

**FY 2011-12 Reserve Fund &
Local Government Fund Calculations**

Full Funding Requirement

Year	General Reserve Fund (3/3.5%)	Capital Reserve Fund (2%)	Local Government Fund (4.5%)
2008-09	199,755,087	133,170,058	299,632,631
2009-10	191,771,831	127,847,888	287,657,747
2010-11	166,325,183	110,883,455	249,487,775
2011-12	183,466,352	104,837,916	235,885,310

Actual Funding Level

Year	General Reserve Fund	Capital Reserve Fund	Local Government Fund
2008-09	108,096,907	133,170,058	280,180,502
2009-10	63,923,944	127,847,888	230,232,591
2010-11	166,325,183	110,883,455	202,619,411
2011-12			

Funding Increments

Year	General Reserve Fund	Capital Reserve Fund	Local Government Fund
2008-09	12,974,290	-	9,306
2009-10	63,923,944	(5,322,171)	(49,947,911)
2010-11	55,441,728	(16,964,432)	(27,613,180)
2011-12	17,141,169	(6,045,540)	33,265,899

****Note: Full Funding Requirement based on actual revenue collections from the most recently completed fiscal year.**

GENERAL RESERVE FUND

South Carolina Constitution, Article III, Section 36
 South Carolina Code of Laws, Section 11-11-310

On November 2, 2010, a constitutional amendment was adopted (pending ratification) increasing the General Reserve Fund from three percent to five percent by adding a cumulative one-half percent each year beginning in FY 2011-12 until it reaches five percent. The General Reserve Fund balance must equal five percent of the General Fund revenue of the latest completed fiscal year. Funds may be withdrawn from the reserve only for the purpose of covering year-end operating deficits. The amount must be restored to the account within five years out of future revenues until the five percent requirement is again reached; a minimum of one percent, if necessary, must be restored to the account each year following a deficit until the five percent requirement is restored.

FISCAL YEAR	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
1994 - 95	100,247,601	9,930,206	0	110,177,807
1995 - 96	110,177,807	10,556,980	0	120,734,787
1996 - 97	120,734,787	6,271,409	0	127,006,196
1997 - 98	127,006,196	3,373,537	0	130,379,733
1998 - 99	130,379,733	7,269,750	0	137,649,483
1999-2000	137,649,483	7,721,564	0	145,371,047
2000-01	145,371,047	2,545,350	87,393,007	60,523,390
2001-02	60,523,390	2,285,711	62,809,101	0
2002-03	0	38,797,374	38,797,374	0
2003-04	0	74,454,127	49,299,599 ¹	25,154,528
2004-05	25,154,528	50,000,000	0	75,154,528
2005-06	75,154,528	78,333,866	0	153,488,394
2006-07	153,488,394	14,243,425	0	167,731,819
2007-08	167,731,819	19,048,978	91,658,180 ²	95,122,617
2008-09	95,122,617	12,974,290	108,096,907 ³	0
2009-10	0	110,883,455		110,883,455
2010-11	110,883,455	55,441,728		166,325,183

¹ As authorized by the Fiscal Discipline Act of 2004 (Act 256), \$49,299,599 was transferred out of the General Reserve Fund to partially offset the FY 2001-02 Budgetary Deficit.

² Per Article III, Section 36 of the South Carolina Constitution, \$91,658,180 was transferred out of the General Reserve Fund to eliminate the FY 2007-08 budgetary deficit.

³ Per Article III, Section 36 of the South Carolina Constitution, \$108,096,907 was transferred out of the General Reserve Fund to eliminate the FY 2008-09 budgetary deficit.

Prepared
 September 8, 2010 (GRF)

CAPITAL RESERVE FUND

South Carolina Constitution, Article III, Section 36
 South Carolina Code of Laws, Section 11-11-320

The Capital Reserve Fund is a recurring appropriation that must equal two percent of the General Fund revenue of the latest completed fiscal year. Funds may be withdrawn from the reserve only for the purpose of covering year-end operating deficits. If there is no year-end operating deficit and the General Reserve Fund is fully funded at its constitutional requirement, the Capital Reserve Fund may be appropriated in separate legislation upon affirmative vote of two-thirds of the members present and voting but not less than three-fifths of the total membership of each house for the following purposes: (1) to finance in cash previously authorized capital improvement bond projects, (2) to retire the interest or principal on bonds previously issued, or (3) for capital improvements or other nonrecurring purposes.

The appropriation of Capital Reserve Funds must be ranked by priority and become effective thirty days after the close of a fiscal year. If the fiscal year ends in a deficit, the Capital Reserve Fund is reduced based on reverse priority ranking; the Capital Reserve Fund must be exhausted before resorting to the General Reserve Fund to cover a deficit. Any Capital Reserve Funds not appropriated in whole lapse to the General Fund.

FISCAL YEAR	ORIGINAL APPROPRIATION TO CRF	CRF APPROPRIATIONS TO STATE AGENCIES*	COMMENTS
1994-95	\$73,451,871	\$67,026,484	Appropriated at 2% of actual FY 1993 revenue, \$3,672,593,567. CRF funds which lapsed to the General Fund totaled \$6,425,387. (The original appropriation was \$67,257,259; however, items vetoed by the Governor totaled \$230,775.)
1995-96	\$80,489,858	\$80,489,858	Appropriated at 2% of actual FY 1994 revenue, \$4,024,492,900
1996-97	\$84,670,797	\$83,566,797	Appropriated at 2% of actual FY 1995 revenue, \$4,233,539,860. CRF funds which lapsed to the General Fund totaled \$1,104,000. (The original appropriation was \$84,670,797; however, items vetoed by the Governor totaled \$1,104,000.)
1997-98	\$86,919,822	\$86,919,822	Appropriated at 2% of actual FY 1996 revenue, \$4,345,991,099
1998-99	\$91,766,322	\$91,766,322	Appropriated at 2% of actual FY 1997 revenue, \$4,588,316,094
1999-2000	\$96,914,031	\$96,914,031	Appropriated at 2% of actual FY 1998 revenue, \$4,845,701,564
2000-01	\$98,610,931	\$0	Appropriated at 2% of actual FY 1999 revenue, \$4,930,546,565; 11/21/00 mid-year reduction of entire fund, \$98,610,931
2001-02	\$100,134,739	\$0	Appropriated at 2% of actual FY 2000 revenue, \$5,006,736,929; 10/30/01 mid-year reduction of entire fund, \$100,134,739
2002-03	\$101,606,475	\$0	Appropriated at 2% of actual FY 2001 revenue, \$5,080,323,743; 09/17/02 mid-year reduction of entire fund, \$101,606,475

FISCAL YEAR	ORIGINAL APPROPRIATION TO CRF	CRF APPROPRIATIONS TO STATE AGENCIES*	COMMENTS
2003-04	\$98,599,197	\$0	Appropriated at 2% of actual FY 2002 revenue, \$4,929,959,859; 08/20/03 mid-year reduction of entire fund, \$98,599,197
2004-05	\$99,356,026	\$99,356,026	Appropriated at 2% of actual FY 2003 revenue, \$4,967,801,276
2005-06	\$102,325,596	\$102,325,596	Appropriated at 2% of actual FY 2004 revenue, \$5,116,279,803
2006-07	\$111,821,213	\$111,821,213	Appropriated at 2% of actual FY 2005 revenue, \$5,591,060,631
2007-08	\$124,520,532	\$0	Appropriated at 2% of actual FY 2006 revenue, \$6,226,026,577; Entire fund of \$124,520,532 applied to the year-end shortfall.
2008-09	\$133,170,058	\$0	Appropriated at 2% of actual FY 2007 revenue, \$6,658,502,908; 8/12/08 mid-year reduction of entire fund, \$133,170,058
2009-10	\$127,858,688	\$0	Appropriated at 2% of actual FY 2008 revenue, \$6,392,934,378; 8/13/09 and 9/3/09 mid-year reduction of entire fund, \$127,858,688
2010-11	\$110,883,455		Appropriated at 2% of actual FY 2009 revenue, \$5,544,172,770

* CRF appropriations are available for expenditure 30 days after the close of the fiscal year. See following table for detail of CRF appropriations.

Prepared
September 8, 2010 (CRF)

LOCAL GOVERNMENT FUND APPROPRIATIONS

Chapter 27 of Title 6 of the SC Code of Laws mandates that 4.5% of the previous year's General Fund revenue collections be appropriated to the Local Government Fund (beginning in FY 1991-92). The amount is apportioned on the basis of 83.278% for counties and 16.722% for municipalities.

FISCAL YEAR	LOCAL GOVERNMENT FUND
1994-95	165,266,702
1995-96	181,102,181
1996-97	190,509,294
1997-98	195,569,599
1998-99	206,474,224
1999-2000	218,056,570
2000-01	221,874,595
2001-02	225,303,162
2002-03	228,614,568
2003-04	221,874,595
2004-05	223,551,057
2005-06	230,232,591
2006-07	249,347,728
2007-08	280,171,196
2008-09	280,180,502
2009-10	230,232,591 ¹
2010-11	202,619,411 ²

NOTE: Local Government Funds were reduced when mid-year cuts were taken in accordance with Section 6-27-20.

FY 2001-02: \$3,428,567

FY 2002-03: \$6,739,973

FY 2008-09: \$19,452,129

FY 2009-10: \$82,870

¹ For FY 2009-10, 4.5% funding formula as mandated in Section 6-27-30 of the SC Code of Laws was suspended.

² For FY 2010-11, 4.5% funding formula as mandated in Section 6-27-30 of the SC Code of Laws was suspended.

Prepared
September 2010 (LGF)