

COMPLIANCE SECTION



**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***

**County Council
of Greenville County
Greenville, South Carolina**

We have audited, 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, 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, South Carolina**, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Greenville County, South Carolina's basic financial statements and have issued our report thereon dated October 15, 2019. Our report also includes a reference to other auditors who audited the financial statements of the Greenville County Redevelopment Authority and the Greenville County Library System, 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, we considered Greenville County, South Carolina'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 Greenville County, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Greenville County, South Carolina'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 preceding paragraph 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

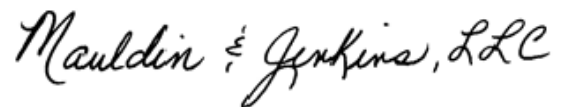
As part of obtaining reasonable assurance about whether Greenville County, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Greenville County, South Carolina's Responses to Findings

Greenville County, South Carolina's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Greenville County, South Carolina's responses were not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on them.

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.



Columbia, South Carolina
October 15, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**County Council
of Greenville County
Greenville, South Carolina**

Report on Compliance for Each Major Program

We have audited the **Greenville County, South Carolina'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, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 the 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 the major federal program for the year ended June 30, 2016.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a 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.

Mauldin & Jenkins, LLC

Columbia, South Carolina
October 15, 2019

GREENVILLE COUNTY, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures	Passed Thru to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
(Passed through National Community Reinvestment Coalition) Fair Housing Initiatives	14.169	N/A	\$ 81,059	\$ -
(Passed through Greenville County Redevelopment Authority) Community Development Block Grant/Entitlement Grants Cluster	14.218	N/A	35,000	-
(Passed through City of Greenville) Community Development Block Grant/Entitlement Grants Cluster	14.218	N/A	9,000	-
Total Community Development Block Grant/Entitlement Grants Cluster			<u>44,000</u>	<u>-</u>
(Passed through Greenville County Redevelopment Authority) Homeless Prevention Rapid Rehousing	14.231	N/A	29,295	-
(Direct) Education and Outreach Initiatives	14.416	FEOI180043-01-01	84,387	-
Total U.S. Department of Housing and Urban Development			<u>238,741</u>	<u>-</u>
<u>U.S. Department of the Interior</u>				
(Passed through S.C. Land and Water Conservation Fund) Expansion, Realignment, or Closure of a Military Installati ^o n	15.916	45-01120	3,040	-
Total U.S. Department of the Interior			<u>3,040</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
(Passed through S.C. Office of the Attorney General) Crime Victim Assistance	16.575	1V17046	10,482	-
Crime Victim Assistance	16.575	1V18085	36,265	-
(Direct) Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015DJBX0053	59	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016DJBX0625	7,233	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017DJBX0002	26,540	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018DJBX0631	116,218	-
(Passed through National Institute of Justice) DNA Backlog Reduction Program	16.741	2016-DN-BX-0089	19,847	-
DNA Backlog Reduction Program	16.741	2017-DN-BX-0041	72,109	-
DNA Backlog Reduction Program	16.741	2018-DN-BX-0089	24,989	-
(Direct) Equitable Sharing Program	16.922	N/A	56,031	-
Total U.S. Department of Justice			<u>369,773</u>	<u>-</u>
<u>U.S. Department of Labor</u>				
(Passed through S.C. Office of Employment and Workforce) WIOA Cluster				
WIOA Adult Program	17.258	17A004	187,066	126,113
WIOA Adult Program	17.258	18A004	534,498	467,935
WIOA Youth Activities	17.259	17Y004	167,627	153,264
WIOA Youth Activities	17.259	18Y004	535,359	446,736
WIOA Dislocated Worker Formula Grants	17.278	17DW004	257,384	109,100
WIOA Dislocated Worker Formula Grants	17.278	18DW004	502,754	331,994
WIOA Dislocated Worker Formula Grants	17.278	16RIG02	21,125	-
WIOA Dislocated Worker Formula Grants	17.278	17IWT04	106,005	-
WIOA Dislocated Worker Formula Grants	17.278	18IWT04	70,606	-
WIOA Dislocated Worker Formula Grants	17.278	18RRIWT05	28,800	-
WIOA Dislocated Worker Formula Grants	17.278	18TEC04	104,024	-
Total Community Development Block Grant/Entitlement Grants Cluster			<u>2,515,248</u>	<u>1,635,142</u>
Total U.S. Department of Labor			<u>2,515,248</u>	<u>1,635,142</u>

GREENVILLE COUNTY, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures	Passed Thru to Subrecipients
<u>U.S. Department of Transportation</u>				
(Passed through S.C. Department of Transportation)				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	23PO26998	\$ 1,243,250	\$ -
Highway Planning and Construction	20.205	PO37698	130,000	130,000
Highway Planning and Construction	20.205	PO37698	363,978	-
Highway Planning and Construction	20.205	SC201802001	459,490	459,490
Highway Planning and Construction	20.205	LPA-7-12	196,604	-
Total Highway Planning and Construction Cluster			<u>2,393,322</u>	<u>589,490</u>
Total U.S. Department of Transportation			<u>2,393,322</u>	<u>589,490</u>
<u>U.S. Department of the Treasury</u>				
(Direct)				
Equitable Sharing	21.016	N/A	125,881	-
Total U.S. Department of the Treasury			<u>125,881</u>	<u>-</u>
<u>Appalachian Regional Commission</u>				
(Passed through Tennessee Valley Authority)				
Appalachian Area Development	23.002	2707	62,945	-
(Passed through S.C. Department of Transportation)				
Appalachian Research, Technical Assistance, and Demonstration	23.011	23PO26998	115,975	-
Total Appalachian Regional Commission			<u>178,920</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
(Passed through S.C. Lieutenant Governor)				
Special Programs for the Aging, Title IV, and Title II	93.048	N/A	11,443	-
(Passed through Department of Health and Environmental Control)				
Hospital Preparedness Program	93.074	CDC-RFA-TP17-1701	105,788	-
(Passed through Department of Social Services)				
Child Support Enforcement	93.563	N/A	790,228	-
Total U.S. Department of Health and Human Services			<u>907,459</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
(Passed through S.C. Emergency Management Division)				
Emergency Management Performance Grant	97.042	17EMPG01	14,304	-
Emergency Management Performance Grant	97.042	18EMPG01	85,402	-
(Passed through S.C. Law Enforcement Division)				
Homeland Security Grant Program	97.067	2009-SS-T9-0047	84,997	-
Total U.S. Department of Homeland Security			<u>184,703</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 6,917,087</u>	<u>\$ 2,224,632</u>

GREENVILLE COUNTY, SOUTH CAROLINA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE I. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Greenville County, South Carolina (the "County"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The County reporting entity is described in Note 1 to the County's basic financial statements. 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). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE II. DE MINIMIS INDIRECT COST RATE

The County chose to not use the ten percent de Minimis cost rate for the year ended June 30, 2019.

NOTE III. NONCASH ASSISTANCE AND LOANS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year end.

GREENVILLE COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be
material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses? Yes No

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

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance? Yes No

Identification of major program:

CFDA Number
20.205

Name of Federal Program or Cluster
U.S. Department of Transportation –
Highway Planning and Construction Cluster

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

GREENVILLE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001 Proper Reporting of Special Revenue Fund Activities

Criteria: Generally accepted accounting principles require special revenue funds be used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Condition: The County operates a detention center which houses inmates. The detention center provided certain services to inmates, such as commissary services, through the use of certain commissary vendors. The County charges a fee for such services which is restricted or committed by County Council to be used on jail projects and improvements. The activities associated with the detention center inmate fund was previously reported by the County as an agency fund. The activity of the detention center relative to the inmate commissary meets the GASB established criteria for reporting as a special revenue fund.

Context: We addressed this matter with County officials, who worked diligently to determine the propriety of all respective details and reconciliations as of and for the year ended June 30, 2018, in order to determine activities of the detention center inmate fund.

Effect: The County determined a restatement to increase the beginning fund balance of the nonmajor governmental funds and to increase beginning net position of the County's governmental activities in the amount of \$1,625,617 as of July 1, 2018.

Cause: There was a lack of appropriate controls implemented at the County during the prior fiscal year to ensure that all activities were properly reported.

Recommendation: We recommend that the County implement the necessary controls to identify all activities that are a part of its reporting entity be properly reported in the period in which such activities begin.

View of Responsible Officials and Planned Corrective Action: We concur with the finding. We will implement the necessary controls and procedures to identify all activities that are a part of its reporting entity be properly reported in the period in which such activities begin.

GREENVILLE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-002 Proper Reporting of Internal Service Fund Activities

Criteria: Generally accepted accounting principles requires internal service funds be used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis.

Condition: The County operates a health and dental internal service fund in which it has previously reported the effects of other postemployment benefits (OPEB) for certain County retirees. Such OPEB activities do not meeting the established criteria for reporting in an internal service fund.

Context: We addressed this matter with County officials, who worked diligently to determine the propriety of all respective details and reconciliations as of and for the year ended June 30, 2018, in order to determine activities and impact of the OPEB items in the Health and Dental Fund.

Effect: The County has determined that a restatement to beginning net position of the Health and Dental internal service fund was required to properly report the County other postemployment benefits liability and related items as required under GASB Statement No. 75. As such, the County determined a restatement to increase beginning net position of the Health and Dental internal service fund in the amount of \$15,891,154 as of July 1, 2018, to remove the effect of other postemployment benefits from the fund.

Cause: There was a lack of appropriate controls implemented at the County during the prior fiscal year to ensure that all activities were properly reported.

Recommendation: We recommend that the County implement the necessary controls to identify all activities that are a part of its reporting entity be properly reported in the period in which such activities begin.

View of Responsible Officials and Planned Corrective Action: We concur with the finding. We will implement the necessary controls and procedures to identify all activities that are a part of its reporting entity be properly reported in the period in which such activities begin.

GREENVILLE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION III
FEDERAL AWARDS FINDINGS AND RESPONSES

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.

GREENVILLE COUNTY, SOUTH CAROLINA

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2018-002 Proper Reporting of Special Revenue Fund Activities

Name of Contact Person Responsible for the Corrective Action Plan: Angela Roache, Finance Director

Corrective Action Plan: We will implement the necessary controls and procedures to identify all activities that are a part of its reporting entity be properly reported in the period in which such activities begin.

Anticipated Completion Date: Completed.

2018-002 Proper Reporting of Internal Service Fund Activities

Name of Contact Person Responsible for the Corrective Action Plan: Angela Roache, Finance Director

Corrective Action Plan: We will implement the necessary controls and procedures to identify all activities that are a part of its reporting entity be properly reported in the period in which such activities begin.

Anticipated Completion Date: Completed.