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

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**REQUIRED SUPPLEMENTARY INFORMATION****Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)****BUDGETARY GENERAL FUND****For the Fiscal Year Ended June 30, 2007****(Expressed in Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance from Final Budget— Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
<b>Regular sources</b>				
Retail sales tax.....	\$ 2,495,765	\$ 2,572,016	\$ 2,631,222	\$ 59,206
Income tax, individual.....	2,599,913	2,931,469	2,881,931	(49,538)
Income tax, corporation.....	222,769	296,556	261,524	(35,032)
Total income and sales tax.....	5,318,447	5,800,041	5,774,677	(25,364)
Admissions tax.....	26,415	25,095	27,765	2,670
Aircraft tax.....	5,368	4,699	5,904	1,205
Alcoholic liquor tax.....	58,014	53,485	56,066	2,581
Bank tax.....	30,278	30,443	25,570	(4,873)
Beer and wine tax.....	98,966	100,263	99,569	(694)
Business license tax.....	29,491	32,652	31,672	(980)
Coin-operated device tax.....	1,900	2,090	1,147	(943)
Corporation license tax.....	80,424	75,279	65,161	(10,118)
Departmental revenue (primarily fees for services).....	44,406	46,025	44,086	(1,939)
Documentary tax.....	58,213	67,717	56,199	(11,518)
Earned on investments.....	56,600	116,500	128,756	12,256
Electric power tax.....	13,253	11,615	14,145	2,530
Estate tax.....	—	—	1,530	1,530
Insurance tax.....	159,208	159,896	167,499	7,603
Motor transport fees.....	18	20	4	(16)
Motor vehicle licenses.....	18,240	20,288	32,534	12,246
Petroleum inspection tax.....	2,496	1,788	1,624	(164)
Private car lines tax.....	2,482	3,597	2,918	(679)
Public Service Authority.....	14,170	15,402	15,114	(288)
Retailers' license tax.....	947	850	884	34
Savings and loan association tax.....	2,979	3,645	2,985	(660)
Workers' compensation insurance tax.....	15,645	13,602	14,474	872
Total regular sources.....	6,037,960	6,584,992	6,570,283	(14,709)
<b>Miscellaneous sources</b>				
Circuit and family court fines.....	9,912	9,810	9,978	168
Debt service reimbursement.....	1,954	1,954	2,149	195
Indirect cost recoveries.....	18,053	18,053	15,736	(2,317)
Mental health fees.....	3,600	3,600	3,600	—
Parole and probation supervision fees.....	3,393	3,393	3,402	9
Unclaimed property fund transfer.....	10,000	15,000	15,000	—
Nonrecurring revenue.....	4,000	38,355	38,355	—
Total miscellaneous sources.....	50,912	90,165	88,220	(1,945)
<b>Total revenues.....</b>	<b>6,088,872</b>	<b>6,675,157</b>	<b>6,658,503</b>	<b>(16,654)</b>

## REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)

BUDGETARY GENERAL FUND (Continued)

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Legislative.....	\$ 40,703	\$ 41,406	\$ 30,931	\$ 10,475
Judicial.....	35,865	36,879	36,631	248
Executive and administrative.....	262,265	183,399	159,743	23,656
Educational.....	3,131,335	3,197,204	3,148,094	49,110
Health.....	1,478,947	1,454,101	1,367,493	86,608
Social rehabilitation services.....	123,319	142,688	141,839	849
Correctional and public safety.....	517,529	530,090	518,263	11,827
Conservation, natural resources, and development.....	185,095	188,385	166,666	21,719
Regulatory.....	56,936	58,513	55,515	2,998
Transportation.....	9,781	9,781	1,139	8,642
Debt service.....	242,592	242,592	226,838	15,754
Miscellaneous.....	264,576	265,242	264,159	1,083
<b>Total expenditures.....</b>	<b>6,348,943</b>	<b>6,350,280</b>	<b>6,117,311</b>	<b>232,969</b>
<b>Excess of revenues over (under) expenditures—budgetary basis.....</b>	<b>(260,071)</b>	<b>324,877</b>	<b>541,192</b>	<b>216,315</b>
<b>Other financing uses— transfers out.....</b>	<b>(276,442)</b>	<b>(447,983)</b>	<b>(447,983)</b>	<b>—</b>
<b>Net increase (decrease) in fund balance— budgetary basis.....</b>	<b>(536,513)</b>	<b>(123,106)</b>	<b>93,209</b>	<b>216,315</b>
<b>Fund balance at beginning of year— budgetary basis.....</b>	<b>987,772</b>	<b>987,772</b>	<b>987,772</b>	<b>—</b>
<b>Fund balance at end of year—budgetary basis.....</b>	<b>\$ 451,259</b>	<b>\$ 864,666</b>	<b>\$ 1,080,981</b>	<b>\$ 216,315</b>

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

OTHER BUDGETED FUNDS

For the Fiscal Year Ended June 30, 2007

(Expressed in Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget— Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal.....	\$ 6,465,888	\$ 6,871,267	\$ 5,859,567	\$ (1,011,700)
Earmarked.....	4,090,791	4,791,939	3,667,105	(1,124,834)
Restricted.....	2,557,904	3,013,584	3,024,427	10,843
<b>Total revenues.....</b>	<b>13,114,583</b>	<b>14,676,790</b>	<b>12,551,099</b>	<b>(2,125,691)</b>
<b>Expenditures:</b>				
Legislative.....	2,910	4,101	3,124	977
Judicial.....	30,172	33,667	20,093	13,574
Executive and administrative.....	461,226	574,037	436,640	137,397
Educational.....	4,353,928	4,759,503	3,807,659	951,844
Health.....	5,046,237	5,438,179	4,698,594	739,585
Social rehabilitation services.....	1,211,505	1,220,258	1,163,207	57,051
Correctional and public safety.....	208,843	272,655	210,869	61,786
Conservation, natural resources, and development.....	294,324	415,555	321,299	94,256
Regulatory.....	231,870	364,282	317,845	46,437
Transportation.....	1,438,429	1,892,617	1,225,546	667,071
<b>Total expenditures.....</b>	<b>13,279,444</b>	<b>14,974,854</b>	<b>12,204,876</b>	<b>2,769,978</b>
<b>Net increase (decrease) in fund balance— budgetary basis.....</b>	<b>(164,861)</b>	<b>(298,064)</b>	<b>346,223</b>	<b>644,287</b>
<b>Fund balance at beginning of year— budgetary basis.....</b>	<b>1,728,095</b>	<b>1,728,095</b>	<b>1,728,095</b>	<b>—</b>
<b>Fund balance at end of year—budgetary basis.....</b>	<b>\$ 1,563,234</b>	<b>\$ 1,430,031</b>	<b>\$ 2,074,318</b>	<b>\$ 644,287</b>

## 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, however, 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 2006-2007 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 2006-2007 fiscal year has approximately 2,831 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 17.
- (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, 2007, were as follows:

<i>Budgetary funds</i> .....	<i>Budgetary</i>	<i>Other</i>	<b>Major Special Revenue Funds</b>			
	<i>General</i>	<i>Budgeted</i>				
	<i>Fund</i>	<i>Funds</i>				
			<b>Departmental</b>	<b>Local</b>	<b>Department of</b>	<b>State</b>
	<b>General</b>	<b>Not</b>	<b>General</b>	<b>Government</b>	<b>Transportation</b>	<b>Tobacco</b>
<b>GAAP funds</b> .....	<b>Fund</b>	<b>Applicable</b>	<b>Operating</b>	<b>Infrastructure</b>	<b>Special</b>	<b>Settlement</b>
					<b>Revenue</b>	
Net increase in fund balance—budgetary basis .....	\$ 93,209	\$ 346,223	\$ —	\$ —	\$ —	\$ —
Perspective differences:						
Other Budgeted Funds attributable to nonmajor governmental and other GAAP funds .....	—	(687,969)	—	—	—	—
Other Budgeted Funds attributable to major governmental GAAP funds .....	—	(341,746)	—	—	—	—
Other Budgeted Funds reclassified among the State’s major governmental GAAP funds .....	(44,041)	341,746	(23,486)	(6,847)	72,093	6,758
Basis of accounting differences .....	(76,866)	—	24,324	246,010	(62,958)	(128)
Entity differences .....	6,790	—	12,532	45,715	—	8,905
<b>Net increase (decrease) in fund balance—GAAP basis .....</b>	<b>\$ (20,908)</b>	<b>\$ —</b>	<b>\$ 13,370</b>	<b>\$ 284,878</b>	<b>\$ 9,135</b>	<b>\$ 15,535</b>