

CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SUPPLEMENTARY FEDERAL FINANCIAL
ASSISTANCE REPORTS

YEAR ENDED JUNE 30, 2020

CITY OF CAYCE, SOUTH CAROLINA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SUPPLEMENTARY FEDERAL FINANCIAL
ASSISTANCE REPORTS

YEAR ENDED JUNE 30, 2020

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CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF CAYCE, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grantor Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Justice</u>			
Passed through S.C. Department Public Safety:			
Bullet Proof Vest Project Program	BA-2000S-MN01	16.607	\$ 8,452
Public Safety Partnership and Community Policing Program	2016-UM-WX-0084	16.710	<u>5,225</u>
Total U.S. Department of Justice			<u>13,677</u>
<u>U.S. Department of Homeland Security</u>			
Passed through S.C. Emergency Management Division:			
Hazard Mitigation Grant Program	FEMA-4241-DR-SC-PW 907	97.039	<u>435,181</u>
Total U.S. Department of Homeland Security			<u>435,181</u>
<u>U.S. Department of Transportation</u>			
Passed through S.C. Department of Public Safety:			
State and Community Highway Safety	PT-2020-HS-12-20	20.600	64,327
State and Community Highway Safety	M4HVE-2020-HS-44-20	20.600 & 20.616	<u>20,372</u>
Total U.S. Department of Transportation			<u>84,699</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through S.C. Department of Health and Environmental Control via the S.C Rural Infrastructure Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	Loan # 3-075-16-3210003-02	66.468	<u>802,223</u>
Total U.S. Environmental Protection Agency			<u>802,223</u>
Total Federal Financial Assistance-Primary Government			<u>\$ 1,335,780</u>

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards is a summary of the City's federal award programs. The information in this Schedule is presented in accordance with the requirements of OMB Uniform Grant Guidance (Subpart F). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/net assets, or cash flows of the City of Cayce. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the presentation of the financial statements.

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 OMB Uniform Grant Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**3. U.S. Department of Homeland Security - Hazard Mitigation Grant Program –
CFDA #97.039**

During City's fiscal year ended June 30, 2020, the City received \$435,181 from the Federal Emergency Management Agency (FEMA) passed through the S.C. Emergency Management Division, ended October 5, 2019 but the City obtained an extension.

**4. U.S. Environmental Protection Agency – Capitalization Grants for Drinking Water
State Revolving Funds – CFDA #66.468**

The City issued \$24,560,378 Clean Water State Revolving Fund Loan, Series 2017, dated February 9, 2017, for the purpose of defraying costs associated with certain Water and Sewer Fund infrastructure improvements. This program is administered by the S.C. Rural Infrastructure Authority, and balances and transactions relating to this program are included in the City's basic financial statements. The outstanding loan balance at June 30, 2020 equaled \$23,621,020.

CITY OF CAYCE, SOUTH CAROLINA

SUPPLEMENTARY FEDERAL FINANCIAL ASSISTANCE REPORTS

CITY OF CAYCE, SOUTH CAROLINA

ROBERT E. MILLHOUS, C.P.A., P.A. & ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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The Honorable Mayor and Members of City Council
City of Cayce, South Carolina

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*

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cayce, South Carolina, (the "City") as of and for the year then ended June 30, 2020, which collectively comprise the City's basic financial statements, and have issued my report thereon dated February 17, 2021. I conducted my audit in accordance with auditing standards generally accepted in 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

My 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiency in internal control over financial reporting that I consider to be a material weakness. However, material weaknesses may exist that have not been identified.

— CONTINUED —



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the result of that testing and not to provide an opinion 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 report is not suitable for any other purpose.



February 17, 2021
Columbia, South Carolina

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The Honorable Mayor and Members of City Council
City of Cayce, South Carolina

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over
Compliance Required by the OMB Uniform Grant Guidance, Subpart F;
and Report on the Schedule of Expenditures of Federal Awards**

Report on Compliance for Each Major Federal Program

I have audited the compliance of the City of Cayce, South Carolina, (the "City") compliance with the types of compliance requirements described in the *OMB Uniform Grant Guidance Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City'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

My responsibility is to express an opinion on compliance for each of the City's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 Uniform Grant Guidance, Subpart F. Those standards and OMB Uniform Grant Guidance, Subpart F, require that I 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 City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the City of Cayce 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, 2020.

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Report on Internal Control Over Compliance

Management of the City of Cayce is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City'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 Uniform Grant Guidance, Subpart F, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City'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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 Uniform Guidance, Subpart F

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cayce, South Carolina, (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. I issued my report thereon dated February 17, 2021, which contained unmodified opinions on those financial statements. My audit was performed 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 Uniform Guidance Subpart F 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 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 themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Purpose of this Report

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



February 17, 2021
Columbia, South Carolina

CITY OF CAYCE, SOUTH CAROLINA

CITY OF CAYCE, SOUTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2020

Part I— Summary of Auditor’s Results

Financial Statements:

I have issued an unmodified opinion dated February 17, 2021 on the basic financial statements of the City of Cayce, South Carolina (the “City”).

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency(ies) identified? No
- Noncompliance material to financial statements noted No

Federal Awards:

I have issued an unmodified opinion dated February 17, 2021 on the compliance for major programs.

Internal control over major programs:

- Material weakness identified? No
- Significant deficiency(ies) identified? No
- Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance, Subpart F No

Identification of Major Programs:

CFDA #97.039 Hazard Mitigation Grant Program
 CFDA #66.468 Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? No

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

— CONTINUED —

Part II — Financial Statement Findings

None reported.

Part III — Federal Award Findings and Questioned Costs

None reported.

Prior Year Findings:

None reported.