

BARROW COUNTY, GEORGIA

**REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS IN ACCORDANCE
WITH THE OMB CIRCULAR A-133 AND
*GOVERNMENT AUDITING STANDARDS***

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

BARROW COUNTY, GEORGIA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1 and 2
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133	3-5
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	8-11
STATUS OF PRIOR FISCAL YEAR AUDIT FINDINGS	12



**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 Chairman and Members
of the Board of Commissioners of
Barrow County, Georgia
Winder, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Barrow County, Georgia (the "County") as of and for the fiscal year ended September 30, 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 March 29, 2016. Our report includes a reference to other auditors who audited the financial statements of the Barrow County Health Department, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, as of October 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the 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. As described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002, we did identify certain deficiencies in internal control 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Barrow County, Georgia's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.



Atlanta, Georgia
March 29, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

**The Chairman and Members
of the Board of Commissioners of
Barrow County, Georgia
Winder, Georgia**

Report on Compliance for Each Major Federal Program

We have audited **Barrow 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 fiscal year ended September 30, 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 Barrow County Health Department, which received \$369,169 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the fiscal year ended September 30, 2015. Our audit, described below, did not include the operations of the Barrow County Board of Health because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, 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 fiscal year ended September 30, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Barrow County, Georgia as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Barrow County, Georgia's basic financial statements. We issued our report thereon dated March 29, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure 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
March 29, 2016

BARROW COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2015

FEDERAL GRANTOR Pass-through Grantor/Program Title	FEDERAL CFDA NUMBER	PASS-THROUGH STATE or GRANT NUMBER	EXPENDITURES
U.S. Department of Transportation			
Pass-through Georgia Department of Transportation:			
Highway Planning and Construction Program	20.205	EGXJ4700	\$ 204,060
Highway Planning and Construction Program	20.205	0013045	218,796
Subtotal - Highway Planning and Construction Program			<u>422,856</u>
State and Community Highway Safety Program	20.600	TEN-2015-000-00314	17,208
Subtotal - Highway Safety Program			<u>17,208</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	OHM15-004	5,000
Subtotal - Emergency Planning Committee Award			<u>5,000</u>
Total U.S. Department of Transportation			<u>445,064</u>
U.S. Department of Justice			
Pass-through - Georgia Criminal Justice Coordinating Council			
Edward Byrne Memorial Justice Assistance Grant	16,738	2014-DJ-BX-1180	20,460
Subtotal - Edward Byrne Memorial Justice Assistance Grants Program Cluster			<u>20,460</u>
Passed through Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking			
Sex Offender Management Discretionary Grant Program	16.203	2012-DC-BX-0110	17,480
Subtotal - Juvenile Accountability Block Grants Program			<u>17,480</u>
Total U.S. Department of Justice			<u>37,940</u>
U.S. Department of Health and Human Services			
Direct Award:			
Nutrition Services Incentive Program	93.053	N/A	149,475
Total U.S. Department of Health and Human Services			<u>149,475</u>
U.S. Department of Homeland Security			
Direct Award:			
Emergency Management Performance Program	97.042	OEM14-007	21,310
Subtotal - Emergency Management Performance Program			<u>21,310</u>
Hazard Mitigation Planning Grant	97.039	HMPG-1973-0035	5,076
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4215-DR-GA	119,325
Assistance to Firefighters	97.044	EMW-2013-FR00448	185,391
Total U.S. Department of Homeland Security			<u>331,102</u>
U.S. Department of Interior National Park Service			
Direct Award:			
Emergency Management Performance Program	15.916	13-00942	100,000
Subtotal - Emergency Management Performance Program			<u>100,000</u>
Total U.S. Department of Interior National Park Service			<u>100,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,063,581</u>

See Note to the Schedule of Expenditures of Federal Awards

BARROW COUNTY, GEORGIA
Note to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2015

Basis of Presentation and Accounting

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 Fund liability is incurred.

In instances where the grant agreement requires the County to match grant awards with County funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**BARROW COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

Internal Control over major programs: Material weaknesses identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiencies identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Identification of major program:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Program
97.044	Assistance to Firefighters Grant
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

**BARROW COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section II – Financial Statement Findings

Finding 2015-001 – Restatement of Opening Net Position – Airport Authority, Discretely Presented Component Unit

Criteria: Generally accepted accounting principles call for liabilities to be reported when goods or services have been received and payment is expected to be made from available resources.

Condition: Internal controls did not detect a misstatement in reporting liabilities in the County's Airport Authority general ledger.

Context/Cause: During the course of our audit, we noted accounts payable balances of \$49,818 for which no liability existed. These amounts were recorded at June 30, 2014 and as a result accounts payable was overstated and a restatement of beginning net position was required.

Effects: An audit adjustment of \$49,818 was needed to properly record liabilities and restate beginning net position in the Airport Authority general ledger.

Recommendation: We recommend the County's Finance Department implement and/or strengthen internal controls to ensure all liabilities are properly recorded and reconciled to the general ledger.

Auditee's Response: The County agrees with the recommendation and we will take necessary steps in the future to ensure that liabilities are properly recorded and reconciled to the general ledger.

**BARROW COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section II – Financial Statement Findings (Continued)

Finding 2015-002 –Segregation of Duties

Criteria: Segregation of employee's duties is a common practice in an effective internal control structure. Segregation of duties occurs when specific employee functions related to important accounting areas (such as cash receipting or cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets. Policies should be in place requiring the segregation of certain duties.

Condition: The size of the County's accounting and administrative staff precluded certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. Substantial duties relative to receipt and disbursement processes and general ledger functions are handled by one (1) individual. More specifically, the following was noted:

- Mail is opened and a list of daily receipts is not prepared by two or more people independent of the cashier and accounts receivable bookkeeping. These duties are not segregated in the Airport Authority.
- The list of daily cash receipts or lockbox listing from the bank is not compared to postings to customer accounts, contribution records, and deposits or to a validated deposit slip by a person independent of the cash receipts and accounts receivable functions. These duties are not segregated in the parks and recreation department or the Airport Authority.
- Check signing (including control of mechanical check signers and signature plates) is not independent of the initiator of purchases, approver of purchases, receiving, shipping, preparer of checks, cash receipts, accounts payable, and cash bookkeeping. These duties are not segregated at the Airport Authority.
- At the Airport Authority, bank statements are not received directly by the appropriate level of management or another appropriate person (such as a governing body member) and are not reviewed prior to routing to accounting for reconciliation.
- Bank statements are not prepared and reviewed by separate individuals. The duties are not segregated in Airport Authority.
- The Airport Authority has one employee performing all purchasing, receiving, and cash duties.
- The Joint Development Authority and Industrial Building Authority have one employee performing all purchasing, receiving, and cash duties.

Context/Cause: We addressed this matter with County officials who understand that the size of the County's accounting and administrative staff within the specific areas of the County noted above precluded certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

**BARROW COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section II – Financial Statement Findings (Continued)

Finding 2015-002 –Segregation of Duties (Continued)

Effects: Failure to properly segregate duties between recording, distribution, and reconciliation of accounts may allow for errors or irregularities to occur and not be detected in a timely manner by employees in the normal course of performing their assigned functions.

Recommendation: We understand the staffing limitations which result in these overlapping duties; however, we recommend the County's management implement additional controls that would reduce the risk of fraudulent activity and the risk that such activities go unnoticed by management. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction.

Auditee's Response: We concur with the finding. We will continue to review our operations to determine the most efficient and effective solution to properly segregate duties.

Section III – Federal Award Findings and Questioned Costs

None reported

**BARROW COUNTY, GEORGIA
STATUS OF PRIOR FISCAL YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Section IV – Status of Prior Fiscal Year Audit Findings

Finding Reference: 2014-003

Condition: The County's Drug Court Discretionary Program includes salaries or wages charged as direct costs for employees that are considered multiple activity employees (they work on the Drug Court Discretionary Program as well as other County programs and court related activities). Although the County does track the time of each employee; however, the County did not obtain periodic certifications for the employee's efforts on the grant and other programs. The employees do not sign or approve the allocation of their effort to the various grants or cost objectives.

Auditee Response/Status: The County has implemented procedures to track time and properly allocate employee time to grant programs. The County did not receive funding under the Drug Court Discretionary Program in fiscal year 2015.