

Report on Audit of
Financial Statements of
South Carolina Governor's Office
for the year ended June 30, 1997

SOUTH CAROLINA GOVERNOR’S OFFICE

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INDEPENDENT AUDITORS' REPORT

State Auditor
Columbia, South Carolina

We have audited the accompanying financial statements of the South Carolina Governor's Office as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements of the South Carolina Governor's Office reporting entity are intended to present the financial position and results of operations of only that portion of the financial reporting entity of the State of South Carolina that is attributable to the transactions of certain activities of the South Carolina Governor's Office.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Carolina Governor's Office as of June 30, 1997, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 1998, on our consideration of the South Carolina Governor's Office internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

As discussed in Note 16 to the financial statements, certain programs were transferred to other state agencies from the South Carolina Governor's Office during the year, resulting in a change in the activities and transactions included in these financial statements.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the South Carolina Governor's Office. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Columbia, South Carolina
April 9, 1998

South Carolina Governor's Office
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1997

Exhibit A
Sheet 1

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	
Assets and other debits					
Cash and cash equivalents (Note 14)	\$ 10,751,436	\$ 17,622,675	\$ —	\$ —	\$ 28,374,111
Federal grant revenue receivable (Note 1)	—	200,086	—	—	200,086
Accrued interest	—	39,972	—	—	39,972
Due from the State General Fund (Note 6)	529,475	—	—	—	529,475
Fixed assets (Note 7)	—	—	1,918,613	—	1,918,613
Due from Victims' Assistance Fund (Note 4)	—	70,571	—	—	70,571
Due from other state agencies (Note 13)	—	238,856	—	—	238,856
Amount to be provided for retirement of general long-term debt	—	—	—	920,018	920,018
Total assets and other debits	<u>\$ 11,280,911</u>	<u>\$ 18,172,160</u>	<u>\$ 1,918,613</u>	<u>\$ 920,018</u>	<u>\$ 32,291,702</u>

South Carolina Governor's Office
Combined Balance Sheet (Continued)
All Fund Types and Account Groups
June 30, 1997

Exhibit A
Sheet 2

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	
Liabilities, Fund Equity, and Other Credits					
Liabilities:					
Accounts payable	\$ 545,319	\$ 1,390,197	\$ —	\$ —	\$ 1,935,516
Accrued payroll and related liabilities	529,475	434,780	—	—	964,255
Accrued compensated absences and related benefits (Note 12)	—	—	—	920,018	920,018
Deferred federal grant revenue (Note 1)	—	201,377	—	—	201,377
Deposits held for clients	—	24,706	—	—	24,706
Due to Guardian Ad Litem Fund (Note 4)	—	70,571	—	—	70,571
Total liabilities	1,074,794	2,121,631	—	920,018	4,116,443
Fund equity and other credits:					
Investment in general fixed assets	—	—	1,918,613	—	1,918,613
Fund balances:					
Reserved for various restricted purposes (Note 17)	—	16,050,529	—	—	16,050,529
Reserved for restricted appropriations to be carried forward (Note 3)	9,364,717	—	—	—	9,364,717
Unreserved, designated for appropriations to be carried forward (Note 3)	840,740	—	—	—	840,740
Unreserved, undesignated	660	—	—	—	660
Total fund equity and other credits	10,206,117	16,050,529	1,918,613	—	28,175,259
Total liabilities, fund equity and other credits	<u>\$ 11,280,911</u>	<u>\$ 18,172,160</u>	<u>\$ 1,918,613</u>	<u>\$ 920,018</u>	<u>\$ 32,291,702</u>

The accompanying notes are an integral part of these financial statements.

South Carolina Governor's Office
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
for the year ended June 30, 1997

Exhibit B
Sheet 1

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Revenues:			
State appropriations (Note 3)	\$ 24,584,529	\$ —	\$ 24,584,529
Federal grants	—	31,293,963	31,293,963
Non-federal grants and contributions	—	1,382,570	1,382,570
Interest	—	238,692	238,692
Medicaid reimbursements	—	3,524,925	3,524,925
Education Improvement Act (EIA)	—	3,588,497	3,588,497
Victim restitutions	—	8,345,837	8,345,837
Bingo tax	—	1,523,022	1,523,022
Private donations	—	709,998	709,998
Conference fees	—	101,618	101,618
Client funds	—	20,223	20,223
Funding for Catawba Indian Settlement from the State Budget and Control Board	—	2,500,000	2,500,000
Other miscellaneous	—	72,794	72,794
	<hr/>	<hr/>	<hr/>
Total revenues	24,584,529	53,302,139	77,886,668
	<hr/>	<hr/>	<hr/>
Expenditures:			
Federal grants			
Personal services	—	1,220,592	1,220,592
Employer contributions	—	300,545	300,545
Other operating	—	693,625	693,625
Claims and awards	—	852,000	852,000
Distributions to subdivisions	—	28,162,205	28,162,205
Finance and administration			
Personal services	2,997,436	—	2,997,436
Employer contributions	669,122	—	669,122
Other operating	1,195,629	—	1,195,629
Claims and awards	—	2,500,000	2,500,000
Distributions to subdivisions	—	1,450,450	1,450,450
Aging programs			
Personal services	426,836	44,827	471,663
Employer contributions	104,067	10,649	114,716
Other operating	68,918	132,661	201,579
Distributions to subdivisions	1,639,349	1,665,655	3,305,004
Division on Aging allocations for permanent improvements	—	621,100	621,100
Continuum of Care			
Personal services	330,261	1,804,762	2,135,023
Employer contributions	77,136	443,520	520,656
Other operating	152,394	678,357	830,751
Case services	1,099,057	2,005,819	3,104,876
Distributions to subdivisions	57,238	—	57,238

Exhibit B
Sheet 2

South Carolina Governor's Office
Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
All Governmental Fund Types
for the year ended June 30, 1997

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Expenditures (continued):			
Education			
Personal services	43,534	—	43,534
Employer contributions	12,911	—	12,911
Other operating	784,799	50,000	834,799
Foster care			
Personal services	469,745	179,678	649,423
Employer contributions	108,430	38,991	147,421
Other operating	97,585	39,115	136,700
Distributions to subdivisions	435,460	—	435,460
Guardian Ad Litem			
Personal services	598,600	653,581	1,252,181
Employer contributions	158,812	59,614	218,426
Other operating	410,397	134,121	544,518
Case services	—	—	—
Distributions to subdivisions	—	1,528	1,528
Health and Human Services			
Personal services	269,348	142,708	412,056
Employer contributions	64,650	29,700	94,350
Other operating	51,340	66,025	117,365
Distributions to subdivisions	164,492	—	164,492
Aging Ombudsman			
Personal services	392,980	61,950	454,930
Employer contributions	99,664	14,587	114,251
Other operating	224,664	10,479	235,143
Victims' Assistance			
Personal services	—	592,966	592,966
Employer contributions	—	144,896	144,896
Other operating	2,510	376,379	378,889
Case services	—	—	—
Claims and awards	181,296	4,808,441	4,989,737
Distributions to subdivisions	419,809	1,427,258	1,847,067
Veterans' Affairs			
Personal services	534,941	—	534,941
Employer contributions	139,327	—	139,327
Other operating	99,864	438	100,302
Distributions to subdivisions	521,516	—	521,516
Economic Opportunity			
Distributions to subdivisions	—	518,065	518,065
Commission on Women			
Personal services	48,418	—	48,418
Employer contributions	12,221	—	12,221
Other operating	12,976	—	12,976

South Carolina Governor's Office
Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
All Governmental Fund Types
for the year ended June 30, 1997

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Expenditures (continued):			
Volunteer Services			
Personal services	2,868	—	2,868
Employer contributions	509	—	509
Small Minority Business			
Personal services	9,946	—	9,946
Employer contributions	1,764	—	1,764
	<u>15,192,819</u>	<u>51,937,287</u>	<u>67,130,106</u>
Total expenditures			
Excess of revenues over expenditures	9,391,710	1,364,852	10,756,562
 Other financing sources (uses):			
Recoveries of indirect costs of federal grants and certain earmarked funds remitted to the General Fund of the State	<u>—</u>	<u>(111,604)</u>	<u>(111,604)</u>
Total other financing (uses)	<u>—</u>	<u>(111,604)</u>	<u>(111,604)</u>
Excess of revenues over expenditures and other uses	9,391,710	1,253,248	10,644,958
Fund balances, beginning of year	<u>814,407</u>	<u>14,797,281</u>	<u>15,611,688</u>
Fund balances, end of year	<u><u>\$ 10,206,117</u></u>	<u><u>\$ 16,050,529</u></u>	<u><u>\$ 26,256,646</u></u>

The accompanying notes are an integral part of these financial statements.

South Carolina Governor's Office
Combined Statement of Expenditures—Budget and Actual
All Budgeted Funds
for the year ended June 30, 1997

	Budgetary General Fund			Other Budgeted Funds			Total Budgeted Funds		
	Legal Basis Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Legal Basis Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Legal Basis Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Administration:									
Personal services	\$ 2,834,471	\$ 2,804,471	\$ 30,000	\$ —	\$ —	\$ —	\$ 2,834,471	\$ 2,804,471	\$ 30,000
Employer contributions	655,850	625,850	30,000	—	—	—	655,850	625,850	30,000
Other operating expenditures	1,479,303	877,037	602,266	31,000	—	31,000	1,510,303	877,037	633,266
Catawba Indian Settlement	—	—	—	2,500,000	2,500,000	—	2,500,000	2,500,000	—
Special items:									
Implementing federal programs	287,834	194,207	93,627	—	—	—	287,834	194,207	93,627
Southern growth policies	23,263	23,263	—	—	—	—	23,263	23,263	—
Southern States Energy Board	21,372	21,372	—	—	—	—	21,372	21,372	—
Poet Laureate	1,097	1,097	—	—	—	—	1,097	1,097	—
Southern Governors' Association	5,535	5,535	—	—	—	—	5,535	5,535	—
National Governors' Association	80,452	80,452	—	—	—	—	80,452	80,452	—
Mining Council	6,244	5,995	249	—	—	—	6,244	5,995	249
Division of Guardian Ad Litem									
Personal services	598,522	598,522	—	664,000	639,815	24,185	1,262,522	1,238,337	24,185
Employer contributions	159,108	159,108	—	237,107	59,954	177,153	396,215	219,062	177,153
Other operating expenditures	420,715	410,397	10,318	144,350	135,649	8,701	565,065	546,046	19,019
Division of Foster Care									
Personal services	447,724	443,724	4,000	183,164	169,966	13,198	630,888	613,690	17,198
Employer contributions	102,184	102,184	—	65,405	38,984	26,421	167,589	141,168	26,421
Other operating expenditures	102,585	97,585	5,000	43,136	39,115	4,021	145,721	136,700	9,021
South Carolina Protection and Advocacy	435,460	435,460	—	—	—	—	435,460	435,460	—
Division of Continuum of Care									
Personal services	327,206	327,206	—	2,481,848	1,796,417	685,431	2,809,054	2,123,623	685,431
Employer contributions	152,394	152,394	—	787,737	442,373	345,364	940,131	594,767	345,364
Other operating	76,739	76,739	—	1,131,435	678,357	453,078	1,208,174	755,096	453,078
Case services	1,346,510	1,099,057	247,453	2,954,227	1,984,361	969,866	4,300,737	3,083,418	1,217,319
Distribution to subdivisions	57,238	57,238	—	—	—	—	57,238	57,238	—
Division of Education									
Personal services	85,529	83,529	2,000	26,024	21,262	4,762	111,553	104,791	6,762
Employer contributions	20,263	20,263	—	6,923	5,196	1,727	27,186	25,459	1,727
Other operating expenditures	62,484	57,484	5,000	12,866	11,229	1,637	75,350	68,713	6,637
School for the Arts	9,455,730	455,730	9,000,000	50,000	50,000	—	9,505,730	505,730	9,000,000
Governor's Schools	271,585	271,585	—	—	—	—	271,585	271,585	—
Distribution to subdivisions	—	—	—	92,000	20,223	71,777	92,000	20,223	71,777
Division on Aging									
Personal services	469,154	469,154	—	584,093	516,562	67,531	1,053,247	985,716	67,531
Employer contributions	111,730	111,730	—	164,226	125,316	38,910	275,956	237,046	38,910
Other operating expenditures	214,730	68,918	145,812	718,040	414,167	303,873	932,770	483,085	449,685
Distribution to subdivisions	808,203	778,871	29,332	15,721,567	12,809,977	2,911,590	16,529,770	13,588,848	2,940,922
In-home elderly service	198,575	198,575	—	—	—	—	198,575	198,575	—
Allocations for permanent improvements	—	—	—	1,194,800	626,600	568,200	1,194,800	626,600	568,200
McCormick County Intergenerational Program	8,841	8,841	—	—	—	—	8,841	8,841	—
Local Provider salary supplements	437,589	437,589	—	—	—	—	437,589	437,589	—
Coastal Carolina University	6,975	6,975	—	—	—	—	6,975	6,975	—
Alzheimer's Resource Coordination Center	158,497	158,497	—	—	—	—	158,497	158,497	—
Alzheimer's Grants	50,000	50,000	—	—	—	—	50,000	50,000	—

The accompanying notes are an integral part of these financial statements.

South Carolina Governor's Office
Combined Statement of Expenditures—Budget and Actual
All Budgeted Funds
for the year ended June 30, 1997

	Budgetary General Fund			Other Budgeted Funds			Total Budgeted Funds		
	Legal Basis Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Legal Basis Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Legal Basis Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Division of Victim's Assistance									
Personal services	\$ —	\$ —	\$ —	\$ 732,254	\$ 587,311	\$ 144,943	\$ 732,254	\$ 587,311	\$ 144,943
Other operating expenditures	—	—	—	9,349,354	6,046,281	3,303,073	9,349,354	6,046,281	3,303,073
Distribution to subdivisions	—	—	—	1,630,623	1,427,258	203,365	1,630,623	1,427,258	203,365
Employer contributions	—	—	—	261,480	144,866	116,614	261,480	144,866	116,614
Victim's Rights	184,940	183,805	1,135	—	—	—	184,940	183,805	1,135
Victim's Witness	340,948	340,948	—	—	—	—	340,948	340,948	—
SCVAN	78,861	78,861	—	—	—	—	78,861	78,861	—
Division of Health and Human Services									
Personal services	266,843	266,843	—	394,843	282,670	112,173	661,686	549,513	112,173
Employer contributions	64,504	64,504	—	122,819	64,997	57,822	187,323	129,501	57,822
Other operating expenditures	51,340	51,340	—	710,064	127,535	582,529	761,404	178,875	582,529
Distribution to subdivisions	164,492	164,492	—	1,575,526	532,365	1,043,161	1,740,018	696,857	1,043,161
Division of Small and Minority Business									
Personal services	118,375	118,375	—	—	—	—	118,375	118,375	—
Employer contributions	28,007	28,007	—	—	—	—	28,007	28,007	—
Other operating expenditures	30,575	30,575	—	—	—	—	30,575	30,575	—
Division of Veteran Affairs									
Personal services	531,471	531,471	—	—	—	—	531,471	531,471	—
Employer contributions	138,978	138,978	—	—	—	—	138,978	138,978	—
Other operating expenditures	64,864	64,864	—	1,000	438	562	65,864	65,302	562
Distribution to subdivisions	521,516	521,516	—	—	—	—	521,516	521,516	—
Memorials	35,000	35,000	—	—	—	—	35,000	35,000	—
Division of Commission on Women									
Personal services	50,000	49,200	800	19,448	18,581	867	69,448	67,781	1,667
Employer contributions	12,385	12,385	—	5,174	4,541	633	17,559	16,926	633
Other operating expenditures	12,976	12,976	—	19,809	6,392	13,417	32,785	19,368	13,417
Division of Ombudsman/Citizen Services									
Personal services	408,127	401,127	7,000	139,410	113,538	25,872	547,537	514,665	32,872
Employer contributions	101,244	101,244	—	67,004	27,714	39,290	168,248	128,958	39,290
Other operating expenditures	52,483	52,483	—	43,863	32,089	11,774	96,346	84,572	11,774
Children's Case Resolution System	172,181	172,181	—	—	—	—	172,181	172,181	—
Division of Volunteer Services									
Personal services	34,128	34,128	—	124,508	62,255	62,253	158,636	96,383	62,253
Employer contributions	8,821	8,821	—	33,124	15,215	17,909	41,945	24,036	17,909
Other operating expenditures	5,621	5,621	—	123,064	92,394	30,670	128,685	98,015	30,670
Distribution to subdivisions	—	—	—	1,038,700	641,237	397,463	1,038,700	641,237	397,463
Economic Opportunity									
Personal services	—	—	—	746,500	484,900	261,600	746,500	484,900	261,600
Employer contributions	—	—	—	216,808	118,509	98,299	216,808	118,509	98,299
Other operating expenditures	—	—	—	1,506,030	203,470	1,302,560	1,506,030	203,470	1,302,560
Allocation to other entities	—	—	—	18,945,000	16,342,123	2,602,877	18,945,000	16,342,123	2,602,877
Total Quality Management	1,170	1,170	—	—	—	—	1,170	1,170	—
Total expenditures	<u>\$ 25,461,541</u>	<u>\$ 15,247,549</u>	<u>\$ 10,213,992</u>	<u>\$ 67,600,353</u>	<u>\$ 50,462,202</u>	<u>\$ 17,138,151</u>	<u>\$ 93,061,894</u>	<u>\$ 65,709,751</u>	<u>\$ 27,352,143</u>

The accompanying notes are an integral part of these financial statements.