

**CITY OF NORTH CHARLESTON,  
SOUTH CAROLINA  
SUPPLEMENTARY FEDERAL FINANCIAL  
ASSISTANCE REPORTS  
YEAR ENDED JUNE 30, 2012**



CITY OF NORTH CHARLESTON, SOUTH CAROLINA

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CITY OF NORTH CHARLESTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

| Federal Grantor/<br>Pass-Through Grantor<br>Program Title        | Federal<br>CFDA<br>Number | Federal or<br>State ID<br>Number | Disbursements/<br>Expenditures |                   |
|--|---------------------------|----------------------------------|--------------------------------|-------------------|
| <b>U.S. Department of Housing &amp; Urban Development:</b>       |                           |                                  |                                |                   |
| Passed Through Charleston County:                                |                           |                                  |                                |                   |
| ARRA- Community Development                                      | 14.253                    | B09UY450002                      | \$                             | 12,405            |
| Community Development  | 14.218                    | B05UC450002                      |                                | 26,897            |
| Community Development  | 14.218                    | B06UC450002                      |                                | 258               |
| Community Development  | 14.218                    | B07UC450002                      |                                | 78,032            |
| Community Development  | 14.218                    | B08UC450002                      |                                | 16,637            |
| Community Development  | 14.218                    | B09UC450002                      |                                | 67,368            |
| Community Development  | 14.218                    | B10UC450002                      |                                | 465,411           |
| Community Development  | 14.218                    | B11UC450002                      |                                | 262,932           |
|  |                           |                                  |                                | <u>\$ 929,940</u> |
| HOME Program   | 14.239                    | M06UC450204                      |                                | 19,177            |
| HOME Program   | 14.239                    | M07UC450204                      |                                | 11,046            |
| HOME Program   | 14.239                    | M08UC450204                      |                                | 31,310            |
| HOME Program   | 14.239                    | M09UC450204                      |                                | 44,355            |
| HOME Program   | 14.239                    | M10UC450204                      |                                | 92,535            |
| HOME Program   | 14.239                    | M11UC450204                      |                                | 30,743            |
|  |                           |                                  |                                | <u>229,166</u>    |
| <b>Total U.S. Department of Housing &amp; Urban Development:</b> |                           |                                  |                                | <u>1,159,106</u>  |
| <b>U.S. Department of Justice:</b>                               |                           |                                  |                                |                   |
| Direct Programs:   |                           |                                  |                                |                   |
| Weed & Seed Program  | 16.595                    | 2010WS-QX-0003                   |                                | 49,694            |
|  |                           |                                  |                                | <u>49,694</u>     |
| Justice Assistance Grant   | 16.738                    | 2008-DJ-BX-0594                  |                                | 24,202            |
| Justice Assistance Grant   | 16.738                    | 2009-DJ-BX-0826                  |                                | 69,707            |
| Justice Assistance Grant   | 16.738                    | 2010-DJ-BX-0917                  |                                | 16,543            |
| Justice Assistance Grant   | 16.738                    | 2011-DJ-BX-2174                  |                                | 129,744           |
|  |                           |                                  |                                | <u>240,196</u>    |
| Bulletproof Vests Program  | 16.607                    | BA-3A00S-SM01                    |                                | 34,963            |
| ARRA- Justice Assistance Grant Recovery Act                      | 16.804                    | 2009-SB-B9-1490                  |                                | 133,173           |
| ARRA- BJA Byrne Competitive Recovery Act                         | 16.808                    | 2009-SC-B9-0112                  |                                | 29,403            |
| ARRA- COPS Hiring Recovery Act Program                           | 16.710                    | 2009-RK-WX-0743                  |                                | 864,079           |
| Passed Through S.C. Department of Public Safety:                 |                           |                                  |                                |                   |
| OFP Hispanic Victim Advocate Grant                               | 16.575                    | 1V11085                          |                                | 39,610            |
| OFP Court System Efficiency Grant                                | 16.738                    | 1GI09005                         |                                | 76,567            |
|  |                           |                                  |                                | <u>1,467,685</u>  |
| <b>Total U.S. Department of Justice:</b>                         |                           |                                  |                                | <u>1,467,685</u>  |
| <b>U.S. Department of Energy:</b>                                |                           |                                  |                                |                   |
| Direct Programs:   |                           |                                  |                                |                   |
| ARRA- Energy Efficiency & Conservation BG                        | 81.128                    | DE-SC0002301                     |                                | 63,689            |
|  |                           |                                  |                                | <u>63,689</u>     |
| <b>U.S. Environmental Protection Agency</b>                      |                           |                                  |                                |                   |
| Direct Programs:   |                           |                                  |                                |                   |
| Brownsfield Assessment & Cleanup                                 | 66.818                    | BF-95445209                      | \$                             | 163,881           |
|  |                           |                                  |                                | <u>163,881</u>    |

(Continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

| Federal Grantor/<br>Pass-Through Grantor<br>Program Title | Federal<br>CFDA<br>Number | Federal or<br>State ID<br>Number | Disbursements/<br>Expenditures |
|---|---------------------------|----------------------------------|--------------------------------|
| <b>U.S. Department of Homeland Security:</b>              |                           |                                  |                                |
| Direct Programs:  |                           |                                  |                                |
| Assistance to Firefighters Grant                          | 97.044                    | EMW-2010-FO-07816                | \$ 33,673                      |
| Assistance to Firefighters Grant                          | 97.044                    | EMW-2010-FP-00342                | <u>7,033</u> \$ 40,706         |
| Passed Through the State of South Carolina:               |                           |                                  |                                |
| Low Country Regional Analyst (Seahawk)                    | 97.067                    | 9SHSP22                          | 10,152                         |
| Low Country Regional Analyst (Seahawk)                    | 97.067                    | 10SHSP06                         | <u>57,205</u> 67,357           |
| Port Security Grant                                       | 97.056                    | 10PSGP03                         | 263,628                        |
| Maritime Fire/CBRNE Response Vessel                       | 97.056                    | 9PSGP12                          | <u>524,852</u> 788,480         |
| <b>Total U.S. Department of Homeland Security:</b>        |                           |                                  | <u>896,543</u>                 |
| <b>U.S. Department of Agriculture:</b>                    |                           |                                  |                                |
| Passed Through the State of South Carolina:               |                           |                                  |                                |
| Summer Feeding  | 10.559                    | SF-107                           | <u>138,469</u>                 |
| <b>U.S. Department of Transportation:</b>                 |                           |                                  |                                |
| Passed Through S.C. Department of Transportation:         |                           |                                  |                                |
| Enhancement Patriot Boulevard                             | 20.219                    | PCN40555                         | <u>83,527</u>                  |
| <b>Total Expenditures of Federal Awards</b>               |                           |                                  | <u><u>\$ 3,972,900</u></u>     |

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

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**A – General**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of the City of North Charleston, South Carolina (the “City”) for the year ended June 30, 2012. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B – Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting.

**C – Relationship to Financial Statements**

Federal award expenditures are reported in the City’s financial statements primarily as expenditures in the General Fund and Special Revenue Funds.

**D – Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

**E – Matching Costs**

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

**F – Sub-recipients**

Of the federal expenditures presented in the accompanying Schedule, the City provided federal awards to sub-recipients as follow:

| <u>Grant Name</u>                          | <u>Grant Number</u> | <u>Amount Disbursed</u> |
|--|---------------------|-------------------------|
| HOME Program                               | M06UC450204         | \$ 19,177               |
| HOME Program                               | M07UC450204         | 10,546                  |
| HOME Program                               | M08UC450204         | 31,065                  |
| HOME Program                               | M09UC450204         | 44,355                  |
| HOME Program                               | M10UC450204         | 69,687                  |
| Community Development                      | B05UC450002         | 22,350                  |
| Community Development                      | B07UC450002         | 4,814                   |
| Community Development                      | B09UC450002         | 2,520                   |
| Community Development                      | B10UC450002         | 78,311                  |
| Community Development                      | B11UC450002         | 129,818                 |
| Weed and Seed                              | 2010WS-QX-0003      | 770                     |
| Justice Assistance Grant                   | 2009-DJ-BX-0826     | 47,764                  |
| Justice Assistance Grant                   | 2010-DJ-BX-0917     | 16,543                  |
| Justice Assistance Grant                   | 2011-DJ-BX-2174     | 46,406                  |
| ARRA-Justice Assistance Grant Recovery Act | 2009-SB-B9-1490     | 117,952                 |
|  |                     | <u>\$ 642,078</u>       |

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and Members of City Council  
City of North Charleston  
North Charleston, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Charleston, South Carolina (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2012. We conducted our audit 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.

**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 our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

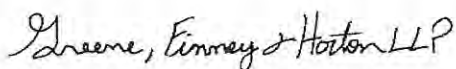
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's basic 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 basic 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*.

This report is intended solely for the information and use of management, the City Council, others within the City, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
October 31, 2012

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and Members of City Council  
City of North Charleston  
North Charleston, South Carolina

Compliance

We have audited the compliance of the City of North Charleston, South Carolina (the "City") 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 the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 the City'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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the 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 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 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council, others within the City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Greene, Finney & Horton LLP*

Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
October 31, 2012

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

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There were no audit findings in the prior year.

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

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**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

|   |           |                             |
|---|-----------|-----------------------------|
| Material weakness(es) identified?   | _____ Yes | _____ X _____ No            |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ Yes | _____ X _____ None Reported |
| Noncompliance material to financial statements noted?                                     | _____ Yes | _____ X _____ No            |

*Federal Awards*

Internal control over major programs:

|   |           |                             |
|---|-----------|-----------------------------|
| Material weakness(es) identified?   | _____ Yes | _____ X _____ No            |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ Yes | _____ X _____ None Reported |

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

|  |           |                  |
|--|-----------|------------------|
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | _____ Yes | _____ X _____ No |
|--|-----------|------------------|

Identification of major programs

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u>               |
|-----------------------|---|
| 16.738 & 16.804       | Justice Assistance Grant Cluster, including ARRA awards |
| 16.710                | ARRA - COPS Hiring Recovery Act Program                 |
| 97.056                | Port Security Grant Program                             |

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

|  |                   |                |
|--|-------------------|----------------|
| Auditee qualified as low-risk auditee? | _____ X _____ Yes | _____ _____ No |
|--|-------------------|----------------|

**Section II - Findings - Current Year Financial Statements Audit**

No matters to report.

**Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit**

No matters to report.