

**Floyd County, Georgia**

**Report Of Independent Certified  
Public Accountants In Accordance  
With The Single Audit Act And  
*Government Auditing Standards***

**December 31, 2010**

**FLOYD COUNTY, GEORGIA**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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CERTIFIED PUBLIC ACCOUNTANTS, LLC

**INDEPENDENT AUDITOR'S 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***

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**Board of Commissioners  
of Floyd County, Georgia  
Rome, Georgia**

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Floyd County, Georgia as of and for the year ended December 31, 2010, which collectively comprise Floyd County, Georgia's basic financial statements and have issued our report thereon dated July 29, 2011. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Floyd County Health Department, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2010-1 and 2010-2, to be material weaknesses.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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 are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of the County in a separate letter dated July 29, 2011.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners of Floyd County, Georgia, 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
July 29, 2011



CERTIFIED PUBLIC ACCOUNTANTS, LLC

**INDEPENDENT AUDITOR'S 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**

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**Board of Commissioners  
of Floyd County, Georgia  
Rome, Georgia**

**Compliance**

We have audited Floyd County, Georgia's (the "County") 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 its major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditor's 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 County's management. Our responsibility is to express an opinion on the County'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 County'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 Floyd County, Georgia's compliance with those requirements.

In our opinion, Floyd County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

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### **Internal Control Over Compliance**

Management of Floyd County, Georgia 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 County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 County'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.

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.

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**Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Floyd County, Georgia as of and for the year ended December 31, 2010, and have issued our report thereon dated July 29, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Floyd County, Georgia's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 members of the Board of Commissioners of Floyd County, Georgia, 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
July 29, 2011

# FLOYD COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through the Bureau of Justice Assistance			
Edward Byrne Memorial Justice Grant	16.738	2009-DJ-BX-0501	\$ 24,688
Edward Byrne Memorial Justice Grant	16.738	2010-DJ-BX-0643	27,986
			<u>52,674</u>
Edward Byrne Memorial Justice Grant:			
American Reinvestment and Recovery Act Funds	16.804	2009-SB-B9-0063	59,552
Edward Byrne Memorial Justice Grant:			
American Reinvestment and Recovery Act Funds	16.804	B82-8-011	30,437
Edward Byrne Memorial Justice Grant:			
American Reinvestment and Recovery Act Funds	16.804	B82-8-270	79,825
Edward Byrne Memorial Justice Grant:			
American Reinvestment and Recovery Act Funds	16.804	B82-8-273	5,750
			<u>175,564</u>
State Criminal Alien Assistance Program	16.606	2010-AP-BX-0838	<u>9,314</u>
Passed through the Council of Juvenile Court Judges of Georgia:	16.523	JB-08ST-0002	<u>9,200</u>
Juvenile Accountability Block Grant			
Passed through Criminal Justice Coordinating Council:			
Victims of Crime Act Grant	16.575	C09-8-119	1,367
Victims of Crime Act Grant	16.575	C10-8-076	9,715
			<u>11,082</u>
<b>Total U.S. Department of Justice</b>			<u><b>257,834</b></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Georgia Homeland Security Office			
Partnership Performance Agreement	97.042	P09-9-059	<u>1,000</u>
Hazard Mitigation Grant	97.039	HMGP 1686-0033	<u>29</u>
Citizens Corp Program	97.067	2008-GE-T8-0017-BWS#2084	2,783
Citizens Corp Program	97.067	2009-SS-T9-0047-BWS#2369	13,642
Homeland Security Grant	97.067	BWS #2232	13,346
Homeland Security Grant	97.067	BWS #2068	18,290
			<u>48,061</u>
<b>Total U.S. Department of Homeland Security</b>			<u><b>49,090</b></u>

(continued)

# FLOYD COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Georgia Emergency Management Association			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	OHM10-014	5,487
Passed through the Federal Aviation Administration			
Airport Improvement Program	20.106	AP090-9911-30(15)	29,758
Airport Improvement Program	20.106	AP 100-9015-32(115)	1,354,559
Airport Improvement Program	20.106	AP 100-9014-33(115)	359,518
Airport Improvement Program	20.106	AP 011-9017-34(115)	56,222
			1,800,057
Recreational Trails Program - Heritage River Trails Project	20.219	NRT-08(7)	12,120
<b>Total U.S. Department of Transportation</b>			<b>1,817,664</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Appalchain Regional Commission			
ARC Grant	23.009	10-057-586000827	1,927
<b>Total U.S. Department of Agriculture</b>			<b>1,927</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through the Georgia Department of Community Affairs			
Community Development Block Grant	14.228	10p-y-057-1-5229	12,265
<b>Total U.S. Department of Housing and Urban Development</b>			<b>12,265</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through the Georgia Environmental Facilities Authority			
Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000806	46,000
<b>Total U.S. Department of Energy</b>			<b>46,000</b>
Total Expenditures of Federal Awards			<b>\$ 2,184,780</b>

**Note:** The above schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

FLOYD COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION I  
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditor's 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 OMB Circular?  yes  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Grant

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

Auditee qualified as low-risk auditee?  yes  no

# FLOYD COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

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### SECTION II FINANCIAL STATEMENT FINDINGS

#### 2010-1 Segregation of Duties – Constitutional Officers

**Criteria:** Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

**Condition:** Appropriate segregation of duties does not exist between recording, distribution, and reconciliation of cash accounts and other operational functions in the following offices of the constitutional officers: Tax Commissioner, Superior Court Office of Receiver, Probate Court, Magistrate Court, Juvenile Court, Clerk of Superior Court, and Sheriff. Additionally, segregation of duties issues were noted with respect to the accounts of the Law Library.

**Context:** During our review of internal controls, we noted the following areas in which the constitutional officers lacked a proper segregation of duties:

- Incoming mail is not opened and receipts are not listed by an individual that has no access to cash receipts or accounts receivable records. Additionally, this listing of mail receipts should be subsequently compared to cash receipts records and authenticated copies of deposit slips by an employee having no access to cash.
- Cash receipts are not entered into the books of original entry by a person independent of the mail opening and receipt listing function.
- Custody of checks after signature, but prior to mailing is not handled by an employee who is independent of all payable, disbursing, cash, receiving, and general ledger functions.
- The purchasing functions are performed and purchase orders are prepared by individuals who are not independent of the payables and disbursement function.
- Vendor's month-end statements are not reconciled periodically by an employee independent of the voucher preparation.

**Effects or possible effects:** Failure to properly segregate duties may allow for errors or irregularities to occur and not be detected in a timely manner by employees in the normal course of performing their assigned functions.

**Cause:** The size of the constitutional officers' accounting and administrative staff precluded certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

**Recommendation:** We recommend the constitutional officers segregate duties relative to the above processes.

**Auditee's Response:** The offices listed above will continue to review their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties between recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

# FLOYD COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

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### **2010-2 Subsidiary Ledger Maintenance**

**Criteria:** All agency funds, such as the County's tax commissioner, must have a proper function of receiving funds, recording the receipt of funds, and timely and properly remitting such funds to the appropriate parties upon their disposition in accordance with State of Georgia laws.

**Condition:** Internal controls were not sufficient to track and timely remit cash collections by the Tax Commissioner of Floyd County; thus they were unable to identify the proper parties to whom liabilities of the agency fund were owed as of December 31, 2010.

**Context:** During our audit inquiries and related testing, it was discovered that the Tax Commissioner lacked detailed subsidiary listings of parties to whom funds were owed. As a result, audit adjustments were required to properly report liability balances as of December 31, 2010.

**Effects or possible effects:** Total misstatements caused by the lack of subsidiary maintenance resulted in approximately \$211,000 of unidentified funds in the Tax Commissioner fund.

**Cause:** The Tax Commissioner was not properly maintaining and reconciling the subsidiary ledgers and was not able to produce a detail listing of outstanding balances owed to outside parties. Upon investigation, adjustments totaling approximately \$230,000 were required to properly report liabilities as of December 31, 2010.

**Recommendation:** We recommend the Tax Commissioner continue to reconcile its cash accounts to the subsidiary listings to ensure that they are paying out all cash subsequent to collection. The Tax Commissioner should make every effort to determine who the proper payee(s) are for these funds and disburse the moneys as necessary. If the payee cannot be determined, consultation with the County Attorney is recommended to determine how to disburse these funds in accordance with applicable laws.

**Auditee's Response:** We concur with the finding. We will take the necessary steps in the future to ensure that the subsidiary ledgers are properly maintained and reconciled on a monthly basis.

**FLOYD COUNTY, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported

**SECTION IV  
STATUS OF PRIOR AUDIT FINDINGS**

The prior audit's schedule of findings and questioned costs included no findings relative to Federal awards.