



# ROGERS & LABAN, PA

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Mr. Thomas L. Wagner, Jr., CPA  
State Auditor  
State of South Carolina  
Columbia, South Carolina

We have audited the accompanying financial statements of the South Carolina Employment Security Commission (the Commission) as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Commission'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 standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the 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 also 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 Employment Security Commission are intended to present the financial position and results of operations of only that portion of the funds of the State of South Carolina financial reporting entity that is attributable to the transactions of the South Carolina Employment Security Commission.

The Commission declined to present a statement of revenues, expenditures, and changes in fund balances – budget and actual for the year ended June 30, 1998. Presentation of such a statement for those governmental funds for which budgets have been legally adopted is required by generally accepted accounting principles.

In our opinion, except that the omission of the statement of revenues, expenditures and changes in fund balances – budget and actual results in an incomplete presentation as explained in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the South Carolina Employment Security Commission as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As discussed in Notes 18 and 19 management discovered that certain errors were made in the application of accounting principles resulting in the over and under reporting of various assets and liabilities and also that certain assets, liabilities, revenues, expenditures and fund balances were misclassified in prior years. Also, as explained in Notes 1 and 5, the Commission changed its capitalization policy from \$500 to \$1,000 for furniture and equipment and changed its presentation of expenditures in its general fund.



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