

# Columbus Consolidated Government

*Financial & Compliance Audit Summary – June 30, 2020*



**MAULDIN  
& JENKINS**  
CERTIFIED PUBLIC ACCOUNTANTS, LLC

*Presented by:*  
*Miller Edwards*

# Purpose of Today's Presentation *(Page 1)*

## Overview of:

- **Engagement Firm**
- **Comprehensive Annual Financial Report**
- **Audit Opinion (Financial / Compliance)**
- **Financial Statements Highlights**
- **Other Audit Communications**
- **Recommendations for Improvement**
- **Other Matters**



## Engagement Team = Large Regional Firm (Page 2)

- **Founded ~ 1918 --- 350 Personnel.**

- **Top 100 Firm in USA.**

- **Based in Georgia.**

1) Macon

5) Columbia (SC)

2) Atlanta

6) Chattanooga (TN)

3) Savannah

7) Birmingham (AL)

4) Albany

8) Bradenton / Sarasota (FL)



*Financial & Compliance Audit  
June 30, 2020*



## Governments Served *(Page 2)*

- **Over 110,000 hours of service annually**  
*(30% of Firm practice).*
- **Approximately 500+ state and local governments currently served, including:**
  - **125 Cities -- 60 Counties -- 60 BOE's**
  - **40 State -- 220 Special Purpose Entities**
- **GFOA Certificate received by ~139 clients.**



# Experience with Large Counties

**Columbus-Muscogee = 190,000 Population**

- |   |   |                                       |
|---|---|---------------------------------------|
| 1) <b>Gwinnett Co.</b><br>(920,000)       | 8) <b>Forsyth Co.</b><br>(230,000)        | 15) <b>Newton Co.</b><br>(110,000)    |
| 2) <b>DeKalb Co.</b><br>(750,000)         | 9) <b>Richmond Co.</b><br>(200,000)       | 16) <b>Whitfield Co.</b><br>(105,000) |
| 3) <b>Greenville Co., SC</b><br>(510,000) | 10) <b>Beaufort Co., SC</b><br>(190,000)  | 17) <b>Floyd Co.</b><br>(100,000)     |
| 4) <b>Hamilton Co., TN</b><br>(360,000)   | 11) <b>Paulding Co.</b><br>(160,000)      | 18) <b>Rockdale Co.</b><br>(90,000)   |
| 5) <b>Chatham Co.</b><br>(290,000)        | 12) <b>Macon-Bibb Co.</b><br>(155,000)    | 19) <b>Dougherty Co.</b><br>(90,000)  |
| 6) <b>Clayton Co.</b><br>(285,000)        | 13) <b>Douglas Co.</b><br>(145,000)       | 20) <b>Walton Co.</b><br>(70,000)     |
| 7) <b>Cherokee Co.</b><br>(250,000)       | 14) <b>Athens-Clarke Co.</b><br>(130,000) | 21) <b>Spalding Co.</b><br>(65,000)   |

**Avg.**  
**248,000**

4



**Financial & Compliance Audit**  
**June 30, 2020**



## Services:

### **Attestation & Assurance:**

**Audits = Financial, Compliance,  
Performance, Forensic; Reviews;  
Compilations; Agreed-Upon Eng.  
Tax Preparation and Consulting  
Business Advisory  
Litigation Support**

### **Outsourcing:**

**Healthcare Reimbursements,  
and Billing Services; Client  
Accounting Services  
IT Services = Security Risk  
Assessments, Firewall Reviews,  
Cybersecurity Assessments.**

## Industries:

**Government  
Financial Institutions  
Non-Profit  
Agricultural  
Closely Held Businesses  
Construction and Real Estate  
Employee Benefit Plans**

**Entertainment  
Healthcare  
Higher Education  
Individuals, Estates & Trusts  
Insurance  
Manufacturing, Distribution, Retail  
Professional Services**



*Financial & Compliance Audit  
June 30, 2018*



## Audit Opinion (Page 4)

- **County = responsible for financial statements.**
- **M&J = to express an opinion.**
- **Auditing Standards = GAS**
- **Clean Opinion =**

**Financial Statements - The financial statements of the County are considered to present fairly, in all material respects .....**

**Federal Pgms. ~\$8M with 3 Major Pgms (HUD/CDBG – DOT/Airport Improvement – HHS/Substance Abuse & Mental Health) = ~\$4.3M - Complied, in all material respects.....**



**Financial & Compliance Audit  
June 30, 2020**



## Award for CAFR (Page 5)

- Columbus has prepared a Comprehensive Annual Financial Report for approx. 30 Years.



- Awarded Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).



*Financial & Compliance Audit  
June 30, 2020*





## Overview of Financial Statements *(Page 6)*

- **Government-wide financial statements (full accrual = commercial like)**
  - **Primary government financial statements**
  - **Component units' financial statements (Water Works, Hospital Auth., etc.)**
- **Fund financial statements (General Fund, Special Projects Fund and T-SPLOST Fund, Building Authority, Coronavirus Relief, Waste Mgmt., Civic Center, Transportation, and Non-major funds & Fiduciary funds)**



# Entity-Wide Financial Statements *(Page 6)*

	<u>Primary Gov</u>	+ <u>Comp Units</u>	= <u>Combined</u>	+ <u>Fiduciaries</u>
• <b>Assets</b>	\$806 million	\$860 million	\$1.7 billion	\$508 million
• <b>Capital Assets</b>	\$548 million	\$665 million	\$1.2 billion	Not Applicable
• <b>Liabilities</b>	\$411 million	\$361 million	\$772 million	\$11 million
• <b>Net Position</b>	\$395 million	\$499 million	\$894 million	\$497 million
<hr/>				
• <b>Revenues</b>	\$299 million	\$153 million	\$452 million	Not Applicable
• <b>Expenses</b>	\$288 million	\$143 million	\$282 million	Not Applicable
• <b>Change</b>	\$11 million	\$10 million	\$21 million	Not Applicable

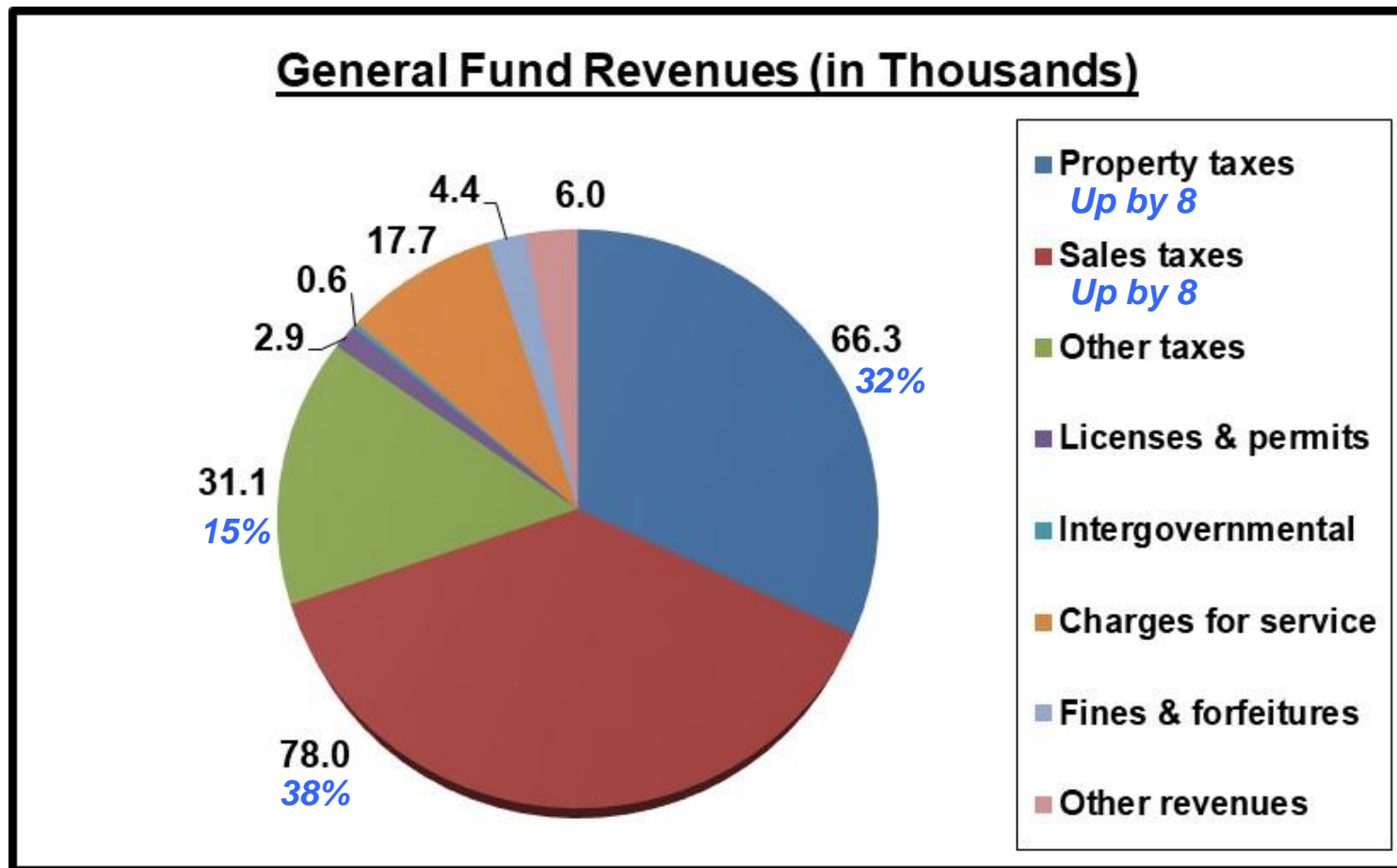


# Primary Government Inflows/Outflows

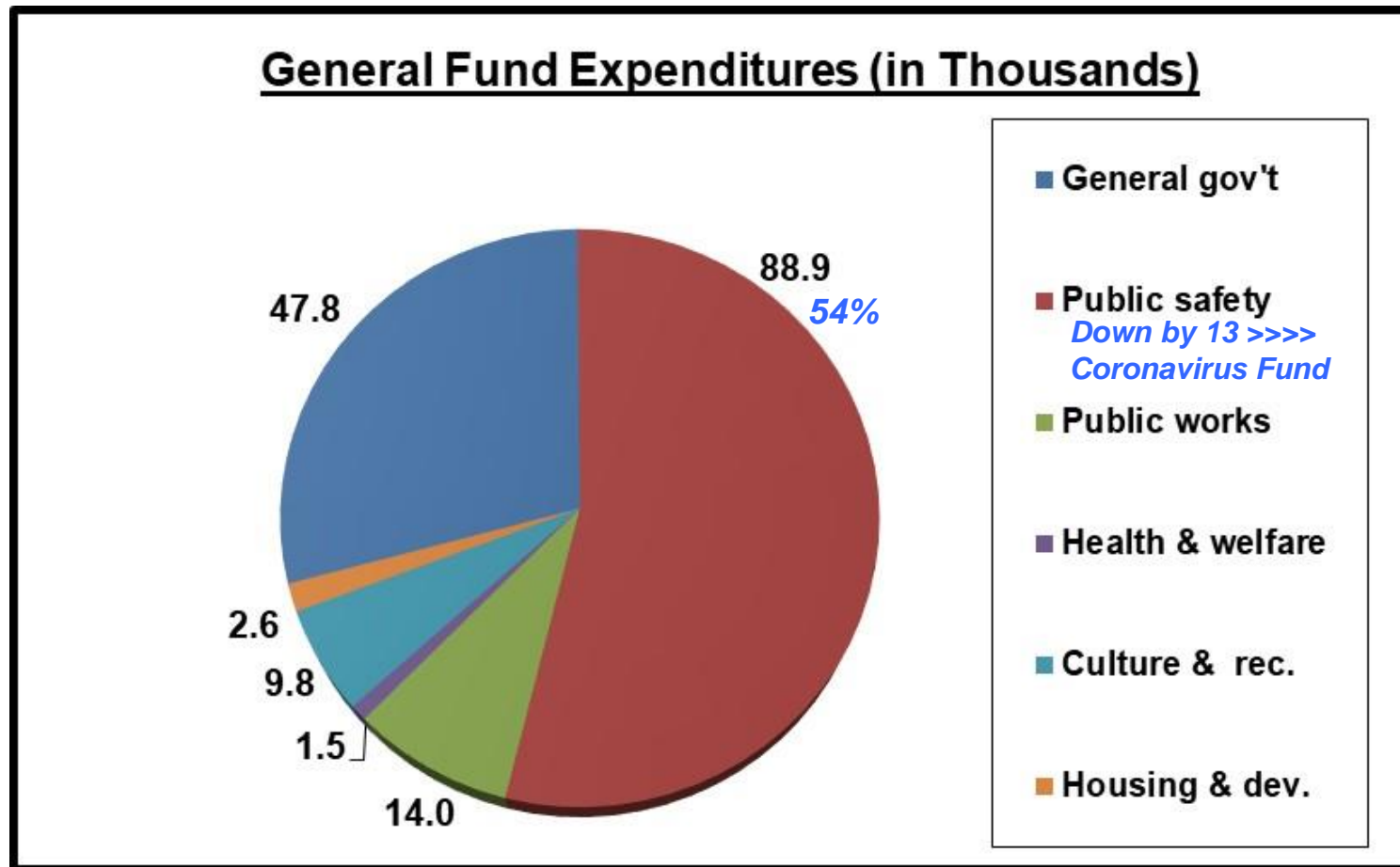
- ***Change = Net Income*** ***\$42 million***
- ***Proceeds from LT Debt*** ***\$95 million***
- ***Add-back Depreciation*** ***\$27 million***
- ***Resources Available*** ***\$164 million***
- ***Purchase of Capital Assets*** ***\$52 million***
- ***Payments on L/T Debt*** ***\$90 million***
- ***Resources Utilized*** ***\$142 million***
- ***Increase in Reserves*** ***\$22 million***



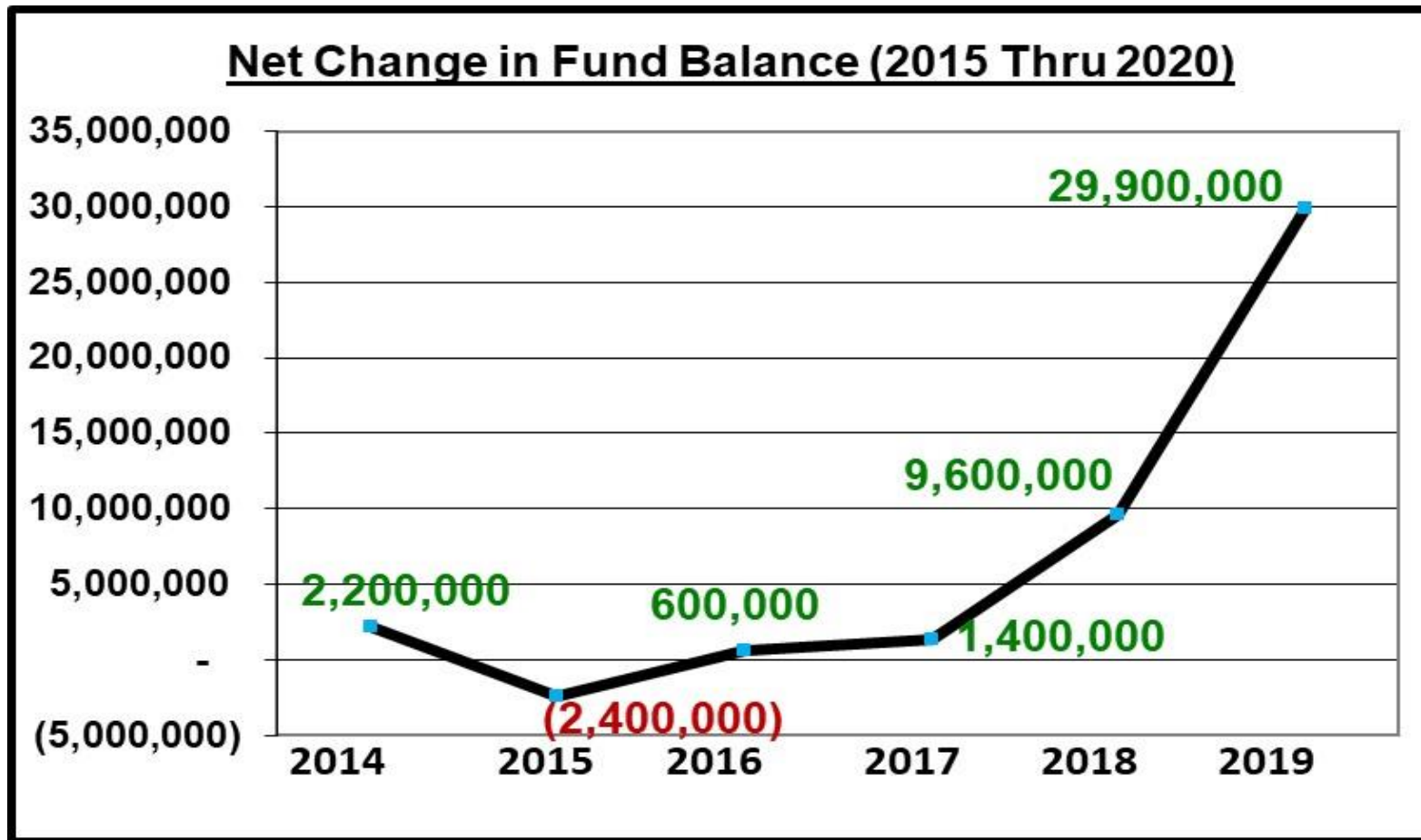
# General Fund Financial Statements (Page 8)



# General Fund Financial Statements (Page 8)



# General Fund Financial Statements *(Page 9)*



## General Fund Financial Statements *(Page 9)*

The following is the relative percentage of fund balance as compared to annual expenditures as of June 30, 2019:

**\$84,500,000 = 51% = 186 Days = 6+ Months**

Important to reflect that fund balance does not always equate to cash & investments. Fund balance is simply the difference in all assets and all liabilities.

Cash and investments amount to ~\$68,000,000 and are simply components of this equation = **150 Days.**



## Other Funds and Footnotes

- **Special Revenue Funds**
- **Debt Service Fund**
- **Capital Projects Funds**
- **Permanent Funds**
- **Enterprise Funds**
- **Internal Service Funds**
- **Fiduciary Funds**

**Footnotes provide greater insight into the numbers**





## **Compliance Reports, Scopes & Req. Comm. (Pages 10 - 13)**

### **Yellow Book Report**

**Report on general internal controls and compliance with laws and regulations**

### **Single Audit Report**

**Report on compliance and controls regarding the Federal Award programs tested**

### **Required Communications**

**No matters noted for greater communication to Commission**



## Material Weakness at Superior Court = Findings (Pages 14 to 16)

- Lack of segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in various funds administered.
  - Lack of adequate staffing to properly segregate duties.
  - Bank statements reconciled by employees with no consistent review being performed.
  - Two (2) parties had authority to prepare and sign checks, prepare and make bank deposits, and reconcile the bank statements.
  - Financial data maintained in handwritten form. Multiple transcription and footing errors.
  - Certain transactions & funds not recorded in the system. Misappropriation of such funds to a variety of external parties. Began with cashiering function on up to higher levels.
- 
- Determined: ~\$3,553,000 of funds to be sent to the CCG; another ~\$450,000 in appropriately provided to the local school district; another ~\$894,000 is pending for determination.
- 
- Recommend better segregation of duties; use of electronic processes; determination of amounts pending; enhanced training; higher levels of supervision & review; CCG decision regarding amounts improperly provided to school district; and, ongoing internal audit efforts.



# Management Points = Recommendations *(Page 17 to 19)*

- 1) Tax Commissioner – balancing of accounts – shortage of funds due to bad checks received by office and unbudgeted service charges.**
- 2) Magistrate Court, Probate Court, Municipal Court and County Jail – Various Segregation of Duties.**
- 3) Pooled Cash Reconciliation – Segregation of Duties and Timely Preparation Needed.**
- 4) Superior Court – Tax Escrow Accounts – Should they be Held at the Tax Commissioner’s Office – Need to Close Accounts – Greater Determination Amounts Held, Make Disbursements.**
- 5) Superior Court & Magistrate Court – Unclaimed Property.**



## **New Standards for Reporting** *(Page 19 - 32)*

- **6-30-21 - Fiduciary Activities (Elected Officials, DC Plans, Etc.)**
  - **6-30-21 - Majority Equity Interests**
  - **6-30-21 – Removal of LIBOR as Benchmark Interest Rate.**
- 
- **6-30-22 - Leases (as Lessor and Lessee)**
  - **6-30-22 - Interest Costs During Construction**
  - **6-30-22 - Reporting IRC Section 457 Deferred Comp Plans**
- 
- **6-30-23 - Conduit Debt Obligations**
  - **6-30-23 - Public / Private and Public / Public Partnerships.**
  - **6-30-23 - Subscription Based Information Technology**



# Newsletters, Free Continuing Ed., Closing *(Pages 32 - 35)*

## Newsletters

Written by M&J on topics pertinent to local governments in Georgia.

## Free Continuing Education

Since March 2009, quarterly continuing education is provided by M&J to government clients.



## Closing

Thank, Questions, Thoughts.



*Financial & Compliance Audit  
June 30, 2020*

