HENRY COUNTY, GEORGIA

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

HENRY COUNTY, GEORGIA

SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 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*

To the Board of Commissioners
of Henry County, Georgia
McDonough, 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 Henry County, Georgia as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated December 22, 2016. Our report includes a reference to other auditors who audited the financial statements of the Henry County Department of Public Health, as described in our report on Henry County, Georgia'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. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters that have been reported in the separately issued financial statements and reports of the discretely presented component unit, the Henry County Water Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henry County, Georgia'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 Henry County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Henry County, Georgia'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry County, Georgia'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*.

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 results 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

Macon, Georgia
December 22, 2016

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
of Henry County, Georgia
McDonough, Georgia

Report on Compliance for Each Major Federal Program

We have audited Henry County, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Henry County, Georgia's major federal programs for the fiscal year ended June 30, 2016. Henry County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards.

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 Henry County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Henry County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Henry County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Henry County, Georgia'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 our 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 Henry County, Georgia'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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 22, 2016

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Idenitification Number	Total Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Pass Through Program - Georgia Department of Human Resources				
Community Care Services Program - Title III, Part B	93.044	Title III B Subcontractor	$ 80,648	$ -
Community Care Services Program - Title III, Part C	93.045	GA DHR 10 IIIC Subcontractor	221,765	-
Nutrition Services Incentive Program	93.053	GA DHR 10 AOA NSIP	36,057	-
Total Aging Cluster			338,470	-
Community Care Services Program - Title III, Part E (National Family Caregiver Support)	93.052	GA DHR 10 III E Subcontract	21,978	-
Community Services Block Grant	93.569	42700-040-0000041968	177,589	-
Total Community Services Block Grant (CSBG) Cluster			199,567	-
Social Services Block Grant	93.667	GA DHR SSBG	19,932	-
Temporary Assistance for Needy Families	93.558	42700-362-23309	292,720	-
Total U.S. Department of Health and Human Services			**$ 850,689**	**$ -**
U.S. Department of Housing and Urban Development				
Pass Through Program - Georgia Department of Community Affairs				
Neighborhood Stabilization Program	14.228	NSP-DCA (Program Income)	1,582,667	-
Neighborhood Stabilization Program 3	14.228	NSP3-DCA (Program Income)	1,572,181	-
			3,154,848	-
CDBG Entitlement Grants	14.218	B-12-UC-12-0007	245,394	-
CDBG Entitlement Grants	14.218	B-13-UC-13-0007	341,052	-
CDBG Entitlement Grants	14.218	B-14-UC-14-0007	327,235	-
CDBG Entitlement Grants	14.218	B-15-UC-15-0007	204,423	-
			1,118,104	-
Total U.S. Department of Housing and Urban Development			**$ 4,272,952**	**$ -**

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

Federal Award Program	CFDA #	Grant I. D.	Expenditures	Expenditures
U.S. Department of Justice				
Assistance Program (SCAAP)	16.606	2014-AP-BX-0321	$ 124,579	$ -
Pass Through Program - Criminal Justice Coordinating Council				
Juvenile Justice Incentive Program	16.523	Y16-8-022	169,656	-
Juvenile Mental Health Court	16.523	A16-8-033	43,288	-
Coordinating Council AOC Drug Court	16.585	J16-8-029	125,909	-
Prosecuting Attorney's Council-Victims of Crime Act	16.575	c13-8-103-c14-8-108-c15-8-153	17,242	-
Edward Byrne Memorial Justice Assistance Grant Local Program	16.738	2014-DJ-BX-0854	2,202	-
Edward Byrne Memorial Justice Assistance Grant Local Program	16.738	2015-DJ-BX-0754	3,264	-
Violence Against Women Formula Grant	16.588	W14-08-32 W15-8-002	70,681	-
			432,242	-
GA Hwy Safety - H.E.A.T.	20.600	GA-2015-75-00296 GA-2016-75-00340	54,527	-
Total U.S. Department of Justice			**$ 611,348**	**$ -**
U.S. Department of Homeland Security				
Pass Through Program - Georgia Emergency Management Agency				
Office of Domestic Preparedness Management Performance	97.042	EMW-2015-EP-00017-S01	61,177	-
Total U.S. Department of Homeland Security			**$ 61,177**	**$ -**

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

Federal Award Program	CFDA #	Grant I. D.	Expenditures	Expenditures
U.S. Department of Transportation				
Pass Through Program- Georgia Department of Human Resources				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-362-23309	$ 177,147	$ -
Federal Transit Operating Assistance	20.509	GA-18-X032	421,570	-
Total Transit Services Program Cluster			598,717	-
Pass Through Program- Georgia Department of Transportation .				
Federal Transit Formula Grants	20.507	GA-90-X263-00	245,391	-
Federal Aviation Administration	20.106	AP014-9024-15(151)	24,362	-
Total U.S. Department of Transportation			**$ 868,470**	**$ -**
U.S. Department of Education				
Pass Through Program- Georgia Department of Human Resources				
Rehabilitation Services-Total Vocational Rehabilitation Cluster	84.126	42700-362-23309	58,712	-
Total U.S. Department of Education			**$ 58,712**	**$ -**
Total Expenditures of Federal Awards			**$ 6,723,348**	**$ -**

HENRY COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Henry County, Georgia and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The County chose not to use the ten percent de minimis cost rate for the fiscal year ended June 30, 2016.

NOTE 3. NON-CASH AWARDS

The County did not receive non-cash federal awards during the year ended June 30, 2016.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

Internal Control over major programs: Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes __X__ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Neighborhood Stabilization Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ Yes ____ No

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

2015-001. Accounting for Revenues, Allowances and Deferred Inflow of Resources (Repeat of 2014-001)

Criteria: Generally accepted accounting principles require entities to recognize revenues when they are considered to be earned and measurable. Further, governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Additionally, the County is required to determine an estimation of collectability of receivables on an on-going basis.

Condition: During our audit, we noted adjustments were required relative to the County following the respective criteria for recognizing revenues, receivables, allowances for doubtful accounts and deferred revenues. This condition was noted in the revenue cycles of taxes, fees, and grant activities. Such adjustments were noted in the General Fund, the Neighborhood Stabilization 3 Fund, the SPLOST III Fund, and the Airport Fund.

Auditee Response / Status: Resolved.