

**To the Honorable Mayor and Members
of the City Council of the
City of Atlanta, Georgia**

In planning and performing our audit of the financial statements of the City of Atlanta, Georgia as of and for the fiscal year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing 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.

However, during our audit we became aware of deficiencies in internal control other than material weaknesses, as well as matters that are opportunities for strengthening internal controls and improving operating efficiency. This letter includes comments and suggestions with respect to those matters. A separate report dated December 22, 2023, contains our communication of material weaknesses in the City's internal control. This letter does not affect our report dated December 22, 2023 on the financial statements of the City of Atlanta, Georgia.

The following items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the City's practices and procedures:

- 1) **Grant Recording and Financial Reporting.** During our audit, we identified that the City's procedures for requesting and recording grant cash advances resulted in incorrect classification of revenue and may increase the City's risk related to cash advances in excess of cash needs, unreported program income, or under-utilization of available federal funds. The City's current grant accounting and reporting practices may expose the City to risk related to Federally required cash management practices or questioned costs from Federal auditors. The City should consider conducting an operational assessment for the grants accounting and reporting function, to help reduce risk and enhance operations and efficiency.
- 2) **OPEB Census Data.** During our testing of the other postemployment benefit (OPEB) census data, we noted that there were fifty-one (51) out of 175 census attributes for which the support provided varied or did not agree with the census data. While the errors would not have a material impact on the City's reporting of its total OPEB liability, we recommend that the City perform an annual quality control review of its census data to ensure accuracy.

- 3) **Cash Reconciliation.** During our testing of the City's cash balances, we noted that there was an unreconciled balance of approximately \$229,000 within the Intergovernmental Grants Fund, which required a journal entry to reconcile the balance to the general ledger. While the difference is immaterial to the nonmajor funds and governmental activities, we recommend that the City perform a detailed review of the bank reconciliations and their reported balances in the general ledger to ensure that there are no differences.
- 4) **Hotel/Motel Tax Fund Activity Tracking.** During our testing of the City's Hotel/Motel Tax Fund balances, there were several adjustments and revisions required to properly reconcile the fund level reported activity for the fiscal year end. While there was no net impact to fund balance, we recommend that the City carefully track the fund's annual activity and year-end reporting due to the state law impositions and requirements for the usage of the funds.
- 5) **Defined Contribution Plan.** During our testing of the City's Defined Contribution Plan, we noted two exceptions with respect to the Plan. We recommend that management review all Plan data annually to ensure proper application of Plan funds and proper participant tracking. The summary is as follows:
 - a. Forfeited funds totaling approximately \$14.5 million aggregated by Empower in "Mr. Forfeiture" accounts do not appear to have been used in accordance with the Plan provision. The Plan Summary calls for forfeited funds to be used to offset required plan contributions. The \$14.5 million is invested in the stable value fund and recorded within investments for financial reporting purposes.
 - b. Participant testing
 - i. The contributions for two participants were doubled on one paycheck.
 - ii. The pensionable earnings provided for two participants was incorrect because it included wages earned as a less than full time employee.
 - iii. One employee was duplicated in the Plan's Empower database.
- 6) **Emergency Rental Assistance Program Eligibility.** During our testing of the City's compliance with the eligibility requirements for the Emergency Rental Assistance Program, we noted an instance in which the approved eligible cost was less than the actual paid amount. We expanded our sample and tested an additional 28 items, noting no additional exceptions. While the difference was immaterial, we recommend the City strengthen internal controls to ensure amounts paid agree to approved eligible costs.

We recommend the City implement changes in the functions listed above to help mitigate or eliminate these risks.

Closing Thoughts

We have already discussed these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We appreciate serving the City of Atlanta, Georgia and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Mauldin & Jenkins, LLC

Atlanta, Georgia

March 27, 2024, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 22, 2023