

WILLIAMSBURG COUNTY DEPARTMENT  
ON ALCOHOL AND DRUG ABUSE  
FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
KINGSTREE, SOUTH CAROLINA**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Williamsburg County Department on Alcohol and Drug Abuse  
Kingstree, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamsburg County Department on Alcohol and Drug Abuse, a component unit of Williamsburg County, (the "Organization"), as of and for the year ended June 30, 2012, which collectively comprise the Organization's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Organization, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for retiree health plan as listed in the foregoing table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Columbia, South Carolina  
September 19, 2012

*Clark Eustace Wagner, PA*

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
 STATEMENT OF NET ASSETS  
 As of June 30, 2012

ASSETS

Current assets

Cash and cash equivalents - Note 2	\$	61,659
Accounts receivable - Note 3		<u>64,999</u>
<b>Total current assets</b>		<u>126,658</u>

Noncurrent assets

Capital assets, net of accumulated depreciation - Note 4		<u>85,994</u>
<b>Total noncurrent assets</b>		<u>85,994</u>
<b>Total assets</b>		<u>212,652</u>

LIABILITIES

Current liabilities

Accounts payable		18,604
Accrued payroll		14,336
Current portion of capital lease obligation - Note 6		<u>4,122</u>
<b>Total current liabilities</b>		<u>37,062</u>

Noncurrent liabilities

Obligation under capital lease, net of current portion - Note 6		16,965
Other post - employment benefits - Note 10		41,482
Accumulated compensated absences - Note 5		<u>21,619</u>
<b>Total noncurrent liabilities</b>		<u>80,066</u>
<b>Total liabilities</b>		<u>117,128</u>

NET ASSETS (DEFICIT)

Invested in capital assets, net of related debt		64,907
Unrestricted		<u>30,617</u>
<b>Total net assets (deficit)</b>	<b>\$</b>	<u><u>95,524</u></u>

See accountants' report and notes to financial statements which are an integral part of this statement.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

	Total (memorandum only)	Prevention		Intervention		Treatment		Administration		Other
		Services		Services		Services		Administration		
Expenses:										
Personnel	\$ 411,477	\$ 113,959	\$ 27,503	\$ 193,124	\$ 76,891	\$ -				
Fringe benefits	115,254	28,899	8,660	52,490	25,205	-				
Contracted services	57,341	21,029	3,968	21,518	10,826	-				
Supplies	197,234	72,070	21,697	80,052	23,415	-				
Fixed charges	39,001	5,298	957	5,102	27,644	-				
Capital	20,702	8,922	273	91	11,416	-				
Allocated costs	-	-	-	-	-	-				
Total expenses	841,009	250,177	63,058	352,377	175,397	-				
Program revenues:										
Charges for services	95,040	-	6,309	64,607	24,124	-				
Operating grants and contributions	396,064	172,963	26,478	196,623	-	-				
Capital grants and contributions	1,339	-	335	1,004	-	-				
Other	334,132	59,558	23,854	107,310	143,410	-				
Total program revenues	826,575	232,521	56,976	369,544	167,534	-				
Net program expense (income)	14,434	17,656	6,082	(17,167)	7,863	-				
Change in net assets before non-program revenues (expenses)	(14,434)	(17,656)	(6,082)	17,167	(7,863)	-				
Non-program revenues (expenses):										
Transfers	-	17,656	6,082	(17,167)	7,863	(14,434)				
Change in net assets	(14,434)	-	-	-	-	(14,434)				
NET ASSETS (DEFICIT) - BEGINNING, as restated	109,958	-	-	-	-	109,958				
NET ASSETS (DEFICIT) - ENDING	\$ 95,524	\$ -	\$ -	\$ -	\$ -	\$ 95,524				

See accountants' report and notes to financial statements which are an integral part of this statement.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
As of June 30, 2012

ASSETS

Current assets	
Cash and cash equivalents - Note 2	\$ 61,659
Accounts receivable - Note 3	64,999
Total current assets	126,658
TOTAL ASSETS	\$ 126,658

LIABILITIES AND FUND EQUITY (DEFICIT)

LIABILITIES	
Current liabilities	
Accounts payable	\$ 18,604
Accrued payroll	14,336
Total liabilities	32,940
FUND EQUITY (DEFICIT)	
Unassigned	93,718
Total fund equity (deficit)	93,718
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 126,658

RECONCILIATION TO THE STATEMENT OF NET ASSETS (DEFICIT)

Fund equity (deficit) - governmental funds	\$ 93,718
Amounts reported for governmental activities in the statement of net assets are different because:	
Liabilities are not due and payable in the current period; therefore, are not reported in the funds:	
Note payable	(21,087)
Other Post-Employment Benefits Liability	(41,482)
Accrued compensated absences	(21,619)
	(84,188)
Assets are capitalized and depreciated in the statement of net assets but charged to expenditures in the governmental funds:	
Capital assets, net of accumulated depreciation	85,994
	\$ 95,524

See accountants' report and notes to financial statements which are an integral part of this statement.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY (DEFICIT)  
 ALL GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2012

	Special Revenues					Total (memorandum only)
	General Fund	Community Based Treatment	Medicaid Q/A	Prevention	Other Nonmajor Funds	
<b>REVENUES</b>						
Federal	\$ -	\$ 137,724	\$ -	\$ 35,000	\$ 15,000	\$ 187,724
State	-	23,173	-	516	71,210	94,899
Local	-	36,730	34,434	22,956	20,660	114,780
In-Kind	-	-	-	-	24,124	24,124
Other	-	171,917	40,592	12,429	180,107	405,045
<b>Total revenues</b>	-	<b>369,544</b>	<b>75,026</b>	<b>70,901</b>	<b>311,101</b>	<b>826,572</b>
<b>EXPENDITURES</b>						
Personnel	-	195,129	40,569	31,106	149,576	416,380
Fringe benefits	-	52,490	8,500	10,433	41,761	113,184
Contracted services	-	21,518	2,926	6,196	26,701	57,341
Supplies	-	82,354	22,351	24,299	74,808	203,812
Fixed charges	-	5,102	910	1,528	31,461	39,001
Capital	-	7,472	1,921	2,135	19,284	30,812
<b>Total expenditures</b>	-	<b>364,065</b>	<b>77,177</b>	<b>75,697</b>	<b>343,591</b>	<b>860,530</b>
<b>Excess of revenues over (under) expenditures</b>	-	<b>5,479</b>	<b>(2,151)</b>	<b>(4,796)</b>	<b>(32,490)</b>	<b>(33,958)</b>
<b>OTHER SOURCES (USES)</b>						
Proceeds from long-term debt	-	7,381	1,898	2,109	9,701	21,089
Transfers from/(to) General Fund	(12,869)	(12,860)	253	2,687	22,789	-
<b>Excess of revenues and other sources (uses) over (under) expenditures</b>	(12,869)	-	-	-	-	(12,869)
<b>FUND EQUITY (DEFICIT) - BEGINNING</b>	106,587	-	-	-	-	106,587
<b>FUND EQUITY (DEFICIT) - ENDING</b>	<b>\$ 93,718</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 93,718</b>

See accountants' report and notes to financial statements which are an integral part of this statement.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY (DEFICIT)  
 ALL GOVERNMENTAL FUNDS - CONTINUED  
 For the Year Ended June 30, 2012

<b>Reconciliation to the statement of activities</b>	
Revenues and other sources (uses) over (under) expenditures for the governmental funds	\$ (12,869)
Amounts reported for the governmental activities in the statement of activities are different because:	
Cost of capital assets are reported as additions on the statement of net assets	27,666
Depreciation and amortization of capital assets is reported as an expense in the statement of activities	(10,977)
(Increase) decrease in compensated absences is reported as an expense in the statement of activities	4,903
Proceeds from notes payable are reported as an increase in liabilities in the statement of activities	(21,087)
Other post-employment benefit expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(2,070)
<b>Increase (decrease) in net assets</b>	<b>\$ (14,434)</b>

See accountants' report and notes to financial statements which are an integral part of this statement.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2012*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Williamsburg County Department on Alcohol and Drug Abuse (“the Organization”) is a component unit of Williamsburg County. The Organization was established as provided in Williamsburg County Ordinance No. 1988-3, which became effective July 1, 1988, to provide residents of Williamsburg County education and prevention, intervention and referral, treatment and rehabilitation, community outreach, and other similar services as they relate to alcohol and drug abuse. The Department has its own independent board of directors who are appointed by the Williamsburg County Council. The board of directors establishes the budget and controls all aspects of the Organization. The majority of funding for the Organization is from grants and contracts from the South Carolina Department of Alcohol and Other Drug Abuse Services. The Organization also receives funding from local tax revenue and fees charged to individuals served.

The Organization’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements as well as the FASB Codification unless it is inconsistent with GASB pronouncements.

The Organization’s significant accounting policies are as follows:

**Principles Determining Scope of Reporting Entity**

The financial statements of the Organization consist only of the funds and account groups of the drug and alcohol department. The Organization has the oversight responsibility of all funding it receives and programs it operates and controls. Dependence is determined on the basis of budget adoption, contracts, funding and appointment of respective governing board.

Accounting principles generally accepted in the United States of America and Governmental Accounting Standards Board Statement Number 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, establishes criteria for determining which organizations should be included in a governmental financial reporting entity. The reporting entity consists of the primary government unit. Williamsburg County Department on Alcohol and Drug Abuse does not currently have any component units, but is considered a component unit of Williamsburg County.

**Basic Financial Statements**

The Organization’s basic financial statements include both entity-wide (reporting the non-fiduciary activities of the Organization as a whole) and fund financial statements (reporting the Organization’s major funds). Both the entity-wide and fund financial statements categorize primary activities as governmental activities or business-type. All of the Organization’s programs are classified as governmental activities. The Organization has no business-type activities.

**Entity-wide Financial Statements**

In the entity-wide “Statement of Net Assets”, the non-fiduciary governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Organization’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Entity-wide Financial Statements - Continued**

The entity-wide "Statement of Activities" reports both the gross and net cost of each of the Organization's functions. The functions are also supported by general government revenues. The "Statement of Activities" reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (ADSAP, Community Based Treatment, Prevention, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants. The net costs (by function) are normally covered by general revenue (grant revenues, intergovernmental revenues, interest income, etc.).

The Organization allocates administrative costs based on a basis consistent with formulas determined by the South Carolina Department of Alcohol and Other Drug Abuse Services.

The entity-wide focus is more on the sustainability of the organization as an entity and the change in net assets resulting from the current year's activities. The supplementary schedules required by SCDDSN are prepared utilizing this method.

**Fund Financial Statements**

Fund financial statements report detailed information about the Organization. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund equity (deficit), which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**Governmental Funds**

Governmental funds are used to account for all of the Organization's general activities, including the collection and disbursement of earmarked monies, the acquisition or construction of general capital assets, and the servicing of general long-term debt. The general fund is used to account for all activities of the general government.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

**Investments**

The Organization is authorized by South Carolina state law to invest in the following types of investments:

- (1) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (2) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (3) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (4) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (5) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (6) Repurchase agreements when collateralized by securities as set forth in this section.
- (7) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Investments - Continued**

(8) A political subdivision receiving Medicaid funds appropriated by the General Assembly in the annual general appropriations act may utilize appropriated funds and other monies generated by hospital operations to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures, or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the United States, financial institution, insurance company, or other entity which provides for full principal payment at the end of a contract term not to exceed twelve years if the issuer has received a rating in one of three highest general rating categories issued by no fewer than two nationally recognized credit rating organizations. No more than forty percent of the appropriated funds and other monies generated by hospital operations may be invested in the manner provided in this item. Revenue realized pursuant to these investments must be expended on health care services.

U.S. generally accepted accounting principles require disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. The carrying amount of cash, receivables, accrued expenses, payables, and general long-term debt approximates fair value.

**Receivables and Allowance for Doubtful Accounts**

Accounts receivables are stated net of their allowance for uncollectible amounts. Receivables in governmental funds include revenue accruals that are recognized when they become measurable and available as previously defined.

**Capital Assets**

Capitalized assets include land, improvements to land, buildings, building improvements, vehicles, equipment, furniture, and all other tangible or intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Capital assets also include assets purchased with grant funds in which the grantor retains a reversionary interest. Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gift. The Organization capitalizes additions, renovations, and other improvements which provide new uses, or extend the useful life of an existing capital asset, are capitalized. Routine repairs and maintenance are charged to operations in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. A half-year of depreciation is taken in the year the asset is placed in service and in the year of disposition. The Organization capitalizes assets costing \$5,000 or more. Donated assets are recorded at fair market value as of the date.

Category	Useful Life
Buildings	30 years
Furniture and equipment	5 years

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation and unused holidays. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. The noncurrent portion of earned compensated absences for governmental funds is maintained separately and represents a reconciling item between the fund and entity-wide presentations.

**Notes Payable**

The accounting treatment for notes payable activities depends on whether they are reported in the government-wide or fund financial statements. All notes payable to be repaid from Organization resources are reported as liabilities in the government-wide statements. They are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest is reported as an expenditure.

**Revenues: Exchange and Non-Exchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Organization, a one year availability period is used for revenue recognition for all governmental funds.

The Organization follows GASB Statement Number 33, *Accounting and Financial Reporting for Non-Exchange Transactions* to account for non-exchange revenues. Non-exchange transactions, in which the Organization receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Organization must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Organization on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end:

- All revenues received from contracts to provide services, including grants, Medicaid, EAP contracts with businesses or other agencies, and contracts with the South Carolina Department of Alcohol and Other Drug Abuse Services.
- The Organization does not consider treatment fees charged to individual clients as susceptible to accrual due to the measurability of future collections and, therefore, records individual client treatment fees when received.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Revenues: Exchange and Non-Exchange Transactions - Continued**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The standards established by *GASB Statement No. 33* provide accounting and reporting for the following four categories of non-exchange transactions: 1) Derived tax revenues, 2) Imposed non-exchange transactions, 3) Government-mandated non-exchange transactions and 4) Voluntary non-exchange transactions. Non-exchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from imposed non-exchange revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues and expenditures from government-mandated and voluntary non-exchange transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as deferred revenues. Eligibility requirements can include one or more of the following:

- The recipient has the characteristics specified by the provider.
- Time requirements specified by the provider have been met.
- The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

**Donated Goods and Services**

The County of Williamsburg has donated the use of facilities for the Organization's programs. In-kind contribution income of \$24,124 and offsetting rent expense has been recorded for donated rent of the administration office and the Lighthouse property.

Community service workers have donated time to the Organization's programs. No amounts have been included in the financial statements for these donated services since no objective basis is available to measure the value of such services.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Net Assets**

Net assets are classified and presented in three components:

1. *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. *Restricted* - Consists of assets with constraints placed on the use either by external groups such as creditors, grantors contributors, or law or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. *Unrestricted* – All other assets that do not meet the definition of “restricted” or “invested in capital assets”.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Governmental Fund Balances**

Fund balance is divided into five classifications based primarily on the extent to which the Organization is bound to observe constraints imposed upon the use of the resources in the applicable governmental fund. The classifications are as follows:

- *Nonspendable*: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (e.g., inventories and prepaid amounts), or are legally or contractually required to be maintained intact.
- *Restricted*: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Organization can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
- *Committed*: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to commit those amounts previously. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Directors, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Governmental Fund Balances - Continued**

- *Assigned:* Amounts in the assigned fund balance classification are intended to be used by the Organization for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Directors or by a Organization official or body to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Organization applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired. Cash is in two checking accounts. There are no long-term investments. At year-end, the total carrying amount of the Organization's bank accounts was \$61,659, and the total bank balance was \$75,187. Pursuant to the Dodd-Frank Deposit Insurance Provision, through December 31, 2012, the FDIC will insure in full the noninterest-bearing transaction accounts of all government/public fund depositors. In addition to having temporary unlimited deposit insurance coverage for all noninterest-bearing transaction accounts, depositors are also insured for (a) up to \$250,000 for the combined amount of all time and savings accounts, and (b) up to an additional \$250,000 for the combined amount of all interest-bearing demand deposit accounts. Cash accounts of the non-profit component units are insured for (a) an unlimited amount for all funds in a noninterest-bearing transaction account, and (b) up to \$250,000 for the combined amount of all interest bearing accounts.

The Organization's bank balances are categorized as either: (1) insured and collateralized with securities held by the Organization or by its agent in the Organization's name, (2) collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name, or (3) uncollateralized as follows at June 30, 2012:

	Category			Carrying Amount
	1	2	3	
Cash - Unrestricted	\$ 75,187	\$ -	\$ -	\$ 61,659

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 3 - ACCOUNTS RECEIVABLE**

Receivables are recorded at fair value. Accounts receivable at June 30, 2012 consist of the following:

SC Department of Alcohol and Other Drug Abuse Services	\$	16,106
Mini-bottle		13,074
Medicaid		4,517
Williamsburg County		28,672
Other		2,630
	<b>\$</b>	<b><u>64,999</u></b>

**NOTE 4 - CAPITAL ASSETS**

Capital assets at June 30, 2012 consisted of the following:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Removals</u>	<u>June 30, 2012</u>
Capital assets not being depreciated				
Land	\$ 8,500	\$ -	\$ -	\$ 8,500
Total capital assets not being depreciated	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>8,500</u>
Capital assets being depreciated				
Buildings and improvements	188,993	-	-	188,993
Equipment	172,471	27,666	-	200,137
Total capital assets being depreciated	<u>361,464</u>	<u>27,666</u>	<u>-</u>	<u>389,130</u>
Accumulated depreciation	<u>(300,659)</u>	<u>(10,977)</u>	<u>-</u>	<u>(311,636)</u>
Total capital assets being depreciated, net	<u>60,805</u>	<u>16,689</u>	<u>-</u>	<u>77,494</u>
Total capital assets, net	<u><u>\$ 69,305</u></u>	<u><u>\$ 16,689</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 85,994</u></u>

Depreciation expense for the year ended June 30, 2012 is \$10,977. Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Administration	<u><u>\$ 10,977</u></u>

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 5 - LONG - TERM LIABILITIES**

Compensated absences in the governmental funds are classified as long-term liabilities. The Organization believes that the current portion of compensated absences is negligible and is therefore not reported. These liabilities are expected to be paid from the General and Special Revenue Funds.

A summary of accrued compensated absences liability for the year ended June 30, 2012 follows:

Balance, July 1, 2011	\$	26,522
Additions/(Reductions)		<u>(4,903)</u>
Balance, June 30, 2012	\$	<u><u>21,619</u></u>

**NOTE 6 - LEASES**

The Organization leases various equipment under cancellable operating leases. There are no future lease payments after this current fiscal year.

The Organization leased various computer equipment during the year. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease and, accordingly, it is recorded in their assets and liabilities. The following is an analysis of the leased asset included in property and equipment:

Computer equipment		\$ 21,087
Less accumulated depreciation		<u>( 2,109)</u>
		<u><u>\$ 18,978</u></u>

The lease agreement contains a bargain purchase option at the end of the lease term. The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2012.

Year Ending June 30:		
2013	\$	7,178
2014		7,178
2015		7,178
2016		<u>7,178</u>
Total minimum payments		28,712
Less amount representing interest		<u>(7,625)</u>
Present value of minimum lease payments	\$	<u><u>21,087</u></u>

Amortization of assets held under capital leases is included with depreciation expense.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 7 - EMPLOYEE BENEFITS**

The Governmental Accounting Standards Board (GASB) issued Statement No. 27 entitled "Accounting for Pensions by State and Local Governmental Employers" in November 1994. In May 2007, this statement was amended with the issuance of GASB Statement No. 50 "Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27". GASB 50 requires enhanced information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans.

The disclosure requirements applicable to employers participating in the South Carolina Retirement System or the Police Officers Retirement System are prescribed in paragraph 20 of GASB 27 and paragraph 7 of GASB 50. The following information is provided in order to meet these disclosure requirements.

**Plan Description**

Employees of the Williamsburg County Department on Alcohol and Drug Abuse participate in the South Carolina Retirement System of the State of South Carolina (SCRS), one of five defined benefit retirement systems maintained by the Retirement Division of the state Budget and Control Board of South Carolina. Each system publishes its own component unit financial statement report.

The systems provide retirement, death and disability benefits to state employees, public school employees and employees of counties, municipalities and certain other state political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

A comprehensive annual financial report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by visiting [www.retirementsc.gov](http://www.retirementsc.gov) or by writing the South Carolina Retirement System, PO Box 11960, Columbia, SC 29211-1960.

**Funding and Benefit Policies**

Furthermore, the Division and the five pension plans are included in the CAFR of the State of South Carolina. Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after five years service and qualify for a survivor's benefit upon completion of 15 years credited service (five years effective January 1, 2001). Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years credited service (this requirement does not apply if the disability is the result of a job related injury). A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits that will include any cost of living adjustments granted during the TERI period.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

NOTE 7 - EMPLOYEE BENEFITS, Continued

**Funding and Benefit Policies - Continued**

Member contributions cease for participants who entered TERI prior to July 1, 2005. Participants who enter TERI on or after July 1, 2005 must continue to make member contributions. Employer contributions continue during TERI participation for all participants.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

Annual benefits, payable monthly for life, are based on length of service and on average final compensation, (an annualized average of the employee is highest 12 consecutive quarters of compensation).

The Systems do not make separate measurements of assets and pension benefit obligations for individual employers. Under Title 9 of the South Carolina Code of Laws, the State Budget and Control Board limited to the amount of contributions (stated as a percentage of covered payrolls) establish the Organization's liability under the plans. Therefore, the Organization's liability under the pension plans is limited to the amounts required to be contributed as a percentage of eligible compensation. Accordingly, the Organization recognizes no contingent liability for unfunded costs associated with participation in the plans. At retirement, employees participating in the SCRS may receive additional service credit for up to 90 days for accumulated unused sick leave.

Actuarially established employer contribution rates are as follows:

	Retirement	Accidental Death Program	Group Life Insurance Program	Total
SCRS	9.385%	N/A	0.15%	9.535%

Contribution rates are developed by the SCRS and PORS using the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percentage of payroll.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 7 - EMPLOYEE BENEFITS, Continued**

**Funding Status and Progress**

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to (1) assess the systems' funding status on a going-concern basis, and (2) assess ability to pay actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuary uses to determine contributions to the system.

The South Carolina Retirement System (SCRS) does not separately measure assets and pension benefit obligations for individual employers. The total unfunded accrued liability obligation expressed in millions for SCRS at July 1, 2010 is:

Unfunded accrued liability obligation (in millions)	<u>\$ 14,411</u>
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The state's consulting actuary determines employer contributions for all five systems. The systems use the projected benefit method with entry age, normal cost, and benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following assumptions: (1) post-retirement benefit increases were projected for retired members and members eligible to retire, and (2) net assets attributable to group life insurance were excluded. At July 1, 2010 (latest data available), the unfunded liability liquidation period in years for SCRS was 30 years.

Both employees and employers are required to contribute to the Plan at rates established under the authority of Title 9 Code of Laws. Employees contribute at a rate of 6.5% and employers at a rate of 9.535% (including .15% group life insurance).

The following provides a summary of the Williamsburg County Department on Alcohol and Drug Abuse's retirement plan contributions at June 30 (includes group life insurance):

Year Ended June 30,	Covered Salaries	Employee Contributions	Employer Contributions	Total Contributions
2012	\$ 311,358	\$ 20,238	\$ 29,688	\$ 49,926
2011	348,966	22,683	32,768	55,451
2010	305,568	19,862	28,693	48,555

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

The Organization must apply for annual renewal of contracts and grants. Funding is subject to both increases and decreases at the discretion of the contractors and grantors, and some agreements also call for termination by either party contingent upon certain conditions. Expenditures recorded under various contracts and grants are subject to further examination by the contractors and grantors, with reimbursements being requested for questioned costs. The amount of expenditures which may be disallowed under the contracts or grants is not determinable at this time and such amounts, if any, is believed to be immaterial by the Organization.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 9 - RISK MANAGEMENT**

The Organization carries commercial insurance for all risks of loss, such as those related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. There have been no significant reductions in insurance coverage from the previous year. There have been no claims in excess of coverage during the last three years.

**NOTE 10 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS**

As required under the Consolidated Omnibus Budget and Reconciliation Act (COBRA), the Organization provides health insurance benefits to eligible former employees and eligible dependents based upon requirements outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth day of the month for the actual month covered. There is no associated cost to the Organization under this program.

In 2009, the Organization implemented GASB Statement No. 45 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires the Organization to recognize postemployment benefits, mainly health insurance, when earned rather than on a pay as you go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their postemployment benefit, rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the government-wide statement of net assets over time.

**Plan Description**

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the Organization has autonomy in establishing retiree and post-employment benefits. The Organization provides certain health care, dental, and life insurance benefits to certain active and retired Organization employees and certain surviving dependents of retirees. All employees must have nineteen years of service with the Organization to be eligible. Benefits are payable until the employee becomes eligible for Medicare.

**Funding Policy**

Employer and employee contribution rates are established by the State of South Carolina Employee Insurance Plan. The Organization currently funds the plan on a pay-as-you go basis, but anticipates funding an irrevocable employee benefit trust. As of June 30, 2011, the valuation date, the Organization funds the employer portion of the premium.

**Annual Other Post-Employment Benefits (OPEB) Costs and Net OPEB Obligation**

The Organization's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer. The ARC is an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of twenty years. The following table shows the components of the Organization's annual cost for the year ending June 30, 2012, the amount actually contributed to the plan, and the change in the Organization's net OPEB obligation based on an actuarial valuation as of June 30, 2011.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 10 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued**

**Annual OPEB Costs and Net OPEB Obligation - Continued**

Annual Required Contribution (ARC)	\$	3,623
Interest on net OPEB obligation		1,578
Adjustment to ARC		(3,132)
Annual OPEB cost		2,069
Contributions Made (Implicit Rate Subsidy)		-
Change in net OPEB obligation		2,069
Net OPEB obligation - beginning of year		39,412
Net OPEB obligation - end of year	\$	41,481

The Organization's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of OPEB cost contributed	Net OPEB obligation
2012	\$ 2,069	0.00%	\$ 2,069
2011	2,040	0.00%	2,040
2010	20,652	0.00%	20,652
2009	20,652	19.04%	16,720
	\$ 45,413	8.66%	\$ 41,481

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 10 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued**

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2012, based on an actuarial valuation as of June 30, 2011, was as follows:

Actuarially accrued liability (AAL)	\$	54,200
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	54,200
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	311,358
UAAL as a percentage of covered payroll		17.4%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual health care cost trend rate of 10.00% initially, reduced by decrements of .5% to an ultimate rate of 5.0% after 10 years. The Organization's unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at June 30, 2012 was sixteen years.

**Deferred Compensation Plans**

The Organization offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 457 and 401(k) which are administered and controlled by the State of South Carolina. The plans, available to all employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional and the Organization does not contribute to the plans.

**Section 125 plan**

The Organization provides its employees a Section 125 plan. The plan, available to eligible employees, provides for pretax deductions from payroll to be used for childcare, health issues, and dental costs. This plan is managed by the SC Public Employee Benefit Authority.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2012*

**NOTE 11 - CHANGE IN NET ASSETS**

Williamsburg County hired an actuary to complete a revised valuation related to the GASB Statement No. 45 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The revised valuation was completed on February 28, 2012. The valuation was completed for fiscal years June 30, 2011 and June 30, 2012. The Organization issued their audited financial statement for June 30, 2011 on December 8, 2011. Since the Organization was not notified by the primary government of this valuation, the audited financial statements were issued the valuation completed as of July 1, 2009. The revised valuation reflected a change in the OPEB liability and the related ARC for June 30, 2011. As a result, the Organization is restating net assets as follows:

	<u>Revised Reported</u>	<u>Previously Reported</u>	<u>Adjustment Needed</u>
Net OPEB Obligation 6/30/2010	\$ 37,372	\$ 37,372	\$ -
ARC	3,497	20,652	17,155
Interest on Net OPEB	1,496	-	(1,496)
Net OPEB Adjustment	<u>(2,953)</u>	<u>-</u>	<u>2,953</u>
Annual OPEB Cost	2,040	20,652	18,612
Actual Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Obligation 6/30/2011	<u>\$ 39,412</u>	<u>\$ 58,024</u>	18,612
Net assets, as originally stated			<u>91,346</u>
Net assets, as restated			<u>\$ 109,958</u>

**NOTE 12 - SUBSEQUENT EVENTS**

The Organization has evaluated all subsequent events through September 19, 2012, the date the financial statements were available to be issued.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
 SCHEDULE OF REVENUES AND EXPENSES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended June 30, 2012

	Budget (original and final)	Actual (budgetary basis)	Variance favorable (unfavorable)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	-	-	-
<b>OTHER SOURCES (USES)</b>			
Transfers (from)/to General Fund	-	(14,434)	(14,434)
Excess of revenues and other sources (uses) over (under) expenditures	\$ -	\$ (14,434)	\$ (14,434)

See accountants' report.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL - COMMUNITY BASED TREATMENT  
For the Year Ended June 30, 2012

	Budget (original and final)	Actual (budgetary basis)	Variance favorable (unfavorable)
<b>REVENUES</b>			
Federal	\$ 159,893	\$ 137,724	\$ (22,169)
State	24,659	23,173	(1,486)
Local	37,292	36,730	(562)
Other	152,302	171,917	19,615
<b>Total revenues</b>	<u>374,146</u>	<u>369,544</u>	<u>(4,602)</u>
<b>EXPENDITURES</b>			
Personnel	193,652	195,129	(1,477)
Fringe benefits	41,180	52,490	(11,310)
Contracted services	42,226	21,518	20,708
Supplies	23,270	82,354	(59,084)
Fixed charges	1,564	5,102	(3,538)
Capital	2,563	7,472	(4,909)
Allocated costs	1,500	-	1,500
<b>Total expenditures</b>	<u>305,955</u>	<u>364,065</u>	<u>(58,110)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>68,191</u>	<u>5,479</u>	<u>(62,712)</u>
<b>OTHER SOURCES (USES)</b>			
Proceeds from long-term debt	-	(7,381)	7,381
Transfers from/(to) General Fund	(68,191)	1,902	70,093
<b>Excess of revenues and other sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accountants' report.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL - MEDICARE Q&A  
For the Year Ended June 30, 2012

	Budget (original and final)	Actual (budgetary basis)	Variance favorable (unfavorable)
<b>REVENUES</b>			
Local	34,088	34,434	346
Other	43,504	40,592	(2,912)
<b>Total revenues</b>	<u>77,592</u>	<u>75,026</u>	<u>(2,566)</u>
<b>EXPENDITURES</b>			
Personnel	41,664	40,569	1,095
Fringe benefits	10,419	8,500	1,919
Contracted services	6,971	2,926	4,045
Supplies	2,354	22,351	(19,997)
Fixed charges	261	910	(649)
Capital	-	1,921	(1,921)
<b>Total expenditures</b>	<u>61,669</u>	<u>77,177</u>	<u>(15,508)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>15,923</u>	<u>(2,151)</u>	<u>(18,074)</u>
<b>OTHER SOURCES (USES)</b>			
Proceeds from long-term debt	-	(1,898)	1,898
Transfers from/(to) General Fund	(15,923)	4,049	19,972
<b>Excess of revenues and other sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accountants' report.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - PREVENTION  
For the Year Ended June 30, 2012

	Budget (original and final)	Actual (budgetary basis)	Variance favorable (unfavorable)
<b>REVENUES</b>			
Federal	\$ 35,000	\$ 35,000	\$ -
State	-	516	516
Local	22,564	22,956	392
Other	14,582	12,429	(2,153)
<b>Total revenues</b>	<u>72,146</u>	<u>70,901</u>	<u>(1,245)</u>
<b>EXPENDITURES</b>			
Personnel	31,518	31,106	412
Fringe benefits	10,725	10,433	292
Contracted services	9,958	6,196	3,762
Supplies	2,867	24,299	(21,432)
Fixed charges	460	1,528	(1,068)
Capital	735	2,135	(1,400)
Allocated costs	500	-	500
<b>Total expenditures</b>	<u>56,763</u>	<u>75,697</u>	<u>(18,934)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>15,383</u>	<u>(4,796)</u>	<u>(20,179)</u>
<b>OTHER SOURCES (USES)</b>			
Proceeds from long-term debt	-	(2,109)	2,109
Transfers from/(to) General Fund	(15,383)	6,905	22,288
<b>Excess of revenues and other sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accountants' report.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
 SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN  
 For the year ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	\$ 236,874	\$ 236,874	0%	\$ 348,966	67.88%
June 30, 2011	\$ -	\$ 54,200	\$ 54,200	0%	\$ 311,358	17.41%

See accountants' report.

**WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
*June 30, 2012*

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all Special Revenue Funds. The Organization prepares its budget using the accrual basis of accounting. Expenses are authorized through an annual budget adopted by the governing Board of Directors which authorizes the level of funding for operations. They adopt a fund level budget for all other governmental funds. There is no legal obligation of the Organization prohibiting them from incurring expenses against any appropriation account that lacks a sufficient balance available to meet the obligation.

Encumbrance accounting is not employed in governmental funds.

**Budgetary Process**

The Organization's annual budget process is as follows:

- a. Prior to July 1, the Executive Director submits to the Board of Directors and the South Carolina Department of Alcohol and Other Drug Abuse Services a proposed operating budget for each fund and program for the upcoming fiscal year beginning July 1.
- b. After discussions at public meetings, the Board of Directors approves the budget prior to July 1.
- c. Changes in the budget are discussed and approved by the Board of Directors in subsequent meetings.

The Executive Director cannot increase or decrease the budgets without Board approval.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SPECIAL REVENUE FUNDS  
SCHEDULES OF REVENUES AND EXPENDITURES - ALL PROGRAMS  
For the Year Ended June 30, 2012

	Administration	ADSAP	CBT	Medicaid Q/A	Prevention	CAST	Total (memorandum only)
<b>REVENUES</b>							
Federal							
DAODAS federal pass through	\$ -	\$ 15,000	\$ 137,724	\$ -	\$ 35,000	\$ -	\$ 187,724
	-	15,000	137,724	-	35,000	-	187,724
State							
South Carolina DAODAS - state block grant	-	335	23,173	-	516	70,875	94,899
	-	335	23,173	-	516	70,875	94,899
Local							
County	-	11,478	36,730	34,434	22,956	9,182	114,780
	-	11,478	36,730	34,434	22,956	9,182	114,780
In-kind							
Rent	24,124	-	-	-	-	-	24,124
	24,124	-	-	-	-	-	24,124
Other							
Client fees	-	-	15,438	-	-	-	15,438
Leased employees	-	6,264	27,145	-	-	-	33,409
Medicaid	-	-	65,230	31,963	-	-	97,193
Other	143,407	12,002	51,291	-	9	-	206,709
Work activity	-	11,897	12,813	8,629	12,420	6,537	52,296
	143,407	30,163	171,917	40,592	12,429	6,537	405,045
<b>Total revenues</b>	167,531	56,976	369,544	75,026	70,901	86,594	826,572

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SPECIAL REVENUE FUNDS  
SCHEDULES OF REVENUES AND EXPENDITURES - ALL PROGRAMS - CONTINUED  
For the Year Ended June 30, 2012

	Administration	ADSAP	CBT	Medicaid Q/A	Prevention	CAST	Total (memorandum only)
<b>EXPENDITURES</b>							
<b>Personnel</b>							
Salaries	80,579	27,499	195,129	40,569	31,106	41,498	416,380
	80,579	27,499	195,129	40,569	31,106	41,498	416,380
<b>Fringe benefits</b>							
Health insurance	8,059	3,268	30,248	4,458	4,644	3,565	54,242
Retirement	8,707	3,251	13,238	1,794	3,281	3,702	33,973
Social Security	5,884	1,973	8,352	2,080	2,322	2,494	23,105
Workers' compensation	485	168	652	168	186	205	1,864
	23,135	8,660	52,490	8,500	10,433	9,966	113,184
<b>Contractual services</b>							
Consultants	1,418	498	2,208	498	555	558	5,735
Heat, light, water and power	3,218	1,127	4,874	1,127	1,256	1,285	12,887
Other	-	-	15	-	-	-	15
Repairs	1,131	395	1,689	395	440	455	4,505
Telephone	2,586	906	3,922	906	1,009	1,787	11,116
Travel	2,473	1,042	8,810	-	2,936	7,822	23,083
	10,826	3,968	21,518	2,926	6,196	11,907	57,341
<b>Supplies</b>							
Educational	1,710	2,001	2,779	626	726	1,967	9,809
Food	-	-	-	-	-	61	61
Household	1,171	409	1,713	409	455	477	4,634
Minor equipment	5,610	1,956	8,157	1,956	2,178	2,288	22,145
Office	16,307	17,808	69,161	19,245	20,799	22,471	165,791
Postage	327	115	544	115	141	130	1,372
	25,125	22,289	82,354	22,351	24,299	27,394	203,812

See accountants' report.

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SPECIAL REVENUE FUNDS  
SCHEDULES OF REVENUES AND EXPENDITURES - ALL PROGRAMS - CONTINUED  
For the Year Ended June 30, 2012

	Administration	ADSAP	CBT	Medicaid Q/A	Prevention	CAST	Total (memorandum only)
Fixed charges							
Audit fees	1,430	495	1,925	495	550	605	5,500
Insurance - individual	39	13	77	14	16	16	175
Insurance - property	577	201	849	201	224	234	2,286
Other	1,474	248	2,251	200	738	2,005	6,916
Vehicle lease	24,124	-	-	-	-	-	24,124
	<u>27,644</u>	<u>957</u>	<u>5,102</u>	<u>910</u>	<u>1,528</u>	<u>2,860</u>	<u>39,001</u>
Capital							
Office	5,922	2,171	7,472	1,921	2,135	11,191	30,812
	<u>5,922</u>	<u>2,171</u>	<u>7,472</u>	<u>1,921</u>	<u>2,135</u>	<u>11,191</u>	<u>30,812</u>
Total expenditures	173,231	65,544	364,065	77,177	75,697	104,816	860,530
Excess of revenues over (under) expenditures	<u>(5,700)</u>	<u>(8,568)</u>	<u>5,479</u>	<u>(2,151)</u>	<u>(4,796)</u>	<u>(18,222)</u>	<u>(33,958)</u>
OTHER SOURCES (USES)							
Proceeds from long term debt	(5,483)	(1,898)	(7,381)	(1,898)	(2,109)	(2,320)	(21,089)
Transfers from/(to) General Fund	11,183	10,466	1,902	4,049	6,905	20,542	55,047
Excess of revenues and other sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Williamsburg County Department on Alcohol and Drug Abuse

We have audited the financial statements of Williamsburg County Department on Alcohol and Drug Abuse (the "Organization") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 2012FS-01 in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under

*Government Auditing Standards.*

We noted certain matters that we reported to management of the Organization in a separate letter dated September 19, 2012.

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, and the South Carolina Department of Alcohol and Other Drug Abuse Services and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina  
September 19, 2012

*Clark Eustace Wagner, PA*

WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SCHEDULE OF FINDINGS AND RESPONSES  
*June 30, 2012*

INTERNAL CONTROL OVER FINANCIAL REPORTING

2012FS-01      Segregation of Duties

**Condition:**            The current allocation of duties in the finance department does not achieve a sufficient level of segregation of duties assigned.

**Criteria:**             Duties should be allocated in a manner that provides for a maximum level of segregation of individual key tasks.

**Cause:**                Insufficient number of finance staff available to achieve appropriate segregation.

**Recommendation:** The current allocation of finance duties should be evaluated to determine the maximum level of segregation possible. In circumstances where segregation is not possible, mitigating controls should be implemented.

**Response:**            Due to limited resources, we continue to strive to develop and improve upon internal controls to mitigate fraud risk utilizing existing staff.

*WILLIAMSBURG COUNTY DEPARTMENT ON ALCOHOL AND DRUG ABUSE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
June 30, 2012*

INTERNAL CONTROL OVER FINANCIAL REPORTING

2011FS-01      Segregation of Duties

**Resolution:**      Unresolved. Repeat finding as number 2012FS-01

2011FS-02      Management prepared financial statements

**Resolution:**      Resolved.