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JAMES M. HOLLY  
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**News Release**

**State ends fiscal year with \$123 million surplus, but volatility remains**

The state ended the fiscal year with an unobligated surplus of \$122.7 million. While that's certainly good news, there's far more reason for caution than for celebration.

All signs point to continued economic and financial volatility – signs such as stock market turmoil, high and unstable gas prices, unsustainable debt, and low economic growth. And this month, we were once again reminded of the daunting challenges we face when the state unemployment rate climbed to 10.9 percent.

Again, although the unobligated surplus is a positive development, going forward it'd be unwise to take anything less than a frugal approach to spending. We must recommit to the state's historically conservative budgeting practices.

I'd recommend two courses of action: first, continue to find ways to cut non-essential state spending as a means of conserving resources for even tighter financial times ahead; and secondly, continue to replenish the state's reserve accounts which provide "cushion" when times get tough.

Finally, let me take this opportunity to once again sound the alarm that the "unfunded liability" in the State Retirement System is worsening by the day. This unfunded liability is now at \$14 billion and growing -- meaning serious reforms are in order to shore up the pension fund. To fail to do so would jeopardize our state's financial health, its credit rating and the retirement benefits of its public employees who are depending upon them.

State of South Carolina  
**BUDGETARY HIGHLIGHTS**  
BUDGETARY GENERAL FUND  
Fiscal Year Ended June 30, 2011

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**FACTORS THAT PRODUCED THE FISCAL YEAR SURPLUS:**

Actual Revenues Over Estimates Used in Appropriations Act.....	\$ 511,824,361
"Opened-Ended" Appropriations.....	(228,125,838)
Governor's Vetoes Sustained by the General Assembly.....	9,464,259
Fiscal Year 2011 Unappropriated Balance in Capital Reserve Fund.....	3,200,000
Agency's Appropriations that Lapsed at Year-End.....	<u>177,293</u>
Available for Distribution.....	296,540,075

**DISTRIBUTION OF SURPLUS**

Supplementally Appropriated (not available until after September 1, 2011).....	<u>(173,803,544)</u>
Available for Transfer to Contingency Reserve Fund, as of July 1, 2011.....	<u>\$ 122,736,531</u>

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**BUDGETARY GENERAL FUND  
Changes in Budgetary Fund Balance  
Fiscal Year Ended June 30, 2011**

	Reserved					Total
	General Reserve	Appropriations Carried Forward	Capital Reserve	Contingency Reserve <sup>d</sup>	Unreserved/Undesignated <sup>e</sup>	
Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 5,633,230,594	\$ 5,633,230,594
Expenditures.....	—	—	—	—	(5,167,237,705)	(5,167,237,705)
Transfer to General Reserve per Appropriations Act.....	55,441,728	—	—	—	(55,441,728)	—
Transfer to Capital Reserve per Appropriations Act.....	—	—	110,883,455	—	(110,883,455)	—
Transfer to Contingency Reserve per Appropriations Act.....	—	—	—	71,000,600	(71,000,600)	—
Unappropriated Balance in Capital Reserve Fund.....	—	—	(3,200,000)	—	3,200,000	—
Appropriations:						
Brought Forward From Last Year <sup>a</sup> .....	—	(64,283,271)	—	—	64,283,271	—
Carried Forward to Next Year <sup>b</sup> .....	—	70,610,902	—	—	(70,610,902)	—
Net Current Year Changes.....	55,441,728	6,327,631	107,683,455	71,000,600	225,539,475	465,992,889
Fund Balance—July 1, 2010, as adjusted <sup>c</sup> .....	110,883,455	64,283,271	—	—	71,000,600	246,167,326
Fund Balance—June 30, 2011.....	\$ 166,325,183	\$ 70,610,902	\$ 107,683,455	\$ 71,000,600	\$ 296,540,075	\$ 712,160,215

<sup>a</sup> These represent current year expenditures that did not require current year budget appropriations.

<sup>b</sup> These represent current year budget appropriations that will not be expended until next year.

<sup>c</sup> The July 1, 2010 fund balance, as previously reported, was adjusted by \$892,829 to reflect additional appropriations carried forward into fiscal year 2011.

<sup>d</sup> The Contingency Reserve Fund established by proviso receives unobligated surplus from the prior fiscal year.

<sup>e</sup> The fiscal year 2011 unreserved/undesignated includes \$173,803,544 supplemental appropriations which are available for spending after September 1, 2011, leaving \$122,736,531 to be transferred to the Contingency Reserve Fund on July 1, 2011.

**BUDGETARY GENERAL FUND  
Revenue Analysis  
Fiscal Year Ended June 30, 2011**

	Actual Revenue	Budgeted Amounts <sup>a</sup>		Actual Over (Under) Original Budgeted Revenue	Actual Over (Under) Final Budgeted Revenue	Actual 2010	2011 Actual Over (Under) 2010 Actual Revenue
		Original	Final				
<b>Regular sources:</b>							
Individual income tax.....	\$ 2,396,091,331	\$ 2,046,313,876	\$ 2,278,669,542	\$ 349,777,455	\$ 117,421,789	\$ 2,170,909,624	\$ 225,181,707
Retail and casual sales tax.....	2,244,705,634	2,137,179,935	2,228,520,769	107,525,699	16,184,865	2,190,976,127	53,729,507
Corporation income tax.....	182,647,544	119,995,775	199,031,184	62,651,769	(16,383,640)	109,557,160	73,090,384
Total income and sales taxes.....	4,823,444,509	4,303,489,586	4,706,221,495	519,954,923	117,223,014	4,471,442,911	352,001,598
Admissions tax.....	26,888,957	27,466,616	27,472,246	(577,659)	(583,289)	26,164,045	724,912
Aircraft tax.....	3,813,496	5,115,477	5,495,926	(1,301,981)	(1,682,430)	5,356,653	(1,543,157)
Alcoholic liquors tax.....	59,144,434	57,361,772	58,037,850	1,782,662	1,106,584	57,463,218	1,681,216
Bank tax.....	24,451,371	7,425,001	16,142,298	17,026,370	8,309,073	15,672,134	8,779,237
Beer and wine tax.....	101,449,246	107,385,376	101,710,460	(5,936,130)	(261,214)	99,229,717	2,219,529
Business license (tobacco) tax.....	24,692,298	28,000,000	28,866,756	(3,307,702)	(4,174,458)	35,257,195	(10,564,897)
Coit-operated device tax.....	1,558,977	1,517,694	2,240,061	41,283	(681,084)	1,723,124	(164,147)
Corporation license tax.....	88,714,000	90,339,862	78,828,317	(1,625,862)	9,885,683	73,412,950	15,301,050
Departmental revenue.....	42,023,112	40,065,056	1,958,056	1,958,056	808,056	63,752,920	(21,729,808)
Documentary (deed stamp) tax.....	28,589,612	37,966,113	31,549,841	(9,376,501)	(2,960,229)	31,003,309	(2,413,697)
Earned on investments.....	33,433,568	46,000,000	34,000,000	(12,566,432)	(566,432)	41,706,507	(8,272,939)
Estate tax.....	8,220	—	—	8,220	8,220	72,908	(64,688)
Insurance tax.....	186,965,779	173,600,092	185,408,178	13,365,687	1,557,601	158,647,299	28,318,480
Motor transport fees.....	—	10,000	3,500	(10,000)	(3,500)	875	(875)
Motor vehicle licenses.....	15,359,562	15,627,286	12,609,503	(267,724)	2,750,059	12,362,258	2,997,304
Private car lines tax.....	3,925,705	4,034,169	4,111,348	(108,464)	(185,643)	3,957,024	(31,319)
Public Service Authority (excess earnings).....	18,734,362	16,340,234	19,865,522	2,394,128	(1,131,160)	18,587,646	146,716
Retailers' license tax.....	876,579	883,722	811,428	(7,143)	65,151	799,436	77,143
Savings and Loan Association tax.....	1,707,370	2,002,478	3,524,622	(295,108)	(1,817,252)	3,421,963	(1,714,593)
Workers' comp insurance tax.....	11,423,977	14,655,680	13,139,131	(3,231,703)	(1,715,154)	12,944,957	(1,520,980)
Total regular sources.....	5,497,205,134	4,979,286,214	5,371,253,538	517,918,920	125,951,596	5,132,979,049	364,226,085
<b>Miscellaneous sources:</b>							
Circuit and family court fines.....	9,564,970	10,664,363	9,821,737	(1,099,393)	(256,767)	9,724,492	(159,522)
Debt service reimbursements.....	562,398	188,108	188,108	374,290	374,290	535,600	26,798
Indirect cost recoveries.....	11,161,935	16,731,391	11,061,222	(5,569,456)	100,713	16,085,383	(4,923,448)
Mental health fees.....	3,400,000	3,200,000	3,400,000	200,000	—	3,400,000	—
Nonrecurring revenue <sup>a</sup> .....	92,943,349	92,943,349	92,943,349	—	—	63,778,443	29,164,906
Parole and probation supervision fees.....	3,392,808	3,392,808	3,392,808	—	—	3,392,808	—
Unclaimed property fund transfers.....	15,000,000	15,000,000	15,000,000	—	—	12,000,000	3,000,000
Total miscellaneous sources.....	136,025,460	142,120,019	135,807,224	(6,094,559)	218,236	108,916,726	27,108,734
Total Budgetary General Fund.....	\$ 5,633,230,594	\$ 5,121,406,233	\$ 5,507,060,762	\$ 511,824,361	\$ 126,169,832	\$ 5,241,895,775	\$ 391,334,819

<sup>a</sup> Budgeted amounts for nonrecurring revenue have been reduced \$49,107,658 by Proviso 90.21 of the FY10-1 Appropriation Act.

**BUDGETARY GENERAL FUND**  
**Appropriations and Expenditures**  
 Fiscal Year Ended June 30, 2011

Expenditures by Function	Appropriations Per Act <sup>a</sup>	Adjusted Final Appropriations	Disposition of Adjusted Final Appropriations		
			Expenditures	Appropriations Carried Forward to 2012	Lapsed
Education.....	\$ 1,831,503,698	\$ 1,871,220,211	\$ 1,860,631,189	\$ 10,589,022	\$ —
Health and Human Services.....	726,880,269	877,638,949	877,539,039	—	99,910
Higher Education.....	603,631,188	625,588,399	624,316,357	1,272,042	—
Aid to Local Government.....	307,194,075	310,807,913	310,706,280	101,633	—
Corrections.....	295,164,468	296,393,732	296,206,771	186,961	—
Debt Service.....	210,236,963	212,781,637	207,790,685	4,990,952	—
Mental Health.....	137,889,163	138,932,752	138,920,345	12,407	—
Disabilities and Special Needs.....	128,950,404	133,790,008	132,268,942	1,521,066	—
Social Services.....	118,783,374	120,377,234	120,116,541	260,693	—
Juvenile Justice.....	88,994,616	89,772,879	88,336,572	1,436,307	—
Health and Environmental Control.....	81,953,599	88,446,531	81,720,988	6,725,543	—
Public Safety.....	65,880,728	67,585,212	66,309,466	1,275,746	—
Budget and Control Board.....	84,124,678	47,291,123	35,246,095	12,045,028	—
Revenue.....	40,933,851	41,241,782	40,256,580	985,202	—
Judicial Department.....	37,443,155	37,640,564	37,623,160	17,404	—
Governor's Office.....	32,819,136	33,843,914	32,231,886	1,612,028	—
Parks, Recreation and Tourism.....	18,564,305	23,336,710	22,107,264	1,229,446	—
Probation, Parole, and Pardon.....	18,774,954	19,569,580	17,403,485	2,166,095	—
House of Representatives.....	17,615,280	19,204,379	13,403,832	5,800,547	—
Natural Resources.....	14,730,347	15,063,313	14,971,488	91,825	—
Senate.....	12,330,194	14,689,903	10,652,638	4,037,265	—
Commerce.....	3,904,915	14,646,164	9,621,448	5,024,716	—
School for the Deaf and Blind.....	11,369,841	11,465,473	11,214,541	250,932	—
Forestry Commission.....	9,776,307	9,878,453	9,878,453	—	—
Educational Television Commission.....	9,556,490	9,667,576	9,648,994	18,582	—
Vocational Rehabilitation.....	8,939,247	9,023,949	9,023,949	—	—
Prosecution Coordination Commission.....	8,691,363	8,769,544	8,609,371	160,173	—
Commission on Indigent Defense.....	8,451,178	8,495,363	8,487,396	7,967	—
State Library.....	8,284,263	8,293,628	8,293,585	43	—
Alcohol and Other Drug Abuse Services.....	6,535,617	6,540,829	6,540,829	—	—
Adjutant General.....	4,458,056	6,442,568	4,827,543	1,615,025	—
Legislative Support Agencies.....	5,190,065	5,611,911	5,357,242	254,669	—
Lieutenant Governor.....	4,503,893	4,615,215	4,014,915	600,300	—
Transportation.....	57,270	4,504,131	582,574	3,921,557	—
Attorney General.....	3,700,380	3,869,515	3,742,505	127,010	—
Election Commission.....	1,244,432	3,454,975	2,972,860	482,115	—
John de la Howe School.....	2,867,984	3,290,239	3,085,906	204,333	—
Agriculture.....	3,080,506	3,104,823	3,104,823	—	—
Museum Commission.....	2,783,588	2,834,253	2,827,234	7,019	—
Wil Lou Gray Opportunity School.....	2,520,649	2,777,116	2,461,874	315,242	—
State Treasurer.....	1,596,170	2,675,470	2,675,329	141	—
Archives and History.....	2,445,764	2,368,927	2,346,970	21,957	—
Commission for Blind.....	2,212,368	2,328,691	2,127,003	201,688	—
Comptroller General.....	2,101,105	2,188,062	2,156,041	32,021	—
Arts Commission.....	2,040,382	2,052,444	2,047,347	5,097	—
Aeronautics.....	566,264	2,012,315	1,121,669	890,646	—
Insurance.....	1,954,538	1,977,504	1,977,504	—	—
Workers' Compensation Commission.....	1,919,955	1,941,794	1,941,794	—	—
Administrative Law Court.....	1,539,294	1,588,204	1,568,318	19,886	—
Labor, Licensing and Regulation.....	1,348,776	1,370,521	1,363,861	6,660	—
Legislative Audit Council.....	847,421	894,264	881,626	12,638	—
Human Affairs Commission.....	1,226,488	658,536	652,961	5,575	—
Law Enforcement Training Council.....	631,824	635,726	495,161	63,182	77,383
Consumer Affairs.....	1,299,921	628,607	628,607	—	—
Secretary of State.....	618,262	623,371	623,371	—	—
Employment and Workforce.....	429,716	444,837	444,837	—	—
Commission for Minority Affairs.....	395,514	398,631	398,631	—	—
Sea Grant Consortium.....	360,134	364,654	363,558	1,096	—
State Ethics Commission.....	254,955	257,618	256,694	924	—
Procurement Review Panel.....	85,368	113,274	110,778	2,496	—
<b>Total</b>	<b>\$ 5,004,188,708</b>	<b>\$ 5,238,025,900</b>	<b>\$ 5,167,237,705</b>	<b>70,610,902</b>	<b>\$ 177,293</b>

<sup>a</sup> Appropriations Per the FY10-11 Appropriation Act column do not include \$110,883,455 set aside for the Capital Reserve Fund.

BUDGETARY GENERAL FUND  
**Appropriations Carried Forward to FY11-12**  
 Fiscal Year Ended June 30, 2011

	Total Carried Forward	Special Carry- Forwards <sup>a</sup>	General Carry- Forwards <sup>b</sup>	General Carryforward as % of Final Adjusted Appropriation
Law Enforcement Training Council.....	\$ 63,182	\$ —	\$ 63,182	\$ 9.94%
Commission for Blind.....	201,688	—	201,688	8.66%
Wil Lou Gray Opportunity School.....	315,242	192,552	122,690	4.42%
John de la Howe School.....	204,333	69,568	134,765	4.10%
Budget and Control Board.....	12,045,028	10,700,423	1,344,605	2.84%
Revenue.....	985,202	—	985,202	2.39%
Procurement Review Panel.....	2,496	—	2,496	2.20%
School for Deaf and Blind.....	250,932	—	250,932	2.19%
Lieutenant Governor.....	600,300	514,333	85,967	1.86%
Prosecution Coordination Commission.....	160,173	—	160,173	1.83%
Juvenile Justice.....	1,438,307	104,031	1,332,276	1.48%
Comptroller General.....	32,021	—	32,021	1.46%
Probation, Parole and Pardon.....	2,168,095	1,903,226	262,869	1.34%
Health and Environmental Control.....	6,725,543	5,579,625	1,145,918	1.30%
Administrative Law Court.....	19,886	—	19,886	1.25%
Disabilities and Special Needs.....	1,521,066	—	1,521,066	1.14%
Election Commission.....	482,115	448,164	33,951	.98%
Human Affairs Commission.....	5,575	—	5,575	.85%
Adjutant General.....	1,615,025	1,574,255	40,770	.63%
Governor's Office.....	1,612,028	1,445,953	166,075	.49%
Labor, Licensing and Regulation.....	6,660	—	6,660	.49%
State Ethics Commission.....	924	—	924	.36%
Parks, Recreation and Tourism.....	1,229,446	1,152,636	76,810	.33%
Sea Grant Consortium.....	1,096	—	1,096	.30%
Education.....	10,589,022	5,753,243	4,835,779	.26%
Arts Commission.....	5,097	—	5,097	.25%
Museum Commission.....	7,019	—	7,019	.25%
Social Services.....	260,693	—	260,693	.22%
Educational Television Commission.....	18,582	—	18,582	.19%
Public Safety.....	1,275,746	1,168,993	106,753	.16%
Commission on Indigent Defense.....	7,967	—	7,967	.09%
Corrections.....	186,961	—	186,961	.06%
Aid to Local Governments.....	101,633	—	101,633	.03%
Higher Education.....	1,272,042	1,087,182	184,860	.03%
Aeronautics.....	890,646	890,318	328	.02%
Natural Resources.....	91,825	89,957	1,868	.01%
Mental Health.....	12,407	—	12,407	.01%
State Treasurer.....	141	—	141	.01%
Archives and History.....	21,957	21,894	63	—
State Library.....	43	—	43	—
House of Representatives.....	5,800,547	5,800,547	—	—
Commerce.....	5,024,716	5,024,716	—	—
Debt Service.....	4,990,952	4,990,952	—	—
Senate.....	4,037,265	4,037,265	—	—
Transportation.....	3,921,557	3,921,557	—	—
Legislative Support Agencies.....	254,669	254,669	—	—
Attorney General.....	127,010	127,010	—	—
Judicial Department.....	17,404	17,404	—	—
Legislative Audit Council.....	12,638	12,638	—	—
<b>Total.....</b>	<b>\$ 70,610,902</b>	<b>\$ 56,883,111</b>	<b>\$ 13,727,791</b>	<b>.26%</b>

<sup>a</sup> Provisos contained within Part 1B of the FY10-11 Appropriations Act allow certain agencies to carry forward specific appropriation balances to FY11-12 for expenditure.

<sup>b</sup> Proviso 89.27 of the FY10-11 Appropriations Act allows agencies to carry forward to FY11-12 up to ten percent of original appropriations less any appropriation reductions.

BUDGETARY GENERAL FUND  
**Open-Ended Appropriations**  
 Fiscal Year Ended June 30, 2011

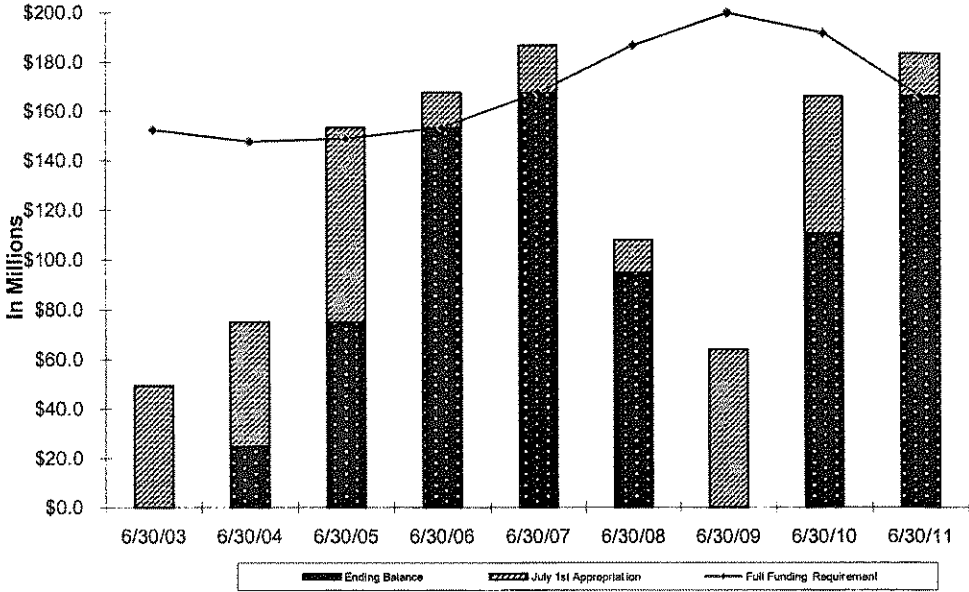
Agency Name	Description	Amount
Department of Health and Human Services.....	Agency Budgetary Deficit	\$ 222,452,086
Adjutant General.....	State Active Duty Pay for Emergency Services	90,113
Budget and Control Board–Employee Benefits.....	Workers' Compensation Insurance	40,428
Technical and Comprehensive Education Board...	Proviso 18.1 - CATT Program	2,006,670
Aid to Subdivisions–State Treasurer.....	Aid to Counties - Mini Bottle Hold-Harmless	1,254,020
Aid to Subdivisions–State Treasurer.....	Aid to Fire Districts - Formula Funding Shortfall	2,282,521
<b>Total Open-Ended Appropriations <sup>a</sup></b>		<b><u><u>\$ 228,125,838</u></u></b>

<sup>a</sup> "Open-ended" appropriations result from Legislative commitments to fully fund certain budgetary items without providing sufficient specific appropriations to fully fund them or to cover an agency's budgetary deficit if approved by the Budget and Control Board. In these instances, the State uses budgetary surplus at year end to fund appropriation shortfalls.

**General Reserve**  
**BUDGETARY GENERAL FUND**  
**Fiscal Years Ended June 30**

Year	Beginning Balance	Net Additions (Reductions)	Ending Balance	Full Funding Requirement	Over (Under) Funded	July 1st Appropriation <sup>a</sup>
2003	\$ ---	\$ ---	\$ ---	\$ 152,409,712	\$ (152,409,712)	\$ 49,299,599
2004	---	25,154,528	25,154,528	147,707,970	(122,553,442)	50,000,000
2005	25,154,528	50,000,000	75,154,528	149,034,038	(73,879,510)	78,333,866
2006	75,154,528	78,333,866	153,488,394	153,488,394	---	14,243,425
2007	153,488,394	14,243,425	167,731,819	167,731,819	---	19,048,978
2008	167,731,819	(72,609,202)	95,122,617	186,780,797	(91,658,180)	12,974,290
2009	95,122,617	(95,122,617)	---	199,755,087	(199,755,087)	63,923,944
2010	---	110,883,455	110,883,455	191,771,831	(80,888,376)	55,441,728
2011	110,883,455	55,441,728	166,325,183	166,325,183	---	17,141,169

<sup>a</sup> Ending balances in table above do not reflect payments made on July 1 of any succeeding year as a result of appropriations to General Reserve Fund. The graph below shows balances in General Reserve Fund including these July 1 appropriations (cross-checked portion of bars). Beginning July 1, 2011, the full funding requirement for the General Reserve Fund increased from 3% in annual increments of one-half percent until the fund reaches 5%. The graph reflects the first annual increment amounting to \$17.1 million in the 6/30/11 bar below.





### Capital Reserve

BUDGETARY GENERAL FUND  
Fiscal Years Ended June 30

Year	Beginning Balance	Appropriation	Amount Applied Against Revenue Shortfall	Used for Supplemental Appropriations	Transferred to Unreserved/Undesignated	Ending Balance	Full Funding Requirement
2003	\$ —	\$ 101,606,475	\$ (101,606,475)	\$ —	\$ —	\$ —	\$ 101,606,475
2004	—	98,599,197	(98,599,197)	—	—	—	98,599,197
2005	—	99,356,026	—	—	—	99,356,026	99,356,026
2006	99,356,026	102,325,596	—	(99,356,026)	—	102,325,596	102,325,596
2007	102,325,596	111,821,213	—	(102,325,596)	—	111,821,213	111,821,213
2008	111,821,213	124,520,532	(124,520,532)	(111,821,213)	—	—	124,520,532
2009	—	133,170,058	(133,170,058)	—	—	—	133,170,058
2010	—	127,847,888	(127,847,888)	—	—	—	127,847,888
2011	—	110,883,455	—	—	(3,200,000)	107,683,455	110,883,445 <sup>a</sup>

<sup>a</sup> \$107,683,455 was appropriated on July 1, 2012, and the remaining balance of \$3,200,000 was transferred to the unreserved/undesignated fund.

