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**NEWS RELEASE**

**Aug. 20, 2014**

FOR IMMEDIATE RELEASE

## **State's Year-end Numbers Reflect Slower Revenue Growth**

Columbia, S.C. — State Comptroller Richard Eckstrom announces the state's annual results following his closing of the statewide books for the fiscal year ended June 30, 2014 (FY 2013-14). The state continues to manage the threat of economic volatility and related potential budget shortfalls by increasing the General Reserve or "Rainy Day" Fund to \$293 million and the Capital Reserve Fund to \$117 million (\$2.3 million of which is committed to fund Supplemental Appropriations – see next paragraph). In addition, the state's final net budgetary surplus of \$266 million exceeded previous official estimates by \$32 million. The \$32 million is being deposited into the Contingency Reserve Fund increasing its balance to \$101 million (\$68.4 million of which is committed to fund Supplemental Appropriations – see next paragraph).

Because the final net budgetary surplus exceeded earlier estimates, Supplemental Appropriations of \$234 million authorized by Proviso 118.16 of the 2014-2015 Appropriations Act will be disbursed in September 2014 to specified recipients and used for purposes stated in the Proviso.

The general operating fund finished the year with revenues of \$6.6 billion and expenditures of \$6.3 billion. State agencies have been authorized to carry over \$490 million of their unspent FY 2013-14 Appropriations to spend in FY 2014-15, similar to authority they received a year earlier to carry over \$381 million of unspent FY 2012-13 Appropriations to spend in the year just completed.

FY 2013-14 general fund revenues grew by \$163 million over prior year's revenues, reflecting an annual growth rate of 2.5 percent. In comparison, the annual revenue growth rate was a robust 9.1 percent for the preceding fiscal year – indicating that while the state's economic growth has continued, the rate of growth has slowed.

In spite of experiencing revenue growth, the state faces mounting challenges in funding its retirement benefit obligations to public employees. Due to persistent underfunding of the trust funds established by the state to provide these promised benefits, its unfunded liability (or trust fund shortfall) for these obligations has steadily swelled to more than \$25 billion. Increased focus and commitment will be needed to satisfy these substantial obligations, particularly in light of growing uncertainty over the federal government's ability to continue providing financial aid to state governments at existing levels because of the growing, massive amount of the accumulated federal deficit.

The national debt, which has resulted from years of federal deficit spending, will soon exceed \$18 trillion. Servicing this growing debt is consuming a growing portion of the federal budget. Mounting debt service costs are producing enormous pressure on the federal budget, building expectations of reduced federal aid to states. This is significant because federal financial aid currently funds about one-third of our state's overall annual spending.

A detailed breakdown of the FY 2013-14 close-out can be found in the accompanying report.

For more information please contact Eric Ward, public information director, at 803-734-2538; 803-206-6293; or [eward@cg.sc.gov](mailto:eward@cg.sc.gov).

**End**

*State of South Carolina*  
**BUDGETARY HIGHLIGHTS**

BUDGETARY GENERAL FUND  
Fiscal Year Ended June 30, 2014  
(Unaudited)

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**Factors that produced the fiscal year budgetary surplus:**

Actual revenue over revenue estimates used in Appropriations Act.....	\$ 192,823,173
Agency appropriations that lapsed at year-end.....	378,800
Governor's FY13-14 vetoes that were sustained by General Assembly.....	2,609,592
"Open-Ended" appropriations.....	<u>(829,200)</u>
General Fund budgetary surplus available for distribution.....	194,982,365
Capital Reserve Fund lapse to be used per Proviso 118.16.....	2,288,513
Contingency Reserve Fund balance to be used per Proviso 118.16.....	<u>68,370,147</u>
Net budgetary surplus available for distribution.....	<b>265,641,025</b>

**Distribution of surplus:**

Supplementally appropriated by FY14-15 Proviso 118.16, net of Governor's vetoes totaling \$1,775,000 that were sustained.....	<u>(233,900,449)</u>
<b>Available for transfer to Contingency Reserve Fund as of July 1, 2014....</b>	<b><u>\$ 31,740,576</u></b>

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BUDGETARY GENERAL FUND  
**Changes in Budgetary Fund Balance**  
 Fiscal Year Ended June 30, 2014  
 (Unaudited)

	General Reserve	Appropriations Carried Forward	Capital Reserve	Contingency Reserve	Unreserved/ Undesignated	Total
Revenues.....	\$ —	\$ —	\$ —	\$ —	\$ 6,552,389,831	\$ 6,552,389,831
Expenditures.....	—	—	—	—	(6,329,147,768)	(6,329,147,768)
Transfer to General Reserve per Appropriations Act.....	11,248,376	—	—	—	(11,248,376)	—
Transfer to Capital Reserve per Appropriations Act.....	—	—	117,155,905	—	(117,155,905)	—
Transfer to Contingency Reserve per Appropriations Act...	—	—	(6,600,000)	270,646,717	(264,046,717)	—
Use of Capital Reserve.....	—	—	(106,056,555)	—	—	(106,056,555)
Use of Contingency Reserve.....	—	—	—	(202,276,570)	202,276,570	—
Appropriations:						
Brought forward from last year <sup>a</sup> .....	—	(381,144,883)	—	—	381,144,883	—
Carried forward to next year <sup>b</sup> .....	—	489,876,870	—	—	(489,876,870)	—
Net fiscal year changes.....	11,248,376	108,731,987	4,499,350	68,370,147	(75,664,352)	117,185,508
Fund balance—July 1, 2013.....	281,641,388	381,144,883	112,656,555	—	270,646,717	1,046,089,543
Fund balance—June 30, 2014.....	<u>\$ 292,889,764</u>	<u>\$ 489,876,870</u>	<u>\$ 117,155,905</u>	<u>\$ 68,370,147</u>	<u>\$ 194,982,365</u>	<u>\$ 1,163,275,051</u>

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

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

BUDGETARY GENERAL FUND  
**Revenue Analysis**  
 Fiscal Year Ended June 30, 2014  
 (Unaudited)

	Estimated Revenue Used in Approp. Act	Actual Revenue	Actual Over (Under) Estimated Revenue	Percent Over (Under)
<b>Regular sources:</b>				
Individual income tax.....	\$ 2,845,960,772	\$ 2,921,429,641	\$ 75,468,869	2.65
Corporation income tax.....	248,233,897	288,108,754	39,874,857	16.06
Retail and casual sales tax.....	<u>2,472,635,319</u>	<u>2,517,077,645</u>	<u>44,442,326</u>	<u>1.80</u>
Total income and sales taxes.....	5,566,829,988	5,726,616,040	159,786,052	2.87
Admissions tax.....	30,249,806	27,855,428	(2,394,378)	(7.92)
Aircraft tax.....	4,283,730	4,233,944	(49,786)	(1.16)
Alcoholic liquors tax.....	64,272,201	66,694,935	2,422,734	3.77
Bank tax.....	29,448,498	33,106,653	3,658,155	12.42
Beer and wine tax.....	104,716,438	102,547,762	(2,168,676)	(2.07)
Business license (tobacco) tax.....	25,725,172	25,631,757	(93,415)	(0.36)
Coin-operated device tax.....	1,477,874	1,124,811	(353,063)	(23.89)
Corporation license tax.....	112,978,118	95,139,384	(17,838,734)	(15.79)
Departmental revenue.....	56,889,371	82,013,699	25,124,328	44.16
Documentary (deed stamp) tax.....	27,777,647	35,383,672	7,606,025	27.38
Earned on investments.....	22,000,000	19,537,585	(2,462,415)	(11.19)
Insurance tax.....	188,366,540	185,647,529	(2,719,011)	(1.44)
Motor vehicle licenses.....	10,202,066	11,233,527	1,031,461	10.11
Private car lines tax.....	3,959,619	3,592,402	(367,217)	(9.27)
Excess earnings from Public Service Authority.....	21,000,000	20,952,122	(47,878)	(0.23)
Retailers' license tax.....	909,350	740,380	(168,970)	(18.58)
Savings and Loan Association tax.....	1,384,043	2,008,669	624,626	45.13
Workers' Compensation insurance tax.....	<u>10,651,975</u>	<u>8,218,700</u>	<u>(2,433,275)</u>	<u>(22.84)</u>
Total regular sources.....	<u>6,283,122,436</u>	<u>6,452,278,999</u>	<u>169,156,563</u>	<u>2.69</u>
<b>Miscellaneous sources:</b>				
Circuit and family court fines.....	9,527,928	8,606,344	(921,584)	(9.67)
Debt service reimbursements.....	89,557	524,176	434,619	485.30
Indirect cost recoveries.....	11,061,222	12,893,550	1,832,328	16.57
Nonrecurring revenue.....	37,372,707	59,693,954	22,321,247	59.73
Parole and probation supervision fees.....	3,392,808	3,392,808	—	—
Unclaimed property fund transfers.....	<u>15,000,000</u>	<u>15,000,000</u>	<u>—</u>	<u>—</u>
Total miscellaneous sources.....	<u>76,444,222</u>	<u>100,110,832</u>	<u>23,666,610</u>	<u>30.96</u>
Total .....	<u>\$ 6,359,566,658</u>	<u>\$ 6,552,389,831</u>	<u>\$ 192,823,173</u>	<u>3.03</u>

BUDGETARY GENERAL FUND  
**Appropriations and Expenditures**  
 Fiscal Year Ended June 30, 2014  
 (Unaudited)

Functional Area	Appropriations Per Act	Adjusted Authorizations	Disposition of Adjusted Authorizations		
			Expenditures	Appropriations Carried Forward to 2015	Lapsed
Education.....	\$ 2,299,096,105	\$ 2,385,214,972	\$ 2,356,377,466	\$ 28,837,506	\$ —
Health and Human Services.....	1,095,018,631	1,313,974,107	1,033,715,382	280,258,725	—
Higher Education.....	627,451,871	666,381,765	662,667,622	3,714,143	—
Corrections.....	370,045,715	391,945,111	384,689,134	7,255,977	—
Aid to Local Government.....	320,353,786	350,611,569	350,589,261	—	22,308
Disabilities and Special Needs.....	186,628,087	190,190,563	189,368,561	822,002	—
Debt Service.....	190,229,698	200,092,434	184,143,907	15,948,527	—
Mental Health.....	175,310,415	176,508,065	176,381,598	126,467	—
Social Services.....	121,821,253	127,192,590	123,190,625	4,001,965	—
Juvenile Justice.....	102,271,451	105,481,440	103,711,105	1,770,335	—
Health and Environmental Control.....	99,623,924	111,238,993	100,179,682	11,059,311	—
Public Safety.....	71,759,838	75,273,979	72,901,645	2,372,334	—
Transportation.....	50,057,270	103,105,117	60,304,721	42,800,396	—
Governor's Office.....	47,842,486	60,531,819	55,053,200	5,281,788	196,831
Budget and Control Board.....	105,012,547	59,085,039	52,416,235	6,668,804	—
Judicial Department.....	45,110,824	46,183,780	46,183,780	—	—
Revenue.....	43,382,162	47,646,220	44,474,850	3,171,370	—
Parks, Recreation and Tourism.....	37,408,871	41,619,537	38,075,228	3,544,309	—
Stand-alone Schools.....	25,283,404	34,094,432	31,592,341	2,502,091	—
Commerce.....	21,430,630	50,190,077	31,200,750	18,989,327	—
Probation, Parole, and Pardon.....	21,742,316	23,682,365	22,774,368	907,997	—
Natural Resources.....	19,337,254	24,558,547	20,997,710	3,560,837	—
Commission on Indigent Defense.....	19,776,807	20,114,362	20,114,362	—	—
House of Representatives.....	21,587,563	37,864,621	18,257,824	19,606,797	—
Forestry Commission.....	13,805,812	16,406,888	15,777,540	629,348	—
Prosecution Coordination Commission.....	14,084,660	15,110,678	14,355,845	754,833	—
Vocational Rehabilitation.....	13,711,512	14,315,459	14,315,390	69	—
Senate.....	12,987,273	19,492,708	12,522,624	6,970,084	—
State Library.....	9,324,766	10,717,499	10,717,499	—	—
Legislative Support Agencies.....	10,260,380	11,901,542	10,006,250	1,895,292	—
Lieutenant Governor.....	9,662,892	14,118,967	9,209,432	4,909,535	—
Adjutant General.....	5,743,600	9,320,826	6,864,435	2,456,391	—
Alcohol and Other Drug Abuse Services.....	6,498,728	6,589,193	6,539,155	50,038	—
Agriculture.....	5,809,318	5,835,731	5,835,731	—	—
Attorney General.....	4,867,922	6,733,137	5,111,052	1,622,085	—
Insurance.....	3,692,274	3,716,525	3,716,525	—	—
Arts Commission.....	2,960,203	2,965,923	2,965,341	582	—
Museum Commission.....	2,915,518	2,935,805	2,760,797	175,008	—
Commission for Blind.....	2,746,936	2,991,826	2,717,420	274,406	—
State Treasurer.....	1,798,336	2,879,227	2,519,332	359,895	—
Archives and History.....	2,310,544	2,849,584	2,438,698	251,225	159,661
Rural Infrastructure Authority.....	1,375,000	4,606,808	2,239,423	2,367,385	—
Comptroller General.....	2,169,269	2,395,210	2,239,343	155,867	—
Election Commission.....	4,565,534	4,942,297	2,096,372	2,845,925	—
Administrative Law Court.....	1,950,693	2,152,795	2,015,554	137,241	—
Workers' Compensation Commission.....	1,843,376	1,859,011	1,843,870	15,141	—
Labor, Licensing and Regulation.....	1,298,515	1,811,669	1,811,489	180	—
Human Affairs Commission.....	1,510,307	1,750,277	1,631,781	118,496	—
Aeronautics.....	1,227,759	1,327,849	1,199,773	128,076	—
Consumer Affairs.....	1,164,243	1,284,934	1,159,002	125,932	—
Secretary of State.....	952,674	1,309,631	1,072,993	236,638	—
Department of Motor Vehicles.....	—	925,000	925,000	—	—
Law Enforcement Training Council.....	767,742	936,758	859,954	76,804	—
Commission for Minority Affairs.....	720,577	724,664	665,393	59,271	—
Sea Grant Consortium.....	444,994	493,472	451,550	41,922	—
Patriots Point Development Authority.....	—	400,000	400,000	—	—
Employment and Workforce.....	362,786	365,389	365,389	—	—
State Ethics Commission.....	298,007	314,495	308,403	6,092	—
Procurement Review Panel.....	133,130	140,157	128,056	12,101	—
<b>Total</b>	<b>\$ 6,261,548,188</b>	<b>\$ 6,819,403,438</b>	<b>\$ 6,329,147,768</b>	<b>\$ 489,876,870</b>	<b>\$ 378,800</b>

\* The Appropriations per Act column of \$6,261,548,188 does not include Capital Reserve appropriations of \$117,155,905. The General Fund recapitulation in the FY13-14 Appropriations Act shows these two amounts combined for a total of \$6,378,704,093.

BUDGETARY GENERAL FUND  
**Appropriations Carried Forward to FY14-15**  
 Fiscal Year Ended June 30, 2014  
 (Unaudited)

	Total Carried Forward	Special Carry- Forwards <sup>a</sup>	General Carry- Forwards <sup>b</sup>
Health and Human Services.....	\$ 280,258,725	\$ 280,258,685	\$ 40
Transportation.....	42,800,396	42,800,396	—
Education.....	28,837,506	22,347,557	6,489,949
House of Representatives.....	19,606,797	19,606,797	—
Commerce.....	18,989,327	18,054,000	935,327
Debt Service.....	15,948,527	15,948,527	—
Health and Environmental Control.....	11,059,311	4,373,148	6,686,163
Corrections.....	7,255,977	560,157	6,695,820
Senate.....	6,970,084	6,970,084	—
Budget and Control Board.....	6,668,804	4,625,601	2,043,203
Governor's Office.....	5,281,788	3,828,293	1,453,495
Lieutenant Governor.....	4,909,535	4,444,193	465,342
Social Services.....	4,001,965	546,972	3,454,993
Higher Education.....	3,714,143	3,033,807	680,336
Natural Resources.....	3,560,837	3,424,041	136,796
Parks, Recreation and Tourism.....	3,544,309	1,715,026	1,829,283
Revenue.....	3,171,370	—	3,171,370
Election Commission.....	2,845,925	2,710,207	135,718
Stand-alone Schools.....	2,502,091	1,121,993	1,380,098
Adjutant General.....	2,456,391	2,418,347	38,044
Public Safety.....	2,372,334	1,102,334	1,270,000
Rural Infrastructure Authority.....	2,367,385	2,367,385	—
Legislative Support Agencies.....	1,895,292	1,895,292	—
Juvenile Justice.....	1,770,335	171,471	1,598,864
Attorney General.....	1,622,085	1,622,085	—
Probation, Parole and Pardon.....	907,997	—	907,997
Disabilities and Special Needs.....	822,002	—	822,002
Prosecution Coordination Commission.....	754,833	—	754,833
Forestry Commission.....	629,348	—	629,348
State Treasurer.....	359,895	200,000	159,895
Commission for Blind.....	274,406	—	274,406
Archives and History.....	251,225	18,728	232,497
Secretary of State.....	236,638	236,638	—
Museum Commission.....	175,008	—	175,008
Comptroller General.....	155,867	—	155,867
Administrative Law Court.....	137,241	—	137,241
Aeronautics.....	128,076	12,646	115,430
Mental Health.....	126,467	126,467	—
Consumer Affairs.....	125,932	100,001	25,931
Human Affairs Commission.....	118,496	27,967	90,529
Law Enforcement Training Council.....	76,804	—	76,804
Commission for Minority Affairs.....	59,271	—	59,271
Alcohol and Other Drug Abuse Services.....	50,038	—	50,038
Sea Grant Consortium.....	41,922	—	41,922
Workers' Compensation Commission.....	15,141	—	15,141
Procurement Review Panel.....	12,101	—	12,101
State Ethics Commission.....	6,092	—	6,092
Arts Commission.....	582	—	582
Labor, Licensing and Regulation.....	180	—	180
Vocational Rehabilitation.....	69	—	69
<b>Total.....</b>	<b>\$ 489,876,870</b>	<b>\$ 446,668,845</b>	<b>\$ 43,208,025</b>

<sup>a</sup> Provisos contained within Part 1B of the FY13-14 Appropriations Act allowed certain agencies to carry forward specific appropriation balances to FY14-15 for expenditure.

<sup>b</sup> Proviso 117.24 of the FY14-15 Appropriations Act allows agencies to carry forward up to ten percent of original appropriations reduced by special carryforwards (as defined).

BUDGETARY GENERAL FUND  
**Open-Ended Appropriations**  
 Fiscal Year Ended June 30, 2014  
 (Unaudited)

Agency Name	Description	Amount
Aid to Subdivisions–State Treasurer.....	Aid to Fire Districts - Formula Funding Shortfall	\$ 241,384
Budget and Control Board-Employee Benefits.....	Workers' Compensation Insurance	52,191
Adjutant General's Office.....	2014 Ice Storm - National Guard Salaries	<u>535,625</u>
<b>Total Open-Ended Appropriations <sup>1</sup></b>		<b><u>\$ 829,200</u></b>

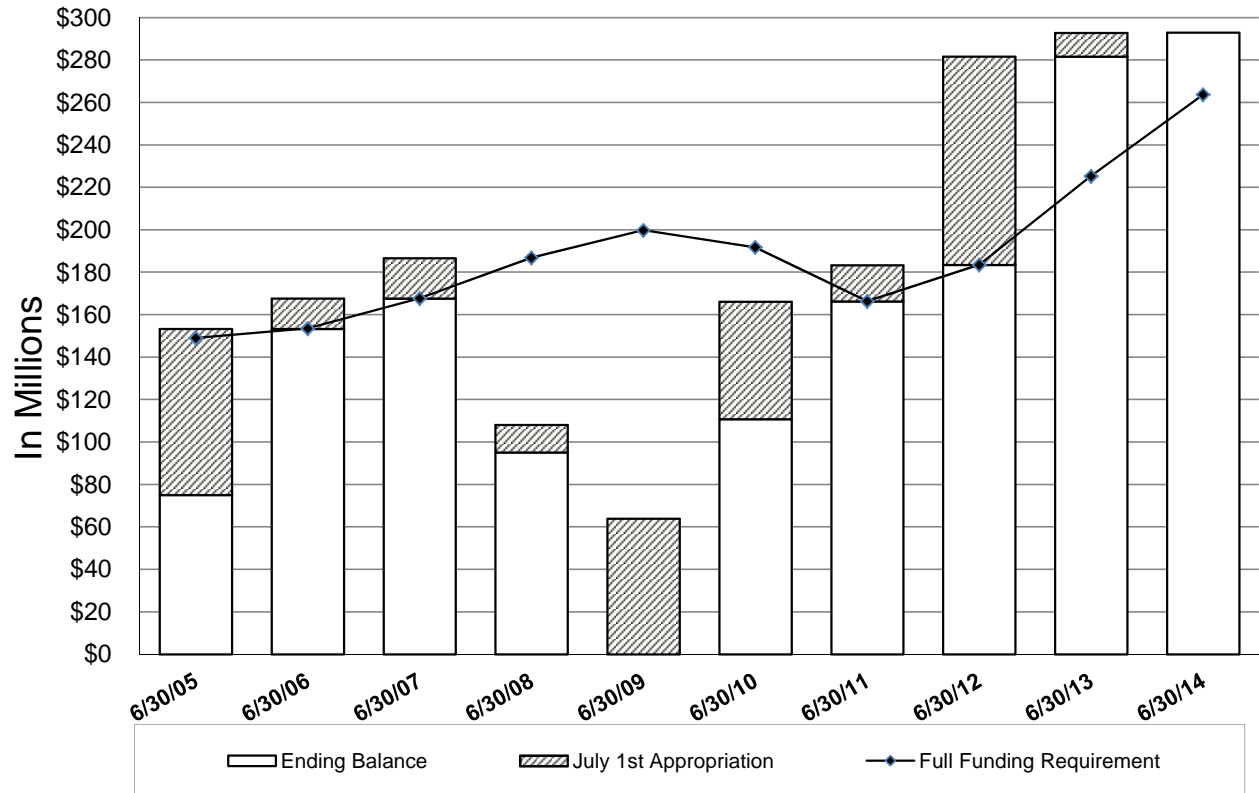
<sup>1</sup> "Open-ended" appropriations result either from Legislative commitments to fund certain budgetary items without providing sufficient appropriations to fully fund them or to cover an agency's budgetary deficit provided that it is approved by Budget and Control Board action. In either of these instances, the State uses year-end budgetary surpluses to fund appropriation shortfalls.



**BUDGETARY GENERAL FUND**  
**General Reserve**  
**Fiscal Years Ended June 30**  
**(Unaudited)**

<u>Year</u>	<u>Beginning Balance</u>	<u>Net Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Full Funding Requirement<sup>a</sup></u>	<u>Over (Under) Funded</u>	<u>July 1st Appropriation<sup>a</sup></u>
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
2012	166,325,183	17,141,169	183,466,352	183,466,352	—	98,175,036
2013	183,466,352	98,175,036	281,641,388	225,313,110	56,328,278	11,248,376
2014	281,641,388	11,248,376	292,889,764	263,600,787	29,288,977	—

<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 the General Reserve Fund (GRF). The graph below shows balances in the GRF that include these July 1 appropriations (cross-hatched portion of columns). Beginning in FY 2011-2012, the S.C. Constitution was amended to increase the annual full funding requirement of the SRF by .5% increments from 3% of the prior year's General Fund revenues to 5%. The General Assembly voluntarily achieved the 5% funding level in FY 2012-2013, 2 years ahead of the required phased-in increase.



**BUDGETARY GENERAL FUND**  
**Capital Reserve**  
**Fiscal Years Ended June 30**  
**(Unaudited)**

Year	Beginning Balance	Appropriation	Amount Applied Against Revenue Shortfall	Used for Supplemental Appropriations	Ending Balance	Full Funding Requirement
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	—	—	110,883,455	110,883,445
2012	110,883,455	104,837,915	—	(110,883,455)	104,837,915	104,837,915
2013	104,837,915	112,656,555	—	(104,837,915)	112,656,555	112,656,555
2014	112,656,555	117,155,905	—	(112,656,555)	117,155,905	117,155,905

