# *CITY OF MABLETON, GEORGIA*

*Annual Financial Report*

*For the year ended June 30, 2024*

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***City of Mableton, Georgia***
***ANNUAL FINANCIAL REPORT***
***For the year ended June 30, 2024***


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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

# Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Mableton, Georgia

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Mableton, Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Mableton, Georgia, as of June 30, 2024, and the respective changes in financial position and budgetary comparisons for the General Fund and Hotel Motel Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mableton, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt that the City of Mableton, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting in error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Mableton, Georgia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mableton, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2025 on our consideration of the City of Mableton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Mableton, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mableton, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Certified Public Accountants
Gainesville, Georgia
May 23, 2025

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mableton, it is our pleasure to present this narrative discussion and analysis of the City of Mableton's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2024. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Mableton. This analytical information is designed to be read in conjunction with the City's financial statements, which follow this section.

### Financial Highlights

- The City of Mableton's assets exceeded its liabilities at June 30, 2024 by $5,114,422 (reported as *net position).*
- Total net position increased by $5,114,422 during the City's first fiscal year in operations.
- As of June 30, 2024, Mableton's governmental funds reported combined ending fund balances of $5,101,898. The City's General Fund unassigned fund balance was $4,832,020 at the end of the current fiscal year.

More detailed information regarding these activities and funds begins on page 7.

### Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Mableton's basic financial statements. The City of Mableton's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

### Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Mableton and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about the City of Mableton using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (page 11) is to report all the assets held and liabilities owed by the City. The City reports all its assets when it acquires ownership over the assets and reports all its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position.* Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 12), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position.* The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, the City of Mableton is presented as follows:

- ***Governmental Activities*** – All of the City's basic services are reported under this category, including general administration and housing and development. Property taxes, occupational taxes, franchise taxes, and hotel motel taxes finance most of these services.

The City's government-wide financial statements are presented on pages 11-12.

**Fund Financial Statements (Reporting the City's Major Funds)**

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to tract specific resources and expenditures, either for management purposes or because of legal mandates. The City only reports governmental funds. These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided at the bottom of each statement.

In addition to the General Fund, which is considered a major fund, the City of Mableton also maintains one special revenue fund, its Hotel Motel Tax Fund, which is also considered a major fund.

The City of Mableton adopts an annual appropriated budget for its General Fund and its Hotel Motel Tax Special Revenue Fund. A budgetary comparison statement has been provided for the General Fund and the Hotel Motel Tax Special Revenue Fund to demonstrate compliance with this budget.

The City's basic governmental fund financial statements are presented on pages 13-18 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-33 of this report.

This report includes two schedules (pages 14 and 16), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual-to-accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements. Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.

- Bond and note proceeds result in liabilities on the government-wide statements but are recorded as other financing sources on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

**Overview of the City's Financial Position and Operations**

The City's overall financial position and operations for this year is summarized as follows based on the information included in the government-wide financial statements (see pages 11-12):

**City of Mableton**
**Net Position (Financial Position)**
**Fiscal Year 2024**

| | Governmental Activities |
|---|---|
| **Assets** | |
| Current assets | $ 5,335,422 |
| Capital assets | 119,805 |
| **Total assets** | 5,455,227 |
| **Liabilities** | |
| Current liabilities | 291,591 |
| Noncurrent liabilities | 52,214 |
| **Total liabilities** | 343,805 |
| **Net Position** | |
| Net investment in capital assets | 23,921 |
| Restricted | 169,986 |
| Unrestricted | 4,917,515 |
| **Total net position** | 5,111,422 |

*Table above only presents one year as this is the City's first year of operations.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets for the City of Mableton exceeded liabilities by $5,122,392 at the close of the current year. However, a portion the net position either is restricted for the purposes for which they can be used or are invested in capital assets.

During the City's first year of operations, the unrestricted governmental net position increased significantly.

The city's original budget forecast for fiscal year 2024 was affected by current economic conditions resulting in significant increase in expenditures due to price increases as felt by all citizens and governments in our area. Also, uncertainties surrounding the City's first year of operations impacted the budget forecast.

Additionally, conservative spending in the Government as a whole combined with growth in the city resulted in total revenues exceeding expenditures and were total contributing factors for the positive Net Position at year end.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Mableton's net position changed during the year.

**City of Mableton**
**Changes in Net Position**
**For Fiscal Year 2024**

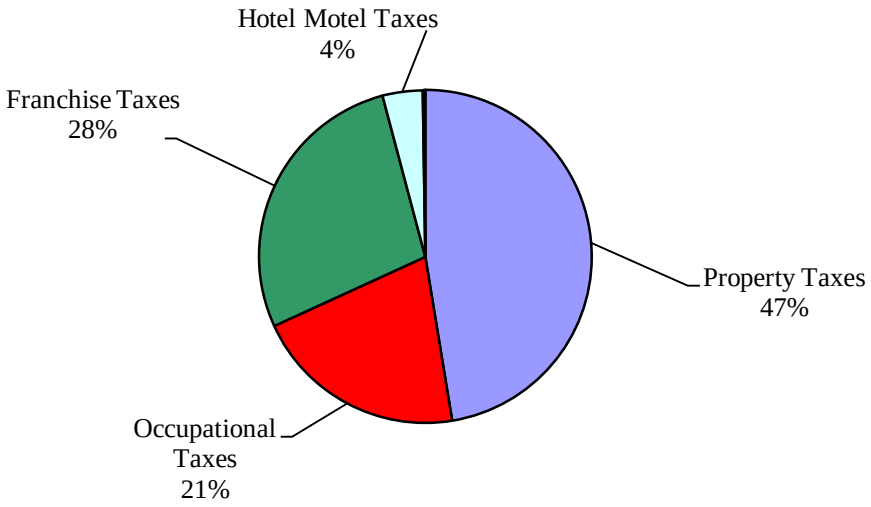
| | Governmental Activities |
|---|---|
| General revenues: | |
| Property taxes | $ 3,114,599 |
| Occupational tax | 1,364,729 |
| Franchise taxes | 1,817,421 |
| Hotel motel taxes | 256,484 |
| Interest and investment earnings | 17,052 |
| **Total revenues** | 6,570,285 |
| **Expenses** | |
| General Government | 1,330,459 |
| Housing and Development | 128,244 |
| Interest on long-term debt | 160 |
| **Total expenses** | 1,458,863 |
| **Increase (decrease) in net position** | 5,111,422 |
| **Net position - beginning** | 0 |
| **Net position - ending** | $ 5,111,422 |

*Table above only presents one year as this is the City's first year of operations.

**Governmental Activities –**

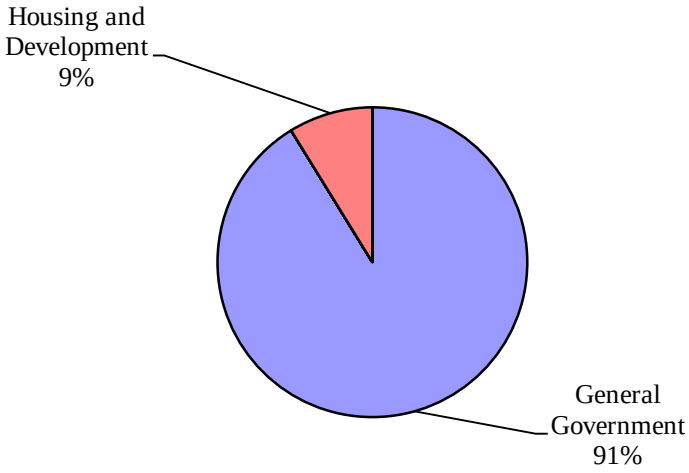
The following chart depicts revenues of the governmental activities for the year:

**Revenue by Source - Governmental Activities**




The following chart depicts the expenses of the governmental activities for the year:

**Expenses by Function - Governmental Activities**




**GENERAL FUND**:

Tax collections exceeded budgeted tax revenue for fiscal year 2024 due to increased assessed property values and economic growth in the City. The City continues to take responsible and proactive measures to ensure financial stability, expenditure and budgeting oversight, and cost saving processes which will allow for future growth.

Effective tax collection processes had a positive and direct impact on the city's overall Net Position for fiscal year 2024. As the City continues to grow, revenues and expenditures are both expected to grow exponentially.

**Financial Analysis of the City's Funds**

As noted earlier, the City of Mableton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Mableton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As the City completed this year, its governmental funds reported a combined ending fund balance of $5,101,898. Of this amount, $4,832,020 (94.7%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved or designated for projects and is not available for spending.

The **General Fund** is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was $4,832,020 and the total fund balance reached $4,845,414. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 298.8% of the total General Fund expenditures, while total fund balance represents 299.6% of that same amount.

The **Hotel Motel Tax Fund** is the special revenue fund that is used to account for hotel/motel tax collections that are restricted for tourism in the City. At the end of the current year, restricted fund balance of this fund was $256,484.

**General Fund Budget Highlights**

The original budget for the General Fund was amended by various additional revenues and appropriations approved after the beginning of the year. In its first year of operations, the City has seen significant price increases as have all municipalities. The City will continue to make every effort to keep expenses low while maintaining a high level of service for residents.

General Fund expenditures were $1,617,112 with appropriations of $3,655,516. Continued increases in taxes have aided City efforts to stay within budget guidelines.

**Hotel Motel Tax Special Revenue Fund Budget Highlights.**

The City did not budget for or expend any of its hotel motel tax collections in the current fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets.** The City of Mableton has invested $119,805 in capital assets (net of accumulated amortization). Capital assets include intangible right-to-use subscription assets.

Capital assets held by the City at the end of the current year are summarized as follows:

| | Governmental Activities |
|---|---|
| Intangible right-to-use assets | |
| Software | $ 148,724 |
| Accumulated amortization | (28,919) |
| Capital assets, net | $ 119,805 |

Additional information on the City of Mableton's capital assets can be found in the Notes to the Financial Statements on page 30 of this report.

**Long-term debt.** On June 30, 2024, the City of Mableton has $95,884 in subscriptions payable outstanding. In accordance with GASB Statement No. 96, the City entered into a subscription-based information technology arrangement during the year. Additional information on the City's long-term debt can be found in the notes to the Financial Statements on page 31 of this report.

## ECONOMIC CONDITION AND OUTLOOK:

### Overview

Mableton is uniquely located in the country's sixth largest metro area by population and the ninth largest metro area by GDP. Mableton, Georgia, faces a gradual economic slowdown in 2025, with the state's GDP projected to grow at 2.4%, slower than the previous year at 3.1%. Despite this, Georgia is expected to outperform the national average due to resilient labor markets, successful economic development initiatives, and favorable infrastructure. Mableton's strategic location near Atlanta and strong transportation links position it to benefit from ongoing state-level economic development.

The economic slowdown will be driven by the sudden fiscal policy changes at the federal level. With inflation at an 8% high in 2022, the year the city of Mableton was established, to 4% in 2023, the year the city began operating, and now at a rate of 3% in 2025, the city has weathered the inflation surge into the gradual recovery. Local economists expect inflation to hold at 3% on the low end and 4% on the high end. There are slight indications of a recession. With the combination of an economic slowdown, stable inflation, and a resilient Georgia economy, the City of Mableton is well positioned not only to endure fluctuations in the economy, but to thrive as a uniquely situated city in one of the nation's fastest growing metro areas, the Atlanta Regional Area.

### Economic Outlook:

1. **Economic Development**: Mableton may benefit from Georgia's robust economic development projects, as ongoing initiatives announced in recent years begin to take effect. With its proximity to Atlanta and strong transportation links, Mableton could attract businesses and residents looking for affordable housing and a strategic location.
2. **Population Growth**: Georgia's population growth, expected to be double the national average, may drive demand for housing and services in Mableton. The city could see an influx of residents seeking opportunities tied to the state's strong economic performance.
3. **Workforce Development**: Mableton may need to address workforce development and adapt to technological shifts impacting retail and information sectors. Fortunately, Workforce Cobb is centrally located in the city of Mableton.

### Governance:

1. **Sound Leadership**: The Mableton City Council has been recognized as a city of civility and ethics by the Georgia Municipal Association. The mayor and the six district council members are engaged and committed to the success of the newly formed City of Mableton.
2. **Talent Attraction**: The council has approved an attractive pay and classification plan and has competitive benefits which have resulted in a competent and talented workforce.
3. **Fiscally Sound**: For the past two years, Mableton has operated with a property tax of zero (0). The city mayor recently reported that the council's intention is to continue this trend into the city's third year of operating. This aligns with the council's intention to avoid unnecessarily burdening the citizens with property taxes. The council intends to maintain this trend for as long as it is feasible.

**Financial Performance:**

1. **Revenue Outlook**
    - With a projected revenue collection for fiscal year 2025 to exceed $10 million and the anticipation of an addition $4 million to be collected from insurance premium taxes in fiscal year 2026, Mableton's revenue's potential is strong.
2. **Expenditure Overview:**
    - Actual expenditures are 50% of the total budget $10,837,014.
    - Largest expenditure: Community Development (28%).
    - The city is operating conservatively, with minimal necessary staffing.
3. **Fund Balance:**
    - Fiscal year 2025 began with a fund balance of $5.1 million, projected to match this figure by the end of fiscal year 2026.
    - This exceeds the minimum operational reserves required of 2-6 months.
        - Mableton's operating budget trends just under $500k/month
        - Required reserves are $1 to $ 3 million.
        - Fund Balance expected to exceed $5 million.

**Summary:**

Of the governing and management factors considered for fiscal year 2025, the city of Mableton intends to continue to establish key partnerships with agencies, governments, and authorities; attract and retain the best talent; enable economic development; continue sound fiscal policy; acquire property for future development; complete the successful transitional phase of the city; continue governance by an engaged and committed mayor and council; continue to be managed by dedicated staff; and continue to abide by the highest ethical standards and transparency.

**Contacting the City's Financial Services Department**

This financial report is compiled to provide the citizens, taxpayers, investors, and creditors with a general overview of the City of Mableton's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

The Office of the City Manager
City of Mableton
5656 Mableton Parkway SW
Mableton, GA 30126

***BASIC FINANCIAL STATEMENTS***

***CITY OF MABLETON, GEORGIA***
***STATEMENT OF NET POSITION***
***June 30, 2024***

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| **Current assets** | |
| Cash and cash equivalents | $ 4,570,008 |
| Taxes receivable | 752,020 |
| Prepaids | 13,394 |
| Total current assets | 5,335,422 |
| **Noncurrent assets** | |
| Capital assets | |
| Depreciable/amortizable (net) | 119,805 |
| Total noncurrent assets | 119,805 |
| **Total assets** | 5,455,227 |
| **LIABILITIES** | |
| **Current liabilities** | |
| Accounts payable | 194,264 |
| Accrued payroll liabilities | 39,260 |
| Compensated absences | 10,798 |
| Subscriptions payable | 47,269 |
| Total current liabilities | 291,591 |
| **Noncurrent liabilities** | |
| Compensated absences | 3,599 |
| Subscriptions payable | 48,615 |
| Total noncurrent liabilities | 52,214 |
| **Total liabilities** | 343,805 |
| **NET POSITION** | |
| Net investment in capital assets | 23,921 |
| Restricted for: | |
| Housing and Development | 169,986 |
| Unrestricted | 4,917,515 |
| **Total net position** | $ 5,111,422 |

See accompanying notes to the financial statements.

## *CITY OF MABLETON, GEORGIA*
## *STATEMENT OF ACTIVITIES*
## *For the year ended June 30, 2024*

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue |
|---|---|---|---|---|---|
| **Primary government** | | | | | |
| Governmental activities | | | | | |
| General Government | $ 1,330,459 | $ 0 | $ 0 | $ 0 | $ (1,330,459) |
| Housing and Development | 128,244 | 0 | 0 | 0 | (128,244) |
| Interest on long-term debt | 160 | 0 | 0 | 0 | (160) |
| Total governmental activities | 1,458,863 | 0 | 0 | 0 | (1,458,863) |

| | |
|---|---|
| General revenues | |
| Taxes | |
| Property | 3,114,599 |
| Occupational | 1,364,729 |
| Franchise | 1,817,421 |
| Hotel Motel | 256,484 |
| Interest and investment earnings | 17,052 |
| Total general revenues | 6,570,285 |
| Change in net position | 5,111,422 |
| Net position - beginning | 0 |
| Net position - ending | $ 5,111,422 |

See accompanying notes to the financial statements.

***CITY OF MABLETON, GEORGIA***
***BALANCE SHEET***
***GOVERNMENTAL FUNDS***
***June 30, 2024***

| | General | Hotel Motel Tax | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 4,327,426 | $ 242,582 | $ 4,570,008 |
| Taxes receivable | 733,759 | 18,261 | 752,020 |
| Prepaids | 13,394 | 0 | 13,394 |
| Due from other funds | 4,359 | 0 | 4,359 |
| **Total assets** | $ 5,078,938 | $ 260,843 | $ 5,339,781 |
| **LIABILITIES** | | | |
| Accounts payable | $ 194,264 | $ 0 | $ 194,264 |
| Accrued payroll liabilities | 39,260 | 0 | 39,260 |
| Due to other funds | 0 | 4,359 | 4,359 |
| Total liabilities | 233,524 | 4,359 | 237,883 |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Prepaids | 13,394 | 0 | 13,394 |
| Restricted for: | | | |
| Housing and Development | | | |
| Tourism, conventions, and trade shows | 0 | 118,990 | 118,990 |
| Tourism product development | 0 | 50,996 | 50,996 |
| Assigned for: | | | |
| Housing and Development | | | |
| Tourism, conventions, trade shows, and product development | 0 | 86,498 | 86,498 |
| Unassigned | 4,832,020 | 0 | 4,832,020 |
| Total fund balances | 4,845,414 | 256,484 | 5,101,898 |
| **Total liabilities and fund balances** | $ 5,078,938 | $ 260,843 | $ 5,339,781 |

See accompanying notes to the financial statements.

***CITY OF MABLETON, GEORGIA***
***RECONCILIATION OF THE BALANCE SHEET OF***
***GOVERNMENTAL FUNDS TO THE***
***STATEMENT OF NET POSITION***
***June 30, 2024***

| | | |
|---|---|---|
| **Total fund balance - total governmental funds** | | $ 5,101,898 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Some assets are not financial resources and, therefore, are not reported in the funds. These are: | | |
| Capital assets, net of accumulated amortization | | 119,805 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are: | | |
| Compensated absences | $ (14,397) | |
| Subscriptions payable | (95,884) | (110,281) |
| Net position of governmental activities | | $ 5,111,422 |

See accompanying notes to the financial statements.

***CITY OF MABLETON, GEORGIA***
***STATEMENT OF REVENUES,***
***EXPENDITURES, AND CHANGES IN FUND BALANCES***
***GOVERNMENTAL FUNDS***
***For the year ended June 30, 2024***

| | General | Hotel Motel Tax | Total |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes | $ 6,296,750 | $ 256,484 | $ 6,553,234 |
| Interest | 17,052 | 0 | 17,052 |
| **Total revenues** | 6,313,802 | 256,484 | 6,570,286 |
| **EXPENDITURES** | | | |
| Current | | | |
| General Government | 1,319,289 | 0 | 1,319,289 |
| Housing and Development | 244,823 | 0 | 244,823 |
| Debt service | 53,000 | 0 | 53,000 |
| **Total expenditures** | 1,617,112 | 0 | 1,617,112 |
| Excess (deficiency) of revenues over (under) expenditures | 4,696,690 | 256,484 | 4,953,174 |
| Other financing sources (uses) | | | |
| Issuance of debt | 148,724 | 0 | 148,724 |
| Net change in fund balances | 4,845,414 | 256,484 | 5,101,898 |
| Fund balances, July 1 | 0 | 0 | 0 |
| **Fund balances, June 30** | $ 4,845,414 | $ 256,484 | $ 5,101,898 |

See accompanying notes to the financial statements.

***CITY OF MABLETON, GEORGIA***
***RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES***
***For the year ended June 30, 2024***

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ 5,101,898 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlays | $ 148,724 | |
| Amortization | (28,919) | 119,805 |
| The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues. | | |
| Debt issuance | $ (148,724) | |
| Debt principal payments | 52,840 | (95,884) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governemental funds. | | |
| Compensated absences | | (14,397) |
| Change in net position of governmental activities | | $ 5,111,422 |

See accompanying notes to the financial statements.

***CITY OF MABLETON, GEORGIA***
***GENERAL FUND***
***STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE***
***BUDGET (GAAP) AND ACTUAL***
***For the year ended June 30, 2024***

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Taxes | $ 3,549,232 | $ 3,549,232 | $ 6,296,750 | $ 2,747,518 |
| Licenses and permits | 147,000 | 147,000 | 0 | (147,000) |
| Interest | 2,700 | 2,700 | 17,052 | 14,352 |
| **Total revenues** | 3,698,932 | 3,698,932 | 6,313,802 | 2,614,870 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| Mayor and Council | 433,641 | 433,641 | 366,257 | 67,384 |
| Administration | 796,768 | 962,505 | 304,506 | 657,999 |
| Legal | 500,960 | 500,960 | 503,519 | (2,559) |
| Information Technology | 405,824 | 405,824 | 51,970 | 353,854 |
| Human Resources | 175,208 | 175,208 | 31,370 | 143,838 |
| Facilities | 0 | 0 | 20,370 | (20,370) |
| Communications and Engagement | 0 | 0 | 41,297 | (41,297) |
| Housing and Development | | | | |
| Code Enforcement | 431,490 | 431,490 | 0 | 431,490 |
| Planning and Zoning | 331,933 | 331,933 | 0 | 331,933 |
| Community Development | 413,955 | 413,955 | 244,823 | 169,132 |
| Debt service | | | | |
| Community Development | 0 | 0 | 53,000 | (53,000) |
| **Total expenditures** | 3,489,779 | 3,655,516 | 1,617,112 | 2,038,404 |
| Excess (deficiency) of revenues over (under) expenditures | 209,153 | 43,416 | 4,696,690 | 4,653,274 |
| Other financing sources (uses) | | | | |
| Issuance of debt | 0 | 0 | 148,724 | 148,724 |
| Transfers in | 100,000 | 100,000 | 0 | 100,000 |
| Total other financing sources (uses) | 100,000 | 100,000 | 148,724 | 248,724 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 309,153 | 143,416 | 4,845,414 | 4,901,998 |
| Fund balances, July 1 | (309,153) | (143,416) | 0 | 143,416 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 4,845,414 | $ 5,045,414 |

See accompanying notes to the financial statements.

***CITY OF MABLETON, GEORGIA***
***HOTEL MOTEL TAX SPECIAL REVENUE FUND***
***STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE***
***BUDGET (GAAP) AND ACTUAL***
***For the year ended June 30, 2024***

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **REVENUES** | | | | |
| Taxes | $ 0 | $ 0 | $ 256,484 | $ 256,484 |
| **Total revenues** | 0 | 0 | 256,484 | 256,484 |
| **EXPENDITURES** | 0 | 0 | 0 | 0 |
| Net change in fund balance | 0 | 0 | 256,484 | 256,484 |
| Fund balances, July 1 | 0 | 0 | 0 | 0 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 256,484 | $ 256,484 |

See accompanying notes to the financial statements.

# 1. Description of Government Unit

The City of Mableton, Georgia (the "City"), adopted its first City Charter in 2023 and is located in Cobb County, Georgia. The City is governed by an elected mayor and six-member council and provides Community Development to its citizens.

# 2. Summary of Significant Accounting Policies

## *A. Description of Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The City does not have any business-type activities to report.

## *B. Reporting Entity*

Standards published by the Governmental Accounting Standards Board (GASB) define the financial reporting entity as (a) the primary government, (b) organizations for which the primary government is financially responsible, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City's financial reporting entity is comprised of the following:

Primary Government: City of Mableton, Georgia

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. Currently, the City has no component units.

# 2. Summary of Significant Accounting Policies (continued)

## *C. Basis of Presentation - Government-wide Financial Statements*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. The City does not have any proprietary funds to report.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

## *D. Basis of Presentation - Fund Financial Statements*

The fund financial statements provide information about the government's funds. Separate financial statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. As noted earlier, the City reports no proprietary funds.

The City reports the following major governmental funds:

***General Fund*** - The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

***Hotel Motel Tax Special Revenue Fund*** – The Hotel Motel Tax Fund is used to account for hotel/motel tax collections that are restricted for tourism in the City.

# 2. Summary of Significant Accounting Policies (continued)

## *D. Basis of Presentation - Fund Financial Statements, continued*

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

## *E. Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# 2. Summary of Significant Accounting Policies (continued)

## *E. Measurement Focus and Basis of Accounting, continued*

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days subsequent to year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under subscriptions are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

## 2. Summary of Significant Accounting Policies (continued)

### *F. Revenues*

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues. During the current year, the City had no charges for services, operating grants and contributions, or capital grants and contributions.

### *G. Budgets and Budgetary Accounting*

Annual budgets are prepared and approved by the Mayor and Council for the General Fund and special revenue funds. Prior to the budget being legally enacted through passage of an ordinance, a public hearing is held to obtain taxpayer comments. The budgets are prepared on a basis consistent with generally accepted accounting principles. The level of control (the level on which expenditures may not exceed appropriations) for each legally adopted annual operating budget is the department level. The City does not use the encumbrance system of accounting.

### *H. Cash and Investments*

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand and savings accounts of the City.

### *I. Intergovernmental Receivables*

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

### *J. Prepaids*

Payments made to vendors for services that will benefit periods beyond December 31, are recorded as prepaids.

## 2. Summary of Significant Accounting Policies (continued)

### *K. Capital Assets*

Capital assets, which include intangible right-to-use assets, are reported in the governmental activities column in the government-wide financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

The City has recorded right-to-use subscription assets as a result of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any subscription payments made prior to the subscription term, less subscription incentives, and plus ancillary charges necessary to place the subscription into service. The right-to-use subscription assets are amortized on a straight-line basis over the shorter of the estimated useful life of the subscription asset or life of the related subscription.

The City maintains the following capitalization thresholds.

| | |
|---|---|
| Intangible right-to-use assets | |
| Software | $10,000 |

Amortization is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

| | |
|---|---|
| Intangible right-to-use assets | |
| Software | 3-5 years |

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

# 2. Summary of Significant Accounting Policies (continued)

## *L. Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation time benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation amounts are accrued when incurred by the City in the government wide financial statements. A liability is recorded only if the benefit has matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement) and is expected to be liquidated with expendable available financial resources.

## *M. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the City does not report any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the current year, the City does not report any deferred inflows of resources.

## *N. Long-Term Obligations*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities under governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance is amortized over the term of the debt. Issuance costs are recognized during the current period.

# 2. Summary of Significant Accounting Policies (continued)

## *N. Long-Term Obligations, continued*

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as any other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

## *O. Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## *P. Fund Balance Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance).

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# 2. Summary of Significant Accounting Policies (continued)

## *P. Fund Balance Flow Assumption, continued*

***Flow Assumptions*** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

## *Q. Net Position*

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for purposes for which both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

## 2. Summary of Significant Accounting Policies (continued)

### *R. Fund Balances – Governmental Funds*

The City of Mableton implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, upon inception on July 1, 2023. It is the City's policy to maintain approximately 2 to 6 months of operating expenditures in unassigned fund balance. Should the unassigned fund balance fall below the established minimum level, the City will develop a plan to restore the balance within a reasonable period.

Fund equity at the governmental fund financial reporting level is classified as "fund balance," and is further classified as described below.

**Fund Balance** – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution or motion. The City Council also may modify or rescind the commitment.

# 2. Summary of Significant Accounting Policies (continued)

## *R. Fund Balances – Governmental Funds, continued*

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Through resolution or motion, the City Council has authorized the City's Mayor to assign fund balances.

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

## *S. Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

# 3. Deposit and Investment Risk

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The state requires that all deposits with financial institutions be fully insured or properly collateralized. The City's deposits are fully insured or collateralized by securities held in the government's name.

**Interest Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## 3. Deposit and Investment Risk (continued)

**Credit Risk**

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

**Concentration of Credit Risk**

The City has no formal policy on the amount the City may invest in any one issuer.

**Foreign Currency Risk**

The City has no investments denominated in a foreign currency.

## 4. Taxes Receivable

Taxes receivable at the end of the current year consist of the following:

| | | |
|---|---|---|
| General Fund | $ | 733,759 |
| Hotel Motel Tax Fund | | 18,261 |
| | $ | 752,020 |

## 5. Interfund Receivables, Payables, and Transfers

The balances reported as Due to/Due from resulted from timing differences between the dates that transactions are recorded in the accounting system and payments between the funds are made.

A summary of interfund receivables and payables at the end of the current year is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General | Hotel Motel Tax | $ 4,359 |

## 5. Interfund Receivables, Payables, and Transfers (continued)

Interfund balances at the end of the current year represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

## 5. Capital Assets

Capital asset activity for the year ended June 30, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Amortizable assets | | | | |
| Intangible right-to-use assets | | | | |
| Software | $ 0 | $ 148,724 | $ 0 | $ 148,724 |
| Accumulated amortization | | | | |
| Intangible right-to-use assets | | | | |
| Software | 0 | (28,919) | 0 | (28,919) |
| Governmental activities capital assets, net | $ 0 | $ 119,805 | $ 0 | $ 119,805 |

Amortization expense was charged to functions/programs as follows:

| | |
|---|---|
| **Governmental activities** | |
| Housing and Development | $ 28,919 |

# 6. Long-Term Debt

### *Subscriptions Payable*

The City has entered into an agreement to subscribe to certain software. The subscription agreement qualified under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and therefore, has been recorded at the present value of the future minimum subscription payments at its inception. Subscriptions payable are comprised of the following individual subscriptions at the end of the current year:

- $148,724 permitting software due in annual installments ranging from $50,000 to $53,000 through December 2025, interest at 2.812%, $95,884 outstanding.

The following is a schedule of future minimum subscription payments together with the present value of the net minimum subscription payments at the end of the current year:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 47,269 | $ 2,731 | $ 50,000 |
| 2026 | 48,615 | 1,385 | 50,000 |
| Totals | $ 95,884 | $ 4,116 | $ 100,000 |

# 7. Long-Term Liabilities

### *Changes in Long - Term Liabilities*

The following is a summary of changes in long-term liabilities of the City for the current year:

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 0 | $ 15,134 | $ 737 | $ 14,397 | $ 10,798 |
| Subscriptions payable | 0 | 148,724 | 52,840 | 95,884 | 47,269 |
| Totals | $ 0 | $ 163,858 | $ 53,577 | $ 110,281 | $ 58,067 |

Noncurrent liabilities, such as compensated absences, are liquidated by the General Fund.

Total interest incurred and expensed for the current year was $160.

## 8. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current year:

| | | |
|---|---|---|
| Cost of capital assets, net | $ | 119,805 |
| Subscriptions payable | | (95,884) |
| Net investment in capital assets | $ | 23,921 |

## 9. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Atlanta Regional Commission (ARC), 229 Peachtree Street #100, Atlanta, GA 30303.

## 10. Risk Management

The City's business activity is primarily with residents located within the City limits.

The City is exposed to various risks of loss related to torts; injuries to employees; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance to cover the risks of loss. Settled claims from these risks have not exceeded commercial coverage in each of the past three years.

## 11. Contingencies

There are no pending claims or litigation against the City of Mableton of which City officials are aware.

## 12. Hotel/Motel Lodging Tax

The City has levied a 8% lodging tax in accordance with OCGA 48-13-51(b). A summary of the transactions for the current fiscal year follows:

| | | | |
|---|---|---|---|
| Lodging tax receipts | $ | 256,484 | |
| Disbursements for tourism, conventions, and trade shows | $ | 0 | 0% of tax receipts |
| Disbursements for tourism product development | $ | 0 | 0% of tax receipts |

As a newly incorporated municipality, the City is subject to the provisions outlined in OCGA 48-13-51(b), which allow new cities formed after July 1, 2015, a deferral period before the restricted portion of hotel/motel tax revenues must be spent. Specifically, the statue permits the City to accumulate and carry forward restricted hotel/motel tax revenues for a period of up to 5 years following incorporation. During this period, the City is not required to expend the restricted funds immediately and may use the time to develop the necessary tourism infrastructure, such as establishing a Destination Marketing Organization (DMO) or tourism-related programming.

## 13. Concentration of Revenue

Title ad valorem taxes received from Cobb County, Georgia accounts for 47% of the City's current year revenue. Franchise taxes received from Greystone Power accounts for 12% of the City's current year revenue.

## 14. Excess of Expenditures over Appropriations

During the current year, the City incurred expenditures in the following funds that were materially in excess of the amounts appropriated:

| Fund/Department | Budget | Actual | Variance |
|---|---|---|---|
| General Fund | | | |
| Facilities | $ 0 | $ 20,370 | $ (20,370) |
| Communications and Engagement | 0 | 41,297 | (41,297) |
| Debt Service | 0 | 53,000 | (53,000) |
| Total General Fund | $ 0 | $ 114,667 | $ (114,667) |

The City also did not adopt an annual budget for the Hotel Motel Tax Special Revenue Fund.

## 15. New Accounting Pronouncements

The City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the City's current year. The requirements of this statement are effective for periods beginning after June 15, 2023. The implementation of this new standard had no impact on the City's net position.

## 16. Subsequent Events

Subsequent to year end, the City entered into several contractual agreements with vendors for upcoming City projects. The total amount of these contractual commitments is $1,136,836.

On July 1, 2024, governance and administration of the South Cobb Redevelopment Authority was transferred to the City of Mableton, Georgia and was renamed the Mableton Development Authority (the "Authority") via Georgia HB 1330. The Authority was formed to develop and promote, for the public good and general welfare, trade, commerce, industry, and employment opportunities and promotes the general welfare of the State by creating a climate favorable to the location of net industry, trade, and commerce and the development of existing industry, trade, and commerce within the City of Mableton and the State of Georgia. As of September 30, 2024, the Authority's fiscal year end, the Authority reported $6,370,000 of outstanding Series 2015 Serial Bonds. As the Authority's debt is expected to be paid almost entirely with resources of the City, the Authority will be a blended component unit of the City.

On December 8, 2024, the Mableton Urban Redevelopment Agency (the "Agency") was incorporated. The Agency was formed to rehabilitate, conserve, or redevelop areas of blight within the City. On December 9, 2024, the Agency issued Series 2024 Revenue Bonds in the amount of $5,225,000; interest of 4.95%, which shall be due and payable in 15 consecutive annual installments beginning June 1, 2025 through June 1, 2039. The proceeds of the bond will be used for the purpose of financing all or a portion of the costs of a parks and recreational facilities project. As the Agency's debt is expected to be paid almost entirely with resources of the City, the Agency will be a blended component unit of the City.

***OTHER REPORTING SECTION***

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Mayor and Members
of the City Council
City of Mableton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Mableton, Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated May 23, 2025.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mableton, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mableton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, which are described below, that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies to be material weaknesses.

**2024-001**

*Condition:* The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. Material adjustments were required during the audit process.

*Criteria:* Internal controls should be in place to ensure the City can perform timely and accurate year-end close procedures to produce its annual financial statements in a timely manner.

*Effect:* Failure to properly design and implement internal controls over year-end close procedures may lead to financial statements that are materially misstated and lead to delays in financial reporting.

*Cause:* Various posting and classification errors led to account balances not agreeing to subsidiary ledgers.

**2024-001, continued**

*Recommendation:* We recommend that the City's Finance Department implement and/or strengthen internal controls over the year-end closeout procedures. We also recommend management reconcile account balances monthly to the subsidiary ledgers to ensure proper and timely reporting.

*Management Response:* Management concurs with this finding. City management has hired finance personnel proficient in the application and implementation of proper internal controls over the year-end close procedures. The Finance Department will implement policies and procedures that will ensure that account balances are reconciled monthly to the subsidiary ledgers. This action was taken immediately upon receipt of the comment from our auditors.

**2024-002**

*Condition:* The City does not currently have a formally adopted comprehensive financial policy.

*Criteria:* Strong internal controls require a comprehensive financial policy to be in place to ensure the City's financial policies are documented, in place, and operating effectively.

*Effect:* Failure to properly document financial policies exposes the City to a greater risk of loss due to fraud.

*Cause:* The City lacks written policies and effective internal controls.

*Recommendation:* In order to strengthen internal controls, we recommend the City adopt a formal comprehensive financial policy, to include an appropriate and adequate approval process, which is clearly documented for all transactions.

*Management Response:* Management concurs with this finding. City staff will review its current processes and develop and implement strong documented internal controls and policies to ensure the City's financial transactions are appropriate, authorized, and in accordance with City policies.

**2024-003**

*Condition:* Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds maintained by the City. This is especially prominent in the Finance Department and Business License Department.

*Criteria:* Segregation of employees' duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas (such as cash receipting and cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets.

*Effect:* Failure to maintain adequate segregation of duties exposes the assets of the City to greater risk of misappropriation.

*Cause:* Multiple departments at the City lack proper segregation of duties.

*Recommendation:* We recommend that each City office review its policies and procedures to determine where it can adequately segregate duties to alleviate the segregation of duties issues.

*Management Response:* Management has provided a copy of this finding to the appropriate Department Heads and they concur with this finding. Action was taken immediately upon receipt of this comment from our auditors.

**2024-004**

*Condition:* City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City of Mableton. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Finance Department is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors.

*Criteria:* Effective internal control requires City personnel to be capable of preparing, accepting responsibility, and understanding the audited financial report.

*Effect:* Failure to obtain proper training in GAAP may lead to material misstatements.

*Cause:* City personnel do not have the necessary training in the application of generally accepted accounting principles and the preparation of financial statements.

*Recommendation:* City personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

*Management Response:* Management concurs with this finding. City management has hired finance personnel proficient in the application of generally accepted accounting principles. Management expects this comment to be corrected in fiscal year 2025 due to the hiring of well-trained finance personnel in the current year. This action was taken immediately upon receipt of the comment from our auditors.

**2024-005**

*Condition:* During audit procedures over cash disbursements, we noted the City using debit cards for operational purchases.

*Criteria:* Effective internal controls emphasize the importance of control activities such as authorization, verifications, reconciliations, and segregation of duties to safeguard public resources..

*Effect:* Used of a debit card increases the City's risk of loss due to fraud.

*Cause:* The City used debit cards to expedite departmental purchasing needs.

*Recommendation:* We recommend the City discontinue use of debit cards for City purchases.

*Management Response:* Management concurs with this finding. Usage of debit cards will be discontinued and the City will be opening procurement cards with approval supporting documentation and approval requirements. Action was taken immediately upon receipt of the comment from our auditors.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies to be significant deficiencies:

**2024-006**

*Condition:* During audit procedures on journal entries, we noted that journal entries did not have evidence of approval. All journal entries reviewed during audit procedures appear appropriate.

*Criteria:* Proper internal controls require that journal entries have supporting documentation with evidence of proper approval.

*Effect:* Failure to approve journal entries increases the City's risk of loss due to fraud.

*Cause:* The City does not have a policy that requires the approval of journal entries.

*Recommendation:* We recommend the City implement a policy that requires approval of all journal entries and supporting documentation evidencing approval be retained.

*Management Response:* Management concurs with this finding. City Finance personnel has a plan to implement proper approval procedures over manual journal entries. Action was taken immediately upon receipt of the comment from our auditors.

**2024-007**

*Condition:* While performing audit procedures, we noted instances where deposits were not made timely. 7 of 9 (78%) tested occupational tax receipts and 11 of 22 (50%) tested hotel/motel tax receipts were not made in a timely manner.

*Criteria:* Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

*Effect:* Failure to deposit cash receipts in a timely manner exposes the City's assets to a greater risk of loss due to fraud.

*Cause:* City personnel are not depositing receipts at least once per week.

*Recommendation:* At a minimum, deposits should be made weekly.

*Management Response:* Management concurs with this finding. Management will ensure that City personnel make deposits timely. Action was taken immediately upon receipt of the comment from our auditors.

**2024-008**

*Condition:* While performing audit procedures on cash, we noted that there is currently no review performed of bank reconciliations.

*Criteria:* Effective internal controls require that require that bank reconciliations be reviewed by someone other than the preparer. Appropriate segregation of duties includes review and approval of bank reconciliations.

*Effect:* Failure to review bank reconciliations exposes the City to a greater risk of loss.

*Cause:* Reviews of bank reconciliations were not performed.

*Recommendation:* The City Manager or someone in Finance other than the preparer should review bank reconciliations monthly. This review should include a review of and comparison to the bank statement and the cleared check images. In addition, this review should be documented by the initials of the reviewer.

**2024-008, continued**

*Management Response:* Management concurs with this finding. Management will ensure that bank reconciliations are performed and reviewed timely. Action was taken immediately upon receipt of the comment from our auditors.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mableton, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**2024-009**

*Condition:* The City experienced a material excess of expenditures over appropriations in the General Fund. Also, an annual budget was not adopted for the Hotel Motel Tax Special Revenue Fund, as required by law.

*Criteria:* OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund and each Special Revenue Fund.

*Effect:* Failure to amend annual budgets for expenditures over appropriations and failure to adopt budgets as required by OCGA Code Section 36-81-3 will place the City in violation of state law.

*Cause:* The City incurred expenditures materially in excess of appropriations in the General Fund and did not adopt an annual budget for the Hotel Motel Tax Special Revenue Fund.

*Recommendation:* Management should ensure that annual operating budgets are adopted for the General Fund and each Special Revenue Fund, as required by state law. Budget to actual comparisons should be periodically reviewed by Management and budgets amended as needed to ensure that the City is in compliance with state law.

*Management Response:* Management concurs with this finding. Management will ensure that an annual budget is adopted for the General Fund and each Special Revenue Fund, and will review the budget to actual comparisons and recommend any necessary budget revisions Mayor and City Council. This action was taken immediately upon receipt of the comment from our auditors.

## City of Mableton, Georgia's Responses to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Mableton, Georgia's responses to the findings identified in our audit as described previously. The City of Mableton, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**The Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton, LLC

Certified Public Accountants
Gainesville, Georgia
May 23, 2025