
NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: RELATED PARTY TRANSACTIONS

Primary Government

Supplemental Retirement Income Plan of North Carolina

Included in Plan assets is a stable value fund sponsored by the contractor, Prudential Retirement Services. Investment earnings in the Prudential Stable Value Fund amounted to approximately \$39.486 million in 2006. The asset values of this fund are disclosed in Note 3.

North Carolina Public Employee Deferred Compensation Plan

Under the terms of an agreement effective January 1, 2004, the Plan's Board of Trustees appointed Great-West Life & Annuity Insurance Company (Great-West), as the Plan's third-party administrator. The Plan recognized \$2.185 million in expenses related to Great-West for the year ended December 31, 2006. The portion of annuity payout contract assets attributable to contracts with Great-West at December 31, 2006 was \$23.848 million.

Component Units

University of North Carolina System and Community College Foundations

The University of North Carolina (UNC) System and community colleges have separately incorporated not-for-profit foundations that are associated with constituent institutions of the UNC System or individual colleges. These organizations serve as a fundraising arm of the respective institutions through which individuals, corporations, and other organizations support institution programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific departments and the institution's overall academic environment. These affiliated organizations are not included as component units since the economic resources received or held by an individual organization are not significant to the primary government. Therefore, the financial statements of the UNC System and community colleges do not include the assets, liabilities, net assets, or operational transactions of these foundations, except for support from each organization to constituent institutions or colleges. For the fiscal year ended June 30, 2007, this support approximated \$49.038 million for the UNC System and \$475 thousand for community colleges.