OFFICE OF INDEPENDENT INTERNAL AUDIT

December 2024

Office of Management & Budget
Finance Department

County Debt and Investments Process Audit

FINAL REPORT

Audit Report No. IA-2022-082-FN

Lavois Campbell, CIA, CISA, CFE, CGA-CPA
Chief Audit Executive
Office of Independent Internal Audit, DeKalb County, GA

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DeKalb County
GEORGIA

Lavois Campbell
Chief Audit Executive

OFFICE OF MANAGEMENT & BUDGET
FINANCE DEPARTMENT
COUNTY DEBT MANAGEMENT AUDIT
AUDIT REPORT NO. IA-2022-082-FN
FINAL REPORT

HIGHLIGHT SUMMARY

Why We Performed the Audit

In accordance with the Office of Independent Internal Audit (OIIA) Annual Audit Plan, we conducted a performance audit of the county's Debt Management processes. The objective of this audit was to determine whether internal controls over these processes exist and are adequately designed and operating as intended.

How We Performed the Audit

Our audit focused on existing county policies and procedures and long-term (LT) debt transactions incurred from January 2019 through December 2022.

Our methodology included but was not limited to the following:

- Interviewed appropriate county personnel to gain an understanding of LT debt pre-issuance and post-issuance procedures.
- Reviewed LT debt pre- and post-issuance policies and procedures against best practices, related federal regulations, and other applicable standards.
- Tested a sample of LT debt transactions for compliance with county debt policies and disclosure requirements.

Background

The county incurs long-term debt to fund capital projects when other sources of funding are not sufficient or available. A capital budget is developed annually to direct the related financing and appropriation. The capital budget is developed in coordination with the operating budget.

A user department (UD) must first identify its capital projects and funding needs. DeKalb County defines a capital project as any project costing more than $25,000 and having an estimated useful life of five years or greater.

Consultants may assist in preparing cost estimates and budgets for the projects as applicable. Office of Management & Budget (OMB), Finance, and consultants provide input for identifying the best available funding sources.

The Treasury Division of Finance also plays an important role in managing the county's debt. Their responsibilities include monitoring liquidity, initiating debt payments, and managing the debt process to ensure the debt terms, rates, amounts, and types used are in the county's best interest.

LT debt could include loans, capital leases, financed purchases, or the issuance of bonds. From 2019 through 2022, the County incurred LT debt totaling $986 million.

What We Found:

Our audit has determined the following positive results:

- The county has established documented policies and procedures for Debt Management, Post-Issuance Compliance, and Continuing Disclosure processes.
- The Treasurer has engaged qualified consultants to assist in the debt issuance process.
- Long-term debt obligations were approved by the Board of Commissioners (BOC).
- The county complies with Arbitrage Rebate IRS requirements.

During the audit, **we also found areas where internal controls need strengthening as follows:**

1. The county's capital planning procedures should be strengthened to be consistent with the Government Finance Officers Association's Best Practices for Capital Planning.
2. Duplicate record of loan obligations led to a $6.5 million overstatement of liabilities in the 2022 Annual Comprehensive Financial Report (ACFR).
3. Gaps in The County's Documented Continuing Disclosure Policy and Procedures need to be addressed.
4. The county's Debt Management policy should be strengthened to include additional guidelines for entering debt other than bonds.

What We Recommend

We recommend that the Office of Management & Budget and Finance Department collaborate with other relevant stakeholders to strengthen current policies and procedures and work with user departments to address the internal control deficiencies and process improvements identified in this report.

- Create a comprehensive county-wide multi-year capital plan to manage long-term debt effectively.
- Establish procedures to help ensure that financed equipment purchases are recorded and appropriately disclosed under GASB Statement No. 87.
- Strengthen existing written policies and procedures, continuing disclosure to address gaps identified during the audit.
- Require that user departments collaborate with the Treasury division to identify potential debt funding sources for capital projects before commitments are made.

How Management Responded Management has agreed with the report findings and has plans to address findings in 2025.

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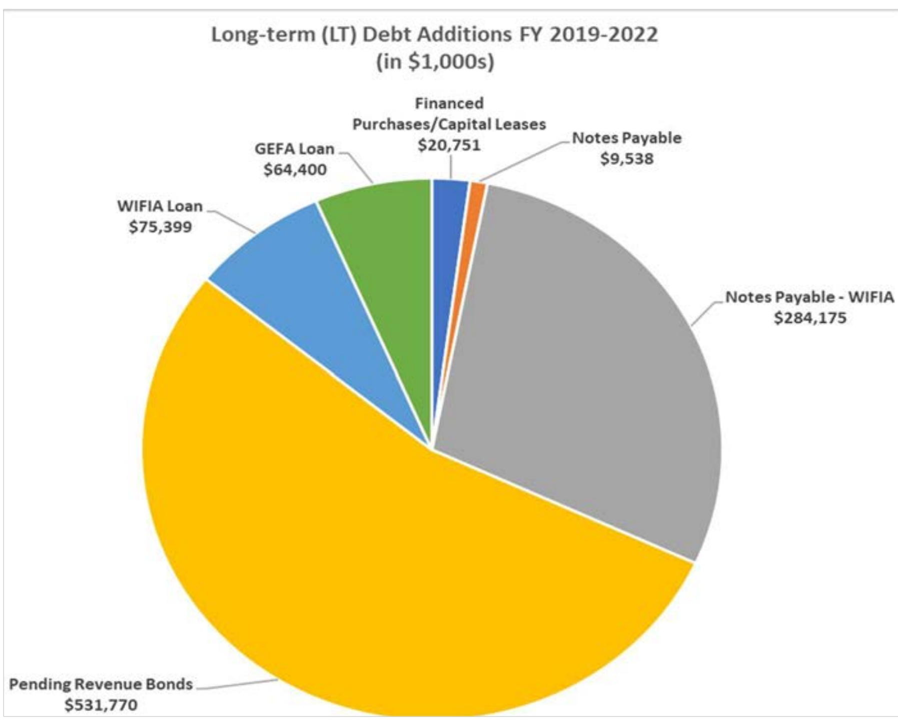
BACKGROUND AND INTRODUCTION

DeKalb County (county) incurs Long-Term (L/T) debt as needed to fund capital improvement projects, including any infrastructure, facilities, and equipment valued at $25,000 or more and estimated to have a useful life of five years or more. Such purchases are called capital projects/expenditures (CAPEX) and are included in the capital budget, which is developed annually to direct the financing and appropriation related to them. The capital budget is developed in coordination with the operating budget.

Projects are prioritized, and available funding sources are identified in the budget process. Funding sources could include enterprise-wide or general funds, state and federal agency loans, notes payable, lease purchases, or revenue bonds. Lease purchases are generally used when the economies of scale make bond financing impractical or cost-prohibitive. In addition, the county may seek public and private grants and other outside funding sources, including short-term debt, to fund projects in the capital budget.

If the funding source consists of tax-exempt revenue bonds, the county must follow the Internal Revenue Service Code (IRC) requirements. After the bonds are issued, the county must adhere to Securities and Exchange Commission (SEC) disclosure requirements, as described in the bond documents, which govern how information about the debt is disclosed to the public and to current and potential investors. In addition, the county must comply with bond resolutions/covenants and generally accepted accounting principles (GAAP).

From fiscal years (FY) 2019 through 2022, the county has **added $986 million** in LT debt, consisting of revenue bonds, capital leases/financed purchases, notes payable, and state and federal loans, as indicated in Figure 1 below. *Figure 1 Long-term (LT) Debt Additions FY 2019-2022*



Source: 2019 to 2022 DeKalb County Annual Comprehensive Financial Reports

Water Infrastructure Finance and Innovation Act (WIFIA) and Georgia Environmental Finance Authority (GEFA) are federal and state loans, respectively.

Capital Budget Development

Capital projects are identified in capital improvement plans (CIP) prepared by the county user departments (UD). CIPs include the description and total costs and are reviewed and updated annually. The Chief Financial Officer (CFO) and Treasurer may provide input on funding sources, including the amounts and types of long-term debt needed to finance the capital projects. CIPs are used to develop the capital budget, which is included in the county's operating budget prepared by the Office of Management & Budget (OMB) and presented to the Board of Commissioners (BOC) for approval.

Use of Long-Term Debt for Capital Projects

The country's Debt Management Policy outlines parameters for issuing and managing outstanding long-term debt. Revenue bonds were a major funding source for the county's capital projects. The BOC must approve these bonds, which are backed by revenue from a specific project or source. They are issued only when revenues are sufficient to satisfy operating expenses, coverage factors, and existing debt service requirements.

Financial specialists, including a Municipal Advisor (MA), bond counsel, disclosure counsel, underwriter (in a negotiated sale), and county representatives, assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. The CFO or designated person determines the best process for marketing and placing the county's bonds based on information provided by the MA. Additionally, a consulting engineer assesses the feasibility of the bond issue and the capacity of forecasted net revenues to meet bond requirements. Other financing options such as capital leases, financed purchases, notes payable, and state and federal loans may also be used for capital projects.

Debt Payments, Disclosure, and IRC Compliance

Finance's General Ledger (G/L) team records debt proceeds and payments in the county financial system. Principal and interest payments are electronically made via wire transfers.

The county uses two separate software systems, the Electronic Municipal Market Access System (EMMA) and Lumesis (Diver), to meet ongoing disclosure requirements. EMMA discloses debt transactions to bondholders, while Lumesis helps ensure compliance with continuing disclosure requirements. The county also has a documented Continuing Disclosure Policy.

The county's Treasury division monitors bond proceeds, initiates debt payments and refinancing, and ensures compliance with the Internal Revenue Code (IRC) "Arbitrage Rebate" rules. Under these rules, issuers of tax-exempt bonds are required to pay a rebate to the federal government if they earn arbitrage profits by investing the bond proceeds in higher-yielding taxable investments. Under certain exceptions related to construction expenditures, issuers may retain arbitrage earnings. No excess investment earnings were reported in FY 2019-2022.

AUDIT SCOPE AND OBJECTIVES

Our audit focused on selected long-term (LT) debt additions and related processes from January 2019 through December 2022. The objective was to determine whether internal controls over these processes exist, are adequately designed, and operate as intended.

Our audit procedures included but were not limited to the following:

- Interviewed appropriate county personnel to understand the county's LT debt pre- and post-issuance procedures.
- Reviewed the county LT debt pre- and post-issuance policies and procedures against best practices, related federal regulations, and other applicable standards.
- Tested a sample of LT debt transactions for compliance with county debt policies and disclosure requirements.

AUDIT RESULTS

Our audit verified the following positive results:

- ✓ The county has established documented policies and procedures for Debt Management, Post-Issuance Compliance, and Continuing Disclosure processes.
- ✓ The Treasurer has engaged qualified consultants to assist in the debt issuance process.
- ✓ Long-term debt obligations were approved by the Board of Commissioners (BOC).
- ✓ The county complies with Arbitrage Rebate IRS requirements.

We also found areas listed below where internal controls need to be strengthened. The following pages provide further details of our findings and recommendations.

1. The county's capital planning procedures are not as comprehensive as recommended by the Government Finance Officers Association (GFOA)[1].
2. Duplicate recordings of loan obligations led to a $6.5 million overstatement of liabilities in the 2022 ACFR.
3. The county's procedures for ensuring compliance with continuing disclosure requirements could be strengthened.
4. The county's Debt management policy should be strengthened to include additional guidelines for entering debt other than bonds.

Implementing our recommendations will improve the effectiveness of capital planning and the long-term debt addition process.

FINDING 1: County Capital Planning Alignment with GFOA Standards Could be Improved.

Although the county does some capital planning in developing the capital budget, it does not result in a comprehensive multi-year (5 to 25-year) capital plan as the GFOA prescribes. Most user departments identified capital projects with estimated costs as part of their annual budget preparation, including the Department of Watershed Management, which also prepares a 5-year

[1] The GFOA is an association of public-sector finance professionals in the United States and Canada whose mission is to advance excellence in public finance.

plan, but a county-wide multi-year comprehensive capital planning has not been performed. The Director of the Office of Management & Budget also confirmed our observation.

A comprehensive county-wide capital plan and policies help manage financial resources, establish accountability, and align with the organization's mission and strategy. Also, in the absence of a comprehensive county-wide capital plan, the county may not be able to effectively anticipate capital funding requirements and, therefore, lose the opportunity to obtain financing under the best terms and at the lowest cost. Further, critical projects may go unfunded due to the inability to secure funding timely. Per the GFOA, it is extremely difficult for governments to address the current and long-term needs of their citizens without a sound multi-year capital plan.

The following gives more details on the basis for our conclusion.

The GFOA recommends adopting a comprehensive, fiscally sustainable multi-year capital plan covering five to 25 years or more that identifies capital needs, funding options, and operating budget impacts.

The GFOA best practices list the following steps to develop a comprehensive capital plan.

1) Identify needs
2) Determine financial impacts
3) Prioritize capital requests
4) Develop a **comprehensive financial plan**
5) Integrate Environmental, Social, and Governance (ESG) considerations in planning

This process should include developing a capital asset life cycle for major capital assets, including costs to operate, maintain, administer, and renew or replace capital assets. Financial considerations should include estimating all major components required to implement a project and life cycle costs that will impact future annual operating budgets. Capital projects should be prioritized, and appropriate funding should be identified.

A **comprehensive financial plan** can be developed following these GFOA best practices.

1) Anticipate expected revenue and expenditure trends
2) Prepare cash flow projections of the amount and timing of the capital financing
3) Continue compliance with all established financial policies
4) Recognize appropriate legal constraints
5) Consider and estimate funding amounts from all appropriate funding alternatives
6) Consider sources and uses for debt service
7) Ensure the reliability and stability of identified funding sources
8) Evaluate the affordability of the financing strategy, including the impact on debt ratios, applicable tax rates, and service fees

A comprehensive financial plan helps ensure the proposed capital plan is achievable within the expected available resources. A comprehensive multi-year capital plan also helps identify the need for debt as a funding source and the capacity to repay the long-term debt.

In addition, the county code requires the Chief Executive Officer to appoint a **Capital Improvements Program Committee** to develop a comprehensive prioritization of county capital facility needs, including cost estimates, annual operating budgetary impact, and potential revenue sources, as detailed in the County Code Sec.2-113 (Appendix III). **This committee is currently inactive and has not been appointed since 2020.**

As stated, the County has not adopted a multi-year comprehensive capital plan. Instead, the Office of Management & Budget (OMB) provided Capital Improvement Plan (CIP) schedules prepared as part of the annual budget process for the fiscal periods 2018 through 2022. These county CIP schedules typically included a request number, various enterprise project descriptions, and a recommended funding amount.

However, the CIP schedules did not include anticipated revenue and expenditure trends, cash flow projections, or the requirement of compliance with financial policies and recognition of legal constraints, as expected in a Comprehensive County-wide Capital Plan.

Recommendations

We recommend that OMB, in collaboration with Finance and other relevant stakeholders, implement the following to help resolve the findings noted above.

- **Implement policies and procedures to require the development of a comprehensive Countywide multi-year capital plan** for all capital projects and investments, as recommended by the Government Finance Officers Association (GFOA). The comprehensive multi-year capital plan should require the identification of funding sources, including long-term debt. It should also define the role and responsibilities of user departments, Finance, and OMB in developing the plan.
- **Reactivate the Capital Improvement Program Committee**
  The Chief Operating Officer (COO) should reactivate the Capital Improvement Program Committee as the county code requires and establish processes and criteria for prioritizing capital projects. The committee should use its list of prioritized projects and identified funding to develop a comprehensive county-wide 5-year capital plan using the process and including the elements recommended by GFOA best practices.
- **Review and Update the Capital Plan Regularly**
  The OMB should require regular review and update of the capital plan to reflect changing priorities, funding availability, and strategic shifts. Monitor progress, evaluate outcomes, and adjust as needed to optimize capital allocation and resource utilization.

OMB Management Response:

Management Agreement	*Description of Management's Action Plan to Address Finding*	*Estimated Timeline to Implement Action Plan*
☒ **Agree** ☐ **Disagree**	The Capital Improvements Program (CIP) Committee was appointed by the Chief Operating Officer in August 2024 and is actively meeting. The CIP Committee was charged with reviewing and scoring capital project requests from county departments to forward a 5-year CIP plan recommendation to the CEO for consideration during the FY2025 budget process. Additionally, the CIP Committee is reviewing GFOA standards to better align the county's capital planning policies and practices to best practices.	In progress
Reason For Disagreement:		

FINDING 2: Duplicate Recordings of Loan Obligations Resulted in A $6.5 Million Overstatement of Liabilities in the 2022 Annual Comprehensive Financial Report (ACFR).

Based on a review of the county's 2022 Annual Comprehensive Financial Report (ACFR), we determined that a nine-year lease agreement related to Sanitation department vehicles and equipment totaling $6,513,000 was reported twice (duplicated) in the Sanitation fund, and thus Business-type Activities, as both a financed purchase **and** lease liability. The liability was recognized and inadvertently left under the financed purchases while also reported as a lease. **Hence, the liabilities were overstated by approximately $6.5 million and inappropriately classified**. We notified the Finance Department management of the audit observation. According to the county's external auditors, this was an oversight due to the implementation of GASB Statement No. 87, which changed how lease liabilities were recognized, and the implementation of a new Lease software subscription, *LeaseQuery*.

Although the $6.5 million overstatement represents less than 5% of the total liabilities of the Sanitation fund ($134,729,000), it involves a substantial amount of money that could lead the public, taxpayers, and other stakeholders to question the accuracy and reliability of the county financial statements, potentially affecting the county's credibility and trust. The oversight also raises concerns about the effectiveness of controls during the implementation of new accounting standards and software and whether other significant misstatements might have been undetected.

As a result of this audit highlighting the oversight, we noted that a correction was made to accurately record the lease in the 2023 ACFR.

Recommendations

We recommend that Finance Management take the following action in response to the findings mentioned above.

- Conduct a review of all purchase agreements to ensure they were reported as lease obligations where required by GASB Statement No. 87.
- Establish procedures to help ensure that financed equipment purchases are recorded and disclosed properly under GASB Statement No. 87

Finance Management Response:

Management Agreement	***Description of Management's Action Plan to Address Finding***	***Estimated Timeline to Implement Action Plan***
☒ **Agree** ☐ **Disagree**	The Controller's Division will implement processes to eliminate duplicate entries related to Leases and Financed Purchases. The process will include recurring interim entries, such as soft close entries. They will be reviewed and approved by Management before final adjustment period entries are completed. Further, the accompanying footnotes prepared by the external auditors will be reviewed before the final financial reports are issued.	The correction will be implemented in 2024 ACFR.
Reason For Disagreement:		

FINDING 3: Identified Gaps in The County's Documented Continuing Disclosure Policy and Procedures.

Issuers of municipal securities, such as counties or local governments, are responsible for continuing disclosure of financial and operational information to investors and the public after the securities have been issued. This transparency helps investors make informed decisions by providing updates on the issuer's financial condition, debt obligations, and any material events that may impact the ability to meet debt service requirements. The Government Financial Officers Association's (GFOA) guidelines for Understanding Continuing Disclosure Responsibilities recommend that finance officers responsible for their government's debt management program develop a thorough continuing disclosure policy. **We determined that the county's Continuing Disclosure Policy and Procedures do not include the following key elements from the GFOA best practice guidelines.**

1. "The process by which the Issuer works with its Finance Team to review, discuss, and understand Continuing Disclosure Agreement (CDA) provisions prior to the related bond closing.
2. A detailed process for documenting and tracking the required EMMA filings prior to each filing deadline, including the use of an external dissemination agent, if applicable.
3. A description of the process by which any voluntary filings are made.
4. The procedure to develop and maintain accurate lists of outstanding bond issues subject to CDAs."

However, we noted that the county relies on Lumesis, Inc. and the county disclosure counsel to ensure compliance with continuing disclosure requirements.

The county has contracted Lumesis Inc. to help comply with continuing disclosure requirements. Based on our review of the Lumesis, Inc. service contract, we observed that the county is being provided with the use of the Issuer Disclosure Management modules of the Diver Underwriter platform. Lumesis performs the data work required to populate the software with the information required to complete DeKalb's Continuing Disclosure review and diligence.

Additionally, the county's disclosure counsel's engagement letter outlined the activities below related to continuing disclosure were being performed:

(1) Providing legal advice regarding disclosure matters, including assisting the county in complying with the Securities and Exchange Commission (SEC) Rule 15c2-12(b)(5)(i)(C) (Rule 15c2-12).
(2) Review and analyze all outstanding continuing disclosure agreements, chart and track all required filings, and, where appropriate, prepare amendments to the agreements so that all annual filings are due on the same day each year and all operating data is in a form consistent with the county's Consolidated Annual Financial Reports.
(3) Assist the county in ensuring timely filing of (a) "annual financial and operating filings" and (b) '" event filings "required to be posted to the Electronic Municipal Market Access System portal ("EMMA") established by the Municipal Securities Rulemaking Board.
(4) Facilitating due diligence sessions with the underwriter(s) and their counsel, including drafting and coordinating responses to due diligence checklists for the county's own use in preparing its disclosure.
(5) Preparing the "continuing disclosure agreement" and ensuring consistent disclosure provisions among all disclosure agreements (e.g., timing of annual disclosures).

While the responsibilities of these vendors related to Continuing Disclosure are outlined in the respective contract(s) and engagement letter(s), they are not included in the county's continuing disclosure policy and procedures. This leaves the responsibilities of these roles unformalized. This omission also raises the risk of inconsistent practices and potential non-compliance, particularly when different county employees and vendors may be involved in performing these functions in the future.

Recommendations

We recommend that the Finance Management update the Continuing Disclosure Policy and Procedures to identify all the key roles and responsibilities, whether assigned to county employees, vendors, and/or counsel, in complying with continuing disclosure requirements. The missing elements previously listed, which the GFOA recommended as best practices, should also be incorporated into the policy. In addition, revisions to the Continuing Disclosure Policy and Procedures should be approved by the governing authority (BOC).

Finance Management Response:

Management Agreement	*Description of Management's Action Plan to Address Finding*	*Estimated Timeline to Implement Action Plan*
☒ **Agree** ☐ **Disagree**	The current policy, with proposed changes, will be sent to Bond Counsel & Disclosure Counsel for their review and recommendations. GFOA best practices will be incorporated where appropriate. Any change to the current policy must be approved by the CEO and the BOC, which together constitute the governing authority.	Sent to BOC by June 2025.
***Reason For Disagreement*:**		

FINDING 4: The County's Debt Management Policy Should Be Strengthened to Include Additional Guidelines for Entering Debt Other Than Bonds.

The county debt management policy states that all debt agreements obligating the county be discussed with and notification provided to an appropriate level representative within the Finance Department prior to execution. Furthermore, the policy indicates that the Treasury Division of Finance is responsible for ensuring that the type of debt used is the best option and that the best terms are negotiated in the country's best interest. Treasury also determines the conditions under which different types of debt can be issued, identifies and manages risks associated with debt issuance and repayment, and develops the procedures for issuing new debt.

We noted deficiencies in the county's debt management policy when compared to the Government Financial Officers Association's (GFOA) best practices for debt management. The county's policy does not define the criteria or limitations for entering other types of debt obligations, such as capital leases, loans, and other forms of credit. We further noted that guidance related to forms of debt other than bonds, specifically related to Conduit and Short-term (ST) debt, could be improved.

The policy does not require documentation of the use of conduit debt funds or the proposed project's feasibility and the borrower's creditworthiness when there is a potential impact on the county's general revenues. The borrower's creditworthiness would be demonstrated by a minimum credit rating. In addition, the policy does not require documentation justifying Short-term debt, including a description of specific purposes and circumstances. Further, the policy does not prescribe limitations on the size of borrowing as recommended by the GFOA.

If criteria or limitations are not defined for entering various types of debt obligations, the county may engage in financial commitments without clear guidelines. This could lead to inconsistent decision-making and increased financial risk, resulting in higher costs and difficulty meeting future fiscal obligations.

Further, we noted an instance where Treasury was not consulted prior to committing to a capital project that would require debt funding. In this instance, the Sanitation division of the Public Works Department committed to constructing a new landfill valued at $13 million without first identifying the debt related funding sources and without the Treasury Division's prior involvement. This resulted in a ‘reactive’ approach by Treasury in securing sufficient funding through debt.

Not identifying source funding before committing to a capital project can cause significant delays in project completion, increasing overall costs and impacting other planned projects.

Recommendations

We recommend that Finance management make the following revisions to the debt management policy regarding debt other than bonds.

- Set guidelines for debt obligations besides Bonds, including debt limits, authorities, and required approval process.
- Define the criteria or limitations for entering other types of debt obligations, such as capital leases, loans, and other forms of credit.
- Require documentation on the use of conduit debt funds, including the proposed project’s feasibility and the borrower’s creditworthiness if there is a potential impact on the county’s general revenues.
- Require justification for ST debt, including documentation, description of specific purposes and circumstances, and prescribe any limitations on the size of borrowing.
- Require that user departments collaborate with the Treasury division to identify potential debt funding sources for capital projects before commitments are made.

Finance Management Response:

Management Agreement	*Description of Management’s Action Plan to Address Finding*	*Estimated Timeline to Implement Action Plan*
☒ Agree ☐ Disagree	All debt obligations must be approved by the CEO and the BOC. Per the attached documentation you received from the County Attorney dated August 30, 2024, other elected officials and constitutionals are not required to abide by our policy. Each debt request is unique. There is no amount limit. The merits and financial	We will insert language which complies with applicable law, which will go to the CEO and the BOC at the same time Finding 3 items are presented.

	implications are always discussed with Sr. Management (Department Directors, CFO, COO, County Attorney & CEO) as well Bond Counsel and our Municipal Advisor prior to presenting to the CEO and the BOC. We also include Disclosure Counsel and the Engineering Consultant when required. Any amendments to the debt policy will have to comply with applicable law; thus, some of your recommendations may not be able to be implemented.	
Reason For Disagreement:		

APPENDICES

Appendix I – Purpose, Scope, and Methodology

Purpose

The audit focused on selected long-term (LT) debt transactions and processes performed from January 2019 through December 2022. Our objective of this audit was to determine whether internal controls over these processes exist and are adequately designed and operating as intended.

Scope and Methodology:

Our methodology included but was not limited to the following:

- Reviewed LT debt pre- and post-issuance policies, procedures, standards, and federal rules regarding continuing disclosure compliance.
- Examined supporting documentation.
- Interviewed appropriate county personnel and external parties.
- Performed sample tests of LT debt transactions.

Appendix II – Management Response

December 13, 2024

Lavois Campbell,
Chief Audit Executive
Office of Independent Internal Audit 1300
Commerce Drive, Suite 300
Decatur, Georgia 30030

RE: Management Response to "Final DRAFT Report: Audit of County Debt and Capital Investments Processes - Report No. IA-2022-082-FN"

Dear Mr. Campbell:

In accordance with DeKalb County, Georgia – Code of Ordinances / Organizational Act Section10A- Independent Internal Audit, this is our response to the audit named above provided in this document. As required by the ordinance, our response includes 1) a statement regarding our agreement or disagreement along with reasons for any disagreement, 2) our plans for implementing solutions to issues identified, and 3) the timetable to complete such plans.

If you have any questions about this response, please contact the following.

Sincerely,

Robert Atkins

Robert Atkins, Treasurer, Finance Department

T.J. Sigler, Director, Office of Management & Budget

Appendix III – Definitions and Abbreviations

Acronyms and Abbreviation

MA: Municipal Advisor

OMB: Office of Management and Budget

BOC: Board of Commissioners

ACFR: Annual Comprehensive Annual Financial Report

CIP: Capital Improvement Plan

WIFIA: Water Infrastructure Finance and Innovation Act

GEFA: Georgia Environmental Finance Authority

IRC: Internal Revenue Code

SEC: Security and Exchange Commission

GAAP: Generally Accepted Accounting Principles

GFOA: Government Finance Officers Association

Oracle: Oracle Financial System

Definitions

EMMA: The Electronic Municipal Market Access (EMMA) website is the municipal market's free source of data and information on virtually all municipal bonds. The Municipal Securities Rulemaking Board (MSRB) operates the EMMA website to promote a transparent, fair, and efficient market.

Lumesis: Lumesis is a financial technology company focused on providing business efficiency and compliance solutions via the Diver platform to hundreds of clients and over 45,000 users in the municipal bond marketplace.

Conduit debt: Conduit debt is a debt instrument issued in the name of a state or local government (the issuer) for the benefit of a third party that is primarily liable for the repayment of the debt instrument (the third-party obligor). Unless otherwise specified within a lease or intergovernmental agreement, the Conduit debt is not considered a financial commitment of the county.

Short-term debt: Short-term debt is defined as debt obligations due to be paid within the following 12-month period or the current fiscal year.

Appendix IV - Capital Improvements Program Committee

County Code Sec. 2-113. - Capital improvements program.

(a)The chief executive shall appoint a capital improvements program committee of such number and composition as may be desired to assist in preparing a comprehensive capital improvements program for consideration by the board of commissioners as a part of the information submitted to it in the budget review process. Such a program should include a comprehensive priority list of county capital facility needs, including cost estimates, annual operating budgetary impact, and potential revenue sources. The committee's efforts will be supported by the staff of the planning and finance departments and such other staff as the chief executive and board of commissioners may direct.

(b) The committee shall be established and shall hold public hearings when it is determined that some funding may be available for capital improvement program projects.

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This report was reviewed by:

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Donna G. Jackson, CPA, CIA | Date
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Office of Independent Internal Audit

This report was approved by:

Lavois Campbell | 12.16.24

Lavois Campbell, CIA, CFE, CGA-CPA | Date
Chief Audit Executive
Office of Independent Internal Audit

STATEMENT OF ACCORDANCE

Statement of Accordance

The mission of DeKalb County is to make the priorities of the citizens of DeKalb County; the priorities of County government - by achieving a safer DeKalb, building stronger neighborhoods, creating a fiscally accountable and more efficient county government and uniting the citizens of DeKalb County.

The mission of the Office of Independent Internal Audit is to provide independent, objective, insightful, nonpartisan assessment of the stewardship or performance of policies, programs and operations in promoting efficiency, effectiveness and integrity in DeKalb County.

This performance audit was prepared pursuant to DeKalb County, Georgia – Code Ordinances/Organizational Act Section10A- Independent Internal Audit. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the use of the agency to which it was disseminated and may contain information that is exempt from disclosure under applicable law. Do not release without prior coordination with the Office of Independent Internal Audit.

Please address inquiries regarding this report to the Office of Independent Internal Audit at 404-831-7946.