City of Fairburn Work Session
Agenda

July 22, 2024
6:00 PM

The Honorable Mayor Mario Avery

The Honorable Mayor Pro-Tem James Whitmore	The Honorable Linda J. Davis
The Honorable Alex Heath	The Honorable Samantha Hudson
The Honorable Hattie Portis-Jones	The Honorable Ulysses J. Smallwood
Mr. Tony Phillips	City Administrator
Mr. Rory Starkey	City Attorney
Ms. Brenda B. James	City Clerk

I. Meeting Called to Order: The Honorable Mayor Avery

II. Roll Call: City Clerk

III. Agenda Items:

1. Fiscal Year 2023 CAFR Presentation **(Finance)**

IV. Adjournment:

When an Executive Session is required, one will be called for for the following Issues:
(1) Personnel (2) Real Estate or **(3) Litigation**

CITY OF FAIRBURN
WORK SESSION AGENDA ITEM

SUBJECT: Fiscal Year 2023 CAFR Presentation

ITEM TYPE: Presentation

SUBMITTED: 07/16/2024 **WORK SESSION:** 7/22/2024 **COUNCIL MEETING:** N/A

DEPARTMENT: Finance

BUDGET IMPACT: N/A

PUBLIC HEARING: No

PURPOSE:
Mauldin and Jenkins will give a presentation for fiscal year ending September 30, 2023.

HISTORY:
Mauldin and Jenkins has performed the financial audit for the City of Fairburn since 2009.

FACTS AND ISSUES:
Mauldin and Jenkins has performed the financial audit for the City of Fairburn since 2009, and has issued an unmodified, clean opinion.

FUNDING SOURCE:
N/A

RECOMMENDED ACTION:
N/A

ATTACHMENTS:
1. Fairburn Presentation Mauldin and Jenkinds 2023-2024 CAFR

Fairburn

Situated to Succeed

Presentation of Audit Results
September 30, 2023

Agenda

- Engagement Team
- Overview of:
  - Audit Opinion
  - Compliance Report
  - Audit Scopes and Procedures
- Required Communications
- Financial Trends
- Accounting Recommendations and Related Matters
- Answer Questions

INSIDE PUBLIC ACCOUNTING TOP 100 FIRMS 2021

accountingTODAY 2022 Top 100 Firms

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

100+ year
HISTORY
OF QUALITY SERVICE

Serve 650+
GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS **16**

140+ TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY

STEWARDSHIP • IMPACT • TRUST • EXCELLENCE • INNOVATION

CORE PURPOSE

MAULDIN & JENKINS

CORE VALUES

VISION

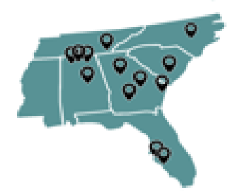
To be a trusted advisor, earning trust and building respect through our consistent commitment to sustainable excellence, leadership, and integrity.

225+ SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER $4 BILLION OF FEDERAL GRANTS

135,000+ HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

150+ CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE

6 STATES | **13** OFFICES



Engagement Team Leaders

- Josh Carroll, Engagement Partner | Doug Moses, 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 Fairburn, 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 and Audit Scopes and Procedures

- **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*.

  - Report on compliance with major federal grant programs (single audit). Qualified opinion for procurement.

- **Audit Scopes and Procedures (Governmental Audit Programs Utilized in All Areas)**

  - Confirmed receivables, cash, debt and other elements.

  - Vouched substantiated additions of capital assets, balances of construction in progress, and vouched significant retainage payable.

  - Performed a search for unrecorded liabilities via review of unpaid vouchers and subsequent disbursements.

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.
  - During the current year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *SBITAs*.
  - 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 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 were no unrecorded or passed audit adjustments.

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.

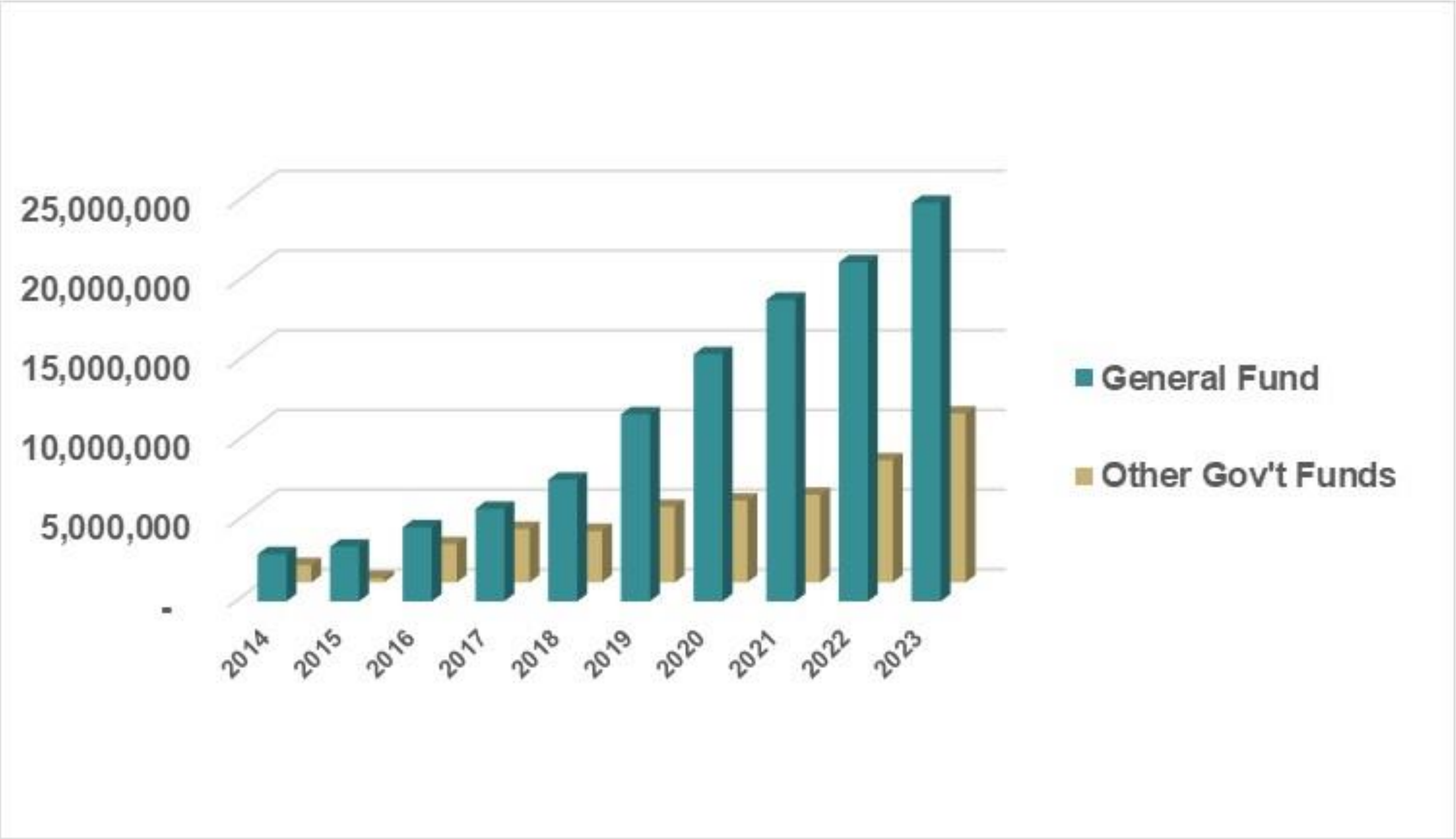
Information in Documents Containing Audited Financial Statements

- 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 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

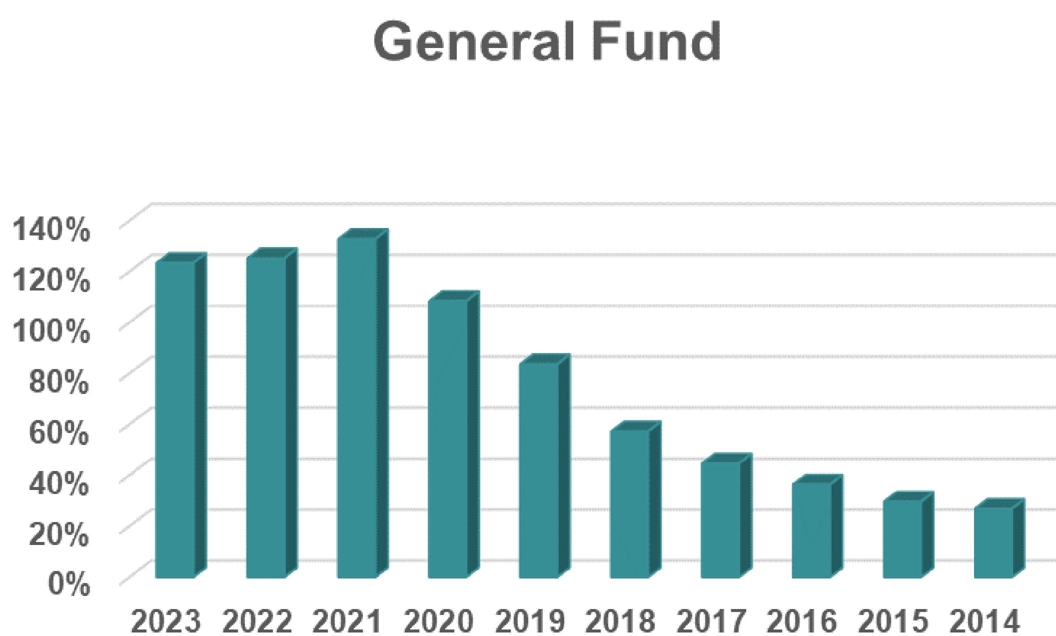
- In accordance with AICPA professional standards, M&J is independent with regard to the City and its financial reporting process.

Fund Balances of General Fund and Other Governmental Funds



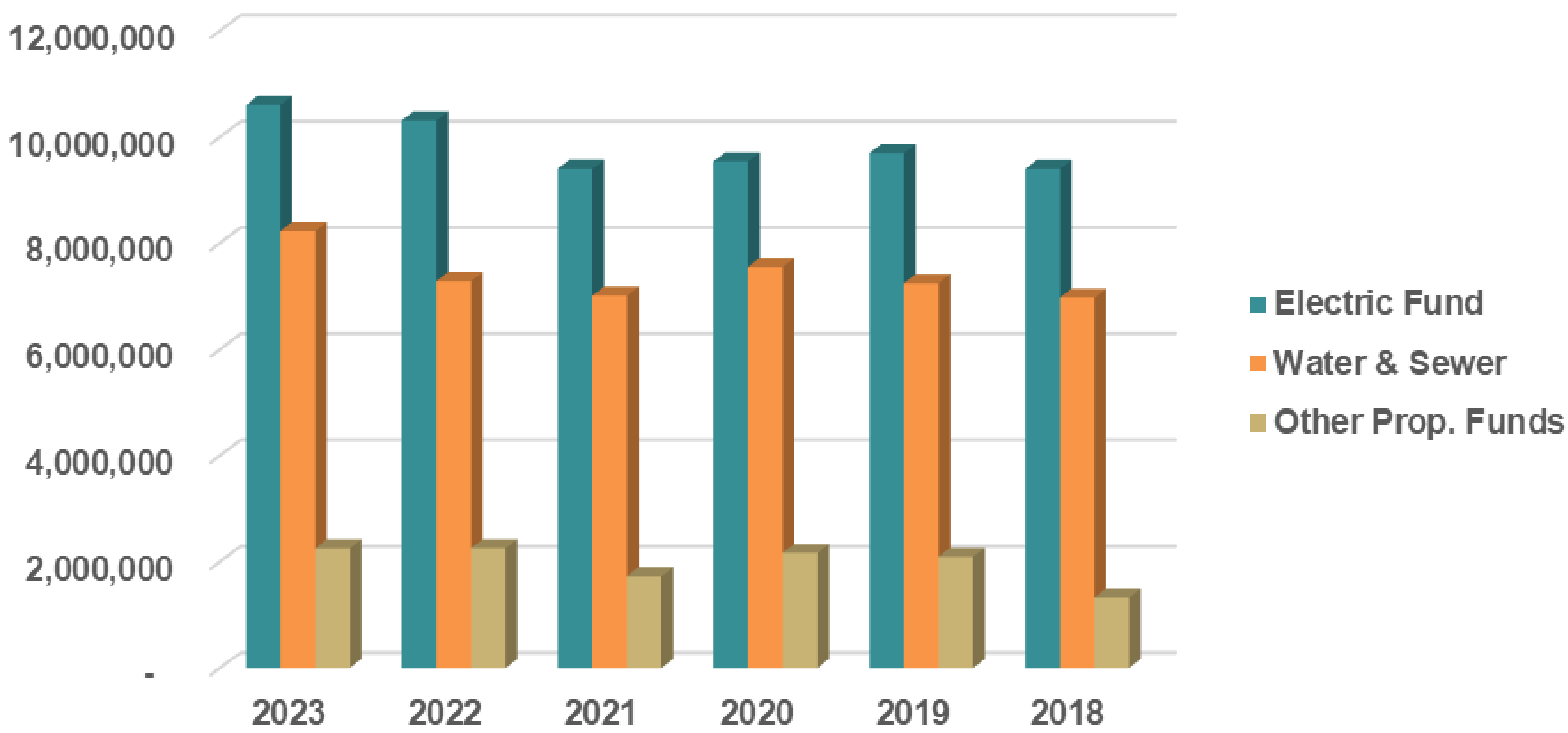
Source: The City's Annual Comprehensive Financial Reports

Fund Balance as a Percentage of Total Expenditures- General Fund



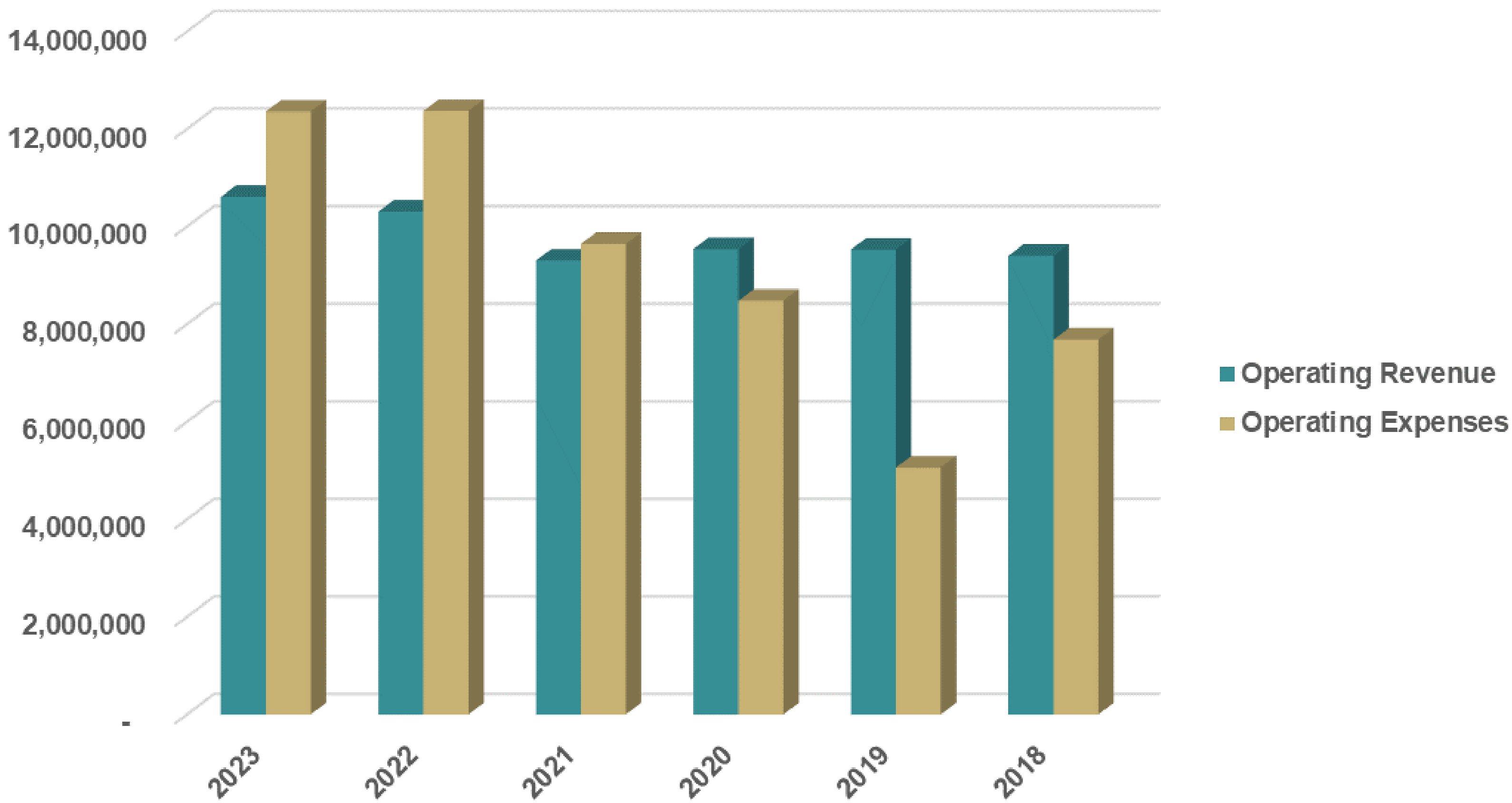
Source: The City's Annual Comprehensive Financial Reports

Enterprise Funds Operating Revenues



Source: The City's Annual Comprehensive Financial Reports

Electric Fund Operating Revenue vs. Operating Expenses



Source: The City's Annual Comprehensive Financial Reports

Comments & Recommendations

- **Accounts Payable (Finding 2023-001)**
    - During our testing of accounts payable, we noted invoices of $28,105 for services rendered in September 2023 which were not paid until fiscal year 2024 in the Stormwater Fund that were not properly reported as accounts payable as of September 30, 2023.

- **Procurement, Suspension, Debarment – Assistance Listing No. 21.027 (Finding 2023-002)**
    - During our testing of the Coronavirus State and Local Fiscal Recovery Funds, it was discovered that the City did not follow its procurement policy for one of the contractors it secured for a project. It was also discovered that the City did not verify whether four contractors were noted as excluded on the Federal government's suspension and debarred lists.

Comments & Recommendations (Continued)

- **Old Outstanding Checks –** During our testing of the cash reconciling items, we noted the City was continuing to carry old outstanding checks which were over five (5) years outstanding. We identified four hundred forty (440) checks totaling $78,773 which were outstanding for over five (5) years. We recommend the City evaluate the current status of these checks and ensure any currently outstanding amounts are remitted to the Georgia Department of Revenue in accordance with the State's Escheat laws. Per discussion with management, we understand that as of fieldwork, the City is in the process of bringing these checks into accordance with the State's escheat laws.

- **Whistleblower Policy –** We noted through discussions with management that the City does not have a whistleblower hotline in place for the City employees to report instances of potentially fraudulent activity happening at the City. We recommend that the City implement a whistleblower hotline to mitigate its risks related to fraud.

- **Pension Census Data –** During our testing of the City's pension census data, we noted that one employee's birthdate per the census data did not match the employee personnel record maintained by the City. We recommend the City perform annual reviews to ensure the accuracy of the census data provided to the actuary.

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

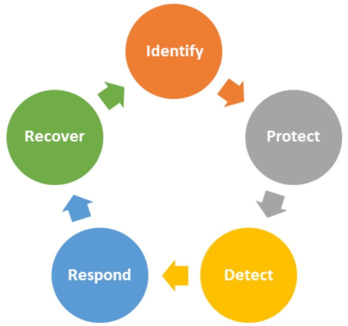
Performance Measurement

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

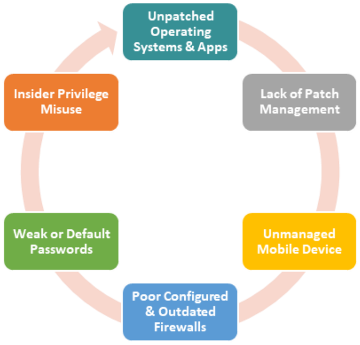
IT and Cybersecurity Solutions

- **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.



New Accounting Pronouncements

- **New GASB Pronouncements for Future Years**

  - **Statement No. 100, Accounting Changes and Error Corrections** was issued in June 2022 and is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

  - **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 means.

New Accounting Pronouncements (Continued)

- **New GASB Pronouncements for Future Years (Continued)**
  - Other Pending or Current GASB Projects:
  - **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions. The final standard is expected in mid 2027.
  - **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. Technical topic 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.

Govt. Clients – Free Quarterly Continuing Education

• Since March of 2009 – For Over 14 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

Questions & Comments

Thank You for the Opportunity to Serve