
**REQUIRED
SUPPLEMENTARY INFORMATION—
Other than Management’s Discussion and Analysis
(Unaudited)**

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Revenues:				
Regular sources				
Retail sales tax.....	\$ 2,698,853	\$ 2,282,353	\$ 2,247,876	\$ (34,477)
Income tax, individual.....	2,969,672	2,489,517	2,326,707	(162,810)
Income tax, corporation.....	248,886	125,827	207,175	81,348
Total income and sales tax.....	5,917,411	4,897,697	4,781,758	(115,939)
Admissions tax.....	27,467	27,467	27,132	(335)
Aircraft tax.....	5,115	5,115	6,261	1,146
Alcoholic liquor tax.....	56,237	56,237	57,461	1,224
Bank tax.....	24,425	7,425	8,494	1,069
Beer and wine tax.....	104,825	104,825	101,356	(3,469)
Business license tax.....	33,671	29,671	30,573	902
Coin-operated device tax.....	1,284	1,284	2,134	850
Corporation license tax.....	73,920	86,919	80,988	(5,931)
Departmental revenue (primarily fees for services).....	43,992	43,992	37,485	(6,507)
Documentary tax.....	57,870	28,475	24,406	(4,069)
Earned on investments.....	93,000	77,000	79,560	2,560
Estate tax.....	—	—	153	153
Insurance tax.....	176,494	177,979	172,883	(5,096)
Motor transport fees.....	20	20	7	(13)
Motor vehicle licenses.....	15,351	15,351	15,213	(138)
Private car lines tax.....	4,034	4,034	3,734	(300)
Public Service Authority.....	16,340	16,340	20,590	4,250
Retailers' license tax.....	884	884	789	(95)
Savings and loan association tax.....	4,002	2,002	3,816	1,814
Workers' compensation insurance tax.....	14,656	14,656	12,779	(1,877)
Total regular sources.....	6,670,998	5,597,373	5,467,572	(129,801)
Miscellaneous sources				
Circuit and family court fines.....	10,664	10,664	10,162	(502)
Debt service reimbursement.....	1,723	238	1,145	907
Indirect cost recoveries.....	16,679	16,679	16,101	(578)
Mental health fees.....	3,200	3,200	3,400	200
Parole and probation supervision fees.....	3,393	3,393	3,393	—
Unclaimed property fund transfer.....	12,000	12,000	12,000	—
Nonrecurring revenue.....	30,400	30,400	30,400	—
Total miscellaneous sources.....	78,059	76,574	76,601	27
Total revenues.....	6,749,057	5,673,947	5,544,173	(129,774)

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)

BUDGETARY GENERAL FUND (Continued)

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Expenditures:				
Legislative.....	\$ 46,367	\$ 39,329	\$ 31,905	\$ 7,424
Judicial.....	38,556	30,877	30,662	215
Executive and administrative.....	221,742	171,925	153,795	18,130
Educational.....	3,449,871	2,982,735	2,971,831	10,904
Health.....	1,558,795	1,275,059	1,142,119	132,940
Social rehabilitation services.....	154,432	128,150	120,965	7,185
Correctional and public safety.....	556,000	541,307	539,497	1,810
Conservation, natural resources, and development.....	197,882	164,330	135,376	28,954
Regulatory.....	56,926	46,712	46,255	457
Transportation.....	6,796	6,755	1,783	4,972
Debt service.....	229,784	229,784	222,991	6,793
Miscellaneous.....	314,526	350,741	350,736	5
Total expenditures.....	6,831,677	5,967,704	5,747,915	219,789
Excess of revenues over (under) expenditures—budgetary basis.....	(82,620)	(293,757)	(203,742)	90,015
Fund balance at beginning of year— budgetary basis.....	324,254	324,254	324,254	—
Fund balance at end of year—budgetary basis.....	\$ 241,634	\$ 30,497	\$ 120,512	\$ 90,015

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)

OTHER BUDGETED FUNDS

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Revenues:				
Federal.....	\$ 7,120,911	\$ 7,686,221	\$ 7,102,900	\$ (583,321)
Earmarked.....	4,406,506	5,059,754	4,120,624	(939,130)
Restricted.....	2,667,587	2,608,480	2,506,273	(102,207)
Total revenues.....	14,195,004	15,354,455	13,729,797	(1,624,658)
Expenditures:				
Legislative.....	2,317	3,467	2,719	748
Judicial.....	23,122	31,697	29,618	2,079
Executive and administrative.....	429,476	649,381	478,901	170,480
Educational.....	4,727,575	5,178,548	4,446,551	731,997
Health.....	5,647,327	5,860,673	5,475,476	385,197
Social rehabilitation services.....	1,334,493	1,637,631	1,582,938	54,693
Correctional and public safety.....	217,456	267,645	207,252	60,393
Conservation, natural resources, and development.....	342,689	454,221	306,772	147,449
Regulatory.....	270,944	418,292	367,077	51,215
Transportation.....	1,157,490	1,250,109	1,173,752	76,357
Other.....	—	4,727	4,727	—
Total expenditures.....	14,152,889	15,756,391	14,075,783	1,680,608
Net increase (decrease) in fund balance— budgetary basis.....	42,115	(401,936)	(345,986)	55,950
Fund balance at beginning of year— budgetary basis.....	2,283,882	2,283,882	2,283,882	—
Fund balance at end of year—budgetary basis.....	\$ 2,325,997	\$ 1,881,946	\$ 1,937,896	\$ 55,950

Notes to the Required Supplementary Information--Budgetary

NOTE 1: BUDGETARY FUNDS AND PERSPECTIVE DIFFERENCES

a. Budgetary Funds

South Carolina's Annual Appropriation Act, the State's legally adopted budget, does not present budgets by GAAP fund. Instead, it presents program-level budgets for the following two funds:

General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund and is referred to within these notes and in the accompanying schedule as the *Budgetary General Fund*.

Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most, but not all, federal and department-generated resources. Total funds include portions of certain proprietary and capital project fund activities as well as most special revenue activities but exclude the pension trust funds and some other fiduciary fund activities.

Amounts obtained by subtracting the General Funds column in the Appropriation Act from the Total Funds column in the Appropriation Act are referred to within these notes and in the accompanying schedules as *Other Budgeted Funds*.

b. Perspective Differences

Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is defined by GAAP. Although there are some perspective differences between the Budgetary General Fund and the GAAP General Fund, those differences are *not* significant enough to prevent the State from preparing a budgetary comparison schedule for the Budgetary General Fund.

In contrast, however, there are *significant* perspective differences between the Other Budgeted Funds and the State's GAAP funds, including its major special revenue funds. These perspective differences are so significant that the State is unable to present separate budgetary comparison schedules for its major special revenue funds. Accordingly, the State instead has presented a budgetary comparison schedule for its Other Budgeted Funds in accordance with GASB Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*.

NOTE 2: ORIGINAL AND FINAL BUDGETED AMOUNTS; BASIS OF PRESENTATION

a. Budgetary General Fund

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The *original appropriations* presented in the accompanying schedule for the Budgetary General Fund include the amounts displayed in the Appropriation Act as well as any appropriations authorized to carry forward from the preceding fiscal year. *Original estimated revenues* in the accompanying schedule for the Budgetary General Fund include amounts displayed in Section 71 (*Revenue*) of the Appropriation Act and nonrecurring transfers from other funds that were legislatively required by various provisos within the Appropriation Act.

The accompanying schedule for the Budgetary General Fund presents a fund balance section whereas the budget document does not present fund balances; in other respects, however, the format of the accompanying schedule is substantively the same as for the legally enacted budget.

After the beginning of the fiscal year, departments and agencies may request transfers of appropriations among programs. No such transfer request may exceed 20.0% of the program budget. In addition, the Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve transfers of appropriations between personal service and other operating accounts.

The Appropriation Act for the 2008-2009 fiscal year directs the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if necessary to prevent a deficit. Likewise, the State Board of Economic Advisors may approve revisions of estimated revenues for the Budgetary General Fund during the year.

b. Other Budgeted Funds

The *original appropriations* presented in the accompanying schedule for Other Budgeted Funds include the amounts displayed in the Appropriation Act as well as any appropriation reductions specifically authorized by law to prevent duplicate appropriations. The terminology, classifications, and format of the appropriations section of the accompanying schedule for Other Budgeted Funds is substantively the same as for the legally enacted budget.

The State's General Assembly does not approve estimated revenue or fund balance amounts for Other Budgeted Funds (or for Total Funds). However, Section 70 (*Recapitulation*) of the Appropriation Act includes net *source of funds* amounts (i.e., estimated cash brought forward from the previous fiscal year plus estimated revenue for the current fiscal year minus estimated cash to be carried forward to the following fiscal year) for three categories of Other Budgeted Funds: Federal, Earmarked, and Restricted. The *original estimated revenue* amounts in the accompanying schedule for Other Budgeted Funds were obtained from the State Budget Office's breakdown of the source of funds amounts.

As operating conditions change, departments and agencies may request revisions of budgeted amounts in Other Budgeted Funds. Such changes require the Budget and Control Board's approval. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects. The Budget and Control Board and the Joint Bond Review Committee must approve and review those changes.

NOTE 3: LEGAL LEVEL OF BUDGETARY CONTROL

The State maintains budgetary control at the level of summary object category of expenditure within each program of each department or agency. The State's Appropriation Act for the 2008-2009 fiscal year has approximately 2,600 appropriated line items. These line items constitute the level of legal control over expenditures. The level of legal control for all agencies is reported in a publication of the State Comptroller General's Office titled "A Detailed Report of Appropriations and Expenditures," not included herein.

NOTE 4: BASIS OF BUDGETING

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

State law does not precisely define the State's basis of budgeting. In practice, however, it is the cash basis with the following exceptions:

- (i) Departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 16.
- (ii) Certain revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.
- (iii) The following taxes are recorded on the modified accrual basis in accordance with State law: admissions tax, alcoholic liquors tax, beer and wine tax, business license tax, documentary tax, electric power tax, gasoline and motor fuel taxes, and sales, use, and casual excise taxes.
- (iv) Certain non-cash activity, such as food stamp benefits, is recorded as revenue and expenditure in the fiscal year in which the resources are distributed to the beneficiaries.
- (v) All other revenues are recorded only when the State receives the related cash.

NOTE 5: RECONCILIATION OF BUDGET TO GAAP REPORTING DIFFERENCES

The accompanying budgetary comparison schedules compare the State’s legally adopted budget with actual data in accordance with the State’s basis of budgeting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, and entity differences in the net increase in fund balance—budgetary basis. *Basis differences* arise because the basis of budgeting differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balances—governmental funds. *Perspective differences* result because the Appropriation Act’s program-oriented structure differs from the fund structure required for GAAP. *Entity differences* arise because certain activity reported within the State’s financial reporting entity for GAAP purposes is excluded from the Appropriation Act. These differences (expressed in thousands) for the fiscal year ended June 30, 2009, were as follows:

<i>Budgetary funds</i>	<i>Budgetary</i>	<i>Other</i>	Major Special Revenue Funds			
	General Fund	Budgeted Funds				
GAAP funds	General Fund	Not Applicable	Departmental General Operating	Local Government Infrastructure	Department of Transportation Special Revenue	State Tobacco Settlement
Net decrease in fund balance—budgetary basis	\$ (203,742)	\$ (345,986)	\$ —	\$ —	\$ —	\$ —
Perspective differences:						
Other Budgeted Funds attributable to nonmajor governmental and other GAAP funds	—	239,422	—	—	—	—
Other Budgeted Funds net decrease allocated among the State’s major governmental GAAP funds	(39,688)	106,564	15,188	21,860	(94,225)	(9,699)
Basis of accounting differences	119,272	—	(63,008)	(25,243)	9,568	154
Entity differences	(102,409)	—	(145,040)	40,560	—	14,879
Net increase (decrease) in fund balance—GAAP basis	\$ (226,567)	\$ —	\$ (192,860)	\$ 37,177	\$ (84,657)	\$ 5,334

NOTE 6: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2009, the Education function within Other Budgeted Funds had \$105.734 million of expenditures in excess of appropriations at the level of legal control. These overexpenditures were associated with the State’s technical colleges. The technical colleges maintain their own accounting systems. The colleges had sufficient budgetary-basis revenue and cash to provide for their budgetary-basis expenditures.