



## *City of Forest Park, Georgia*



**Presentation of Audit Results  
June 30, 2024**



## Agenda

- Engagement Team
- Results of 2024 Audit
- Accounting Recommendations and Related Matters
- Answer Questions

# MAULDIN & JENKINS BY THE NUMBERS



CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.

**100+ year**  
HISTORY  
OF QUALITY SERVICE

**Serve 725+**  
GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS & DIRECTORS **25**



**150+** TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY



VISION  
*To be a trusted advisor, serving those and building respect through our consistent commitment to sustainable excellence, leadership, and integrity.*



**220+** SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$6 BILLION OF FEDERAL GRANTS



**156,000+** HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

**175+**

CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE

**6**  
STATES

**14**  
OFFICES



## Engagement Team Leaders

- Ryan Jones, Engagement Director and Meredith Lipson, Quality Review Partner



## Audit Opinion

- **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS)**
  - We considered the internal control structure for the purpose of expressing our opinion on the City of Forest Park, Georgia's (the "City") basic financial statements and not for the purpose of providing an opinion on the effectiveness of internal controls.
  - Our audit was performed in accordance with GAAS and *Government Auditing Standards*.
  - Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free of material misstatement.
  - The basic financial statements are the responsibility of the City's management.
  
- **Report on Basic Financial Statements**
  - Unmodified ("clean") opinion on basic financial statements.
  - Presented fairly in accordance with accounting principles generally accepted in the United States of America.
  - Our responsibility does not extend beyond financial information contained in our report.



## Compliance Report

- **Compliance Report**

- The financial report package contains a report on our tests of the City's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion on internal controls and compliance with applicable rules and regulations.
- This report and the procedures performed are required by *Government Auditing Standards*.
- One (1) instance of significant deficiency cited.



## Required Communications

- **Significant Accounting Policies**

- Management is responsible for the selection and use of appropriate accounting policies.
- The significant accounting policies used by the City are described in Note 1 to the respective basic financial statements.
- The policies used by the City are in accordance with generally accepted accounting principles.
- In considering the qualitative aspects of its policies, the City is not involved in any controversial or emerging issues for which guidance is not available.

- **Management's Judgment/Accounting Estimates**

- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.
- The City uses various estimates as part of its financial reporting process – including actuarial assumptions.



## Required Communications (Continued)

- **Relationship with Management**

- We received full cooperation from the City's management and staff.
- There were no disagreements with management on accounting issues or financial reporting matters.

- **Management Representation**

- We requested, and received, written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us.

- **Consultation with Other Accountants**

- To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the year, nor did we face any issues requiring outside consultation.

- **Significant Issues Discussed with Management**

- There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements.



## Required Communications (Continued)

- **Audit Adjustments**

- There was one passed adjustment for \$128,561 where the City chose not to record a liability for payroll taxes, interest, and penalties which are currently being disputed with the State of Georgia. Our opinion was not affected by this uncorrected misstatement.

- **Financial Statement Disclosures**

- The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit.

- **Information in Documents Containing Audited Financial Statements**

- Our responsibility for other information in documents containing the City's basic financial statements and our report thereon does not extend beyond the information identified in our report. If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with a printer's proof for our review and approval before printing. You must also provide us with a copy of the final reproduced material for our approval before it is distributed.

- **Auditor Independence**

- In accordance with AICPA professional standards, M&J is independent with regard to the City and its financial reporting process.



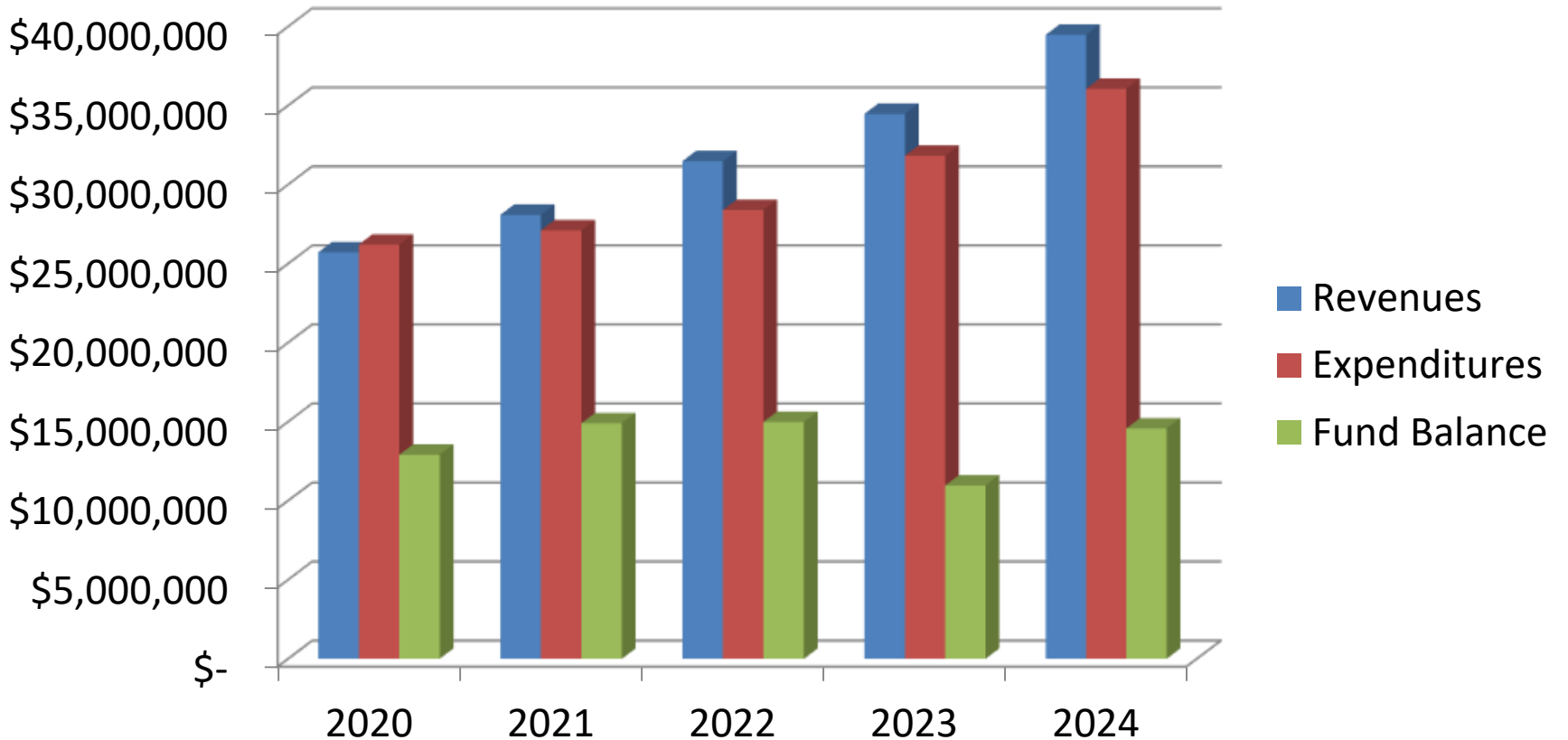


## Financial Statement Issuance – Last Five Years

- **Fiscal Year 2020**
  - Report date of May 5, 2021 (State and GFOA Deadline of December 31, 2020)
  
- **Fiscal Year 2021**
  - Report date of August 5, 2022 (State and GFOA Deadline of December 31, 2021)
  
- **Fiscal Year 2022**
  - Report date of September 14, 2023 (State and GFOA Deadline of December 31, 2022)
  
- **Fiscal Year 2023**
  - Report date of April 3, 2024 (State and GFOA Deadline of December 31, 2023)
  
- **Fiscal Year 2024**
  - Report date of December 27, 2024 (State and GFOA Deadline of December 31, 2024)



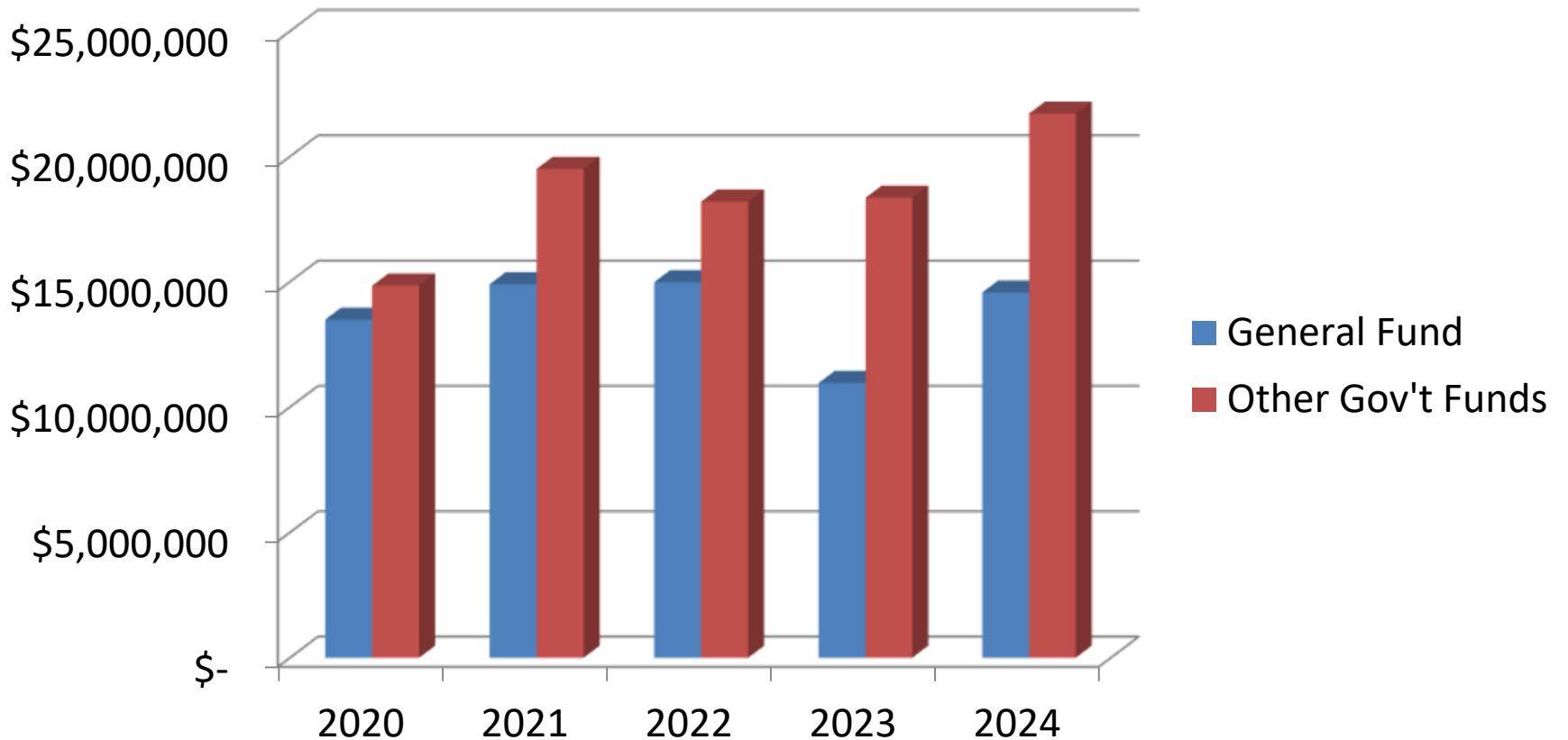
## General Fund – Revenues, Expenditures and Fund Balance Last Five Years



Source: The City's Annual Financial Reports



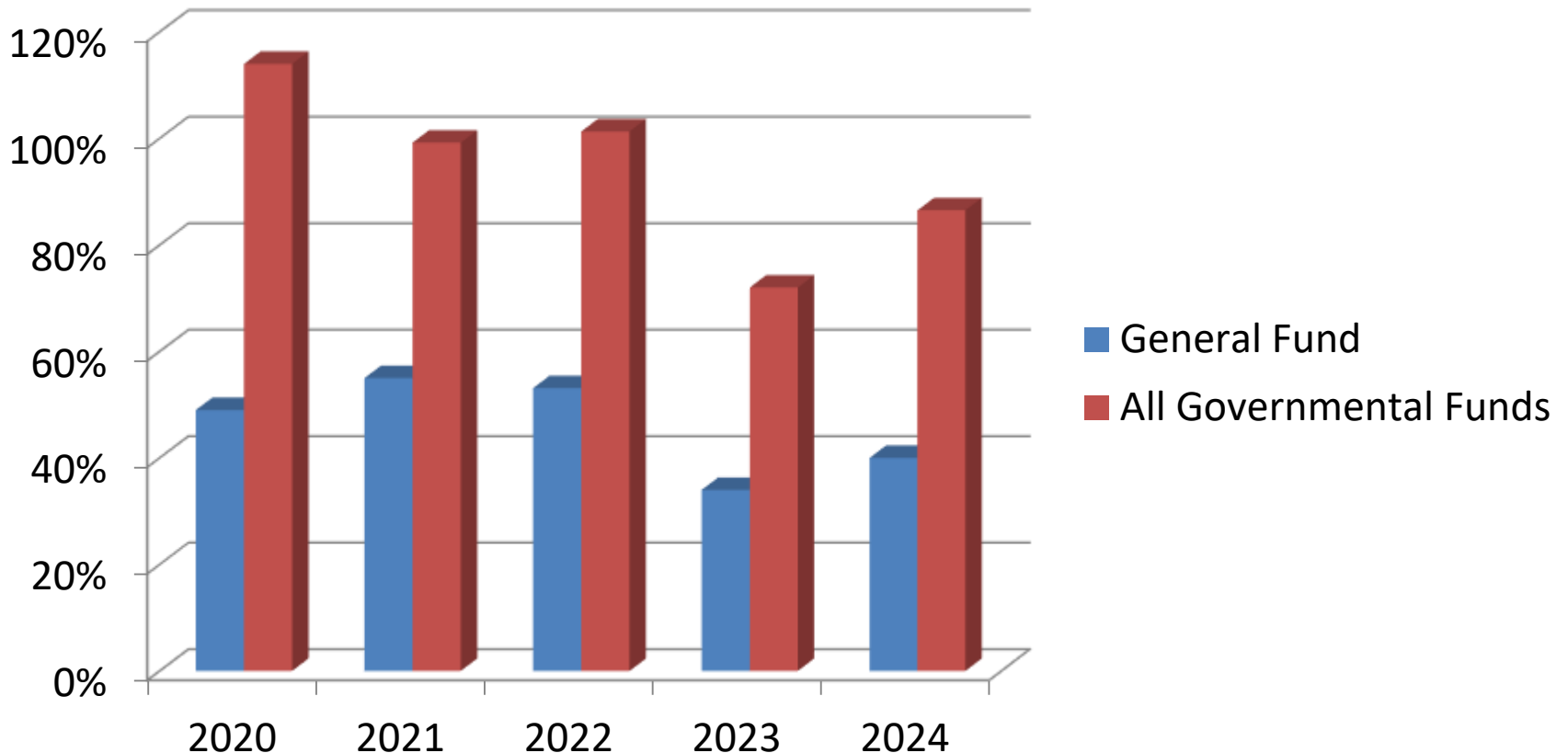
## Financial Trends – Fund Balances – 5-Year Comparison



Source: The City's Annual Financial Reports



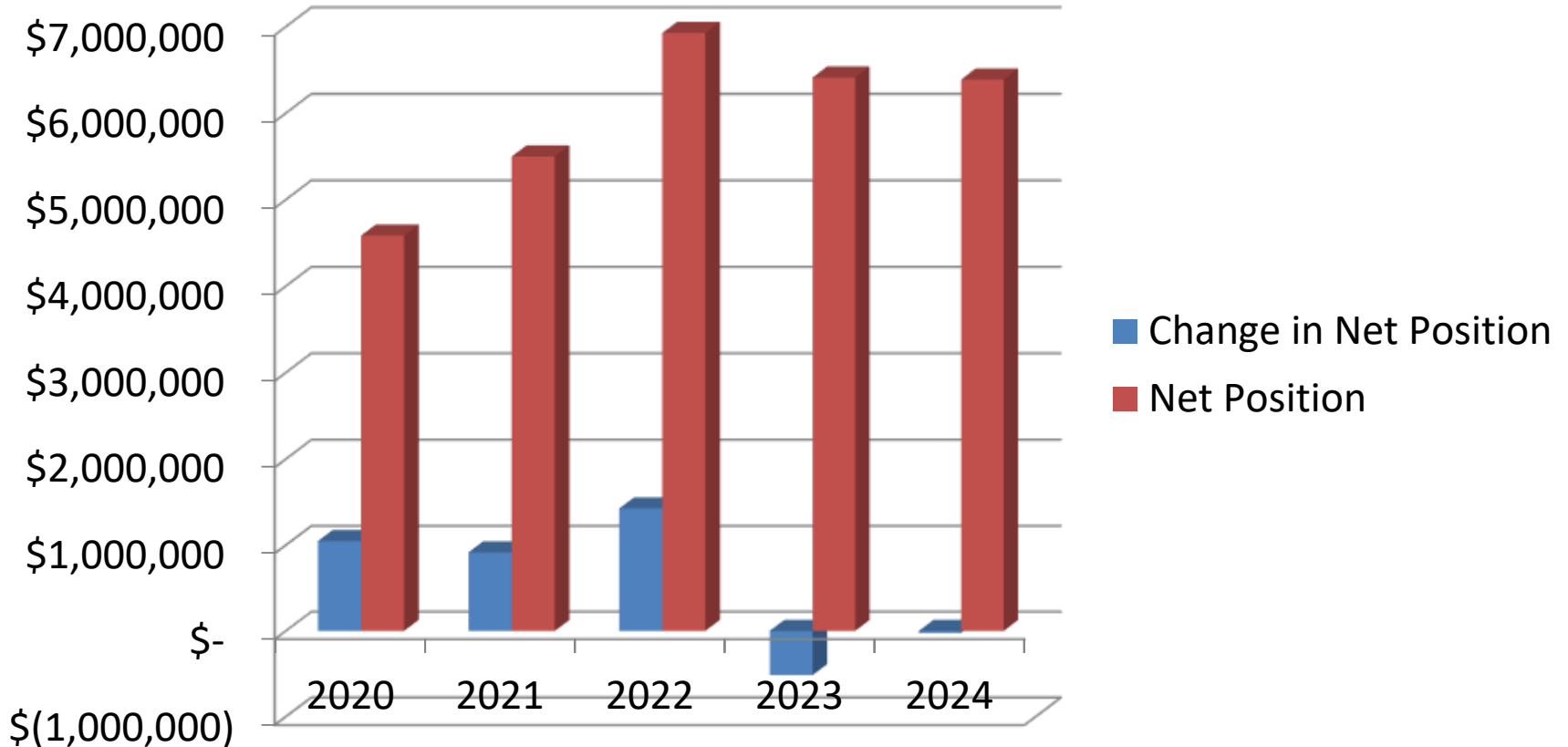
## Fund Balance as a Percentage of Total Expenditures – 5-Year Comparison



Source: The City's Annual Financial Reports



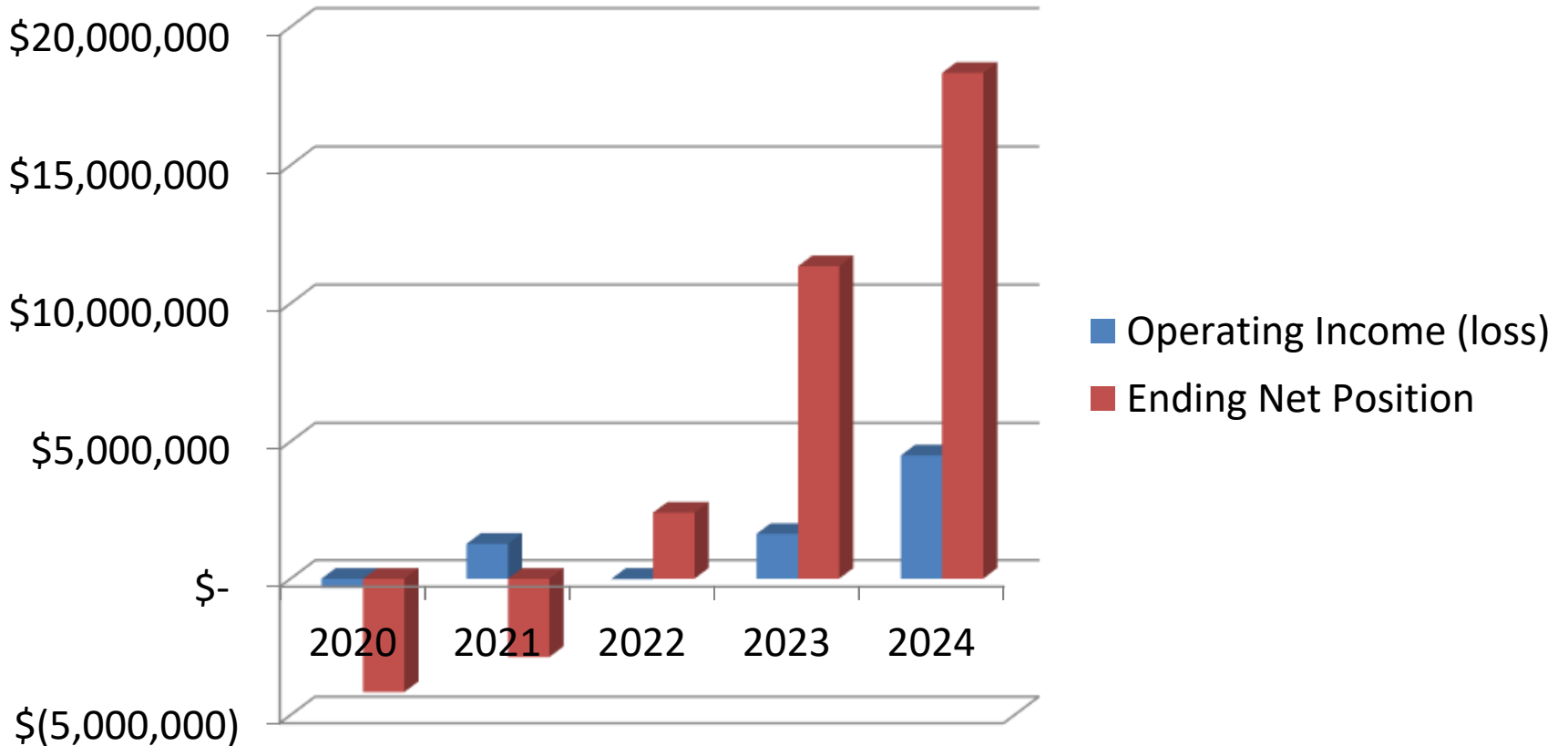
## Financial Trends - Sanitation Fund - Change in Net Position Compared to Net Position - 5-Year Comparison



Source: The City's Annual Financial Reports



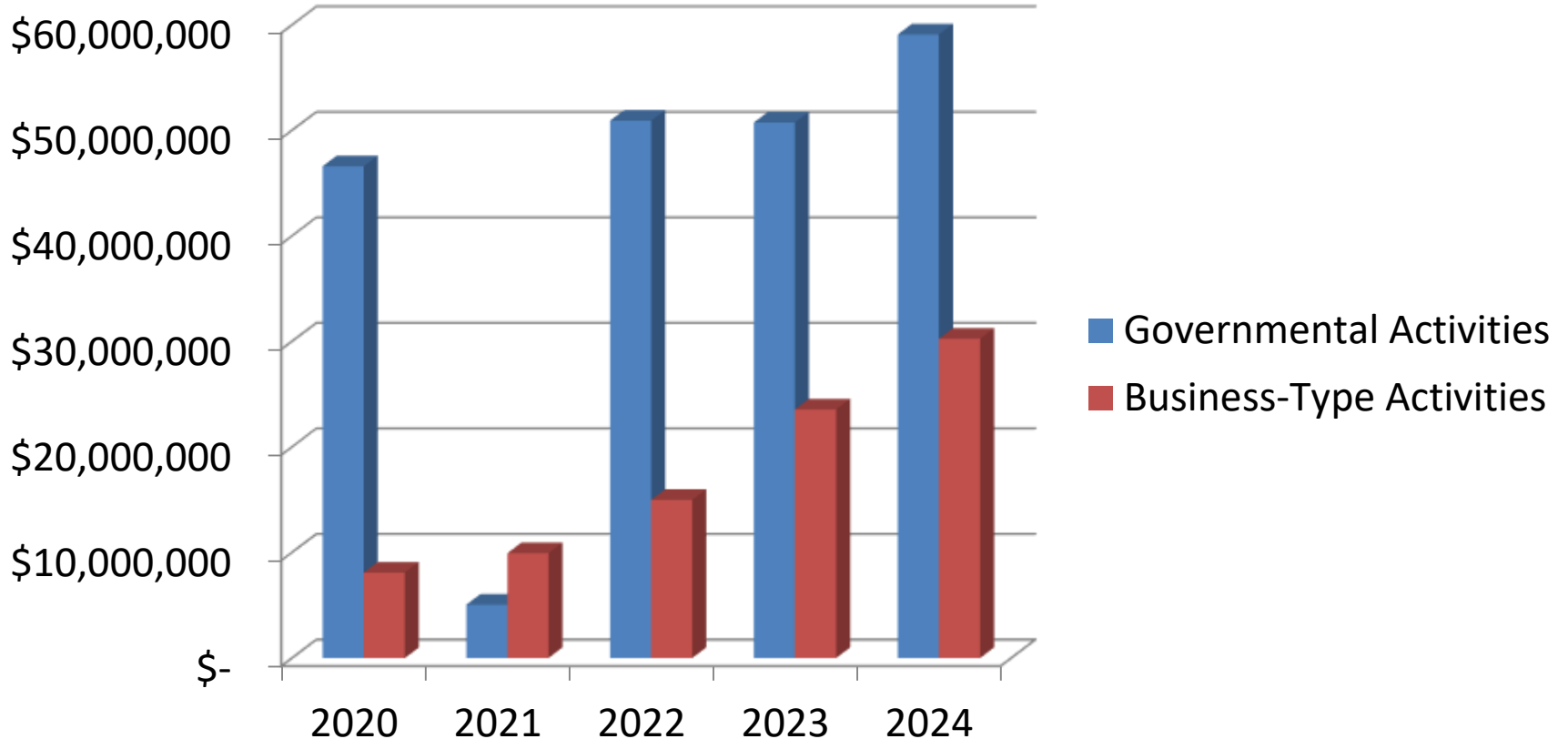
## Financial Trends – Urban Redevelopment Agency – Operating Income and Ending Net Position- 5-Year Comparison



Source: The City's Annual Financial Reports



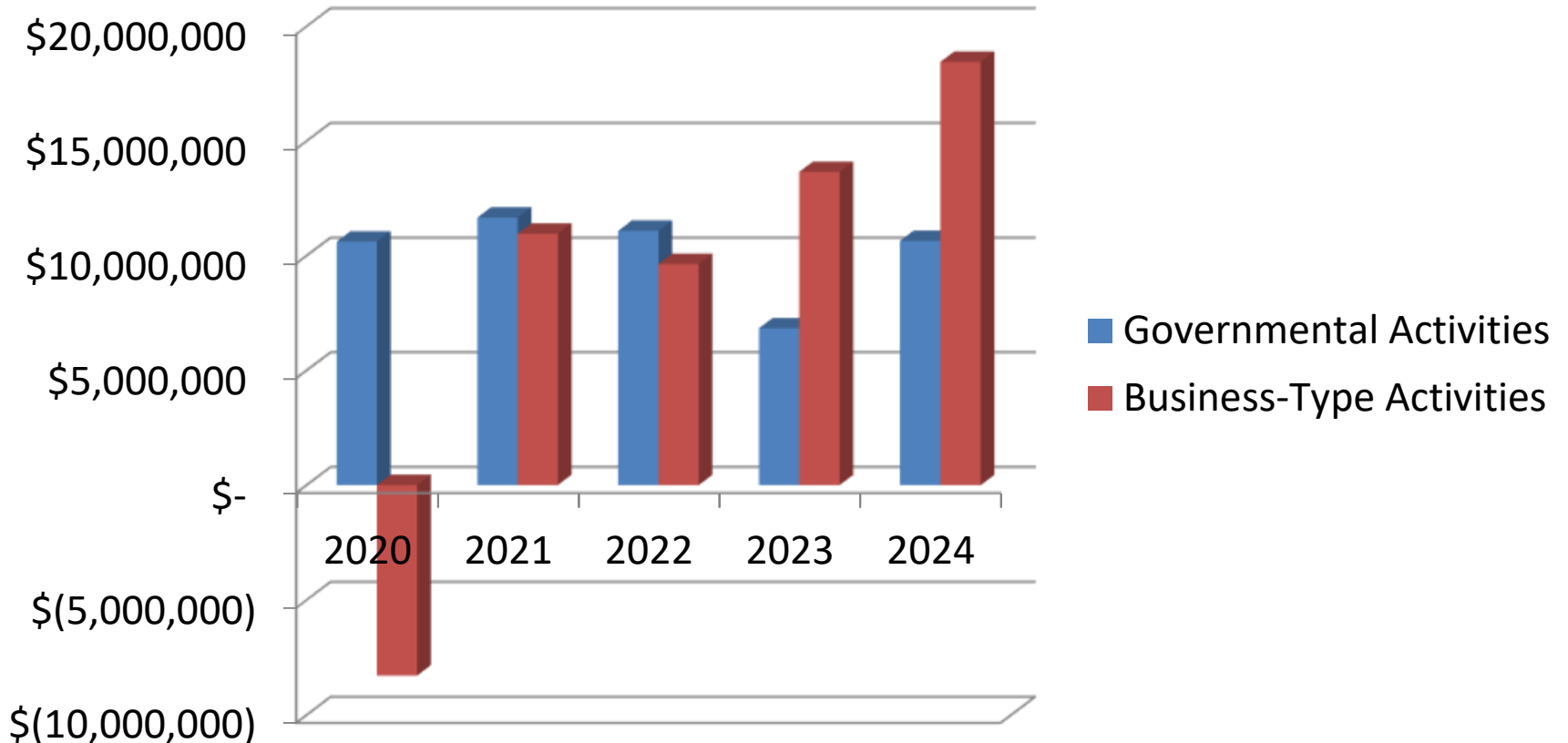
## Financial Trends – Governmental Activities and Business-Type Activities Net Position – Last Five Years



Source: The City's Annual Financial Reports



## Financial Trends – Governmental Activities and Business-Type Activities Unrestricted Net Position – Last Five Years



Source: The City's Annual Financial Reports





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## Comments, Recommendations, and Other Issues

### **2024 – 001 Segregation of Duties (Significant Deficiency)**

**Criteria:** Internal controls should be in place that provide reasonable assurance that adjustments to the City's accounting records are prepared and reviewed by separate individuals, to reduce the risk of erroneous balances being reported in the City's financial statements. Additionally, in order to prevent misappropriation of assets and the recording of fraudulent financial information, duties regarding the authorization of transactions, the recording of financial information, and the review of financial information should be segregated.

**Condition:** During the fiscal year ended June 30, 2024, appropriate segregation of duties was not noted in the journal entry posting process. During our testing of journal entries, we noted that thirty-one (31) out of the sixty (60) journal entries that we tested did not show signs of review and approval by someone other than the preparer.

**Context/Cause:** No one employee should handle any combination of the duties involving the authorization and recording of financial information into the general ledger.

**Effects:** Failure to properly segregate duties or implement compensating controls can lead to misappropriation of funds or abuse of the system that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

**Recommendation:** We recommend that the City continue to build on the improvements it has made and ensure that all journal entries are supported by evidence of review and authorization of somebody other than the preparer of the adjustments.



## Comments, Recommendations, and Other Issues (Continued)

### **SPLOST Projects (Recommendation)**

During our audit procedures on the SPLOST project schedule provided by the City as of June 30, 2024, we noted several incomplete projects with no current year expenditures, indicating that either these projects are complete and the revised budget information has not been updated, or potentially that SPLOST projects were started but abandoned. As the source of these funds is voted on by the public, it is important that the projects included in the SPLOST referendums are completed to the best of the City's abilities. We recommend that the City adhere to its plans on spending the remaining SPLOST proceeds to complete the projects identified in the SPLOST referendum.

### **Grant Accounting**

During our audit procedures of the SPLOST Fund accounts receivable and related balances, we noted that the City had recorded as accounts receivable and unearned revenue the full amount of a grant that was awarded during the fiscal year. This grant is a reimbursement grant for which the City must submit proof of expenditures incurred to the grantor, who in turn reimburses the City for those costs, when approved. For voluntary non-exchange transactions, assets (receivables) are not recognized until grant requirements are met. In this instance, the City had not expended the entirety of the grant award as of June 30, 2024, and it therefore should not have been reported as a receivable and unearned revenue. We recommend that in the future when reimbursement grants with eligibility requirements are awarded, the City only record receivables and revenue as of fiscal year end for those amounts expended under the terms of the grant.

## Governmental Advisory Services

### Core Offerings



## IT and Cybersecurity Solutions

### •Cybersecurity Framework Engagements

- Performed as either a SOC for Cybersecurity under AICPA attestation standards, or as a consulting engagement under AICPA consulting standards

### •System Vulnerability Assessment Engagements

- Process of defining, identifying, classifying and prioritizing vulnerabilities in computer systems, applications and network infrastructures, and providing an assessment with necessary knowledge, awareness, and risks to understand the threats to determine appropriate reactions

### •Penetration Testing Engagements

- Practice of testing a computer system to find security vulnerabilities that a hacker/attacker could exploit using automation or manual applications





## New Accounting Pronouncements

- **New GASB Pronouncements for Future Years**
  - **GASB Statement No. 101, *Compensated Absences*** was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash items.
  - **GASB Statement No. 102, *Certain Risk Disclosures*** was issued in December 2023 and is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.



## New Accounting Pronouncements

- **New GASB Pronouncements for Future Years**
  - **GASB Statement No. 103, *Financial Reporting Model Improvements*** was issued in April 2024 and is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.
  - **Statement No. 104, *Disclosure of Certain Capital Assets*** was issued in September 2024 and is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this statement is to clarify which types of capital assets must be disclosed separately in the notes to the financial statements as well as to establish disclosure requirements for capital assets that are held for sale.



## New Accounting Pronouncements (Continued)

- **Other Pending or Current GASB Projects**

- **Going Concern Uncertainties and Severe Financial Stress** is a major project where the goal is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider: (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This technical topic is being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. A preliminary views document on this topic is expected by late 2024 with an exposure draft to follow in 2025.
- **Infrastructure Assets** is a project that will address issues related to accounting and financial reporting for infrastructure assets. The project will evaluate standard-setting options related to reporting infrastructure assets to make information: (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time. Preliminary views document has been issued with comments due back to GASB by the end of January 2025.



## Govt. Clients – Free Quarterly Continuing Education

- **Since March of 2009 – For Over 12 Years!!**

- Mauldin & Jenkins provides free quarterly continuing education for all of our governmental clients. Topics are tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking and knowledge sharing among our governmental clients. We normally see approximately 180 people per quarter. Examples of subjects addressed in the past few quarters include:

- Accounting for Debt Issuances
- Achieving Excellence in Financial Reporting
- Best Budgeting Practices, Policies and Processes
- Budget Preparation
- ACFR Preparation (two (2) day hands-on course)
- Capital Asset Accounting Processes and Controls
- Collateralization of Deposits and Investments
- Component Units
- Cybersecurity Risk Management
- Evaluating Financial and Non-Financial Health of a Govt.
- Financial Report Card – Where Does Your Govt. Stand?
- Financial Reporting Model Improvements
- GASB Nos. 74 & 75, OPEB Standards
- GASB No. 77, Tax Abatement Disclosures
- GASB No. 84, Fiduciary Activities
- GASB Projects & Updates (ongoing & several sessions)
- Human Capital Management
- Grant Accounting Processes and Controls
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- IRS Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosures
- Policies and Procedures Manuals
- Segregation of Duties
- Single Audits for Auditees
- Special Purpose Local Option Sales Tax (SPLOST)
- Accounting, Reporting & Compliance
- Uniform Grant Reporting Requirements and the New Single Audit

» We appreciate the City's participation in these quarterly sessions.





## *Questions & Comments*



**Thank You for the Opportunity to Serve**