
**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, 2013

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Revenues:				
Regular sources				
Retail sales tax.....	\$ 2,466,431	\$ 2,466,431	\$ 2,448,348	\$ (18,083)
Income tax, individual.....	2,732,203	2,732,203	2,843,945	111,742
Income tax, corporation.....	190,366	190,366	351,080	160,714
Total income and sales tax.....	<u>5,389,000</u>	<u>5,389,000</u>	<u>5,643,373</u>	<u>254,373</u>
Admissions tax.....	27,765	27,804	28,493	689
Aircraft tax.....	4,014	4,014	4,405	391
Alcoholic liquor tax.....	62,139	62,139	64,062	1,923
Bank tax.....	16,640	16,640	34,105	17,465
Beer and wine tax.....	105,548	105,548	100,543	(5,005)
Tobacco tax.....	23,811	23,811	27,677	3,866
Coin-operated device tax.....	1,746	1,746	1,402	(344)
Corporation license tax.....	94,480	94,480	74,208	(20,272)
Departmental revenue (primarily fees for services).....	36,590	36,590	54,402	17,812
Documentary tax.....	22,572	22,572	28,993	6,421
Earned on investments.....	29,000	29,000	26,374	(2,626)
Estate tax.....	5	5	—	(5)
Insurance tax.....	196,999	196,999	200,995	3,996
Motor transport fees.....	5	5	—	(5)
Motor vehicle licenses.....	15,980	15,980	9,639	(6,341)
Private car lines tax.....	4,092	4,092	3,638	(454)
Public Service Authority.....	19,792	19,792	20,473	681
Retailers' license tax.....	966	966	810	(156)
Savings and loan association tax.....	1,811	1,811	3,074	1,263
Workers' compensation insurance tax.....	12,026	12,026	11,543	(483)
Total regular sources.....	<u>6,064,981</u>	<u>6,065,020</u>	<u>6,338,209</u>	<u>273,189</u>
Miscellaneous sources				
Circuit and family court fines.....	9,951	9,951	8,538	(1,413)
Debt service reimbursement.....	113	113	491	378
Indirect cost recoveries.....	11,061	11,061	10,046	(1,015)
Parole and probation supervision fees.....	3,393	3,393	3,393	—
Unclaimed property fund transfer.....	15,000	15,000	15,000	—
Nonrecurring revenue.....	(16,562)	14,159	13,899	(260)
Total miscellaneous sources.....	<u>22,956</u>	<u>53,677</u>	<u>51,367</u>	<u>(2,310)</u>
Total revenues.....	<u>6,087,937</u>	<u>6,118,697</u>	<u>6,389,576</u>	<u>270,879</u>

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

BUDGETARY GENERAL FUND (Continued)

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Expenditures:				
Legislative.....	\$ 43,741	\$ 60,450	\$ 36,350	\$ 24,100
Judicial.....	43,486	45,413	44,632	781
Executive and administrative.....	273,048	180,943	149,402	31,541
Educational.....	2,763,828	2,933,060	2,908,278	24,782
Health.....	1,519,729	1,592,249	1,349,879	242,370
Social rehabilitation services.....	128,255	135,009	128,938	6,071
Correctional and public safety.....	537,277	585,440	568,442	16,998
Conservation, natural resources, and development.....	88,576	417,916	397,421	20,495
Regulatory.....	80,469	88,903	84,963	3,940
Transportation.....	1,149	2,466	1,723	743
Debt service.....	187,230	199,352	189,489	9,863
Aid to subdivisions.....	308,531	340,821	340,193	628
Total expenditures.....	5,975,319	6,582,022	6,199,710	382,312
Excess of revenues over expenditures—budgetary basis.....	112,618	(463,325)	189,866	653,191
Fund balance, beginning — budgetary basis.....	956,052	956,052	956,052	—
Fund balance, ending — budgetary basis.....	\$ 1,068,670	\$ 492,727	\$ 1,145,918	\$ 653,191
Less:				
Capital Reserve appropriation.....			(99,828)	
Fund balance, ending — budgetary basis, after reservation.....			\$ 1,046,090	

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)

OTHER BUDGETED FUNDS

For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
Revenues:				
Federal.....	\$ 8,669,813	\$ 8,845,979	\$ 7,689,698	\$ (1,156,281)
Earmarked.....	5,066,360	5,296,059	3,978,981	(1,317,078)
Restricted.....	3,105,541	3,251,158	4,193,035	941,877
Total revenues.....	16,841,714	17,393,196	15,861,714	(1,531,482)
Expenditures:				
Legislative.....	2,045	6,375	4,737	1,638
Judicial.....	24,440	29,881	16,720	13,161
Executive and administrative.....	489,858	530,305	494,903	35,402
Educational.....	5,817,803	6,109,227	5,371,001	738,226
Health.....	6,045,747	6,193,656	5,424,285	769,371
Social rehabilitation services.....	2,381,659	2,382,108	2,103,517	278,591
Correctional and public safety.....	214,858	230,559	171,917	58,642
Conservation, natural resources, and development.....	208,821	260,653	235,862	24,791
Regulatory.....	399,155	488,702	449,488	39,214
Transportation.....	1,548,862	1,573,667	1,204,236	369,431
Total expenditures.....	17,133,248	17,805,133	15,476,666	2,328,467
Net increase (decrease) in fund balance— budgetary basis.....	(291,534)	(411,937)	385,048	796,985
Fund balance at beginning of year— budgetary basis.....	2,293,093	2,293,093	2,293,093	—
Fund balance at end of year—budgetary basis.....	\$ 2,001,559	\$ 1,881,156	\$ 2,678,141	\$ 796,985

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 2012-13 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 for the fiscal year ended June 30, 2013, were as follows (expressed in thousands):

<i>Budgetary funds</i>	<i>Budgetary</i>	<i>Other</i>	Major Special Revenue Funds		
	General Fund	Budgeted Funds	Departmental Program Services	Local Government Infrastructure	Department of Transportation Special Revenue
<i>GAAP funds</i>	General Fund	Not Applicable			
Net increase in fund balance—budgetary basis	\$ 189,866	\$ 385,048	\$ —	\$ —	\$ —
Perspective differences:					
Other Budgeted Funds attributable to nonmajor governmental and other GAAP funds	—	(4,128)	—	—	—
Other Budgeted Funds net increase (decrease) allocated among the State’s major governmental GAAP funds	1,595,136	(380,920)	(145,300)	20,392	(1,089,311)
Basis of accounting differences	(876,996)	—	127,475	49,919	1,122,548
Entity differences	7,342	—	(5,197)	—	—
Net increase in fund balance—GAAP basis	\$ 915,348	\$ —	\$ (23,022)	\$ 70,311	\$ 33,237