

COUNTY OF CHARLESTON, SOUTH CAROLINA

SUPPLEMENTAL FEDERAL FINANCIAL
ASSISTANCE REPORTS

YEAR ENDED JUNE 30, 2016

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COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor / Pass-Through Grantor / Program Title	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL EXPENDITURES	EXPENDITURES TO SUB-RECIPIENTS
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Title I Secure Schools and Roads	10.665		\$ 69,718	\$ -
Total Direct Program		Total Forest Service Schools and Roads Cluster	69,718	-
Total U.S. Department of Agriculture			69,718	-
<u>U.S. Department of HUD</u>				
Direct Programs:				
Urban Entitlement Grant - 2012	14.218		8,521	8,521
Urban Entitlement Grant - 2013	14.218		38,366	21,479
Urban Entitlement Grant - 2014	14.218		438,048	387,582
Urban Entitlement Grant - 2015	14.218		548,889	244,001
Urban Entitlement Grant - 2016	14.218		429,228	165,664
		Total CFDA 14.218	1,463,052	827,247
HOME Investment Partnership Program - 2004	14.239		1,817	1,817
HOME Investment Partnership Program - 2009	14.239		23,741	23,741
HOME Investment Partnership Program - 2010	14.239		3,320	3,320
HOME Investment Partnership Program - 2011	14.239		103,395	103,395
HOME Investment Partnership Program - 2012	14.239		161,828	161,828
HOME Investment Partnership Program - 2013	14.239		216,947	200,269
HOME Investment Partnership Program - 2014	14.239		317,213	301,410
HOME Investment Partnership Program - 2015	14.239		313,894	282,340
HOME Investment Partnership Program - 2016	14.239		131,669	131,669
		Total CFDA 14.239	1,273,824	1,209,789
Emergency Shelter Grants Program - 2015	14.231		36,930	36,930
Emergency Shelter Grants Program - 2016	14.231		85,576	85,576
		Total CFDA 14.231	122,506	122,506
Total Direct Programs			2,859,382	2,159,542
Total U.S. Department of HUD			2,859,382	2,159,542
<u>U.S. Department of the Interior</u>				
Passed Through SC Department of Archives and History:				
Historic Resources Survey FY16	15.904	NA	22,628	-
Total Pass-Through S.C. Department of Archives and History			22,628	-
Total U.S. Department of the Interior			22,628	-

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor / Pass-Through Grantor / Program Title	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL EXPENDITURES	EXPENDITURES TO SUB-RECIPIENTS
<u>U.S. Department of Justice</u>				
Direct Programs:				
Federal Equitable Sharing FY16	16.000		\$ 64,274	\$ -
		Total CFDA 16.000	64,274	-
MUSC Emanuel AME Coroner FY16	16.321		13,673	-
MUSC Emanuel AME Clerk of Court FY16	16.321		58,908	-
MUSC Emanuel AME Sheriff FY16	16.321		49,211	-
MUSC Emanuel AME Solicitor FY16	16.321		4,990	-
		Total CFDA 16.321	126,782	-
JAG FY14	16.738		9,983	-
JAG FY15	16.738		4,061	-
JAG FY16	16.738		12,792	-
JAG FY16	16.738		23,757	-
		Total CFDA 16.738	50,593	-
Total Direct Programs			241,649	-
<u>U.S. Department of Justice</u>				
Passed Through SC Department of Public Safety:				
Victim of Crime Act FY15	16.575	1V14097	43,385	-
Victim of Crime Act FY16	16.575	1V15145	106,681	-
Victim of Crime Act FY16	16.575	1V15131	126,960	-
Victim of Crime Act FY16	16.575	1V15157	66,561	-
		Total CFDA 16.575	343,587	-
Violence Against Women FY15	16.588	1K14005	30,043	-
Violence Against Women FY16	16.588	1K15005	62,264	-
		Total CFDA 16.588	92,307	-
Coverdell Forensic Science Improvement FY15	16.742	1NF14001	10,739	-
Cremation Authorization Assistant FY16	16.742	1NF15005	13,788	-
		Total CFDA 16.742	24,527	-
Total Pass-Through S.C. Department of Public Safety			460,421	-
Passed Through S.C. Department of Alcohol and Other Drug Abuse Services (SC DAODAS):				
Military Underage Drinking FY13	16.727	CHA-MIL-3/CHA-EUDL-14	35,354	-
Total Passed Through S.C. Department of Alcohol and Other Drug Abuse Services (SC DAODAS)			35,354	-
Total U.S. Department of Justice			737,424	-

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor / Pass-Through Grantor / Program Title	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL EXPENDITURES	EXPENDITURES TO SUB-RECIPIENTS
<u>U.S. Department of Transportation</u>				
Passed Through S.C. Emergency Management Division:				
HMEP Training Grant FY15	20.703	HM-HMP-0406-14-01-00	\$ 1,703	\$ -
HMEP Training Grant FY16	20.703	HM-HMP-0477-15-01-00	36,000	-
Total Pass-Through from S.C. Emergency Management Division			37,703	-
Passed Through S.C. Department of Transportation (S.C. DOT):				
Folly & Camp Roads Intersection FY14	20.205	IGA-04-07 (6)	^ 1,635,423	-
Harborview Road Improvements FY15	20.205	LPA-04-07 A3	^ 1,307,423	-
Total Pass-Through from S.C. DOT		Total CFDA 20.205	2,942,846	-
Passed Through SC Department of Public Safety:				
DUI Enforcement Team FY15	20.600	M4HVE-2015-HS-29-15	# 17,772	-
DUI Enforcement Team FY16	20.600	M4HVE-2016-HS-29-16	# 47,062	-
Total Passed Through SC Department of Public Safety		Total CFDA 20.600	64,834	-
Total U.S. Department of Transportation			3,045,383	-
<u>National Endowment for the Humanities</u>				
Direct Programs:				
Records Preservation FY16	45.149		5,937	-
Total Direct Programs			5,937	-
Total National Endowment for the Humanities			5,937	-
<u>U.S. Department of Health and Human Services</u>				
Passed Through S.C. Department of Alcohol and Other Drug Abuse Services (SC DAODAS):				
PAIRS FY15	93.558	CHA-PAIRS-15	> 41,687	-
PAIRS FY16	93.558	CHA-PAIRS-16	> 203,818	-
Total Temporary Aid to Needy Families (TANF) cluster		Total CFDA 93.558	245,505	-
Ernest F. Kennedy Center FY13	93.959	NA	390	-
Ernest F. Kennedy Center FY15	93.959	NA	6,000	-
Ernest F. Kennedy Center FY16	93.959	NA	10,518	-
Synar Youth Tobacco Buys	93.959	NA	314	-
SC DAODAS State Block Grant FY16	93.959	CHA-BG-16	1,373,579	-
		Total CFDA 93.959	1,390,801	-
Total Pass-Through from SC DAODAS			1,636,306	-
# - Total Highway Safety federal awards cluster				
^ - Total Highway Planning and Construction federal awards cluster				
> - Total Temporary Aid to Needy Families federal awards cluster				

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor / Pass-Through Grantor / Program Title	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL EXPENDITURES	EXPENDITURES TO SUB-RECIPIENTS
<u>U.S. Department of Health and Human Services</u>				
Passed Through Medical University of South Carolina				
MUSC Meditation FY16	93.279	MUSC 15-097	\$ 19,222	\$ -
Total Pass-Through from MUSC			19,222	-
Passed Through S.C. Department of Social Services (DSS):				
Child Support Enforcement IV-D Filing Fees FY16	93.563	C16010C	335,556	-
Child Support Enforcement IV-D Unit Cost Reimburseme	93.563	C16010C	726,964	-
Child Support Enforcement IV-D Incentive Reimburseme	93.563	C16010C	168,615	-
Child Support Enforcement IV-D Filing Fees FY16	93.563	C16010S	8,945	-
Child Support Enforcement IV-D Unit Cost Reimburseme	93.563	C16010S	63,608	-
Total CFDA 93.563			1,303,688	-
Total Pass-Through from SC DSS			1,303,688	-
Total U.S. Department of Health and Human Services			2,959,216	-
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Port Security Grant FY15	97.056		166,636	-
Port Security Grant FY15	97.056		22,475	-
Port Security Grant FY15	97.056		19,815	-
Port Security Grant FY16	97.056		6,050	-
Total Direct Programs			214,976	-
Passed Through S.C. Emergency Management Division:				
Public Assistance (Presidentially Declared Disasters) FY	97.036	FEMA-4241-DR-SC	786,951	-
			786,951	-
Local Emergency Management Performance FY15	97.042	14EMPG01	37,218	-
Local Emergency Management Performance FY16	97.042	15EMPG01	83,648	-
Total CFDA 97.042			120,866	-
Total Pass-Through S.C. Emergency Management Division			907,817	-
Passed Through S.C. Law Enforcement Division (SLED):				
HazMat Regional WMD Team FY16	97.067	14SHSP20	66,577	-
Lowcountry Regional WMD SWAT Team FY15	97.067	14SHSP14	10,072	-
Lowcountry Regional WMD SWAT Team FY16	97.067	15SHSP11	5,509	-
Lowcountry Regional WMD Bomb Team #1 FY15	97.067	13SHSP14	70,388	-
Lowcountry Regional WMD Bomb Team FY16	97.067	15SHSP05	40,416	-
Lowcountry Regional WMD Bomb Team #2 FY15	97.067	14SHSP07	66,833	-
Intelligence Analyst Training FY16	97.067	15SHSP44	6,015	-
Total Pass-Through SLED			265,810	-
Total U.S. Department of Homeland Security			1,388,603	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 11,088,291	\$ 2,159,542

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Charleston County (the "County") under programs of the federal government for the year ended June 30, 2016. The information in the 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 the County, it is not intended and does not present the financial position or changes in net assets of the County.

The financial information shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the County during its fiscal year July 1, 2015 through June 30, 2016. This information is presented on the accrual basis of accounting.

Note B - Summary of Significant Accounting Policies

1 – The financial information shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by Charleston County during its fiscal year July 1, 2015 through June 30, 2016. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

2 – The County has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C - Matching Costs

Matching costs, i.e. the non-federal share of certain program costs, are not included in the accompanying schedule.

Note D – Fiscal Year 2015 South Carolina Department of Transportation Funds

The amount of funding from the South Carolina Department of Transportation ("SCDOT") in the Schedule of Federal Expenditures at June 30, 2015 was in dispute due to the interpretation of language in the intergovernmental agreement. Charleston County understood that the funding for their Harborview Road and Bees Ferry Road projects were 100% federally funded from the Guideshares federal-aid funds under CFDA 20.205. SCDOT agreed that the language was misleading in that it indicates the Guideshares program is 100% federally funded, when in fact the award is 80% federal and 20% state funding. As a result, the County's federal expenditures were overstated by \$4,177,652 in the County's SEFA for the year ending June 30, 2015, for CFDA 20.205. This misclassification of highway funds was not material to the County's basic financial statements. This had no effect on the SEFA for the year ended June 30, 2016.

**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 Members of County Council
County of Charleston, 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, other than the financial statements of the aggregate discretely presented component units, and the budgetary comparison schedule of the general fund, of the County of Charleston, South Carolina (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and issued our report thereon dated December 19, 2016. We have also audited the financial statements of each of the County's non-major governmental, enterprise, internal service, and fiduciary funds, and the respective budgetary comparison schedules for the special revenue funds, presented as supplementary information in the combining financial statements and schedules, as of and for the year ended June 30, 2016. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units. 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 County'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of statutes, regulations, contracts, and grants 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott and Company LLC

Columbia, South Carolina
December 19, 2016

Independent Auditor's Report on Compliance for Each Major Program, Report on Internal Control over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Members of County Council
County of Charleston, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the County of Charleston, 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, 2016. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, 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 audit requirements of Title 2 U.S. *Code of 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, 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 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 a 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, other than the financial statements of the aggregate discretely presented component units, and the budgetary comparison schedule of the general fund, of the County of Charleston, South Carolina (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have also

audited the financial statements of each of the County's non-major governmental, enterprise, internal service, and fiduciary funds, and the respective budgetary comparison schedules for the special revenue funds, presented as supplementary information in the combining financial statements and schedules, as of and for the year ended June 30, 2016. We issued our report thereon dated December 19, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements and other information discussed above. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of 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.

Scott and Company LLC

Columbia, South Carolina
January 9, 2017

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section I—Summary of Auditor's Results

Financial Statements:

We have issued unmodified opinions dated December 19, 2016 on the financial statements of the County of Charleston, South Carolina.

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported
- Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported

We have issued an unmodified opinion dated December 30, 2016 on the County of Charleston, South Carolina's compliance for its major programs.

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

Identification of major programs

CFDA Number

14.239

93.959

97.036

Name of Federal Program

HOME Investment Partnership Program

Block Grants for Prevention and Treatment of Substance Abuse

Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to be distinguished between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None

Summary Schedule of Prior Audit Findings:

None