



## *Walton County, Georgia*



**Presentation of Audit Results  
June 30, 2025**



## Agenda

- Engagement Team
- Results of the 2025 Audit
- Required Communications
- Financial Trends
- 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



*To be a trusted advisor, earning trust 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 Partner | Meredith Lipson, Quality Review Partner | Austin Morse, Senior Associate



## Audit Opinion

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



## **Required Communications**

- **Significant Accounting Policies**

- The significant accounting policies used by the County are described in Note 1 to the basic financial statements.
- In considering the policies used by the County, we noted they are in accordance with generally accepted accounting principles and similar government organizations with no significant new policies or qualitative aspects of its policies. The County is not involved in any controversial or emerging issues for which guidance is not available.

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

- The County uses various estimates as part of its financial reporting process – including valuation of accounts receivable (recording of allowance for uncollectible accounts), actuarial assumptions, and determination of lease terms and incremental borrowing rates for leases.
- Management's estimates used in preparation of financial statements were deemed reasonable in relation to the financial statements taken as a whole. We considered this information and the qualitative aspects of management's calculations in evaluating the County's significant accounting estimates.



## **Required Communications (Continued)**

- **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.

- **Relationship with Management**

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

- **Audit Adjustments**

- There was one passed adjustment related to a restatement of beginning net position for governmental activities. Management identified that a building whose ownership had been transferred in a prior year was not removed until fiscal year 2025. The net impact on the prior year's (fiscal year 2024) net position was an overstatement in the amount of \$721,083. The adjustment to reduce the current year's loss on disposal and reduce the beginning net position was determined to be not material and, therefore, no adjustment was made.

- **Representation from Management**

- We requested 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, during the audit. Management provided those written representations without a problem.



## **Required Communications (Continued)**

- **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.

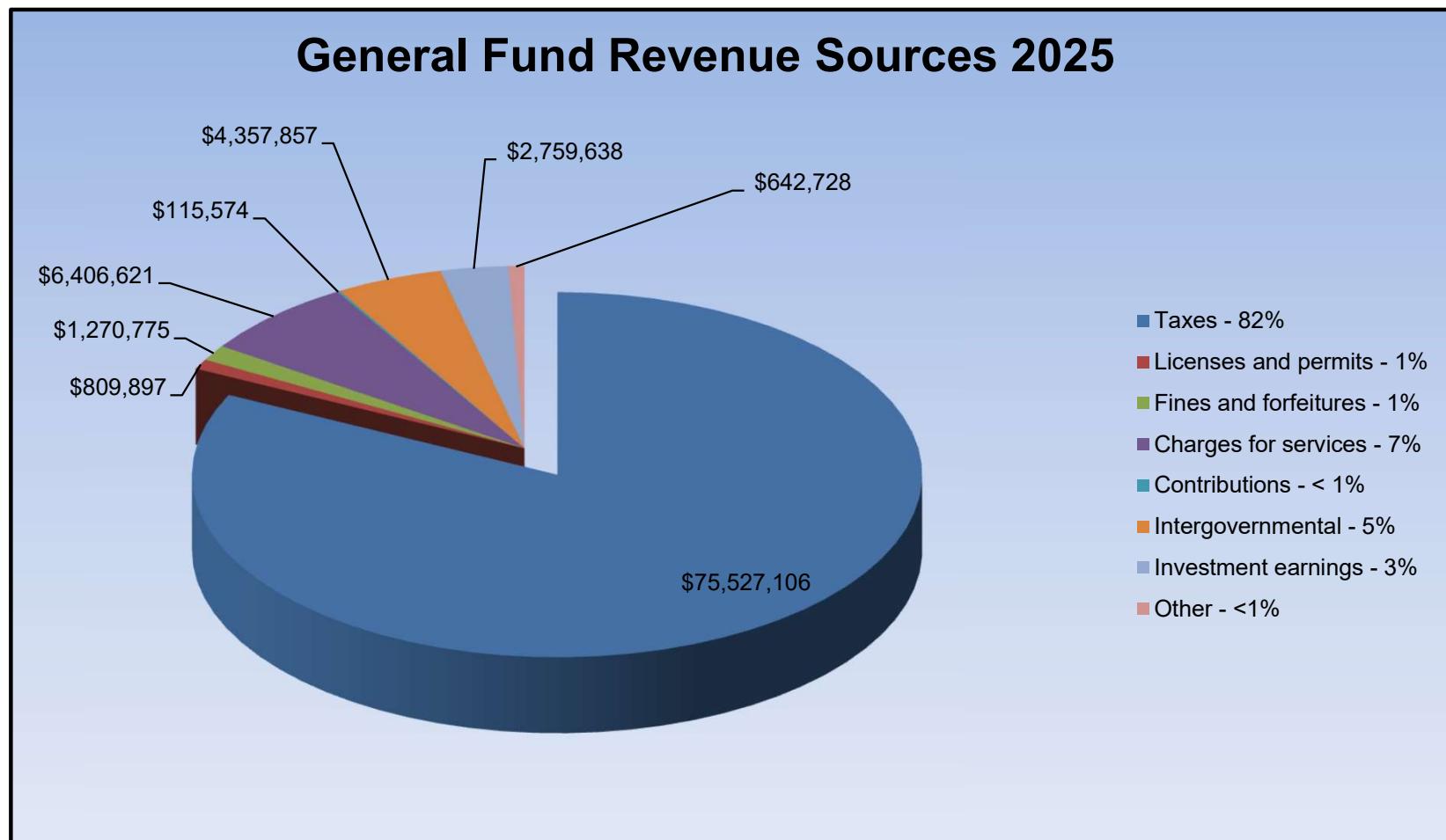
- **Information in Documents Containing Audited Financial Statements**

- Our responsibility for other information in documents containing the County's basic financial statements and our report thereon does not extend beyond the information identified in our report. If the County intends 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. The County must also provide us with a copy of the final reproduced material for our approval before it is distributed.

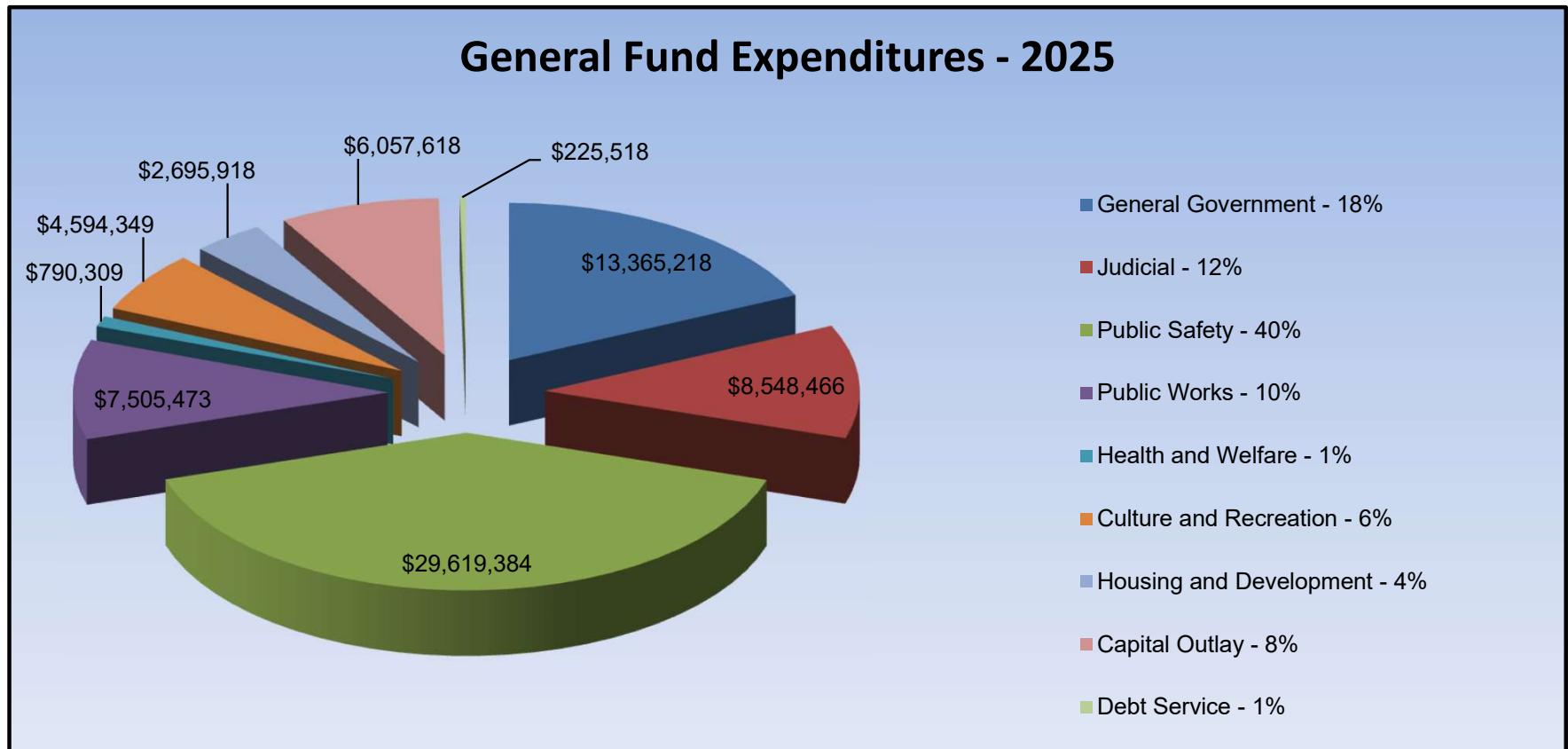
- **Auditor Independence**

- In accordance with AICPA professional standards, M&J is independent with regard to the County and its financial reporting process.
  - There were no fees paid to M&J for management advisory services during fiscal year 2025 that might affect our independence as auditors.

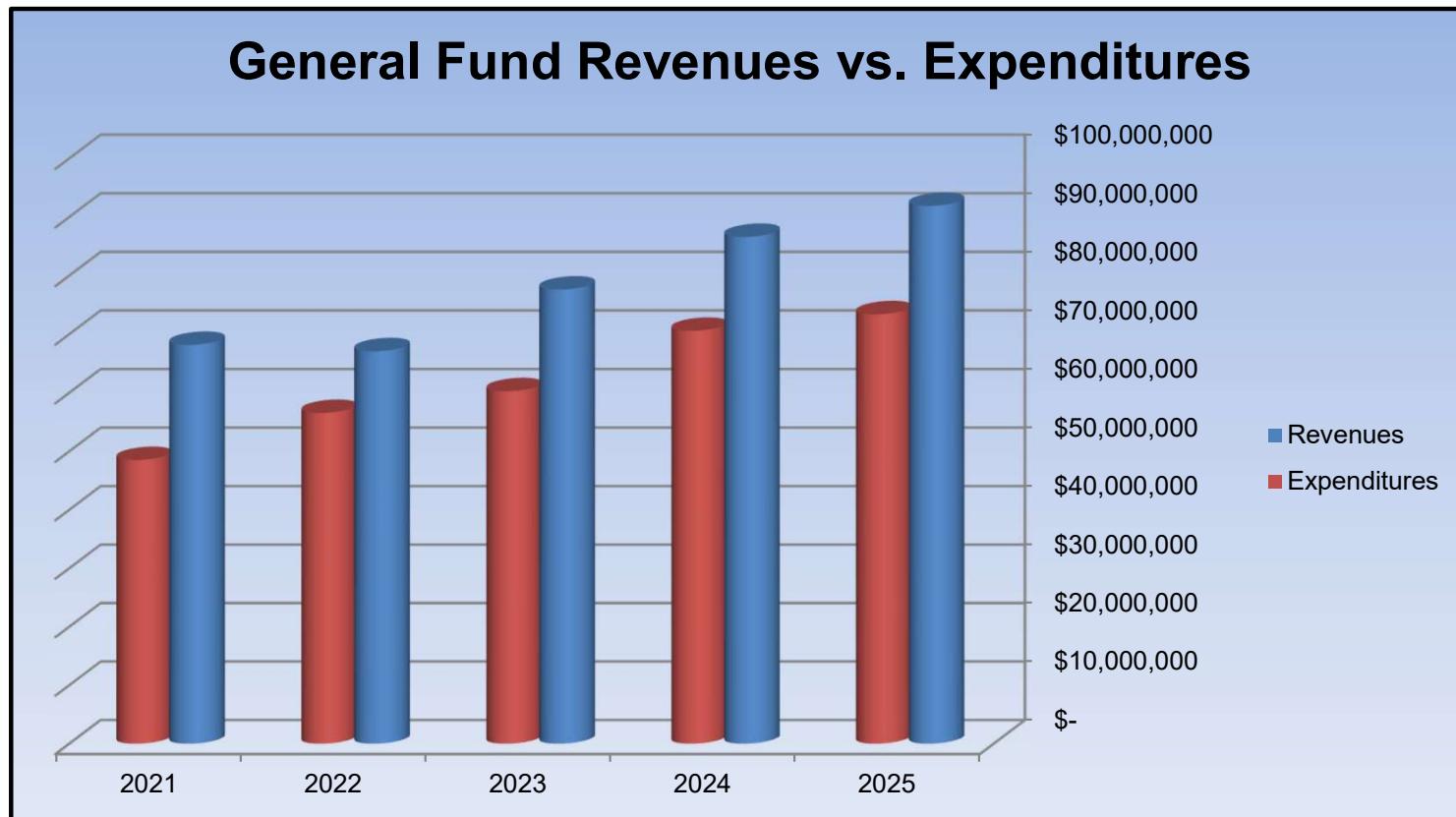
## General Fund Revenue Sources



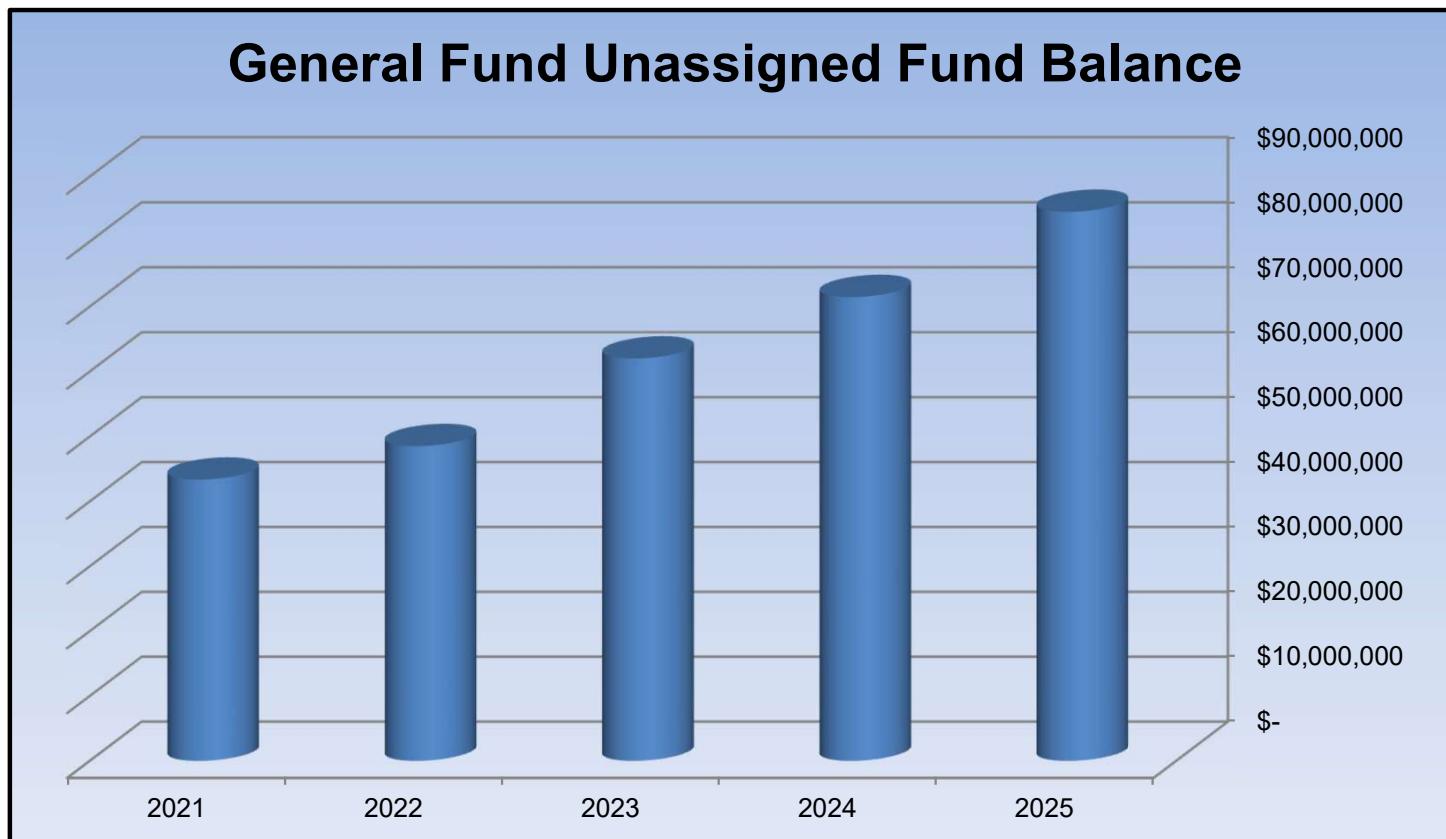
## General Fund Expenditures by Function



## General Fund Revenues vs. Expenditures



## General Fund Unassigned Fund Balance





## Comments and Other Matters

During our audit of the financial statements as of and for the year ended June 30, 2025, we noted some areas within the accounting and internal control systems that we believe can be improved. Further, we noted other matters which we wish to communicate to you in an effort to keep the County abreast of accounting matters that could present challenges in financial reporting in future periods. Our recommendations and proactive thoughts and communications are presented in the following slides.

- **Material Weaknesses**

- **Accounting for Grant Revenues**

- Internal controls over financial reporting should be designed to ensure that balances and activity related to the County's grant activities are accounted for properly and in accordance with generally accepted accounting principles. Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Exchange Transactions, requires that recipients recognize revenue once eligibility requirements (primarily incurring qualifying expenditures) are met.
    - At year end, the County failed to identify and record revenue and intergovernmental accounts receivable in the amount of \$3,550,049 for reimbursable costs incurred under the American Rescue Plan Act State Fiscal Recovery Fund Water and Sewer Infrastructure Award.
    - We recommend that the County enhance its internal control procedures surrounding grant expenditures, which should include a review process whereby grant expenditures are reconciled to the revenues recognized during the fiscal year.



## Comments and Other Matters (Continued)

- Material Weaknesses (Continued)

- Accounting for Capital-Related Grant Activity

- Internal controls over financial reporting should be designed to ensure that capital costs are properly reported as capital assets in the County's financial statements. Under the accrual basis of accounting, fund-level expenditures for capital activities should be recorded as construction-in-progress in the statement of net position. Additionally, if a governmental fund reports capital expenditures related to business-type activities, those costs should be either be transferred to the proprietary fund in which the underlying assets will be reported, or the County should accrue the construction-in-progress in its governmental activities and then transfer that activity to its business-type activities.
    - The County failed to capitalize \$4,251,767 of costs incurred in its American Rescue Plan Fund. These costs represented construction-in-progress for the County's Water and Sewer Fund.
    - We recommend the County improve its documented procedures to address situations where proprietary funds benefit from costs incurred in governmental funds. This documentation should describe the reconciliation process and should also address the internal controls to be implemented to prevent capital expenditures from being recognized without a corresponding capital asset being recorded.



## Comments and Other Matters (Continued)

- Material Weaknesses (Continued)

- **Restatement of Fiduciary Net Position – Tax Commissioner Custodial Fund**

- Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, requires that custodial funds report on the economic resources measurement focus and the accrual basis of accounting. Outstanding checks in a bank reconciliation should only be shown to the extent that the checks were released prior to the end of the fiscal year. Additionally, the County's elected officials should maintain a formal set of accounting records in the form of a general ledger, which should include all assets, liabilities, receipts, and deductions during the year.
    - During the current year's audit, we noted that checks totaling \$2,260,438 that were physically written and released to payees during July of 2024 were incorrectly recorded as outstanding checks, which resulted in an understatement of cash and an overstatement of custodial disbursements for the fiscal year ended June 30, 2024. Beginning fiduciary net position of the Tax Commissioner Fund was understated by \$2,260,438 as of July 1, 2024.
    - We recommend the County finance department work with the Tax Commissioner's office to ensure that financial reporting for fiscal year 2026 is complete and accurate. Internal controls should be in place to ensure that cash balances are accurate and complete as of the end of each reporting period.



## New Accounting Pronouncements

- **New GASB Pronouncements for Future Years**

- **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.



## 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.

## Other Pending or Current GASB Projects (Continued)

- **Subsequent Events—Reexamination of Statement No. 56** is a project that will improve the accounting and financial reporting for subsequent events. The project will reexamine existing requirements related to subsequent events in Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, to address issues related to: (1) confusion about and challenges associated with applying the existing standards, (2) inconsistency in practice in the information provided about subsequent events, and (3) the usefulness of the information provided about subsequent events. Exposure draft on this topic is expected by late 2024.
- **Revenue and Expense Recognition** is a major project where the overall objective is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB's authoritative literature, and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability. The GASB is currently reviewing comments and other input received from the stakeholder community during the preliminary views stage that was completed in 2021. An exposure draft is expected in early 2025.

## Governmental Advisory Services

### Core Offerings



## IT and Cybersecurity Solutions

### • Cybersecurity Framework Engagements

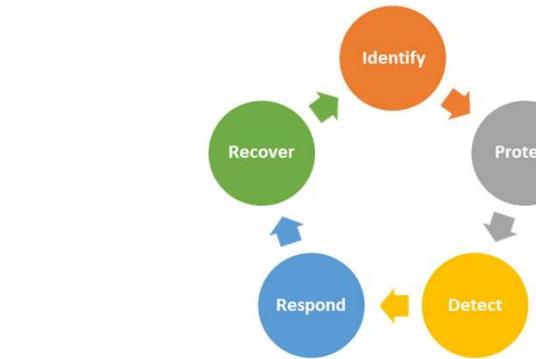
- Performed as either a SOC for Cybersecurity under AICPA attestation standards, or as a consulting engagement under AICPA consulting standards

### • 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



## Govt. Clients – Free Quarterly Continuing Education

- **Since March of 2009 – For Over 15 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 and Updates (ongoing and several sessions)
  - Human Capital Management
  - Grant Accounting Processes and Controls
  - Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
  - Internal Controls Over Receivables and the Revenue Cycle
  - IRS Issues, Primarily Payroll Matters
  - Legal Considerations for Debt Issuances and Disclosures
  - Policies and Procedures Manuals
  - Segregation of Duties
  - Single Audits for Auditees
  - Special Purpose Local Option Sales Tax (SPLOST)
  - Accounting, Reporting and Compliance
  - Uniform Grant Reporting Requirements and the New Single Audit

We appreciate Walton County's participation in these quarterly sessions.

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## *Questions and Comments*



**Thank You for the Opportunity to Serve**