

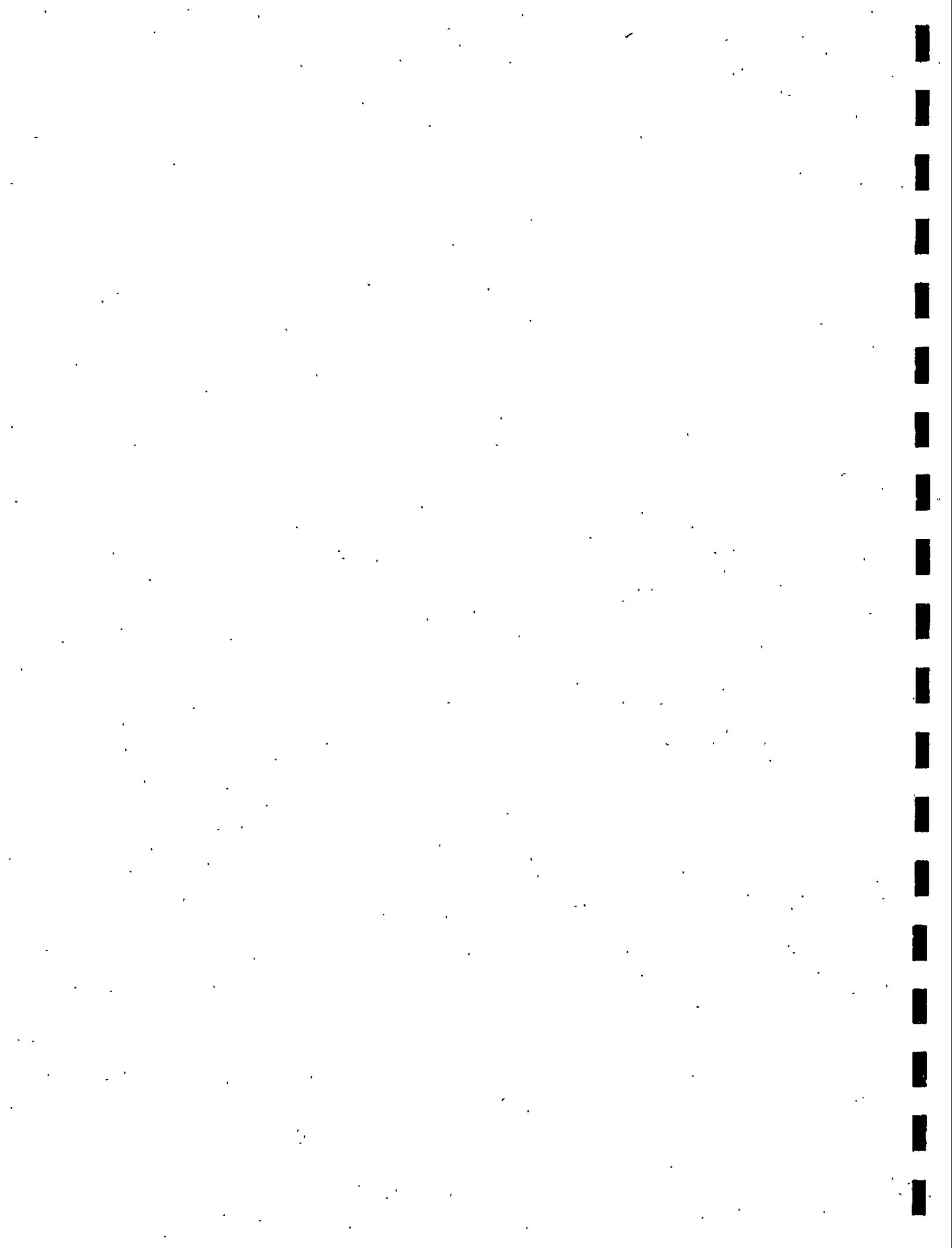
CITY OF CAYCE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

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

**A PROFESSIONAL ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**



CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SUPPLEMENTARY FEDERAL FINANCIAL
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YEAR ENDED JUNE 30, 2014

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, 2014

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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, 2014

<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 Housing and Urban Development</u>			
Office of Community Planning and Development			
Passed through S.C. Department of Commerce:			
Community Development Block Grants	294	14.218	\$ 171,083
Community Development Block Grants	330	14.218	<u>2,378</u>
Total U.S. Department of Housing and Urban Development			<u>173,461</u>
<u>U.S. Department of Justice</u>			
Passed through S.C. Department Public Safety:			
Bullet Proof Vest Project 2011	2011BUBX-11057278	16.607	1,151
Bullet Proof Vest Project 2012	2012BUBX-12061241	16.607	1,979
Bullet Proof Vest Project 2013	2013BUBX-13065473	16.607	649
Total U.S. Department of Justice			<u>3,779</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through S.C. Budget and Control Board:			
FY 2011 Federal Capitalization Grant	F1-11-315-12	66.458	1,035,055
Total U.S. Environmental Protection Agency			<u>1,035,055</u>
<u>U.S. Department Homeland Security</u>			
Homeland Security Grant Program	EMW-2012-SS-00073	97.067	37,498
Total U.S. Department Homeland Security			<u>37,498</u>
Total Federal Financial Assistance-Primary Government			<u>\$ 1,249,793</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, 2014

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of City of Cayce, South Carolina, under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of City of Cayce, South Carolina, it is not intended to and does not present the basic financial statements of City of Cayce, South Carolina.

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 Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Federal Capitalization Grant Loan

For the FY 2011 Federal Capitalization Grant CFDA #66.458, the Circular A-133 Compliance Supplement, July 2014, outline procedures for determining federal awards expended under the loan program to include the outstanding loan balances as Federal Expenditures. According to the award, the program is a forgivable loan program. The entire amount of \$1,035,055 was disbursed during fiscal year 2014.

CITY OF CAYCE, SOUTH CAROLINA

SUPPLEMENTARY FEDERAL FINANCIAL ASSISTANCE REPORTS

CITY OF CAYCE, SOUTH CAROLINA

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

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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, 2014, which collectively comprise the City's basic financial statements, and have issued my report thereon dated December 12, 2014. 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

In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I 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 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 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, I did not identify any deficiencies in internal control that I 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 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 our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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.

This report is intended for the information of the City Council of City of Cayce, management, others within the entity and 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.


December 12, 2014
Columbia, South Carolina

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

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and on the *Schedule of Expenditures of Federal Awards*

Compliance

I have audited City of Cayce, 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, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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. My audit does not provide a legal determination of the City's compliance.



Opinion on Each Major Federal Program

In my opinion the City complied, in all material respects, with the 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, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the type 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 compliance requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Circular A-133

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 ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. I issued my report thereon dated December 12, 2014, 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 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 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.

Purpose of the 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 result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the City Council of City of Cayce, management, others within the entity and 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.



December 12, 2014
Columbia, South Carolina

CITY OF CAYCE, SOUTH CAROLINA

CITY OF CAYCE, SOUTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2014

Part I— Summary of Auditor’s Results

Financial Statements:

I have issued an unmodified opinion dated December 12, 2014 on the financial statements of the City of Cayce, South Carolina (the “City”).

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified? No
- Noncompliance material to financial statements noted No

Federal Awards:

I have issued an unmodified opinion dated December 12, 2014 on the compliance for major programs.

Internal control over major programs:

- Material weakness identified? No
- Significant deficiencies identified? No
- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of Major Programs:

CFDA #66-458 – FY2011 Federal Capitalization Grant
 (F1-11-615-12)

- Dollar threshold used to distinguish between type A and type B programs: \$300,000
- 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; no findings and questioned costs to report.

Part III — Federal Award Findings and Questioned Costs

None; no prior year findings and questioned costs to report.