

**Floyd County, Georgia**

**Report Of Independent Certified  
Public Accountants In Accordance  
With The Uniform Guidance And  
*Government Auditing Standards***

**For the Year Ended December 31, 2015**

**FLOYD COUNTY, GEORGIA**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**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 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, 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 (the "County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2016. Our report includes a reference to other auditors who 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. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a material weakness.

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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*.

### **Floyd County, Georgia's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 County'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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
June 28, 2016



**INDEPENDENT AUDITOR'S 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**

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

**Report on Compliance for Each Major Federal Program**

We have audited Floyd County, Georgia's (the "County's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. 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.

The County's basic financial statements include the operations of the Floyd County Health Department, which received \$5,362,747 in federal awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of the Floyd County Health Department because the Floyd County Health Department engaged other auditors to perform an audit in accordance with OMB Circular A-133.

**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 County'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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.

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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 County's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Floyd County, Georgia 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 December 31, 2015.

### **Report on Internal Control Over Compliance**

Management of Floyd County, Georgia 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 County'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 the Uniform Guidance, 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 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, as defined above. However, material weaknesses may exist that have not been identified.

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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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2015, and the related notes to the financial statements, which collectively comprise Floyd County, Georgia's basic financial statements. We issued our report thereon dated June 28, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted 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 the Uniform Guidance 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 28, 2016

**FLOYD COUNTY, GEORGIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 Criminal Justice Coordinating Council:			
Bulletproof Vest Partnership Program	16.607	2014-BUBX13065888	\$ 1,694
Criminal Alien Assistance Program	16.606	0010923	19,726
VOCA Grant for Victim Witness	16.575	C13-8-103/C14-8-108/C15-8-153	10,971
VOCA Grant for Victim Witness	16.575	C13-8-102/C14-8-072	21,098
Subtotal for Crime Victim Assistance Grants			<u>32,069</u>
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-1169	19,431
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-0046	14,540
Subtotal for Crime Victim Assistance Grants			<u>33,971</u>
<b>Total U.S. Department of Justice</b>			<b><u>87,460</u></b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Georgia Emergency Management Agency			
Hazard Mitigation Grant	97.039	PDM-PL-04-GA-2013-002	16,150
Homeland Security Grant Program	97.067	EMW 2013-SS-00054-S01	525
Homeland Security Grant Program	97.067	EMW 2014-SS-00092-S01	2,320
Homeland Security Grant Program	97.067	EMW 2015-SS-00065	1,105
Subtotal for Homeland Security Grant Program			<u>3,950</u>
Emergency Management Performance Grant	97.042	EMW-2015-EP-00017-S01	29,395
<b>Total U.S. Department of Homeland Security</b>			<b><u>49,495</u></b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Georgia Emergency Management Agency			
Interagency Hazardous Materials Preparedness Grant Program	20.703	OHM15-014	4,610
Passed through the Georgia Department of Transportation			
Airport Improvement Program	20.106	AP 013-9013-35(115)	251,104
Highway Planning & Construction Program	20.205	PI - 0011650	370,476
<b>Total U.S. Department of Transportation</b>			<b><u>626,190</u></b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Direct awards			
Payments in Lieu of Taxes Program	15.226	N/A	12,829
<b>Total U.S. Department of the Interior</b>			<b><u>12,829</u></b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>775,974</u></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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 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, 2015**

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**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?  X  yes   no

Significant deficiency(ies) identified?   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?   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 2 CFR 200.516(a)?   yes  X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	U.S. Department of Transportation Highway Planning and Construction

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

Auditee qualified as low-risk auditee?   yes  X  no

# FLOYD COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### SECTION II FINANCIAL STATEMENT FINDINGS

#### 2015-001 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, 2015**

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

None reported

# FLOYD COUNTY, GEORGIA

## SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2015

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### **2014-001 Segregation of Duties – Constitutional Officers**

**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.

**Status:** Repeat finding – see 2015-001.

# FLOYD COUNTY, GEORGIA

## MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2015

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### **2015-001 Segregation of Duties – Constitutional Officers**

*Contact Person Responsible for the Corrective Action Plan:* Susie Gass, Finance Director.

*Corrective Action Plan:* Management of the County continues to work with its constitutional officers to establish a cost-effective way to properly segregate duties. This includes seeking additional involvement from County staff and utilizing the County's internal auditor where possible.

*Anticipated Completion Date:* December 31, 2016.