
**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, 2012****(Expressed in Thousands)**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget— Positive (Negative) |
|--|-------------------------|------------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Regular sources | | | | |
| Retail sales tax..... | \$ 2,250,803 | \$ 2,367,783 | \$ 2,354,476 | \$ (13,307) |
| Income tax, individual..... | 2,322,282 | 2,628,177 | 2,591,809 | (36,368) |
| Income tax, corporation..... | 186,908 | 206,353 | 212,256 | 5,903 |
| Total income and sales tax..... | 4,759,993 | 5,202,313 | 5,158,541 | (43,772) |
| Admissions tax..... | 28,732 | 27,242 | 28,621 | 1,379 |
| Aircraft tax..... | 5,639 | 3,913 | 3,999 | 86 |
| Alcoholic liquor tax..... | 58,618 | 60,623 | 61,177 | 554 |
| Bank tax..... | 15,985 | 13,921 | 15,083 | 1,162 |
| Beer and wine tax..... | 104,253 | 103,478 | 100,650 | (2,828) |
| Tobacco tax..... | 29,763 | 24,248 | 26,248 | 2,000 |
| Coin-operated device tax..... | 1,637 | 1,637 | 1,556 | (81) |
| Corporation license tax..... | 91,736 | 91,551 | 101,707 | 10,156 |
| Departmental revenue (primarily fees for services)..... | 36,650 | 37,678 | 43,672 | 5,994 |
| Documentary tax..... | 31,550 | 29,333 | 29,942 | 609 |
| Earned on investments..... | 36,000 | 28,815 | 29,422 | 607 |
| Estate tax..... | 50 | 5 | (141) | (146) |
| Insurance tax..... | 177,938 | 168,540 | 171,197 | 2,657 |
| Motor transport fees..... | 3 | 3 | — | (3) |
| Motor vehicle licenses..... | 12,862 | 15,567 | 10,396 | (5,171) |
| Private car lines tax..... | 4,272 | 4,008 | 3,821 | (187) |
| Public Service Authority..... | 21,316 | 19,216 | 19,695 | 479 |
| Retailers' license tax..... | 828 | 920 | 859 | (61) |
| Savings and loan association tax..... | 3,630 | 1,759 | 1,305 | (454) |
| Workers' compensation insurance tax..... | 13,402 | 11,762 | 10,096 | (1,666) |
| Total regular sources..... | 5,434,857 | 5,846,532 | 5,817,846 | (28,686) |
| Miscellaneous sources | | | | |
| Circuit and family court fines..... | 9,920 | 9,772 | 9,158 | (614) |
| Debt service reimbursement..... | 188 | 135 | 469 | 334 |
| Indirect cost recoveries..... | 11,061 | 10,261 | 11,252 | 991 |
| Parole and probation supervision fees..... | 3,393 | 3,393 | 3,393 | — |
| Unclaimed property fund transfer..... | 15,000 | 15,000 | 15,000 | — |
| Nonrecurring revenue..... | 1,244 | 1,244 | 678 | (566) |
| Total miscellaneous sources..... | 40,806 | 39,805 | 39,950 | 145 |
| Total revenues..... | 5,475,663 | 5,886,337 | 5,857,796 | (28,541) |

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

BUDGETARY GENERAL FUND (Continued)

For the Fiscal Year Ended June 30, 2012

(Expressed in Thousands)

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget— Positive (Negative) |
|--|-------------------|-------------------|---|---|
| | Original | Final | | |
| Expenditures: | | | | |
| Legislative..... | \$ 37,983 | \$ 48,341 | \$ 32,687 | \$ 15,654 |
| Judicial..... | 37,632 | 37,910 | 37,507 | 403 |
| Executive and administrative..... | 169,372 | 126,697 | 105,638 | 21,059 |
| Educational..... | 2,569,723 | 2,713,112 | 2,694,310 | 18,802 |
| Health..... | 1,311,495 | 1,349,705 | 1,278,874 | 70,831 |
| Social rehabilitation services..... | 127,314 | 129,016 | 127,940 | 1,076 |
| Correctional and public safety..... | 530,701 | 541,180 | 525,587 | 15,593 |
| Conservation, natural resources, and development..... | 48,689 | 57,538 | 51,372 | 6,166 |
| Regulatory..... | 47,423 | 194,923 | 191,556 | 3,367 |
| Transportation..... | 593 | 5,411 | 4,130 | 1,281 |
| Debt service..... | 199,211 | 204,202 | 192,079 | 12,123 |
| Aid to subdivisions..... | 269,067 | 274,971 | 274,819 | 152 |
| Total expenditures..... | 5,349,203 | 5,683,006 | 5,516,499 | 166,507 |
| Excess of revenues over expenditures—budgetary basis..... | 126,460 | 203,331 | 341,297 | 137,966 |
| Fund balance at beginning of year— budgetary basis..... | 711,742 | 711,742 | 711,742 | — |
| Fund balance at end of year— budgetary basis..... | \$ 838,202 | \$ 915,073 | \$ 1,053,039 | \$ 137,966 |

REQUIRED SUPPLEMENTARY INFORMATION**Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)****OTHER BUDGETED FUNDS****For the Fiscal Year Ended June 30, 2012****(Expressed in Thousands)**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance from Final Budget— Positive (Negative) |
|--|-------------------------|---------------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Federal..... | \$ 8,436,044 | \$ 8,776,515 | \$ 7,719,068 | \$ (1,057,447) |
| Earmarked..... | 5,141,649 | 5,533,304 | 3,910,173 | (1,623,131) |
| Restricted..... | 2,809,583 | 3,277,479 | 4,239,068 | 961,589 |
| Total revenues..... | 16,387,276 | 17,587,298 | 15,868,309 | (1,718,989) |
| Expenditures: | | | | |
| Legislative..... | 1,866 | 4,835 | 3,174 | 1,661 |
| Judicial..... | 25,576 | 33,270 | 22,960 | 10,310 |
| Executive and administrative..... | 502,420 | 594,996 | 536,304 | 58,692 |
| Educational..... | 5,490,489 | 6,164,502 | 5,172,576 | 991,926 |
| Health..... | 6,092,778 | 6,110,134 | 5,311,635 | 798,499 |
| Social rehabilitation services..... | 2,635,836 | 2,636,162 | 2,114,340 | 521,822 |
| Correctional and public safety..... | 214,830 | 249,516 | 196,756 | 52,760 |
| Conservation, natural resources, and development..... | 229,702 | 280,432 | 226,968 | 53,464 |
| Regulatory..... | 468,875 | 502,495 | 406,267 | 96,228 |
| Transportation..... | 1,286,133 | 1,813,267 | 1,482,214 | 331,053 |
| Total expenditures..... | 16,948,505 | 18,389,609 | 15,473,194 | 2,916,415 |
| Net increase (decrease) in fund balance— budgetary basis..... | (561,229) | (802,311) | 395,115 | 1,197,426 |
| Fund balance at beginning of year— budgetary basis..... | 1,897,978 | 1,897,978 | 1,897,978 | — |
| Fund balance at end of year—budgetary basis..... | \$ 1,336,749 | \$ 1,095,667 | \$ 2,293,093 | \$ 1,197,426 |

Notes to the Required Supplementary Information--Budgetary

NOTE 1: BUDGETARY FUNDS AND PERSPECTIVE DIFFERENCES

a. Budgetary Funds

South Carolina's Annual Appropriations 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 Appropriations 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 Appropriations 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 Appropriations 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 Appropriations 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 Appropriations 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 88 (*Revenue*) of the Appropriations Act and nonrecurring transfers from other funds that were legislatively required by various provisos within the Appropriations 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 authority to reduce enacted appropriations is provided to the Budget and Control Board if it is deemed 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 Appropriations 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 87 (*Recapitulation*) of the Appropriations 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 Acts for the 2011-2012 fiscal year has approximately 2,500 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 13.
- (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 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 Appropriations 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 Appropriations Act. These differences (expressed in thousands) for the fiscal year ended June 30, 2012, were as follows:

| Budgetary funds | Budgetary General Fund | Other Budgeted Funds | Major Special Revenue Funds | | | |
|--|---------------------------------------|-------------------------------------|--|--|---|---|
| | General Fund | Not Applicable | Departmental Program Services | Local Government Infrastructure | Department of Transportation Special Revenue | State Tobacco Settlement |
| GAAP funds | | | | | | |
| Net increase in fund balance—budgetary basis | \$ 341,297 | \$ 395,115 | \$ — | \$ — | \$ — | \$ — |
| Perspective differences: | | | | | | |
| Other Budgeted Funds attributable to nonmajor governmental and other GAAP funds | — | (425,951) | — | — | — | — |
| Other Budgeted Funds net increase (decrease) allocated among the State's major governmental GAAP funds | 1,245,623 | 30,836 | 22,671 | 51,098 | (1,351,985) | 1,757 |
| Basis of accounting differences | (1,255,616) | — | 71,907 | (16,820) | 1,482,212 | (39) |
| Entity differences | 19,064 | — | (70,582) | — | — | — |
| Net increase in fund balance—GAAP basis | \$ 350,368 | \$ — | \$ 23,996 | \$ 34,278 | \$ 130,227 | \$ 1,718 |