,628,153</u>	<u>2,896,653</u>	<u>40,724</u>	<u>117,606</u>	<u>14,564</u>
Invested securities lending collateral.....	3,325,439	444,151	6,264	18,089	2,240
Capital assets, net.....	3,116	319	9	15	—
Prepaid items.....	252	34	1	1	2
Total assets.....	<u>27,437,641</u>	<u>3,675,635</u>	<u>51,404</u>	<u>149,262</u>	<u>18,596</u>
LIABILITIES					
Accounts payable.....	15,288	2,038	29	84	10
Accounts payable—unsettled investment purchases.....	95,976	9,483	134	386	48
Due to other funds.....	36,156	1,685	462	42	—
Deferred retirement benefits.....	551,911	—	—	349	—
Securities lending collateral.....	3,325,439	444,151	6,264	18,089	2,240
Other liabilities.....	165,724	22,207	307	881	110
Total liabilities.....	<u>4,190,494</u>	<u>479,564</u>	<u>7,196</u>	<u>19,831</u>	<u>2,408</u>
NET ASSETS					
Held in trust for pension and other post-employment benefits.....	<u>\$ 23,247,147</u>	<u>\$ 3,196,071</u>	<u>\$ 44,208</u>	<u>\$ 129,431</u>	<u>\$ 16,188</u>

OPEB TRUST		
South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
\$ 145,156	\$ 4,772	\$ 1,881,564
—	—	174,688
—	—	596
586	99	89,285
—	—	823,264
—	—	4,479
<u>586</u>	<u>99</u>	<u>1,092,312</u>
<u>36,630</u>	<u>—</u>	<u>48,273</u>
—	—	101,615
122,950	19,916	6,304,638
—	—	3,531,498
—	—	6,171,292
—	—	485,689
—	—	8,245,834
2,023	2,286	4,309
<u>124,973</u>	<u>22,202</u>	<u>24,844,875</u>
2,041	602	3,798,826
—	—	3,459
—	—	290
<u>309,386</u>	<u>27,675</u>	<u>31,669,599</u>
54	42	17,545
—	—	106,027
—	—	38,345
—	—	552,260
2,041	602	3,798,826
—	—	189,229
<u>2,095</u>	<u>644</u>	<u>4,702,232</u>
<u>\$ 307,291</u>	<u>\$ 27,031</u>	<u>\$ 26,967,367</u>

Combining Statement of Changes in Plan Net Assets

PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

PENSION TRUST

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Retirement System
Additions:					
Retirement contributions:					
Employer.....	\$ 775,590	\$ 114,147	\$ 2,440	\$ 7,613	\$ 3,998
Employee.....	540,845	75,666	712	1,353	—
Total retirement contributions.....	1,316,435	189,813	3,152	8,966	3,998
Investment income:					
Interest income and net depreciation in investments.....	(609,812)	(81,255)	(1,074)	(3,197)	(325)
Securities lending income.....	183,573	24,274	363	1,021	133
Total investment income.....	(426,239)	(56,981)	(711)	(2,176)	(192)
Less investment expense:					
Investment expense.....	58,747	7,785	116	326	43
Securities lending expense.....	156,210	20,649	309	869	113
Net investment income.....	(641,196)	(85,415)	(1,136)	(3,371)	(348)
Assets moved between pension trust funds.....	27	2,008	21	63	—
Total additions.....	675,266	106,406	2,037	5,658	3,650
Deductions:					
Regular retirement benefits.....	1,633,493	194,490	6,181	12,499	3,199
Supplemental retirement benefits.....	1,321	52	—	—	—
Deferred retirement benefits.....	219,078	—	—	349	—
Refunds of retirement contributions to members.....	79,027	13,754	102	211	—
Group life insurance claims.....	17,617	2,068	28	256	—
Accidental death benefits.....	—	1,447	—	—	—
Other post-employment benefits.....	—	—	—	—	—
Depreciation.....	107	11	—	—	—
Administrative expense.....	18,553	2,494	37	103	156
Assets moved between pension trust funds.....	2,092	—	27	—	—
Total deductions.....	1,971,288	214,316	6,375	13,418	3,355
Change in net assets	(1,296,022)	(107,910)	(4,338)	(7,760)	295
Net assets at beginning of year.....	24,543,169	3,303,981	48,546	137,191	15,893
Net assets at end of year.....	\$ 23,247,147	\$ 3,196,071	\$ 44,208	\$ 129,431	\$ 16,188

OPEB TRUST

South Carolina Retiree Health Insurance Trust Fund	Long-term Disability Insurance Trust Fund	Totals
\$ 348,835	\$ 28,639	\$ 1,281,262
—	—	618,576
<u>348,835</u>	<u>28,639</u>	<u>1,899,838</u>
(230)	(363)	(696,256)
—	—	209,364
<u>(230)</u>	<u>(363)</u>	<u>(486,892)</u>
—	—	67,017
—	—	178,150
<u>(230)</u>	<u>(363)</u>	<u>(732,059)</u>
—	—	2,119
<u>348,605</u>	<u>28,276</u>	<u>1,169,898</u>
—	—	1,849,862
—	—	1,373
—	—	219,427
—	—	93,094
—	—	19,969
—	—	1,447
41,260	1,245	42,505
—	—	118
54	—	21,397
—	—	2,119
<u>41,314</u>	<u>1,245</u>	<u>2,251,311</u>
<u>307,291</u>	<u>27,031</u>	<u>(1,081,413)</u>
—	—	<u>28,048,780</u>
<u>\$ 307,291</u>	<u>\$ 27,031</u>	<u>\$ 26,967,367</u>

Combining Statement of Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2008

(Expressed in Thousands)

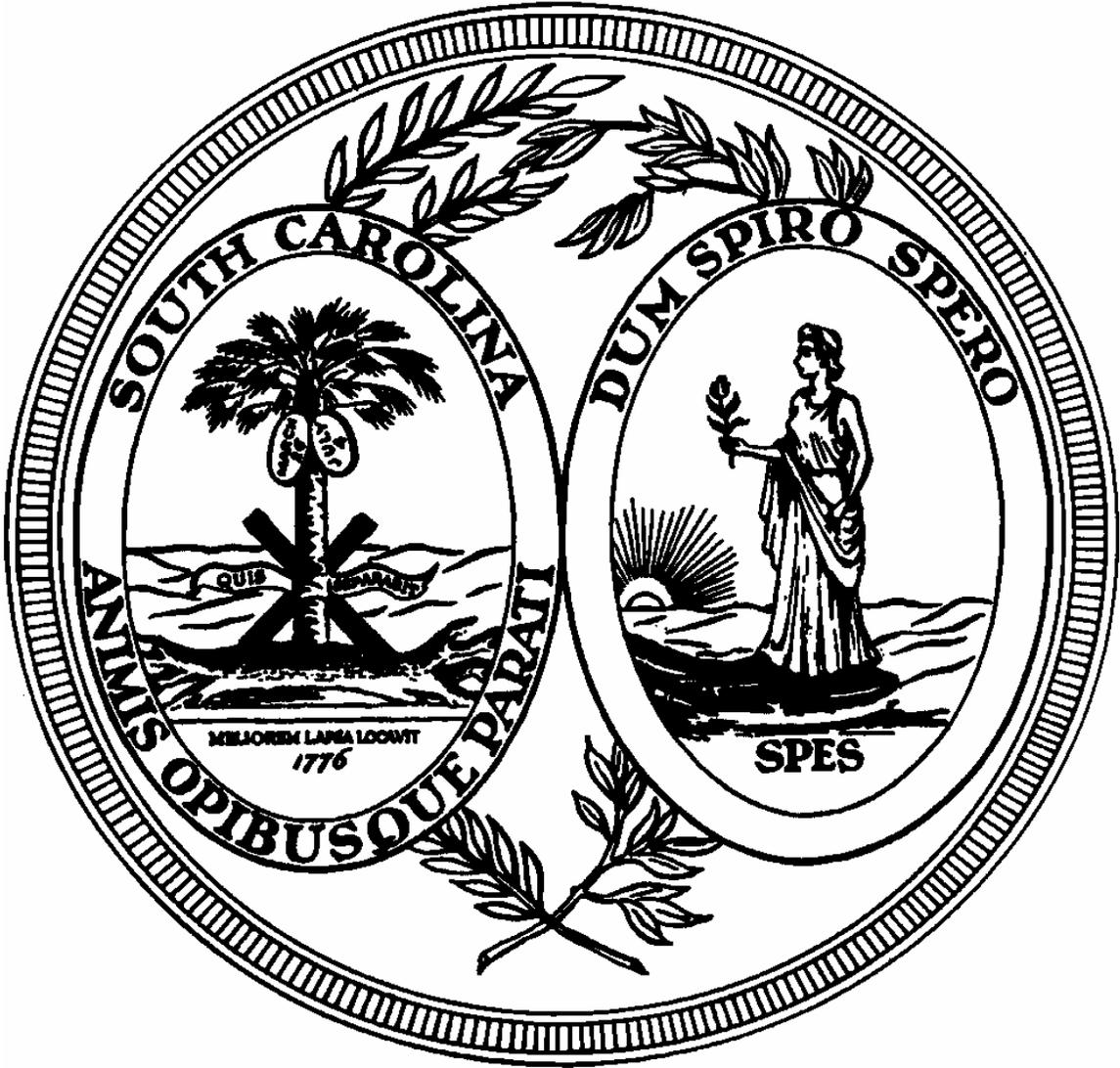
	College Savings Plan	Other Private-Purpose Trust	Totals
ASSETS			
Cash and cash equivalents.....	\$ —	\$ 28,221	\$ 28,221
Receivables, net:			
Accrued interest.....	734	235	969
Unsettled investment sales.....	1,319	—	1,319
Investments.....	1,064,117	—	1,064,117
Invested securities lending collateral	—	3,805	3,805
Other assets.....	—	5,054	5,054
Total assets.....	1,066,170	37,315	1,103,485
LIABILITIES			
Accounts payable.....	1,124	24	1,148
Accounts payable—unsettled investment purchases.....	865	—	865
Securities lending collateral.....	—	3,805	3,805
Total liabilities.....	1,989	3,829	5,818
NET ASSETS			
Held in trust for other purposes.....	\$ 1,064,181	\$ 33,486	\$ 1,097,667

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2008
(Expressed in Thousands)

	College Savings Plan	Other Private-Purpose Trust	Totals
Additions:			
Licenses, fees, and permits.....	\$ —	\$ 165	\$ 165
Tuition plan deposits.....	168,256	—	168,256
Interest income.....	(71,641)	1,037	(70,604)
Total additions.....	96,615	1,202	97,817
Deductions:			
Administrative expense.....	7,776	135	7,911
Payments in accordance with trust agreements.....	—	103	103
Other expenses.....	—	206	206
Total deductions.....	7,776	444	8,220
Change in net assets.....	88,839	758	89,597
Net assets at beginning of year	975,342	32,728	1,008,070
Net assets at end of year.....	\$ 1,064,181	\$ 33,486	\$ 1,097,667



Combining Statement of Assets and Liabilities

AGENCY FUNDS

June 30, 2008

(Expressed in Thousands)

	Insurance Company Deposits	Payroll Clearing	Other Agency	Totals
ASSETS				
Cash and cash equivalents.....	\$ —	\$ 13,580	\$ 215,138	\$ 228,718
Receivables, net:				
Accounts.....	—	48	11,081	11,129
Accrued interest.....	—	—	3,669	3,669
Taxes.....	—	—	2,622	2,622
Due from other funds.....	—	51,636	5,653	57,289
Investments.....	—	—	32,682	32,682
Securities held in lieu of surety bonds.....	292,471	—	—	292,471
Invested securities lending collateral	—	—	19,132	19,132
Total assets.....	\$ 292,471	\$ 65,264	\$ 289,977	\$ 647,712
LIABILITIES				
Accounts payable.....	\$ —	\$ 215	\$ 16,078	\$ 16,293
Tax refunds payable.....	—	—	2,696	2,696
Intergovernmental payables.....	—	—	2,196	2,196
Deposits.....	—	—	4,983	4,983
Amounts held in custody for others.....	292,471	65,049	244,892	602,412
Securities lending collateral.....	—	—	19,132	19,132
Other liabilities.....	—	—	—	—
Total liabilities.....	\$ 292,471	\$ 65,264	\$ 289,977	\$ 647,712

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
INSURANCE COMPANY DEPOSITS				
Assets:				
Cash and cash equivalents.....	\$ —	\$ 997	\$ 997	\$ —
Securities held in lieu of surety bonds.....	293,468	—	997	292,471
Total assets.....	\$ 293,468	\$ 997	\$ 1,994	\$ 292,471
Liabilities:				
Amounts held in custody for others.....	\$ 293,468	\$ —	\$ 997	\$ 292,471
Total liabilities.....	\$ 293,468	\$ —	\$ 997	\$ 292,471
PAYROLL CLEARING				
Assets:				
Cash and cash equivalents.....	\$ —	\$ 1,156,141	\$ 1,142,561	\$ 13,580
Accounts receivable.....	29	48	29	48
Due from other funds.....	50,085	51,636	50,085	51,636
Total assets.....	\$ 50,114	\$ 1,207,825	\$ 1,192,675	\$ 65,264
Liabilities:				
Accounts payable.....	\$ 270	\$ 215	\$ 270	\$ 215
Amounts held in custody for others.....	49,844	1,004,294	989,089	65,049
Total liabilities.....	\$ 50,114	\$ 1,004,509	\$ 989,359	\$ 65,264

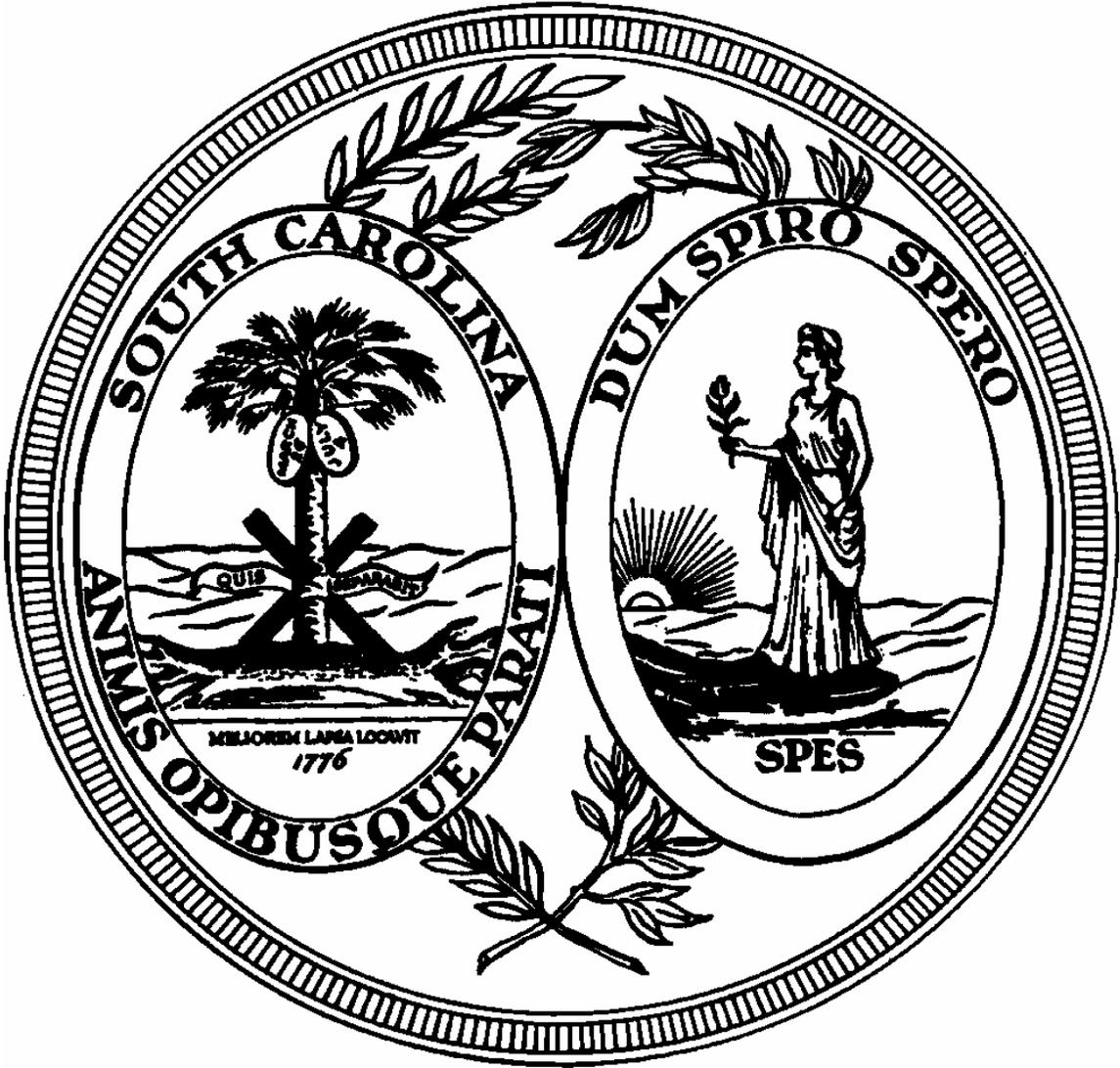
Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
OTHER AGENCY				
Assets:				
Cash and cash equivalents.....	\$ 175,425	\$ 2,501,807	\$ 2,462,094	\$ 215,138
Accounts receivable.....	5,895	11,434	6,248	11,081
Accrued interest receivable.....	1,478	3,669	1,478	3,669
Taxes receivable.....	2,866	2,622	2,866	2,622
Due from other funds.....	5,856	11,227	11,430	5,653
Investments.....	29,598	3,084	—	32,682
Invested securities lending collateral.....	18,329	19,132	18,329	19,132
Total assets.....	\$ 239,447	\$ 2,552,975	\$ 2,502,445	\$ 289,977
Liabilities:				
Accounts payable.....	\$ 16,736	\$ 19,394	\$ 20,052	\$ 16,078
Tax refunds payable.....	629	2,696	629	2,696
Intergovernmental payables.....	2,492	2,196	2,492	2,196
Deposits.....	2,838	4,983	2,838	4,983
Amounts held in custody for others.....	198,172	2,108,607	2,061,887	244,892
Securities lending collateral.....	18,329	19,132	18,329	19,132
Other liabilities.....	251	—	251	—
Total liabilities.....	\$ 239,447	\$ 2,157,008	\$ 2,106,478	\$ 289,977
TOTALS--ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents.....	\$ 175,425	\$ 3,658,945	\$ 3,605,652	\$ 228,718
Accounts receivable.....	5,924	11,482	6,277	11,129
Accrued interest receivable.....	1,478	3,669	1,478	3,669
Taxes receivable.....	2,866	2,622	2,866	2,622
Due from other funds.....	55,941	62,863	61,515	57,289
Investments.....	29,598	3,084	—	32,682
Securities held in lieu of surety bonds.....	293,468	—	997	292,471
Invested securities lending collateral.....	18,329	19,132	18,329	19,132
Total assets.....	\$ 583,029	\$ 3,761,797	\$ 3,697,114	\$ 647,712
Liabilities:				
Accounts payable.....	\$ 17,006	\$ 19,609	\$ 20,322	\$ 16,293
Tax refunds payable.....	629	2,696	629	2,696
Intergovernmental payables.....	2,492	2,196	2,492	2,196
Deposits.....	2,838	4,983	2,838	4,983
Amounts held in custody for others.....	541,484	3,112,901	3,051,973	602,412
Securities lending collateral.....	18,329	19,132	18,329	19,132
Other liabilities.....	251	—	251	—
Total liabilities.....	\$ 583,029	\$ 3,161,517	\$ 3,096,834	\$ 647,712



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, 2007.

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, 2007.

Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2008

(Expressed in Thousands)

	Clemson University Foundation	University of South Carolina Educational Foundation	South Carolina Medical Liability Joint Underwriting Association	South Carolina First Steps to School Readiness Board of Trustees	Children's Trust Fund of S.C., Inc.	Totals
ASSETS						
Current assets:						
Cash and cash equivalents.....	\$ 14,193	\$ 7,264	\$ 10,739	\$ 10,480	\$ 134	\$ 42,810
Investments.....	—	15,366	64,387	—	922	80,675
Invested securities lending collateral.....	—	—	—	1,337	—	1,337
Receivables, net						
Accounts	389	58	2,073	—	—	2,520
Contributions	3,273	2	—	—	3	3,278
Accrued interest	—	101	712	104	—	917
Due from Federal government and other grantors..	—	—	—	—	16	16
Due from primary government.....	—	—	—	1	—	1
Restricted assets:						
Cash and cash equivalents.....	16,224	—	—	—	—	16,224
Other.....	29	—	—	—	—	29
Other current assets.....	119	—	—	—	—	119
Deferred charges.....	—	—	1,804	—	—	1,804
Total current assets.....	34,227	22,791	79,715	11,922	1,075	149,730
Long-term assets:						
Investments.....	407,521	268,168	—	—	—	675,689
Receivables, net:						
Accounts.....	1,679	—	—	—	—	1,679
Contributions.....	22,161	14,468	—	—	—	36,629
Other long-term assets.....	565	—	—	—	—	565
Non-depreciable capital assets.....	8,971	—	—	—	—	8,971
Depreciable capital assets, net.....	325	39	206	—	—	570
Total long-term assets.....	441,222	282,675	206	—	—	724,103
Total assets.....	\$ 475,449	\$ 305,466	\$ 79,921	\$ 11,922	\$ 1,075	\$ 873,833

Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS (Continued)

June 30, 2008

(Expressed in Thousands)

	<u>Clemson University Foundation</u>	<u>University of South Carolina Educational Foundation</u>	<u>South Carolina Medical Liability Joint Underwriting Association</u>	<u>South Carolina First Steps to School Readiness Board of Trustees</u>	<u>Children's Trust Fund of S.C., Inc.</u>	<u>Totals</u>
LIABILITIES						
Current liabilities:						
Accounts payable.....	\$ 254	\$ 1,096	\$ 584	\$ 180	\$ 17	\$ 2,131
Accrued salaries and related expenses.....	—	—	—	103	2	105
Intergovernmental payables.....	—	—	—	270	—	270
Policy claims.....	—	—	35,000	—	—	35,000
Due to primary government.....	115,733	20,983	—	58	—	136,774
Deferred revenues and deferred credits.....	—	—	26,597	—	—	26,597
Amounts held in custody for others.....	1,292	—	—	—	—	1,292
Securities lending collateral.....	—	—	—	1,337	—	1,337
Accounts payable from restricted assets.....	1,893	—	—	—	—	1,893
Notes payable.....	—	5	—	—	—	5
Compensated absences payable.....	—	—	—	52	—	52
Other current liabilities.....	—	509	—	—	—	509
Total current liabilities.....	119,172	22,593	62,181	2,000	19	205,965
Long-term liabilities:						
Policy claims.....	—	—	161,995	—	—	161,995
Amounts held in custody for others.....	2,625	—	74	—	—	2,699
Notes payable.....	—	21	—	—	—	21
Compensated absences payable.....	—	—	—	47	—	47
Other long-term liabilities.....	6,392	3,123	—	—	—	9,515
Total long-term liabilities.....	9,017	3,144	162,069	47	—	174,277
Total liabilities.....	128,189	25,737	224,250	2,047	19	380,242
NET ASSETS (DEFICITS)						
Invested in capital assets, net of related debt.....	9,296	39	206	—	—	9,541
Restricted:						
Expendable:						
Education.....	116,282	80,785	—	9,875	—	206,942
Other.....	—	—	2,112	—	254	2,366
Nonexpendable, education.....	188,262	141,636	—	—	—	329,898
Unrestricted.....	33,420	57,269	(146,647)	—	802	(55,156)
Total net assets (deficit).....	\$ 347,260	\$ 279,729	\$ (144,329)	\$ 9,875	\$ 1,056	\$ 493,591

Combining Statement of Activities

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2008

(Expressed in Thousands)

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Clemson University Foundation.....	\$ 20,642	\$ —	\$ 11,467	\$ (9,175)
University of South Carolina Educational Foundation.....	22,649	—	11,411	(11,238)
South Carolina Medical Malpractice Liability Joint Underwriting Association.....	43,009	47,807	4,396	9,194
South Carolina First Steps to School Readiness Board of Trustees.....	24,998	—	26,957	1,959
Children's Trust Fund of S.C., Inc.....	602	—	651	49
Totals.....	\$ 111,900	\$ 47,807	\$ 54,882	\$ (9,211)

<u>Net Assets (Deficit)</u> <u>Beginning of Year</u>	<u>Net Assets (Deficit)</u> <u>End of Year</u>
\$ 356,435	\$ 347,260
290,967	279,729
(153,523)	(144,329)
7,916	9,875
1,007	1,056
\$ 502,802	\$ 493,591

Balance Sheet

SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS
BOARD OF TRUSTEES

June 30, 2008

(Expressed in Thousands)

ASSETS

Cash and cash equivalents.....	\$	10,480
Invested securities lending collateral.....		1,337
Accrued interest receivable.....		104
Due from primary government.....		1
Total assets.....	\$	11,922

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable.....	\$	180
Accrued salaries and related expenditures.....		103
Intergovernmental payables.....		270
Due to primary government.....		58
Securities lending collateral.....		1,337
Total liabilities.....		1,948

Fund Balance:

Unreserved, undesignated.....		9,974
Total liabilities and fund balance.....	\$	11,922

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

Total fund balance \$ **9,974**

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.....		(46)
Total capital assets.....		—

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

(99)

Net assets \$ **9,875**

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, 2008
(Expressed in Thousands)

Revenues:

Interest and other investment income.....	\$	752
State operating grants and contracts.....		26,101
Contributions.....		104
Total revenues.....		26,957

Expenditures:

Current: Education.....		3,770
Intergovernmental		21,201
Total expenditures.....		24,971

Excess of expenditures over revenues.....		1,986
Fund balance at beginning of year.....		7,988
Fund balance at end of year.....	\$	9,974

**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	\$	1,986
---	-----------	--------------

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.....	(25)
---	------

Change in net assets.....	\$	1,959
----------------------------------	-----------	--------------