



City of Powder Springs, 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



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OF QUALITY SERVICE

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GOVERNMENTAL
PARTNERS &
DIRECTORS **25**



150+
TEAM MEMBERS DEDICATED
TO SERVING THE
GOVERNMENTAL INDUSTRY



VISION
*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



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 City'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 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 (GAAP).
 - 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*.



Required Communications

- **Significant Accounting Policies**

- The significant accounting policies used by the City are described in Note 1 to the basic financial statements.
- In considering the policies used by the City, 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 City is not involved in any controversial or emerging issues for which guidance is not available.
- During fiscal year 2025, the City implemented GASB Statement No. 101, *Compensated Absences*.

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

- The City 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 City'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 City's management, staff, and others.
- There were no disagreements with management on accounting issues or financial reporting matters.

- **Audit Adjustments**

- There were no passed adjustments.

- **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**

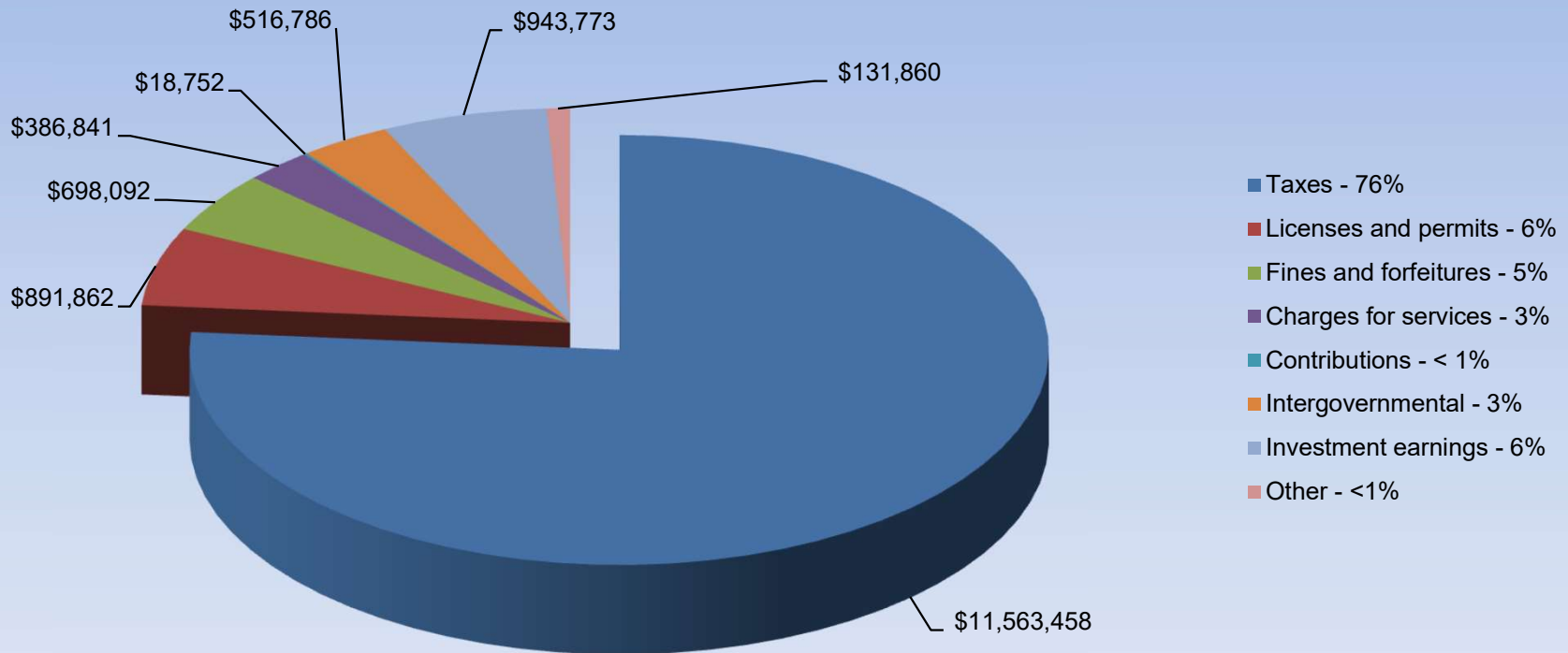
- Our responsibility for other information in documents containing the City's basic financial statements and our report thereon does not extend beyond the information identified in our report. If the City intends to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with a printer's proof for our review and approval before printing. The City 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.
- There were no fees paid to M&J for management advisory services during fiscal year 2025 that might affect our independence as auditors.

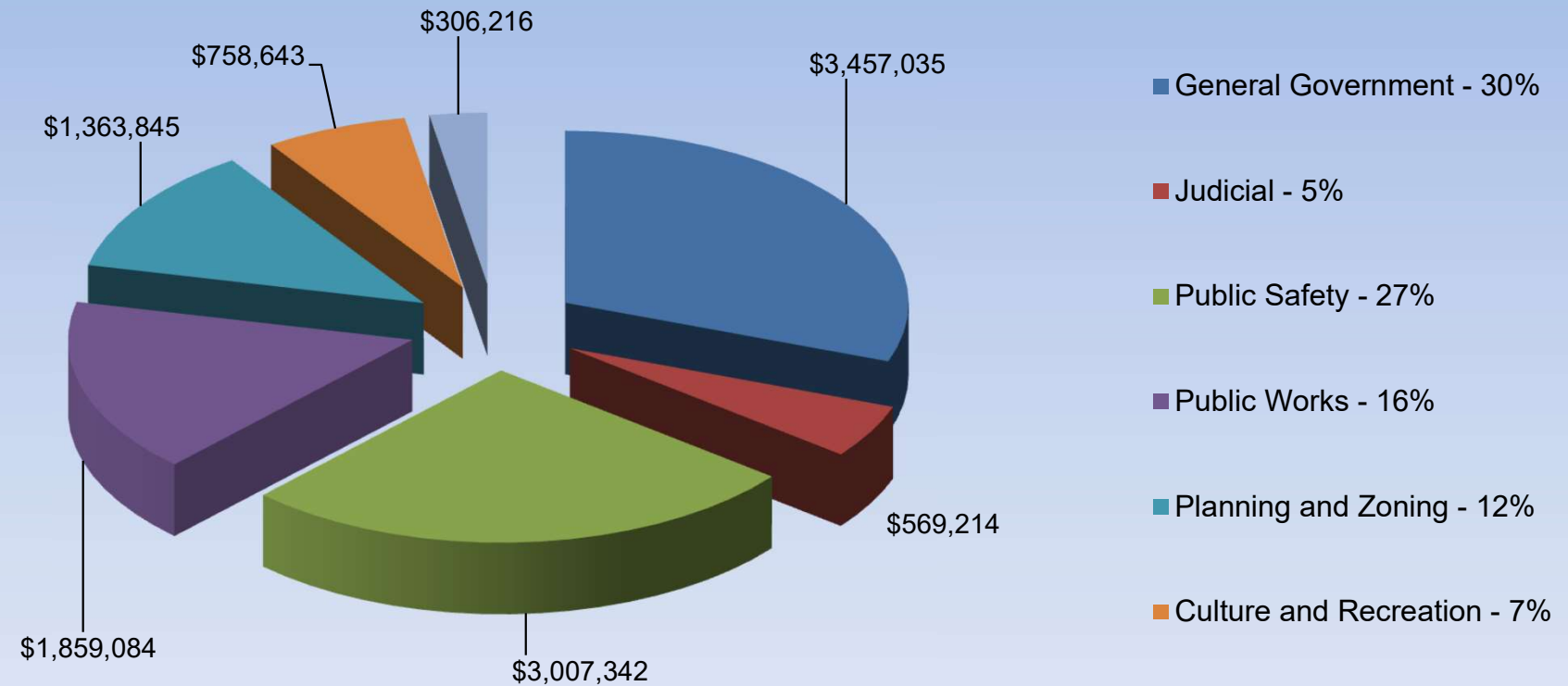


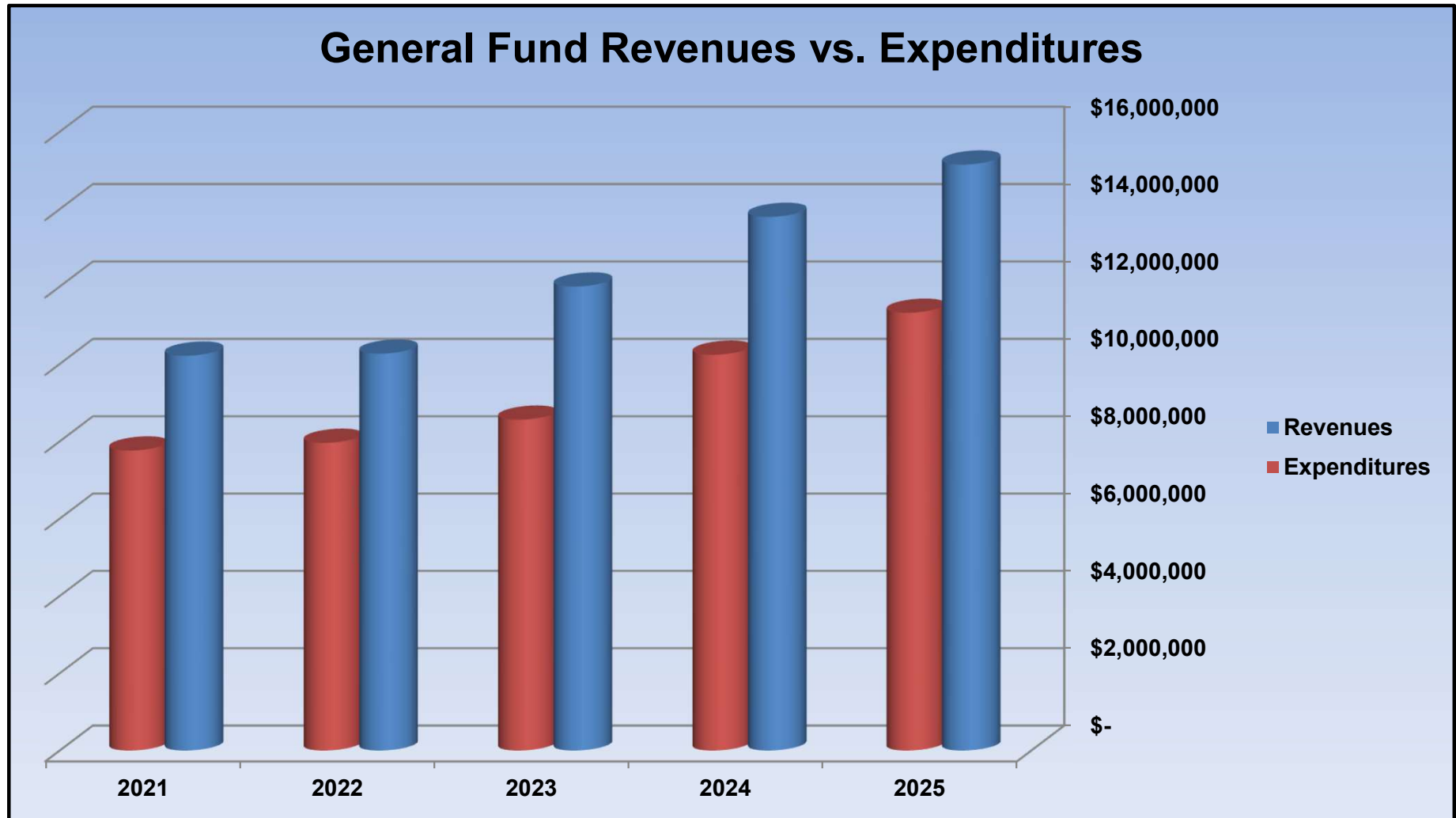
General Fund Revenue Sources 2025





General Fund Expenditures - 2025







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 City 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.

- **Significant Deficiency (2025-001)**

- **Depreciation of Capital Assets**

- City management is responsible for establishing and maintaining effective internal controls over financial reporting. Specifically, these controls should be designed to prevent and detect errors in reported balances, including depreciation expense.
 - During the current year, City management identified that depreciation expense was not calculated and reported for certain assets reported as vehicles and equipment in the City's financial statements for the fiscal year ended June 30, 2024. Therefore, depreciation expense in the current year includes \$71,385 that should have been recognized in the prior year.
 - We recommend that the City review the detailed depreciation schedule annually to ensure that all depreciable capital assets with net book values as of the beginning of the year are being depreciated appropriately.



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.



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. An exposure draft on this topic is expected by mid-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.



New Accounting Pronouncements (Continued)

- **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

Strategy

Develops and defines the future vision, goals, and objectives

- Innovation
- Long-Term Planning
- Organization Management
- Workforce of the Future Planning
- Internet of Things/Market Disruptors Assessment
- Artificial Intelligence/Robotics
- Service Delivery Model Planning
- Strategy Mapping
- Technology Consulting/ERP
- Technology Solution/Vendor Selection
- Operational Vision
- Business Case

Operational Efficiency and Effectiveness

Ensures business processes and service delivery are provided in a manner maximizing targeted goals

- Cost Containment
- Operations Improvement
- Program Delivery
- Revenue Enhancement
- Staffing Assessments
- Benchmarking
- Technology Utilization
- Governance
- Policy/Procedure Assessments
- Operations/Management Reviews

Transformation

Allows for the successful change from the current state to the desired environment or outcome

- Change Management and Organizational Transformation Strategies
- Customer Service Optimization
- Service Delivery Modeling
- Technology/Workflow Design
- Human Capital Management

Performance Measurement

Ensures outputs and outcomes are producing desired results

- Budget Forecasting & Design
- Cost Accounting
- Data Science
- Grant Strategy
- Risk Assessments
- Internal Controls & Compliance
- KPI Design
- Benchmarking
- Project Management
- Independent Verification & Validation
- Management/Dashboard Reporting

IT and Cybersecurity Solutions

• Cybersecurity Framework Engagements

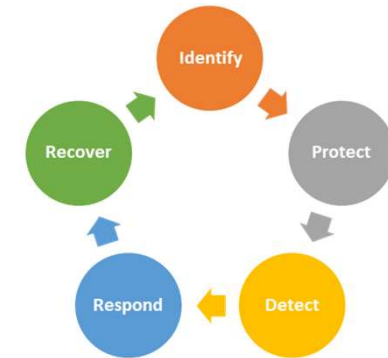
- Performed as either a SOC for Cybersecurity under AICPA attestation standards or as a consulting engagement under AICPA consulting standards

• 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





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- 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:

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| <ul style="list-style-type: none">▪ 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 No. 100, Accounting and Error Corrections▪ GASB No. 101, Compensated Absences▪ GASB No. 102, Certain Risk Disclosures | <ul style="list-style-type: none">▪ GASB Projects & Updates (ongoing and several sessions)▪ Grants (Accounting and Auditing)▪ Human Capital Management▪ Information Technology (IT) Risk Management▪ Internal Controls Over Accounts Payable, Payroll and Cash Disbursements▪ Internal Controls Over Receivables & the Revenue Cycle▪ Legal Considerations for Debt Issuances & Disclosure Requirements▪ Navigating IRS Communications with Success▪ Policies and Procedures Manuals▪ Presenting Financial Information to Non-Financial People▪ Procurement Card Red Flags▪ Risk, Efficiency, & Effectiveness in Governments▪ Single Audits for Auditees▪ SPLOST Accounting, Reporting & Compliance▪ Uniform Grant Guidance |
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Questions & Comments



Thank You for the Opportunity to Serve