

CHEROKEE COUNTY, GEORGIA

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

CHEROKEE COUNTY, GEORGIA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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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*

Cherokee County Board of Commissioners
Cherokee County, Georgia
Canton, 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 Cherokee County, Georgia as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Cherokee County, Georgia's basic financial statements, and have issued our report thereon dated March 20, 2018. Our report includes a reference to other auditors who audited the financial statements of the Sequoyah Regional Library, as described in our report on the County's basic 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 Cherokee 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 Cherokee County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Cherokee 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cherokee 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.

Richards, Cauley + Associates, LLC

Kennesaw, Georgia
March 20, 2018



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND A REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Cherokee County Board of Commissioners
Cherokee County, Georgia
Canton, Georgia

Report on Compliance for Each Major Federal Program

We have audited Cherokee County, Georgia's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended September 30, 2017. 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.

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* (CFR) 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.

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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 September 30, 2017.

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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Richards, Cauley + Associates, LLC

Kennesaw, Georgia
April 11, 2018



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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Cherokee County Board of Commissioners
Cherokee County, Georgia
Canton, Georgia

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 Cherokee County, Georgia (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 20, 2018 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

Nichols, Cauley + Associates, LLC

Kennesaw, Georgia
March 20, 2018

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**CHEROKEE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

Significant deficiency identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major federal programs:

Material weakness identified? _____ yes X no

Significant deficiency identified? X yes _____ 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
2 CFR section 200.516(a)? X yes _____ no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
14.218 93.044, 93.045, 93.053	Community Development Block Grant Aging Cluster

Dollar threshold used to distinguish
Between Type A and Type B programs: \$750,000

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

CHEROKEE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Section II Financial Statement Findings

None reported.

Section III Federal Award Findings

U.S. Department of Health and Human Services

2017-001 Procurement

Aging Cluster – CFDA No. 93.044, 93.045, 93.053

Criteria: Grant requirements state non-federal entities are restricted from contracting with or making sub-awards to parties that are suspended or debarred.

Condition: The County is required to verify vendors are not suspended, debarred or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The contract documentation for the food services vendor did not include verification that the vendor selected was not suspended or debarred.

Cause: The County did not have adequate controls in place to ensure contracts were not being awarded to a suspended or debarred party.

Effects: Based on our search of the federally operated *System for Award Management (SAM)* website, this oversight did not cause the County to contract with a suspended or debarred party.

Questioned Costs: None noted.

Recommendation: The County should review federally funded contracts to ensure file documentation includes verification that the vendor selected was not suspended or debarred.

Management Response: Subsequent to 2015, the County revised their policies to include specific language relative to the suspension and debarment requirements within contracts and to perform a search for the vendor on the *SAM* website (and maintain documentation of the search) for all federally funded contracts to ensure that contracts are not awarded to suspended or debarred parties. The County will review federally funded contracts that are still in place but awarded prior to this policy change to ensure file documentation includes verification that the vendor selected was not suspended or debarred.

**CHEROKEE COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Pass through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Grants:				
Community Development Block Grant	14.218	B13-UC-30006	\$ 118,793	\$ 118,793
Community Development Block Grant	14.218	B14-UC-30006	210,467	210,467
Community Development Block Grant	14.218	B15-UC-30006	69,394	172,070
Community Development Block Grant	14.218	B16-UC-30006	89,600	214,867
Community Development Block Grant	14.218	B17-UC-30006	96,021	96,021
Total Department of Housing and Urban Development			584,275	812,218
U.S. DEPARTMENT OF JUSTICE				
Passed through Criminal Justice Coordinating Council				
Violence Against Women Grant	16.588	W15-8-005	--	18,514
Violence Against Women Grant	16.588	W16-8-050	--	52,377
			--	70,891
Victims of Crime Act Formula Grant	16.575	C14-8-109 & C16-8-001	--	180,255
Victims of Crime Act Formula Grant	16.575	C14-8-109 & C16-8-001	--	126,816
Victims of Crime Act Formula Grant	16.575	C15-8-354	--	80,347
			--	387,418
Juvenile Accountability Block Grant	16.523	T15-8-002	--	106,185
Juvenile Accountability Block Grant	16.523	N13-8-007	--	65,425
			--	171,610
Direct Grants:				
Adult Drug Court Discretionary Grant	16.585	2012-DC-BX-0040	--	14,464
Equitable Sharing Agreement	16.922	GA0281000	--	169,996
			--	184,460
Total U.S. Department of Justice			--	814,379
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Georgia Emergency Management Agency				
Emergency Performance Management Grant	97.042	OEM16-028	--	56,927
Emergency Performance Management Grant	97.042	OEM17-028	--	12,060
			--	68,987
Hazard Mitigation Planning Grant	97.047	HPD14-012	--	3,300
Citizens Emergency Response Team Grant	97.067	EMW-2016-SS-0007-S01	--	2,197
Total U.S. Department of Homeland Security			--	74,484

(continued)

CHEROKEE COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Pass through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Atlanta Regional Commission				
Aging Cluster				
Special Programs for the Aging; Title III Part B	93.044	AG1700	--	113,623
Special Programs for the Aging; Title III Part B	93.044	AG1800	--	25,705
			--	<u>139,328</u>
Special Programs for the Aging; Title III Part C	93.045	AG1700	--	154,469
Special Programs for the Aging; Title III Part C	93.045	AG1800	--	54,203
			--	<u>208,672</u>
Nutrition Services Incentive Program	93.053	AG1700	--	34,231
Nutrition Services Incentive Program	93.053	AG1800	--	9,369
			--	<u>43,600</u>
Total Aging Cluster			--	<u>391,600</u>
Social Services Block Grant	93.667	AG1700	--	4,202
Social Services Block Grant	93.667	AG1800	--	6,713
			--	<u>10,915</u>
National Family Caregiver Support; Title III Part E	93.052	AG1700	--	20,278
National Family Caregiver Support; Title III Part E	93.052	AG1800	--	4,772
			--	<u>25,050</u>
Passed through Georgia Department of Human Services				
Family Connection - FOCUS	93.605	42700-93-1717000026	--	35,249
Family Connection - FOCUS	93.605	42700-93-1818000026	--	11,751
			--	<u>47,000</u>
Total U.S. Department of Health and Human Services			--	<u>474,565</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Georgia Department of Human Services				
Capital Assistance Program for Elderly Persons with Disabilities	20.513	42700-362-000050366	--	155,063
Capital Assistance Program for Elderly Persons with Disabilities	20.513	42700-362-000061364	--	56,958
			--	<u>212,021</u>
Pass through Georgia Department of Transportation				
Formula Grants for Other Than Urbanized Areas	20.509	T005934	--	56,593
Formula Grants for Other Than Urbanized Areas	20.509	T006145	--	72,003
			--	<u>128,596</u>
Passed through Atlanta Regional Commission				
Federal Transit - Formula Grant	20.507	GA-90-X308	--	29,438
Federal Transit - Formula Grant	20.507	GA-90-X348	--	43,161
Federal Transit - Formula Grant	20.507	GA-2017-026	--	75,586
			--	<u>148,185</u>
Total U.S. Department of Transportation			--	<u>488,802</u>
Total Expenditures of Federal Awards				<u>\$ 584,275</u>
				<u>\$ 2,664,448</u>

CHEROKEE COUNTY, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Cherokee County, Georgia (the County). All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting which is described in Note 1C to the County's basic financial statements. Expenditures are recognized following the applicable cost principles contained in either Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") or the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

4. Indirect Cost Rates

The County has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**CHEROKEE COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

None reported.