

ANDERSON COUNTY, SOUTH CAROLINA

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2015

ANDERSON COUNTY, SOUTH CAROLINA

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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 Anderson County Council
Anderson, 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, each major fund, and the aggregate remaining fund information of Anderson County, South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Anderson County, South Carolina's basic financial statements, and have issued our report thereon dated December 23, 2015. Our report includes a reference to other auditors who audited the financial statements of Anderson County Library System, a discretely presented component unit, as described in our report on Anderson County, South Carolina'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 Anderson 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 Anderson County, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Anderson 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anderson County, South Carolina'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*.

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.

A handwritten signature in black ink that reads "M. J. Megor & Co., LLP". The signature is written in a cursive, professional style.

Columbia, South Carolina
December 23, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To Anderson County Council
Anderson, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Anderson County, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Anderson County, South Carolina's major federal programs for the year ended June 30, 2015. Anderson County, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 Anderson County, South Carolina'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Anderson County, South Carolina'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 Anderson County, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, Anderson County, South Carolina, 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, 2015.

Report on Internal Control over Compliance

Management of Anderson County, South Carolina, 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 Anderson County, South Carolina'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 OMB Circular A-133, 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 Anderson County, South Carolina's internal control over compliance.

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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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anderson County, South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Anderson County, South Carolina's basic financial statements. We have issued our report thereon dated December 23, 2015, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of Anderson County, South Carolina's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Columbia, South Carolina
December 23, 2015

ANDERSON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: No

Significant deficiencies identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Type of auditors' report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified: No

Significant deficiencies identified: No

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of OMB Circular A-133: No

Identification of major programs:

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
14.239	HOME Investment Partnership Program.....	\$450,120
93.563	Child Support Enforcement	533,412

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualify as low risk auditee: Yes

ANDERSON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were required to be reported.

ANDERSON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were required to be reported.

ANDERSON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

No audit findings were reported.

ANDERSON COUNTY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal Grant or CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Expenditures
US DEPARTMENT OF AGRICULTURE				
Passed Through SC Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ 59,166	<u>\$ 59,166</u>
Total US Department of Agriculture				<u><u>\$ 59,166</u></u>
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct				
Home Investment Partnerships Program - HOME Program	14.239	M12-DC-45-0212	\$ 400,885	<u>\$ 239,349</u>
Home Investment Partnerships Program - HOME Program	14.239	M13-DC-45-0212	\$ 421,718	<u>\$ 210,771</u>
Total US Department of Housing and Urban Development				<u><u>\$ 450,120</u></u>
US DEPARTMENT OF THE INTERIOR				
Passed through SC Department of Parks, Recreation & Tourism:				
Historic Preservation Fund Grants-In-Aid	15.904	P28052901113	\$ 75,000	<u>\$ 51,415</u>
Total US Department of the Interior				<u><u>\$ 51,415</u></u>

See Notes to Schedule of Expenditures of Federal Awards

ANDERSON COUNTY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal Grant or CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Expenditures
US DEPARTMENT OF JUSTICE				
Direct				
JAG Grant Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0225	\$ 60,466	\$ 5,433
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0563	\$ 63,218	\$ 12,900
Total JAG Grant Cluster				\$ 18,333
Equitable Sharing Program	16.922	SC0040000	\$ 382,658	\$ 382,658
Total US Department of Justice Programs				\$ 400,991
US DEPARTMENT OF TRANSPORTATION				
Direct				
Highway Planning & Construction	20.205	SC-70-0003-00	\$ 2,980,500	\$ 98,931
Passed through SC Department of Commerce:				
Airport Improvement Program	20.106	3-45-0004-019-2013	\$ 520,573	\$ 83,860
Total US Department of Transportation				\$ 182,791

See Notes to Schedule of Expenditures of Federal Awards

ANDERSON COUNTY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal Grant or CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Expenditures
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through SC Department of Health and Environmental Control:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	UP-4-548	\$ 55,000	\$ 49,562
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	UP-5-301	\$ 5,870	\$ 4,810
Passed Through SC Department of Social Services:				
Child Support Enforcement IV-D Transaction Reimbursement	93.563	N/A	\$ 398,912	\$ 398,912
Child Support Enforcement IV-D Incentive Payments	93.563	N/A	\$ 57,161	\$ 57,161
Child Support Enforcement IV-D Service of Process Payments	93.563	N/A	\$ 35,954	\$ 35,954
Child Support Enforcement IV-D Filing Fees	93.563	N/A	\$ 41,300	\$ 41,300
Administration Expense				
Promoting Safe and Stable Families	93.556	N/A	\$ 469	\$ 469
Temporary Assistance for Needy Families (TANF)	93.558	N/A	\$ 53,222	\$ 53,222
Child Support Enforcement	93.563	N/A	\$ 85	\$ 85
Foster Care - Title IV-E	93.658	N/A	\$ 28,656	\$ 28,656
Social Service Block Grant	93.667	N/A	\$ 19,026	\$ 19,026
Centers For Medicare And Medicaid Services (CMS)				
Medical Assistance Program - Medicaid - Title XIX	93.778	N/A	\$ 41,163	\$ 41,163
Total Department of Health and Human Services			\$ 730,320	\$ 730,320

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See Notes to Schedule of Expenditures of Federal Awards

ANDERSON COUNTY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal Grant or CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Expenditures
US DEPARTMENT OF HOMELAND SECURITY				
Passed through the SC Law Enforcement Division:				
Homeland Security Cluster				
Homeland Security Grant Program (HSGP and THSGP)	97.067	12SHSP15	\$ 146,786	\$ 33,701
Homeland Security Grant Program (HSGP and THSGP)	97.067	13SHSP02	\$ 50,000	\$ 50,000
Homeland Security Grant Program (HSGP and THSGP)	97.067	13SHSP10	\$ 56,175	\$ 31
Homeland Security Grant Program (HSGP and THSGP)	97.067	13SHSP17	\$ 37,143	\$ 37,143
Homeland Security Grant Program (HSGP and THSGP)	97.067	14SHSP05	\$ 56,000	\$ 36,695
Homeland Security Grant Program (HSGP and THSGP)	97.067	14SHSP12	\$ 70,000	\$ 70,000
Homeland Security Grant Program (HSGP and THSGP)	97.067	14SHSP19	\$ 96,147	<u>\$ 52,896</u>
Total Homeland Security Cluster				\$ 280,466
Passed through SC Emergency Management Division:				
Emergency Management Performance Grants (EMPG)	97.042	13EMPG01	\$ 21,000	\$ 21,000
Emergency Management Performance Grants (EMPG)	97.042	14EMPG01	\$ 79,660	<u>\$ 70,888</u>
Total US Department of Homeland Security				<u>\$ 372,354</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 2,247,157</u>

See Notes to Schedule of Expenditures of Federal Awards

ANDERSON COUNTY, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal CFDA numbers are from the Catalog of Federal Domestic Assistance published by the Office of Management and Budget and the General Services Administration.

The accompanying schedule of expenditures of federal awards presents the activity of federal programs administered by Anderson County, South Carolina, and is presented using the accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

Matching costs (the County's share of certain program costs) are not included in the reported federal expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the County's financial reporting system.

B. Reporting Entity

Anderson County, South Carolina financial reporting entity is fully described in Note 1 to the financial statements. The financial reporting entity includes (1) the primary government and (2) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete.

NOTE 2: SUBRECIPIENTS

No amounts were provided to subrecipients during the year ended June 30, 2015.

ANDERSON COUNTY, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED JUNE 30, 2015

NOTE 3: LOANS AND LOAN GUARANTEES

Anderson County, South Carolina had the following federal loan balances outstanding as of June 30, 2015:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
US Environmental Protection Agency		
Capitalization Grants for State Revolving Funds passed through the South Carolina Budget & Control Board		
Clean Water State Revolving Fund	66.458	\$ 907,419
Clean Water State Revolving Fund	66.458	887,672
Clean Water State Revolving Fund	66.458	406,025