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**SUPPLEMENTARY  
INFORMATION**

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## Governmental Funds

Governmental funds include the General Fund, several special revenue funds, a Capital Projects Fund, a Debt Service Fund, and three permanent funds.

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 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:

*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.

*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, scholarships for the State's universities and technical colleges and acquisition or improvement of physical resources for education.

*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.

### 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.

## Governmental Funds

### c. Debt Service Fund

The Debt Service Fund accounts for financial resources to be used for the repayment of debt service where the document executed to acquire the debt requires that the funds be segregated from the uses of the proceeds and other operational activities.

### d. 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.

*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.

*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, 2012

(Expressed in Thousands)

|  | <b>SPECIAL</b>              |  |  |                              |  |
|--|-----------------------------|--|--|------------------------------|--|
|  | <b>Waste<br/>Management</b> | <b>Accommodations<br/>and<br/>Local Option<br/>Sales Tax</b> | <b>Tobacco<br/>Settlement<br/>Revenue<br/>Management<br/>Authority</b> | <b>Education<br/>Lottery</b> | <b>Public Tele-<br/>communi-<br/>cations</b> |
| <b>ASSETS</b>  |                             |  |  |                              |  |
| Cash and cash equivalents.....                         | \$ 172,111                  | \$ 153,968   | \$ 5,870   | \$ 69,586                    | \$ 5,667                                     |
| Invested securities lending collateral.....            | 229                         | 49   | —  | 133                          | 1  |
| Receivables, net:                                      |                             |  |  |                              |  |
| Accounts.....  | —                           | —  | —  | 1                            | —  |
| Accrued interest.....                                  | 656                         | 92   | —  | 413                          | 3  |
| Sales and other taxes.....                             | 40                          | 78,882   | —  | —                            | —  |
| Loans and notes.....                                   | —                           | —  | —  | —                            | —  |
| Due from Federal government<br>and other grantors..... | —                           | —  | —  | —                            | —  |
| Due from other funds.....                              | —                           | —  | —  | —                            | —  |
| Due from component units.....                          | —                           | —  | —  | 32,074                       | —  |
| Interfund receivables.....                             | —                           | —  | —  | —                            | —  |
| Restricted assets:                                     |                             |  |  |                              |  |
| Cash and cash equivalents.....                         | —                           | —  | 10,704   | —                            | —  |
| Other.....   | —                           | —  | 37,130   | —                            | —  |
| Prepaid items.....                                     | —                           | —  | —  | 10                           | —  |
| <b>Total assets.....</b>                               | <b>\$ 173,036</b>           | <b>\$ 232,991</b>  | <b>\$ 53,704</b>   | <b>\$ 102,217</b>            | <b>\$ 5,671</b>                              |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>               |                             |  |  |                              |  |
| <b>Liabilities:</b>                                    |                             |  |  |                              |  |
| Accounts payable.....                                  | \$ 57                       | \$ 45,754  | \$ 240   | \$ 234                       | \$ 260                                       |
| Accrued salaries and related<br>expenditures.....      | 9                           | —  | —  | 23                           | —  |
| Retainages payable.....                                | —                           | —  | —  | —                            | —  |
| Tax refunds payable.....                               | —                           | 108  | —  | —                            | —  |
| Intergovernmental payables.....                        | 538                         | 107,545  | —  | 197                          | —  |
| Due to other funds.....                                | 4                           | —  | —  | 9                            | 115  |
| Interfund payables.....                                | —                           | —  | —  | —                            | —  |
| Deferred revenues.....                                 | —                           | —  | —  | —                            | —  |
| Securities lending collateral.....                     | 772                         | 166  | —  | 449                          | 2  |
| Other liabilities.....                                 | —                           | —  | —  | —                            | —  |
| <b>Total liabilities.....</b>                          | <b>1,380</b>                | <b>153,573</b>   | <b>240</b>   | <b>912</b>                   | <b>377</b>                                   |
| <b>Fund balances:</b>                                  |                             |  |  |                              |  |
| Nonspendable.....                                      | —                           | —  | —  | 10                           | —  |
| Restricted.....  | 171,656                     | 79,418   | 47,834   | 101,295                      | 5,294  |
| Committed.....   | —                           | —  | —  | —                            | —  |
| Assigned.....  | —                           | —  | 5,630  | —                            | —  |
| Unassigned.....  | —                           | —  | —  | —                            | —  |
| <b>Total fund balances.....</b>                        | <b>171,656</b>              | <b>79,418</b>  | <b>53,464</b>  | <b>101,305</b>               | <b>5,294</b>                                 |
| <b>Total liabilities and fund balances.....</b>        | <b>\$ 173,036</b>           | <b>\$ 232,991</b>  | <b>\$ 53,704</b>   | <b>\$ 102,217</b>            | <b>\$ 5,671</b>                              |

State of South Carolina

| REVENUE                     |                   |                     | PERMANENT        |                 |                                      |                       |                  |                   |
|-----------------------------|-------------------|---------------------|------------------|-----------------|--------------------------------------|-----------------------|------------------|-------------------|
| Other<br>Special<br>Revenue | Totals            | CAPITAL<br>PROJECTS | DEBT<br>SERVICE  | Bequests        | Children's<br>Education<br>Endowment | Wildlife<br>Endowment | Totals           | TOTALS            |
| \$ 96,473                   | \$ 503,675        | \$ 138,987          | \$ 32,571        | \$ 1,388        | \$ 7,503                             | \$ 3,797              | \$ 12,688        | \$ 687,921        |
| 106                         | 518               | 53                  | —                | 7               | 11                                   | 25                    | 43               | 614               |
| —                           | 1                 | —                   | —                | —               | —                                    | —                     | —                | 1                 |
| 306                         | 1,470             | 201                 | —                | 11              | 17                                   | 33                    | 61               | 1,732             |
| 619                         | 79,541            | —                   | 8,131            | —               | —                                    | —                     | —                | 87,672            |
| 12,191                      | 12,191            | —                   | —                | —               | —                                    | —                     | —                | 12,191            |
| —                           | —                 | 2,306               | —                | —               | —                                    | —                     | —                | 2,306             |
| 1,009                       | 1,009             | 2,050               | 18,713           | —               | —                                    | —                     | —                | 21,772            |
| —                           | 32,074            | —                   | —                | —               | —                                    | —                     | —                | 32,074            |
| 4,921                       | 4,921             | 8,713               | —                | —               | —                                    | —                     | —                | 13,634            |
| —                           | 10,704            | —                   | —                | —               | —                                    | —                     | —                | 10,704            |
| —                           | 37,130            | —                   | —                | —               | —                                    | —                     | —                | 37,130            |
| 1                           | 11                | —                   | —                | —               | —                                    | —                     | —                | 11                |
| <b>\$ 115,626</b>           | <b>\$ 683,245</b> | <b>\$ 152,310</b>   | <b>\$ 59,415</b> | <b>\$ 1,406</b> | <b>\$ 7,531</b>                      | <b>\$ 3,855</b>       | <b>\$ 12,792</b> | <b>\$ 907,762</b> |
| \$ 5,986                    | \$ 52,531         | \$ 698              | \$ —             | \$ —            | \$ —                                 | \$ —                  | \$ —             | \$ 53,229         |
| 107                         | 139               | —                   | —                | —               | —                                    | 19                    | 19               | 158               |
| —                           | —                 | 211                 | —                | —               | —                                    | —                     | —                | 211               |
| —                           | 108               | —                   | —                | —               | —                                    | —                     | —                | 108               |
| 690                         | 108,970           | —                   | —                | —               | 356                                  | —                     | 356              | 109,326           |
| 803                         | 931               | 9,078               | —                | —               | —                                    | 7                     | 7                | 10,016            |
| —                           | —                 | 12,095              | —                | —               | —                                    | —                     | —                | 12,095            |
| 3,076                       | 3,076             | 103                 | —                | —               | —                                    | —                     | —                | 3,179             |
| 356                         | 1,745             | 179                 | —                | 23              | 37                                   | 85                    | 145              | 2,069             |
| 704                         | 704               | —                   | —                | —               | —                                    | —                     | —                | 704               |
| <b>11,722</b>               | <b>168,204</b>    | <b>22,364</b>       | <b>—</b>         | <b>23</b>       | <b>393</b>                           | <b>111</b>            | <b>527</b>       | <b>191,095</b>    |
| 14,318                      | 14,328            | 8,713               | —                | 689             | 5,189                                | 3,179                 | 9,057            | 32,098            |
| 84,349                      | 489,846           | —                   | 59,415           | 694             | 2,003                                | 565                   | 3,262            | 552,523           |
| 55                          | 55                | —                   | —                | —               | —                                    | —                     | —                | 55                |
| 5,182                       | 10,812            | 121,233             | —                | —               | —                                    | —                     | —                | 132,045           |
| —                           | —                 | —                   | —                | —               | (54)                                 | —                     | (54)             | (54)              |
| <b>103,904</b>              | <b>515,041</b>    | <b>129,946</b>      | <b>59,415</b>    | <b>1,383</b>    | <b>7,138</b>                         | <b>3,744</b>          | <b>12,265</b>    | <b>716,667</b>    |
| <b>\$ 115,626</b>           | <b>\$ 683,245</b> | <b>\$ 152,310</b>   | <b>\$ 59,415</b> | <b>\$ 1,406</b> | <b>\$ 7,531</b>                      | <b>\$ 3,855</b>       | <b>\$ 12,792</b> | <b>\$ 907,762</b> |

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

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

|  | <b>SPECIAL</b>              |  |  |                              |  |
|--|-----------------------------|--|--|------------------------------|--|
|  | <b>Waste<br/>Management</b> | <b>Accommodations<br/>and<br/>Local Option<br/>Sales Tax</b> | <b>Tobacco<br/>Settlement<br/>Revenue<br/>Management<br/>Authority</b> | <b>Education<br/>Lottery</b> | <b>Public Tele-<br/>commun-<br/>ications</b> |
| <b>Revenues:</b>   |                             |  |  |                              |  |
| Taxes:   |                             |  |  |                              |  |
| Retail sales and use.....  | \$ 1,766                    | \$ 653,052   | \$ —   | \$ —                         | \$ —   |
| Other.....   | 2                           | —  | —  | —                            | —  |
| Licenses, fees, and permits.....                                   | 1,208                       | —  | —  | —                            | 71,228                                       |
| Interest and other investment income.....                          | 5,226                       | 427  | 10   | 2,833                        | (5)  |
| Federal.....   | —                           | —  | —  | —                            | —  |
| Departmental services.....   | —                           | —  | —  | —                            | —  |
| Contributions.....   | —                           | —  | —  | 271,122                      | —  |
| Fines and penalties.....   | —                           | —  | —  | —                            | —  |
| Tobacco legal settlement.....                                      | —                           | —  | 74,122   | —                            | —  |
| Other.....   | 360                         | —  | —  | 164                          | —  |
| <b>Total revenues.....</b>   | <b>8,562</b>                | <b>653,479</b>   | <b>74,132</b>  | <b>274,119</b>               | <b>71,223</b>                                |
| <b>Expenditures:</b>   |                             |  |  |                              |  |
| Current:   |                             |  |  |                              |  |
| General government.....  | 1                           | 45,885   | 6,302  | —                            | 69,493                                       |
| Education.....   | —                           | —  | —  | 206,107                      | —  |
| Health and environment.....  | 1,534                       | —  | —  | 43                           | —  |
| Social services.....   | —                           | —  | —  | —                            | —  |
| Resources and economic development.....                            | —                           | —  | —  | —                            | —  |
| Capital outlay.....  | —                           | —  | —  | —                            | —  |
| Debt service:  |                             |  |  |                              |  |
| Principal retirement.....  | —                           | —  | 71,700   | 1                            | —  |
| Interest and fiscal charges.....                                   | —                           | —  | —  | —                            | —  |
| Intergovernmental.....   | 1,766                       | 481,261  | —  | 33,176                       | —  |
| <b>Total expenditures.....</b>                                     | <b>3,301</b>                | <b>527,146</b>   | <b>78,002</b>  | <b>239,327</b>               | <b>69,493</b>                                |
| <b>Excess of revenues<br/>over (under) expenditures.....</b>       | <b>5,261</b>                | <b>126,333</b>   | <b>(3,870)</b>   | <b>34,792</b>                | <b>1,730</b>                                 |
| <b>Other financing sources (uses):</b>                             |                             |  |  |                              |  |
| Bonds and notes issued.....  | —                           | —  | —  | —                            | —  |
| Transfers in.....  | 18                          | —  | —  | 7,557                        | —  |
| Transfers out.....   | (1)                         | (4,456)  | —  | —                            | (230)  |
| <b>Total other financing sources (uses).....</b>                   | <b>17</b>                   | <b>(4,456)</b>   | <b>—</b>   | <b>7,557</b>                 | <b>(230)</b>                                 |
| <b>Net change in fund balances.....</b>                            | <b>5,278</b>                | <b>121,877</b>   | <b>(3,870)</b>   | <b>42,349</b>                | <b>1,500</b>                                 |
| Fund balances (deficit), beginning, as previously presented.....   | 163,768                     | (43,723)   | 57,334   | 53,557                       | 3,572  |
| Correction of error restatement.....                               | 2,610                       | 1,264  | —  | 5,399                        | 222  |
| <b>Fund balances (deficit) at beginning of year, restated.....</b> | <b>166,378</b>              | <b>(42,459)</b>  | <b>57,334</b>  | <b>58,956</b>                | <b>3,794</b>                                 |
| <b>Fund balances at end of year.....</b>                           | <b>\$ 171,656</b>           | <b>\$ 79,418</b>   | <b>\$ 53,464</b>   | <b>\$ 101,305</b>            | <b>\$ 5,294</b>                              |

State of South Carolina

| REVENUE                     |                   |                     |                  | PERMANENT       |                                      |                       |                  |                   |
|-----------------------------|-------------------|---------------------|------------------|-----------------|--------------------------------------|-----------------------|------------------|-------------------|
| Other<br>Special<br>Revenue | Totals            | CAPITAL<br>PROJECTS | DEBT<br>SERVICE  | Bequests        | Children's<br>Education<br>Endowment | Wildlife<br>Endowment | Totals           | TOTALS            |
| \$ —                        | \$ 654,818        | \$ —                | \$ —             | \$ —            | \$ —                                 | \$ —                  | \$ —             | \$ 654,818        |
| 15,482                      | 15,484            | —                   | 24,372           | —               | —                                    | —                     | —                | 39,856            |
| 12,335                      | 84,771            | —                   | —                | —               | —                                    | 287                   | 287              | 85,058            |
| (929)                       | 7,562             | (188)               | —                | 64              | 62                                   | 212                   | 338              | 7,712             |
| 34,584                      | 34,584            | 1,711               | —                | —               | —                                    | —                     | —                | 36,295            |
| 20,414                      | 20,414            | 3,257               | —                | —               | —                                    | —                     | —                | 23,671            |
| 83                          | 271,205           | 395                 | —                | —               | —                                    | —                     | —                | 271,600           |
| 8,469                       | 8,469             | —                   | —                | —               | —                                    | —                     | —                | 8,469             |
| —                           | 74,122            | —                   | —                | —               | —                                    | —                     | —                | 74,122            |
| 9                           | 533               | 6,359               | —                | —               | 3,938                                | —                     | 3,938            | 10,830            |
| <b>90,447</b>               | <b>1,171,962</b>  | <b>11,534</b>       | <b>24,372</b>    | <b>64</b>       | <b>4,000</b>                         | <b>499</b>            | <b>4,563</b>     | <b>1,212,431</b>  |
| 35,885                      | 157,566           | —                   | —                | —               | —                                    | —                     | —                | 157,566           |
| 3                           | 206,110           | —                   | —                | —               | 3,933                                | —                     | 3,933            | 210,043           |
| 431                         | 2,008             | —                   | —                | 17              | —                                    | —                     | 17               | 2,025             |
| 43,987                      | 43,987            | —                   | —                | —               | —                                    | —                     | —                | 43,987            |
| 97                          | 97                | —                   | —                | —               | —                                    | 345                   | 345              | 442               |
| 51                          | 51                | 26,801              | —                | —               | —                                    | —                     | —                | 26,852            |
| —                           | 71,701            | 1,190               | —                | —               | —                                    | —                     | —                | 72,891            |
| —                           | —                 | 1,279               | 26,481           | —               | —                                    | —                     | —                | 27,760            |
| 7,292                       | 523,495           | —                   | —                | —               | 2,594                                | —                     | 2,594            | 526,089           |
| <b>87,746</b>               | <b>1,005,015</b>  | <b>29,270</b>       | <b>26,481</b>    | <b>17</b>       | <b>6,527</b>                         | <b>345</b>            | <b>6,889</b>     | <b>1,067,655</b>  |
| <b>2,701</b>                | <b>166,947</b>    | <b>(17,736)</b>     | <b>(2,109)</b>   | <b>47</b>       | <b>(2,527)</b>                       | <b>154</b>            | <b>(2,326)</b>   | <b>144,776</b>    |
| —                           | —                 | 810                 | —                | —               | —                                    | —                     | —                | 810               |
| 9,669                       | 17,244            | 67,842              | 40,925           | —               | —                                    | —                     | —                | 126,011           |
| (825)                       | (5,512)           | (29,862)            | —                | —               | —                                    | —                     | —                | (35,374)          |
| <b>8,844</b>                | <b>11,732</b>     | <b>38,790</b>       | <b>40,925</b>    | <b>—</b>        | <b>—</b>                             | <b>—</b>              | <b>—</b>         | <b>91,447</b>     |
| <b>11,545</b>               | <b>178,679</b>    | <b>21,054</b>       | <b>38,816</b>    | <b>47</b>       | <b>(2,527)</b>                       | <b>154</b>            | <b>(2,326)</b>   | <b>236,223</b>    |
| 91,292                      | 325,800           | 107,676             | 20,599           | 1,345           | 10,426                               | 3,349                 | 15,120           | 469,195           |
| 1,067                       | 10,562            | 1,216               | —                | (9)             | (761)                                | 241                   | (529)            | 11,249            |
| <b>92,359</b>               | <b>336,362</b>    | <b>108,892</b>      | <b>20,599</b>    | <b>1,336</b>    | <b>9,665</b>                         | <b>3,590</b>          | <b>14,591</b>    | <b>480,444</b>    |
| <b>\$ 103,904</b>           | <b>\$ 515,041</b> | <b>\$ 129,946</b>   | <b>\$ 59,415</b> | <b>\$ 1,383</b> | <b>\$ 7,138</b>                      | <b>\$ 3,744</b>       | <b>\$ 12,265</b> | <b>\$ 716,667</b> |

## General Reserve Fund Activity

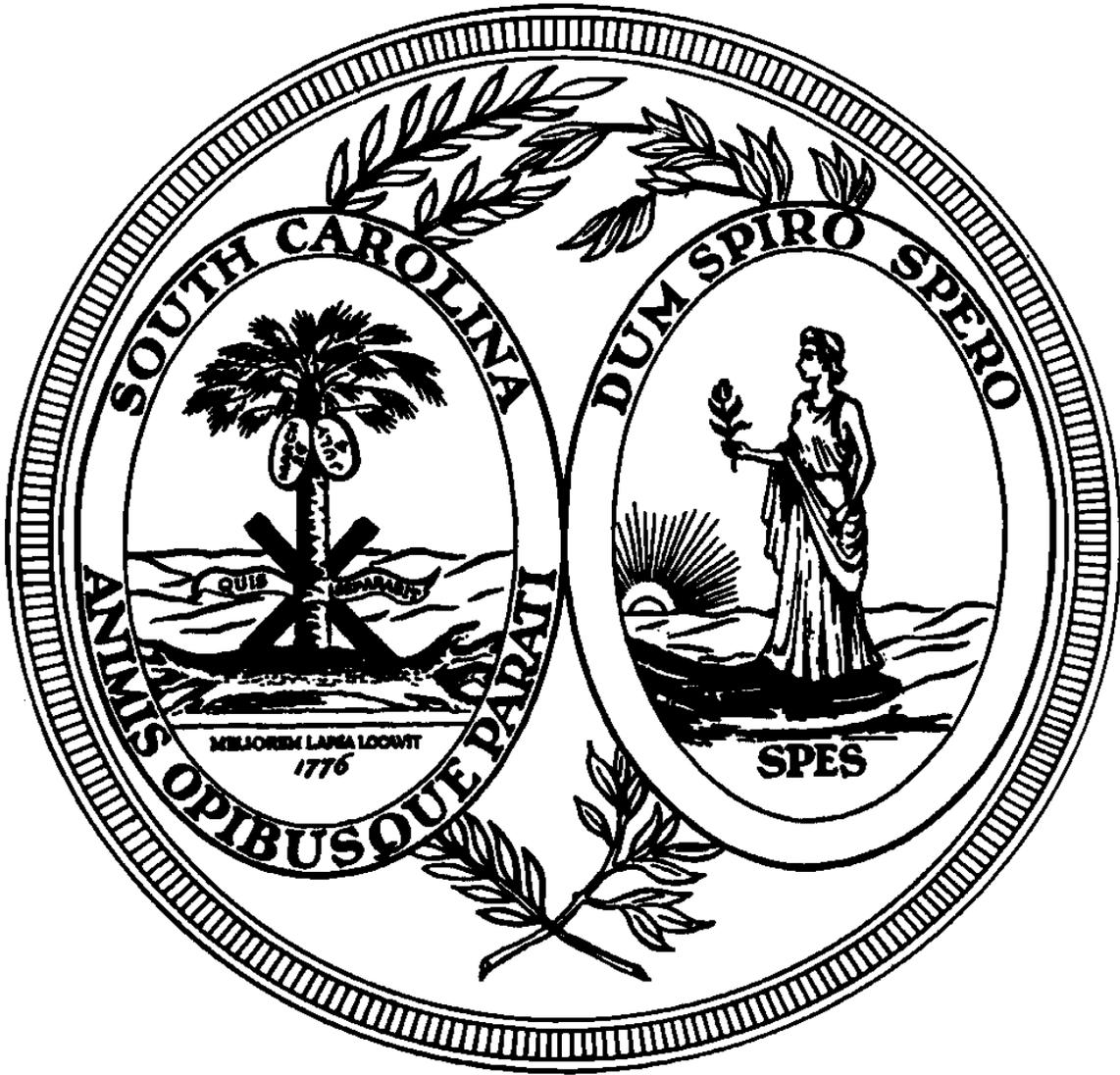
### BUDGETARY GENERAL FUND Last Ten Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Reserve Fund (Reserve). 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. An additional Constitutional amendment was passed to be effective for the fiscal year 2011-2012, that requires the amount in the Reserve to be gradually increased one-half of one percent annually until the Reserve is five 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<br/>June 30</u> | <u>Start-of-<br/>Year<br/>Balance</u> | <u>Deposits</u> | <u>Withdrawals</u> | <u>End-of-Year<br/>Balance</u> | <u>Full-Funding<br/>Amount</u> | <u>End-of-<br/>Year %<br/>Funded</u> |
|--------------------------------------|---------------------------------------|-----------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|
| 2002                                 | 60,523                                | 2,286           | (62,809)           | —                              | 150,202                        | —                                    |
| 2003                                 | —                                     | 38,797          | (38,797)           | —                              | 152,410                        | —                                    |
| 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%                                  |
| 2009                                 | 95,123                                | 12,974          | (108,097)          | —                              | 199,755                        | —                                    |
| 2010                                 | —                                     | 110,883         | —                  | 110,883                        | 191,772                        | 58%                                  |
| 2011                                 | 110,883                               | 55,442          | —                  | 166,325                        | 166,325                        | 100%                                 |
| 2012                                 | 166,325                               | 17,141          | —                  | 183,466                        | 183,466                        | 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.

*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.

## Proprietary Funds

*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 Jobs-Economic Development Authority, 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, 2012

(Expressed in Thousands)

|   | <u>Patients'</u><br><u>Compensation</u> | <u>Patriots Point</u><br><u>Development</u><br><u>Authority</u> | <u>Second</u><br><u>Injury</u> | <u>Tuition</u><br><u>Prepayment</u><br><u>Program</u> |
|---|---|---|--------------------------------|---|
| <b>ASSETS</b>                                       |   |   |                                |   |
| Current assets:                                     |   |   |                                |   |
| Cash and cash equivalents.....                      | \$ 86                                   | \$ 4,117  | \$ 204                         | \$ 118,310  |
| Investments.....                                    | 18,145                                  | —   | —                              | —   |
| Invested securities lending collateral.....         | —                                       | 4   | 56                             | 20  |
| Receivables, net:                                   |   |   |                                |   |
| Accounts.....                                       | —                                       | 453   | —                              | —   |
| Contributions.....                                  | —                                       | —   | —                              | —   |
| Participants.....                                   | —                                       | —   | —                              | 1,505   |
| Accrued interest.....                               | 179                                     | —   | —                              | 240   |
| Patient accounts.....                               | —                                       | —   | —                              | —   |
| Due from Federal government and other grantors..... | —                                       | —   | —                              | —   |
| Due from other funds.....                           | —                                       | —   | —                              | —   |
| Inventories.....                                    | —                                       | 272   | —                              | —   |
| Restricted assets:                                  |   |   |                                |   |
| Cash and cash equivalents.....                      | —                                       | —   | 40,888                         | —   |
| Investments.....                                    | —                                       | —   | —                              | —   |
| Loans receivable.....                               | —                                       | —   | —                              | —   |
| Other.....  | —                                       | —   | 198                            | —   |
| Prepaid items.....                                  | 229                                     | 9   | —                              | —   |
| Other current assets.....                           | —                                       | —   | —                              | —   |
| Total current assets.....                           | <u>18,639</u>                           | <u>4,855</u>  | <u>41,346</u>                  | <u>120,075</u>  |
| Long-term assets:                                   |   |   |                                |   |
| Investments.....                                    | —                                       | —   | —                              | —   |
| Receivables, net:                                   |   |   |                                |   |
| Accounts.....                                       | —                                       | —   | —                              | —   |
| Contributions.....                                  | —                                       | —   | —                              | —   |
| Participants.....                                   | —                                       | —   | —                              | 3,939   |
| Loans and notes.....                                | —                                       | —   | —                              | —   |
| Interfund receivables.....                          | —                                       | —   | —                              | —   |
| Restricted assets:                                  |   |   |                                |   |
| Cash and cash equivalents.....                      | —                                       | —   | —                              | —   |
| Investments.....                                    | —                                       | —   | —                              | —   |
| Loans receivable.....                               | —                                       | —   | —                              | —   |
| Other.....  | —                                       | —   | —                              | —   |
| Prepaid items.....                                  | —                                       | —   | —                              | —   |
| Other long-term assets.....                         | —                                       | —   | —                              | —   |
| Deferred charges.....                               | —                                       | —   | —                              | —   |
| Non-depreciable capital assets.....                 | —                                       | 4,589   | —                              | —   |
| Depreciable capital assets, net.....                | 372                                     | 17,933  | 4                              | —   |
| Total long-term assets.....                         | <u>372</u>                              | <u>22,522</u>   | <u>4</u>                       | <u>3,939</u>  |
| <b>Total assets.....</b>                            | <b><u>19,011</u></b>                    | <b><u>27,377</u></b>  | <b><u>41,350</u></b>           | <b><u>124,014</u></b>                                 |

# State of South Carolina

| <u>The Citadel Trust, Inc.</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>  |
|--------------------------------|---|--------------------------------------|--|--------------------------------|------------------------------------|-------------------------|----------------|
| \$ 208                         | \$ 13,942                                 | \$ 79,926                            | \$ —   | \$ —                           | \$ —                               | \$ 20,456               | \$ 237,249     |
| 1,679                          | 6,979                                     | 63,610                               | —  | —                              | —                                  | 550                     | 90,963         |
| —                              | —   | —                                    | —  | —                              | —                                  | 22                      | 102            |
| 56                             | 5,792                                     | 1,231                                | —  | —                              | —                                  | 1,970                   | 9,502          |
| 53                             | —   | —                                    | —  | —                              | —                                  | —                       | 53             |
| —                              | —   | —                                    | —  | —                              | —                                  | —                       | 1,505          |
| 81                             | —   | —                                    | 8  | —                              | —                                  | 151                     | 659            |
| —                              | 3,543                                     | 33,210                               | —  | —                              | —                                  | —                       | 36,753         |
| 104                            | —   | —                                    | —  | —                              | —                                  | —                       | 104            |
| —                              | —   | 22,791                               | —  | —                              | 1,409                              | —                       | 24,200         |
| —                              | —   | —                                    | —  | —                              | —                                  | 2,986                   | 3,258          |
| 1,598                          | 142                                       | —                                    | 1,370  | 964                            | —                                  | 204                     | 45,166         |
| 8,379                          | —   | —                                    | 316  | 730                            | —                                  | —                       | 9,425          |
| 70                             | —   | —                                    | —  | —                              | —                                  | —                       | 70             |
| 270                            | —   | —                                    | 3,994  | 1,103                          | —                                  | —                       | 5,565          |
| 5                              | —   | 338                                  | —  | 156                            | —                                  | 124                     | 861            |
| —                              | —   | 1,516                                | 64   | 61                             | —                                  | 3,764                   | 5,405          |
| <u>12,503</u>                  | <u>30,398</u>                             | <u>202,622</u>                       | <u>5,752</u>                                     | <u>3,014</u>                   | <u>1,409</u>                       | <u>30,227</u>           | <u>470,840</u> |
| 4,104                          | —   | 10,521                               | —  | —                              | —                                  | 300                     | 14,925         |
| —                              | —   | —                                    | —  | —                              | —                                  | 42                      | 42             |
| 156                            | —   | —                                    | —  | —                              | —                                  | —                       | 156            |
| —                              | —   | —                                    | —  | —                              | —                                  | —                       | 3,939          |
| 87                             | —   | —                                    | —  | —                              | —                                  | —                       | 87             |
| —                              | —   | 703                                  | —  | —                              | —                                  | —                       | 703            |
| 480                            | —   | —                                    | —  | 3,670                          | —                                  | —                       | 4,150          |
| 52,990                         | —   | —                                    | 213  | —                              | —                                  | —                       | 53,203         |
| —                              | —   | —                                    | —  | —                              | —                                  | 4,382                   | 4,382          |
| 224                            | —   | —                                    | 3,549  | 17,141                         | —                                  | —                       | 20,914         |
| —                              | —   | 8,834                                | —  | 1,646                          | —                                  | —                       | 10,480         |
| 12                             | —   | 8,961                                | 54   | —                              | —                                  | —                       | 9,027          |
| —                              | —   | 547                                  | 28   | 639                            | —                                  | —                       | 1,214          |
| 2,182                          | —   | 36,778                               | —  | —                              | 2,532                              | 42,438                  | 88,519         |
| —                              | 11,986                                    | 42,998                               | —  | —                              | 5,150                              | 11,636                  | 90,079         |
| <u>60,235</u>                  | <u>11,986</u>                             | <u>109,342</u>                       | <u>3,844</u>                                     | <u>23,096</u>                  | <u>7,682</u>                       | <u>58,798</u>           | <u>301,820</u> |
| <u>72,738</u>                  | <u>42,384</u>                             | <u>311,964</u>                       | <u>9,596</u>                                     | <u>26,110</u>                  | <u>9,091</u>                       | <u>89,025</u>           | <u>772,660</u> |

Continued on Next Page

# Combining Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2012

(Expressed in Thousands)

|   | <u>Patients'</u><br><u>Compensation</u> | <u>Patriots Point</u><br><u>Development</u><br><u>Authority</u> | <u>Second</u><br><u>Injury</u> | <u>Tuition</u><br><u>Prepayment</u><br><u>Program</u> |
|---|---|---|--------------------------------|---|
| <b>LIABILITIES</b>                                    |   |   |                                |   |
| Current liabilities:                                  |   |   |                                |   |
| Accounts payable.....                                 | \$ 260                                  | \$ 33   | \$ —                           | \$ —  |
| Accrued salaries and related expenses.....            | 29                                      | 330   | 90                             | —   |
| Accrued interest payable.....                         | —                                       | —   | —                              | —   |
| Tuition benefits payable.....                         | —                                       | —   | —                              | 24,654  |
| Policy claims.....                                    | 11,778                                  | —   | —                              | —   |
| Due to other funds.....                               | 8                                       | 136   | 1                              | —   |
| Unearned revenues.....                                | 4,819                                   | 186   | —                              | —   |
| Securities lending collateral.....                    | —                                       | 15  | 189                            | 25  |
| Liabilities payable from restricted assets:           |   |   |                                |   |
| Accrued interest payable.....                         | —                                       | —   | —                              | —   |
| Other.....  | —                                       | —   | 41,086                         | —   |
| Notes payable.....                                    | —                                       | —   | —                              | —   |
| Revenue bonds payable.....                            | —                                       | —   | —                              | —   |
| Capital leases payable.....                           | —                                       | —   | —                              | —   |
| Compensated absences payable.....                     | 18                                      | 22  | 80                             | —   |
| Other current liabilities.....                        | 106                                     | —   | —                              | —   |
| Total current liabilities.....                        | <u>17,018</u>                           | <u>722</u>  | <u>41,446</u>                  | <u>24,679</u>   |
| Long-term liabilities:                                |   |   |                                |   |
| Tuition benefits payable.....                         | —                                       | —   | —                              | 133,597   |
| Policy claims.....                                    | 100,431                                 | —   | —                              | —   |
| Interfund payables.....                               | —                                       | 8,723   | —                              | —   |
| Unearned revenues.....                                | —                                       | 375   | —                              | —   |
| Other liabilities payable from restricted assets..... | —                                       | —   | —                              | —   |
| Notes payable.....                                    | —                                       | —   | —                              | —   |
| Revenue bonds payable.....                            | —                                       | —   | —                              | —   |
| Capital leases payable.....                           | —                                       | —   | —                              | —   |
| Compensated absences payable.....                     | —                                       | 315   | 34                             | —   |
| Other long-term liabilities.....                      | —                                       | —   | —                              | —   |
| Total long-term liabilities.....                      | <u>100,431</u>                          | <u>9,413</u>  | <u>34</u>                      | <u>133,597</u>  |
| <b>Total liabilities.....</b>                         | <b><u>117,449</u></b>                   | <b><u>10,135</u></b>  | <b><u>41,480</u></b>           | <b><u>158,276</u></b>                                 |
| <b>NET ASSETS (DEFICITS)</b>                          |   |   |                                |   |
| Invested in capital assets, net of related debt.....  | 372                                     | 13,822  | 4                              | —   |
| Restricted:   |   |   |                                |   |
| Expendable:   |   |   |                                |   |
| Education.....  | —                                       | —   | —                              | 56  |
| Capital projects.....                                 | —                                       | —   | —                              | —   |
| Debt service.....                                     | —                                       | —   | —                              | —   |
| Nonexpendable:  |   |   |                                |   |
| Education.....  | —                                       | —   | —                              | —   |
| Unrestricted.....                                     | (98,810)                                | 3,420   | (134)                          | (34,318)  |
| <b>Total net assets (deficits).....</b>               | <b><u>\$ (98,438)</u></b>               | <b><u>\$ 17,242</u></b>   | <b><u>\$ (130)</u></b>         | <b><u>\$ (34,262)</u></b>                             |

State of South Carolina

| 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            |
|-------------------------|------------------------------------|-------------------------------|---|-------------------------|-----------------------------|------------------|-------------------|
| \$ 27                   | \$ 7,083                           | \$ 8,234                      | \$ —                                      | \$ —                    | \$ 6                        | \$ 737           | \$ 16,380         |
| 16                      | 197                                | 16,215                        | —   | —                       | —                           | 421              | 17,298            |
| —                       | —                                  | 229                           | 101                                       | 568                     | —                           | —                | 898               |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 24,654            |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 11,778            |
| —                       | —                                  | —                             | —   | —                       | —                           | 109              | 254               |
| —                       | —                                  | —                             | 9   | —                       | 3                           | 228              | 5,245             |
| —                       | —                                  | —                             | —   | —                       | —                           | 74               | 303               |
| —                       | —                                  | —                             | —   | —                       | —                           | 73               | 73                |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 41,086            |
| —                       | —                                  | 3,792                         | 3,110                                     | 1,430                   | —                           | —                | 8,332             |
| —                       | 425                                | —                             | 923                                       | —                       | —                           | —                | 1,348             |
| —                       | 144                                | —                             | —   | —                       | —                           | —                | 144               |
| 98                      | 658                                | 2,336                         | —   | —                       | —                           | 456              | 3,668             |
| 8                       | —                                  | 1,788                         | —   | —                       | —                           | —                | 1,902             |
| <b>149</b>              | <b>8,507</b>                       | <b>32,594</b>                 | <b>4,143</b>                              | <b>1,998</b>            | <b>9</b>                    | <b>2,098</b>     | <b>133,363</b>    |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 133,597           |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 100,431           |
| —                       | —                                  | —                             | —   | —                       | —                           | 4,382            | 13,105            |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 375               |
| —                       | —                                  | —                             | —   | —                       | —                           | 6                | 6                 |
| —                       | —                                  | 15,233                        | —   | 23,121                  | —                           | —                | 38,354            |
| —                       | 5,525                              | 47,319                        | 4,031                                     | —                       | —                           | —                | 56,875            |
| —                       | 282                                | —                             | —   | —                       | —                           | —                | 282               |
| 5                       | 742                                | 1,557                         | —   | —                       | —                           | 239              | 2,892             |
| 16                      | —                                  | 7,356                         | 54  | —                       | —                           | —                | 7,426             |
| <b>21</b>               | <b>6,549</b>                       | <b>71,465</b>                 | <b>4,085</b>                              | <b>23,121</b>           | <b>—</b>                    | <b>4,627</b>     | <b>353,343</b>    |
| <b>170</b>              | <b>15,056</b>                      | <b>104,059</b>                | <b>8,228</b>                              | <b>25,119</b>           | <b>9</b>                    | <b>6,725</b>     | <b>486,706</b>    |
| 2,182                   | 5,610                              | 46,071                        | —   | —                       | 7,682                       | 54,074           | 129,817           |
| 25,554                  | —                                  | —                             | —   | —                       | —                           | —                | 25,610            |
| 108                     | —                                  | —                             | —   | —                       | —                           | —                | 108               |
| —                       | 142                                | —                             | 1,368                                     | 991                     | —                           | —                | 2,501             |
| 38,508                  | —                                  | —                             | —   | —                       | —                           | —                | 38,508            |
| 6,216                   | 21,576                             | 161,834                       | —   | —                       | 1,400                       | 28,226           | 89,410            |
| <b>\$ 72,568</b>        | <b>\$ 27,328</b>                   | <b>\$ 207,905</b>             | <b>\$ 1,368</b>                           | <b>\$ 991</b>           | <b>\$ 9,082</b>             | <b>\$ 82,300</b> | <b>\$ 285,954</b> |

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

## NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

|  | Patients'<br>Compensation | Patriots Point<br>Development<br>Authority | Second<br>Injury | Tuition<br>Prepayment<br>Program |
|--|---------------------------|--|------------------|----------------------------------|
| <b>Operating revenues:</b>   |                           |  |                  |                                  |
| Charges for services.....  | \$ 16,207                 | \$ 9,406                                   | \$ 1,560         | \$ 284                           |
| Interest and other investment income.....                                    | 1                         | —  | —                | 4,739                            |
| Operating revenues pledged for revenue bonds.....                            | —                         | —  | —                | —                                |
| Federal operating grants and contracts.....                                  | —                         | —  | —                | —                                |
| State operating grants and contracts .....                                   | —                         | —  | —                | —                                |
| Other operating revenues.....  | —                         | —  | —                | —                                |
| <b>Total operating revenues.....</b>   | <b>16,208</b>             | <b>9,406</b>                               | <b>1,560</b>     | <b>5,023</b>                     |
| <b>Operating expenses:</b>   |                           |  |                  |                                  |
| General operations and administration.....                                   | 1,794                     | 8,536                                      | 1,544            | —                                |
| Benefits and claims.....   | 7,730                     | —  | —                | —                                |
| Tuition plan disbursements.....  | —                         | —  | —                | 726                              |
| Depreciation and amortization.....   | 93                        | 1,007                                      | 3                | —                                |
| Other operating expenses.....  | —                         | 340  | 17               | 2,423                            |
| <b>Total operating expenses.....</b>   | <b>9,617</b>              | <b>9,883</b>                               | <b>1,564</b>     | <b>3,149</b>                     |
| <b>Operating income (loss).....</b>  | <b>6,591</b>              | <b>(477)</b>                               | <b>(4)</b>       | <b>1,874</b>                     |
| <b>Nonoperating revenues (expenses):</b>                                     |                           |  |                  |                                  |
| Interest income (loss).....  | 678                       | 63   | (133)            | —                                |
| Contributions.....   | —                         | 2  | —                | —                                |
| Federal grants and contracts.....  | —                         | —  | —                | —                                |
| Local/private grants and contracts.....                                      | —                         | —  | —                | —                                |
| Interest expense.....  | —                         | —  | —                | —                                |
| Net other nonoperating revenues (expenses).....                              | —                         | —  | —                | —                                |
| <b>Total nonoperating revenues (expenses).....</b>                           | <b>678</b>                | <b>65</b>                                  | <b>(133)</b>     | <b>—</b>                         |
| <b>Income (loss) before other revenues, expenses,<br/>and transfers.....</b> | <b>7,269</b>              | <b>(412)</b>                               | <b>(137)</b>     | <b>1,874</b>                     |
| Additions to endowments.....   | —                         | —  | —                | —                                |
| Transfers in.....  | —                         | —  | —                | —                                |
| Transfers out.....   | —                         | (152)                                      | —                | (661)                            |
| <b>Change in net assets.....</b>   | <b>7,269</b>              | <b>(564)</b>                               | <b>(137)</b>     | <b>1,213</b>                     |
| Net assets (deficits), beginning, as previously presented.....               | (105,707)                 | 17,806                                     | 7                | (1,157)                          |
| Correction of error restatement.....   | —                         | —  | —                | (34,318)                         |
| <b>Net assets (deficits) at beginning of year, restated.....</b>             | <b>(105,707)</b>          | <b>17,806</b>                              | <b>7</b>         | <b>(35,475)</b>                  |
| <b>Net assets (deficits) at end of year.....</b>                             | <b>\$ (98,438)</b>        | <b>\$ 17,242</b>                           | <b>\$ (130)</b>  | <b>\$ (34,262)</b>               |

State of South Carolina

| <u>The Citadel<br/>Trust, Inc.</u> | <u>University<br/>of South<br/>Carolina<br/>Trust</u> | <u>University<br/>Medical<br/>Associates</u> | <u>Medical<br/>University<br/>Facilities<br/>Corporation</u> | <u>CHS<br/>Development<br/>Company</u> | <u>Enterprise<br/>Campus<br/>Authority</u> | <u>Other<br/>Enterprise</u> | <u>Totals</u>     |
|------------------------------------|---|--|--|--|--|-----------------------------|-------------------|
| \$ —                               | \$ 39,220   | \$ 307,217                                   | \$ —   | \$ —                                   | \$ —                                       | \$ 30,708                   | \$ 404,602        |
| (992)                              | —   | —  | 33   | —                                      | —  | 16                          | 3,797             |
| —                                  | —   | —  | 600  | 978                                    | —  | —                           | 1,578             |
| —                                  | —   | —  | —  | —                                      | —  | 5,995                       | 5,995             |
| —                                  | —   | —  | —  | —                                      | —  | 1,755                       | 1,755             |
| 1,352                              | 26,178  | 13,256                                       | —  | —                                      | 50   | 127                         | 40,963            |
| <b>360</b>                         | <b>65,398</b>   | <b>320,473</b>                               | <b>633</b>   | <b>978</b>                             | <b>50</b>                                  | <b>38,601</b>               | <b>458,690</b>    |
| 139                                | 61,843  | 245,104                                      | —  | —                                      | 186  | 27,787                      | 346,933           |
| —                                  | —   | —  | —  | —                                      | —  | —                           | 7,730             |
| —                                  | —   | —  | —  | —                                      | —  | —                           | 726               |
| —                                  | 1,020   | 3,097  | 64   | 217                                    | 180  | 945                         | 6,626             |
| —                                  | —   | —  | 530  | 1,164                                  | —  | 58                          | 4,532             |
| <b>139</b>                         | <b>62,863</b>   | <b>248,201</b>                               | <b>594</b>   | <b>1,381</b>                           | <b>366</b>                                 | <b>28,790</b>               | <b>366,547</b>    |
| <b>221</b>                         | <b>2,535</b>  | <b>72,272</b>                                | <b>39</b>  | <b>(403)</b>                           | <b>(316)</b>                               | <b>9,811</b>                | <b>92,143</b>     |
| —                                  | 229   | (130)  | —  | —                                      | —  | 384                         | 1,091             |
| 2,594                              | —   | —  | —  | —                                      | —  | —                           | 2,596             |
| —                                  | —   | —  | —  | —                                      | —  | (80)                        | (80)              |
| 493                                | —   | —  | —  | —                                      | —  | —                           | 493               |
| —                                  | (259)   | (4,168)                                      | —  | —                                      | —  | (198)                       | (4,625)           |
| 203                                | —   | (3,663)                                      | —  | —                                      | —  | (8,024)                     | (11,484)          |
| <b>3,290</b>                       | <b>(30)</b>   | <b>(7,961)</b>                               | <b>—</b>   | <b>—</b>                               | <b>—</b>                                   | <b>(7,918)</b>              | <b>(12,009)</b>   |
| <b>3,511</b>                       | <b>2,505</b>  | <b>64,311</b>                                | <b>39</b>  | <b>(403)</b>                           | <b>(316)</b>                               | <b>1,893</b>                | <b>80,134</b>     |
| 779                                | —   | —  | —  | —                                      | —  | —                           | 779               |
| —                                  | —   | —  | —  | 690                                    | —  | 449                         | 1,139             |
| (5,170)                            | —   | (54,570)                                     | (36)   | —                                      | —  | (687)                       | (61,276)          |
| <b>(880)</b>                       | <b>2,505</b>  | <b>9,741</b>                                 | <b>3</b>   | <b>287</b>                             | <b>(316)</b>                               | <b>1,655</b>                | <b>20,776</b>     |
| 73,448                             | 24,823  | 198,164                                      | 1,365  | 704                                    | 9,398                                      | 80,630                      | 299,481           |
| —                                  | —   | —  | —  | —                                      | —  | 15                          | (34,303)          |
| <b>73,448</b>                      | <b>24,823</b>   | <b>198,164</b>                               | <b>1,365</b>   | <b>704</b>                             | <b>9,398</b>                               | <b>80,645</b>               | <b>265,178</b>    |
| <b>\$ 72,568</b>                   | <b>\$ 27,328</b>                                      | <b>\$ 207,905</b>                            | <b>\$ 1,368</b>  | <b>\$ 991</b>                          | <b>\$ 9,082</b>                            | <b>\$ 82,300</b>            | <b>\$ 285,954</b> |

# Combining Statement of Cash Flows

## NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

|  | Patients'<br>Compensation | Patriots<br>Point<br>Development<br>Authority | Second<br>Injury | Tuition<br>Prepayment<br>Program |
|--|---------------------------|---|------------------|----------------------------------|
| <b>Cash flows from operating activities:</b>                               |                           |   |                  |                                  |
| Receipts from customers, patients, and third-party payers.....             | \$ 15,776                 | \$ 9,256                                      | \$ —             | \$ 284                           |
| Assessments received.....  | —                         | —   | 101,990          | —                                |
| Grants received.....   | —                         | —   | —                | —                                |
| Internal activity—payments from other funds.....                           | —                         | —   | —                | —                                |
| Tuition plan contributions received.....                                   | —                         | —   | —                | 519                              |
| Other operating cash receipts.....   | —                         | 192   | 754              | —                                |
| Claims and benefits paid.....  | (17,508)                  | —   | (100,892)        | —                                |
| Payments to suppliers for goods and services.....                          | (1,256)                   | (4,403)                                       | (331)            | —                                |
| Payments to employees.....   | (370)                     | (4,073)                                       | (1,228)          | —                                |
| Internal activity—payments to other funds.....                             | —                         | —   | —                | —                                |
| Other operating cash payments.....   | —                         | —   | —                | (13,546)                         |
| <b>Net cash provided by (used in) operating activities.....</b>            | <b>(3,358)</b>            | <b>972</b>                                    | <b>293</b>       | <b>(12,743)</b>                  |
| <b>Cash flows from noncapital financing activities:</b>                    |                           |   |                  |                                  |
| Principal payments made to other funds.....                                | —                         | (10)  | —                | —                                |
| Principal paid on noncapital debt.....                                     | —                         | —   | —                | —                                |
| Interest payments on noncapital debt.....                                  | —                         | —   | —                | —                                |
| Gifts and grants for other than capital purposes.....                      | —                         | —   | —                | —                                |
| Other cash receipts.....   | —                         | —   | —                | —                                |
| Other cash payments.....   | —                         | —   | —                | —                                |
| Transfers in.....  | —                         | —   | —                | —                                |
| Transfers out.....   | —                         | (152)   | —                | (661)                            |
| <b>Net cash provided by (used in) noncapital financing activities.....</b> | <b>—</b>                  | <b>(162)</b>                                  | <b>—</b>         | <b>(661)</b>                     |
| <b>Cash flows from capital and related financing activities:</b>           |                           |   |                  |                                  |
| Acquisition of capital assets.....   | —                         | (248)   | (3)              | —                                |
| Principal payments on capital debt.....                                    | —                         | —   | —                | —                                |
| Interest payments on capital debt.....                                     | —                         | (252)   | —                | —                                |
| Proceeds from sale or disposal of capital assets.....                      | —                         | —   | 3                | —                                |
| <b>Net cash used in capital and related financing activities.....</b>      | <b>—</b>                  | <b>(500)</b>                                  | <b>—</b>         | <b>—</b>                         |
| <b>Cash flows from investing activities:</b>                               |                           |   |                  |                                  |
| Proceeds from sales and maturities of investments.....                     | 14,335                    | —   | —                | —                                |
| Purchase of investments.....   | (15,493)                  | —   | —                | —                                |
| Collection of interfund receivables.....                                   | —                         | —   | —                | —                                |
| Collection of interest on interfund receivables.....                       | —                         | —   | —                | —                                |
| Interest and dividends on investments.....                                 | 452                       | 64  | 946              | 3,011                            |
| <b>Net cash provided by (used in) investing activities.....</b>            | <b>(706)</b>              | <b>64</b>                                     | <b>946</b>       | <b>3,011</b>                     |
| <b>Net increase (decrease) in cash and cash equivalents.....</b>           | <b>(4,064)</b>            | <b>374</b>                                    | <b>1,239</b>     | <b>(10,393)</b>                  |
| Cash and cash equivalents, beginning, as previously presented.....         | 4,150                     | 3,743   | 39,853           | 163,021                          |
| Correction of an error restatement.....                                    | —                         | —   | —                | (34,318)                         |
| <b>Cash and cash equivalents at beginning of year, restated.....</b>       | <b>4,150</b>              | <b>3,743</b>                                  | <b>39,853</b>    | <b>128,703</b>                   |
| <b>Cash and cash equivalents at end of year.....</b>                       | <b>\$ 86</b>              | <b>\$ 4,117</b>                               | <b>\$ 41,092</b> | <b>\$ 118,310</b>                |

State of South Carolina

| 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            |
|-------------------------|------------------------------------|-------------------------------|---|-------------------------|-----------------------------|------------------|-------------------|
| \$ —                    | \$ 39,017                          | \$ 295,639                    | \$ —                                      | \$ —                    | \$ —                        | \$ 30,041        | \$ 390,013        |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 101,990           |
| —                       | —                                  | —                             | —   | —                       | —                           | 7,750            | 7,750             |
| —                       | —                                  | —                             | —   | —                       | —                           | 700              | 700               |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | 519               |
| —                       | 25,763                             | 64,573                        | —   | —                       | —                           | 126              | 91,408            |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | (118,400)         |
| (71)                    | (23,131)                           | (92,644)                      | —   | —                       | (316)                       | (26,562)         | (148,714)         |
| (67)                    | (38,279)                           | (195,892)                     | —   | —                       | —                           | (4,673)          | (244,582)         |
| —                       | —                                  | —                             | —   | —                       | —                           | (2,488)          | (2,488)           |
| —                       | —                                  | (1)                           | —   | —                       | 316                         | (58)             | (13,289)          |
| <b>(138)</b>            | <b>3,370</b>                       | <b>71,675</b>                 | <b>—</b>                                  | <b>—</b>                | <b>—</b>                    | <b>4,836</b>     | <b>64,907</b>     |
| —                       | —                                  | —                             | —   | —                       | —                           | —                | (10)              |
| —                       | —                                  | (1,849)                       | —   | —                       | —                           | —                | (1,849)           |
| —                       | —                                  | (1,173)                       | —   | —                       | —                           | (232)            | (1,405)           |
| 3,492                   | —                                  | (7,373)                       | —   | —                       | —                           | —                | (3,881)           |
| 284                     | —                                  | —                             | —   | —                       | —                           | 1,408            | 1,692             |
| —                       | —                                  | —                             | —   | —                       | —                           | (8,104)          | (8,104)           |
| —                       | —                                  | —                             | —   | 690                     | —                           | 449              | 1,139             |
| (5,170)                 | —                                  | (54,570)                      | (36)                                      | —                       | —                           | (687)            | (61,276)          |
| <b>(1,394)</b>          | <b>—</b>                           | <b>(64,965)</b>               | <b>(36)</b>                               | <b>690</b>              | <b>—</b>                    | <b>(7,166)</b>   | <b>(73,694)</b>   |
| —                       | (525)                              | (26,325)                      | —   | —                       | —                           | (3,834)          | (30,935)          |
| —                       | (557)                              | (1,991)                       | (2,218)                                   | (1,365)                 | —                           | —                | (6,131)           |
| —                       | (259)                              | (1,244)                       | (550)                                     | (1,204)                 | —                           | —                | (3,509)           |
| —                       | —                                  | 28                            | —   | —                       | —                           | —                | 31                |
| <b>—</b>                | <b>(1,341)</b>                     | <b>(29,532)</b>               | <b>(2,768)</b>                            | <b>(2,569)</b>          | <b>—</b>                    | <b>(3,834)</b>   | <b>(40,544)</b>   |
| 13,387                  | 2,104                              | 11,728                        | 1,278                                     | 8,157                   | —                           | 214              | 51,203            |
| (13,330)                | (2,187)                            | (23,535)                      | (1,278)                                   | (8,186)                 | —                           | —                | (64,009)          |
| —                       | —                                  | —                             | 2,163                                     | 1,056                   | —                           | —                | 3,219             |
| —                       | —                                  | —                             | 596                                       | 821                     | —                           | —                | 1,417             |
| 743                     | 77                                 | 2,175                         | 33  | 158                     | —                           | 16               | 7,675             |
| <b>800</b>              | <b>(6)</b>                         | <b>(9,632)</b>                | <b>2,792</b>                              | <b>2,006</b>            | <b>—</b>                    | <b>230</b>       | <b>(495)</b>      |
| <b>(732)</b>            | <b>2,023</b>                       | <b>(32,454)</b>               | <b>(12)</b>                               | <b>127</b>              | <b>—</b>                    | <b>(5,934)</b>   | <b>(49,826)</b>   |
| 3,018                   | 12,061                             | 112,380                       | 1,382                                     | 4,507                   | —                           | 26,579           | 370,694           |
| —                       | —                                  | —                             | —   | —                       | —                           | 15               | (34,303)          |
| <b>3,018</b>            | <b>12,061</b>                      | <b>112,380</b>                | <b>1,382</b>                              | <b>4,507</b>            | <b>—</b>                    | <b>26,594</b>    | <b>336,391</b>    |
| <b>\$ 2,286</b>         | <b>\$ 14,084</b>                   | <b>\$ 79,926</b>              | <b>\$ 1,370</b>                           | <b>\$ 4,634</b>         | <b>\$ —</b>                 | <b>\$ 20,660</b> | <b>\$ 286,565</b> |

Continued on Next Page

## Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

|  | <u>Patients'</u><br><u>Compensation</u> | <u>Patriots</u><br><u>Point</u><br><u>Development</u><br><u>Authority</u> | <u>Second</u><br><u>Injury</u> | <u>Tuition</u><br><u>Prepayment</u><br><u>Program</u> |
|--|---|---|--------------------------------|---|
| <b>Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:</b>  |   |   |                                |   |
| Operating income (loss).....   | \$ 6,591                                | \$ (477)  | \$ (4)                         | \$ 1,874  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |   |   |                                |   |
| Depreciation and amortization .....  | 93                                      | 1,007   | 3                              | —   |
| Provision for bad debts.....   | —                                       | —   | —                              | —   |
| Realized gains and losses on sale of assets.....   | —                                       | —   | —                              | —   |
| Interest payments reclassified as noncapital financing activities.....                                   | —                                       | 262   | —                              | —   |
| Interest and dividends on investments and interfund loans.....   | —                                       | —   | —                              | (4,739)   |
| Other nonoperating revenues.....   | —                                       | —   | —                              | —   |
| Other nonoperating expenses.....   | —                                       | —   | —                              | —   |
| <b>Effect of change in operating assets and liabilities:</b>   |   |   |                                |   |
| Accounts receivable, net.....  | —                                       | 6   | —                              | 2,942   |
| Due from other funds.....  | —                                       | 5   | —                              | —   |
| Inventories.....   | —                                       | 24  | —                              | —   |
| Other assets .....   | 5                                       | —   | 190                            | —   |
| Accounts payable.....  | 248                                     | 40  | —                              | —   |
| Accrued salaries and related expenses.....   | 2                                       | 34  | (3)                            | —   |
| Tuition benefits payable.....  | —                                       | —   | —                              | (12,820)  |
| Policy claims.....   | (9,884)                                 | —   | —                              | —   |
| Due to other funds.....  | 8                                       | —   | —                              | —   |
| Unearned revenues .....  | (431)                                   | 29  | —                              | —   |
| Compensated absences payable .....   | —                                       | 42  | 8                              | —   |
| Other liabilities.....   | 10                                      | —   | 99                             | —   |
| <b>Net cash provided by (used in) operating activities.....</b>  | <b>\$ (3,358)</b>                       | <b>\$ 972</b>   | <b>\$ 293</b>                  | <b>\$ (12,743)</b>                                    |
| <b>Noncash capital, investing, and financing activities:</b>   |   |   |                                |   |
| Increase (decrease) in fair value of investments.....  | \$ 152                                  | \$ —  | \$ —                           | \$ —  |
| Prorata income from joint ventures.....  | —                                       | —   | —                              | —   |
| Other noncash activity.....  | —                                       | —   | —                              | 56  |
|  | <b>\$ 152</b>                           | <b>\$ —</b>   | <b>\$ —</b>                    | <b>\$ 56</b>  |

State of South Carolina

| <u>The Citadel<br/>Trust, Inc.</u> | <u>University<br/>of South<br/>Carolina<br/>Trust</u> | <u>University<br/>Medical<br/>Associates</u> | <u>Medical<br/>University<br/>Facilities<br/>Corporation</u> | <u>CHS<br/>Development<br/>Company</u> | <u>Enterprise<br/>Campus<br/>Authority</u> | <u>Other<br/>Enterprise</u> | <u>Totals</u>     |
|------------------------------------|---|--|--|--|--|-----------------------------|-------------------|
| \$ 221                             | \$ 2,535  | \$ 72,272                                    | \$ 39  | \$ (403)                               | \$ (316)                                   | \$ 9,811                    | \$ 92,143         |
| —                                  | 1,020   | 3,097  | 64   | 217                                    | 180  | 945                         | 6,626             |
| —                                  | —   | 28,004                                       | —  | —                                      | —  | —                           | 28,004            |
| (359)                              | —   | —  | —  | —                                      | —  | —                           | (359)             |
| —                                  | —   | —  | 530  | 1,164                                  | —  | —                           | 1,956             |
| —                                  | —   | —  | (633)  | (978)                                  | —  | (16)                        | (6,366)           |
| —                                  | —   | 4,832  | —  | —                                      | —  | —                           | 4,832             |
| —                                  | —   | (1)  | —  | —                                      | —  | —                           | (1)               |
| —                                  | (619)   | (29,675)                                     | —  | —                                      | —  | (833)                       | (28,179)          |
| —                                  | —   | (4,024)                                      | —  | —                                      | —  | —                           | (4,019)           |
| —                                  | —   | —  | —  | —                                      | —  | 379                         | 403               |
| —                                  | —   | 612  | —  | —                                      | (59)                                       | (3,768)                     | (3,020)           |
| —                                  | 297   | (1,425)                                      | —  | —                                      | (53)                                       | 122                         | (771)             |
| —                                  | 68  | —  | —  | —                                      | —  | 79                          | 180               |
| —                                  | —   | —  | —  | —                                      | —  | —                           | (12,820)          |
| —                                  | —   | —  | —  | —                                      | —  | —                           | (9,884)           |
| —                                  | —   | (801)  | —  | —                                      | 245  | (1,788)                     | (2,336)           |
| —                                  | —   | —  | —  | —                                      | 3  | 166                         | (233)             |
| —                                  | 69  | 59   | —  | —                                      | —  | 27                          | 205               |
| —                                  | —   | (1,275)                                      | —  | —                                      | —  | (288)                       | (1,454)           |
| <b>\$ (138)</b>                    | <b>\$ 3,370</b>                                       | <b>\$ 71,675</b>                             | <b>\$ —</b>  | <b>\$ —</b>                            | <b>\$ —</b>                                | <b>\$ 4,836</b>             | <b>\$ 64,907</b>  |
| \$ (2,504)                         | \$ (119)  | \$ (2,046)                                   | \$ —   | \$ —                                   | \$ —                                       | \$ —                        | \$ (4,517)        |
| —                                  | —   | 369  | —  | —                                      | —  | —                           | 369               |
| —                                  | —   | —  | —  | —                                      | —  | —                           | 56                |
| <b>\$ (2,504)</b>                  | <b>\$ (119)</b>                                       | <b>\$ (1,677)</b>                            | <b>\$ —</b>  | <b>\$ —</b>                            | <b>\$ —</b>                                | <b>\$ —</b>                 | <b>\$ (4,092)</b> |

# Combining Statement of Net Assets

## INTERNAL SERVICE FUNDS

June 30, 2012

(Expressed in Thousands)

|   | <u>Insurance<br/>Reserve</u> | <u>Employee<br/>Insurance<br/>Programs</u> | <u>State<br/>Accident</u> | <u>General<br/>Services</u> |
|---|------------------------------|--|---------------------------|-----------------------------|
| <b>ASSETS</b>                               |                              |  |                           |                             |
| Current assets:                             |                              |  |                           |                             |
| Cash and cash equivalents.....              | \$ 11,532                    | \$ 349,317                                 | \$ 208,050                | \$ 26,162                   |
| Invested securities lending collateral..... | 2,701                        | 447  | 286                       | 2                           |
| Receivables, net:                           |                              |  |                           |                             |
| Accounts .....                              | 11,718                       | 32,841                                     | 63,545                    | 329                         |
| Accrued interest.....                       | 4,321                        | 62   | 835                       | 6                           |
| Due from other funds.....                   | 13,016                       | 1,352                                      | —                         | 4,141                       |
| Due from component units.....               | 47                           | —  | —                         | —                           |
| Inventories.....                            | —                            | —  | —                         | 624                         |
| Prepaid items.....                          | 21,580                       | —  | 10                        | 1,519                       |
| Total current assets.....                   | <u>64,915</u>                | <u>384,019</u>                             | <u>272,726</u>            | <u>32,783</u>               |
| Long-term assets:                           |                              |  |                           |                             |
| Investments.....                            | 455,214                      | —  | —                         | —                           |
| Accounts receivable, net.....               | —                            | —  | 30                        | —                           |
| Interfund receivables.....                  | 4,382                        | —  | —                         | 12,085                      |
| Prepaid items.....                          | —                            | —  | —                         | 391                         |
| Other long-term assets.....                 | —                            | —  | 407                       | —                           |
| Deferred charges.....                       | —                            | —  | —                         | 66                          |
| Non-depreciable capital assets.....         | —                            | —  | —                         | 6,897                       |
| Depreciable capital assets, net.....        | 25                           | 17   | 76                        | 88,059                      |
| Total long-term assets.....                 | <u>459,621</u>               | <u>17</u>                                  | <u>513</u>                | <u>107,498</u>              |
| <b>Total assets.....</b>                    | <b><u>524,536</u></b>        | <b><u>384,036</u></b>                      | <b><u>273,239</u></b>     | <b><u>140,281</u></b>       |

State of South Carolina

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| <u>Central<br/>Supplies<br/>and<br/>Equipment</u> | <u>Motor<br/>Pool</u> | <u>Pension<br/>Adminis-<br/>tration</u> | <u>Prison<br/>Industries</u> | <u>Other<br/>Internal<br/>Service</u> | <u>Totals</u>    |
|---|-----------------------|---|------------------------------|---------------------------------------|------------------|
| \$ 2,199  | \$ 17,159             | \$ 2,814                                | \$ 2,356                     | \$ 375                                | \$ 619,964       |
| —   | —                     | 3                                       | —                            | —                                     | 3,439            |
| —   | 638                   | 1                                       | 1,192                        | —                                     | 110,264          |
| —   | —                     | 19                                      | —                            | —                                     | 5,243            |
| 6   | 1,590                 | —                                       | 271                          | 7                                     | 20,383           |
| —   | 2                     | —                                       | —                            | —                                     | 49               |
| 1,954   | 33                    | —                                       | 3,522                        | —                                     | 6,133            |
| —   | —                     | 143                                     | 1                            | —                                     | 23,253           |
| <u>4,159</u>                                      | <u>19,422</u>         | <u>2,980</u>                            | <u>7,342</u>                 | <u>382</u>                            | <u>788,728</u>   |
| —   | —                     | —                                       | —                            | —                                     | 455,214          |
| —   | —                     | —                                       | 1,241                        | —                                     | 1,271            |
| —   | —                     | —                                       | —                            | —                                     | 16,467           |
| —   | —                     | —                                       | —                            | —                                     | 391              |
| —   | —                     | —                                       | —                            | —                                     | 407              |
| —   | —                     | —                                       | —                            | —                                     | 66               |
| —   | —                     | —                                       | —                            | —                                     | 6,897            |
| —   | 3,241                 | 223                                     | 4,802                        | —                                     | 96,443           |
| <u>—</u>  | <u>3,241</u>          | <u>223</u>                              | <u>6,043</u>                 | <u>—</u>                              | <u>577,156</u>   |
| <u>4,159</u>                                      | <u>22,663</u>         | <u>3,203</u>                            | <u>13,385</u>                | <u>382</u>                            | <u>1,365,884</u> |

Continued on Next Page

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# Combining Statement of Net Assets

INTERNAL SERVICE FUNDS (Continued)

June 30, 2012

(Expressed in Thousands)

|  | <u>Insurance<br/>Reserve</u> | <u>Employee<br/>Insurance<br/>Programs</u> | <u>State<br/>Accident</u> | <u>General<br/>Services</u> |
|--|------------------------------|--|---------------------------|-----------------------------|
| <b>LIABILITIES</b>                                   |                              |  |                           |                             |
| Current liabilities:                                 |                              |  |                           |                             |
| Accounts payable.....                                | \$ 42                        | \$ 456                                     | \$ 658                    | \$ 3,264                    |
| Accrued salaries and related expenses.....           | 291                          | 396  | 259                       | 1,317                       |
| Accrued interest payable.....                        | —                            | —  | —                         | 346                         |
| Intergovernmental payables.....                      | —                            | —  | —                         | 4,737                       |
| Policy claims.....                                   | 244,520                      | 176,801                                    | 77,518                    | —                           |
| Due to other funds.....                              | 310                          | 1  | 1                         | 1,403                       |
| Unearned revenues.....                               | 65,138                       | 26,650                                     | 69,671                    | —                           |
| Securities lending collateral.....                   | 9,096                        | 1,505                                      | 963                       | 8                           |
| Notes payable.....                                   | —                            | —  | —                         | —                           |
| Revenue bonds payable.....                           | —                            | —  | —                         | 1,780                       |
| Limited obligation bonds payable.....                | —                            | —  | —                         | 1,420                       |
| Compensated absences payable.....                    | 159                          | 176  | 284                       | 1,211                       |
| Other current liabilities.....                       | —                            | —  | 6,298                     | —                           |
| Total current liabilities.....                       | <u>319,556</u>               | <u>205,985</u>                             | <u>155,652</u>            | <u>15,486</u>               |
| Long-term liabilities:                               |                              |  |                           |                             |
| Policy claims.....                                   | —                            | —  | 157,932                   | —                           |
| Interfund payables.....                              | —                            | —  | —                         | 2,110                       |
| Notes payable.....                                   | —                            | —  | —                         | —                           |
| Revenue bonds payable.....                           | —                            | —  | —                         | 10,809                      |
| Limited obligation bonds payable.....                | —                            | —  | —                         | 2,402                       |
| Compensated absences payable.....                    | 236                          | 247  | 71                        | 1,081                       |
| Total long-term liabilities.....                     | <u>236</u>                   | <u>247</u>                                 | <u>158,003</u>            | <u>16,402</u>               |
| <b>Total liabilities.....</b>                        | <b><u>319,792</u></b>        | <b><u>206,232</u></b>                      | <b><u>313,655</u></b>     | <b><u>31,888</u></b>        |
| <b>NET ASSETS (DEFICITS)</b>                         |                              |  |                           |                             |
| Invested in capital assets, net of related debt..... | 25                           | 17   | 76                        | 78,545                      |
| Restricted:  |                              |  |                           |                             |
| Expendable:  |                              |  |                           |                             |
| Loan programs.....                                   | 20,000                       | —  | —                         | —                           |
| Insurance programs.....                              | 184,719                      | 177,787                                    | —                         | —                           |
| Unrestricted.....                                    | —                            | —  | (40,492)                  | 29,848                      |
| <b>Total net assets (deficits).....</b>              | <b><u>\$ 204,744</u></b>     | <b><u>\$ 177,804</u></b>                   | <b><u>\$ (40,416)</u></b> | <b><u>\$ 108,393</u></b>    |

State of South Carolina

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| <u>Central<br/>Supplies<br/>and<br/>Equipment</u> | <u>Motor<br/>Pool</u> | <u>Pension<br/>Adminis-<br/>tration</u> | <u>Prison<br/>Industries</u> | <u>Other<br/>Internal<br/>Service</u> | <u>Totals</u>     |
|---|-----------------------|---|------------------------------|---------------------------------------|-------------------|
| \$ 84   | \$ 993                | \$ 343                                  | \$ 50                        | \$ 1                                  | \$ 5,891          |
| —   | 107                   | 947                                     | 759                          | 9                                     | 4,085             |
| —   | 7                     | —                                       | 3                            | —                                     | 356               |
| —   | —                     | —                                       | —                            | —                                     | 4,737             |
| —   | —                     | —                                       | —                            | —                                     | 498,839           |
| 1   | 61                    | 769                                     | 340                          | 4                                     | 2,890             |
| —   | —                     | —                                       | —                            | —                                     | 161,459           |
| —   | —                     | 10                                      | —                            | —                                     | 11,582            |
| —   | 1,829                 | —                                       | 254                          | —                                     | 2,083             |
| —   | —                     | —                                       | —                            | —                                     | 1,780             |
| —   | —                     | —                                       | —                            | —                                     | 1,420             |
| —   | 111                   | 755                                     | 306                          | 12                                    | 3,014             |
| —   | —                     | —                                       | —                            | —                                     | 6,298             |
| <u>85</u>   | <u>3,108</u>          | <u>2,824</u>                            | <u>1,712</u>                 | <u>26</u>                             | <u>704,434</u>    |
| —   | —                     | —                                       | —                            | —                                     | 157,932           |
| —   | —                     | —                                       | —                            | —                                     | 2,110             |
| —   | —                     | —                                       | 1,063                        | —                                     | 1,063             |
| —   | —                     | —                                       | —                            | —                                     | 10,809            |
| —   | —                     | —                                       | —                            | —                                     | 2,402             |
| —   | 99                    | 673                                     | 273                          | 11                                    | 2,691             |
| —   | 99                    | 673                                     | 1,336                        | 11                                    | 177,007           |
| <u>85</u>   | <u>3,207</u>          | <u>3,497</u>                            | <u>3,048</u>                 | <u>37</u>                             | <u>881,441</u>    |
| —   | 1,412                 | 223                                     | 3,485                        | —                                     | 83,783            |
| —   | —                     | —                                       | —                            | —                                     | 20,000            |
| —   | —                     | —                                       | —                            | —                                     | 362,506           |
| 4,074   | 18,044                | (517)                                   | 6,852                        | 345                                   | 18,154            |
| <u>\$ 4,074</u>                                   | <u>\$ 19,456</u>      | <u>\$ (294)</u>                         | <u>\$ 10,337</u>             | <u>\$ 345</u>                         | <u>\$ 484,443</u> |

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

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

|  | Insurance<br>Reserve | Employee<br>Insurance<br>Programs | State<br>Accident  | General<br>Services |
|--|----------------------|-----------------------------------|--------------------|---------------------|
| <b>Operating revenues:</b>                                       |                      |                                   |                    |                     |
| Charges for services.....  | \$ 114,956           | \$ 1,888,096                      | \$ 73,383          | \$ 49,502           |
| Interest and other investment income.....                        | —                    | —                                 | —                  | 31                  |
| Licenses, fees, and permits.....                                 | —                    | —                                 | —                  | 1                   |
| Other operating revenues.....                                    | —                    | 116,980                           | —                  | —                   |
| <b>Total operating revenues.....</b>                             | <b>114,956</b>       | <b>2,005,076</b>                  | <b>73,383</b>      | <b>49,534</b>       |
| <b>Operating expenses:</b>                                       |                      |                                   |                    |                     |
| General operations and administration.....                       | 66,820               | 170,870                           | 4,596              | 52,078              |
| Benefits and claims.....   | 58,639               | 1,875,536                         | 51,811             | 1                   |
| Interest.....  | —                    | —                                 | —                  | 2                   |
| Depreciation and amortization.....                               | 5                    | 59                                | 55                 | 6,076               |
| Other operating expenses.....                                    | —                    | —                                 | 3,775              | 1,166               |
| <b>Total operating expenses.....</b>                             | <b>125,464</b>       | <b>2,046,465</b>                  | <b>60,237</b>      | <b>59,323</b>       |
| <b>Operating income (loss).....</b>                              | <b>(10,508)</b>      | <b>(41,389)</b>                   | <b>13,146</b>      | <b>(9,789)</b>      |
| <b>Nonoperating revenues (expenses):</b>                         |                      |                                   |                    |                     |
| Interest income.....   | 20,565               | 8,191                             | 3,951              | 647                 |
| Contributions.....   | —                    | —                                 | —                  | 33                  |
| Interest expense.....  | —                    | —                                 | —                  | (813)               |
| Net other nonoperating revenues (expenses).....                  | 171                  | —                                 | 42                 | 1,442               |
| <b>Total nonoperating revenues (expenses).....</b>               | <b>20,736</b>        | <b>8,191</b>                      | <b>3,993</b>       | <b>1,309</b>        |
| <b>Income (loss) before other revenues and transfers.....</b>    | <b>10,228</b>        | <b>(33,198)</b>                   | <b>17,139</b>      | <b>(8,480)</b>      |
| Transfers in.....  | —                    | —                                 | —                  | 404                 |
| Transfers out.....   | —                    | —                                 | —                  | (2,884)             |
| <b>Change in net assets.....</b>                                 | <b>10,228</b>        | <b>(33,198)</b>                   | <b>17,139</b>      | <b>(10,960)</b>     |
| Net assets (deficits), beginning, as previously presented.....   | 194,516              | 211,002                           | (57,555)           | 119,298             |
| Correction of error restatement.....                             | —                    | —                                 | —                  | 55                  |
| <b>Net assets (deficits) at beginning of year, restated.....</b> | <b>194,516</b>       | <b>211,002</b>                    | <b>(57,555)</b>    | <b>119,353</b>      |
| <b>Net assets (deficits) at end of year.....</b>                 | <b>\$ 204,744</b>    | <b>\$ 177,804</b>                 | <b>\$ (40,416)</b> | <b>\$ 108,393</b>   |

State of South Carolina

| Central<br>Supplies<br>and<br>Equipment | Motor<br>Pool    | Pension<br>Adminis-<br>tration | Prison<br>Industries | Other<br>Internal<br>Service | Totals            |
|---|------------------|--------------------------------|----------------------|------------------------------|-------------------|
| \$ 163                                  | \$ 26,479        | \$ 22,014                      | \$ 20,753            | \$ 316                       | \$ 2,195,662      |
| —                                       | —                | 107                            | —                    | —                            | 138               |
| —                                       | —                | —                              | 69                   | —                            | 70                |
| —                                       | —                | 63                             | 12                   | 2                            | 117,057           |
| <b>163</b>                              | <b>26,479</b>    | <b>22,184</b>                  | <b>20,834</b>        | <b>318</b>                   | <b>2,312,927</b>  |
| 150                                     | 15,745           | 22,152                         | 21,470               | 232                          | 354,113           |
| —                                       | —                | —                              | —                    | —                            | 1,985,987         |
| —                                       | —                | —                              | 3                    | —                            | 5                 |
| —                                       | 2,583            | 221                            | 296                  | —                            | 9,295             |
| —                                       | 5                | —                              | —                    | —                            | 4,946             |
| <b>150</b>                              | <b>18,333</b>    | <b>22,373</b>                  | <b>21,769</b>        | <b>232</b>                   | <b>2,354,346</b>  |
| <b>13</b>                               | <b>8,146</b>     | <b>(189)</b>                   | <b>(935)</b>         | <b>86</b>                    | <b>(41,419)</b>   |
| —                                       | —                | —                              | —                    | —                            | 33,354            |
| —                                       | 468              | 2                              | —                    | —                            | 503               |
| —                                       | (7)              | —                              | —                    | —                            | (820)             |
| —                                       | 196              | (150)                          | 970                  | (41)                         | 2,630             |
| —                                       | <b>657</b>       | <b>(148)</b>                   | <b>970</b>           | <b>(41)</b>                  | <b>35,667</b>     |
| <b>13</b>                               | <b>8,803</b>     | <b>(337)</b>                   | <b>35</b>            | <b>45</b>                    | <b>(5,752)</b>    |
| —                                       | —                | —                              | —                    | 100                          | 504               |
| —                                       | (3,000)          | —                              | (1,311)              | —                            | (7,195)           |
| <b>13</b>                               | <b>5,803</b>     | <b>(337)</b>                   | <b>(1,276)</b>       | <b>145</b>                   | <b>(12,443)</b>   |
| 4,061                                   | 13,653           | (19)                           | 11,613               | 200                          | 496,769           |
| —                                       | —                | 62                             | —                    | —                            | 117               |
| <b>4,061</b>                            | <b>13,653</b>    | <b>43</b>                      | <b>11,613</b>        | <b>200</b>                   | <b>496,886</b>    |
| <b>\$ 4,074</b>                         | <b>\$ 19,456</b> | <b>\$ (294)</b>                | <b>\$ 10,337</b>     | <b>\$ 345</b>                | <b>\$ 484,443</b> |

# Combining Statement of Cash Flows

## INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

|  | Insurance<br>Reserve | Employee<br>Insurance<br>Programs | State<br>Accident |
|--|----------------------|-----------------------------------|-------------------|
| <b>Cash flows from operating activities:</b>                               |                      |                                   |                   |
| Receipts from customers.....   | \$ 60,532            | \$ 1,420,186                      | \$ 20,161         |
| Internal activity—payments from other funds.....                           | 46,415               | 489,132                           | 65,510            |
| Other operating cash receipts.....   | —                    | 148,022                           | 42                |
| Claims paid.....   | (51,992)             | (1,739,622)                       | (48,071)          |
| Payments to suppliers for goods and services.....                          | (66,473)             | (269,607)                         | (22,923)          |
| Payments to employees.....   | (3,314)              | (5,167)                           | (3,695)           |
| Payments of funds held for others.....                                     | (13)                 | (556)                             | (6,601)           |
| Other operating cash payments.....   | —                    | —                                 | (182)             |
| <b>Net cash provided by (used in) operating activities.....</b>            | <b>(14,845)</b>      | <b>42,388</b>                     | <b>4,241</b>      |
| <b>Cash flows from noncapital financing activities:</b>                    |                      |                                   |                   |
| Principal payments received from other funds.....                          | 1,408                | —                                 | —                 |
| Advances received from other funds.....                                    | —                    | —                                 | —                 |
| Principal payments made to other funds.....                                | —                    | —                                 | —                 |
| Receipt of interest from other funds.....                                  | 232                  | —                                 | —                 |
| Proceeds from sale of noncapital debt.....                                 | —                    | —                                 | 417               |
| Interest payments on noncapital debt.....                                  | —                    | —                                 | —                 |
| Other noncapital financing cash receipts .....                             | —                    | —                                 | —                 |
| Transfers in.....  | —                    | —                                 | —                 |
| Transfers out.....   | —                    | —                                 | —                 |
| <b>Net cash provided by (used in) noncapital financing activities.....</b> | <b>1,640</b>         | <b>—</b>                          | <b>417</b>        |
| <b>Cash flows from capital and related financing activities:</b>           |                      |                                   |                   |
| Acquisition of capital assets.....   | (14)                 | (60)                              | (64)              |
| Principal payments on limited obligation bonds.....                        | —                    | —                                 | —                 |
| Proceeds from issuance of capital debt.....                                | —                    | —                                 | —                 |
| Principal payments on capital debt.....                                    | —                    | —                                 | —                 |
| Interest payments on capital debt.....                                     | —                    | —                                 | —                 |
| Proceeds from sale or disposal of capital assets.....                      | —                    | —                                 | —                 |
| <b>Net cash provided by (used in) capital financing activities.....</b>    | <b>(14)</b>          | <b>(60)</b>                       | <b>(64)</b>       |
| <b>Cash flows from investing activities:</b>                               |                      |                                   |                   |
| Proceeds from sales and maturities of investments.....                     | 66,433               | —                                 | —                 |
| Purchase of investments.....   | (101,831)            | —                                 | —                 |
| Interest on investments.....   | 31,027               | 8,290                             | 4,016             |
| <b>Net cash provided by (used in) investing activities.....</b>            | <b>(4,371)</b>       | <b>8,290</b>                      | <b>4,016</b>      |
| <b>Net increase (decrease) in cash and cash equivalents.....</b>           | <b>(17,590)</b>      | <b>50,618</b>                     | <b>8,610</b>      |
| Cash and cash equivalents, beginning, as previously presented.....         | 29,122               | 298,699                           | 199,440           |
| Correction of error restatement.....                                       | —                    | —                                 | —                 |
| <b>Cash and cash equivalents at beginning of year, restated.....</b>       | <b>29,122</b>        | <b>298,699</b>                    | <b>199,440</b>    |
| <b>Cash and cash equivalents at end of year.....</b>                       | <b>\$ 11,532</b>     | <b>\$ 349,317</b>                 | <b>\$ 208,050</b> |

State of South Carolina

| <u>General Services</u> | <u>Central Supplies and Equipment</u> | <u>Motor Pool</u> | <u>Pension Administration</u> | <u>Prison Industries</u> | <u>Other Internal Service</u> | <u>Totals</u>     |
|-------------------------|---------------------------------------|-------------------|-------------------------------|--------------------------|-------------------------------|-------------------|
| \$ —                    | \$ —                                  | \$ —              | \$ —                          | \$ 20,753                | \$ —                          | \$ 1,521,632      |
| 48,596                  | 1,258                                 | 28,301            | 22,033                        | 827                      | 335                           | 702,407           |
| 1,491                   | 5                                     | —                 | 85                            | —                        | —                             | 149,645           |
| —                       | —                                     | —                 | —                             | —                        | —                             | (1,839,685)       |
| (27,486)                | (179)                                 | (17,371)          | (4,851)                       | (6,298)                  | (114)                         | (415,302)         |
| (22,960)                | —                                     | (1,729)           | (17,049)                      | (15,595)                 | (161)                         | (69,670)          |
| —                       | —                                     | —                 | —                             | —                        | —                             | (7,170)           |
| —                       | —                                     | (5)               | —                             | —                        | —                             | (187)             |
| <b>(359)</b>            | <b>1,084</b>                          | <b>9,196</b>      | <b>218</b>                    | <b>(313)</b>             | <b>60</b>                     | <b>41,670</b>     |
| 1,696                   | —                                     | —                 | —                             | —                        | —                             | 3,104             |
| 1,524                   | —                                     | —                 | —                             | —                        | —                             | 1,524             |
| (241)                   | (559)                                 | —                 | —                             | —                        | —                             | (800)             |
| —                       | —                                     | —                 | —                             | —                        | —                             | 232               |
| —                       | —                                     | —                 | —                             | —                        | —                             | 417               |
| (2)                     | —                                     | —                 | —                             | —                        | —                             | (2)               |
| —                       | —                                     | —                 | —                             | 970                      | —                             | 970               |
| 404                     | —                                     | —                 | —                             | —                        | 100                           | 504               |
| (2,884)                 | —                                     | (3,000)           | —                             | (1,311)                  | —                             | (7,195)           |
| <b>497</b>              | <b>(559)</b>                          | <b>(3,000)</b>    | <b>—</b>                      | <b>(341)</b>             | <b>100</b>                    | <b>(1,246)</b>    |
| (1,351)                 | —                                     | (732)             | —                             | —                        | —                             | (2,221)           |
| (1,339)                 | —                                     | —                 | —                             | —                        | —                             | (1,339)           |
| —                       | —                                     | —                 | —                             | 1,317                    | —                             | 1,317             |
| (1,787)                 | —                                     | (2,196)           | —                             | —                        | —                             | (3,983)           |
| (871)                   | —                                     | (139)             | —                             | (3)                      | —                             | (1,013)           |
| —                       | —                                     | —                 | —                             | 187                      | —                             | 187               |
| <b>(5,348)</b>          | <b>—</b>                              | <b>(3,067)</b>    | <b>—</b>                      | <b>1,501</b>             | <b>—</b>                      | <b>(7,052)</b>    |
| —                       | —                                     | —                 | (2)                           | —                        | —                             | 66,431            |
| —                       | —                                     | —                 | —                             | —                        | —                             | (101,831)         |
| 677                     | —                                     | —                 | 88                            | 3                        | —                             | 44,101            |
| <b>677</b>              | <b>—</b>                              | <b>—</b>          | <b>86</b>                     | <b>3</b>                 | <b>—</b>                      | <b>8,701</b>      |
| <b>(4,533)</b>          | <b>525</b>                            | <b>3,129</b>      | <b>304</b>                    | <b>850</b>               | <b>160</b>                    | <b>42,073</b>     |
| 30,640                  | 1,674                                 | 14,030            | 2,448                         | 1,506                    | 215                           | 577,774           |
| 55                      | —                                     | —                 | 62                            | —                        | —                             | 117               |
| <b>30,695</b>           | <b>1,674</b>                          | <b>14,030</b>     | <b>2,510</b>                  | <b>1,506</b>             | <b>215</b>                    | <b>577,891</b>    |
| <b>\$ 26,162</b>        | <b>\$ 2,199</b>                       | <b>\$ 17,159</b>  | <b>\$ 2,814</b>               | <b>\$ 2,356</b>          | <b>\$ 375</b>                 | <b>\$ 619,964</b> |

Continued on Next Page

# Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2012

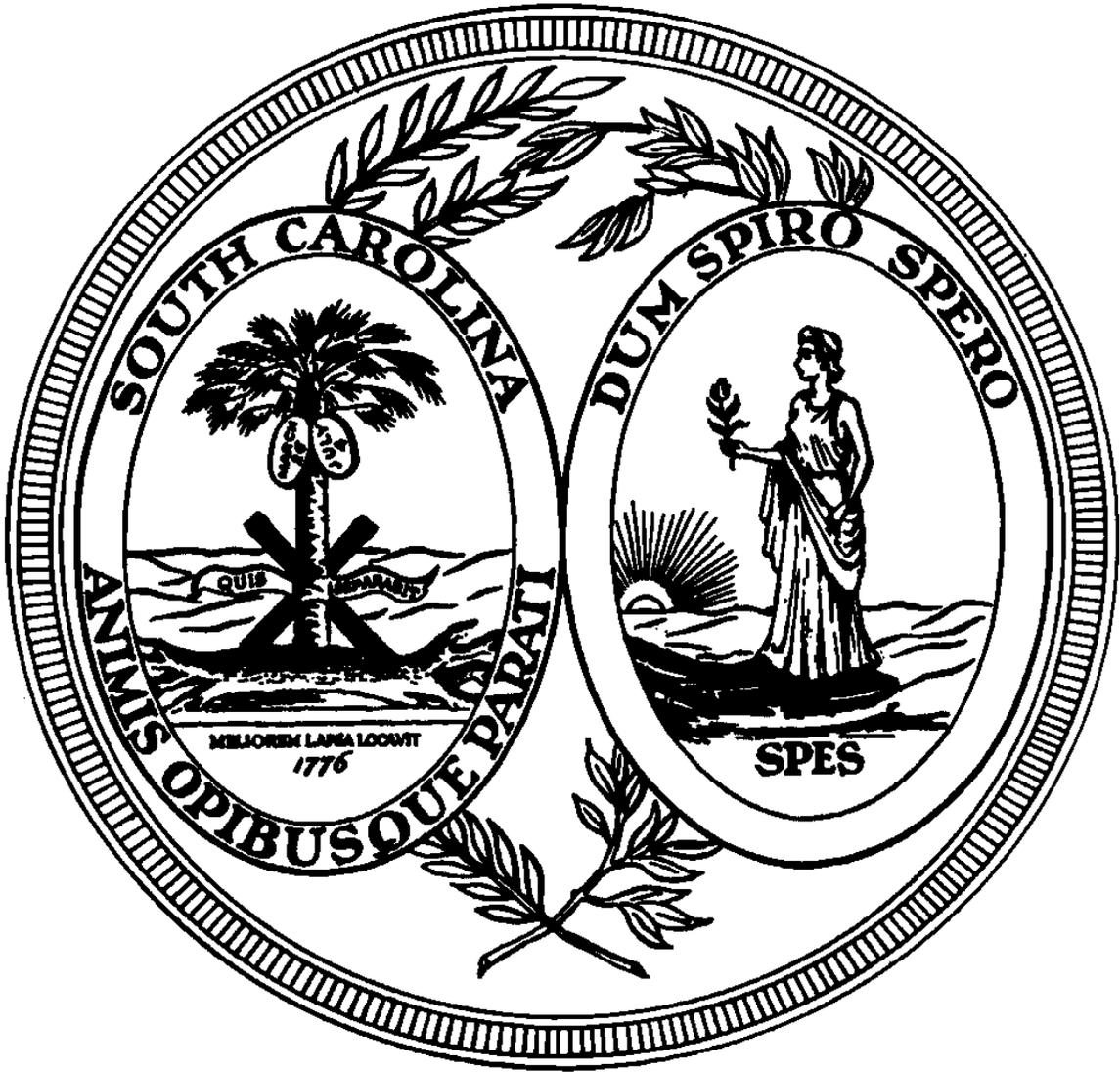
(Expressed in Thousands)

|  | <u>Insurance<br/>Reserve</u> | <u>Employee<br/>Insurance<br/>Programs</u> | <u>State<br/>Accident</u> |
|--|------------------------------|--|---------------------------|
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |                              |  |                           |
| Operating income (loss).....   | \$ (10,508)                  | \$ (41,389)                                | \$ 13,146                 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                              |  |                           |
| Depreciation and amortization.....   | 5                            | 59   | 55                        |
| Other nonoperating revenues.....   | —                            | —  | —                         |
| Other nonoperating expenses.....   | —                            | —  | —                         |
| <b>Effect of change in operating assets and liabilities:</b>   |                              |  |                           |
| Accounts receivable, net.....  | (12,122)                     | (7,426)                                    | (3,648)                   |
| Due from other funds .....   | —                            | 39,177                                     | 83                        |
| Inventories.....   | —                            | —  | —                         |
| Other assets.....  | (3,839)                      | —  | —                         |
| Accounts payable.....  | (327)                        | (422)                                      | (14)                      |
| Accrued salaries and related expenses.....   | (16)                         | (3)  | 176                       |
| Policy claims.....   | 6,647                        | 31,922                                     | (2,340)                   |
| Due to other funds.....  | —                            | —  | —                         |
| Unearned revenues .....  | 5,217                        | 20,512                                     | (3,022)                   |
| Compensated absences payable.....  | 98                           | (42)                                       | (195)                     |
| <b>Net cash provided by (used in) operating activities.....</b>  | <b><u>\$ (14,845)</u></b>    | <b><u>\$ 42,388</u></b>                    | <b><u>\$ 4,241</u></b>    |
| <b>Noncash capital, investing, and financing activities:</b>   |                              |  |                           |
| Disposal of capital assets.....  | \$ —                         | \$ —                                       | \$ —                      |
| Increase (decrease) in fair value of investments.....  | (545)                        | 1,058                                      | 11                        |
| <b>Total noncash capital, investing, and financing activities.....</b>                                   | <b><u>\$ (545)</u></b>       | <b><u>\$ 1,058</u></b>                     | <b><u>\$ 11</u></b>       |

State of South Carolina

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| <u>General Services</u> | <u>Central Supplies and Equipment</u> | <u>Motor Pool</u> | <u>Pension Administration</u> | <u>Prison Industries</u> | <u>Other Internal Service</u> | <u>Totals</u>    |
|-------------------------|---------------------------------------|-------------------|-------------------------------|--------------------------|-------------------------------|------------------|
| \$ (9,789)              | \$ 13                                 | \$ 8,146          | \$ (189)                      | \$ (935)                 | \$ 86                         | \$ (41,419)      |
| 6,076                   | —                                     | 2,583             | 221                           | 296                      | —                             | 9,295            |
| 1,494                   | —                                     | 677               | 21                            | 3                        | —                             | 2,195            |
| (31)                    | —                                     | —                 | (107)                         | —                        | (40)                          | (178)            |
| 275                     | —                                     | (141)             | 18                            | 620                      | —                             | (22,424)         |
| (1,183)                 | 800                                   | —                 | —                             | 126                      | 17                            | 39,020           |
| 190                     | 297                                   | (3)               | —                             | (189)                    | —                             | 295              |
| (1,910)                 | —                                     | (1)               | (142)                         | (1)                      | —                             | (5,893)          |
| 4,320                   | (26)                                  | (3,510)           | (44)                          | (142)                    | (3)                           | (168)            |
| 145                     | —                                     | 14                | 133                           | (67)                     | 1                             | 383              |
| —                       | —                                     | —                 | —                             | —                        | —                             | 36,229           |
| —                       | —                                     | 1,309             | 318                           | (62)                     | —                             | 1,565            |
| —                       | —                                     | —                 | —                             | —                        | —                             | 22,707           |
| 54                      | —                                     | 122               | (11)                          | 38                       | (1)                           | 63               |
| <b>\$ (359)</b>         | <b>\$ 1,084</b>                       | <b>\$ 9,196</b>   | <b>\$ 218</b>                 | <b>\$ (313)</b>          | <b>\$ 60</b>                  | <b>\$ 41,670</b> |
| \$ 4,742                | \$ 2                                  | \$ 1,865          | \$ 390                        | \$ —                     | \$ —                          | \$ 6,999         |
| —                       | —                                     | —                 | —                             | —                        | —                             | 524              |
| <b>\$ 4,742</b>         | <b>\$ 2</b>                           | <b>\$ 1,865</b>   | <b>\$ 390</b>                 | <b>\$ —</b>              | <b>\$ —</b>                   | <b>\$ 7,523</b>  |



## 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

*Payroll Clearing Fund.* This fund accounts for payroll activity 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, 2012

(Expressed in Thousands)

|   | <b>PENSION TRUST</b>                                |   |   |  |   |
|---|---|---|---|--|---|
|   | <b>South<br/>Carolina<br/>Retirement<br/>System</b> | <b>Police<br/>Officers'<br/>Retirement<br/>System</b> | <b>General<br/>Assembly<br/>Retirement<br/>System</b> | <b>Judges'<br/>and<br/>Solicitors'<br/>Retirement<br/>System</b> | <b>National<br/>Guard<br/>Retirement<br/>System</b> |
| <b>ASSETS</b>   |   |   |   |  |   |
| Cash and cash equivalents.....                                    | \$ 1,832,037  | \$ 281,409  | \$ 3,970  | \$ 11,538  | \$ 2,473  |
| Receivables:  |   |   |   |  |   |
| Contributions.....  | 186,801   | 20,266  | 24  | 626  | 15  |
| Accrued interest.....   | 51,879  | 7,378   | 82  | 291  | 38  |
| Unsettled investment sales.....                                   | 589,428   | 87,735  | 811   | 3,304  | 442   |
| Other investment receivables.....                                 | 4,627   | 664   | 7   | 26   | 4   |
| Total receivables.....  | <u>832,735</u>                                      | <u>116,043</u>  | <u>924</u>  | <u>4,247</u>   | <u>499</u>  |
| Due from other funds.....   | 59  | 507   | —   | —  | —   |
| Investments, at fair value:                                       |   |   |   |  |   |
| Debt-domestic.....  | 3,362,727   | 500,532   | 4,626   | 18,850   | 2,522   |
| Debt-international.....   | 1,313,272   | 195,477   | 1,806   | 7,362  | 985   |
| Equity-domestic.....  | 1,612,140   | 239,962   | 2,218   | 9,037  | 1,209   |
| Equity-international.....   | 1,503,156   | 223,741   | 2,068   | 8,426  | 1,127   |
| Alternatives.....   | 12,516,005  | 1,862,972   | 17,220  | 70,159   | 9,385   |
| Financial and other.....  | —   | —   | —   | —  | —   |
| Total investments.....  | <u>20,307,300</u>                                   | <u>3,022,684</u>                                      | <u>27,938</u>   | <u>113,834</u>   | <u>15,228</u>                                       |
| Invested securities lending collateral.....                       | 159,112   | 23,683  | 219   | 892  | 119   |
| Capital assets, net.....  | 2,688   | 275   | 8   | 13   | —   |
| Prepaid items.....  | 598   | 88  | 1   | 3  | 1   |
| <b>Total assets.....</b>  | <b><u>23,134,529</u></b>                            | <b><u>3,444,689</u></b>                               | <b><u>33,060</u></b>                                  | <b><u>130,527</u></b>  | <b><u>18,320</u></b>                                |
| <b>LIABILITIES</b>  |   |   |   |  |   |
| Accounts payable.....   | 8,212   | 1,222   | 12  | 46   | 6   |
| Accounts payable—unsettled investment purchases.....              | 784,847   | 116,823   | 1,080   | 4,399  | 589   |
| Policy claims.....  | —   | —   | —   | —  | —   |
| Due to other funds.....   | 42,976  | 852   | —   | 59   | —   |
| Deferred retirement benefits.....                                 | 385,716   | —   | —   | 586  | —   |
| Securities lending collateral.....                                | 238,545   | 35,507  | 328   | 1,337  | 179   |
| Other liabilities.....  | 137,325   | 20,295  | 209   | 741  | 129   |
| <b>Total liabilities.....</b>                                     | <b><u>1,597,621</u></b>                             | <b><u>174,699</u></b>                                 | <b><u>1,629</u></b>                                   | <b><u>7,168</u></b>  | <b><u>903</u></b>                                   |
| <b>NET ASSETS</b>   |   |   |   |  |   |
| Held in trust for pension and other post-employment benefits..... | <b><u>\$ 21,536,908</u></b>                         | <b><u>\$ 3,269,990</u></b>                            | <b><u>\$ 31,431</u></b>                               | <b><u>\$ 123,359</u></b>   | <b><u>\$ 17,417</u></b>                             |

**OPEB TRUST**

| <b>South<br/>Carolina<br/>Retiree<br/>Health<br/>Insurance<br/>Trust Fund</b> | <b>Long-term<br/>Disability<br/>Insurance<br/>Trust Fund</b> | <b>Totals</b>        |
|---|--|----------------------|
| \$ 54,571   | \$ 2,753   | \$ 2,188,751         |
| —   | —  | 207,732              |
| 4,855   | 331  | 64,854               |
| —   | —  | 681,720              |
| —   | —  | 5,328                |
| 4,855   | 331  | 959,634              |
| 43,321  | —  | 43,887               |
| 418,871   | 26,300   | 4,334,428            |
| —   | —  | 1,518,902            |
| —   | —  | 1,864,566            |
| —   | —  | 1,738,518            |
| —   | —  | 14,475,741           |
| 84,414  | 6,457  | 90,871               |
| 503,285   | 32,757   | 24,023,026           |
| 3,532   | —  | 187,557              |
| —   | —  | 2,984                |
| —   | —  | 691                  |
| <b>609,564</b>  | <b>35,841</b>  | <b>27,406,530</b>    |
| —   | —  | 9,498                |
| —   | —  | 907,738              |
| —   | 239  | 239                  |
| 91  | 26   | 44,004               |
| —   | —  | 386,302              |
| 11,895  | —  | 287,791              |
| —   | —  | 158,699              |
| <b>11,986</b>   | <b>265</b>   | <b>1,794,271</b>     |
| <b>\$ 597,578</b>   | <b>\$ 35,576</b>   | <b>\$ 25,612,259</b> |

# Combining Statement of Changes in Plan Net Assets

## PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

|   | <b>PENSION TRUST</b>                                |   |   |  |   |
|---|---|---|---|--|---|
|   | <b>South<br/>Carolina<br/>Retirement<br/>System</b> | <b>Police<br/>Officers'<br/>Retirement<br/>System</b> | <b>General<br/>Assembly<br/>Retirement<br/>System</b> | <b>Judges'<br/>and<br/>Solicitors'<br/>Retirement<br/>System</b> | <b>National<br/>Guard<br/>Retirement<br/>System</b> |
| <b>Additions:</b>   |   |   |   |  |   |
| Contributions:  |   |   |   |  |   |
| Employer.....   | \$ 825,385  | \$ 134,333  | \$ 2,532  | \$ 8,414   | \$ 3,937  |
| Employee.....   | 586,818   | 84,470  | 724   | 2,299  | —   |
| Total contributions.....                                    | 1,412,203   | 218,803   | 3,256   | 10,713   | 3,937   |
| Investment income:  |   |   |   |  |   |
| Interest income and net appreciation<br>in investments..... | 155,820   | 24,065  | 241   | 1,045  | 126   |
| Securities lending income.....                              | 1,200   | 177   | 2   | 7  | 1   |
| Total investment income.....                                | 157,020   | 24,242  | 243   | 1,052  | 127   |
| Less investment expense:                                    |   |   |   |  |   |
| Investment expense.....                                     | 47,713  | 7,044   | 71  | 269  | 33  |
| Securities lending expense.....                             | —   | —   | —   | —  | —   |
| Net investment income.....                                  | 109,307   | 17,198  | 172   | 783  | 94  |
| Assets moved between pension trust funds.....               | —   | 1,923   | —   | 261  | —   |
| <b>Total additions.....</b>                                 | <b>1,521,510</b>                                    | <b>237,924</b>  | <b>3,428</b>  | <b>11,757</b>  | <b>4,031</b>  |
| <b>Deductions:</b>  |   |   |   |  |   |
| Regular retirement benefits.....                            | 2,084,690   | 263,997   | 6,570   | 14,979   | 4,065   |
| Supplemental retirement benefits.....                       | 733   | 34  | —   | —  | —   |
| Deferred retirement benefits.....                           | 171,096   | —   | —   | 192  | —   |
| Refunds of retirement contributions                         |   |   |   |  |   |
| to members.....   | 83,134  | 15,162  | 31  | 134  | —   |
| Death benefit claims.....                                   | 18,295  | 1,851   | 35  | 134  | —   |
| Accidental death benefits.....                              | —   | 1,551   | —   | —  | —   |
| Other post-employment benefits.....                         | —   | —   | —   | —  | —   |
| Depreciation.....   | 107   | 10  | —   | 1  | —   |
| Administrative expense.....                                 | 19,392  | 2,862   | 30  | 110  | 15  |
| Assets moved between pension trust funds.....               | 2,184   | —   | —   | —  | —   |
| <b>Total deductions.....</b>                                | <b>2,379,631</b>                                    | <b>285,467</b>  | <b>6,666</b>  | <b>15,550</b>  | <b>4,080</b>  |
| <b>Change in net assets .....</b>                           | <b>(858,121)</b>                                    | <b>(47,543)</b>                                       | <b>(3,238)</b>  | <b>(3,793)</b>   | <b>(49)</b>   |
| Net assets at beginning of year.....                        | 22,395,029  | 3,317,533   | 34,669  | 127,152  | 17,466  |
| <b>Net assets at end of year.....</b>                       | <b>\$ 21,536,908</b>                                | <b>\$ 3,269,990</b>                                   | <b>\$ 31,431</b>                                      | <b>\$ 123,359</b>  | <b>\$ 17,417</b>                                    |

| <b>OPEB TRUST</b>   |  |                                    |
|---|--|------------------------------------|
| <b>South<br/>Carolina<br/>Retiree<br/>Health<br/>Insurance<br/>Trust Fund</b> | <b>Long-term<br/>Disability<br/>Insurance<br/>Trust Fund</b> | <b>Totals</b>                      |
| \$ 419,009  | \$ 6,749   | \$ 1,400,359                       |
| —   | —  | 674,311                            |
| <u>419,009</u>  | <u>6,749</u>   | <u>2,074,670</u>                   |
| 20,521  | 2,624  | 204,442                            |
| 19  | —  | 1,406                              |
| <u>20,540</u>   | <u>2,624</u>   | <u>205,848</u>                     |
| —   | —  | 55,130                             |
| 3   | —  | 3                                  |
| <u>20,537</u>   | <u>2,624</u>   | <u>150,715</u>                     |
| —   | —  | 2,184                              |
| <u><b>439,546</b></u>   | <u><b>9,373</b></u>  | <u><b>2,227,569</b></u>            |
| —   | —  | 2,374,301                          |
| —   | —  | 767                                |
| —   | —  | 171,288                            |
| —   | —  | 98,461                             |
| —   | —  | 20,315                             |
| —   | —  | 1,551                              |
| 319,028   | 7,075  | 326,103                            |
| —   | —  | 118                                |
| 64  | 5  | 22,478                             |
| —   | —  | 2,184                              |
| <u><b>319,092</b></u>   | <u><b>7,080</b></u>  | <u><b>3,017,566</b></u>            |
| <b>120,454</b>  | <b>2,293</b>   | <b>(789,997)</b>                   |
| <u><b>477,124</b></u>   | <u><b>33,283</b></u>   | <u><b>26,402,256</b></u>           |
| <u><u><b>\$ 597,578</b></u></u>   | <u><u><b>\$ 35,576</b></u></u>                               | <u><u><b>\$ 25,612,259</b></u></u> |

## Combining Statement of Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2012

(Expressed in Thousands)

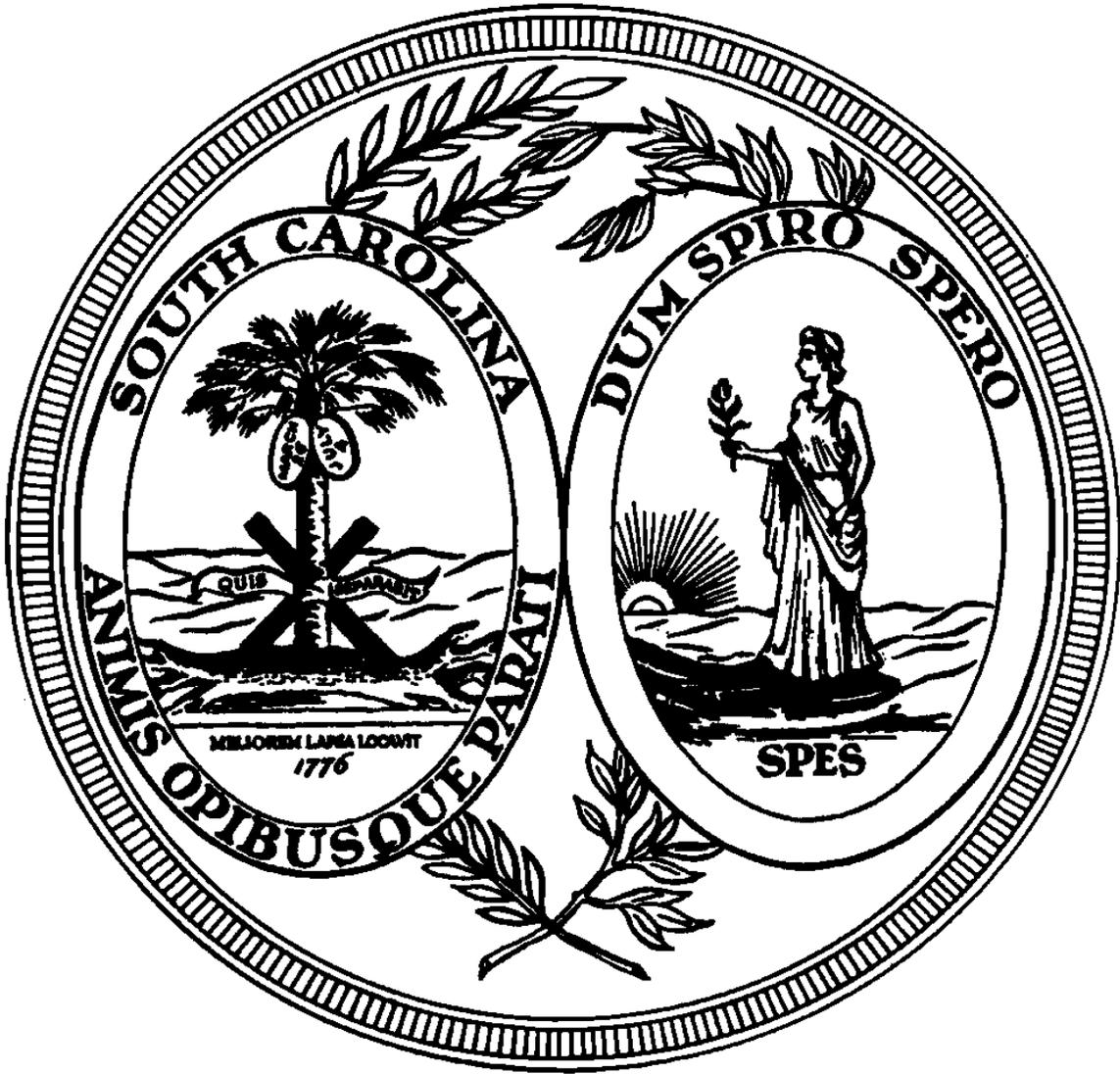
|   | College<br>Savings Plan | Other<br>Private-Purpose<br>Trust | Totals              |
|---|-------------------------|-----------------------------------|---------------------|
| <b>ASSETS</b>   |                         |                                   |                     |
| Cash and cash equivalents.....                          | \$ —                    | \$ 12,575                         | \$ 12,575           |
| Receivables, net:                                       |                         |                                   |                     |
| Accrued interest.....                                   | 1,279                   | 103                               | 1,382               |
| Unsettled investment sales.....                         | 2,149                   | —                                 | 2,149               |
| Investments.....  | 1,491,679               | —                                 | 1,491,679           |
| Invested securities lending collateral .....            | —                       | 62                                | 62                  |
| Other assets.....                                       | —                       | 4,875                             | 4,875               |
| <b>Total assets.....</b>                                | <b>1,495,107</b>        | <b>17,615</b>                     | <b>1,512,722</b>    |
| <b>LIABILITIES</b>                                      |                         |                                   |                     |
| Accounts payable.....                                   | 1,666                   | 479                               | 2,145               |
| Accounts payable—unsettled investment<br>purchases..... | 1,670                   | —                                 | 1,670               |
| Securities lending collateral.....                      | —                       | 209                               | 209                 |
| <b>Total liabilities.....</b>                           | <b>3,336</b>            | <b>688</b>                        | <b>4,024</b>        |
| <b>NET ASSETS</b>                                       |                         |                                   |                     |
| Held in trust for other purposes.....                   | <b>\$ 1,491,771</b>     | <b>\$ 16,927</b>                  | <b>\$ 1,508,698</b> |

## Combining Statement of Changes in Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

|   | College<br>Savings Plan | Other<br>Private-Purpose<br>Trust | Totals              |
|---|-------------------------|-----------------------------------|---------------------|
| <b>Additions:</b>                                     |                         |                                   |                     |
| Licenses, fees, and permits.....                      | \$ —                    | \$ 46                             | \$ 46               |
| Tuition plan deposits.....                            | 62,312                  | —                                 | 62,312              |
| Contributions.....                                    | —                       | 6                                 | 6                   |
| Interest income.....                                  | 868                     | 398                               | 1,266               |
| <b>Total additions.....</b>                           | <b>63,180</b>           | <b>450</b>                        | <b>63,630</b>       |
| <b>Deductions:</b>                                    |                         |                                   |                     |
| Administrative expense.....                           | 9,313                   | 2,684                             | 11,997              |
| Other expenses.....                                   | —                       | 464                               | 464                 |
| <b>Total deductions.....</b>                          | <b>9,313</b>            | <b>3,148</b>                      | <b>12,461</b>       |
| <b>Change in net assets.....</b>                      | <b>53,867</b>           | <b>(2,698)</b>                    | <b>51,169</b>       |
| Net assets, beginning, as previously presented.....   | 1,437,904               | 19,043                            | 1,456,947           |
| Correction of error restatement.....                  | —                       | 582                               | 582                 |
| <b>Net assets at beginning of year, restated.....</b> | <b>1,437,904</b>        | <b>19,625</b>                     | <b>1,457,529</b>    |
| <b>Net assets at end of year.....</b>                 | <b>\$ 1,491,771</b>     | <b>\$ 16,927</b>                  | <b>\$ 1,508,698</b> |



## Combining Statement of Assets and Liabilities

AGENCY FUNDS

June 30, 2012

(Expressed in Thousands)

|  | <u>Payroll<br/>Clearing</u> | <u>Other<br/>Agency</u>  | <u>Totals</u>            |
|--|-----------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                |                             |                          |                          |
| Cash and cash equivalents.....               | \$ 81                       | \$ 228,590               | \$ 228,671               |
| Receivables, net:                            |                             |                          |                          |
| Accounts.....                                | 53                          | 10,184                   | 10,237                   |
| Accrued interest.....                        | —                           | 561                      | 561                      |
| Taxes.....                                   | —                           | 548                      | 548                      |
| Due from other funds.....                    | 43,283                      | 11,930                   | 55,213                   |
| Investments.....                             | —                           | 481                      | 481                      |
| Invested securities lending collateral ..... | —                           | 27                       | 27                       |
| Prepaid items.....                           | —                           | 265                      | 265                      |
| <b>Total assets.....</b>                     | <b><u>\$ 43,417</u></b>     | <b><u>\$ 252,586</u></b> | <b><u>\$ 296,003</u></b> |
| <b>LIABILITIES</b>                           |                             |                          |                          |
| Accounts payable.....                        | \$ 135                      | \$ 14,427                | \$ 14,562                |
| Due to other funds.....                      | —                           | 600                      | 600                      |
| Intergovernmental payables.....              | —                           | 27,621                   | 27,621                   |
| Deposits.....                                | —                           | 4,640                    | 4,640                    |
| Amounts held in custody for others.....      | 43,282                      | 205,207                  | 248,489                  |
| Securities lending collateral.....           | —                           | 91                       | 91                       |
| <b>Total liabilities.....</b>                | <b><u>\$ 43,417</u></b>     | <b><u>\$ 252,586</u></b> | <b><u>\$ 296,003</u></b> |

# Combining Statement of Changes in Assets and Liabilities

## AGENCY FUNDS

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

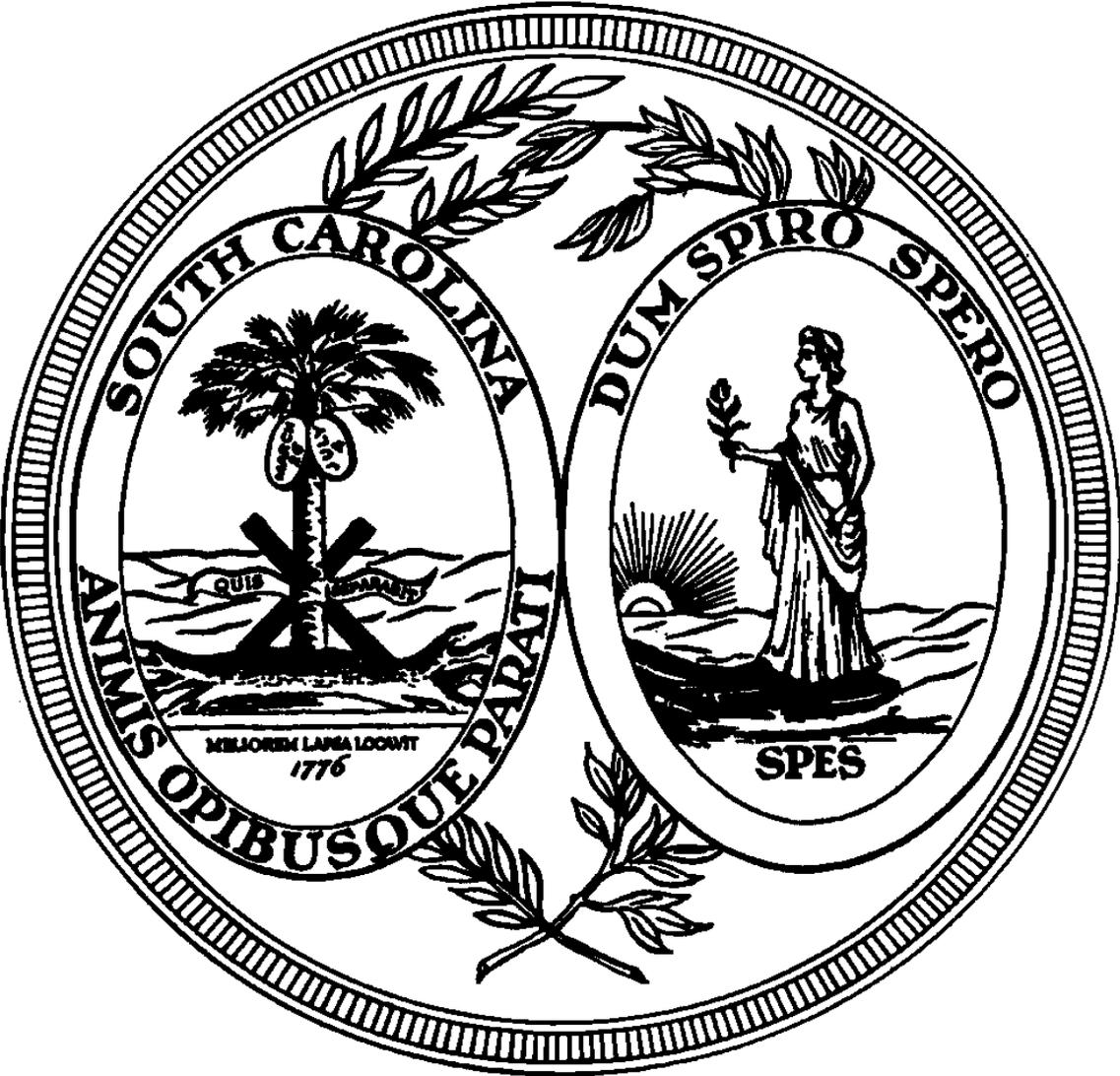
|   | Balance<br>July 1, 2011<br>(Restated) | Additions           | Deductions          | Balance<br>June 30, 2012 |
|---|---------------------------------------|---------------------|---------------------|--------------------------|
| <b>PAYROLL CLEARING</b>                     |                                       |                     |                     |                          |
| <b>Assets:</b>                              |                                       |                     |                     |                          |
| Cash and cash equivalents.....              | \$ 1,572                              | \$ 2,025,914        | \$ 2,027,405        | \$ 81                    |
| Accounts receivable.....                    | 22                                    | 53                  | 22                  | 53                       |
| Due from other funds.....                   | 43,057                                | 43,333              | 43,107              | 43,283                   |
| <b>Total assets.....</b>                    | <b>\$ 44,651</b>                      | <b>\$ 2,069,300</b> | <b>\$ 2,070,534</b> | <b>\$ 43,417</b>         |
| <b>Liabilities:</b>                         |                                       |                     |                     |                          |
| Accounts payable.....                       | \$ 1,623                              | \$ 434,410          | \$ 435,898          | \$ 135                   |
| Due to other funds.....                     | —                                     | 384,604             | 384,604             | —                        |
| Amounts held in custody for others.....     | 43,028                                | 888,430             | 888,176             | 43,282                   |
| <b>Total liabilities.....</b>               | <b>\$ 44,651</b>                      | <b>\$ 1,707,444</b> | <b>\$ 1,708,678</b> | <b>\$ 43,417</b>         |
| <b>OTHER AGENCY</b>                         |                                       |                     |                     |                          |
| <b>Assets:</b>                              |                                       |                     |                     |                          |
| Cash and cash equivalents.....              | \$ 227,005                            | \$ 3,599,733        | \$ 3,598,148        | \$ 228,590               |
| Accounts receivable.....                    | 2,015                                 | 61,406              | 53,237              | 10,184                   |
| Accrued interest receivable.....            | 567                                   | 561                 | 567                 | 561                      |
| Taxes receivable.....                       | 538                                   | 3,966               | 3,956               | 548                      |
| Due from other funds.....                   | 11,738                                | 24,045              | 23,853              | 11,930                   |
| Investments.....                            | 22,097                                | 500                 | 22,116              | 481                      |
| Invested securities lending collateral..... | 418                                   | 27                  | 418                 | 27                       |
| Prepaid expenses.....                       | —                                     | 265                 | —                   | 265                      |
| <b>Total assets.....</b>                    | <b>\$ 264,378</b>                     | <b>\$ 3,690,503</b> | <b>\$ 3,702,295</b> | <b>\$ 252,586</b>        |
| <b>Liabilities:</b>                         |                                       |                     |                     |                          |
| Accounts payable.....                       | \$ 11,992                             | \$ 319,072          | \$ 316,637          | \$ 14,427                |
| Due to other funds.....                     | —                                     | 45,967              | 45,367              | 600                      |
| Tax refunds payable.....                    | 50                                    | 2                   | 52                  | —                        |
| Intergovernmental payables.....             | 19,888                                | 27,919              | 20,186              | 27,621                   |
| Deposits.....                               | 3,000                                 | 4,864               | 3,224               | 4,640                    |
| Amounts held in custody for others.....     | 228,467                               | 2,647,595           | 2,670,855           | 205,207                  |
| Securities lending collateral.....          | 981                                   | 91                  | 981                 | 91                       |
| <b>Total liabilities.....</b>               | <b>\$ 264,378</b>                     | <b>\$ 3,045,510</b> | <b>\$ 3,057,302</b> | <b>\$ 252,586</b>        |

## Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 2012  
(Expressed in Thousands)

|   | Balance<br>July 1, 2011<br>(Restated) | Additions           | Deductions          | Balance<br>June 30, 2012 |
|---|---------------------------------------|---------------------|---------------------|--------------------------|
| <b>TOTALS - ALL AGENCY FUNDS</b>            |                                       |                     |                     |                          |
| <b>Assets:</b>                              |                                       |                     |                     |                          |
| Cash and cash equivalents.....              | \$ 228,577                            | \$ 5,625,647        | \$ 5,625,553        | \$ 228,671               |
| Accounts receivable.....                    | 2,037                                 | 61,459              | 53,259              | 10,237                   |
| Accrued interest receivable.....            | 567                                   | 561                 | 567                 | 561                      |
| Taxes receivable.....                       | 538                                   | 3,966               | 3,956               | 548                      |
| Due from other funds.....                   | 54,795                                | 67,378              | 66,960              | 55,213                   |
| Investments.....                            | 22,097                                | 500                 | 22,116              | 481                      |
| Invested securities lending collateral..... | 418                                   | 27                  | 418                 | 27                       |
| Prepaid items.....                          | —                                     | 265                 | —                   | 265                      |
| <b>Total assets.....</b>                    | <b>\$ 309,029</b>                     | <b>\$ 5,759,803</b> | <b>\$ 5,772,829</b> | <b>\$ 296,003</b>        |
| <b>Liabilities:</b>                         |                                       |                     |                     |                          |
| Accounts payable.....                       | \$ 13,615                             | \$ 753,482          | \$ 752,535          | \$ 14,562                |
| Due to other funds.....                     | —                                     | 430,571             | 429,971             | 600                      |
| Tax refunds payable.....                    | 50                                    | 2                   | 52                  | —                        |
| Intergovernmental payables.....             | 19,888                                | 27,919              | 20,186              | 27,621                   |
| Deposits.....                               | 3,000                                 | 4,864               | 3,224               | 4,640                    |
| Amounts held in custody for others.....     | 271,495                               | 3,536,025           | 3,559,031           | 248,489                  |
| Securities lending collateral.....          | 981                                   | 91                  | 981                 | 91                       |
| <b>Total liabilities.....</b>               | <b>\$ 309,029</b>                     | <b>\$ 4,752,954</b> | <b>\$ 4,765,980</b> | <b>\$ 296,003</b>        |



## 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 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.

## Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2012

(Expressed in Thousands)

|   | Clemson<br>University<br>Foundation | University<br>of South<br>Carolina<br>Educational<br>Foundation | South<br>Carolina<br>Medical<br>Malpractice<br>Liability Joint<br>Underwriting<br>Association | South<br>Carolina<br>First Steps<br>to School<br>Readiness<br>Board<br>of Trustees | Children's<br>Trust Fund<br>of S.C., Inc. | Totals         |
|---|-------------------------------------|---|---|--|---|----------------|
| <b>ASSETS</b>                                       |                                     |   |   |  |   |                |
| Current assets:                                     |                                     |   |   |  |   |                |
| Cash and cash equivalents.....                      | \$ 1,303                            | \$ 5,735  | \$ 6,520  | \$ 1,700   | \$ 768                                    | \$ 16,026      |
| Investments.....                                    | —                                   | 9,187   | 50,218  | —  | 851                                       | 60,256         |
| Invested securities lending collateral.....         | —                                   | —   | —   | 2  | —   | 2              |
| Receivables, net                                    |                                     |   |   |  |   |                |
| Accounts .....                                      | 402                                 | 2,231   | 2,102   | —  | 3   | 4,738          |
| Contributions .....                                 | 3,172                               | 31  | —   | —  | —   | 3,203          |
| Accrued interest .....                              | —                                   | —   | 442   | 15   | —   | 457            |
| Due from Federal government and other grantors..... | —                                   | —   | —   | 2,242  | 390                                       | 2,632          |
| Restricted assets:                                  |                                     |   |   |  |   |                |
| Cash and cash equivalents.....                      | 27,276                              | —   | —   | —  | —   | 27,276         |
| Prepaid items.....                                  | —                                   | —   | —   | —  | 15  | 15             |
| Other current assets.....                           | 280                                 | —   | 45  | —  | —   | 325            |
| Deferred charges.....                               | —                                   | —   | 1,292   | —  | —   | 1,292          |
| Total current assets.....                           | 32,433                              | 17,184  | 60,619  | 3,959  | 2,027                                     | 116,222        |
| Long-term assets:                                   |                                     |   |   |  |   |                |
| Investments.....                                    | 455,139                             | 300,732   | —   | —  | —   | 755,871        |
| Receivables, net:                                   |                                     |   |   |  |   |                |
| Accounts.....                                       | 1,695                               | 40  | —   | —  | —   | 1,735          |
| Contributions.....                                  | 33,217                              | 22,136  | —   | —  | —   | 55,353         |
| Loans and notes.....                                | —                                   | 130   | —   | —  | —   | 130            |
| Other long term assets.....                         | 12                                  | —   | —   | —  | —   | 12             |
| Non-depreciable capital assets.....                 | 8,971                               | —   | —   | —  | —   | 8,971          |
| Depreciable capital assets, net.....                | 598                                 | 5   | 2   | —  | 9   | 614            |
| Total long-term assets.....                         | 499,632                             | 323,043   | 2   | —  | 9   | 822,686        |
| <b>Total assets.....</b>                            | <b>532,065</b>                      | <b>340,227</b>  | <b>60,621</b>   | <b>3,959</b>   | <b>2,036</b>                              | <b>938,908</b> |

## Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS (Continued)

June 30, 2012  
(Expressed in Thousands)

|  | Clemson<br>University<br>Foundation | University<br>of South<br>Carolina<br>Educational<br>Foundation | South<br>Carolina<br>Medical<br>Liability Joint<br>Underwriting<br>Association | South<br>Carolina<br>First Steps<br>to School<br>Readiness<br>Board<br>of Trustees | Children's<br>Trust Fund<br>of S.C., Inc. | Totals            |
|--|-------------------------------------|---|--|--|---|-------------------|
| <b>LIABILITIES</b>                                   |                                     |   |  |  |   |                   |
| Current liabilities:                                 |                                     |   |  |  |   |                   |
| Accounts payable.....                                | \$ 208                              | \$ 1,291  | \$ 398   | \$ 105   | \$ 304                                    | \$ 2,306          |
| Accrued salaries and related expenses.....           | —                                   | —   | —  | 131  | —   | 131               |
| Intergovernmental payables.....                      | —                                   | —   | —  | 373  | 243                                       | 616               |
| Policy claims.....                                   | —                                   | —   | 28,000   | —  | —   | 28,000            |
| Due to primary government.....                       | 137,086                             | 23,349  | —  | 180  | —   | 160,615           |
| Unearned revenues and deferred credits.....          | —                                   | —   | 11,618   | 47   | 212                                       | 11,877            |
| Amounts held in custody for others.....              | —                                   | 7,915   | —  | —  | —   | 7,915             |
| Securities lending collateral.....                   | —                                   | —   | —  | 8  | —   | 8                 |
| Accounts payable from restricted assets.....         | 267                                 | —   | —  | —  | —   | 267               |
| Compensated absences payable.....                    | —                                   | —   | —  | 115  | —   | 115               |
| Other current liabilities.....                       | —                                   | 491   | —  | —  | 38  | 529               |
| Total current liabilities.....                       | 137,561                             | 33,046  | 40,016   | 959  | 797                                       | 212,379           |
| Long-term liabilities:                               |                                     |   |  |  |   |                   |
| Policy claims.....                                   | —                                   | —   | 96,891   | —  | —   | 96,891            |
| Amounts held in custody for others.....              | 2,325                               | —   | 73   | —  | —   | 2,398             |
| Compensated absences payable.....                    | —                                   | —   | —  | 103  | 22  | 125               |
| Other long-term liabilities.....                     | 5,011                               | 2,745   | —  | —  | —   | 7,756             |
| Total long-term liabilities.....                     | 7,336                               | 2,745   | 96,964   | 103  | 22  | 107,170           |
| <b>Total liabilities.....</b>                        | <b>144,897</b>                      | <b>35,791</b>   | <b>136,980</b>   | <b>1,062</b>   | <b>819</b>                                | <b>319,549</b>    |
| <b>NET ASSETS (DEFICIT)</b>                          |                                     |   |  |  |   |                   |
| Invested in capital assets, net of related debt..... | 9,569                               | 5   | 2  | —  | 9   | 9,585             |
| Restricted:  |                                     |   |  |  |   |                   |
| Expendable:  |                                     |   |  |  |   |                   |
| Education.....                                       | 133,381                             | 104,650   | —  | —  | —   | 238,031           |
| Other.....   | —                                   | —   | 2,193  | —  | 32  | 2,225             |
| Nonexpendable, education.....                        | 225,474                             | 173,494   | —  | —  | —   | 398,968           |
| Unrestricted.....                                    | 18,744                              | 26,287  | (78,554)   | 2,897  | 1,176                                     | (29,450)          |
| <b>Total net assets (deficit).....</b>               | <b>\$ 387,168</b>                   | <b>\$ 304,436</b>   | <b>\$ (76,359)</b>   | <b>\$ 2,897</b>  | <b>\$ 1,217</b>                           | <b>\$ 619,359</b> |

## Combining Statement of Activities

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

|  | <u>Expenses</u>  | <u>Program Revenues</u>     |   | <u>Net Revenue (Expenses)</u> |
|--|------------------|-----------------------------|---|-------------------------------|
|  |                  | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |                               |
| Clemson University Foundation.....   | \$ 23,050        | \$ —                        | \$ 38,648                                 | \$ 15,598                     |
| University of South Carolina Educational Foundation.....                         | 25,429           | —                           | 33,146                                    | 7,717                         |
| South Carolina Medical Malpractice Liability Joint Underwriting Association..... | 15,969           | 22,856                      | 2,632                                     | 9,519                         |
| South Carolina First Steps to School Readiness Board of Trustees.....            | 30,534           | —                           | 31,875                                    | 1,341                         |
| Children's Trust Fund of S.C., Inc.....  | 3,344            | —                           | 3,406                                     | 62                            |
| <b>Totals.....</b>   | <b>\$ 98,326</b> | <b>\$ 22,856</b>            | <b>\$ 109,707</b>                         | <b>\$ 34,237</b>              |

| <u>Net Assets (Deficit)<br/>Beginning of Year<br/>(Previously Presented)</u> | <u>Correction<br/>of Error<br/>Restatement</u> | <u>Net Assets (Deficit)<br/>Beginning of Year<br/>(Restated)</u> | <u>Net Assets (Deficit)<br/>End of Year</u> |
|--|--|--|---|
| \$ 371,570   | \$ —   | \$ 371,570   | \$ 387,168                                  |
| 302,494  | (5,775)  | 296,719  | 304,436                                     |
| (85,878)   | —  | (85,878)   | (76,359)                                    |
| 2,348  | (792)  | 1,556  | 2,897                                       |
| 1,155  | —  | 1,155  | 1,217                                       |
| <u>\$ 591,689</u>  | <u>\$ (6,567)</u>                              | <u>\$ 585,122</u>  | <u>\$ 619,359</u>                           |

## Balance Sheet

SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS  
BOARD OF TRUSTEES

June 30, 2012

(Expressed in Thousands)

### ASSETS

|   |                 |
|---|-----------------|
| Cash and cash equivalents.....                      | \$ 1,700        |
| Invested securities lending collateral.....         | 2               |
| Accrued interest receivable.....                    | 15              |
| Due from Federal government and other grantors..... | 2,242           |
| <b>Total assets.....</b>                            | <b>\$ 3,959</b> |

### LIABILITIES AND FUND BALANCE

#### Liabilities:

|  |            |
|--|------------|
| Accounts payable.....                          | \$ 105     |
| Accrued salaries and related expenditures..... | 131        |
| Intergovernmental payables.....                | 373        |
| Due to primary government.....                 | 180        |
| Unearned revenues and deferred credits.....    | 47         |
| Securities lending collateral.....             | 8          |
| <b>Total liabilities.....</b>                  | <b>844</b> |

#### Fund Balance:

|  |                 |
|--|-----------------|
| Unrestricted, unassigned.....                  | 3,115           |
| <b>Total liabilities and fund balance.....</b> | <b>\$ 3,959</b> |

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

|   |                 |
|---|-----------------|
| <b>Total fund balance .....</b>   | <b>\$ 3,115</b> |
| Amounts reported for First Steps in the Combining Statement of<br>Net Assets are different because:                                       |                 |
| Compensated absences payable are not due and payable<br>in the current period and therefore are not reported in the<br>Balance Sheet..... | (218)           |
| <b>Net assets .....</b>   | <b>\$ 2,897</b> |

## 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, 2012  
(Expressed in Thousands)

**Revenues:**

|   |                      |
|---|----------------------|
| Interest and other investment income..... | \$ 121               |
| Federal.....                              | 30,778               |
| Local and private grants.....             | 38                   |
| Departmental services.....                | 4                    |
| Contributions.....                        | 544                  |
| Other.....                                | <u>390</u>           |
| <b>Total revenues.....</b>                | <b><u>31,875</u></b> |

**Expenditures:**

|                                |                      |
|--------------------------------|----------------------|
| Current: Education.....        | 15,142               |
| Intergovernmental .....        | <u>15,290</u>        |
| <b>Total expenditures.....</b> | <b><u>30,432</u></b> |

**Excess of revenues over expenditures.....** **1,443**

|   |              |
|---|--------------|
| Fund balance, beginning, as previously presented..... | 2,464        |
| Correction of error restatement.....                  | <u>(792)</u> |

**Fund balance at beginning of year, restated.....** **1,672**

**Fund balance at end of year.....** **\$ 3,115**

**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 .....** **\$ 1,443**

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

|   |              |
|---|--------------|
| Compensated absences expenses reported in the Combining Statement<br>of Activities do not require the use of current financial resources and<br>therefore are not reported as expenditures in the governmental fund.<br>Increase in compensated absences payable..... | <u>(102)</u> |
|---|--------------|

**Change in net assets.....** **\$ 1,341**