CITY OF MANSFIELD, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

CITY OF MANSFIELD, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report ..... 1 – 3

Basic Financial Statements:
- **Government-wide Financial Statements:**
  - **Statement of Net Position 4**
  - **Statement of Activities ..... 5 and 6**
- **Fund Financial Statements:**
  - **Balance Sheet – Governmental Funds 7**
  - **Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Position 8**
  - **Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 9**
  - **Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities 10**
  - **Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual– General Fund 11**
  - **Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis – ARPA Fund 12**
  - **Statement of Net Position – Proprietary Funds 13**
  - **Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 14**
  - **Statement of Cash Flows – Proprietary Funds 15**
- **Notes to the Financial Statements ..... 16 – 29**

Supplementary Information:
- **Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2017 Issue 30**

COMPLIANCE SECTION

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* ..... 31 and 32

Schedule of Findings and Responses ..... 33 – 35

Summary Schedule of Prior Year Findings and Responses 36

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and ARPA 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 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 GAAS. In our opinion, the Schedule of Expenditure of Special Purpose Local Option Sales Tax Proceeds 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 November 9, 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
November 9, 2023

CITY OF MANSFIELD, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and cash equivalents	$ 1,041,631	$ 1,026,421	$ 2,068,052
Investments	-	1,016,256	1,016,256
Taxes receivable	3,532	-	3,532
Accounts receivable	20,000	151,914	171,914
Internal balances	115,096	(115,096)	-
Due from other governments	39,438	-	39,438
Prepaid expenses	19,933	-	19,933
Capital assets:			
Nondepreciable	155,488	403,234	558,722
Depreciable, net of accumulated depreciation	608,628	2,450,653	3,059,281
Total assets	2,003,746	4,933,382	6,937,128
LIABILITIES			
Accounts payable	4,210	62,751	66,961
Accrued liabilities	3,291	-	3,291
Unearned revenues	83,192	-	83,192
Customer deposits payable	-	64,483	64,483
Intergovernmental payable	2,415	-	2,415
Notes payable due within one year	90	-	90
Notes payable due in more than one year	5,595	154,831	160,426
Total liabilities	98,793	282,065	380,858
NET POSITION			
Net investment in capital assets	758,431	2,699,056	3,457,487
Restricted for capital projects:			
Capital projects	578,518	-	578,518
Unrestricted	568,004	1,952,261	2,520,265
Total net position	$ 1,904,953	$ 4,651,317	$ 6,556,270

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, 2023

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	$ 287,240	$ 51,198	$ -	$ -
Public safety	23,090	-	-	1,577
Public works	81,867	-	-	230,907
Interest on long-term debt	469	-	-	-
Total governmental activities	392,666	51,198	-	232,484
Business-type activities:				
Water and sewer	335,748	409,603	-	-
Electric	955,733	958,455	-	-
Garbage	58,508	55,407	-	-
Total business-type activities	1,349,989	1,423,465	-	-
Total primary government	$ 1,742,655	$ 1,474,663	$ -	$ 232,484
General revenues:				
Property taxes				
Sales taxes				
Insurance premium tax				
Alcoholic beverage taxes				
Rental income				
Franchise taxes				
Other taxes				
Unrestricted investment earnings				
Gain on the sale of assets				
Total general revenues				
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
$ (236,042)	$ -	$ (236,042)
(21,513)	-	(21,513)
149,040	-	149,040
(469)	-	(469)
(108,984)	-	(108,984)
-	73,855	73,855
-	2,722	2,722
-	(3,101)	(3,101)
-	73,476	73,476
(108,984)	73,476	(35,508)
114,349	-	114,349
172,155	-	172,155
37,120	-	37,120
6,496	-	6,496
7,875	-	7,875
3,821	-	3,821
4,976	-	4,976
20	42	62
16,494	-	16,494
363,306	42	363,348
254,322	73,518	327,840
1,650,631	4,577,799	6,228,430
$ 1,904,953	$ 4,651,317	$ 6,556,270

CITY OF MANSFIELD, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	SPLOST Fund	ARPA Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 412,662	$ 545,753	$ 83,216	$ 1,041,631
Taxes receivable, net	3,532	-	-	3,532
Accounts receivable	20,000	-	-	20,000
Due from other governments	15,431	24,007	-	39,438
Interfund receivables	115,096	-	-	115,096
Prepaid expenditures	19,933	-	-	19,933
Total assets	$ 586,654	$ 569,760	$ 83,216	$ 1,239,630
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 4,210	$ -	$ -	$ 4,210
Accrued liabilities	3,291	-	-	3,291
Unearned revenues	-	-	83,192	83,192
Intergovernmental payables	2,415	-	-	2,415
Total liabilities	9,916	-	83,192	93,108
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,432	-	-	3,432
Total deferred inflows of resources	3,432	-	-	3,432
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	19,933	-	-	19,933
Restricted for:				
Capital projects	-	569,760	24	569,784
Unassigned	553,373	-	-	553,373
Total fund balances	573,306	569,760	24	1,143,090
Total liabilities, deferred inflows of resources and fund balances	$ 586,654	$ 569,760	$ 83,216	$ 1,239,630

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, 2023

Total governmental fund balance	$	1,143,090
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.		764,116
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		3,432
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.		
Notes payable		(5,685)
Change in net position - governmental activities	$	1,904,953

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

CITY OF MANSFIELD, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	SPLOST Fund	ARPA Fund	Total Governmental Funds
Revenues				
Property taxes	$ 114,349	$ -	$ -	$ 114,349
Other taxes	52,686	-	-	52,686
Charges for services	250	-	-	250
Licenses and permits	6,515	-	-	6,515
Intergovernmental	185,966	138,198	81,867	406,031
Interest revenue	-	1,577	20	1,597
Rental income	7,875	-	-	7,875
Other revenues	41,464	-	-	41,464
Total revenues	409,105	139,775	81,887	630,767
Expenditures				
Current:				
General government	350,766	-	-	350,766
Public safety	23,090	-	-	23,090
Public works	-	-	81,867	81,867
Debt service:				
Principal	3,049	-	-	3,049
Interest	469	-	-	469
Total expenditures	377,374	-	81,867	459,241
Excess of revenues over expenditures	31,731	139,775	20	171,526
Other financing sources				
Proceeds from the sale of capital assets	16,494	-	-	16,494
Total other financing sources	16,494	-	-	16,494
Net change in fund balances	48,225	139,775	20	188,020
Fund balances, beginning of year	525,081	429,985	4	955,070
Fund balances, end of year	$ 573,306	$ 569,760	$ 24	$ 1,143,090

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, 2023

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

Net change in fund balances - total governmental funds	$	188,020
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay		107,435
Depreciation expense		(43,909)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(273)
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		3,049
Change in net position - governmental activities	$	254,322

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, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 85,700	$ 85,700	$ 114,349	$ 28,649
Other taxes	45,400	45,400	52,686	7,286
Charges for services	240	240	250	10
Licenses and permits	5,700	5,700	6,515	815
Intergovernmental	242,500	242,500	185,966	(56,534)
Rental income	4,400	4,400	7,875	3,475
Other revenues	5,872	5,872	41,464	35,592
Total revenues	389,812	389,812	409,105	19,293
Expenditures				
Current:				
General government:				
Financial administration	601,702	601,702	350,766	250,936
Total general government	601,702	601,702	350,766	250,936
Public safety:				
Fire	21,000	21,000	23,090	(2,090)
Total public safety	21,000	21,000	23,090	(2,090)
Debt Service				
Principal retirement	5,000	5,000	3,049	1,951
Interest	-	-	469	(469)
Total debt service	5,000	5,000	3,518	1,482
Total expenditures	627,702	627,702	377,374	250,328
Excess (deficiency) of revenues over (under) expenditures	(237,890)	(237,890)	31,731	269,621
Other financing sources (uses)				
Transfers in	237,890	237,890	-	(237,890)
Proceeds from sale of capital assets	-	-	16,494	16,494
Total other financing sources (uses)	237,890	237,890	16,494	(221,396)
Net change in fund balances	-	-	48,225	48,225
Fund balances, beginning of year	525,081	525,081	525,081	-
Fund balances, end of year	$ 525,081	$ 525,081	$ 573,306	$ 48,225

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 - GAAP BASIS ARPA FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 81,867	$ 81,867
Interest revenue	-	-	20	20
Total revenues	-	-	81,887	81,887
Expenditures				
Current:				
Public works	-	-	81,867	(81,867)
Total expenditures	-	-	81,867	(81,867)
Net change in fund balances	-	-	20	20
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 20	$ 20

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

CITY OF MANSFIELD, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Water and Sewer Fund	Electric Fund	Garbage Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 266,198	$ 755,401	$ 4,822	$ 1,026,421
Investments	-	1,016,256	-	1,016,256
Accounts receivable	33,132	112,722	6,060	151,914
Interfund receivables	36,907	-	12,515	49,422
Total current assets	336,237	1,884,379	23,397	2,244,013
NON-CURRENT ASSETS				
Capital assets:				
Nondepreciable	373,234	30,000	-	403,234
Depreciable, net of accumulated depreciation	1,875,991	574,662	-	2,450,653
Total non-current assets	2,249,225	604,662	-	2,853,887
Total assets	2,585,462	2,489,041	23,397	5,097,900
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	8,292	54,459	-	62,751
Customer deposits payable	22,671	41,812	-	64,483
Interfund payables	32,227	126,536	5,755	164,518
Total current liabilities	63,190	222,807	5,755	291,752
NON-CURRENT LIABILITIES				
Notes payable due in more than one year	154,831	-	-	154,831
Total non-current liabilities	154,831	-	-	154,831
Total liabilities	218,021	222,807	5,755	446,583
NET POSITION				
Investment in capital assets	2,094,394	604,662	-	2,699,056
Unrestricted	273,047	1,661,572	17,642	1,952,261
Total net position	$ 2,367,441	$ 2,266,234	$ 17,642	$ 4,651,317

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, 2023

	Water and Sewer Fund	Electric Fund	Garbage Fund	Totals
OPERATING REVENUES				
Water sales	$ 187,267	$ -	$ -	$ 187,267
Sewer sales	95,155	-	-	95,155
Electric fees	-	933,891	-	933,891
Garbage fees	-	-	55,407	55,407
Other	127,181	24,564	-	151,745
Total operating revenues	409,603	958,455	55,407	1,423,465
OPERATING EXPENSES				
Personnel services	32,227	77,115	5,755	115,097
Purchased/contractual services	40,799	59,170	52,753	152,722
Supplies	158,479	787,122	-	945,601
Miscellaneous	15,889	12,650	-	28,539
Depreciation	88,308	19,676	-	107,984
Total operating expenses	335,702	955,733	58,508	1,349,943
Operating income (loss)	73,901	2,722	(3,101)	73,522
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(46)	-	-	(46)
Interest income	42	-	-	42
Total non-operating expenses, net	(4)	-	-	(4)
Change in net position	73,897	2,722	(3,101)	73,518
NET POSITION, beginning of year	2,293,544	2,263,512	20,743	4,577,799
NET POSITION, end of year	$ 2,367,441	$ 2,266,234	$ 17,642	$ 4,651,317

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, 2023

	Water and Sewer Fund	Electric Fund	Garbage Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 443,374	$ 1,001,204	$ 54,583	$ 1,499,161
Payments to suppliers	(217,887)	(883,161)	(52,753)	(1,153,801)
Payments to employees	(32,227)	(77,115)	-	(109,342)
Net cash provided by operating activities	193,260	40,928	1,830	236,018
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(248,641)	-	-	(248,641)
Interest paid on debt	(3)	-	-	(3)
Principal paid on notes payable	(126,681)	-	-	(126,681)
Proceeds from notes payable	281,512	-	-	281,512
Net cash used in capital and related financing activities	(93,813)	-	-	(93,813)
Change in cash and cash equivalents	99,447	40,928	1,830	142,205
Cash and cash equivalents:				
Beginning of year	166,751	714,473	2,992	884,216
End of year	$ 266,198	$ 755,401	$ 4,822	$ 1,026,421
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 73,901	$ 2,722	$ (3,101)	$ 73,522
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	88,308	19,676	-	107,984
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	1,658	(14,049)	(824)	(13,215)
Increase in interfund receivable	(110)	-	-	(110)
Increase in investments	-	(22,489)	-	(22,489)
Decrease in accounts payable	(2,720)	(24,218)	-	(26,938)
(Decrease) increase in customer deposits	(4)	2,062	-	2,058
Increase in interfund payable	32,227	77,224	5,755	115,206
Net cash provided by operating activities	$ 193,260	$ 40,928	$ 1,830	$ 236,018

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 fund and the fiduciary fund financial statements, although the custodial funds have no measurement focus. 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
Buildings and improvements	20 – 50
Water and sewer distribution system	20 – 50
Heavy machinery and vehicles	3 – 15
Equipment, furniture, and fixtures	5 – 10
Computer equipment	5 – 7

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, 2023 are summarized as follows:

Amounts as presented on the entity wide Statement of Net Position:	
Cash and cash equivalents	$ 2,068,052
Investments	1,016,256
Total	$ 3,084,308

Cash deposited with financial institution	$ 2,068,052
Investment in the Municipal Competitive Trust	1,016,256
Total	$ 3,084,308

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	$ 1,016,256	$ 1,016,256

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, 2023.

Investment	Level 1	Level 2	Level 3	Fair Value
Municipal Competitive Trust	$ 1,016,256	$ -	$ -	$ 1,016,256

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

Fair Value Measurements (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, 2023, 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 uncollectible. Property taxes not collected by the year-end are recorded in the allowance for uncollectible 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, 2022
Lien date	January 1, 2022
Due date	December 20, 2022
Collection dates	October 1, 2022 – December 20, 2022
Delinquent date	December 21, 2022

NOTE 3. RECEIVABLES (CONTINUED)

Property tax 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	ARPA	Water and Sewer	Electric	Garbage	Total
Receivables:							
Taxes	$ 12,341	$ -	$ -	$ -	$ -	$ -	$ 12,341
Accounts	20,000	-	-	34,307	117,103	6,304	177,714
Due from other governments	15,431	24,007	24,007	-	-	-	63,445
Gross receivables	47,772	24,007	24,007	34,307	117,103	6,304	253,500
Less: allowance	(8,809)	-	-	(1,175)	(4,381)	(244)	(14,609)
Total receivables	$ 38,963	$ 24,007	$ 24,007	$ 33,132	$ 112,722	$ 6,060	$ 238,891

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	714,066	15,800	-	-	729,866
Infrastructure	102,952	66,642	-	-	169,594
Machinery and equipment	146,283	24,993	(12,000)	-	159,276
Total capital assets, being depreciated	963,301	107,435	(12,000)	-	1,058,736
Less accumulated depreciation for:					
Buildings and improvements	(273,574)	(28,724)	-	-	(302,298)
Infrastructure	(21,538)	(4,406)	-	-	(25,944)
Machinery and equipment	(123,087)	(10,779)	12,000	-	(121,866)
Total accumulated depreciation	(418,199)	(43,909)	12,000	-	(450,108)
Total capital assets, being depreciated, net	545,102	63,526	-	-	608,628
Governmental activities capital assets, net	$ 700,590	$ 63,526	$ -	$ -	$ 764,116

NOTE 4. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2023 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 43,909
Total depreciation expense - governmental activities	$ 43,909

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
Construction in process	-	248,641	-	-	248,641
Total capital assets, not being depreciated	154,593	248,641	-	-	403,234
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	(50,585)	(2,684)	-	-	(53,269)
Infrastructure	(2,598,409)	(105,300)	-	-	(2,703,709)
Machinery and equipment	(144,124)	-	-	-	(144,124)
Total accumulated depreciation	(2,793,118)	(107,984)	-	-	(2,901,102)
Total capital assets, being depreciated, net	2,558,637	(107,984)	-	-	2,450,653
Business-type activities capital assets, net	$ 2,713,230	$ 140,657	$ -	$ -	$ 2,853,887

Depreciation expense for the year ended June 30, 2023 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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Finance purchased - direct borrowing	$ 8,734	$ -	$ (3,049)	$ 5,685	$ 90
Governmental activities Long-term liabilities	$ 8,734	$ -	$ (3,049)	$ 5,685	$ 90

Financed Purchase 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
2024	$ 90	$ 146	$ 236
2025	97	144	241
2026	104	141	245
2027	111	139	250
2028	119	136	255
2029 – 2033	724	631	1,355
2034 – 2038	968	528	1,496
2039 – 2043	1,260	393	1,653
2044 – 2048	1,606	219	1,825
2049 and 2050	606	26	632
Total	$ 5,685	$ 2,503	$ 8,188

Debt under business-type activities consists of the following for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
GEFA note	$ -	$ 281,512	$ (126,681)	$ 154,831	$ -
Business-type activities Long-term liabilities	$ -	$ 281,512	$ (126,681)	$ 154,831	$ -

NOTE 5. LONG-TERM DEBT (CONTINUED)

Financed Purchase from Direct Borrowing (Continued)

In December 2021, the City signed a loan agreement with the Georgia Environmental Finance Authority ("GEFA"). The agreement allows funding not to exceed $956,600. This funding is to aid in the rehabilitation of the water pollution control plant. This loan is still in the drawdown phase and the project started during fiscal year 2023.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Total
General Fund	Water and Sewer Fund	$ 32,227
General Fund	Garbage Fund	5,755
General Fund	Electric Fund	77,114
Water and Sewer Fund	Electric fund	36,907
Garbage Fund	Electric fund	12,515
		$ 164,518

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.

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

NOTE 7. JOINT VENTURE (CONTINUED)

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, 2023, 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 $758,615 in 2023.

At June 30, 2023, the outstanding debt of MEAG was approximately $5.75 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $5.1 million at June 30, 2023.

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.

NOTE 9. RISK MANAGEMENT (CONTINUED)

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

Department	Excess
General Fund:	
Fire Department	$ 2,090
Debt Service	469
ARPA Fund:	
Public Works	81,867

These over expenditures were funded by greater than anticipated revenues.

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, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 9, 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 2023-001 and 2023-002 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 response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. 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
November 9, 2023

CITY OF MANSFIELD, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 Reported
Noncompliance material to financial statements noted?	____ Yes X No

Federal Awards

There was not an audit of major federal programs as of June 30, 2023 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, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001 – 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 2023 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed June 30, 2023. 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, 2023.

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.

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.

CITY OF MANSFIELD, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2023-001 – General Accounting Matters/Close-Out Procedures (Continued)

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.

2023-002 – 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.

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.

CITY OF MANSFIELD, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.

Condition: Reporting and reconciling was not properly performed and reviewed during the fiscal year which required a significant effort to close the City's 2021 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed June 30, 2023.

Status: Unresolved. See current year finding 2023-001.

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.

Status: Unresolved. See current year finding 2023-002.