



GWINNETT COUNTY
BOARD OF COMMISSIONERS

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GwinnettCounty.com

Nicole L. Hendrickson, Chairwoman

Kirkland Dion Carden, District 1

Ben Ku, District 2

Jasper Watkins III, District 3

Marlene M. Fosque, District 4

Official

Informal Presentation Minutes

Tuesday, August 6, 2024 – 11:00 AM

Present: Nicole L. Hendrickson, Kirkland D. Carden, Ben Ku, Jasper Watkins III, Matthew Holtkamp

1. Financial Services

Annual Audit Report with External Auditor

Josh Carroll of Mauldin & Jenkins presented the 2023 Audit Report results for Gwinnett County Government. No official action taken.



Presentation of Annual Audit Results

MT
MAULDIN & JENKINS
CPAs & ADVISORS



Gwinnett County, Georgia
August 6, 2024

Agenda



Gwinnett



Annual Audit Requirements



Mauldin & Jenkins Governmental Practice



Results of the 2023 Audit and Required Communications



Financial Trends



Comments, Recommendations, and Other Matters



Annual Audit Requirements



- The County's financial statements are audited annually by an outside, independent auditor. **Mauldin & Jenkins** served as the County's independent external auditors for the year ended December 31, 2023.
- State law (OCGA 36-81-7) requires most local governments to provide for an annual financial statement audit in accordance with generally accepted governmental accounting principles. The audit must be submitted to the Georgia Department of Audits and Accounts within 180 days of the County's year end.
- All governments with expenditures of federal awards in excess of \$750,000 annually are also required by the Federal and State governments to undergo a Single Audit in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).



MAULDIN & JENKINS BY THE NUMBERS



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

100+ year
HISTORY
OF QUALITY SERVICE

Serve 725+
GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS & DIRECTORS **25**



150+ TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY



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



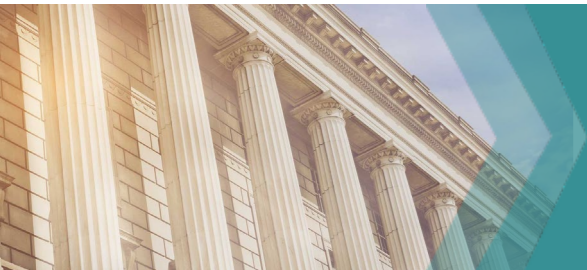
220+ SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$6 BILLION OF FEDERAL GRANTS



156,000+ HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

175+ CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE

6 STATES | **14** OFFICES



Results of 2023 Audit



Gwinnett

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS) and Government Auditing Standards (GAS)

- Our audit was performed in accordance with GAAS and GAS.
- We considered the internal control structure for the purpose of expressing our opinion on the County's basic financial statements and not for the purpose of providing assurance on the internal control structure.
- Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free of material misstatement.
- The basic financial statements are the responsibility of the County's management.

Report on 2023 Basic Financial Statements

- Unmodified ("clean") opinion on basic financial statements.
- Includes the audit of the County's component units (except the Board of Health).
- Presented fairly in accordance with accounting principles generally accepted in the United States of America (GAAP).
- Our responsibility does not extend beyond financial information contained in our report.

Report on 2023 Single Audit

- Unmodified ("clean") opinion on compliance for the two major federal programs (HOME and Coronavirus State and Local Fiscal Recovery Fund) tested in accordance with Title 2 U.S. CFR Section 200.



Required Communications



Significant Accounting Policies

- The significant accounting policies used by the County are described in Note 1 to the basic financial statements.
- Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. 96, *Subscription Based Information Technology Arrangements* were implemented effective January 1, 2023.
- In considering the policies used by the County, we noted they are in accordance with generally accepted accounting principles and similar government organizations with no significant new policies or qualitative aspects of its policies. The County is not involved in any controversial or emerging issues for which guidance is not available.

Management Judgment/Accounting Estimates

- The County uses various estimates as part of its financial reporting process – including valuation of accounts receivable (recording of allowance for uncollectible accounts), actuarial assumptions, and donated capital assets.
- Management's estimates used in preparation of financial statements were deemed reasonable in relation to the financial statements taken as a whole. We considered this information and the qualitative aspects of management's calculations in evaluating the County's significant accounting estimates.



Required Communications (Continued)



Financial Statement Disclosures

- The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit.

Relationship with Management

- We received full cooperation from the County's management, staff, and others.
- There were no disagreements with management on accounting issues or financial reporting matters.

Audit Adjustments

- There were no passed audit adjustments. There were several adjustments to recognize lease revenue and receivables under GASB 87 and GASB 94, lease/subscription liabilities and liability payments under GASB 87 and GASB 96.

Representation from Management

- We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.



Required Communications (Continued)



Gwinnett

Consultation with Other Accountants

- To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the year, nor did we face any issues requiring outside consultation.

Significant Issues Discussed with Management

- There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements.

Information in Documents Containing Audited Financial Statements

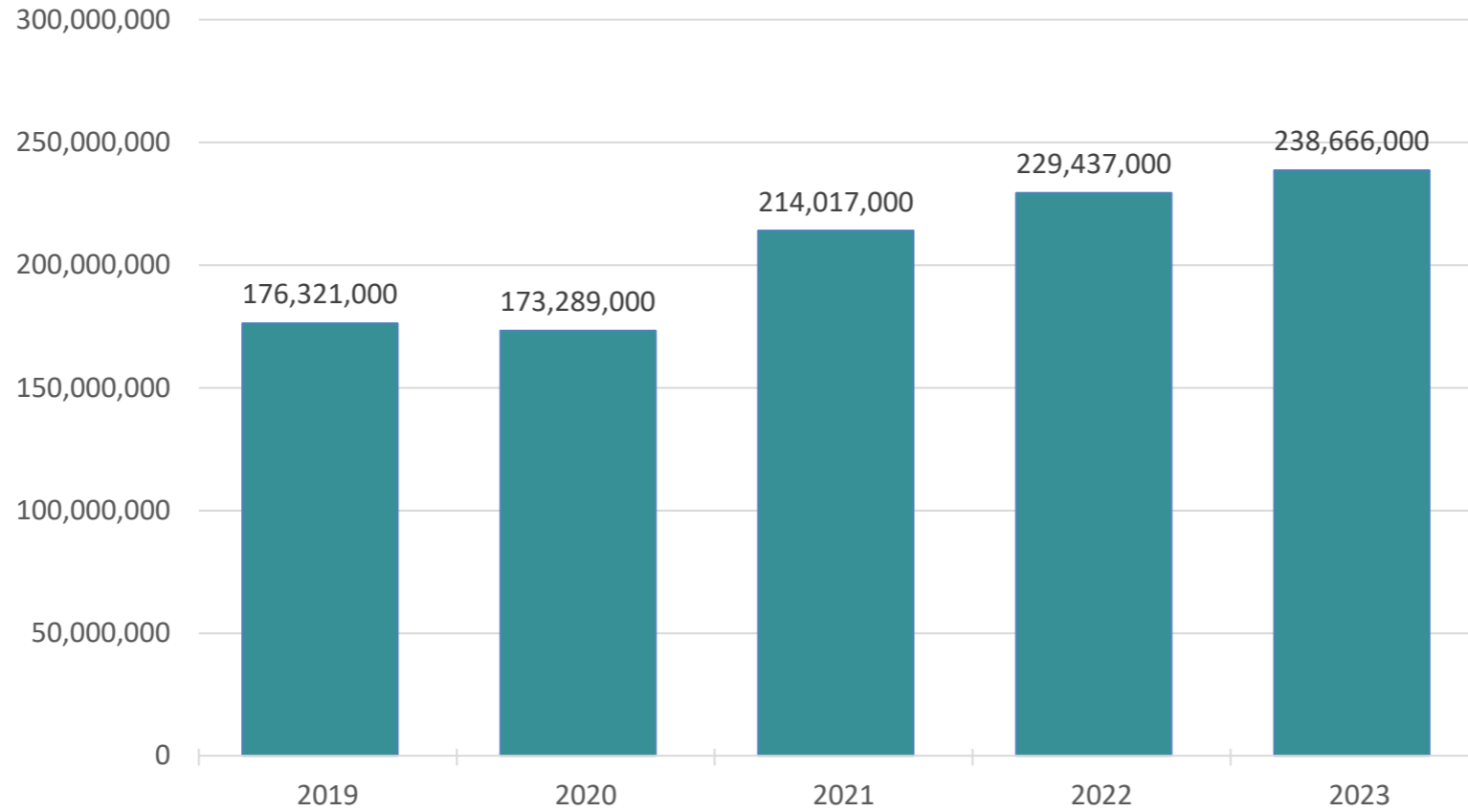
- Our responsibility for other information in documents containing the County's basic financial statements and our report thereon does not extend beyond the information identified in our report. If the County intends to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with printers' proof for our review and approval before printing. The County must also provide us with a copy of the final reproduced material for our approval before it is distributed.

Auditor Independence

- In accordance with AICPA professional standards, M&J is independent with regard to the County and its financial reporting process.
- There were no fees paid to M&J for management advisory services during fiscal year 2023 that might affect our independence as auditors.



Financial Trends - General Fund - Fund Balance



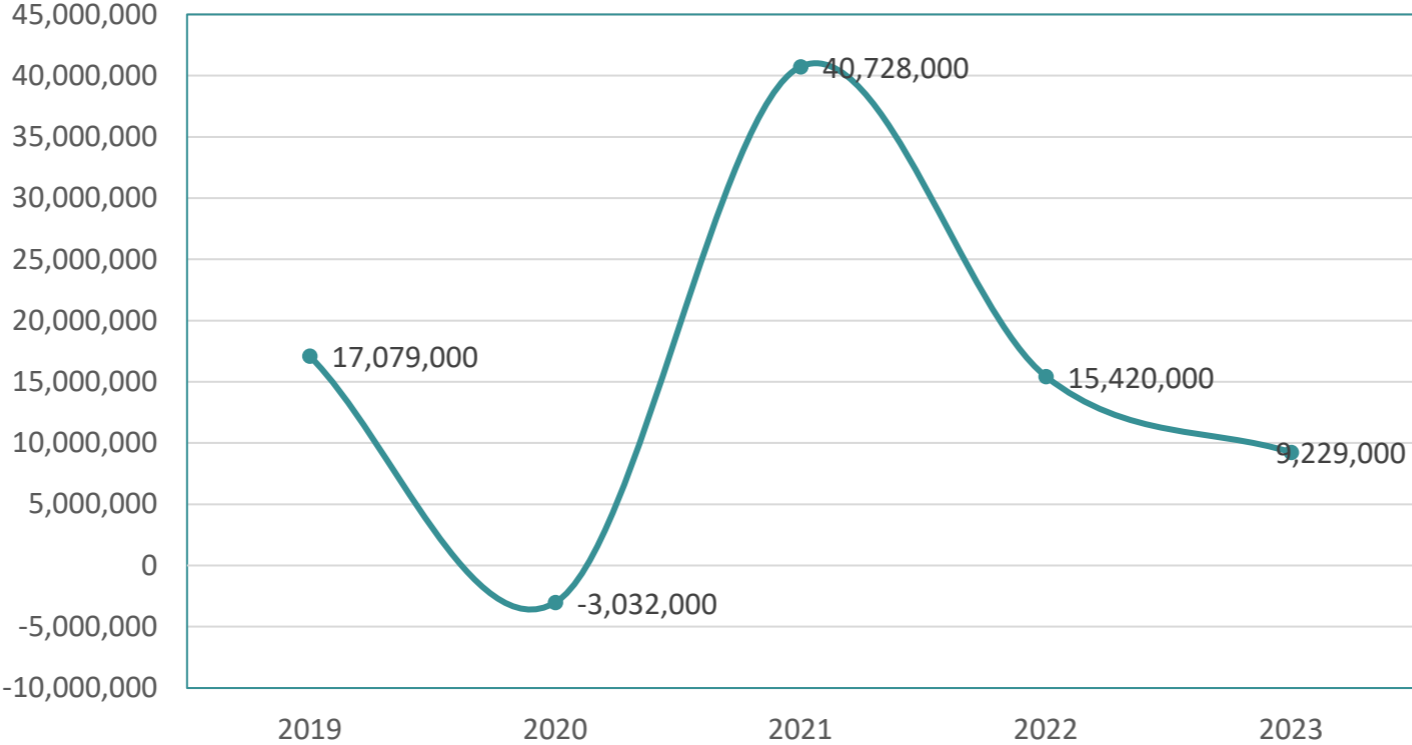
Source: *The County's Annual Comprehensive Financial Reports*



Financial Trends - General Fund – Change in Fund Balance



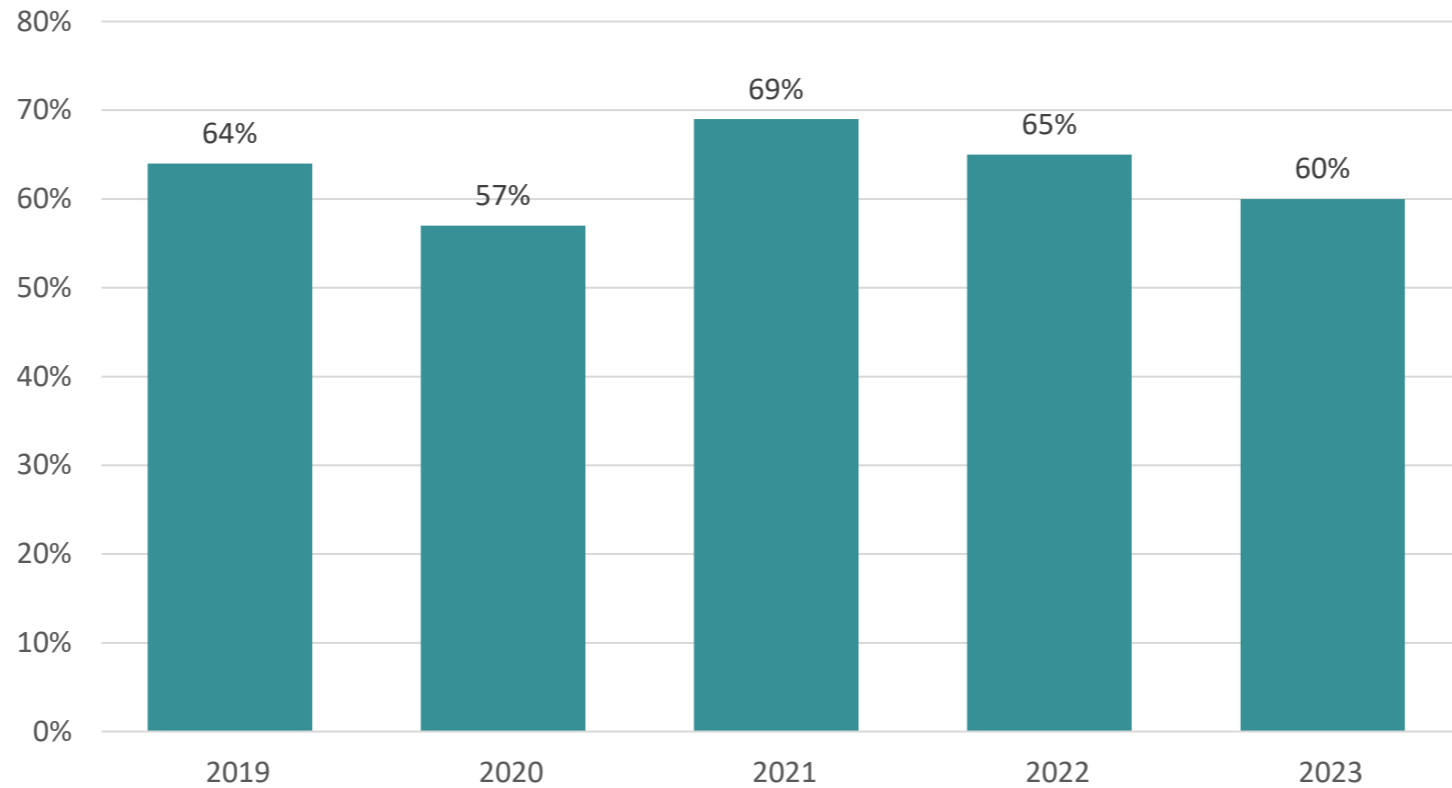
Gwinnett



Source: The County's Annual Comprehensive Financial Reports



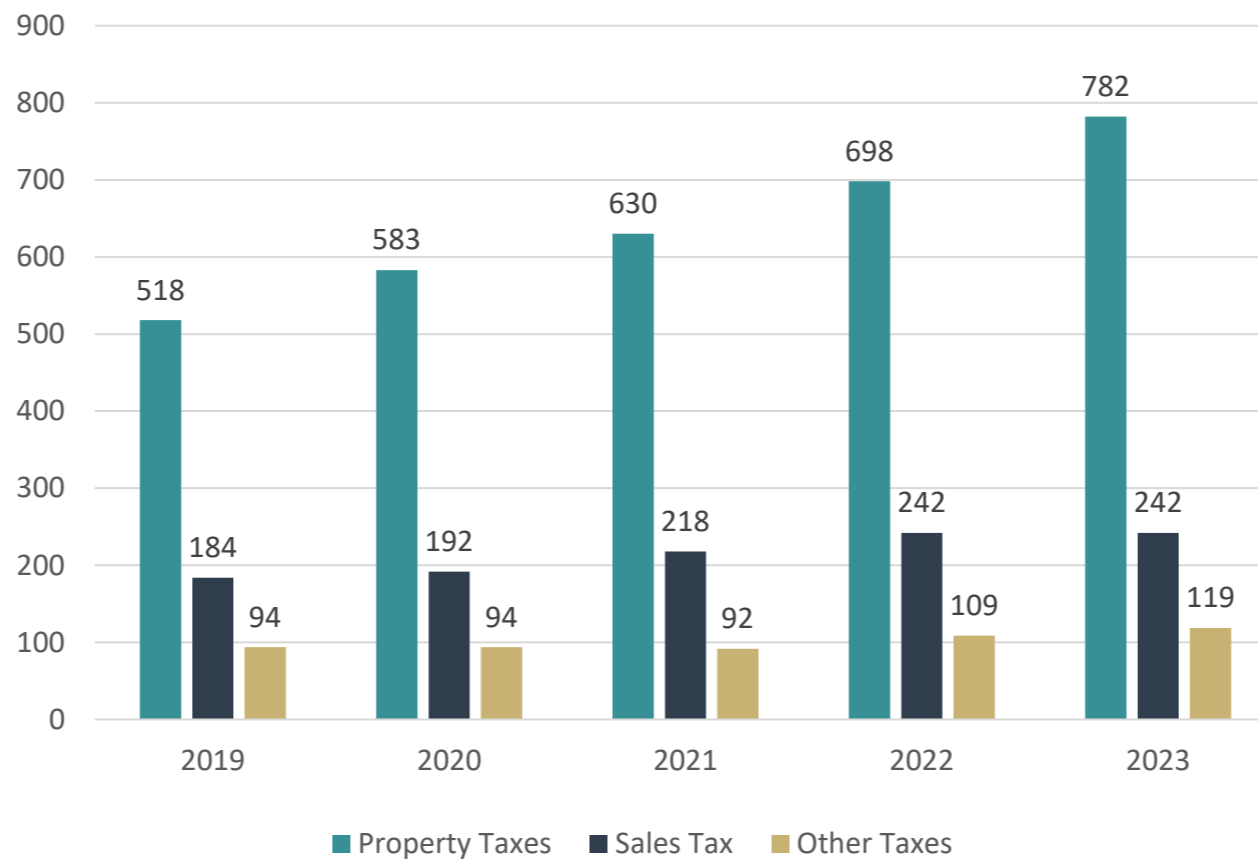
Financial Trends - General Fund - Fund Balance as a Percentage of Total Expenditures



Source: *The County's Annual Comprehensive Financial Reports*



Trend Analysis of Tax Revenue per Capita



Source: *The County's Annual Comprehensive Financial Reports*



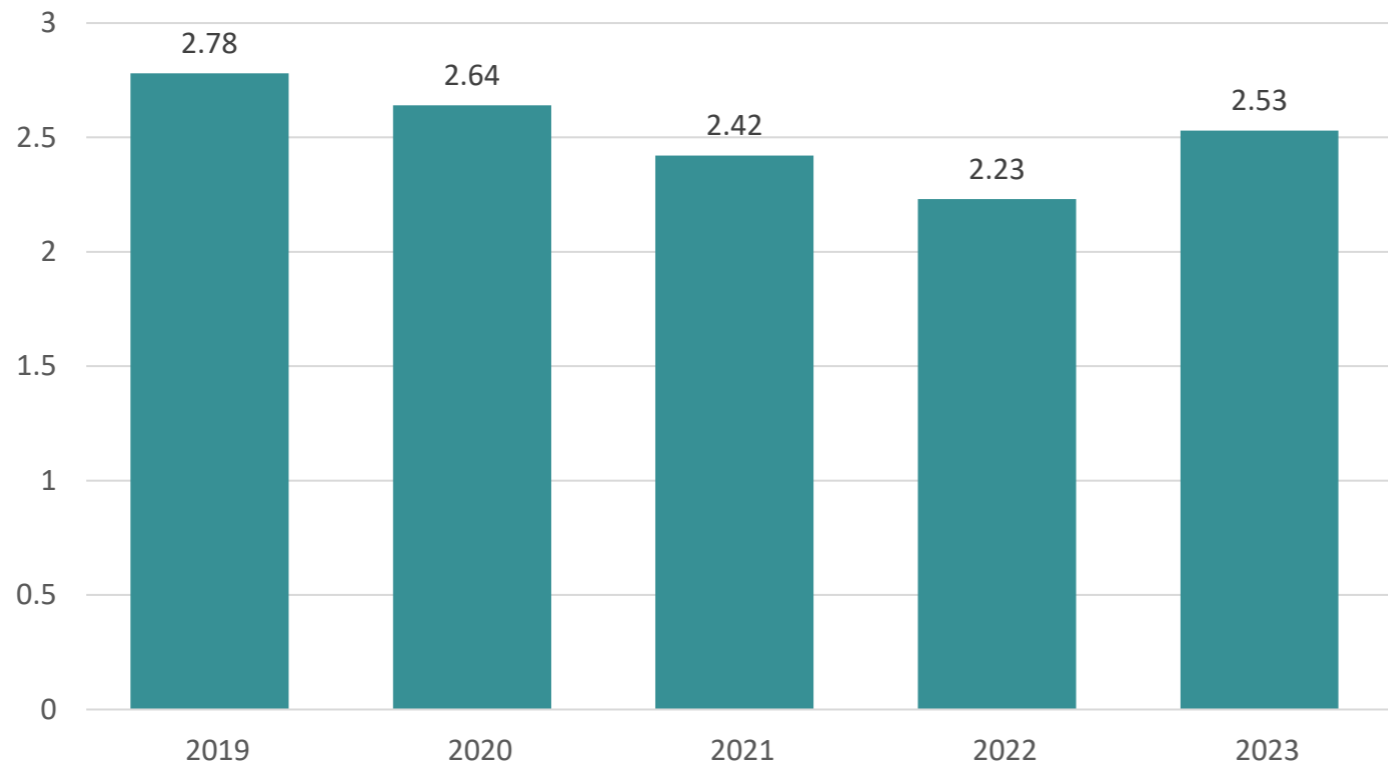


- General Fund revenues were \$13 million more than the budgeted amount. This positive variance is due primarily to actual tax revenues and charges for services being higher than budget by approximately \$7.9 million and \$3.2 million, respectively.
- Expenditures for many functional areas were less than budget as the County generated savings of \$28.5 million (6.75%) from the operating budget. All departments came in under budget, primarily as a result of salary savings and efforts to spend conservatively.

	Budget	Actual	Variance
Revenues	\$ 485,946,000	\$ 498,990,000	\$ 13,044,000
Expenditures	(422,690,000)	(394,148,000)	28,542,000
Net transfers	(96,989,000)	(96,942,000)	47,000
Net Change	<u>\$ (33,733,000)</u>	<u>\$ 7,900,000</u>	<u>\$ 41,633,000</u>



Water and Sewerage Fund Debt Service Coverage Ratio

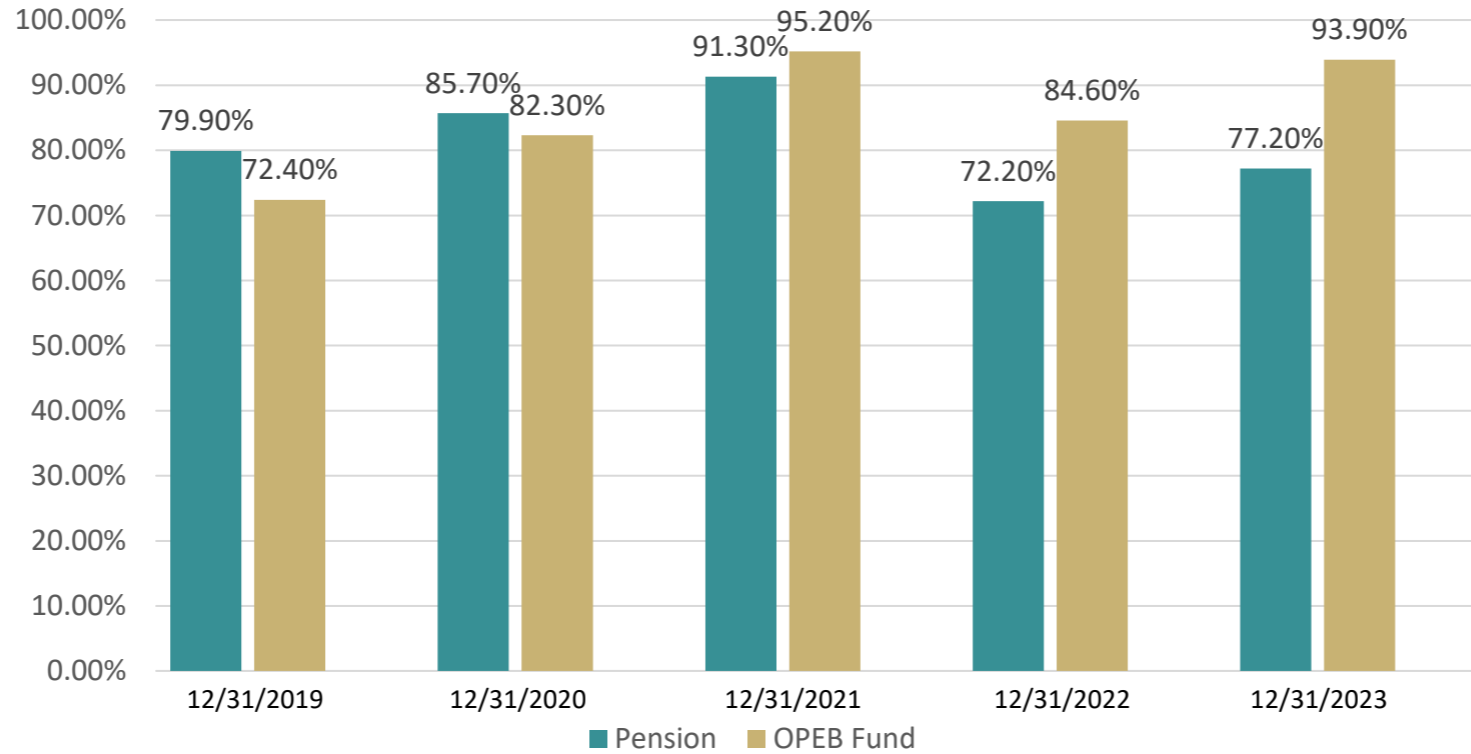


Required coverage under bond covenants is 1.20.

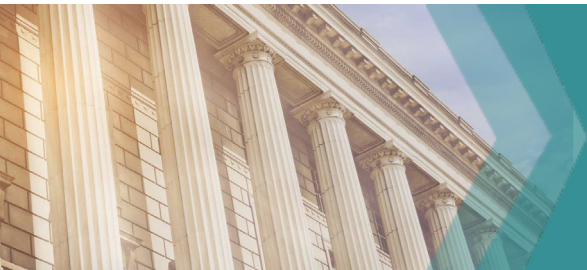
The County has an internal target coverage of 1.50.



Gwinnett County Pension and OPEB Funds Funding Progress



Source: *The respective Annual Financial Reports*



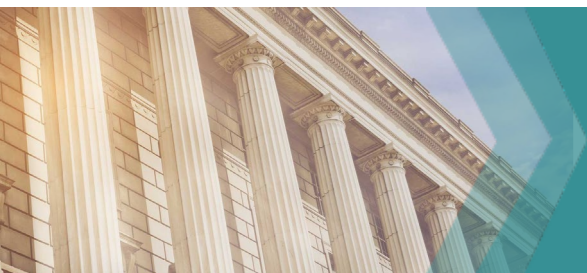
Comments, Recommendations & Other Matters



- No recommendations for improvement as a result of our audit.
- No findings.
- GASB 94 and GASB 96 were implemented in FY2023.

GASB Statement No. 94 – **PPPs**, addresses the accounting for public-private and public-public partnerships that do not meet the definition of a service concession arrangement covered under GASB Statement No. 60.

GASB Statement No. 96 – **SBITA**, requires all subscription-based IT arrangements to be recorded as a liability under full accrual accounting. These arrangements were previously expensed as incurred with no liability accrued.



New GASB Pronouncements for Future Years

- **GASB Statement No. 100, Accounting Changes and Error Corrections** provides guidance on accounting and reporting for changes in accounting principles, changes in accounting estimates, and changes to or within the Financial Reporting Entity. This Statement is effective for the year ended December 31, 2024.
- **GASB Statement No. 101, Compensated Absences** better defines compensated absences and the recognition criteria. This Statement is applicable for the year ended December 31, 2024.
- **GASB Statement No. 102, Certain Risk Disclosures** provides essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is applicable for the year ended December 31, 2025.
- **GASB Statement No. 103, Financial Reporting Model** improves key components of the financial reporting model to enhance its effectiveness. This Statement is applicable for the year ended December 31, 2026.



Other Matters Currently Being Considered by GASB

- Classification of Nonfinancial Assets
- Infrastructure Assets
- Going Concern Uncertainties and Severe Financial Distress
- Revenue and Expense Recognition
- Subsequent events



Free Quarterly Continuing Education

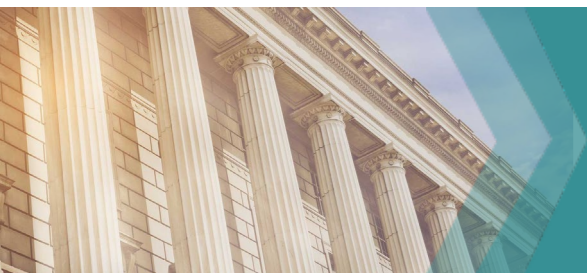


FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide free quarterly continuing education for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. Examples of subjects addressed in the past few quarters include:

- ACFR Preparation - GASB Updates - Grant Accounting Processes and Controls - GASB 68 (Pensions)
- Internal controls over revenue and cash receipting and accounts payable, payroll, and cash disbursements
- Cares Act information, issues and updates - Coronavirus State & Local Fiscal Recovery Funds- Single audits for auditees
- Collateralization of Deposits and Investments - Internal Controls over Accounts Payable, Payroll and Controls
- Policies and Procedures Manuals - Segregation of Duties – GASB 75 (OPEB) – GASB 87 (Leases)
- P card Pitfalls -- Data Security and General Information Technology Controls and Best Practices

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com (send corresponding copy to mlipson@mjcpa.com), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.



Comments & Questions?

We appreciate the opportunity to serve Gwinnett County, Georgia and look forward to continuing to work with the County in upcoming years!

