

Greenville County, South Carolina

Notes to Schedule of Expenditures of Federal Awards For the year ended June 30, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Greenville County under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Greenville County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Greenville County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Greenville County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Greenville County, South Carolina

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures	Federal Awards passed through to subrecipients
U.S. Environmental Protection Agency				
Passed through SC Department of Health and Environmental Control Huff Watershed 319 Grant	66.460	C994629130	\$ 1,040	\$ -
Total U.S. Environmental Protection Agency			<u>1,040</u>	<u>-</u>
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed through SC Department of Education DSS Summer Snack Program	10.559	SF-6364	23,204	-
Total Child Nutrition Cluster			<u>23,204</u>	<u>-</u>
Passed through SC Department of Social Services DSS After School Snack Program	10.558	C11131F	25,070	-
Total U.S. Department of Agriculture			<u>48,274</u>	<u>-</u>
U.S. Department of Health & Human Services				
Passed through SC Department of Health and Environmental Control				
SC Hospital Preparedness Program	93.074	UP-7-533	16,599	-
SC Hospital Preparedness Program	93.074	UP-7-738	12,946	-
Passed through YMCA				
LiveWell Park Heroes Year 2	93.331	1U58DP005588-01	5,594	-
LiveWell Park Heroes Year 3	93.331	1U58DP005588-01	6,712	-
Passed through SC Department of Social Services				
Sheriff-Bench Warrants	93.563	C17023CSP	9,641	-
IV-D Incentives	93.563	C17023C	155,778	-
IV D Warrants	93.563	C17023C	50,138	-
IV D Unit Costs	93.563	C17023C	582,477	-
Total U.S. Department of Health & Human Services			<u>839,885</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Passed through Greenville County Redevelopment Authority Fair Housing	14.218	BUC450001	35,000	-
Passed through City of Greenville Fair Housing	14.218	B16MC450003	10,151	-
The Key	14.218	B16MC450003	7,000	-
Total CDBG - Entitlement Grants Cluster			<u>52,151</u>	<u>-</u>
Direct Programs				
Fair Housing Initiative Program	14.416	FOI1600090101	32,390	-
Passed through Greenville County Redevelopment Authority Homeless Prevention Rapid Rehousing	14.231	SUC450002	25,000	-
Passed through National Community Reinvestment Coalition Fair Housing Initiatives	14.169	2017NCRC	32,481	-
Total U.S. Department of Housing and Urban Development			<u>142,022</u>	<u>-</u>
U.S. Department of Transportation				
Highway Planning and Construction Cluster				
Passed through SC Department of Transportation Metropolitan Planning Grant	20.205	PLA-7-14	651,196	100,000
Blythe Goodwin Hagood House	20.205	LPA-7-12	235,926	-
Total Highway Planning and Construction Cluster			<u>887,122</u>	<u>-</u>
Highway Safety Cluster				
Passed through SC Department of Public Safety Enhanced DUI Enforcement FY16	20.616	2016HS4116	13,367	-
Total Highway Safety Cluster			<u>13,367</u>	<u>-</u>
Total U.S. Department of Transportation			<u>900,489</u>	<u>100,000</u>

Greenville County, South Carolina

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures	Federal Awards passed through to subrecipients
U.S. Department of Justice				
Justice Assistance Grant Cluster				
Direct Programs				
JAG FY14	16.738	2014DJBX0105	5,035	-
JAG FY15	16.738	2015DJBX0053	64,628	-
JAG FY16	16.738	2016DJBX0625	124,748	-
Passed through SC Department of Public Safety				
Digital Laser Imaging System	16.738	1G16016	91,322	-
Total Justice Assistance Grants Cluster			<u>285,733</u>	<u>-</u>
Direct Programs				
Federal Equitable Sharing	16.922	N/A	86,567	-
Passed through SC Department of Public Safety				
CDV Court Advocate	16.575	1V15150	11,334	-
Victim Advocate	16.575	1V16070	3,424	-
Victim Advocacy	16.575	1V14142	72,426	-
Passed through National Institute of Justice				
DNA Backlog 2014	16.741	2014DNBX0098	51,115	-
DNA Backlog 2015	16.741	2015DNBX0085	23,366	-
DNA Backlog 2016	16.741	2016DNBX0089	20,631	-
Total U.S. Department of Justice			<u>554,596</u>	<u>-</u>
U.S. Department of the Interior				
Passed through SC Land and Water Conservation Fund				
Westside Park Rehabilitation	15.916	45-01107	242,944	-
Total US. Department of the Interior			<u>242,944</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed through SC Emergency Management Division				
LEMPG 14EMPG01	97.042	14EMPG01	3,500	-
LEMPG 15EMPG01	97.042	15EMPG01	12,390	-
LEMPG 16EMPG01	97.042	16EMPG01	71,394	-
Passed through Federal Emergency Management Agency				
Hazard Mitigation Grant	97.039	4166-054	731,413	-
Passed through SC State Law Enforcement Division				
WMD Bomb Team 14SHSP08	97.067	14SHSP08	85,272	-
WMD SWAT Team 14SHSP15	97.067	14SHSP15	44,944	-
WMD SWAT Team 15SHSP12	97.067	15SHSP12	19,169	-
Total U.S. Department of Homeland Security			<u>968,082</u>	<u>-</u>
U.S. Department of Treasury				
Direct Programs				
Federal Equitable Sharing	21.000	N/A	1,799,789	-
Total U.S. Department of Treasury			<u>1,799,789</u>	<u>-</u>
U.S. Department of Labor				
Workforce Innovation and Opportunity Act Cluster (WIOA)				
Passed through SC Department of Employment and Workforce				
WIA Adult 15A004	17.258	15A004	115,775	-
WIA Dislocated Worker Program 15DW004	17.278	15DW004	13,084	-
WIA Incentive15INC04	17.278	15INC04	3,303	-
WIA Adult 16A004	17.258	16A004	715,491	-
WIA Youth 16Y004	17.259	16Y004	697,095	547,503
WIA Dislocated Worker Program 16DW004	17.278	16DW004	790,650	-
WIA Incumbent Worker Training 16IWT04	17.278	16IWT04	45,098	-
WIA Incentive 16INC04	17.278	16INC04	1,648	-
Total WIOA Cluster			<u>2,382,144</u>	<u>547,503</u>
Total U.S. Department of Labor			<u>2,382,144</u>	<u>547,503</u>
Total Expenditures of Federal Awards			<u>\$ 7,879,265</u>	<u>\$ 647,503</u>

See notes to the schedule of expenditures of federal awards



**Independent Auditor's 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 Honorable Members of County Council
Greenville, South Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Greenville County (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Greenville County's basic financial statements, and have issued our report thereon dated December 22, 2017. Our report includes a reference to other auditors who audited the financial statements of the Greenville County Redevelopment Authority (the Authority) and the Greenville County Library Systems (the Library), discretely presented component units as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Greenville, South Carolina
December 22, 2017



**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Members of County Council
Greenville, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Greenville County's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Greenville County Redevelopment Authority and the Greenville County Library Systems, discretely presented component units which received \$3,377,259 and \$0, respectively, in federal awards which are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2017. Our audit, described below, did not include the operations of Greenville County Redevelopment Authority and the Greenville County Library Systems because the discretely presented component units engaged other auditors to perform an audit in accordance with Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Greenville, South Carolina
December 22, 2017

Greenville County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2017

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:

- Material weakness identified? Yes X No
- Significant deficiency identified? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

CFDA #	Name of Federal Program or Cluster
97.039	U.S. Dept. of Homeland Security – Hazard Mitigation Grant
17.258, 17.259, 17.278	U.S. Dept. of Labor – Workforce Innovation and Opportunity Act Cluster

Dollar threshold used to distinguish between

Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

Greenville County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2017

Section II. Financial Statement Findings

Significant deficiency

Finding 2017-001, Financial Reporting – Special Assessments

Condition: The County did not report special assessment debt and related activities in the appropriate governmental funds and government-wide financial statements. The activity for the County's fire service area's special assessments were previously record as an agency fund.

Criteria: Internal controls should be in place that provide reasonable assurance that special assessment debt and related revenues and expenditures are recorded in accordance with generally accepted accounting principles (GAAP).

Cause: The County has issued special assessment debt and assesses an annual special assessment operating and debt service millage to fund the capital and operating needs of various fire services areas throughout the County. In previous years, the County improperly determined these funds to be conduit debt and therefore, recorded the activity in the agency fund.

Effect: Long-term debt was understated by \$6,420,000. In addition, the 2016 Fire Service Area fund balance was understated by approximately \$310,000. Adjustments were proposed to properly report the special assessment debt and the related debt service and operating millage in the financial statements.

Recommendation: We recommend the County implement a method for tracking all outstanding debt related to the County and to perform and retain written determinations in accordance with GAAP for all debt carrying the County's name but not recorded on the County's financial statements.

Views of Responsible Officials and Planned Corrective Actions: The County has always tracked the fire service area debt although it was determined many years ago that this debt did not belong on the County's books. In the future, Greenville County will record all fire service area special assessment debt on our financial statements.

Finding 2017-002, Financial Reporting – Debt Service Funds

Criteria: All funds held with financial institutions in the County's name should be recorded in the County's general ledger as cash or investments.

Condition: Approximately \$554,000 in funds held in the County's name were not included as cash or investments in the County's general ledger as of June 30, 2016.

Cause: The funds represent a portion of the proceeds from the 2010 COPS refunding that were to be reserved for debt service in accordance with the debt agreement. While the funds have been held in reserve with a financial institution as required under the debt agreement, they were omitted from the County's general ledger when the refunding transaction was recorded.

Greenville County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2017

Finding 2017-002, Financial Reporting – Debt Service Funds, Continued

Effect: Cash and investments and fund balance as reflected in the County’s general ledger were understated by approximately \$554,000 as of June 30, 2016.

Recommendation: When executing debt issuances, we recommend that unless otherwise stipulated in the closing documents, the County consider any proceeds from the issuance as County funds, particularly if those funds are also recorded as part of the County’s repayment obligation.

Views of Responsible Officials and Planned Corrective Actions: Greenville County will record any future debt service reserve funds in our financial statements.

Section III. Federal Award Findings and Questioned Costs

None reported.

Greenville County, South Carolina

Schedule of Prior Year Audit Findings

For the year ended June 30, 2017

None reported.