DEKALB COUNTY, GEORGIA

SINGLE AUDIT REPORTS

FOR THE YEAR ENDED
DECEMBER 31, 2016

DEKALB COUNTY, GEORGIA

SINGLE AUDIT REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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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*

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 30, 2017. Our report includes a reference to other auditors who audited the financial statements of the DeKalb County Board of Health and the DeKalb County General Employees' Pension Trust Fund, 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.

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 2016-002, 2016-003, 2016-004, and 2016-005, that we consider to be material weaknesses.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

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
August 30, 2017

MAULDIN & JENKINS

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

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, 2016. 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 $11,317,767 in federal awards which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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.

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, 2016.

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.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated August 30, 2017 which contained unmodified opinions on those financial statements. Our report includes a reference 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
August 30, 2017

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-receipient Expenditures	Total Expenditures
U.S. Department of Agriculture				
Food and Nutrition Service				
Pass-Through Office of School Readiness				
National School Lunch Program:				
2016 Summer Food Program (601791)	10.555	FY 2016	$ -	$ 526,791
Total U.S. Department of Agriculture			**-**	**526,791**
U.S. Department of Housing and Urban Development				
Office of Community Planning and Development				
Community Development Block Grants/Entitlement Grants - (CDBG) Cluster:				
CDBG 2010 (601128)	14.218	B-10-UC-13-0001	-	23,618
CDBG 2011 (601241)	14.218	B-11-UC-13-0001	-	44,736
CDBG-108 LOAN (601244)	14.218	B-08-UC-13-0001	-	1,067,210
CDBG 2013 (601459)	14.218	B-13-UC-13-0001	71,303	175,258
CDBG 2014 (601562)	14.218	B-14-UC-13-0001	419,258	1,437,019
CDBG 2015 (601676)	14.218	B-15-UC-13-0001	-	2,499,543
EDI Special Project-2010 (601453)	14.218	B-10-SP-GA-0180	-	228,833
CDBG-2016 (601835)	14.218	B-15-UC-13-0001	-	878,901
CDBG 2014 PI (601567)	14.218	B-13-UC-13-0001	45,000	91,776
CDBG 2015 PI (601634)	14.218	B-14-UC-13-0001	78,936	80,904
CDBG 2016 PI (601738)	14.218	B-14-UC-13-0001	-	63,807
NSP1 P1-2012 (601288)	14.218	B-08-UC-13-0003	-	3,088
NSP3 (601299)	14.218	B-11-UN-13-0003	-	24,512
NSP3 PI-2013 (601423)	14.218	B-11-UN-13-0003	-	28,574
NSP3 PI-2014 (601512)	14.218	B-11-UN-13-0003	-	1,434
NSP3 PI-2015 (601635)	14.218	B-11-UN-13-0003	-	79,033
NSP1 PI-2015 (601661)	14.218	B-08-UN-13-0003	-	1,025
NSP3 PI-2016 (601781)	14.218	B-08-UN-13-0003	-	208,876
Total Community Development Block Grant (CDBG) Cluster			**614,497**	**6,938,148**
Emergency Solutions Grant Program:				
ESGP 2013 (601485)	14.231	E-13-UC-13-0009	-	226
ESGP 2014 (601564)	14.231	E-14-UC-13-0009	-	111,021
ESGP 2015 (601727)	14.231	E-15-UC-13-0009	-	261,070
			-	**372,316**
Home Investment Partnerships Program:				
Home 2010 (601232)	14.239	M-10-UC-13-0208		78,345
Home 2011 (601262)	14.239	M-11-UC-13-0208	61,647	431,176
Home 2012 (601408)	14.239	M-12-UC-13-0208	134,373	145,184
Home 2013 (601507)	14.239	M-13-UC-13-0208	-	45,059
Home 2014 (601563)	14.239	M-14-UC-13-0208	735,270	574,289
Home 2011-PI (601218)	14.239	M-11-UC-13-0208	-	6,684
Home 2013-PI (601411)	14.239	M-10-UC-13-0208	-	488,148
Home 2014-PI (601521)	14.239	M-10-UC-13-0208	-	20,075
Home 2015 PI (601641)	14.239	M-10-UC-13-0208	-	81,089
			931,290	**1,870,050**
Continuum of Care Program:				
COC-2014 (601668)	14.267	GA0290L4B081400	**-**	**47,108**
Total U.S. Department of Housing and Urban Development			**1,545,787**	**9,227,621**
U.S. Department of the Interior				
Fish and Wildlife Service				
Fish and Wildlife Management Assistance:				
Partners for Fish & Wildlife (601362)	15.631	F12ACO1433	-	149
Total U.S. Department of the Interior			**-**	**149**

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-receipient Expenditures	Total Expenditures
U.S. Department of Justice (DOJ)				
Office of Juvenile Justice and Delinquency Prevention				
Pass-Through Criminal Justice Coordinating Council				
Juvenile Accountability Block Grants:				
FY 06 Juvenile Justice Incentive (601673)	16.523	Y16-8-013	-	396,831
Juvenile Court Rebound (601689)	16.523	A16-8-026	-	27,795
Journey Mental Health (601690)	16.523	A16-8-032	-	25,597
CJCC: GED/Educational Enhancement Program (601759)	16.523	N13-8-005	-	17,187
Juvenile Court REBOUND Drug CT Program A-17 (601795)	16.523	A17-8-027	-	35,307
Juvenile Court Journey Mental Health Program (601796)	16.523	A17-8-033	-	27,105
FY17 Juvenile Justice Incentive Program (601814)	16.523	Y17-8-008	-	339,041
			-	**868,862**
Violence Against Women Office				
Pass-Through Judicial Council of Georgia - Administrative Office of the Courts				
Violence Against Women Act Court Training and Improvement Grants:				
FY14 Justice For Families (601788)	16.013	2014-FJ-AX-0032	-	**74,671**
Supervised Visitation, Safe Havens for Children:				
OVW-End Abuse Later in Life (601596)	16.527	2014-EW-AX-K008	-	**56,152**
Violence Against Women Formula Grants (Recovery):				
'16 CJCC - VAWA (601744)	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	-	120,514
Volence Against Women (601853)	16.590	2016-WE-AX-0006	-	38,348
			-	**158,862**
Office for Victims of Crime				
Crime Victim Assistance:				
CJCC: VOCA '15-'16 (601705)	16.575	2015-16	-	126,702
VOCA 2015-2016 (601724)	16.575	C13-8-048	-	106,724
S.T.O.P. VAWA 2016 (601742)	16.575	C13-8-048	-	45,638
VOCA 2016-2017 (601850)	16.575	C13-8-048	-	37,951
			-	**317,015**
Crime Victim Assistance/Discretionary Grant:				
Solicitor's NAVAA 2016 (601754)	16.582	2013-VF-GX-K005	-	**4,980**
Bureau of Justice Assistance				
State Criminal Alien Assistance Program:				
SCAAP BJA06 (600664)	16.606	115-0404-0-1-754	-	**14,479**
Justice Assistance Grant (JAG) Program Cluster:				
U.S. Department of Justice (JAG) #18 (601470)	16.738	2013-DJ-BX-0315	-	113,900
U.S. Department of Justice (JAG) #19 (601586)	16.738	2014-DJ-BX-0489	-	117,551
U.S. Department of Justice (JAG) #20 (601710)	16.738	2015-DJ-BX-0959	-	126,377
U.S. Department of Justice (JAG) #21 (601845)	16.738	2016-DJ-BX-0391	-	2,175
Total Justice Assistance Grant (JAG) Cluster			-	**360,003**
Criminal and Juvenile Justice and Mental Health Collaboration Program:				
DOJ ONE DEKALB/START 2 JUSTICE (601483)	16.745	2013-MO-BX-0014	-	**74,734**
Edward Byrne Memorial Competitive Grant Program				
FY'15 T.I.P.S. (601750)	16.751	2015-DG-BX-K002	-	**252,806**
Office of Community Oriented Policing Services				
Public Safety Partnership and Community Policing Grants (Recovery):				
FY '13 COPS - CHRP (601526)	16.710	2013ULWX0008	-	304,077
FY '14 COPS - CHRP (601607)	16.710	2014ULWX0002	-	447,583
			-	**751,660**

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-receipient Expenditures	Total Expenditures
Criminal Division				
Equitable Sharing Program:				
'16 ECTF - SECRET SERVICE (601735)	16.922	ECTF- 11032015	-	3,388
Law Enforcement Confiscated Assets Program:				
Police - Justice Equity Share (601776)	16.922	ORI-GA0440200	-	709,794
Sheriff - Justice Equity Share (601777)	16.922	ORI-GA0440000	-	116,868
			-	**830,050**
Total U.S. Department of Justice			-	**3,815,060**
U.S. Department of Treasury				
Law Enforcement Confiscated Fund (DeKalb County)				
Police - Treasury Equity Share (601775)	21.016	ORI-GA0440200	-	37,419
Total U.S. Department of Treasury			-	**37,419**
U.S. Department of Labor (USDOL)				
Employment Training Administration				
Pass-Through Georgia Department of Labor (GADOL)/GOWD				
WIA/WIOA Adult Program:				
WIA FY15 Adult Program (601611)	17.258	11-14-15-03-005	-	36,607
WIA Incentive Adult Program (601666)	17.258	14-14-15-03-005	-	62,655
WIA FY15 Adult Program (601697)	17.258	11-14-15-03-005	-	68,323
WIA FY15 Adult Program (601716)	17.258	11-15-16-03-005	-	1,951,619
WIA PY16 Adult Program (601828)	17.258	11-16-16-03-005	-	215,150
GDOL FY16 Snap Grant (601793)	17.258	11-15-16-03-005	-	7,929
GDOL Snap Adult Grant (601846)	17.258	11-15-16-03-005	-	22,804
			-	**2,365,088**
WIA/WIOA Youth Activities:				
PY14 WIA YOUTH (601695)	17.259	15-14-14-03-005	-	37,264
PY14 WIA Youth Program (601542)	17.259	15-14-14-03-005	-	326
PY15 WIA Youth Program (601683)	17.259	15-15-15-03-005	708,183	1,686,684
Go Build GA - Youth PY15 (601787)	17.259	15-15-15-03-005	-	4,712
			708,183	**1,728,986**
WIA/WIOA Dislocated Worker Formula Grants:				
WIA Dislocated Worker Program (601612)	17.278	31.14-15-03.005	-	32,376
WIA PY 15 Dislocated Worker Program (601693)	17.278	31-15-15-03-005	-	269,109
WIA FY 15 Dislocated Worker Program (601696)	17.278	31-14-15-03-005	-	248,641
WIA PY15 RAPID RESPONSE (601700)	17.278	44-15-15-03-005	-	28,609
WIA DSLW FY16 PROGRAM (601717)	17.278	31-15-16-03-005	-	628,847
WIA PY16 RAPID RESPONSE (601729)	17.278	44-15-16-03-005	-	96,754
WIA DSLW FY16 PROGRAM (601829)	17.278	31-16-16-03-005	2,230	2,230
			2,230	**1,306,567**
Total U.S. Department of Labor/GOWD - WIA Cluster			**710,413**	**5,400,640**
Workforce Innovation Fund:				
Innovation Fund 2012 (601344)	17.283	IF-23243-12-60-A-13	-	**36,167**
Juvenile Court - Educational Program:				
Reentry Employment Opportunities (601457)	17.270	PE-24511-13-60-A-13	-	**225,953**
Total U.S. Department of Labor (U.S. D.O.L.)			**710,413**	**5,662,760**

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-receipient Expenditures	Total Expenditures
U.S. Department of Transportation (U.S. D.O.T.)				
Federal Aviation Administration (FAA)				
Pass Through Georgia Department of Transportation				
Airport Improvement Program - GDOT RUNWAY3L/21R (601491)	20.106	GEMA-PDMC-PJ-04-GA-2010-001	-	158,197
GDOT EMAS Blocks (601863)	20.106	APO15-9024-47-089 PID T005359	-	2,028,953
			-	**2,187,150**
Federal Highway Administration (FHWA)				
Pass Through Georgia Department of Transportation				
Highway Planning and Construction (Cluster):				
GDOT-R-OF-WY - FLAT SHOALS (601514)	20.205	00008268	-	228,643
GDOT-R-OF-WY - LITHONIA BLV EV (601225)	20.205	CSSTP-0006-00(889)	-	364,700
GDOT TEA 2008(601339)	20.205	0009027	-	19,827
GDOT TUCKER PEDESTRIAN II (601476)	20.205	0012617	-	15,866
GDOT Chamblee Dunwoody (601638)	20.205	STP00-0002-00(799) PI	-	187,166
GDOT SO FK PTREE CRK p4 (601713)	20.205	0007632	-	1,063,051
GDOT NLAKE STSCPE (601749)	20.205	CSTEE-0009-00(031)	-	435,341
Total Highway Planning and Construction Cluster			-	**2,314,594**
Federal Motor Carrier Safety Administration (FMCSA)				
Pass-Through Department of Motor Vehicle Highway Safety				
National Motor Safety Carrier:				
2010 MCSAP (601214)	20.218	MC-FY2010	-	**29**
Federal Transit Administration				
New Freedom Program:				
MARTA-TAPED-2013 (601662)	20.521	GA-57-X015-00	-	60,448
Total Transit Services Program Cluster			-	**60,448**
National Highway Traffic Safety Administration (NHTSA)				
Pass -Through Governor's Office of Highway Safety:				
State and Community Highway Safety (Cluster):				
FY 16 GOHS/H.E.A.T. (601721)	20.600	GA-2016-44-00348	-	32,749
FY 17 GOHS/H.E.A.T. (601866)	20.600	GA-2016-44-00348	-	6,321
Total Highway Safety Cluster			-	**39,070**
Pipeline and Hazardous Materials Safety Administration				
Pass Through Georgia Emergency Management Agency (GEMA)				
Interagency Hazardous Materials Public Sector Training and Planning Grants:				
GEMA - FY '16 LEPC HMEP(601756)	20.703	SHM16-012	-	3,913
Total U.S. Department of Transportation (U.S. D.O.T.)			-	**4,605,204**
U.S. Environmental Protection Agency				
Office of Solid Waste and Emergency Response				
Brownfields Assessment and Cleanup Cooperative Agreements:				
Brownsfield Cleanup Agreement (601518)	66.818	9548312	-	24,637
Total Environmental Protection Agency			-	**24,637**
U.S. Department of Health and Human Services (HHS)				
Substance Abuse and Mental Health Administration				
Substance Abuse and Mental Health Services-Projects of Regional and National Significance:				
U.S. DHHS Substance Abuse (601598)	93.243	1H79TI025472-01	-	**298,719**
Block Grants for Prevention and Treatment of Substance Abuse:				
'14 GA Dept. of Behavioral Health & Development Disabilities (601594)	93.959	441-93-1533ABP	-	**141,577**
Administration for Community Living				
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 (601797)	93.044	AG1303	-	194,736

DEKALB COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Grantor/program title	Federal CFDA No	State pass through or Grant No	Sub-receipient Expenditures	Total Expenditures
Special Programs for the Aging_Title III, Part C_Nutrition Services:				
ARC Nutrition Services (601798)	93.045	AG1303	-	375,847
ARC Nutrition Services Incentive Program (601800)	93.053	AG1503	-	58,913
ARC Nutrition Services Incentive Program (601680)	93.053	AG1609	-	412,680
ARC Nutrition Services Incentive Program (601681)	93.053	AG1303	-	311,641
Total Aging Cluster			-	**1,353,818**
ARC National Family Caregiver Support, Title III, Part E (601799)	93.052	AG1303	-	**25,519**
Administration for Children and Families				
Enhance Safety of Children Affected By Substance Abuse:				
DOHH/GSU - DRG CT (601397)	93.087	90CU0062-01	-	**178,439**
Pass-Through Georgia Department of Human Services (GDHS):				
Child Support Enforcement:				
FY 17 UIFSA Child Support Fed (601811) (July - December 2016)	93.563	42700-401-0000049832	-	518,652
Enforcement Fed (3920) (601684) - (January - June 2016)	93.563	42700-401-0000040074	-	569,151
			-	**1,087,803**
Health Resources and Services Administration				
Pass-Through Georgia Governor's Office for Children and Families:				
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program:				
MIECHV- 2015-2016 (601699)	93.505	CC11-01-003	-	473,496
MIECHV- 2016-2017 (601855)	93.505	CC11-01-003	-	86,526
			-	**560,022**
Total U.S. Department of Health & Human Services			-	**3,645,896**
Executive Office of the President:				
Pass-Through Office of National Drug Control Policy:				
High Intensity Drug Trafficking Areas Program:				
HIDTA 2015 (601639)	95.001	G15GA0002A	-	160,397
HIDTA 2016 (601789)	95.001	G16GA0002A	-	58,092
Total Executive Office Of The President			-	**218,490**
U.S. Department of Homeland Security:				
Pass-Through Georgia Emergency Management Agency (GEMA):				
Emergency Managemenr Performance Grants:				
FEMA: FY '15 PPA (601741)	97.042	EMW-2015-0016	-	**98,921**
Pre-Disaster Mitigation:				
Pre-Disaster Mitigation Program (601568)	97.047	PDM-PL-04-GA-2013-004	-	13,425
GEMA-PDMC-PJ-04GA210-001 (601328)	97.047	GEMA-PDMC-PJ-04-GA-2010-001	-	48,143
FMA-PJ-04-GA-2014-003 (601703)	97.047	FMA-PJ-04-GA-2014-003	-	5,350
FMA-PF-GA-2013-002 (601704)	97.047	FMA-PJ-04-GA-2013-002	-	257,089
			-	**324,007**
Homeland Security Grant Program:				
GEMA: HS SHO15-077 (601720)	97.067	EMW-2015-SS-00065-S01	-	4,212
GEMA: '15 HS WS# SHO15-032 (601736)	97.067	EMW-2015-SS-00065-S01	-	18,643
			-	**22,855**
Total U.S. Department of Homeland Security/FEMA/GEMA			-	**445,782**
TOTAL FEDERAL EXPENDITURES			**$ 2,256,200**	**$ 28,209,811**

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, 2016

(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, 2016, 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 2016 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 2016 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

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 balances are not included in the accompanying schedule as there are no continuing compliance requirements related to the loans.

DEKALB COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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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: **No**

(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): **No**

(g) Major Programs:

Community Development Block Grant, CFDA #14.218
HOME Investment Partnership, CFDA #14.239
Juvenile Accountability Block Grant, CFDA#16.523
Airport Improvement Grant, CFDA #20.106

(h) Dollar threshold to distinguish between Type A and Type B programs: **$846,294**

(i) Audit qualified as a low-risk auditee under the Uniform Guidance: **No**

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

<u>Finding 2016-001 – Governmental Budgets Compliance</u>

<u>Repeat of Prior Year Finding 2015-001</u>

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. Additionally, the County's budget ordinance establishes a budget for expenditures which, by policy, should not be exceeded without an appropriate amendment.

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. Additionally, we noted actual expenditures for the year exceeded the budgeted amount by $1,083,000 in the GO Bonds Special Tax District Debt Service Fund.

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 budgets 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 and over expenditure of the budgeted amount due primarily to a refunding of bonds.

Recommendation: We recommend the County adopt annual balanced budgets as required by State law and appropriately amend budgets to reflect all bond transactions.

Auditee's Response: We concur with the finding regarding the Alternative Dispute Resolution Fund and Law Library Fund. Beginning in 2017, those funds will not be reported within the reporting entity of the County. We also concur with the finding regarding the GO Bond Special Tax District Debt Service Fund. This finding relates to a bond refunding that was approved by resolution adopted by the Board of Commissioners. That resolution approved the disbursement of $1,083,000 in connection with the refunding. However, the authorization of a corresponding adjustment to the budget was omitted in error. This error was an isolated oversight that was not subject to correction during the year because the debt transaction was not recorded until year-end. This error will be corrected by recording debt transactions when they occur versus at year-end. The expenditure was covered by an equal amount of revenue, causing no overall impact.

Finding 2016-002 – Accounting for Receivables and Related Revenues, and Deferred Inflows of Resources

Repeat of Prior Year Finding 2015-003

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:

- General Fund – an entry was required to remove the prior year receivables balances and related revenue received from the tax commissioner by approximately $1,342,000. An entry was also required to report revenues from unapplied cash receipts in the correct fund by approximately $255,000.
- Grant-in-Aid Fund – an entry was required which reduced intergovernmental receivables and revenues by approximately $3,635,000. These adjustments were required to adjust intergovernmental receivables and related revenue balances due to system errors in recording intergovernmental receivables. An entry of approximately $583,000 was also required to increase revenue and decrease deferred inflows of resources for grants not meeting the availability criteria for revenue to be recognized in accordance with generally accepted accounting principles. An entry was also required to report revenues and expenditures in the correct fund in the amount of approximately $1,921,000. This adjustment was required due to the County making an entry in the wrong fund during the year.
- Special Tax District- Unincorporated Fund – three entries were required to decrease receivables by a net amount of approximately $108,000, increase liabilities - including deferred inflows of resources by approximately $785,000 and decrease revenue by approximately $893,000. An entry of approximately $638,000 was required to decrease revenue and to increase liabilities. These adjustments were required due to system errors in recording and a lack of reconciliation for business license receipts throughout the year.
- Hotel/Motel Fund – two entries were required to increase receivables and decrease revenues by a net amount of approximately $331,000 due to system errors in recording and a lack of reconciliation for hotel motel tax receipts throughout the year.
- HUD Section 108 Fund – an entry was required to decrease receivables by $1,343,000, decrease revenues by $817,000 and increase expenditures by $526,000 due to the County making an entry in the incorrect fund during the year.

- 2005 JAG Fund – an entry was required to decrease the interfund payable and increase transfers in for $340,000 due to the fund having a deficit fund balance and no ability to repay interfund balances. An entry was also required in the General Fund to decrease the interfund receivable and increase transfers out due to the same.
- Stormwater Fund – an entry was required which reduced intergovernmental receivables and revenues by approximately $576,000. These adjustments were required to adjust intergovernmental receivables and related revenue balances due to system errors in recording intergovernmental receivables.

Additionally, during the year the County experienced significant problems with the water and sewer billing system. As a result of these issues, the County investigated the reasons for these problems, including engaging a consulting firm to review the process, and discovered several issues which led to the problems such as old or varied water meter equipment, unread meters, misread meters, and incorrect multiplier's programmed into the billing system for replaced meters. As a result of these problems, the County suspended billing on many water and sewer accounts during the latter part of 2016. Since year-end, the County has worked to correct these problems and has begun to bill a portion of the suspended accounts, however no attempt has been made to quantify or bill any amount for 2016 water usage not billed for these suspended accounts. While the County has made no estimate, we determined that a very rough estimate of the amount which could have been billed in 2016 but was not, based on the monthly amounts being billed on the portion (approximately 50%) of previously suspended accounts which are now being billed, results in a possible unbilled amount of approximately $7.1 million.

Recommendation: There should be a periodic reconciliation and review of the receivable, related deferred inflows of resources, and revenue balances, specifically relating to grants and various licenses and taxes, 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. Specific to the water and sewer billing process, we recommend that the County continue to focus on the causes of the billing problems and correct these issues moving forward.

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.

The Business License department is taking steps to strengthen its internal controls which includes: reconciliations by line items for each business license account, ensuring timeliness of deposits, placing special emphasis on year end deposits to determine proper period recognition. Additionally, the department has begun the implementation of the existing system upgrade which will further strengthen controls by allowing the program to fully interface with Oracle.

In regards to grant-related items, the County Finance Department has reviewed the integral issues related to each of the findings mentioned and is taking steps to strengthen related internal controls in response. Specific County-wide measures will be implemented by the 4th quarter of 2017 to centralize grant-drawdown procedures we anticipate will provide significant improvements to overall fiscal grant management, accounting, and reporting in noted areas including unapplied cash receipts, deferred revenues and accounts receivable. The County expects the new policy will drive continuous systematic enhancement and timely transactional reviews while leading to a reduction in transactional and journal entry errors as well.

In regards to other Accounts Payable (“AP”) related accruals, the County will continue to strengthen the internal controls related to the review of all invoices paid subsequent to year-end. The department will take several approaches to eliminating AP accrual findings. The implementation of the I-Supplier by the Procurement Department should improve this process by ensuring that the invoices are received and reviewed in a timely manner. This project is in the process of being finalized. We are revising our training program to ensure that the accounts payable technicians are properly trained on how to properly review and record invoice items correctly. As an additional level of review, a supervisor will review their entries and submit them to the General Ledger (“GL”) team which will review them as well. In addition, the County will develop additional training materials and update the year-end presentation to reflect appropriate guidelines for identifying accruals.

We agree with the auditors’ description of the issues and problems in the water and sewer billing system. We can neither agree nor disagree with the auditors’ estimate of the unbilled amount. The County has completed a competitive selection process and is in the final stages of executing a contract for the migration to a new billing system, which is expected to eliminate issues to which the current legacy billing system contributed. Implementation of this system is currently expected to be complete in the first quarter of 2019. Additionally, the County continues to resolve the account set up and meter reading errors. As these errors are resolved, billing is resumed on the previously suspended accounts.

Finding 2016-003 – Timely Preparation and Review of Cash Bank Reconciliations and Accurate Reporting of Cash Balances in Appropriate Funds

Repeat of Prior Year Finding 2015-004

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 properly reconciled. Reconciling items were not being investigated timely and items would stay on the reconciliation for months. 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 appropriately reflect all reconciling items. Year-end bank reconciliations were not provided until June 2017 along with entries adjusting cash balances throughout many funds by approximately $29,985,000.

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.

Effects/Possible Effects: Once the County completed its extensive cash reconciliation, the County provided several entries to adjust cash with a net decrease in cash amongst all funds of approximately $29,985,000.

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.

Auditee's Response: We concur with the finding. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas. The Finance Department created a 6-month plan to assign a team of 4 to 5 highly qualified professional accounting temps under the supervision of the most knowledgeable cash manager. Since then, the County has hired three (3) of the professional accounting temps as permanent employees and added them to our Cash Team. As a result, the cash reconciliations for fiscal year 2016 were completed and the team is currently working on completing fiscal year 2017 reconciliations. Additionally, this process has led to the development of comprehensive policies and procedures related to the cash reconciliation process.

Finding 2016-004 – Capital Assets

Repeat of Prior Year Finding 2015-006

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.

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

- During our testing of the Capital Improvement Project Fund's expenditures, we noted an adjustment to increase capital assets and capital lease payable in governmental activities by approximately $2,500,000 was required. This adjustment was due to the County recording the principal and interest payment of a capital lease as a current year capital outlay instead of recording the total amount of proceeds from the capital lease and the total amount of the lease as capital outlay. An adjustment was also required in the Capital Improvement Fund to increase cash and reduce capital outlay by approximately $441,000 for amounts of a capital lease proceeds not spent as of year-end.
- During our testing of the Watershed's capital assets, we noted an adjustment to decrease capital assets by approximately $797,000 due to interest income on unspent bond proceeds not being netted against the interest expense to be capitalized at year end.
- During our testing of the Vehicle Replacement Internal Service Fund capital assets, an adjustment of approximately $2,499,000 was required to increase accumulated depreciation and depreciation expense due to an error in the County's manual calculation of depreciation expense and accumulated depreciation.

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. The County will begin the process of fully automating its Capital Assets program by fully integrating the current model into its current FMIS. This will ensure that all assets will be appropriately tracked and reported. Furthermore, depreciation will be automatically calculated. The County has committed to allocating additional resources into hiring a capital asset specialist whose primary responsibility will be to coordinate the implementation of an automated Capital Assets project which is expected to take three (3) years to fully implement. The first year will involve a full study and analysis of the project needs. The second and third year should consist of the roll out and implementation.

Finding 2016-005 – Year-end Financial Close and Reporting Controls

Repeat of portions of Prior Year Findings 2015-005 and 2015-007

Criteria: Internal controls could be in place to ensure that all amounts reported within the financial statements are accurate, appropriately reported in the correct period and in accordance with accounting standards generally accepted in the United State of America and have been properly reconciled with subsidiary ledgers.

Condition: Internal controls were not in place to ensure accounts payable and related accrued liabilities and other closing entries 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). As part of our testing, we noted several invoices were accrued more than once or were accrued when services had not yet been provided as of year-end (and thus accounts payable had to be reduced), while others were improperly excluded from the County's accounts payable at year end, as the applicable goods or services had been provided (and accounts payable had to be increased). Internal controls were not sufficient to prevent misstatements in reporting financial information to the County's actuaries in relation to the County's other postemployee benefit plan. The actuaries provide significant estimates for the reporting and disclosure of liabilities in the County's financial statements related to the other postemployment 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 trial balances and subsidiary schedules provided, we noted the following issues:

- During our testing of the General Fund's accounts payable, an adjustment to increase accounts payable by approximately $1,576,000 was required due to an error in an adjustment at year end. An adjustment to decrease accounts payable and cash of $273,000 was required to remove retainage payable which had been settled as of year end. During our testing of prepaid expenditures, an adjustment to reduce prepaid expenditures by approximately $416,000 was required due to amounts being for services provided as of year end.
- During our testing of the Special Tax District – Police Services Fund's accounts payable, an adjustment to decrease accounts payable and related expenditures by approximately $209,000 was required due to the services not being rendered until fiscal year 2017.
- During our testing of the Capital Improvements Project Fund's accounts payable, an adjustment to decrease accounts payable and related expenditures by approximately $306,000 was required due to the services not being rendered until fiscal year 2017.
- During our testing of the COPS Bond Project Fund's accounts payable, an adjustment to decrease accounts payable and related expenditures by approximately $632,000 was required due to the services not being rendered until fiscal year 2017.
- As a result of our testing of the Watershed Fund's accounts payable, an adjustment to decrease accounts payable and related expenses by approximately $524,000 was required due to the services not being rendered until fiscal year 2017. An adjustment to decrease accounts payable and cash of $344,000 was required to remove retainage payable which had been settled as of year end. An adjustment to accrue additional payables of approximately $234,000 was required as the related goods or services had been received as of year-end. An adjustment was required to reduce liabilities related to outstanding claim liabilities by approximately $239,000 due to these liabilities being paid before year end. An adjustment to increase accounts payable by approximately $151,000 was required due to an error in an adjustment at year end. An adjustment was required to reduce the beginning net position noted on the County's initial trial balance by approximately $3,994,000 due to an error in a closing entry related to prior year adjustments.
- During our testing of the Sanitation Fund's accounts payable, an adjustment to increase accounts payable by approximately $153,000 was required due to an error in an adjustment at year end. An adjustment was required to reduce the beginning net position noted on the County's initial trial balance by approximately $886,000 due to an error in a closing entry related to prior year adjustments.
- 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 2016 were approximately $29.9 million. However, upon further testing and inquiry of County management and personnel, the employer contribution amount was actually approximately $19.2 million. Also, the County did not use the correct annual OPEB cost when calculating the County's ending OPEB obligation amount. 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 governmental activities two entries of approximately $26,456,000 was required to adjust the OPEB obligation and OPEB expense.
- In the Watershed Fund, two entries of approximately $3,177,000 was required to adjust the OPEB obligation and OPEB expense.
- In the Sanitation Fund, two entries of approximately $1,676,000 was required to adjust the OPEB obligation and OPEB expense.
- In the Airport Fund, two entries of approximately $143,000 was required to adjust the OPEB obligation and OPEB expense.

Effects/Possible Effects: If the above mentioned adjustments and corrections were not made, the accounts payable and related expenses or expenditures; prepaid items; other postemployment benefit liabilities and related expenses 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 internal controls surrounding the year-end financial close out procedures.

Auditee's Response: We concur with the finding. Management will confer with the actuary prior to producing and submitting any reports related to the data request. This will ensure that both parties have a complete understanding of what is being requested. Furthermore, financial controls will be strengthened with quarterly reconciliations of account balances to pension account reports.

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. For fiscal year 2016, the Finance Department has scrubbed the files and made all known adjustments necessary to convert from cash basis to modified accrual or full accrual basis in advance of the audit. Because invoices are often sent directly to user departments instead of the Finance Department, it is difficult to control the timing of the finance department's receipt of payables invoices but it is our understanding that the implementation of iSupplier by the procurement department should improve this process. Further, the County is improving and strengthening its internal controls by adding additional layers of review to the current process. Currently, the Accounts Payable department staff is responsible for reviewing paid invoices. We are in the process of developing a process that allows for additional review by our new CAFR reporting team.

In regards to Risk Management, the County will continue to strengthen the internal controls related to OPEB related items by creating a detailed checklist of items to be provided to the actuaries as well as adding several layers of reviews. There will be a thorough reconciliation performed quarterly to ensure that the contributions amounts are accurately reflected in the GL before they are submitted to the actuary.

(3) Federal Award Findings and Questioned Costs

None reported.

STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Finding 2015-001 – 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 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.

Auditee's Response/Status: The finding was repeated as finding 2016-001. The County will strengthen controls in future fiscal periods to ensure all budgets are properly approved by the respective governing body.

Finding 2015-002 – Collateralization of Deposits

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.

Auditee's Response/Status: This finding was resolved in fiscal year 2016.

Finding 2015-003 – 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 2016-002. 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

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 2016-003. The County will implement new control processes and strengthen its reconciliation processes surrounding these areas.

Finding 2015-005 – 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 part of finding 2016-005. 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.

Finding 2015-006 – Capital Assets

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

Auditee's Response/Status: The finding was repeated as part of finding 2016-004. The County will ensure that capital assets are properly reported during the year and at the conclusion of each financial reporting cycle.

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

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 postemployee 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 postemployment 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.

Auditee's Response/Status: The finding as it pertains to other postemployment benefits was repeated as part of finding 2016-005. The County will implement new control processes and strengthen its reconciliation and review processes surrounding these areas.

Finding 2015-008 – Reporting

Program: CFDA No. 93.563

CFDA Program Title: Child Support Enforcement Contract

Pass Through Agency: Georgia Department of Human Services

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.

Auditee's Response/Status: The County corrected this condition in fiscal year 2016.

Finding 2016-001 – Governmental Budgets Compliance

Repeat of Prior Year Finding 2015-001

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

Corrective Action Plan: Beginning in 2017, the ADR and Law Library funds will not be reported within the reporting entity of the County. In regards to the GO Bond Special Tax District Debt Service Fund, the County will start recording debt transactions when they occur versus at year-end.

Anticipated Completion Date: December 31, 2017.

Finding 2016-002 – Accounting for Receivables and Related Revenues, and Deferred Inflows of Resources

Repeat of Prior Year Finding 2015-003

***Name of the Contact Person Responsible for the Corrective Action Plan*:** Bob Atkins, Treasurer; Deborah Sherman, Grants Manager; and Andrew Baker, Deputy Director of Planning & Sustainability (Business License).

Corrective Action Plan: 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.

The Business License department is taking steps to strengthen its internal controls which includes: reconciliations by line items for each business license account, ensuring timeliness of deposits, placing special emphasis on year end deposits to determine proper period recognition. Additionally, the department has begun the implementation of the existing system upgrade which will further strengthen controls by allowing the program to fully interface with Oracle.

In regards to grant-related items, the County Finance Department has reviewed the integral issues related to each of the findings mentioned and is taking steps to strengthen related internal controls in response. Specific County-wide measures will be implemented by the 4th quarter of 2017 to centralize grant-drawdown procedures we anticipate will provide significant improvements to overall fiscal grant management, accounting, and reporting in noted areas including unapplied cash receipts, deferred revenues, and accounts receivable. The County expects the new policy will drive continuous systematic enhancement and timely transactional reviews while leading to a reduction in transactional and journal entry errors as well.

In regards to the issues and problems in the water and sewer billing system, the County has completed a competitive selection process and is in the final stages of executing a contract for the migration to a new billing system, which is expected to eliminate issues to which the current legacy billing system contributed. Implementation of this system is currently expected to be complete in the first quarter of 2019. Additionally, the County continues to resolve the account set up and meter reading errors. As these errors are resolved, billing is resumed on the previously suspended accounts.

Anticipated Completion Date: December 31, 2017.

Finding 2016-003 – Timely Preparation and Review of Cash Bank Reconciliations and Accurate Reporting of Cash Balances in Appropriate Funds

Repeat of Prior Year Finding 2015-004

***Name of the Contact Person Responsible for the Corrective Action Plan*:** Lisa Williams, Interim Controller.

Corrective Action Plan: The County began the process of developing and testing the cash reconciliation in September 2016. Because accurate and timely reconciliations have not been prepared for multiple fiscal years, we developed a plan to reconcile all accounts beginning with the transfer of the County's banking relationship from SunTrust to Wells Fargo in 2014. The implementation of a new cash management program in the middle of March 2015 without complete testing in advance of implementation, further complicated the reconciliation process. The Finance Department created a 6-month plan to assign a team of 4 to 5 highly qualified professional accounting temps under the supervision of the most knowledgeable cash manager. Since then, the County has hired three (3) of the professional accounting temps as permanent employees and added them to our Cash Team. As a result, the cash reconciliations for fiscal year 2016 were completed in April 2017 and the Cash Team is currently working on completing fiscal year 2017 reconciliations. This process has led to the development of comprehensive policies and procedures related to the cash reconciliation process.

Anticipated Completion Date: December 31, 2017.

Finding 2016-004 – Capital Assets

***Name of the Contact Person Responsible for the Corrective Action Plan*:** Lisa Williams, Interim Controller.

Corrective Action Plan: We will ensure that capital assets are properly reported during the year and at the conclusion of each financial reporting cycle. The County will begin the process of fully automating its Capital Assets program by fully integrating the current model into its current FMIS. This will ensure that all assets will be appropriately tracked and reported. Furthermore, depreciation will be automatically calculated. The County has committed to allocating additional resources into hiring a capital asset specialist whose primary responsibility will be to coordinate the implementation of an automated Capital Assets project which is expected to take three (3) years to fully implement. The first year will involve a full study and analysis of the project needs. The second and third year should consist of the roll out and implementation.

Anticipated Completion Date: December 31, 2020.

Finding 2016-005 – Year-end Financial Close and Reporting Controls

***Name of the Contact Person Responsible for the Corrective Action Plan*:** Bob Atkins, Treasurer; Larry Jacobs, Deputy Director of Finance; Deborah Sherman, Grants Manager; and Andrew Baker, Deputy Director of Planning & Sustainability (Business License)

Corrective Action Plan: 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.

The Business License department is taking steps to strengthen its internal controls which include: reconciliations by line items for each business license account, ensuring timeliness of deposits, placing special emphasis on year end deposits to determine proper period recognition. Additionally, the department has begun the implementation of the existing system upgrade which will further strengthen controls by allowing the program to fully interface with Oracle.

In regards to grant-related items, the County Finance Department has reviewed the integral issues related to each of the findings mentioned and is taking steps to strengthen related internal controls in response. Specific County-wide measures will be implemented by the 4th quarter of 2017 to centralize grant-drawdown procedures we anticipate will provide significant improvements to overall fiscal grant management, accounting, and reporting in noted areas including unapplied cash receipts, deferred revenues and accounts receivable. The County expects the new policy will drive continuous systematic enhancement and timely transactional reviews while leading to a reduction in transactional and journal entry errors as well.

In regards to other Accounts Payable related accruals, the County will continue to strengthen the internal controls related to the review of all invoices paid subsequent to year-end. The department will take several approaches to eliminating AP accrual findings. The implementation of the I-Supplier by the Procurement Department should improve this process by ensuring that the invoices are received and reviewed in a timely manner. This project is in the process of being finalized. We are revising our training program to ensure that the accounts payable technicians are properly trained on how to properly review and record invoice items correctly. As an additional level of review, a supervisor will review their entries and submit them to the GL team which will review them as well. In addition, the County will develop additional training materials and update the year-end presentation to reflect appropriate guidelines for identifying accruals.

In regards to Risk Management, the County will continue to strengthen the internal controls related to OPEB related items by creating a detailed checklist of items to be provided to the actuaries as well as adding several layers of reviews. There will be a thorough reconciliation performed quarterly to ensure that the contributions amounts are accurately reflected in the GL before they are submitted to the actuary.

Anticipated Completion Date: December 31, 2017.