



**To the Honorable Mayor and Members
of the City Council of the
City of Powder Springs, Georgia**

In planning and performing our audit of the financial statements of the City of Powder Springs, Georgia (the “City”) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the City as of and for the year ended June 30, 2020. A separate report dated December 11, 2020, contains our report on the City’s internal control. This letter does not affect our report dated December 11, 2020, on the financial statements of the City.

The following item is offered as a constructive suggestion to be considered part of the ongoing process of modifying and improving the City's practices and procedures.

Allowance for Doubtful Accounts

During testing it was noted that the allowance for doubtful accounts in the Stormwater Fund was booked for significantly less than was estimated to be uncollectible by the City. This required an adjustment resulting in a decrease in ending net position of approximately \$32,000. We recommend the allowance for doubtful accounts be annually evaluated based on experience and conditions in the City’s collection efforts and the evaluations be reflected in the general ledger.

Revenue Recognition

During testing we noted an amount receivable for ICE Equitable Sharing revenue pertaining to transactions which occurred after fiscal year end. This revenue is categorized as a voluntary non-exchange transaction. Per GASB 33, assets received in this type of transaction should only be recognized when resources are received. We recommend the City establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Sales of Land Held for Development

During testing it was noted that the Downtown Development Authority (DDA) purchased a group of parcels of land which included a small house, and subsequently sold a portion of that group. When the proceeds of the sale were received, the entire amount was booked as a reduction in the asset Land Held for Resale, rather than recognizing a gain on the sale. We recommend the City evaluate each property sold for possible gain on the sale.

Closing Thoughts

We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than those specified parties.

We appreciate serving the City of Powder Springs, Georgia and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 11, 2020