

Floyd County, Georgia

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

December 31, 2013

FLOYD COUNTY, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2013

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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***

**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, 2013, 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 23, 2014. 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control 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. 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2013-001 and 2013-002, to be material weaknesses.

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 Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 23, 2014



**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**

**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 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, 2013. 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 \$5,799,343 in federal awards which is not included in the schedule during the year ended June 30, 2013. 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 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 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, 2013.

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 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 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.

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 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, 2013, 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 23, 2014, 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 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 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 23, 2014

FLOYD COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF JUSTICE			
Passed through the Criminal Justice Coordinating Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0229	\$ 19,560
Bulletproof Vest Partnership Program	16.607	2009-BUBX09046410	7,173
Alien Prisoner Program	16.606	2012-AP-BX-0301	31,570
Passed through the Criminal Justice Coordinating Council:			
VOCA Grant for Victim Witness	16.575	C13-8-48	3,041
VOCA Grant for Victim Witness	16.575	2012-VA-GX-0035	27,902
Subtotal for Crime Victim Assistance Grants			30,943
Total U.S. Department of Justice			89,246
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Georgia Emergency Management Agency			
Citizens Corp Program	97.053	GEMA 2010-SS-TO-0034 (BWS#2503)	1,588
Citizens Corp Program	97.053	EMW 2011-SS-00081-S01 (BWS #2704)	1,518
Citizens Corp Program	97.053	EMW 2011-SS-00081-S01 (BWS #3030)	5,591
Subtotal for Citizens Corp Program			8,697
Homeland Security Grant Program	97.067	GEMA 2010-SS-TO-0034 (BWS#2524)	7,810
Homeland Security Grant Program	97.067	GEMA 2008-GE-T8-0017 (BWS#2225)	4,207
Homeland Security Grant Program	97.067	GEMA 2010-SS-TO-0034 (BWS#2840)	3,004
Homeland Security Grant Program	97.067	GEMA 2010-SS-TO-0034 (BWS#2626)	5,219
Homeland Security Grant Program	97.067	EMW 2011-SS-TO-00081 (BWS#2773)	3,221
Homeland Security Grant Program	97.067	GEMA 2010-SS-TO-0034 (BWS#2637)	13,596
Homeland Security Grant Program	97.067	GEMA 2008-GE-T8-0017 (BWS#2828)	254,653
Subtotal for Homeland Security Grant Program			291,710
Total U.S. Department of Homeland Security			300,407
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Georgia Emergency Management Agency			
Interagency Hazardous Materials Preparedness Grant Program	20.703	OHM13-014	5,751
Passed through the Georgia Department of Transportation			
Airport Improvement Program	20.106	AP 011-9017-34(115)	33,561
Highway Planning & Construction Program	20.205	PI - 0010923	62,400
Total U.S. Department of Transportation			101,712
U.S. DEPARTMENT OF THE INTERIOR			
Direct awards			
Payments in Lieu of Taxes Program	15.226	N/A	11,732
Total U.S. Department of the Interior			11,732
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Appalachian Regional Commission			
Community Facilities Loans and Grants	10.766	10-057-586000827	54,158
Total U.S. Department of Agriculture			54,158
Total Expenditures of Federal Awards			\$ 557,255

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, 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? 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 Section 510(a) of OMB Circular? ___ yes X no

Identification of major programs:

Table with 2 columns: CFDA Number and Name of Federal Program or Cluster. Row 1: 97.067, U.S. Department of Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? ___ yes X no

FLOYD COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION II FINANCIAL STATEMENT FINDINGS

2013-001 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, 2013

SECTION II FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-002 Restatement of Prior Year Balances

Criteria: Internal controls should be in place to ensure that financial statements are properly presenting the financial position and results of operations of the County.

Condition: Internal controls were not sufficient to detect a material misstatement in the County's financial statements for the year ended December 31, 2012.

Context/Cause: During our testing, audit adjustments were required to the opening net position of the County's Governmental Activities as well as to the opening net position of the Development Authority of Floyd County. The nature and magnitude of these adjustments are as follows:

- An adjustment to the opening net position of the County's Governmental Activities in the amount of \$7,185,000 was required to properly report an intergovernmental agreement payable whereby the County is obligated to make payments to enable the joint project between the Development Authority of Floyd County and the Rome-Floyd County Development Authority to make principal and interest payments when due on the bonds issued to fund the joint project. This prior period restatement reflects the net effects of the liability as it should have been recorded in prior periods as well as all payments made by the County through the year ended December 31, 2012.
- An adjustment to the opening net position of the Development Authority of Floyd County in the amount of \$3,592,500 was required to record the intergovernmental receivable from Floyd County as it relates to the transaction described above. Each development authority named above has recorded its share of the joint project (50%). While the County has recorded an adjustment for the full amount of the bonds, the Development Authority of Floyd County only needed to record its portion of the receivable balance as of December 31, 2012 as a restatement to opening net position.

Effects: Total audit adjustments of \$10,777,500 were required to properly report beginning net position of the County's Governmental Activities as well as the Development Authority of Floyd County for the year ended December 31, 2013.

Recommendation: We recommend management carefully review all transactions and agreements entered into by the County and its component units to ensure items are properly reported in the financial statements.

Auditee's Response: We concur with the finding and will take necessary steps in future periods to ensure items are properly recorded in the general ledger and thus reported in the financial statements.

FLOYD COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

**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.