

**DEKALB COUNTY, GEORGIA**

**SINGLE AUDIT REPORTS**

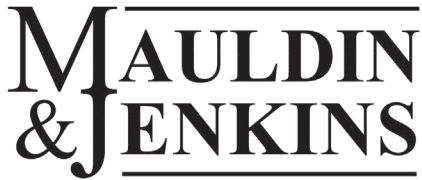
**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**DEKALB COUNTY, GEORGIA**  
**SINGLE AUDIT REPORTS**  
**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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**The Board of Commissioners of DeKalb County  
Decatur, Georgia**

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **DeKalb 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 October 14, 2016. Our report includes a reference to other auditors who audited the financial statements of the DeKalb County Board of Health, 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*, as of January 1, 2015.

**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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007, that we consider 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002.

## **The County'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 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
October 14, 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 THE UNIFORM GUIDANCE**

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**The Board of Commissioners of DeKalb County  
Decatur, Georgia**

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

We have audited DeKalb County, Georgia's (the "County") 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 DeKalb County Board of Health, which received \$10,639,791 in federal awards which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2015. Our audit, described below, did not include the operations of the DeKalb County Board of Health because the component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance.

***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.

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.

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

In our opinion, the County 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.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2015-008. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the County 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.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-008 that we consider to be a significant deficiency.

The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

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**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 DeKalb County, Georgia 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. We issued our report thereon dated October 14, 2016 which contained unmodified opinions on those financial statements. Our report includes a reference to the implementation of new pension accounting standards and to other auditors. 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  
October 14, 2016



**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2015

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-recipient Expenditures	Total Expenditures
<b>U.S. Department of Agriculture</b>				
<b>Food and Nutrition Service</b>				
Pass-Through Office of School Readiness				
National School Lunch Program:				
2015 Summer Food Program (601671)	10.555	FY 2014		\$ 671,184
<b>Total U.S. Department of Agriculture</b>			<b>-</b>	<b>671,184</b>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Office of Community Planning and Development</b>				
Community Development Block Grants/Entitlement Grants - (CDBG) Cluster:				
CDBG 2011 (601241)	14.218	B-11-UC-13-0001		2,470
CDBG 2012 (601326)	14.218	B-12-UC-13-0001		68,843
CDBG 2013 (601459)	14.218	B-13-UC-13-0001		833,996
CDBG-108 LOAN (601244)	14.218	B-08-UC-13-0001		1,001,698
CDBG 2014 (601562)	14.218	B-14-UC-13-0001	410,165	2,839,954
CDBG 2014 PI (601567)	14.218	B-13-UC-13-0001		6,734
CDBG 2015 (601676)	14.218	B-15-UC-13-0001	170,641	1,069,563
EDI Special Project-2010 (601453)	14.218	B-10-SP-GA-0180		71,168
NSPI-PI-2012 (601288)	14.218	B-08-UC-13-0003		12,400
NSP3 PI-14 (601512)	14.218	B-11-UN-13-0003	90,036	269,078
NSP3 PI-15 (601635)	14.218	B-11-UN-13-0003	417,825	417,825
NSP-3 (601299)	14.218	B-11-UN-13-0003		411,107
NSP3-PI-2013 (601423)	14.218	B-11-UN-13-0003	98,944	98,944
<b>Total Community Development Block Grant (CDBG) Cluster</b>			<b>1,187,611</b>	<b>7,103,780</b>
Emergency Solutions Grant Program:				
ESGP 2013 (601485)	14.231	E-13-UC-13-0009		85,440
ESGP 2014 (601564)	14.231	E-14-UC-13-0009		235,353
			<b>-</b>	<b>320,793</b>
Home Investment Partnerships Program:				
Home 2009 (601010)	14.239	M-09-UC-13-0208	118,327	118,327
Home 2011 PI (601218)	14.239	M-11-UC-13-0208		5,080
Home 2010 (601232)	14.239	M-10-UC-13-0208	34,687	112,858
Home 2011 (601262)	14.239	M-11-UC-13-0208	315,476	315,476
Home PI 2012 (601292)	14.239	M-12-UC-13-0208		163,862
Home 2012 (601408)	14.239	M-12-UC-13-0208	1,231,785	1,231,785
Home PI 2013 (601411)	14.239	M-10-UC-13-0208		11,256
Home 2013 (601507)	14.239	M-13-UC-13-0208	1,348,843	1,453,322
Home 2014 (601563)	14.239	M-14-UC-13-0208		69,440
			<b>3,049,118</b>	<b>3,481,406</b>
Program Income:				
Continuum of Care Program:				
COC-SNAP-2013 (601656)	14.267	GA0255L4B081300		47,095
			<b>-</b>	<b>47,095</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>4,236,729</b>	<b>10,953,074</b>
<b>U.S. Department of the Interior</b>				
<b>Fish and Wildlife Service</b>				
Fish and Wildlife Management Assistance:				
Partners for Fish & Wildlife (601362)	15.631	F12ACO1433		1,751
<b>Total U.S. Department of the Interior</b>			<b>-</b>	<b>1,751</b>
<b>U.S. Department of Justice (DOJ)</b>				
<b>Office of Juvenile Justice and Delinquency Prevention</b>				
Pass-Through Criminal Justice Coordinating Council				
Juvenile Accountability Block Grants:				
CJCC Commitment Alternative Program (601566)	16.523	Y15-8-014		225,619
CJCC Continued Education (601636)	16.523	N11-8-0003		7,217
CJCC Continued Education 2 (601637)	16.523	N12-8-0002		2,804
FY 06 Juvenile Justice Incentive (601673)	16.523	Y16-8-013		209,650
Juvenile Court Rebound (601689)	16.523	A16-8-026		32,972
Journey Mental Health (601690)	16.523	A16-8-032		21,111
			<b>-</b>	<b>499,373</b>

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2015

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-recipient Expenditures	Total Expenditures
<b>Violence Against Women Office</b>				
Pass-Through Judicial Council of Georgia - Administrative Office of the Courts				
Violence Against Women Act Court Training and Improvement Grants:				
OVW-Training and Improvement (601431)	16.013	2011-WC-AX-K014		54,664
Supervised Visitation, Safe Havens for Children:				
DOJ VAW SAFE HAVEN (601108)	16.527	2009-CW-AX-K012		47,072
OVW-End Abuse Later in Life (601596)	16.527	2014-EW-AX-K008		55,606
			-	<b>102,678</b>
Violence Against Women Formula Grants (Recovery):				
'15 CJCC -VAWA (601618)	16.588	W14-8-015		50,786
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program:				
DOJ -OVW (601177)	16.590	2010-WE-AX-0062		196,730
Justice Systems Response to Families:				
2014-2015 DOJ VAW - JFP (601617)	16.021	2014-FJ-AX-0037		7,029
<b>Office for Victims of Crime</b>				
Crime Victim Assistance:				
Crime Victim Assistance-2014 VAW (601529)	16.575	C13-8-048		2,080
CJCC/VOCA 2014-2015 (601591)	16.575	C13-8-048		48,676
Victims of Crime (VOCA) (601602)	16.575	C13-8-048		73,458
S.T.O.P. VAW 2015 (601620)	16.575	C13-8-048		50,000
CJCC: VOCA '15-'16 (601705)	16.575	2015-16		45,686
			-	<b>219,900</b>
Crime Victim Assistance/Discretionary Grant:				
Solicitor's NAVAA 14-15 (601626)	16.582	2013-VF-GX-K005		4,433
<b>Bureau of Justice Assistance</b>				
State Criminal Alien Assistance Program:				
SCAAP RESTRICTED (600982)	16.606	115-0404-0-1-754		215,265
Justice Assistance Grant (JAG) Program Cluster:				
U.S. Department of Justice (JAG) #17 (601340)	16.738	2012-DJ-BX-0131	37,873	160,407
U.S. Department of Justice (JAG) #18 (601470)	16.738	2013-DJ-BX-0315	33,298	67,162
U.S. Department of Justice (JAG) #19 (601586)	16.738	2014-DJ-BX-0489	35,302	100,431
U.S. Department of Justice (JAG) #20 (601710)	16.738	2015-DJ-BX-0959	31,085	46,331
<b>Total Justice Assistance Grant (JAG) Cluster</b>			<b>137,558</b>	<b>374,331</b>
Criminal and Juvenile Justice and Mental Health Collaboration Program:				
DOJ ONE DEKALB/START 2 JUSTICE (601483)	16.745	2013-MO-BX-0014		76,672
DeKalb GRIP Project (601642)	16.745	2014-EW-AX-K008		45,000
			-	<b>121,672</b>
<b>Office of Community Oriented Policing Services</b>				
Public Safety Partnership and Community Policing Grants (Recovery):				
FY '11 CSPP (601263)	16.710	2011CSWX0010		102
FY '13 COPS - CHRP (601526)	16.710	2013ULWX0008		90,749
FY '14 COPS - CHRP (601607)	16.710	2014ULWX0002		132,580
			-	<b>223,431</b>
<b>Criminal Division</b>				
Equitable Sharing Program:				
'15 ECTF - SECRET SERVICE (601627)	16.922	ECTF-11212014		2,917
Law Enforcement Confiscated Assets Program:				
Police	16.922	Various (See Attached)		981,492
Sheriff	16.922	Various (See Attached)		351,557
			-	<b>1,333,049</b>
<b>Total U.S. Department of Justice</b>			<b>137,558</b>	<b>3,406,258</b>
<b>U.S. Department of Treasury</b>				
Law Enforcement Confiscated Fund (DeKalb County)				
Police	21.010	Various (See Attached)		36
District Attorney	21.010	Various (See Attached)		3
<b>Total U.S. Department of Treasury</b>			-	<b>39</b>

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2015

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-recipient Expenditures	Total Expenditures
<b>U.S. Department of Labor (USDOL)</b>				
<b>Employment Training Administration</b>				
Pass-Through Georgia Department of Labor (GADOL)/GOWD				
WIA/WIOA Adult Program:				
WIA FY14 Adult Program (601486)	17.258	11-13-14-03-005		452,126
WIA PY13 Adult Program (601463)	17.258	11-13-13-03-005		21,000
FY14 Adult Ex-Offender Program (601543)	17.258	55-13-14-03-005		22,692
PY14 Adult Prog (601588)	17.258	11-14-14-03-005		40,287
WIA FY15 Adult Program (601611)	17.258	11-14-15-03-005		1,158,402
WIA FY15 Adult Program (601697)	17.258	11-14-15-03-005		164,993
WIA FY15 Adult Program (601716)	17.258	11-15-16-03-005		481,709
WIA PY15 Adult Program (601692)	17.258	11-15-15-03-005		149,333
			-	<b>2,490,542</b>
WIA/WIOA Youth Activities:				
PY13 WIA YOUTH (601441)	17.259	15-13-11-03-005		1,475
PY14 WIA YOUTH (601695)	17.259	15-14-14-03-005	158,583	340,297
PY14 WIA Youth Program (601542)	17.259	15-14-14-03-005	360,446	1,276,753
PY15 WIA Youth Program (601683)	17.259	15-15-15-03-005		16,654
			<b>519,029</b>	<b>1,635,179</b>
WIA/WIOA Dislocated Worker Formula Grants:				
FY 14 DSLW (601487)	17.278	31-13-14-03-005		2,706
PY 14 DSLW (601589)	17.278	31-14-14-03-005		220,787
WIA Dislocated Worker Program (601612)	17.278	31-14-15-03-005		506,242
WIA PY 15 Dislocated Worker Program (601693)	17.278	31-15-15-03-005		733
WIA FY 15 Dislocated Worker Program (601696)	17.278	31-14-15-03-005		549,394
WIA PY13 RAPID RESPONSE (601465)	17.278	44-13-13-03-005		2,414
WIA PY14 RAPID RESPONSE (601590)	17.278	44-14-14-03-005		20,829
WIA PY15 RAPID RESPONSE AD/DW (601613)	17.278	44-14-15-03-005		126,099
WIA PY15 RAPID RESPONSE (601700)	17.278	44-15-15-03-005		4,890
			-	<b>1,434,094</b>
Total U.S. Department of Labor/GOWD - WIA/WIOA Cluster			<b>519,029</b>	<b>5,559,815</b>
Workforce Innovation Fund:				
Innovation Fund 2012 (601344)	17.283	IF-23243-12-60-A-13		678,623
<b>Total U.S. Department of Labor (U.S. D.O.L.)</b>			<b>519,029</b>	<b>6,238,438</b>
<b>U.S. Department of Transportation (U.S. D.O.T.)</b>				
<b>Federal Highway Administration (FHWA)</b>				
Pass Through Georgia Department of Transportation				
Highway Planning and Construction (Cluster):				
GDOT ROCKBRIDGE BOC 1/9/07 (600782)	20.205	PI#008401		7,741
GDOT TE 2012 (601317)	20.205	0010637		682,874
GDOT CANDLER RD IMPRMNT (601427)	20.205	0009567		955,117
GDOT TUCKER PEDESTRIAN II (601476)	20.205	0012617		89,150
GDOT Chamblee Dunwoody (601638)	20.205	STP00-0002-00(799) PI		212,834
Pass-Through Georgia Department of Natural Resources-Zonlite Trail				
Recreational Trails Program:				
GA DEP NATURAL RES-ZONLITE TL (601520)	20.219	NRT 12 (11)		3,055
<b>Total Highway Planning and Construction Cluster</b>			-	<b>1,950,771</b>
<b>Federal Motor Carrier Safety Administration (FMCSA)</b>				
Pass-Through Department of Motor Vehicle Highway Safety				
National Motor Safety Carrier:				
2010 MCSAP (601214)	20.218	MC-FY2010		2,543
<b>Federal Transit Administration</b>				
New Freedom Program:				
MARTA Freedom Program (601162)	20.521	10-800731		465
MARTA-TAPED-2013 (601662)	20.521	GA-57-X015-00		27,312
<b>Total Transit Services Program Cluster</b>			-	<b>27,777</b>

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2015

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-recipient Expenditures	Total Expenditures
<b>National Highway Traffic Safety Administration (NHTSA)</b>				
Pass -Through Governor's Office of Highway Safety:				
State and Community Highway Safety (Cluster):				
FY 15 GOHS/H.E.A.T. (601621)	20.600	GA-2015-44-00301		38,477
FY 16 GOHS/H.E.A.T. (601721)	20.600	GA-2016-44-00348		7,680
<b>Total Highway Safety Cluster</b>			-	<b>46,157</b>
<b>Pipeline and Hazardous Materials Safety Administration</b>				
Pass Through Governor's Office of Highway Safety				
Interagency Hazardous Materials Public Sector Training and Planning Grants:				
GEMA - FY '15 Local Emergency Planning Committee (601628)	20.703	OHM15-012		4,756
<b>Total U.S. Department of Transportation (U.S. D.O.T.)</b>			-	<b>2,032,004</b>
<b>U.S. Environmental Protection Agency</b>				
<b>Office of Solid Waste and Emergency Response</b>				
Brownfields Assessment and Cleanup Cooperative Agreements:				
Brownfield Cleanup Agreement (601518)	66.818	9548312		732,062
<b>Total Environmental Protection Agency</b>			-	<b>732,062</b>
<b>U.S. Department of Health and Human Services (HHS)</b>				
<b>Substance Abuse and Mental Health Administration</b>				
Substance Abuse and Mental Health Services-Projects of Regional and National Significance:				
U.S. DHHS Substance Abuse (601598)	93.243	1H79TI025472-01		301,684
Block Grants for Prevention and Treatment of Substance Abuse:				
'12 GA Dept. of Behavioral Health & Development Disabilities (601361)	93.959	441-93-1333058		9
'13 GA Dept. of Behavioral Health & Development Disabilities (601466)	93.959	441-93-1433ABY		4,461
'14 GA Dept. of Behavioral Health & Development Disabilities (601594)	93.959	441-93-1533ABP		11,910
			-	<b>16,380</b>
<b>Administration for Community Living</b>				
Pass-through State of Georgia Department of Human Services (GDHS):				
Pass-through Atlanta Regional Commission (ARC) - Aging Cluster:				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers				
ARC Grants for Supportive Services & Senior Centers (601545, 601546)	93.044	AG1503		192,342
ARC Grants for Supportive Services & Senior Centers (601680, 601681)	93.044	AG1609		186,096
Special Programs for the Aging_Title III, Part C_Nutrition Services:				
ARC Nutrition Services (601545, 601546)	93.045	AG1503		328,447
ARC Nutrition Services (601680, 601681)	93.045	AG1609		423,086
ARC Nutrition Services Incentive Program (601545, 601546)	93.053	AG1503		16,257
ARC Nutrition Services Incentive Program (601680, 601681)	93.053	AG1609		16,724
<b>Total Aging Cluster</b>			-	<b>1,162,952</b>
ARC National Family Caregiver Support, Title III, Part E (601545, 601546)	93.052	AG1503		45,872
ARC National Family Caregiver Support, Title III, Part E (601680, 601681)	93.052	AG1609		32,176
			-	<b>78,048</b>
<b>Administration for Children and Families</b>				
Enhance Safety of Children Affected By Substance Abuse:				
DOHH/GSU - DRG CT (601397)	93.087	90CU0062-01		192,261
Pass-Through Georgia Department of Human Services (GDHS):				
Child Support Enforcement:				
UIFSA Child Support (Jan - June 2015) (601550)	93.563	42700-401-0000031510		491,295
Enforcement Fed (3920) (Jul - Dec 2015) (601684)	93.563	42700-401-0000040074		493,478
			-	<b>984,773</b>
<b>Health Resources and Services Administration</b>				
Pass-Through Georgia Governor's Office for Children and Families:				
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program:				
MIECHV-14-15 (601593)	93.505	CC11-01-003		254,903
MIECHV- Great Start GA (601691)	93.505	CC11-01-003		65,834
MIECHV- 2015-2016 (601699)	93.505	CC11-01-003		84,188
			-	<b>404,925</b>
<b>Total U.S. Department of Health &amp; Human Services</b>			-	<b>3,141,023</b>

**DEKALB COUNTY, GEORGIA**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2015

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-recipient Expenditures	Total Expenditures
<b>Executive Office of the President:</b>				
Pass-Through Office of National Drug Control Policy:				
High Intensity Drug Trafficking Areas Program:				
HIDTA 2014 (601548)	95.001	G14GA0002A		178,150
HIDTA 2015 (601639)	95.001	G15GA0002A		96,121
<b>Total Executive Office Of The President</b>			-	<b>274,271</b>
<b>U.S. Department of Homeland Security:</b>				
Pass-Through Georgia Emergency Management Agency (GEMA):				
Emergency Management Performance Grants:				
FEMA: FY '14 PPA (601604)	97.042	EMW-2014-0073		98,880
Pre-Disaster Mitigation:				
Pre-Disaster Mitigation Program (601568)	97.047	PDM-PL-04-GA-2013-004		46,575
GEMA-PDMC-PJ-04GA210-001 (601328)	97.047	GEMA-PDMC-PJ-04-GA-2010-001		2,700
			-	<b>49,275</b>
Homeland Security Grant Program:				
GEMA '13 WS #3172 (601534)	97.067	2013-SS-00054-S01		240
GEMA '13 HS #3105 (601539)	97.067	EMW-2013-SS-00054-S01		2,972
GEMA: HS#3141 (601540)	97.067	EMW-2013-SS-00054-S01		8,760
GEMA: HS#3257 (601614)	97.067	EMW-2014-SS-00092-S01		99,790
GEMA: HS SHO15-077 (601720)	97.067	EMW-2015-SS-00065-S01		858
			-	<b>112,620</b>
<b>Total U.S. Department of Homeland Security/FEMA/GEMA</b>			-	<b>260,775</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ 4,893,316</b>	<b>\$ 27,710,879</b>

See accompanying notes to the schedule of expenditures of federal awards.

# DEKALB COUNTY, GEORGIA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2015

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### (1) Summary of Significant Accounting Policies

#### ***Basis of Presentation and Accounting***

The basic financial statements of DeKalb County, Georgia (the "County"), as of and for the year ended December 31, 2015, include the operations of the DeKalb County Board of Health. The accompanying schedule of expenditures of federal awards does not include federal financial assistance received directly by the DeKalb County Board of Health, because this component unit engaged other auditors to perform an audit in accordance with the Single Audit Act. Accordingly, the accompanying schedule of expenditures of federal awards presents the federal financial assistance programs administered by the County, and does not reflect the federal financial assistance programs administered by the DeKalb County Board of Health.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the County to match grant awards with County funds, such matching funds are excluded from the accompanying schedule of expenditures of federal awards. Grant programs that did not have 2015 transactions have not been presented herein. The majority of these programs have completed their program activities but may not have been formally closed out. Grant revenues and expenditures incurred prior to 2015 under these grants remain subject to audit by either the grantor agency or its representatives within the limitations of the Single Audit Act.

Federal grant programs that are administered through State agencies (pass-through awards) have been included in the accompanying schedule of expenditures of federal awards. These programs are operated according to federal regulations promulgated by the originating federal agency providing the funding.

The County does not utilize the 10% de minimis indirect cost rate.

### (2) Loans Outstanding

The County uses funds available under the Community Development Block Grant and HOME Investment Grant programs to provide low-interest loans to eligible persons. Principal payments received are used to make additional loans as part of the revolving loan fund. Disbursements of such loans are included as expenditures in the accompanying schedule of expenditures of federal awards in the year of disbursement.

The outstanding balance of these loans at December 31, 2015 is as follows:

<b>Federal Program</b>	<b>Balance Outstanding</b>
Community Development Block Grant CFDA #14.218	\$ 1,083,052
HOME Investment Grant CFDA #14.239	16,365,234

# DEKALB COUNTY, GEORGIA

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

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### (1) Summary of Auditor's Results

- (a) The type of report issued on the financial statements: **unmodified opinion**
- (b) Internal control over financial reporting:
  - Material weaknesses identified: **yes**
  - Significant deficiencies identified: **None reported**
- (c) Noncompliance material to the financial statements noted: **yes**
- (d) Internal control over major programs:
  - Material weaknesses identified: **no**
  - Significant deficiencies identified, not considered to be material weaknesses: **yes**
- (e) The type of report issued on compliance for major programs: **Unmodified.**
- (f) Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a): **yes**
- (g) Major Programs:
  - HOME Investment Partnership, CFDA #14.239**
  - Workforce Investment Act/WIOA Cluster, CFDA #17.258, 17.259, & 17.278**
  - Aging Cluster, CFDA#93.044, 93.045, & 93.053**
  - Child Support Enforcement, CFDA#93.563**
- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$831,326**
- (i) Audit qualified as a low-risk auditee under the Uniform Guidance: **no**

# DEKALB COUNTY, GEORGIA

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

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### (2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

#### **Finding 2015-001 – Governmental Budgets Compliance**

##### **Repeat of Prior Year Finding 2014-001**

**Criteria:** State of Georgia law (OCGA 36-81-3) states: a) Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. The annual balanced budget shall be adopted by ordinance or resolution and administered in accordance with this article; and b) a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

**Condition:** State law requires local governments to adopt annual appropriated budgets for the general fund, each special revenue fund, and each debt service fund. We noted, during our audit, the County did not adopt approved budgets for the Law Library and Alternative Dispute Resolution Special Revenue Funds.

- Law Library Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$0 plus final amended budgeted deficiency of revenues under expenditures of \$107,000 resulted in an ending original and final budgeted deficit of \$107,000.
- Alternative Dispute Resolution Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$0 plus final amended budgeted deficiency of revenues under expenditures of \$55,000 resulted in an ending original and final budgeted deficit of \$55,000.

**Context/Cause:** During our inquiry of management about the County's governmental funds (required to have balanced budgets) and review of the financial statements, it was determined the separate Boards for these funds could not provide resolutions showing that a budget were adopted for the Law Library and Alternative Dispute Resolution Special Revenue Funds in accordance with State law.

**Effects:** Lack of approved budgets resulted in a compliance violation with State law.

**Recommendation:** We recommend the County adopt annual balanced budgets as required by State law.

**Auditee's Response:** We concur with the finding. Controls are being strengthened for future fiscal periods to ensure the respective governing body properly approves all budgets or provide board meeting minutes that are reviewed and approved by the Board of Trustees.



# DEKALB COUNTY, GEORGIA

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

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### **Finding 2015-002 – Collateralization of Deposits**

**Criteria:** All financial institutions holding public cash deposits are required to properly insure and/or collateralize those deposits in accordance with Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

**Condition:** As of December 31, 2015, the County Sheriff's Office had a total of approximately \$1.6 million in deposits at two financial institutions that were not fully collateralized at 110% in accordance with state law. As a result, approximately \$44,000 in deposits were at risk.

**Context/Cause:** The deposits with a financial institution exceeded the limit for federal depository insurance coverage and were not sufficiently collateralized in accordance with State of Georgia law.

**Effects/Possible Effects:** The failure of a financial institution to fully insure or collateralize the deposits could result in a financial loss to the County's Sheriff's Office, should the financial institution fail.

**Recommendation:** The County's Sheriff's Office should monitor its deposits on an on-going basis and correspond with the respective financial institutions to ensure that all deposits over the federal depository insurance coverage limit are properly collateralized in accordance with State statutes.

**Auditee's Response:** We concur and are working with the bank to ensure proper collateralization in accordance with State statutes. The County's Sheriff's Office will monitor deposits to ensure all deposits over the federal depository insurance coverage limit are properly collateralized.

# DEKALB COUNTY, GEORGIA

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

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### Finding 2015-003 – Accounting for Receivables and Related Revenues, and Deferred Inflows of Resources

#### Repeat of Prior Year Finding 2014-003

**Criteria:** Internal controls should be in place to ensure receivables, revenues, and deferred inflows of resources are properly recorded at year-end in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to prevent misstatements in reporting of the County's receivable, deferred inflows of resources and revenue balances within several County funds.

**Context/Cause:** During our testing of these accounts, it was noted that the County did not properly record items as noted below.

**Effects/Possible Effects:** In the following funds, the following adjustments were required and made:

- Grant-in-Aid Fund – six entries were required which increased intergovernmental receivables and revenues by approximately \$6,574,000. In addition, seven entries were required to reduce intergovernmental receivables and revenue by approximately \$5,396,000. These adjustments were required to adjust intergovernmental receivables and related revenue balances due to system errors in recording intergovernmental receivables. An entry of approximately \$249,000 was also required to decrease revenue and increase deferred inflows of resources for grants not meeting the availability criteria for revenue to be recognized in accordance with generally accepted accounting principles.
- Special Tax District- Unincorporated Fund – an entry was required to increase receivables by approximately \$552,000, increase liabilities by approximately \$1,373,000 and decrease revenue by approximately \$821,000. An entry of approximately \$205,000 was required to increase receivables with an offsetting entry to increase revenue and to increase liabilities.
- Capital Improvement Projects Fund – two entries were required to decrease intergovernmental receivable and revenue by approximately \$272,000. An entry of approximately \$1,035,000 was required to increase intergovernmental receivable and revenue. These adjustments were required to adjust intergovernmental receivables and related revenue balances due to system errors in recording intergovernmental receivables. An entry of approximately \$500,000 was also required to decrease revenues and increase the deferred inflows of resources for grants.
- Sanitation Fund – an entry of approximately \$615,000 was required to increase intergovernmental receivable and increase notes payable due to the County having expenses that will be reimbursed by a draw down on an authorized loan with the Georgia Environmental Finance Authority.

# DEKALB COUNTY, GEORGIA

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

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- DeKalb Peachtree Airport Fund – an entry of approximately \$233,000 was required to increase intergovernmental receivable and related revenue.

**Recommendation:** There should be a periodic reconciliation and review of the receivable, deferred inflows of resources, and revenue balances, in particular relates to grants, throughout the fiscal year as well as at fiscal year-end to ensure balances are properly and timely recorded in accordance with generally accepted accounting principles.

**Auditee's Response:** We concur with the finding. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas. The County will also improve communication between the various departments to ensure that accountability in the appropriate areas is achieved.

### **Finding 2015-004 – Timely Preparation and Review of Cash Bank Reconciliations and Accurate Reporting of Cash Balances in Appropriate Funds**

#### **Repeat of Prior Year Finding 2014-004**

**Criteria:** Internal controls should be in place to ensure bank accounts are timely reconciled throughout the fiscal year and reconciling items are properly and timely investigated and recorded correctly in the general ledger in accordance with generally accepted accounting principles. The reconciliation of cash as recorded in the general ledger to the amount reported by the bank is a very important internal control over cash. A thorough and timely bank reconciliation, performed by an individual outside of the processing or handling of cash receipts or disbursements, can catch many errors – whether intentional or unintentional. Timely investigation of all differences between cash recorded in the general ledger and that reported by the bank should be performed to ensure the differences are appropriate reconciling items, such as outstanding checks which have been written by the County but have not yet cleared the bank. Due to its sensitive nature, having good controls over cash is of vital importance to the County.

**Condition:** Several of the County's bank accounts, mainly the general concentration account and the Watershed concentration account, were, at times during the year, several months behind in being reconciled. Reconciling items were not being investigated timely and items would stay on the reconciliation for months. In our testing of the bank reconciliation, we discovered several reconciling items that didn't appear to be proper reconciling items, but rather reflected activity that should or should not have been recorded resulting in misstatements in the reporting of the County's cash balances within several funds. At one point during the process of examining the County's general concentration account (which most funds of the County participate in), the bank and ledger balances had an unknown difference of approximately \$5.5 million. The County went through a time consuming and detailed analysis of the process by which entries are recorded to cash in the general ledger as well as investigations of various non-routine transactions in an effort to discover what is causing the

# DEKALB COUNTY, GEORGIA

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

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unknown difference. The results to date of that effort discovered and resolved several errors – many of which are detailed in the adjustment described below, however the County continues to have an unknown difference whereby the bank balance is \$1,370,834 more than the recorded balance in the County's general ledger. The County continues its efforts to identify the cause of the difference.

**Context/Cause:** Beginning May 2015, the County implemented a new cash management system which led to significant changes in how the County processed its cash transactions and recorded these transactions in the general ledger. Since that time, the bank reconciliations became more difficult and began to fall behind. This also led to certain reconciling items not being addressed in a timely manner and the older the reconciling items become, the harder it can be to figure out the cause. We also noted in our testing of receivables and revenues that the business licenses department was not timely depositing receipts in the bank. It was noted that some deposits took more than 45 days to be deposited into the bank. In addition, we noted deposits that cleared the bank were posted to unapplied general ledger accounts in the General Fund and were not posted to the correct fund and general ledger accounts until two to three months later.

**Effects/Possible Effects:** In the following funds, adjustments were required:

- General Fund – an entry of approximately \$3,301,000 was required to decrease cash, decrease the beginning fund balance by approximately \$1,930,000, and increase expenditures by approximately \$1,371,000. This difference was caused primarily by the cumulative effect of multiple adjustments to cash through miscellaneous revenues or expenditures from 2006 through 2014 and into 2015 to fix unidentified differences on bank reconciliations.
- Grant-in-Aid Fund – an entry of approximately \$449,000 was required to increase cash and increase revenue for the incorrect coding of a reversal of unapplied cash receipts. Also, an entry of approximately \$476,000 was required to decrease cash and grant revenue.
- 2005 Justice Assistance Grant Fund – an entry of approximately \$449,000 was required to decrease cash and revenues.
- Fire Fund - an entry of approximately \$137,000 was required to increase cash and decrease expenditures.
- Police Services Fund – an entry of approximately \$137,000 was required to increase cash and expenditures.
- 2006 Transportation Parks Libraries Bonds Fund – an entry of approximately \$95,000 was required to report cash and expenses in the correct fund.
- Watershed Fund – An entry of approximately \$12,299,000 was required to increase cash and liabilities (including due to other funds) due to showing improper reconciling items on bank reconciliations. An entry of approximately \$2,229,000 was required to decrease cash and increase expenses. An entry of approximately \$1,068,000 was required to decrease cash and revenues. An entry of approximately \$813,000 was required to increase expenses with the offsetting entries to cash of approximately \$675,000 and an increase liabilities of approximately \$139,000.

# DEKALB COUNTY, GEORGIA

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

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- Risk Management Fund – an entry of approximately \$7,423,000 was required to increase cash and to restate beginning fund balance for errors in recording duplicate accruals which affected cash from prior year.

**Recommendation:** We understand the County implemented a new cash management process which added some complexities to the overall bank reconciliation process; however, we recommend the County strengthen controls and procedures to ensure all County bank accounts are properly and timely reconciled on a monthly basis. All unapplied deposits or other unreconciled differences or items should be properly and timely researched and recorded appropriately to the County's general ledger in accordance with generally accepted accounting principles. For the County's main operating cash accounts, such as the general concentration account, we would recommend a daily reconciliation to the bank. With the significant volume of activity in those accounts, it can be difficult to reconcile this account if only done once a month. The bank reconciliation should also be reviewed, on a timely basis, by someone at a level above the preparer of the bank reconciliation. Additionally, all receipts of funds in various departments should be deposited timely.

**Auditee's Response:** We concur with the finding. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas.

### **Finding 2015-005 – Accounts Payable Accounting**

#### **Repeat of Prior Year Finding 2014-005**

**Criteria:** Internal controls should be in place to ensure accounts payable and related accrued liabilities are properly reported within the financial statements. Generally accepted accounting principles require financial statements to be prepared either under the full accrual basis of accounting (for proprietary funds) or under the modified accrual basis of accounting (for governmental funds). Under the full accrual basis of accounting, all liabilities and related expenses are reported when incurred, regardless of the timing of related cash flows. Under the modified accrual basis of accounting, liabilities, and related expenditures, are reported as incurred if expected to be paid from current, available resources (i.e. long-term liabilities are not accrued in the governmental funds).

**Condition:** Internal controls were not sufficient as several invoices were accrued more than once while others were improperly excluded from the County's accounts payable at year end, as the applicable goods or services had been provided.

**Context/Cause:** During our testing of accounts payable and accrued liabilities, we noted the following issues:

- During our testing of the General Fund's accounts payable, we noted the County voided a payment for approximately \$1,249,000 that was voided in error. An adjustment to decrease

# DEKALB COUNTY, GEORGIA

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

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accounts payable and cash of \$1,249,000 was required. An entry was required to decrease accounts payable for approximately \$413,000, decrease expenditures for approximately \$137,000 with an offsetting decrease to cash for approximately \$276,000.

- During our testing of the Special Tax District – Designated Service Fund's accounts payable, we noted that County did not record approximately \$28,000 in invoices paid subsequent to year-end but related to 2015 as services rendered prior to December 31, 2015. An adjustment to increase accounts payable and related expenditures of \$28,000 was required.
- As a result of our testing of the Watershed Fund's accounts payable, two entries were required which totaled approximately \$2,760,000 and decreased accounts payable and accrued liabilities and the related expenses for amounts that were over accrued. An entry of approximately \$2,180,000 was required to increase accrued liabilities and expenditures.
- During our testing of the Risk Management Fund's accounts payable, we noted an entry of approximately \$643,000 was required to decrease accounts payable and prepaid expenses. Also, an entry of approximately \$765,000 was required to decrease accounts payable and expenses for a liability which had been recorded twice.

**Effects/Possible Effects:** If the above mentioned adjustments and corrections were not made, the accounts payable and related expenses or expenditures of the County would have been materially misstated as of year-end, thus providing misleading information to the readers of the financial statements.

**Recommendation:** We recommend the County strengthen its review of invoices that are paid subsequent to year-end to ensure items are recorded in the proper reporting period. When the Finance Department employs the use of several individuals to review invoices to record accounts payable and accrued liabilities at year-end, the County should put procedures in place to prevent errors from occurring when recording accruals at year-end.

**Auditee's Response:** We concur with the finding. The County will continue to strengthen its controls surrounding the manual review of invoices and will continue to develop and train accounts payable staff with appropriate guidance for identifying accruals.

### **Finding 2015-006 – Capital Assets**

**Criteria:** Internal controls should be in place to ensure that all capital asset amounts reported within the financial statements are accurate, in accordance with generally accepted accounting principles, and represent assets that are owned by the County.

**Condition:** Internal controls were not sufficient as several capital asset balances were not correctly reported by the County.

# DEKALB COUNTY, GEORGIA

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

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**Context/Cause:** During our testing of capital assets balances, we noted the following issues:

- An adjustment of approximately \$32.5 million (at net book value) to decrease the County's governmental activities capital assets for annexed property (including infrastructure) that was transferred to other cities for which the County failed to timely update its capital asset records at the time the annexations occurred.
- During our testing of the Watershed's capital assets, we noted an adjustment to increase capital assets due to donated assets was required in the amount of \$66,400. An entry of approximately \$5,028,000 was required to increase capital assets with offsetting entries for approximately \$4,590,000 to accrued liabilities and approximately \$438,000 to interest expense. An entry of approximately \$1,746,000 was required to decrease accrued liabilities and capital assets for an over accrual of liabilities.
- During our testing of the Sanitation Fund's capital assets, we noted that County did not record approximately \$396,000 which was initially recorded as repair and maintenance expense. An entry of approximately \$20,000 was required to record accumulated depreciation and depreciation expense.
- During our testing of the Stormwater Fund's capital assets, an entry of approximately \$19,914,000 (at net book value) was also required to decrease capital assets for Stormwater infrastructure that was annexed to other cities.
- During our testing of the Vehicle Replacement Internal Service Fund capital assets, we noted that the County initially only had approximately \$4 million recorded as depreciation expense. The County pulled this amount from a depreciation capital asset schedule generated from the County's general ledger system that did not have the complete listing of capital assets pertaining to this fund. The report did not have new capital assets added during fiscal year 2015 nor did it have all of the old assets from prior years that were not fully depreciated. The County did not initially manually calculate the correct amount of depreciation expense for this fund. Therefore, we manually calculated depreciation expense of all applicable capital assets of this fund and an entry of approximately \$11.8 million was required to increase depreciation expense and accumulated depreciation expense.

**Effects/Possible Effects:** If the above mentioned adjustments and corrections were not made, the capital assets and related accounts of the County would have been significantly misstated as of year-end, thus providing misleading information to the readers of the financial statements.

**Recommendation:** We recommend the County carefully review its capital asset detail and related items (including construction in progress, retainage payable, and depreciation expense) to ensure that all capital assets and components thereof, are properly recorded and depreciated during the year and at year-end in accordance generally accepted accounting principles.

**Auditee's Response:** We concur with the finding. We will ensure that capital assets are properly reported during the year and at the conclusion of each financial reporting cycle.

# DEKALB COUNTY, GEORGIA

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

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### **Finding 2015-007 – Lack of Proper Review and Approval of Financial Information Provided to Third-Party Consultants - Actuaries of the County**

**Criteria:** Internal controls should be in place to ensure financial information derived from the County's general ledger that is ultimately provided to third parties and/or others within the County is accurate and adequately reviewed by County management prior to submission.

**Condition:** Internal controls were not sufficient to prevent misstatements in reporting financial information to the County's actuaries in relation to the County's pension and other post employee benefit plans. The actuaries provide significant estimates for the reporting and disclosure of liabilities in the County's financial statements related to the pension plan and other-post employment benefits. For the actuaries to provide accurate estimates for such reporting and to provide good advice to the County with regard to funding these liabilities, it is important that the data provided to the actuaries be accurate.

**Context/Cause:** During our testing of the County's other post employees benefit obligation (OPEB) and the County's net pension liability, we noted information provided by the County to its actuaries was incorrect. The actuaries used the information provided by the County to determine what the County's obligation/liability amounts are for recording in the County's financial statements and/or what disclosures are required in the County's footnotes relating to the pension and OPEB plans. It was noted that the County provided incorrect information to the County's actuaries several months after December 31, 2015 which resulted in the actuaries producing incorrect valuation reports in May and June of 2016 which the County initially used to record and/or report certain amounts in its general ledger and draft financial statements and footnotes.

#### ***Effects/Possible Effects:***

- In relation to the County's OPEB actuarial valuation report – the County initially reported to the actuaries that the County's employer contributions during fiscal year 2015 were approximately \$16 million. However, upon further testing and inquiring of County management and personnel, the employer contribution amount was actually approximately \$22.4 million. Also, the beginning OPEB obligation amounts noted in the actuarial valuation report did not agree with the County's ending OPEB obligation amount noted in the prior year financial statements of the County. To correct these errors, a new actuarial valuation was provided after the actuaries received corrected financial information from the County and the following adjusting journal entries were required:
  - In the Airport Fund, an entry of approximately \$59,000 was required to decrease the OPEB obligation and OPEB expense.
  - In the Sanitation Fund, an entry of approximately \$686,000 was required to decrease the OPEB obligation and OPEB expense.
  - In the Water & Sewer Fund, an entry of approximately \$1,302,000 was required to decrease the OPEB obligation and OPEB expense.



# DEKALB COUNTY, GEORGIA

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

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- The governmental activities OPEB obligation calculation was adjusted to reflect the correct amount.
- With regard to the County's pension actuarial valuation report, the following adjustments were required to correct balances reported in the County's pension trust fund general ledger which was subsequently provided to the actuaries to update the GASB Statement No. 68 Supplemental Schedules - Cash was increased by approximately \$6,592,000, dividends and interest was increased by approximately \$56,207,000, the unrealized gain on investments was decreased by approximately \$47,687,000, investment expenses were increased by approximately \$5,272,000, accrued interest receivable was decreased by approximately \$2,807,000, cash equivalents was increased by approximately \$48,466,000, and investments were decreased by approximately \$49,003,000.

**Recommendation:** We recommend the County implement controls to ensure financial information pertaining to its pension trust fund and OPEB plan activity are accurately reported to the County's actuary to ensure it is timely and properly reflected in the County's general ledger. Due to the significance of this information to the actuarial valuation process, this information should be reviewed and approved by County management and personnel prior to submission.

**Auditee's Response:** We concur with the finding. The County will implement new control processes and strengthen its reconciliation and review processes surrounding these areas.

# DEKALB COUNTY, GEORGIA

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

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### (3) Federal Award Findings and Questioned Costs

#### Finding 2015-008 – Reporting

**Program:** CFDA No. 93.563

**CFDA Program Title:** Child Support Enforcement Contract

**Pass Through Agency:** Georgia Department of Human Services

**Criteria:** Under paragraphs 301 (FY15 Contract) and 304 (FY16 Contract) of the contract between the Georgia Department of Human Services and the District Attorney for the Stone Mountain Judicial Circuit, monthly expenditure reports are required to be submitted by the 10<sup>th</sup> business day for the FY15 Contract and the 10<sup>th</sup> calendar day for the FY16 Contract of the following month.

**Condition:** During our testing of the monthly expenditure reports submitted by the District Attorney's Office, we noted that nine (9) out of the twelve (12) reports tested were not submitted timely.

**Effects or Possible Effects:** Management of the District Attorney's Office did not submit the monthly expenditure report timely.

**Questioned Costs:** None.

**Cause:** The County did not submit the required report for the District Attorney's office in a timely manner due to the lack of timely receipt of expenditure information necessary to file the reports.

**Context:** We reviewed all 12 monthly reports filed during the year and noted the reports being submitted late for nine of the reports. The District Attorney monthly expenditures report which was not filed timely was the only required report noted to be filed late and the number of days late ranged from a couple of days to 40 days.

**Recommendation:** We recommend the County strengthen internal controls to ensure that all required reports are submitted timely.

**Auditee's Response:** The County agrees with the recommendation above. The DeKalb County District Attorney Department has coordinated with the DeKalb County Budgets and Grants Department Confiscated funds manager to ensure timely dissemination of financial records necessary to complete the monthly expenditure reports in a timely manner.

**DEKALB COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**(4) Status of Prior Year Findings**

**Finding 2014-001 – Governmental Budgets Compliance**

**Condition:** State law requires local governments to adopt annual appropriated budgets for the general fund, each special revenue fund, and each debt service fund. We noted, during our audit, the County did adopt budgets for the appropriate funds however for the below funds the beginning fund balance plus the final amended budgeted revenue less expenditures resulted in a budgeted deficit.

- Grant-in Aid Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$1,197,000 plus final amended budgeted deficiency of revenues under expenditures of \$34,752,000 resulted in an ending original and final budgeted fund deficit of \$33,555,000.
- Law Library Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$0 plus final amended budgeted deficiency of revenues under expenditures of \$61,000 resulted in an ending original and final budgeted deficit of \$61,000.
- Alternative Dispute Resolution Special Revenue Fund Budgeted Deficit – beginning fund balance (budgetary basis) of \$0 plus final amended budgeted deficiency of revenues under expenditures of \$36,000 resulted in an ending original and final budgeted deficit of \$36,000.
- 2005 Justice Assistance (JAG) Special Revenue Fund Budgeted Deficit – beginning fund balance deficit (budgetary basis) of \$41,000 plus final amended budgeted deficiency of revenues under expenditures of \$184,000 resulted in an ending original and final budgeted deficit of \$225,000.

**Auditee's Response/Status:** While not with the same funds, this finding was repeated for Law Library Fund and the Alternative Dispute Resolution Fund. The County will strengthen controls in future fiscal periods to ensure all budgets are properly approved by the respective governing body.

**Finding 2014-002 – Restatement of Beginning Net Position and Assets and Liabilities**

**Condition:** Internal controls were not sufficient to detect material misstatements in the County's financial statements for the year ended December 31, 2013 which represents the beginning balances for the 2014 financial statements.

**Auditee's Response/Status:** The same type of entries for which restatements were required in 2014 were not repeated however, restatements were still needed to correct two errors as discussed in current year finding 2015-004. The County will strengthen internal controls to ensure that material misstatements in the County's financial statements are detected.

**DEKALB COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Finding 2014-003 – Accounting for Receivables and Related Revenues, and Deferred Inflows of Resources**

**Condition:** Internal controls were not sufficient to prevent misstatements in reporting of the County's receivable, deferred inflows of resources and revenue balances within several County funds.

**Auditee's Response/Status:** The finding was repeated as finding 2015-003. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas. The County will also improve communication between the various departments to ensure that accountability in the appropriate areas is achieved.

**Finding 2014-004 – Timely Preparation and Review of Cash Bank Reconciliations and Accurate Reporting of Cash Balances in Appropriate Funds**

**Condition:** Internal controls were not sufficient to prevent misstatements in reporting of the County's cash balances within several County funds. During the testing of cash and inquiry of County personnel, it was noted that the County was a few months behind in reconciling certain cash accounts which led to certain reconciling items not being addressed in a timely manner.

**Auditee's Response/Status:** The finding was repeated as finding 2015-004. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas.

**Finding 2014-005 – Accounts Payable Accounting**

**Condition:** Internal controls were not sufficient as several invoices were improperly excluded from the County's accounts payable detail at year end, based on when the applicable services had been provided.

**Auditee's Response/Status:** The finding was repeated as finding 2015-005. The County will continue to strengthen its controls surrounding the manual review of invoices and will continue to develop and train accounts payable staff with appropriate guidance for identifying accruals.

**DEKALB COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Finding 2014-006 – Suspension and Debarment**

**Program:** CFDA No. 20.205

**CFDA Program Title:** Highway Planning and Construction Cluster

**Condition:** During our testing of the Highway Planning and Construction program, it was discovered that the County did not verify whether three contractors were noted as excluded on the Federal government's suspension and debarred lists and did not include the appropriate language in the contracts with those vendors. The County could unintentionally enter into a noncompliant contract and be forced to reimburse the Federal government for all expenditures made with the debarred or suspended contractor. Based on a review of the excluded parties listing, none of the contractors in this case were included as suspended or debarred.

**Auditee's Response/Status:** The County corrected this condition in fiscal year 2015.

**Finding 2014-007 – Cash Management**

**Program:** CFDA No. 20.205

**CFDA Program Title:** Highway Planning and Construction Cluster

**Condition:** During our testing of the Highway Planning and Construction program, we noted one item which was draw down and reimbursed prior to the underlying disbursement being made. One invoice, in the amount of \$10,200 was reimbursed by the State on July 3, 2014 however the payment of the invoice wasn't made by the County until October 9, 2014. The County drew down funds prior to the underlying disbursement being made resulting in non-compliance with the reimbursement requirements of the grant agreement.

**Auditee's Response/Status:** The County corrected this condition in fiscal year 2015.

**DEKALB COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Finding 2014-008 – Suspension and Debarment**

**Program:** CFDA No. 16.922

**CFDA Program Title:** Law Enforcement Confiscated Assets (Confiscated Assets)

**Condition:** During our testing of the Confiscated Assets program, it was discovered that the County did not verify whether four contractors were noted as excluded on the Federal government's suspension and debarred lists and did not include the appropriate language in the contracts with those vendors. The County could unintentionally enter into a noncompliant contract and be forced to reimburse the Federal government for all expenditures made with the debarred or suspended contractor. Based on a review of the excluded parties listing, none of the contractors in this case were included as suspended or debarred.

**Auditee's Response/Status:** The County corrected this condition in fiscal year 2015.

**Finding 2014-009 – Reporting**

**Program:** CFDA No. 16.922

**CFDA Program Title:** Law Enforcement Confiscated Assets (Confiscated Assets)

**Condition:** During our testing of the Equitable Sharing Agreements and Certification Forms submitted by the three participating County agencies: Sheriff, Police, and District Attorney, we noted that one of the three forms (from the District Attorney's department) was not submitted timely. We also noted that the Equitable Sharing Agreement submitted for the Police Department did not agree to the detail listing of expenditures as the Equitable Sharing Agreement included encumbrances of \$112,797 which should not be reported, as they are not actual expenditures during the fiscal year. Management of the District Attorney's Department did not submit the report timely. The Police Equitable Sharing Funds expended was inaccurately reported as it improperly included encumbered expenditures.

**Auditee's Response:** The County corrected this condition related to the Law Enforcement Confiscated Assets in fiscal year 2015. A similar finding (2015-009) occurred in fiscal year 2015. The DeKalb County District Attorney Department has coordinated with the DeKalb County Budgets and Grants Department Confiscated funds manager to ensure timely dissemination of financial records necessary to complete the monthly expenditure reports in a timely manner.

**DEKALB COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Finding 2014-010 - Commingling of Funds**

**Program:** CFDA No. 16.922

**CFDA Program Title:** Law Enforcement Confiscated Assets (Confiscated Assets)

**Condition:** During our testing of the requirements of the Confiscated Assets program, we noted that the County did open a separate bank account for the federal Equitable Sharing Program fund in June 2012, as a result of a Department of Justice audit report. However, this account was not utilized until 2013 when the applicable federal program funds were transferred into the new account. During 2014, separate revenue and expenditure tracking was performed by the County on the Equitable Sharing funds, but the County was depositing the federal Equitable Sharing Program funds in both the County's general concentration bank account and the confiscated asset bank account. The County did not fully comply with the federal program requirement related to commingling and could have resulted in funds being spent for non-program purposes.

**Auditee's Response:** The County corrected this condition in fiscal year 2015.

**Finding 2014-011 – Reporting**

**Program:** CFDA No. 20.106

**CFDA Program Title:** Airport Improvement Grant Program

**Condition:** For the year ended December 31, 2014, we requested the reimbursement request reports to determine if the County was properly maintaining documentation and to ascertain if the financial reports were complete, accurate, and prepared in accordance with the required basis of accounting. We found that the County could not locate or provide any of the reimbursement request reports for testing. Financial reports could have been submitted that were inaccurate causing the County to request the incorrect amount of reimbursement.

**Auditee's Response/Status:** The County corrected this condition in fiscal year 2015.

**DEKALB COUNTY, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Finding 2014-012 – Allowable Costs/Activities**

***Program:*** CFDA No. 97.047

***CFDA Program Title:*** Pre-Disaster Mitigation Competitive Grant Program

***Condition:*** For the year ended December 31, 2014, we reviewed nine expenditures paid out of Pre-Disaster Mitigation Program funds to determine if the County was properly maintaining documentation and charging allowable costs to the grant. We found that for one disbursement paid out of Pre-Disaster Program funds, the County was not properly maintaining the supporting invoice to confirm that controls were in place. Expenditures unrelated to the Pre-Disaster Mitigation Program could be funded with Pre-Disaster Mitigation Program funds. Therefore, unallowable costs could be charged to the grant.

***Auditee's Response/Status:*** The County corrected this condition in fiscal year 2015.



# DEKALB COUNTY, GEORGIA

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

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### **Finding 2015-001 – Governmental Budgets Compliance**

#### **Repeat of Prior Year Finding 2014-001**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Jay Vinicki, Director of Budget.

***Corrective Action Plan:*** The County will evaluate the financial reporting requirements related to the Law Library and Alternative Dispute Resolution funds to determine appropriate action.

***Anticipated Completion Date:*** December 31, 2016.

### **Finding 2015-002 – Collateralization of Deposits**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Sheriff Jeff L. Mann, DeKalb County Sheriff's Office.

***Corrective Action Plan:*** The deficiency noted was identified during the month of January 2016. Once identified and communicated, the financial institution took immediate action to pledge additional collateral to the deposits. This issue was resolved by month end January 2016. Pledge reports will be reviewed monthly. Further, the Sheriff's Office has implemented a quarterly collateral meeting with the financial institutions to review and confirm the collateral levels. Any modifications to collateral must be reviewed and approved by management.

***Anticipated Completion Date:*** January 31, 2016

### **Finding 2015-003 – Accounting for Receivables and Related Revenues, and Deferred Inflows of Resources**

#### **Repeat of Prior Year Finding 2014-003**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Bob Atkins, Treasurer.

***Corrective Action Plan:*** The County will implement new control processes to include a periodic reconciliation and review of the receivable, deferred inflows of resources, and revenue balances, in particular relates to grants, throughout the fiscal year as well as at fiscal year-end to ensure balances are properly and timely recorded in accordance with generally accepted accounting principles. In addition, the County will revise procedures to include daily reconciliation of deposits to the bank and unapplied receipts.

# DEKALB COUNTY, GEORGIA

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

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**Anticipated Completion Date:** The County will develop daily reconciliation procedures effective November 1<sup>st</sup>; implementation of daily procedures complete by November 15, 2016; implementation of monthly procedures complete by November 30, 2016; and implementation of year-end procedures by February 15, 2017.

### **Finding 2015-004 – Timely Preparation and Review of Cash Bank Reconciliations and Accurate Reporting of Cash Balances in Appropriate Funds**

#### **Repeat of Prior Year Finding 2014-004**

**Name of the Contact Person Responsible for the Corrective Action Plan:** Beth Horacek, Controller.

**Corrective Action Plan:** The County is in the process of developing and testing the cash reconciliation processes. This process began in September 2016 and expected to be completed by the end of March 2017. In addition, the County will develop comprehensive policies and procedures related to the cash reconciliation process.

**Anticipated Completion Date:** March 31, 2017.

### **Finding 2015-005 – Accounts Payable Accounting**

#### **Repeat of Prior Year Finding 2014-005**

**Name of the Contact Person Responsible for the Corrective Action Plan:** Beth Horacek, Controller.

**Corrective Action Plan:** The County will strengthen the internal controls related to the review of all invoices paid subsequent to year-end. In addition, the County will develop additional training materials and update the year-end presentation to reflect appropriate guidelines for identifying accruals.

**Anticipated Completion Date:** Training materials to be developed by November 30th; year-end presentation by December 15th; and year-end procedures by December 15th.

### **Finding 2015-006 – Capital Assets**

**Name of the Contact Person Responsible for the Corrective Action Plan:** Beth Horacek, Controller.

**Corrective Action Plan:** The County will strengthen the internal controls related to capital assets. The County will provide additional training to staff as well develop policies and procedures related to capital assets.

# DEKALB COUNTY, GEORGIA

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

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**Anticipated Completion Date:** Develop procedures for reconciling capital assets by November 30<sup>th</sup>; implementation November 30<sup>th</sup> and completed by December 31<sup>st</sup> and implementation and completion immediately upon issuance of procedures.

**Finding 2015-007 – Lack of Proper Review and Approval of Financial Information Provided to Third-Party Consultants - Actuaries of the County**

**Name of the Contact Person Responsible for the Corrective Action Plan:** Larry Jacobs, Deputy Director of Finance.

**Corrective Action Plan:** The County will strengthen the internal controls related to financial information submitted to third party consultants, including actuaries. The information will be reviewed and approved by management prior to submission.

**Anticipated Completion Date:** Develop procedure by November 30<sup>th</sup> and Implementation and completion immediately upon issuance of procedures.

**Finding 2015-008 – Reporting**

**Name of the Contact Person Responsible for the Corrective Action Plan:** Robert D. James, District Attorney

**Corrective Action Plan:** The County will communicate to the District Attorney's Office the need to submit all required reports timely and provide assistance as needed.

**Anticipated Completion Date:** October 2016 – The District Attorney's Office advised the County that the finding related to the reporting requirement is corrected.