

**CITY OF NORTH CHARLESTON,
SOUTH CAROLINA**

**SUPPLEMENTARY FEDERAL FINANCIAL
ASSISTANCE REPORTS**

YEAR ENDED JUNE 30, 2013

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, 2013

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Federal or State ID Number	Disbursements/ Expenditures
U.S. Department of Housing & Urban Development:			
Passed Through Charleston County:			
ARRA- Community Development	14.253	B09UY450002	\$ 70,588
Community Development	14.218	B07UC450002	12,340
Community Development	14.218	B09UC450002	40,820
Community Development	14.218	B10UC450002	171,720
Community Development	14.218	B11UC450002	400,631
Community Development	14.218	B12UC450002	299,716
			<u>\$ 995,815</u>
HOME Program	14.239	M05UC450204	488
HOME Program	14.239	M07UC450204	279
HOME Program	14.239	M08UC450204	20,604
HOME Program	14.239	M09UC450204	139,698
HOME Program	14.239	M10UC450204	78,001
HOME Program	14.239	M11UC450204	18,423
			<u>257,493</u>
Total U.S. Department of Housing & Urban Development:			<u>1,253,308</u>
U.S. Department of Justice:			
Direct Programs:			
ARRA- Justice Assistance Grant Recovery Act	16.804	2009-SB-B9-1490	37,392
Justice Assistance Grant	16.738	2009-DJ-BX-0826	26,751
Justice Assistance Grant	16.738	2010-DJ-BX-0917	40,246
Justice Assistance Grant	16.738	2011-DJ-BX-2174	48,551
Justice Assistance Grant	16.738	2012-DJ-BX-0997	56,814
			<u>209,754</u>
Domestic Violence Homicide Prevention	16.590	2013-HI-AX-K009	3,597
Joint Law Enforcement Operations	16.111	JLEOTFS4	1,182
Equitable Sharing Program	16.922	SC0100800	174,672
Bulletproof Vests Program	16.607	BA-3A00S-SM01	26,908
ARRA- COPS Hiring Recovery Act Program	16.710	2009-RK-WX-0743	543,728
Passed Through S.C. Department of Public Safety:			
OFP Hispanic Victim Advocate Grant	16.575	1V12082	40,110
Total U.S. Department of Justice:			<u>999,951</u>
U.S. Environmental Protection Agency			
Direct Programs:			
Brownsfield Assessment & Cleanup	66.818	BF-95445209	<u>\$ 34,119</u>

(Continued)

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Federal or State ID Number	Disbursements/ Expenditures	
U.S. Department of Homeland Security:				
Direct Programs:				
Assistance to Firefighters Grant	97.044	EMW-2010-FO-07816	\$	62,316
Passed Through the State of South Carolina:				
Low Country Regional Analyst (Seahawk)	97.067	10SHSP06	\$	17,389
Low Country Regional Analyst (Seahawk)	97.067	11SHSP28	<u>58,412</u>	75,801
Port Security Grant	97.056	10PSGP03	10,711	
Maritime Fire/CBRNE Response Vessel	97.056	9PSGP12	<u>84,233</u>	<u>94,944</u>
Total U.S. Department of Homeland Security:				<u>233,061</u>
U.S. Department of Agriculture:				
Passed Through the State of South Carolina:				
Summer Feeding	10.559	SF-107		<u>97,271</u>
U.S. Department of Treasury:				
Direct Programs:				
Equitable Sharing Program	21.000	SC0100800		<u>7,913</u>
Total Expenditures of Federal Awards			\$	<u><u>2,625,623</u></u>

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

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, 2013. 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	M05UC450204	\$ 488
HOME Program	M07UC450204	279
HOME Program	M08UC450204	20,604
HOME Program	M09UC450204	139,698
HOME Program	M10UC450204	78,001
HOME Program	M11UC450202	290
Community Development	B10UC450002	15,000
Community Development	B11UC450002	117,344
Community Development	B12UC450002	173,599
Domestic Violence Homicide Prevention	2013-HI-AX-K009	3,597
Justice Assistance Grant	2009-DJ-BX-0826	26,751
Justice Assistance Grant	2010-DJ-BX-0917	30,246
Justice Assistance Grant	2011-DJ-BX-2174	43,202
Justice Assistance Grant	2012-DJ-BX-0997	8,773
		<u>\$ 657,872</u>

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**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***

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of North Charleston
North 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 of the City of North Charleston, South Carolina (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

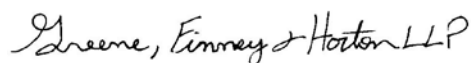
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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


Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 31, 2013

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of North Charleston, South Carolina's (the "City") 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 the City's major federal programs for the year ended June 30, 2013. 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

Our responsibility is to express an opinion on compliance for each of the City'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2013.

Report on Internal Control Over Compliance

Management of the City 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 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 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.

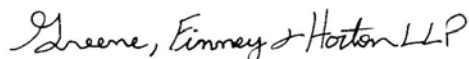
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. *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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the City as of and for the year ended June 30, 2013, and have issued our report thereon dated October 31, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 31, 2013

CITY OF NORTH CHARLESTON, SOUTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

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, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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 auditor's report issued on compliance for major programs: Unmodified

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218 & 14.253 16.710	Community Development Grant Cluster, including ARRA awards ARRA - COPS Hiring Recovery Act Program

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	_____ X _____ Yes	_____ _____	No
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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.