

Spartanburg Community College

Independent Auditors' Reports Required by
Government Auditing Standards and the Single Audit Act

Schedule of Expenditures for Federal Awards for the Year Ended June 30, 2018



**SPARTANBURG
COMMUNITY
COLLEGE**



SCC Central Campus



SCC Cherokee County Campus



SCC Tyger River Campus



SCC Downtown Campus



SCC Union County Campus

SPARTANBURG COMMUNITY COLLEGE

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Independent Auditors' 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

Spartanburg Community College
Spartanburg, 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 business-type activities and the discretely presented component unit of Spartanburg Community College, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprised Spartanburg Community College's basic financial statements, and have issued our report thereon dated September 17, 2018. The Spartanburg Community College Foundation's financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Spartanburg Community College Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Spartanburg Community College'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spartanburg Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spartanburg Community College'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.

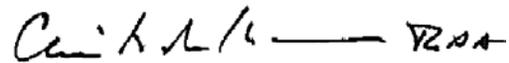
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spartanburg Community College'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 is 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.



Gaffney, SC
September 17, 2018

Independent Auditors' Report On Compliance
For Each Major Program And On Internal Control Over
Compliance Required By The Uniform Guidance

Spartanburg Community College
Spartanburg, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Spartanburg Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Spartanburg Community College's major federal programs for the year ended June 30, 2018. Spartanburg Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Spartanburg Community College'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 Spartanburg Community College'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 on the Spartanburg Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Spartanburg Community College, 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, 2018.

Report on Internal Control Over Compliance

Management of Spartanburg Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit of compliance, we considered the Spartanburg Community College'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 Spartanburg Community College's internal control over compliance.

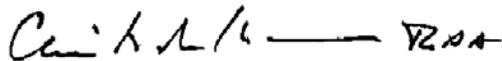
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of Spartanburg Community College, a discretely presented component of the State of South Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated September 17, 2018, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinion 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 Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

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.



Gaffney, SC
September 17, 2018

SPARTANBURG COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Program Title/Grant Title	CFDA Number	Grant Period	Expenditures As of 06/30/2018
U.S. DEPARTMENT OF EDUCATION			
<u>Student Financial Aid Cluster</u>			
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007	2017-18 2016-17	138,651 475
Federal Direct Loans	84.268	2017-18 2016-17	2,439,620 1,924
Federal Work-Study Program (FWS)	84.033	2017-18 2016-17	111,121 -
Federal Pell Grant Program (PELL)	84.063	2017-18 2016-17	9,325,106 42,848
Total Student Financial Aid Cluster			<u>12,059,745</u>
<u>TRIO Cluster</u>			
TRIO- Student Support Services	84.042A	2017-18	213,937
TRIO- Student Support Services	84.042A	2016-17	44,548
Total TRIO Cluster			<u>258,485</u>
<u>Pass-through from S.C. Department of Education</u>			
Perkins IV Postsecondary Funding - Total S.C. Department of Education	84.048A	2017-18	<u>237,817</u> <u>237,817</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u><u>12,556,047</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Pass-through from S.C. Department of Health and Human Services</u>			
T.E.A.C.H.	93.575	2017-18	<u>2,402</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>2,402</u></u>
NATIONAL SCIENCE FOUNDATION			
<u>Pass-through from Clemson University</u>			
Center for Aviation and Automotive Technical Education Using Virtual E-School (CA2VES): A Resource to Meet Technician Workforce Needs	47.076	2017-18	61,123
Cyber Security	17.076	2017-18	<u>16,624</u>
TOTAL NATIONAL SCIENCE FOUNDATION			<u><u>77,747</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 12,636,196</u></u>

SPARTANBURG COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Spartanburg Community College. The reporting entity is defined in Note 1 of the College's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the College's financial statements.

The College has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

3. FEDERAL LOAN PROGRAMS

The College has students who have approved loans which were received by those students during the current year. The College began initiating loans through the Federal Direct Lending program in summer 2010. The totals and types of loans received for the current fiscal year are:

Federal Direct Loans	Subsidized	\$ 1,363,438
	Unsubsidized	<u>1,078,106</u>
Total		<u><u>\$ 2,441,544</u></u>

SPARTANBURG COMMUNITY COLLEGE
Summary Schedule of Prior Audit Findings
June 30, 2018

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There were no findings and questioned costs relating to federal awards.

SPARTANBURG COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
June 30, 2018

Summary of Auditors' Results:

- An unmodified opinion was issued on Spartanburg Community College's basic financial statements dated September 17, 2018.
- There were no material weaknesses or significant deficiencies relating to the financial statements reported in the Independent Auditors' 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*.
- There were no instances of noncompliance material to the financial statements of Spartanburg Community College disclosed during the audit.
- The auditors' report on compliance for the major federal award programs for Spartanburg Community College expresses an unmodified opinion.
- There were no material weaknesses or significant deficiencies relating to the audit of major federal awards reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
- There were no audit findings reported relative to the major federal award programs for Spartanburg Community College as depicted below in this schedule.
- Major federal programs:
 - Student Financial Aid Cluster from the U.S. Department of Education
 - Federal Supplemental Education Opportunity Grants (FSEOG) CFDA #84.007
 - Federal Work-Study Programs CFDA #84.033
 - Federal PELL Grant Program CFDA #84.063
 - Federal Direct Student Loans CFDA #84.268
- The threshold for distinguishing between Type A and Type B Programs was \$750,000.
- Spartanburg Community College is a low-risk auditee according to the criteria in Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

SPARTANBURG COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs, Continued
June 30, 2018

Findings Relating to Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There were no findings and questioned costs relating to federal awards.