CITY OF MANSFIELD, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

CITY OF MANSFIELD, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council
City of Mansfield, Georgia
Mansfield, GA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Mansfield, Georgia** (the "City"), as of and for the year ended June 30, 2022, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *("Government Auditing Standards").* 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 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 about the City'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 GAAS 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 from 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 GAAS 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'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'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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Special Purpose Local Option Sales Tax ("SPLOST") proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121 and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023, on our consideration of the City'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'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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 13, 2023

CITY OF MANSFIELD, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and cash equivalents	$ 993,374	$ 884,216	$ 1,877,590
Investments	-	993,768	993,768
Taxes receivable	5,259	-	5,259
Accounts receivable	-	138,699	138,699
Due from other governments	32,468	-	32,468
Prepaid expenses	18,533	-	18,533
Capital assets:			
Nondepreciable	155,488	154,593	310,081
Depreciable, net of accumulated depreciation	545,102	2,558,637	3,103,739
Total assets	1,750,224	4,729,913	6,480,137
LIABILITIES			
Accounts payable	2,241	89,689	91,930
Accrued liabilities	3,673	-	3,673
Unearned revenues	82,530	-	82,530
Customer deposits payable	-	62,425	62,425
Intergovernmental payable	2,415	-	2,415
Notes payable due within one year	2,896	-	2,896
Notes payable due in more than one year	5,838	-	5,838
Total liabilities	99,593	152,114	251,707
NET POSITION			
Net investment in capital assets	709,324	2,713,230	3,422,554
Restricted for capital projects			
Capital projects	446,707	-	446,707
Grant projects	4	-	4
Unrestricted	494,596	1,864,569	2,359,165
Total net position	$ 1,650,631	$ 4,577,799	$ 6,228,430

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 256,474	$ 37,996	$ -	$ -
Public safety	20,452	-	-	69
Public works	-	-	-	10,303
Interest on long-term debt	287	-	-	-
Total governmental activities	277,213	37,996	-	10,372
Business-type activities:				
Water and sewer	372,408	349,007	-	-
Electric	877,764	810,315	-	-
Garbage	52,365	51,642	-	-
Total business-type activities	1,302,537	1,210,964	-	-
Total primary government	$ 1,579,750	$ 1,248,960	$ -	$ 10,372
General revenues:				
Property taxes				
Sales taxes				
Rental income				
Franchise taxes				
Unrestricted investment earnings				
Gain on the sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (218,478)	$ -	$ (218,478)
(20,383)	-	(20,383)
10,303	-	10,303
(287)	-	(287)
(228,845)	-	(228,845)
-	(23,401)	(23,401)
-	(67,449)	(67,449)
-	(723)	(723)
-	(91,573)	(91,573)
(228,845)	(91,573)	(320,418)
89,480	-	89,480
222,764	-	222,764
2,025	-	2,025
51,081	-	51,081
4	5,000	5,004
95,458	-	95,458
(552,273)	552,273	-
(91,461)	557,273	465,812
(320,306)	465,700	145,394
1,970,937	4,112,099	6,083,036
$ 1,650,631	$ 4,577,799	$ 6,228,430

CITY OF MANSFIELD, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	SPLOST Fund	ARPA Fund	Nonmajor Confiscated Assets Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 501,924	$ 408,916	$ 82,534	$ -	$ 993,374
Taxes receivable, net	5,259	-	-	-	5,259
Due from other governments	11,399	21,069	-	-	32,468
Prepaid expenditures	18,533	-	-	-	18,533
Total assets	$ 537,115	$ 429,985	$ 82,534	$ -	$ 1,049,634
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 2,241	$ -	$ -	$ -	$ 2,241
Accrued liabilities	3,673	-	-	-	3,673
Unearned revenues	-	-	82,530	-	82,530
Intergovernmental payables	2,415	-	-	-	2,415
Total liabilities	8,329	-	82,530	-	90,859
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	3,705	-	-	-	3,705
Total deferred inflows of resources	3,705	-	-	-	3,705
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	18,533	-	-	-	18,533
Restricted for:					
Grant projects	-	-	4	-	4
Capital projects	-	429,985	-	-	429,985
Unassigned	506,548	-	-	-	506,548
Total fund balances	525,081	429,985	4	-	955,070
Total liabilities, deferred inflows of resources and fund balances	$ 537,115	$ 429,985	$ 82,534	$ -	$ 1,049,634

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2022

Total governmental fund balance	$	955,070
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		700,590
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		3,705
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.		
Notes payable		(8,734)
Change in net position - governmental activities	$	1,650,631

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	SPLOST Fund	ARPA Fund	Nonmajor Confiscated Assets Fund	Total Governmental Funds
Revenues					
Property taxes	$ 85,775	$ -	$ -	$ -	$ 85,775
Other taxes	51,081	-	-	-	51,081
Charges for services	240	-	-	-	240
Licenses and permits	6,415	-	-	-	6,415
Intergovernmental	133,623	120,514	-	-	254,137
Interest revenue	-	69	4	-	73
Rental income	2,025	-	-	-	2,025
Other revenues	10,271	-	-	-	10,271
Total revenues	289,430	120,583	4	-	410,017
Expenditures					
Current:					
General government	217,006	-	-	-	217,006
Public safety	20,452	-	-	-	20,452
Debt service:					
Principal	7,988	-	-	-	7,988
Interest	287	-	-	-	287
Total expenditures	245,733	-	-	-	245,733
Excess of revenues over expenditures	43,697	120,583	4	-	164,284
Other financing sources (uses)					
Transfers in	93,820	-	-	-	93,820
Transfers out	(629,709)	-	-	(16,384)	(646,093)
Proceeds from the sale of capital assets	294,435	-	-	-	294,435
Total other financing uses, net	(241,454)	-	-	(16,384)	(257,838)
Net change in fund balances	(197,757)	120,583	4	(16,384)	(93,554)
Fund balances, beginning of year	722,838	309,402	-	16,384	1,048,624
Fund balances, end of year	$ 525,081	$ 429,985	$ 4	$ -	$ 955,070

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	$	(93,554)
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.		
Depreciation expense		(39,468)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to decrease net position.		(198,977)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		3,705
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal retirement of long-term debt		7,988
Change in net position - governmental activities	$	(320,306)

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 90,055	$ 90,055	$ 85,775	$ (4,280)
Other taxes	46,932	46,932	51,081	4,149
Charges for services	360	360	240	(120)
Licenses and permits	3,900	3,900	6,415	2,515
Intergovernmental	170,291	170,291	133,623	(36,668)
Rental income	3,900	3,900	2,025	(1,875)
Other revenues	8,708	8,708	10,271	1,563
Total revenues	324,146	324,146	289,430	(34,716)
Expenditures				
Current				
General government:				
Financial administration	351,863	351,863	217,006	134,857
Total general government	351,863	351,863	217,006	134,857
Public safety:				
Fire	17,171	17,171	20,452	(3,281)
Total public safety	17,171	17,171	20,452	(3,281)
Debt Service				
Principal retirement	8,280	8,280	7,988	292
Interest	-	-	287	(287)
Total debt service	8,280	8,280	8,275	5
Total expenditures	377,314	377,314	245,733	131,581
Excess (deficiency) of revenues over (under) expenditures	(53,168)	(53,168)	43,697	96,865
Other financing sources (uses)				
Transfers in	153,168	153,168	93,820	(59,348)
Transfers out	(100,000)	(100,000)	(629,709)	(529,709)
Proceeds from sale of capital assets	-	-	294,435	294,435
Total other financing sources (uses)	53,168	53,168	(241,454)	(294,622)
Net change in fund balances	-	-	(197,757)	(197,757)
Fund balances, beginning of year	722,838	722,838	722,838	-
Fund balances, end of year	$ 722,838	$ 722,838	$ 525,081	$ (197,757)

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water and Sewer Fund	Electric Fund	Garbage Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 166,751	$ 714,473	$ 2,992	$ 884,216
Investments	-	993,768	-	993,768
Accounts receivable	34,790	98,673	5,236	138,699
Interfund receivables	36,797	-	12,515	49,312
Total current assets	238,338	1,806,914	20,743	2,065,995
NON-CURRENT ASSETS				
Capital assets:				
Nondepreciable	124,593	30,000	-	154,593
Depreciable, net of accumulated depreciation	1,964,300	594,337	-	2,558,637
Total non-current assets	2,088,893	624,337	-	2,713,230
Total assets	2,327,231	2,431,251	20,743	4,779,225
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	11,012	78,677	-	89,689
Customer deposits payable	22,675	39,750	-	62,425
Interfund payables	-	49,312	-	49,312
Total current liabilities	33,687	167,739	-	201,426
Total liabilities	33,687	167,739	-	201,426
NET POSITION				
Investment in capital assets	2,088,893	624,337	-	2,713,230
Unrestricted	204,651	1,639,175	20,743	1,864,569
Total net position	$ 2,293,544	$ 2,263,512	$ 20,743	$ 4,577,799

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Electric Fund	Garbage Fund	Totals
OPERATING REVENUES				
Water sales	$ 207,010	$ -	$ -	$ 207,010
Sewer sales	116,397	-	-	116,397
Water and wastewater tap fees	25,600	-	-	25,600
Electric fees	-	802,192	-	802,192
Garbage fees	-	-	51,642	51,642
Other	-	8,123	-	8,123
Total operating revenues	349,007	810,315	51,642	1,210,964
OPERATING EXPENSES				
Personal services	37,751	92,557	6,249	136,557
Purchased/contractual services	66,528	53,929	45,713	166,170
Supplies	162,291	681,928	3	844,222
Miscellaneous	17,530	29,674	400	47,604
Depreciation	88,308	19,676	-	107,984
Total operating expenses	372,408	877,764	52,365	1,302,537
Operating loss	(23,401)	(67,449)	(723)	(91,573)
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(37)	-	-	(37)
Interest income	18	5,019	-	5,037
Total non-operating revenues (expenses)	(19)	5,019	-	5,000
Loss before transfers	(23,420)	(62,430)	(723)	(86,573)
TRANSFERS				
Transfers in	384,030	165,303	80,376	629,709
Transfers out	-	(75,060)	(2,376)	(77,436)
Total transfers	384,030	90,243	78,000	552,273
Change in net position	360,610	27,813	77,277	465,700
NET POSITION, beginning of year	1,932,934	2,235,699	(56,534)	4,112,099
NET POSITION, end of year	$ 2,293,544	$ 2,263,512	$ 20,743	$ 4,577,799

The accompanying notes are an integral part of these financial statements.

CITY OF MANSFIELD, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Electric Fund	Garbage Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 62,244	$ 794,046	$ 38,806	$ 895,096
Payments to suppliers	(235,337)	(721,797)	(46,116)	(1,003,250)
Payments to employees	(41,641)	(92,557)	(80,376)	(214,574)
Net cash used in operating activities	(214,734)	(20,308)	(87,686)	(322,728)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments		5,760	-	5,760
Net cash provided by investig activities	-	5,760	-	5,760
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on debt	(20)		-	(20)
Principal paid on bonds	(155,500)	-	-	(155,500)
Net cash used in capital and related financing activities	(155,520)	-	-	(155,520)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	384,030	165,303	80,376	629,709
Transfers out	-	(75,060)	(2,376)	(77,436)
Net cash provided by non-capital financing activities	384,030	90,243	78,000	552,273
Change in cash and cash equivalents	13,776	75,695	(9,686)	79,785
Cash and cash equivalents:				
Beginning of year	152,975	638,778	12,678	804,431
End of year	$ 166,751	$ 714,473	$ 2,992	$ 884,216
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$ (23,401)	$ (67,449)	$ (723)	$ (91,573)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	88,308	19,676	-	107,984
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(6,270)	2,018	(321)	(4,573)
Increase in interfund receivable	(36,797)	-	-	(36,797)
Increase in accounts payable	11,012	43,734	-	54,746
Decrease in accrued liabilities	(3,890)	-	-	(3,890)
Increase in customer deposits	2,262	5,600	-	7,862
Decrease in interfund payable	(245,958)	(23,887)	(86,642)	(356,487)
Net cash used in operating activities	$ (214,734)	$ (20,308)	$ (87,686)	$ (322,728)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Mansfield, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City was incorporated under the laws of the State of Georgia in 1903. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police, fire, probation, and animal control), public works, culture-recreation, housing and development, public improvements, planning and zoning, judicial, and general administrative services. In addition, the City provides water and sewer services, sanitation services as well as stormwater utility services. These financial statements present the government entities for which the City is considered to be financially accountable.

B. Government-wide and Fund 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 non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fiduciary funds and component units that are fiduciary in nature are not reported in the government-wide financial statements. The City does not report any fiduciary funds or component units.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level 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 collected within the current fiscal period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Major revenue sources that are susceptible to accrual are property taxes, insurance premium taxes, and intergovernmental revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

The ***Special Purpose Local Option Sales Tax ("SPLOST") Fund*** is a capital projects fund used to account for monies received from intergovernmental revenues (i.e. special purpose local option sales taxes) for various City projects.

The ***American Rescue Plan Act ("ARPA") Fund*** is a special revenue fund used to account for the Coronavirus State and Local Fiscal Recovery Funds received under the ARPA and corresponding expenditures.

Proprietary fund financial statements are used to account for activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expenses that are not a result of the direct operations of the activity.

The City reports the following major proprietary funds:

The ***Electric Fund*** is used to account for operation, maintenance, and development of the City's electrical system.

The ***Water and Sewer Fund*** is used to account for operation, maintenance, and development of the City's water and sewer system.

The ***Garbage Fund*** accounts for the operation, maintenance, and development of the City's garbage system.

D. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less. State statutes and the City's official investment policy authorize the City to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, bankers' acceptances, money market mutual funds and direct obligations of the State of Georgia.

The City records investments at fair value in accordance with GAAP. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

Property tax receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible accounts.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met. Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

F. Prepaid Expenses

Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods. Reported prepaid expenses are equally offset by a nonspendable fund balance reserve.

G. Capital Assets

Capital assets are defined by the City as assets which have a cost of $5,000 or more and estimates useful life in excess of two years. Capital assets purchased or acquired are recorded at historical costs. Contributed assets are recorded at their acquisition value as of the date donated. Capital assets are reported in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	15-99 years
Buildings and improvements	20-50 years
Water and sewer distribution system	20-50 years
Heavy machinery and vehicles	3-15 years
Equipment, furniture, and fixtures	5-10 years
Computer equipment	5-7 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance 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. Only the City Council may modify or rescind the commitment.

- ***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. At year-end, the City did not have any assigned fund balance amounts.

- ***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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Equity (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: 1) committed, 2) assigned, and 3) unassigned.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

J. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that effect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

K. Stewardship, Compliance and Accountability Budgetary Information

The City follows these procedures in establishing budgetary data reflected in the financial statements.

Prior to July 1, the Mayor and Council Budget Committee prepare a proposed budget for the fiscal year commencing July 1.

Public hearings are held to obtain taxpayer's comments.

The budget is legally enacted through the passage of a resolution.

All revisions to the budget must be submitted to the City Council for approval.

The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and Special Revenue Funds.

Budget appropriations lapse at the end of the year.

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Total deposits and investments as of June 30, 2022 are summarized as follows:

Amounts as presented on the entity wide statement of net position:		
Cash and cash equivalents	$	1,877,590
Investments		993,768
Total	$	2,871,358

Cash deposited with financial institution	$	1,877,590
Investment in the Municipal Competitive Trust		993,768
Total	$	2,871,358

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by state law. The City's investment in the Municipal Competitive Trust was not rated. All other City investments were rated as noted in the table below.

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 decreasing interest rates.

Investment	Rating	Fair Value	Investment Maturity (Years) Less than 1
Municipal Competitive Trust	N/A	$ 993,768	$ 993,768

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value investments as of June 30, 2022.

Investment	Level 1	Level 2	Level 3	Fair Value
Municipal Competitive Trust	$ 993,768	$ -	$ -	$ 993,768

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (CONTINUED)

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. Investments classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2022, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 3. RECEIVABLES

Property tax receivables – Property tax receivables are shown net of an allowance for uncollectable. Property taxes not collected by the year-end are recorded in the allowance for uncollectable accounts.

Property taxes levied are recorded as receivables and recognized as revenues in the year they become due. The property tax calendar is as follows:

Date millage rate is set	September 1, 2021
Lien date	January 1, 2021
Due date	December 20, 2021
Collection dates	October 1, 2021 - December 20, 2021
Delinquent date	December 21, 2021

NOTE 3. RECEIVABLES (CONTINUED)

Receivables as of year-end for the governmental activities and business-type activities, individual major governmental funds, including the applicable allowances for uncollectible accounts, as required by GAAP are as follows:

	General	SPLOST	Water and Sewer	Electric	Garbage	Total
Receivables:						
Taxes	$ 12,640	$ -	$ -	$ -	$ -	$ 12,640
Accounts	-	-	42,890	120,774	6,455	170,119
Due from other governments	11,399	21,069	-	-	-	32,468
Gross receivables	24,039	21,069	42,890	120,774	6,455	215,227
Less: allowance	(7,381)	-	(8,100)	(22,101)	(1,219)	(38,801)
Total receivables	$ 16,658	$ 21,069	$ 34,790	$ 98,673	$ 5,236	$ 176,426

NOTE 4. CAPITAL ASSETS

Changes in capital assets for governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 155,488	$ -	$ -	$ -	$ 155,488
Total capital assets, not being depreciated	155,488	-	-	-	155,488
Capital assets, being depreciated:					
Buildings and improvements	940,166	-	(226,100)	-	714,066
Infrastructure	102,952	-	-	-	102,952
Machinery and equipment	146,283	-	-	-	146,283
Total capital assets, being depreciated	1,189,401	-	(226,100)	-	963,301
Less accumulated depreciation for:					
Buildings and improvements	(268,020)	(32,677)	27,123	-	(273,574)
Infrastructure	(18,428)	(3,110)	-	-	(21,538)
Machinery and equipment	(119,406)	(3,681)	-	-	(123,087)
Total accumulated depreciation	(405,854)	(39,468)	27,123	-	(418,199)
Total capital assets, being depreciated, net	783,547	(39,468)	(198,977)	-	545,102
Governmental activities capital assets, net	$ 939,035	$ (39,468)	$ (198,977)	$ -	$ 700,590

NOTE 4. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2022 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 39,468
Total depreciation expense - governmental activities	$ 39,468

A summary of changes in capital assets for business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 154,593	$ -	$ -	$ -	$ 154,593
Total capital assets, not being depreciated	154,593	-	-	-	154,593
Capital assets, being depreciated:					
Buildings and improvements	107,353	-	-	-	107,353
Infrastructure	5,100,278	-	-	-	5,100,278
Machinery and equipment	144,124	-	-	-	144,124
Total capital assets, being depreciated	5,351,755	-	-	-	5,351,755
Less accumulated depreciation for:					
Buildings and improvements	(47,901)	(2,684)	-	-	(50,585)
Infrastructure	(2,493,109)	(105,300)	-	-	(2,598,409)
Machinery and equipment	(144,124)	-	-	-	(144,124)
Total accumulated depreciation	(2,685,134)	(107,984)	-	-	(2,793,118)
Total capital assets, being depreciated, net	2,666,621	(107,984)	-	-	2,558,637
Business-type activities capital assets, net	$ 2,821,214	$ (107,984)	$ -	$ -	$ 2,713,230

Depreciation expense for the year ended June 30, 2022 was charged to the following funds for business-type activities are as follows:

Business-type activities:	
Water and Sewer Fund	$ 88,308
Sanitation Fund	19,676
Total depreciation expense - business-type activities	$ 107,984

NOTE 5. LONG-TERM DEBT

Debt under governmental activities consist of the following for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases - direct borrowing	$ 16,722	$ -	$ (7,988)	$ 8,734	$ 2,899
Governmental activities Long-term liabilities	$ 16,722	$ -	$ (7,988)	$ 8,734	$ 2,899

Financed Purchases from Direct Borrowing

The City has entered into several purchase agreements for the acquisition of various equipment through a financial institution. The agreements qualify as financed purchases for accounting purposes (titles transfer at the end of the agreement term) and have been recorded at the present values of the future minimum lease payment as of the date of their inceptions. These agreements are being serviced by the General Fund with annual interest rates varying from 2.00% to 3.99%.

Annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 2,899	$ 469	$ 3,368
2024	90	146	236
2025	97	144	241
2026	104	141	245
2027	111	139	250
2028 – 2032	680	648	1,328
2033 – 2037	916	551	1,467
2038 – 2042	1,197	423	1,620
2043 – 2047	1,533	257	1,790
2048 – 2050	1,107	54	1,161
Total	$ 8,734	$ 2,972	$ 11,706

Debt under business-type activities consists of the following for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	$ 155,500	$ -	$ (155,500)	$ -	$ -
Business-type activities Long-term liabilities	$ 155,500	$ -	$ (155,500)	$ -	$ -

NOTE 5. LONG-TERM DEBT (CONTINUED)

In 1988, The City issued $453,000 Water and Sewer Revenue Bonds, Series A and B for the purpose of system improvements. The bonds bear interest at a rate of 5% and are payable in annual installments with the final payment due in 2027. The remaining balance for both bonds were paid in full during the year ended June 30, 2022.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2022, are as follows:

Receivable Fund	Payable Fund	Total
Water and Sewer Fund	Electric Fund	$ 36,797
Garbage Fund	Electric Fund	12,515
		$ 49,312

These balances resulted from time lag between the dates the: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers during the year ended June 30, 2022 are as follows:

Transfer in	Transfer out	Total
General Fund	Electric Fund	$ 75,060
General Fund	Nonmajor Governmental Fund	16,384
Water and Sewer Fund	General Fund	384,030
Electric Fund	General Fund	165,303
Garbage Fund	General Fund	80,376
General Fund	Garbage Fund	2,376
		$ 723,529

Transfers are used to: 1) move funds from the proprietary funds to the General Fund for the allocated amount of administrative expense, 2) move funds between all funds and the General Fund for expenses paid through the accounts payable system, and 3) to supplement operations.

NOTE 7. JOINT VENTURE

The City of Mansfield, Georgia, in conjunction with cities and counties in the 12 city Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (“RC”). Membership in an RC is automatic for each municipality and City in the state. The Official Code of Georgia Annotated (“O.C.G.A.”) §50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each City and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the Chief elected official (or a designated government official) of each City, the chief elected official (or a designated government official) of each municipality, one elected or appointed municipal government official from each City (or a designee of the municipalities of the City), not less than 10 nor more than 20 nonpublic members, and shall include a minority representation, the percentage of which is at least equal to the minority population of the geographic region served by the Board. Financial statements can be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, GA 30605.

The Georgia Planning Act of 1989 (O.C.G.A. §50-8-34) defines RCs as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. §50-8-39.1).

NOTE 8. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in various lawsuits. In the opinion of the City’s management and the City Attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the City.

Agreements with the Municipal Electric Authority of Georgia (“MEAG”)

As of June 30, 2022, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the City. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating city has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on kWh usage. The total payments under these contracts amounted to $657,404 in 2022.

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

At June 30, 2022, the outstanding debt of MEAG was approximately $7.68 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $6.2 million at June 30, 2022.

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

NOTE 10. BUDGET COMPLIANCE

Excess of Expenditures Over Appropriations

The following General Fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2022: Fire department for $3,281 and Debt service: interest for $287. These over expenditures were funded by fund balance and transfers from other funds.

SUPPLEMENTARY INFORMATION

CITY OF MANSFIELD, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2017 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
SPLOST 2017 Referendum:					
Transportation and/or infrastructure	$ 192,780	$ 570,794	$ 457,133	$ -	$ 457,133
Facilities and/or historical facilities	77,112	77,112	-	-	-
Public safety	115,668	115,668	-	-	-
Total	$ 385,560	$ 763,574	$ 457,133	$ -	$ 457,133

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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*

To the Honorable Mayor and
Members of the City Council
City of Mansfield, Georgia
Mansfield, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, Georgia (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

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 or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Mansfield, Georgia's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mansfield's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City'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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
June 13, 2023

CITY OF MANSFIELD, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP.	Unmodified
Internal control over financial reporting: Material weaknesses identified?	__X__ Yes ___ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

There was not an audit of major federal programs as of June 30, 2022 due to the total amount expended being less than $750,000.

CITY OF MANSFIELD, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-001 – General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted an inordinate amount of accounting, reporting and reconciling that was not properly performed and reviewed during the fiscal year which required a significant effort to close the City's 2022 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed June 30, 2022. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to properly maintain the accounts payable on a periodic basis throughout the year;
- to properly maintain the accounts receivable on a periodic basis throughout the year;
- to accurately maintain and record the City's capital assets;
- to accurately maintain and record the City's debt;
- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations; and
- to close-out and report activities, events and transactions on a periodic basis.

Context: We addressed the matter with the City to determine the appropriate measures are taken so as to properly complete general accounting matters and close-out procedures at June 30, 2022.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not to be detected and corrected in a timely manner.

CITY OF MANSFIELD, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-001 – General Accounting Matters/Close-Out Procedures (Continued)

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to properly maintain financial and non-financial information and to properly close-out the year-end.

Recommendation: We recommend the City consider a variety of options to address the above condition. In no particular order, the City needs to look at the respective staffing of the accounting function, and determine if an adequate number of staff are currently available to address the condition.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2022-002 – Segregation of Duties

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the City.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the lack of a properly developed integrated work plan with appropriate controls and an improper allocation of available resources. In addition, in certain circumstances, there are a limited number of trained individuals in each office available to perform all of the duties.

CITY OF MANSFIELD, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-002 – Segregation of Duties (Continued)

Recommendation: We recommend the duties of recording, distributing, and reconciling of accounts be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur. The City is in the process of reviewing their respective systems and processes to evaluate and determine the most efficient and effective solution to properly segregate duties among all City functions to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

SECTION III
PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.