

William J. Mulcahy, CIA

Mayor and City Council, City of Dunwoody and
City of Dunwoody Audit Committee
Monday May 10, 2021

Internal Audit work in this quarter –

- a. Continuous Monitoring of Quarterly Financial Report.
- b. 1st Quarter 2021 Report.
- c. Update on prior internal audit recommendations.
- d. Internal Audit Plan by quarter for 2021.

Continuous Monitoring of Quarterly Financial Report– As part of the 2021 Internal Audit Plan, I performed the procedures listed in the scope section below on the Financial Report through March 31, 2021.

Scope –

- a. Reviewed for reasonableness the Financial Report through March 31, 2021, noting reasonableness.
- b. Read Linda Nabers' memo to the Mayor and City Council on the Financial Report for March 31, 2021, noting reasonable and understandable explanations, as well as her attestation including understanding that Management is responsible for internal controls.

Audit Summary - In connection with the scope of my work described above, of the Financial Report through March 31, 2021, I identified no city expenditures or other financial matters that I as the internal auditor determined to be not in compliance with (a) the provisions of the charter, (b) the applicable city budget, and (c) applicable ordinances, resolutions, or other actions duly adopted under the provisions of the charter.

Fraud Risk Assessment – As part of the 1st Quarter 2021 Internal Audit Plan, I analyzed the Management responses in the Attachment and listed below in the scope section,

Scope –

- a. Fraud Awareness
- b. Internal Control
- c. Management and Supervision

Audit Summary -

The controls and procedures supporting the Fraud Risk Assessment were deemed adequate.

Update on prior internal audit recommendations –

Audit Recommendation – from 4th Quarter 2020 Internal Audit Report. One disbursement I selected in detail testing for \$18,010 was properly voided and reissued when the vendor never received it. I recommend the City expand the use of issuing disbursements electronically to reduce paper checks.

Management Response – Finance has tested and confirmed the file with Truist for compliance and compatibility in the testing environment. Working with IT staff to ensure that vendor data is secure with encryption at rest and in transit. Working with Tyler Incode, IT, and Truist to produce secured template for export to generate the ACH/EFT file without risk.

Internal Audit plans for 2021 by quarter –

1st Quarter – Fraud Risk Assessment - **Completed**

2nd Quarter – Review CAFR

3rd Quarter - Dunwoody Not for Profits

4th Quarter – P-cards and fuel cards

Other considerations

Cyber Security – Mayor, City Council and City Manager to review

Respectfully submitted,
William J. Mulcahy, CIA
 City Internal Auditor
 City of Dunwoody

NOTICE: Mulcahy Consulting is a consulting and internal audit firm composed of an expert specializing in risk and advisory services. Mulcahy Consulting is not licensed or registered as a public accounting firm and does not issue opinions on financial statements or offer attestation services.

Attachment

Source of Information: Finance, Human Resources, Information Technology

Date of Interview: April 29, 2021 with Linda Nabers, Director of Finance

Audit Period: 1st Quarter 2021

Purpose: To access the risk of fraud as prescribed by Audit Standards

No.	Procedures	Yes/ No/NA	Tested	Management Responses
	Fraud Awareness:			
1.	Are you aware of any fraud having occurred within the City? If so, please explain.	Yes		Not aware of any during my tenure but was made aware of fraud in the Finance Department
2.	Is there a written code of ethics business conduct that is shared with all employees?	Yes		Summary in the Employee Handbook and detail in Municode
3.	Are new employees made aware of the City's position on fraud? If yes, please indicate how.	Yes		All new employees receive an Employee Handbook
4.	Do employees periodically attend fraud training and awareness?	No		Finance would like to start with the State Office of Inspector General classes
5.	What reporting channel(s) exist for employees to report fraud?			An employee or contractor can use the Lighthouse hotline or report it to their supervisor or Human Resources
6.	Are employees aware of how to report fraud?	Yes		Employee Handbook
7.	Does management set an example and enforce a zero-tolerance approach on fraud issues? How?	Yes		The culture of an organization is set at the top. The City Manager and Department heads lead by example and will not tolerate this behavior.
8.	Is there a City mission statement?	Yes		
9.	Does the department culture support ethical behavior in the workplace as well as in dealings with customers and vendors?	Yes		There are several avenues for the customers and vendors to report unethical behavior; See Click Fix and City Works (IWORQ). The Management is always available to the public.
10.	Are exit interviews conducted with departing employees?	Yes		
	Internal Control:			
11.	Is fraud considered in the design and implementation of internal control structures?	Yes		Through segregation of duties and also through several layers of approval. Many checks and balances are in place.

12.	Are adequate monitoring controls in place and effective to identify red flags for fraud, should they occur?	Yes		Finance has many checks and balances and several layers in the approval process.
13.	Is physical control in the workplace appropriate to the level of fraud potential, including access to City assets, records, and files?	Yes		Key card access to secured areas and cameras in place. Things are locked in the SAFE with limited access, as well as locked cabinets.
14.	Is there appropriate use of electronic access control, closed-circuit television, electronic surveillance, and so on?	Yes		IT has infrastructure to support permissions and they also require HR approvals to be added.
15.	Are all processes appropriately segregated, where appropriate, to prevent fraud?	Yes		Yes, duties are segregated so there is an approval process as well as limited access on certain functions.
16.	Do particularly critical or sensitive activities required two levels of authority?	Yes		This pertains to check cutting as well as banking approvals.
17.	Is logical access control appropriate and enforced within computer systems with appropriate identification and authentication controls in place?	Yes		Access is confirmed and identity regulated using VPN.
18.	Are employee access levels appropriate to the job duties undertaken?	Yes		IT performs annual audit
19.	Do written job descriptions exist for all employees?	Yes		
20.	Are job descriptions up to date and in line with functions undertaken?	Yes		
21.	Do job descriptions take into consideration the potential for fraud in defining authority levels?	Yes		
22.	Are there procedures in place to help prevent fraud? For example, is there a requirement that employees take minimum numbers of sequential days of vacation time?			This particular requirement is not in place however there are procedures in place to help prevent fraud. The immediate supervisor approves time off.
23.	Is there a policy to specifically address instances when fraud occurs? Explain.	Yes		This is listed in the Employee Handbook and includes disciplinary action all the way up to termination.
24.	Is there a policy for reporting all frauds outside of each department or functional area? If so, please explain.	Yes		Hotline set up in December 2020 at the request of the Audit Committee.
Management and supervision				
25.	Are management and supervisory staff trained to be alert for fraud opportunities and indicators?	Yes		We would like to strengthen this City wide to include training from the Inspector General's office.
26.	Are appropriate monitoring controls enforced by management and supervisors?	Yes		Up to and including termination if appropriate.
27.	When supervisory override occurs to control structures, how is it independently monitored to ensure that fraud has not occurred?	Yes		Approval processes in IWORQ and limitations in Tyler Incode.

28.	How do management and supervisors ensure division of duties continues to be effective against fraud?			Segregation of duties and internal checks and balances.
29.	Do managers review customer and supplier complaints on an ongoing basis for the potential of fraud?	Yes		This is handled by the respective department or the City Manager.



AUDIT COMMITTEE

Barbara Jesup, Chair
Stuart McLemore
Robbie Moon

C.J. Schneller
Tony Torbert, Vice Chair

AGENDA

CITY OF DUNWOODY
Via Zoom

May 10, 2021
3:30 PM

Join from a PC, Mac, iPad, iPhone or Android device:
Please click this URL to join. <https://us02web.zoom.us/j/86445432195>

Or One tap mobile:
+13017158592,,86445432195#

Or join by phone:
US: +1 301 715 8592 Webinar ID: 864 4543 2195

A. CALL TO ORDER

B. PUBLIC COMMENT - Public Comment allow the Audit Committee the opportunity to listen to the public (3 minutes per speaker/30 minutes total)

C. CONSENT AGENDA

- 1 Approval of February 8, 2021 Audit Committee Meeting Minutes

D. BUSINESS ITEMS (ACTION ITEMS)

- 2 Presentation of 1st Quarter 2021 Internal Audit Report (Bill Mulcahy)

E. DISCUSSION

- 3 Presentation of Draft Financial Statements (Adam Fraley, Mauldin & Jenkins)
- 4 Dunwoody Senior Baseball (Linda Nabers)

F. PUBLIC COMMENT - Public Comment allows the Audit Committee the opportunity to listen to the public (3 minutes per speaker)

G. COMMITTEE COMMENTS

H. ADJOURN

CITY OF DUNWOODY
February 8, 2021
AUDIT COMMITTEE MINUTES

The Audit Committee of the City of Dunwoody met virtually on February 8, 2020 at 3:30pm. Attending online were the following:

Voting Members: Barbara Jesup, Chair
 Tony Torbert, Vice-Chair
 Stuart McLemore, Secretary
 C.J. Schneller, Committee Member
 Robbie Moon, Committee Member

Also Attending: Eric Linton, City Manager
 Linda Nabers, Finance Director
 Bill Mulcahy, Internal Auditor
 Jay Vinicki, Assistant City Manager
 Richard Platto, Assistant Finance Director
 Ginger LePage, IT Manager
 Adam Fraley, Mauldin & Jenkins (External Auditor)
 Alison Whitworth, Mauldin & Jenkins (External Auditor)
 Christopher McKellar, Mauldin & Jenkins (External Auditor)

A. CALL TO ORDER

Barbara called the meeting to order at 3:31 p.m. All members were present except for Robbie Moon.

B. PUBLIC COMMENT - Public Comment allows the Audit Committee the opportunity to listen to the public (3 minutes per speaker/30 minutes total)

None.

C. CONSENT AGENDA

1. Approval of November 9, 2020 Audit Committee Meeting Minutes

The minutes, as submitted, were accepted with no changes or objections.

2. 2021 Audit Committee Meeting Schedule

The Committee agreed upon its meeting schedule for 2021. Meeting dates for the year will be February 8, May 10, August 9, and November 8. Meetings will be held at City Hall (or virtually, as necessary) at 3:30pm.

D. BUSINESS ITEMS (ACTION ITEMS)3. Election of 2021 Officers (Chair, Vice-Chair & Secretary)

The following committee members were elected:

Barbara Jesup – Chair

Tony Torbert – Vice-Chair

Stuart McLemore – Secretary

E. DISCUSSION4. Fourth Quarter Internal Audit Report (Bill Mulcahy)

Bill wanted to publicly thank Mayor Lynn Deutsch for her January speaking presentation at the Fourth Annual Government and Not-for-Profit Conference of the Institute of Internal Auditors (IIA).

Bill discussed the continuous monitoring of the quarterly Financial Report through December 31, 2020. His review of the Financial Report indicated the report was reasonable. His review of Linda's memo to the Mayor and City Council indicated the memo was reasonable and all explanations understandable. Bill found no expenditures or other financial matters that were not in compliance with the City charter, budget, and ordinances.

Bill then discussed the findings of the internal audit on accounts payable, disbursements, and purchasing procedures. Bill found all procedures to be in order. He reviewed all invoices for October 2020 and found no unusual items. All invoices were reviewed and approved by the proper authorized persons based on the amount of expenditure. Bill selected 10 items for detailed testing. Invoices were available to support all of the tested expenditures. All disbursements tied into the reconciled bank accounts. No audited items were found to be out of compliance with the City charter, budget, and ordinances.

Bill observed that there was a check for \$18,000 that was properly approved and mailed, but not received by the payee. Proper procedures were followed to stop payment on the check and reissue it, but Bill encouraged the City to begin issuing more payments electronically in the future than is currently the case. Tony asked Linda her thoughts on that point. Linda stated that setting up electronic payments through Truist is very labor-intensive. She was having a meeting with Truist later this week to discuss the issue. If the process cannot be made easier with Truist, she would like to see the City issue an RFP to move the City's business to another bank.

Bill then presented an update on recommendations from the Dunwoody Senior Baseball (DSB) audit report from February 2020. At that time, no contract existed between the City and DSB; DSB was unable to show any reconciliation of bank accounts; and the DSB treasurer was issuing checks to himself with no oversight. Bill stated that since his previous recommendations, a contract between Dunwoody and DSB is now in place with appropriate financial procedures and safeguards therein, as well as a clear, agreed-upon schedule of fees for facility usage. (No fees for use of the ballfields had occurred in 2019.)

Bill reported that the City has implemented a “whistleblower” hotline suggested by Barbara and agreed upon by the Audit Committee. Linda stated that the hotline was set up for contractors that work for the City as well as City employees. Linda and Richard administer the hotline with three primary contacts: City Manager Eric Linton, Human Resources Director Nicole Stojka, and the City’s legal team. Employees and contractors can report an issue by phone or through the website.

Bill noted that all items in the internal audit plan for 2020 have been completed.

For 2021, the previously approved audit plan includes a fraud risk assessment, a review of the CAFR, an audit of Dunwoody not-for-profits, and the annual review of purchasing card and gas card usage.

Bill stated that at the November 11 City Council meeting, Mayor Deutsch indicated that she, Eric, and the Council would be reviewing the subject of cybersecurity.

5. Introduction of Mauldin & Jenkins for the 2021 External Audit (Adam Fraley)

Adam Fraley, engagement lead partner, introduced himself, as well as Allison Whitworth, Sr. Associate, and Christopher McKellar, Director - Governmental Practice, as members of the external auditor team from Mauldin & Jenkins that will review the City financial statements. Allison will be working day-to-day on the conduct of the audit, while all three will handle customer support needs, review of files and financial statements, and delivery of the final report.

As of now, Allison has sent planning information to Linda to begin the audit. Final audit field work will begin March 15. After that work is completed, Allison will draft the financial statements and compile the audit results for review by Linda and the City Finance team. After information exchanges and mutual agreement of the audit results, M&J will produce the final audit report.

Bill stated that he would like to see an estimated date of June 1, after which the Audit Committee would be able to see the audit report draft, followed by City Council review by June 15.

Adam stated that those dates were “doable” if the information needed by the auditors is provided on a timely basis. Linda stated that should not be a problem.

F. **PUBLIC COMMENT - Public Comment allows the Audit Committee the opportunity to listen to the public (3 minutes per speaker)**

None.

G. **COMMITTEE COMMENTS**

None.

H. **ADJOURN**

The meeting was adjourned at 4:07pm.

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28.	How do management and supervisors ensure division of duties continues to be effective against fraud?			Segregation of duties and internal checks and balances.
29.	Do managers review customer and supplier complaints on an ongoing basis for the potential of fraud?	Yes		This is handled by the respective department or the City Manager.

CITY OF DUNWOODY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2020

Draft

Prepared by:
Linda Nabers
Finance Director

Submitted by:
Eric Linton
City Manager

CITY OF DUNWOODY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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CITY OF DUNWOODY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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CITY OF DUNWOODY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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Draft

INTRODUCTORY SECTION

Draft



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dunwoody
Georgia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

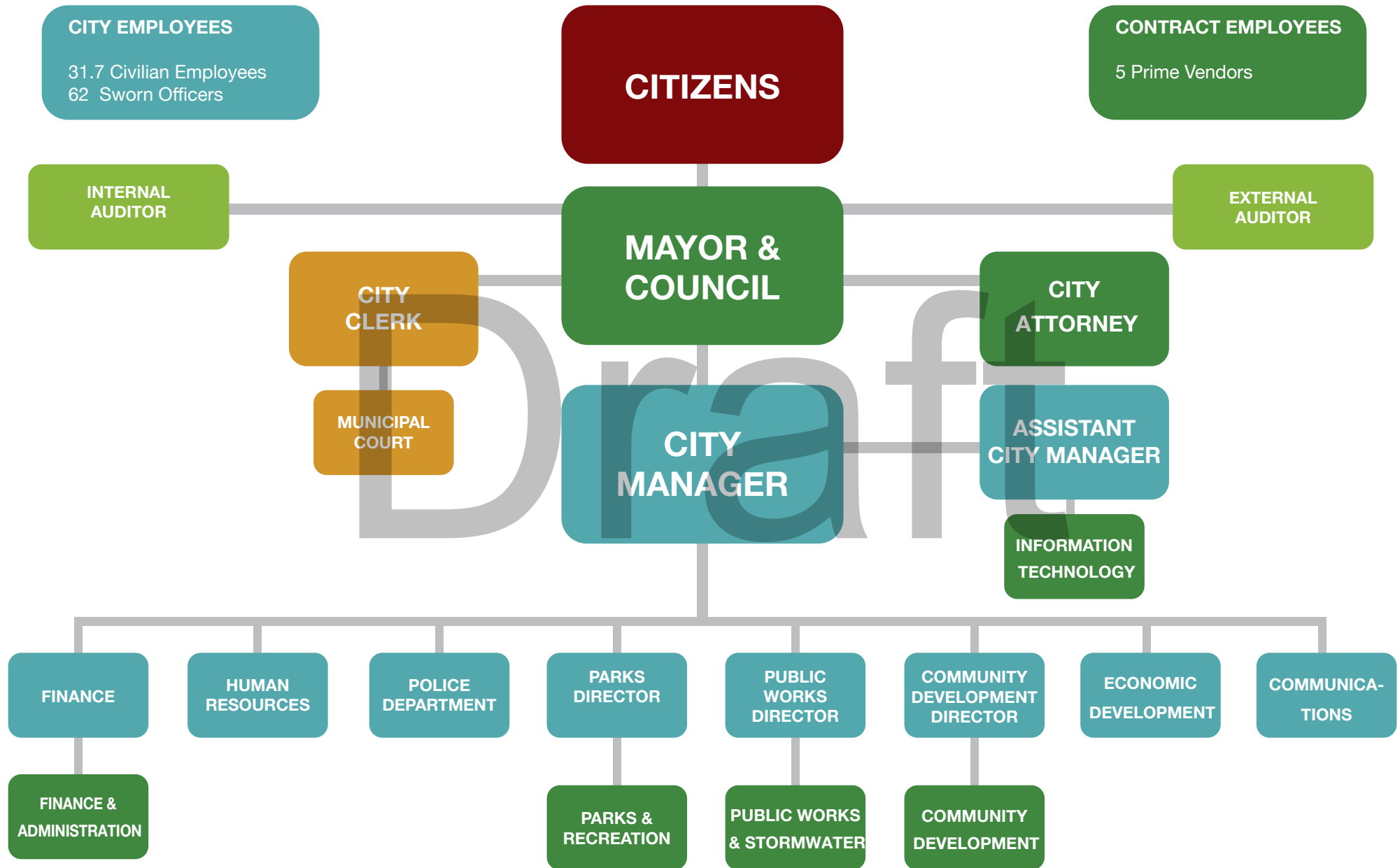
December 31, 2019

Christopher P. Morrell

Executive Director/CEO

ORGANIZATIONAL CHART

#1..





JOE SECONDER

City Council Post 5

TOM LAMBERT

City Council Post 3

JOHN HENEGHAN

City Council Post 6

JIM RITICHER

City Council Post 2

PAM TALLMADGE

City Council Post 1

LYNN P. DEUTSCH

Mayor

STACEY HARRIS

City Council Post 4

Listing of Appointed Officials



City Manager

Eric Linton



City Clerk

Sharon Lowery

City Attorney – Riley McLendon, LLC

Internal Auditor – Mulcahy Accounting and Risk Consulting

External Auditor – Mauldin & Jenkins, LLC

FINANCIAL SECTION

Draft

CITY OF DUNWOODY, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dunwoody Convention and Visitors Bureau
ASSETS				
Cash and cash equivalents	\$ 41,154,215	\$ 2,360,003	\$ 43,514,218	\$ 648,673
Accounts receivable	381,008	169,929	550,937	-
Taxes receivable	3,104,479	-	3,104,479	-
Due from other governments	820,953	-	820,953	-
Due from primary government	-	-	-	122,965
Land held for development	853,770	-	853,770	-
Prepays	2,248,529	-	2,248,529	255
Restricted cash	401,259	-	401,259	-
Capital assets:				
Nondepreciable	29,179,162	-	29,179,162	-
Depreciable, net of accumulated depreciation	85,831,769	1,413,734	87,245,503	-
Total assets	163,975,144	3,943,666	167,918,810	771,893
LIABILITIES				
Accounts payable	1,849,400	63,080	1,912,480	91,219
Accrued liabilities	789,580	-	789,580	-
Due to component unit	122,965	-	122,965	-
Unearned rent	1,251,264	-	1,251,264	-
Unearned revenue	404,501	-	404,501	-
Compensated absences due within one year	438,090	-	438,090	-
Compensated absences due in more than one year	77,310	-	77,310	-
Notes payable due within one year	432,872	-	432,872	-
Notes payable due in more than one year	8,432,658	-	8,432,658	-
Total liabilities	13,798,640	63,080	13,861,720	91,219
NET POSITION				
Net investment in capital assets	106,145,401	1,413,734	107,559,135	-
Restricted for E911 operations	1,348,998	-	1,348,998	-
Restricted for public safety	134,002	-	134,002	-
Restricted for capital projects	5,915,241	-	5,915,241	-
Restricted for law enforcement activities	267,232	-	267,232	-
Restricted for tourism promotion	1,364,625	-	1,364,625	680,674
Unrestricted	35,001,005	2,466,852	37,467,857	-
Total net position	\$ 150,176,504	\$ 3,880,586	\$ 154,057,090	\$ 680,674

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

CITY OF DUNWOODY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,918,105	\$ 120	\$ 7,886	\$ (463,139)
Judicial	569,381	1,585,231	-	-
Public safety	12,287,202	1,535,965	-	6,571,010
Public works	9,243,311	501,719	-	6,498,708
Culture and recreation	3,847,670	26,445	-	-
Community development	2,410,095	1,608,518	109,746	-
Interest on long-term debt	177,218	-	-	-
Total governmental activities	<u>36,452,982</u>	<u>5,257,998</u>	<u>117,632</u>	<u>12,606,579</u>
Business-type activities:				
Stormwater	1,661,076	2,391,389	-	-
Total primary government	<u>\$ 38,114,058</u>	<u>\$ 7,649,387</u>	<u>\$ 117,632</u>	<u>\$ 12,606,579</u>
Component Unit:				
Dunwoody Convention and Visitors Bureau	\$ 1,193,244	\$ -	\$ 891,010	\$ -
	<u>\$ 1,193,244</u>	<u>\$ -</u>	<u>\$ 891,010</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Hotel/Motel taxes				
Franchise taxes				
Business taxes				
Alcohol & excise taxes				
Insurance premium				
Unrestricted investment earnings				
Miscellaneous revenues				
Total general revenues				
Change in net position				
Net position, beginning of year, as restated				
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			Component Unit
Governmental Activities	Business-Type Activities	Total	Dunwoody Convention and and Visitors Bureau
\$ (8,373,238)	\$ -	\$ (8,373,238)	\$ -
1,015,850	-	1,015,850	-
(4,180,227)	-	(4,180,227)	-
(2,242,884)	-	(2,242,884)	-
(3,821,225)	-	(3,821,225)	-
(691,831)	-	(691,831)	-
(177,218)	-	(177,218)	-
(18,470,773)	-	(18,470,773)	-
-	730,313	730,313	-
(18,470,773)	730,313	(17,740,460)	-
-	-	-	(302,234)
-	-	-	(302,234)
9,214,017	-	9,214,017	-
2,036,595	-	2,036,595	-
3,677,345	-	3,677,345	-
3,211,015	-	3,211,015	-
630,524	-	630,524	-
3,728,621	-	3,728,621	-
197,880	9,629	207,509	7,082
449,891	-	449,891	101,500
23,145,888	9,629	23,155,517	108,582
4,675,115	739,942	5,415,057	(193,652)
145,501,389	3,140,644	148,642,033	874,326
\$ 150,176,504	\$ 3,880,586	\$ 154,057,090	\$ 680,674

CITY OF DUNWOODY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	Grants Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 24,188,422	\$ 46,094	\$ 5,439,752	\$ 8,895,731	\$ 2,584,216	\$ 41,154,215
Accounts receivable	152,688	-	-	-	228,320	381,008
Taxes receivable, net	2,874,672	-	-	-	229,807	3,104,479
Intergovernmental receivable	74,511	30,341	716,101	-	-	820,953
Due from other funds	113,046	-	-	14,265	-	127,311
Prepays	2,145,648	-	-	-	102,881	2,248,529
Restricted assets:						
Cash and cash equivalents	134,002	-	-	-	267,257	401,259
Total assets	\$ 29,682,989	\$ 76,435	\$ 6,155,853	\$ 8,909,996	\$ 3,412,481	\$ 48,237,754
LIABILITIES						
Accounts payable	\$ 1,517,222	\$ -	\$ 286,724	\$ 35,577	\$ 9,877	\$ 1,849,400
Accrued liabilities	703,355	-	16,058	25,797	-	745,210
Unearned rent	1,251,264	-	-	-	-	1,251,264
Unearned revenue	404,501	-	-	-	-	404,501
Due to other funds	-	14,265	-	-	113,046	127,311
Due to component unit	-	-	-	-	122,965	122,965
Total liabilities	3,876,342	14,265	302,782	61,374	245,888	4,500,651
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	130,787	-	-	-	-	130,787
Unavailable revenue - other	5,214	-	-	-	-	5,214
Total deferred inflows of resources	136,001	-	-	-	-	136,001
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepays	2,145,648	-	-	-	102,881	2,248,529
Restricted:						
E911 operations	-	-	-	-	1,246,117	1,246,117
Public safety	134,002	-	-	-	-	134,002
Capital projects	-	62,170	5,853,071	-	-	5,915,241
Law enforcement activities	-	-	-	-	267,232	267,232
Tourism promotion	-	-	-	-	1,364,625	1,364,625
Assigned:						
Public safety	17,972	-	-	-	-	17,972
Parks and recreation	3,415	-	-	-	-	3,415
Community development	15,950	-	-	-	-	15,950
Capital projects	-	-	-	8,848,622	-	8,848,622
Debt service	-	-	-	-	185,738	185,738
Unassigned	23,353,659	-	-	-	-	23,353,659
Total fund balances	25,670,646	62,170	5,853,071	8,848,622	3,166,593	43,601,102
Total liabilities, deferred inflows of resources, and fund balances	\$ 29,682,989	\$ 76,435	\$ 6,155,853	\$ 8,909,996	\$ 3,412,481	
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.						115,010,931
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(9,425,300)
Some revenues are not available in the current period and, therefore, are not reported in the funds.						136,001
Land held for development included as part of governmental activities are not financial resources and, therefore, are not reported in the funds.						853,770
Net position of governmental activities						\$ 150,176,504

The accompanying notes are an integral part of these statements.

CITY OF DUNWOODY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Grants Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 9,175,352	\$ -	\$ -	\$ -	\$ -	\$ 9,175,352
Hotel/Motel taxes	-	-	-	-	2,036,595	2,036,595
Franchise taxes	3,677,345	-	-	-	-	3,677,345
Alcohol excise taxes	541,358	-	-	-	-	541,358
Business taxes	3,211,015	-	-	-	-	3,211,015
Insurance premium taxes	3,728,621	-	-	-	-	3,728,621
Motor vehicle excise taxes	-	-	-	-	89,166	89,166
Licenses and permits	1,608,518	-	-	-	-	1,608,518
Intergovernmental	-	6,181,391	6,837,333	-	-	13,018,724
Charges for services	649,448	-	-	-	1,397,764	2,047,212
Fines and forfeitures	1,585,231	-	-	-	17,037	1,602,268
Contributions	7,886	23,614	17,853	9,527	109,746	168,626
Interest earned	89,606	-	1,193	62,274	6,282	159,355
Miscellaneous	449,891	-	-	-	-	449,891
Total revenues	24,724,271	6,205,005	6,856,379	71,801	3,656,590	41,514,046
Expenditures:						
Current:						
General government	6,193,469	-	31,746	-	891,010	7,116,225
Judicial	563,530	-	-	-	-	563,530
Public safety	3,649,549	5,620,498	1,524,122	-	1,262,291	12,056,460
Public works	2,571,098	556,846	4,209,132	-	370,794	7,707,870
Recreation	3,049,519	-	-	-	206,820	3,256,339
Community development	2,397,809	-	-	-	-	2,397,809
Capital outlay	-	-	-	3,891,785	-	3,891,785
Debt service:						
Principal	-	-	-	-	386,691	386,691
Interest	-	-	-	-	179,408	179,408
Total expenditures	18,424,974	6,177,344	5,765,000	3,891,785	3,297,014	37,556,117
Excess (deficiency) of revenues over expenditures	6,299,297	27,661	1,091,379	(3,819,984)	359,576	3,957,929
Other financing sources (uses):						
Proceeds from sale of capital assets	38,525	-	-	-	-	38,525
Transfers in	852,889	-	-	161,000	566,099	1,579,988
Transfers out	(727,099)	-	-	-	(852,889)	(1,579,988)
Total other financing sources (uses)	164,315	-	-	161,000	(286,790)	38,525
Net change in fund balances	6,463,612	27,661	1,091,379	(3,658,984)	72,786	3,996,454
Fund balances, beginning of year, as restated	19,207,034	34,509	4,761,692	12,507,606	3,093,807	39,604,648
Fund balances, end of year	\$ 25,670,646	\$ 62,170	\$ 5,853,071	\$ 8,848,622	\$ 3,166,593	\$ 43,601,102

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

CITY OF DUNWOODY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

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

Net change in fund balances - total governmental funds	\$ 3,996,454
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. This is the amount by which capital outlays exceeded depreciation expense in the current period.	1,201,610
The net book value of capital assets disposed of during the year.	(370,344)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(424,474)
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. This amount is the net effect of these differences in the treatment of long-term debt.	386,691
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(114,822)</u>
Change in net position - governmental activities	<u>\$ 4,675,115</u>

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

CITY OF DUNWOODY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2020

		Stormwater
		Fund
ASSETS		
CURRENT ASSETS		
Cash	\$	2,360,003
Accounts receivable, net of allowance		169,929
Total current assets		2,529,932
NONCURRENT ASSETS		
Capital assets, depreciable		2,849,303
Accumulated depreciation		(1,435,569)
Total capital assets		1,413,734
Total assets		3,943,666
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		63,080
Total current liabilities		63,080
NET POSITION		
Investment in capital assets		1,413,734
Unrestricted		2,466,852
Total net position	\$	3,880,586

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

CITY OF DUNWOODY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Stormwater Fund
OPERATING REVENUE	
Stormwater fees	\$ 2,391,389
Total operating revenues	2,391,389
OPERATING EXPENSES	
Cost of services	1,585,565
Depreciation	75,511
Total operating expenses	1,661,076
Operating income	730,313
NONOPERATING REVENUES	
Interest	9,629
Total nonoperating revenues	9,629
Change in net position	739,942
Total net position, beginning	3,140,644
Total net position, ending	\$ 3,880,586

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

CITY OF DUNWOODY, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,376,370
Payments to suppliers	(1,867,774)
Net cash provided by operating activities	<u>508,596</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(494,221)
Interest received	9,629
Net cash used in investing activities	<u>(484,592)</u>
Net increase in cash	24,004
Cash, beginning of year	<u>2,335,999</u>
Cash, end of year	<u><u>\$ 2,360,003</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 730,313
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	75,511
Change in assets and liabilities:	
Decrease in accounts receivable	(15,019)
Decrease in accounts payable	<u>(282,209)</u>
Net cash provided by operating activities	<u><u>\$ 508,596</u></u>

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

CITY OF DUNWOODY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2020

		Municipal Court Fund
ASSETS		
Cash		\$ 688,812
Total assets		<u>688,812</u>
LIABILITIES		
Due to others		<u>230,945</u>
Total liabilities		<u>230,945</u>
NET POSITION		
Restricted for individuals, organizations, and other governments		<u>457,867</u>
Total net position		<u><u>\$ 457,867</u></u>

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

CITY OF MONROE, GEORGIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Municipal Court Fund
ADDITIONS	
Fines and fees collected	\$ 2,371,836
Total additions	<u>2,371,836</u>
DEDUCTIONS	
Fines and fees disbursed	<u>2,349,475</u>
Total deductions	<u>2,349,475</u>
Change in net position	22,361
NET POSITION	
Beginning of year, as restated	<u>435,506</u>
End of year	<u><u>\$ 457,867</u></u>

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

CITY OF DUNWOODY, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Dunwoody, 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. Reporting Entity

The City, which was incorporated in 2008, operates under a charter adopted December 1, 2008, as a municipal corporation governed by an elected mayor and a six-member council. The government provides such services as police protection, cultural and recreational activities, community development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Unit

The Dunwoody Convention and Visitors Bureau has been included as a discretely presented component unit in the accompanying financial statements. The Dunwoody Convention and Visitors Bureau (“Bureau”) is fiscally dependent on the City as it does not have the power to levy taxes, determine its own aggregate budget without the approval of the City of Dunwoody, Georgia, or issue bonded debt, and the City is required by contract to provide a majority of the operational revenues for the Bureau. Financial information with regard to the Bureau can be obtained from the Bureau’s administrative offices at 41 Perimeter Center East, Dunwoody, GA 30346. Separate financial statements for the Dunwoody Convention and Visitors Bureau are not prepared.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and its component unit. The primary government is reported separately from its discretely presented component unit. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. *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 net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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 those 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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 and fiduciary fund 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund are charges to customers for services provided. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 **Grants Fund** is a special revenue fund used to account for the funds received from external sources as they relate to grants awarded to the City. Matching funds, which are the responsibility of the City, are also recorded within this fund.

The **SPLOST Fund** is a capital projects fund used to account for proceeds of a special sales tax levied in DeKalb County and related expenditures for road improvements and public safety projects in accordance with the voter-approved sales tax referendum.

The **Capital Projects Fund** is used to account for the capital expenditures made by the City.

The City reports the following proprietary fund:

The **Stormwater Fund** is used to account for the charges and expenses of maintaining the City's stormwater infrastructure.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues, such as E911 revenues, hotel/motel tax revenues, and motor vehicle excise tax revenues, which are legally restricted to expenditures for particular purposes.

The **Debt Service Fund** is used to account for the resources accumulated and payments made for principal and interest on long term debt of the City.

The **Custodial Fund** is used to account for assets held by the City's Municipal Court until they can be disbursed to other parties.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund, each Special Revenue Fund, and the Debt Service Fund each fiscal year through passage of an annual budget ordinance and amended as required. The City adopts project length budgets for the Capital Projects Funds. During the fiscal year ended December 31, 2020, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments of the City are reported at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Buildings	30 years
Improvements	15-40 years
Machinery and equipment	3-20 years
Infrastructure	7-60 years
Intangible assets	2-4 years

J. Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants, or other external legislation or restrictions. Applicable expenses are paid from restricted assets first.

K. Deferred Outflows / Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type that qualifies for reporting in this category. Unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

N. 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 purpose 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 enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed through a resolution of the City Council. 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. The Fund Balance Policy, as adopted by the City Council, delegates the authority to the City's management, the City Manager, to assign fund balance for particular purposes.

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.

The City's policy is to obtain and then maintain a minimum fund balance reserve in the General Fund equal to 33% of current expenditures.

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, (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. The remaining portion of net position is reported as unrestricted.

The City applies restricted resources first to fund outlays for which both restricted and unrestricted net position is available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$9,425,300 difference are as follows:

Notes payable	\$ (8,865,530)
Accrued interest payable	(44,370)
Compensated absences (i.e., vacation)	<u>(515,400)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (9,425,300)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$1,201,610 difference are as follows:

Capital outlay	\$ 5,470,642
Depreciation expense	<u>(4,269,032)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 1,201,610</u>

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$386,691 difference are as follows:

Principal retirement of long-term debt	<u>\$ 386,691</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 386,691</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$114,822 difference are as follows:

Compensated absences	\$ (117,012)
Accrued interest	<u>2,190</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ (114,822)</u></u>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget ordinance.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Interest Rate Risk: The City does not have a formal policy that addresses interest rate risk. At December 31, 2020 the above investment was subject to interest rate risk. Interest rate risk is the risk that a government may face should changes in interest rates affect the fair value of its investments.

Credit Risk: The City does not have a formal policy that addresses credit risk aside from adherence to State statutes of investments. State statutes authorize the City to invest in the following: (1) obligations of the Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia.

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. State statutes and City policy require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2020, the City had deposits with two (2) financial institutions collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. Additionally, the City had deposits with one (1) financial institution that were collateralized by pledged securities, as defined above. As of December 31, 2020, the Dunwoody Convention and Visitors Bureau had deposits at a local financial institution that was uninsured and under-collateralized by \$472,734, as defined by State statutes.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with DeKalb County to bill and collect City of Dunwoody property taxes. The taxes are levied by August 1 based on the assessed value of property as listed on the previous January 1 and are due on November 15 of each year, with a lien date of January 1 of the following year. Property taxes are recorded as receivables and unavailable revenues when assessed. Revenues are recognized when available.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Receivables at December 31, 2020, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Grants</u>	<u>SPLOST</u>	<u>Nonmajor Governmental</u>	<u>Stormwater</u>
Receivables:					
Accounts	\$ 152,688	\$ -	\$ -	\$ 228,320	\$ 274,310
Taxes	2,899,811	-	-	229,807	-
Intergovernmental	74,511	30,341	716,101	-	-
Total receivables	3,127,010	30,341	716,101	458,127	274,310
Less allowance for uncollectibles	(25,139)	-	-	-	(104,381)
Net total receivable	<u>\$ 3,101,871</u>	<u>30,341</u>	<u>\$ 716,101</u>	<u>\$ 458,127</u>	<u>\$ 169,929</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended December 31, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 25,647,288	\$ -	\$ -	\$ -	\$ 25,647,288
Construction in progress	12,178,736	3,905,785	(355,378)	(12,197,269)	3,531,874
Total	<u>37,826,024</u>	<u>3,905,785</u>	<u>(355,378)</u>	<u>(12,197,269)</u>	<u>29,179,162</u>
Capital assets, being depreciated:					
Buildings	15,545,758	-	-	341,053	15,886,811
Improvements	18,953,438	348,418	-	236,177	19,538,033
Machinery and equipment	6,723,013	1,216,439	(275,448)	50,084	7,714,088
Infrastructure	60,204,009	-	-	11,569,955	71,773,964
Intangible assets	206,822	-	-	-	206,822
Total	<u>101,633,040</u>	<u>1,564,857</u>	<u>(275,448)</u>	<u>12,197,269</u>	<u>115,119,718</u>
Less accumulated depreciation					
Buildings	(1,619,349)	(895,651)	-	-	(2,515,000)
Improvements	(4,015,748)	(753,595)	-	-	(4,769,343)
Machinery and equipment	(4,876,941)	(649,693)	260,482	-	(5,266,152)
Infrastructure	(14,560,539)	(1,970,093)	-	-	(16,530,632)
Intangible assets	(206,822)	-	-	-	(206,822)
Total	<u>(25,279,399)</u>	<u>(4,269,032)</u>	<u>260,482</u>	<u>-</u>	<u>(29,287,949)</u>
Capital assets, net depreciation	<u>76,353,641</u>	<u>(2,704,175)</u>	<u>(14,966)</u>	<u>-</u>	<u>85,831,769</u>
Governmental activities capital assets, net	<u>\$ 114,179,665</u>	<u>\$ 1,201,610</u>	<u>\$ (370,344)</u>	<u>\$ -</u>	<u>\$ 115,010,931</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 2,355,082	\$ 494,221	\$ -	\$ 2,849,303
Less accumulated depreciation:				
Infrastructure	(1,360,058)	(75,511)	-	(1,435,569)
Business-type activities capital assets, net	<u>\$ 995,024</u>	<u>\$ 418,710</u>	<u>\$ -</u>	<u>\$ 1,413,734</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 819,607
Public safety	371,393
Public works	1,955,800
Culture and recreation	1,109,946
Community development	<u>12,286</u>
Total depreciation expense - governmental activities	<u>\$ 4,269,032</u>
Business-type activities:	
Stormwater	<u>\$ 75,511</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 9,252,221	\$ -	\$ (386,691)	\$ 8,865,530	\$ 432,872
Compensated absences	398,388	435,846	(318,834)	515,400	438,090
Governmental activity					
Long-term liabilities	<u>\$ 9,650,609</u>	<u>\$ 435,846</u>	<u>\$ (705,525)</u>	<u>\$ 9,380,930</u>	<u>\$ 870,962</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

Notes Payable from Direct Borrowing

On August 31, 2016, the City entered into direct borrowing agreement through a financial institution to borrow \$9,900,000 from the Georgia Municipal Association for a City Hall project. Annual principal payments ranging from \$303,980 to \$1,788,727 and semi-annual interest payments, at a rate of 1.98% began in April 2017 and will continue through April 2031. The debt service requirements to maturity are as follows:

Fiscal year ending December 31,	Principal	Interest	Total
2021	\$ 432,872	\$ 173,619	\$ 606,491
2022	482,571	164,429	647,000
2023	536,035	154,203	690,238
2024	593,525	143,271	736,796
2025	655,323	130,326	785,649
2026-2030	4,376,477	415,296	4,791,773
2031	1,788,727	17,905	1,806,632
	<u>\$ 8,865,530</u>	<u>\$ 1,199,049</u>	<u>\$ 10,064,579</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2020 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 113,046
Capital Projects Fund	Grants Fund	14,265
		<u>\$ 127,311</u>

All interfund balances resulted from the time lag between the dates that (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.

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Component unit - Convention and Visitors Bureau	Primary government - Nonmajor governmental funds	\$ 122,965

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 852,889
Capital Projects Fund	General Fund	161,000
Nonmajor governmental funds	General Fund	566,099
		<u>\$ 1,579,988</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has entered several public/private contractual partnerships for outsourced services and operations. Through these contracts with private companies, an array of operational services are provided via outsourcing. These contracts are operating contracts for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, these contracts approximate \$6 million annually. The contracts were bid for four annual service periods and run through the year ending December 31, 2025.

For the fiscal year ended December 31, 2020, construction commitments on uncompleted contracts were \$2,533,541.

The City employed encumbrance accounting during the period; however, there were no encumbrances outstanding at December 31, 2020.

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

The City of Dunwoody offers two retirement plans for City employees. The 401(a) plan is a defined contribution plan established and administered by the City for all full-time employees. City Council has the authority to establish and amend the plan provisions as well as the contribution for the plan. The City contributes 10% of each employee's compensation each pay period. Employees are eligible to participate on the first day of the month following 30 days of employment, and they are vested in the contributions after one year of service. At December 31, 2020, there were 85 employees participating in the plan with total contributions of \$982,753.

The City also contributes the Social Security withholding amount (6.2% for 2020) to a Social Security replacement plan for each eligible employee. All participants are fully vested in their social security replacement plan at all times. At December 31, 2020, there were 88 employees participating in the plan with total contributions of \$438,213.

City employees may also participate in an Internal Revenue Code Section 457 deferred compensation plan. If an employee contributes at least 8%, the City will also offer a 4% (all or nothing) 401a plan match to all full-time employees. At December 31, 2020, there were 77 employees participating in the plan with total contributions of \$663,157 for the year ended December 31, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which DeKalb County has paid on behalf of the City of Dunwoody. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

NOTE 12. HOTEL/MOTEL LODGING TAX

The City has levied a 8% lodging tax. The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended December 31, 2020, the City received \$2,036,595 in hotel/motel taxes. Of this amount, \$891,010, or 43.75%, was used for the promotion of tourism, conventions, or trade shows.

NOTE 13. MOTOR VEHICLE EXCISE TAX

The City has levied an excise tax on the rental of motor vehicles. The Official Code of Georgia Annotated 48-13-93 requires that all motor vehicle excise taxes be expended or obligated contractually, in accordance with the City's ordinance, for the acquisition, construction, renovation, improvements, maintenance and equipping of pedestrian walkways, or the installation of traffic lights, and street lights associated with public safety facilities or public improvements for sports and recreational facilities. During the year ended December 31, 2020, the City received \$89,166 in motor vehicle excise taxes. Of this amount, \$89,166, or 100%, was used for these purposes.

NOTE 14. 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 Interlocal Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool currently operating as common risk management and insurance programs for member local governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT (CONTINUED)

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's 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 pool's 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. The fund is to pay all cost 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 have not exceeded the coverages in the last three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

NOTE 15. LAND SWAP

On November 15, 2016, the City entered into an Intergovernmental Agreement with the DeKalb County School District (DCSD). The DCSD purchased approximately 10 acres of the Dunwoody Park property for construction of a new school complex. The City purchased approximately 18 acres of property formerly occupied by the Austin Elementary School and Peachtree Middle School. Additional consideration was given for both operational agreements and capital improvements to the properties involved in the transaction. The DCSD will pay the City to make certain capital improvements to three ball field sites, which includes the building of two new baseball fields. After closing, the DCSD will lease Austin Elementary School from the City until the school construction is completed. School construction will start after the two new baseball fields are ready for use. The City and DCSD will cooperatively share the fields for 25 years.

	Prepaid Rent	Unearned Income
City use of track and football field	\$ 1,519,560	\$ -
City maintenance of track and football field	-	306,264
DCSD use of baseball fields (2)	-	945,000
	<u>\$ 1,519,560</u>	<u>\$ 1,251,264</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 15. LAND SWAP (CONTINUED)

Amounts reported as prepaid related to the City's use of the track and football field will be amortized over the 25 year term and recognized in rental expense as follows:

Fiscal year ending December 31,

2021	\$	72,360
2022		72,360
2023		72,360
2024		72,360
2025		72,360
2026-2030		361,800
2031-2035		361,800
2036-2040		361,800
2041		72,360
		<u>\$ 1,519,560</u>

Amounts reported as unearned rent related to DCSD's prepayment of maintenance of the track and football field and DCSD use of the baseball fields will be amortized over the 25 year term and recognized in rental income and against repairs and maintenance expense as follows:

Fiscal year ending December 31,

2021	\$	59,584
2022		59,584
2023		59,584
2024		59,584
2025		59,584
2026-2030		297,920
2031-2035		297,920
2036-2040		297,920
2041		59,584
		<u>\$ 1,251,264</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16. RESTATEMENTS

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, the City is required to reevaluate the accounting treatment of fiduciary activities. The new standard required the City to determine if funds are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the Fiduciary Activities to properly report the custodial fund.

	Municipal Court Fund
Net Position, fiduciary activities, as previously reported	\$ -
Recognition of the beginning net position of the Municipal Court as a custodial fund	435,506
Net position, fiduciary activities, as restated	<u>\$ 435,506</u>

As of December 31, 2020, the City determined that a restatement of beginning fund balance in the Confiscated Assets Fund and beginning net position of governmental activities was required in order to correct errors in prior periods. The City had previously recorded a portion of its Confiscated Assets Fund cash deposits as amounts due to others, which totaled \$124,682 as of the prior year ended December 31, 2019. As asset confiscations and forfeitures are considered imposed non-exchange transactions, accounting principles generally accepted in the United States require that revenues be recorded in the same period that the assets are recognized. As a result, the City is required to restate beginning fund balance and net position as shown below:

	Confiscated Assets Fund
Fund balance, as previously reported:	\$ 160,615
Effect of restatement:	124,682
Beginning fund balance, as restated:	<u>\$ 285,297</u>

	Governmental Activities
Net position, as previously reported:	\$ 145,376,707
Effect of restatement:	124,682
Beginning net position, as restated:	<u>\$ 145,501,389</u>

REQUIRED SUPPLEMENTARY INFORMATION

Draft

CITY OF DUNWOODY, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 8,913,036	\$ 8,913,036	\$ 9,175,352	\$ 262,316
Franchise taxes	3,900,000	3,900,000	3,677,345	(222,655)
Alcohol excise taxes	-	367,200	541,358	174,158
Business taxes	3,080,000	2,950,000	3,211,015	261,015
Insurance taxes	3,300,000	3,725,000	3,728,621	3,621
Licenses and permits	1,638,000	1,638,000	1,608,518	(29,482)
Charges for services	506,700	506,700	649,448	142,748
Fines and forfeitures	1,350,000	1,350,000	1,585,231	235,231
Contributions	5,000	5,000	7,886	2,886
Interest earned	180,000	180,000	89,606	(90,394)
Miscellaneous	367,500	367,500	449,891	82,391
Total revenues	23,240,236	23,902,436	24,724,271	821,835
Expenditures:				
Current:				
General government:				
Mayor and council	318,095	295,895	277,787	18,108
City manager	534,035	516,135	509,019	7,116
City clerk	222,343	217,243	198,039	19,204
Human resources	405,402	374,857	294,050	80,807
Finance	3,166,465	5,443,960	2,678,145	2,765,815
Information technology	1,395,726	1,757,491	1,599,036	158,455
Law	420,000	685,000	637,393	47,607
Total general government	6,462,066	9,290,581	6,193,469	3,097,112
Judicial	632,236	787,337	563,530	223,807
Public safety	9,300,105	3,996,200	3,649,549	346,651
Public works	2,683,791	2,610,791	2,571,098	39,693
Recreation	3,388,952	3,244,241	3,049,519	194,722
Community development	2,297,885	4,176,085	2,397,809	1,778,276
Total expenditures	24,765,035	24,105,235	18,424,974	5,680,261
Excess (deficiency) of revenues over expenditures	(1,524,799)	(202,799)	6,299,297	6,502,096

Continued

CITY OF DUNWOODY, GEORGIA

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Other financing sources (uses):				
Proceeds from the sale of capital assets	\$ -	\$ -	\$ 38,525	\$ 38,525
Transfers out	(825,951)	(730,951)	(727,099)	3,852
Transfers in	2,350,750	933,750	852,889	(80,861)
Total other financing sources (uses)	1,524,799	202,799	164,315	(38,484)
Net change in fund balance	-	-	6,463,612	6,463,612
Fund balance, beginning of year	19,207,034	19,207,034	19,207,034	-
Fund balance, end of year	<u>\$ 19,207,034</u>	<u>\$ 19,207,034</u>	<u>\$ 25,670,646</u>	<u>\$ 6,463,612</u>

Draft

CITY OF DUNWOODY, GEORGIA

GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 487,045	\$ 6,170,802	\$ 6,181,391	\$ 10,589
Contributions	-	23,614	23,614	-
Total revenues	487,045	6,194,416	6,205,005	10,589
Expenditures:				
Current:				
Public safety	-	5,637,371	5,620,498	16,873
Public works	487,045	557,045	556,846	199
Total expenditures	487,045	6,194,416	6,177,344	17,072
Net change in fund balances	-	-	27,661	27,661
Fund balances, beginning of year	34,509	34,509	34,509	-
Fund balances, end of year	\$ 34,509	\$ 34,509	\$ 62,170	\$ 27,661

Draft

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Motor Vehicle Excise Tax Fund – To account for the revenues and expenditures related to the excise taxes collected on motor vehicles, which is restricted by State law.

E911 Fund – To account for the collection and expenditures of E911 fees, which is restricted by State law.

Confiscated Assets Fund – To account for monies forfeited by criminals that are prosecuted for narcotics or vice activity.

Hotel Motel Tax Fund – To account for the 8% lodging tax levied in the City, which is restricted by State law.

DEBT SERVICE FUND

Debt Service Fund – To account for the debt service expenditures of the City.

Draft

CITY OF DUNWOODY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Vehicle Excise Tax Fund	E911 Fund	Confiscated Assets Fund	Hotel / Motel Fund	Debt Service Fund	
ASSETS						
Cash	\$ -	\$ 1,017,797	\$ -	\$ 1,380,681	\$ 185,738	\$ 2,584,216
Accounts receivable	-	228,320	-	-	-	228,320
Taxes receivable	7,647	-	-	222,160	-	229,807
Prepays	-	102,881	-	-	-	102,881
Restricted assets:						
Cash and cash equivalents	-	-	267,257	-	-	267,257
Total assets	\$ 7,647	\$ 1,348,998	\$ 267,257	\$ 1,602,841	\$ 185,738	\$ 3,412,481
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 25	\$ 9,852	\$ -	\$ 9,877
Due to other funds	7,647	-	-	105,399	-	113,046
Due to component unit	-	-	-	122,965	-	122,965
Total liabilities	7,647	-	25	238,216	-	245,888
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepays	-	102,881	-	-	-	102,881
Restricted:						
E911 operations	-	1,246,117	-	-	-	1,246,117
Law enforcement activities	-	-	267,232	-	-	267,232
Tourism promotion	-	-	-	1,364,625	-	1,364,625
Assigned:						
Debt service	-	-	-	-	185,738	185,738
Total fund balances	-	1,348,998	267,232	1,364,625	185,738	3,166,593
Total liabilities and fund balances	\$ 7,647	\$ 1,348,998	\$ 267,257	\$ 1,602,841	\$ 185,738	\$ 3,412,481

Draft

CITY OF DUNWOODY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Motor Vehicle Excise Tax Fund	E911 Fund	Confiscated Assets Fund	Hotel / Motel Fund	Debt Service Fund	
REVENUES						
Taxes	\$ 89,166	\$ -	\$ -	\$ 2,036,595	\$ -	\$ 2,125,761
Charges for services	-	1,397,764	-	-	-	1,397,764
Fines and forfeitures	-	-	17,037	-	-	17,037
Interest	-	5,380	76	826	-	6,282
Contributions	-	-	-	109,746	-	109,746
Total revenues	89,166	1,403,144	17,113	2,147,167	-	3,656,590
EXPENDITURES						
Current:						
General government	-	-	-	891,010	-	891,010
Public safety	-	1,227,113	35,178	-	-	1,262,291
Public works	-	-	-	370,794	-	370,794
Recreation	-	-	-	206,820	-	206,820
Debt service:						
Principal	-	-	-	-	386,691	386,691
Interest	-	-	-	-	179,408	179,408
Total expenditures	-	1,227,113	35,178	1,468,624	566,099	3,297,014
Excess (deficiency) of revenues over expenditures	89,166	176,031	(18,065)	678,543	(566,099)	359,576
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	566,099	566,099
Transfers out	(89,166)	-	-	(763,723)	-	(852,889)
Total other financing sources (uses)	(89,166)	-	-	(763,723)	566,099	(286,790)
Net change in fund balances	-	176,031	(18,065)	(85,180)	-	72,786
FUND BALANCES, beginning of year, as restated	-	1,172,967	285,297	1,449,805	185,738	3,093,807
FUND BALANCES, end of year	\$ -	\$ 1,348,998	\$ 267,232	\$ 1,364,625	\$ 185,738	\$ 3,166,593

Draft

CITY OF DUNWOODY, GEORGIA

**MOTOR VEHICLE EXCISE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 105,000	\$ 105,000	\$ 89,166	\$ (15,834)
Total revenues	105,000	105,000	89,166	(15,834)
Other financing uses:				
Transfers out	(105,000)	(105,000)	(89,166)	15,834
Total other financing uses	(105,000)	(105,000)	(89,166)	15,834
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Draft

CITY OF DUNWOODY, GEORGIA

E911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 1,700,000	\$ 1,700,000	\$ 1,397,764	\$ (302,236)
Interest	-	-	5,380	5,380
Total revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,403,144</u>	<u>(296,856)</u>
Expenditures:				
Public safety	<u>1,398,616</u>	<u>1,398,616</u>	<u>1,227,113</u>	<u>171,503</u>
Total expenditures	<u>1,398,616</u>	<u>1,398,616</u>	<u>1,227,113</u>	<u>171,503</u>
Net change in fund balances	301,384	301,384	176,031	(125,353)
Fund balances, beginning of year	<u>1,172,967</u>	<u>1,172,967</u>	<u>1,172,967</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,474,351</u>	<u>\$ 1,474,351</u>	<u>\$ 1,348,998</u>	<u>\$ (125,353)</u>

Draft

CITY OF DUNWOODY, GEORGIA

CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and foreitures	\$ 7,000	\$ 7,000	\$ 17,037	\$ 10,037
Interest	65	65	76	11
Total revenues	<u>7,065</u>	<u>7,065</u>	<u>17,113</u>	<u>10,048</u>
Expenditures:				
Current:				
Public safety	<u>41,000</u>	<u>41,000</u>	<u>35,178</u>	<u>5,822</u>
Total expenditures	<u>41,000</u>	<u>41,000</u>	<u>35,178</u>	<u>5,822</u>
Net change in fund balances	(33,935)	(33,935)	(18,065)	15,870
Fund balances, beginning of year, as restated	<u>285,297</u>	<u>285,297</u>	<u>285,297</u>	<u>-</u>
Fund balances, end of year	<u>\$ 251,362</u>	<u>\$ 251,362</u>	<u>\$ 267,232</u>	<u>\$ 15,870</u>

Draft

CITY OF DUNWOODY, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,210,000	\$ 2,210,000	\$ 2,036,595	\$ (173,405)
Interest	-	-	826	826
Contributions and donations	-	-	109,746	109,746
Total revenues	4,210,000	2,210,000	2,147,167	(62,833)
Expenditures:				
General Government	1,841,875	966,875	891,010	75,865
Public Works	789,375	850,000	370,794	479,206
Recreation	-	315,500	206,820	108,680
Total expenditures	2,631,250	2,132,375	1,468,624	663,751
Excess of revenues over expenditures	1,578,750	77,625	678,543	600,918
Other financing uses:				
Transfers out	(1,578,750)	(828,750)	(763,723)	65,027
Total other financing uses	(1,578,750)	(828,750)	(763,723)	65,027
Net change in fund balances	-	(751,125)	(85,180)	665,945
Fund balances, beginning of year	1,449,805	1,449,805	1,449,805	-
Fund balances, end of year	\$ 1,449,805	\$ 698,680	\$ 1,364,625	\$ 665,945

CITY OF DUNWOODY, GEORGIA

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures:				
Debt service:				
Principal	\$ 386,691	\$ 386,691	\$ 386,691	\$ -
Interest	182,355	182,355	179,408	(2,947)
Total expenditures	<u>569,046</u>	<u>569,046</u>	<u>566,099</u>	<u>(2,947)</u>
Deficiency of revenues over expenditures	(569,046)	(569,046)	(566,099)	(2,947)
Other financing sources:				
Transfers in	625,951	569,951	566,099	3,852
Total other financing sources	<u>625,951</u>	<u>569,951</u>	<u>566,099</u>	<u>3,852</u>
Net change in fund balances	56,905	905	-	(905)
Fund balances, beginning of year	<u>185,738</u>	<u>185,738</u>	<u>185,738</u>	<u>-</u>
Fund balances, end of year	<u>\$ 242,643</u>	<u>\$ 186,643</u>	<u>\$ 185,738</u>	<u>\$ (905)</u>

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CITY OF DUNWOODY, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL
PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2020**

PROJECT	ESTIMATED COST		EXPENDITURES			PERCENTAGE OF COMPLETION
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	
Transportation Improvements (1)	\$ 36,787,543	\$ 36,787,543	\$ 6,707,522	\$ 4,191,279	\$ 10,898,801	29.66%
Public Safety Facilities and Related Capital Equipment	6,000,000	6,000,000	544,670	1,524,122	\$ 2,068,792	34.31%
Repairs of Capital Outlay Projects	1,200,000	1,200,000	135,239	31,746	\$ 166,985	13.92%
TOTAL SPLOST	<u>\$ 43,987,543</u>	<u>\$ 43,987,543</u>	<u>\$ 7,387,431</u>	<u>5,747,147</u>	<u>\$ 13,134,578</u>	
Non-SPLOST expenditures funded with contributions				17,853		
Total SPLOST Fund expenditures				<u>\$ 5,765,000</u>		

(1) Transportation improvement projects including, but not limited to, Infrastructure Preservation (road resurfacing, rehabilitation and replacement of bridges and drainage systems); Pedestrian and Bicycle Path improvements (addition of sidewalks, streetscapes, bike lanes, and multi-use trails); Congestion Relief (intersection improvements, road widenings, traffic management, and signal upgrades); Safety and Operational Improvements (addition / extension of turn lanes, elimination of sight distance problems and other safety concerns, as well as widened lanes and shoulders).

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COMPONENT UNIT

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CITY OF DUNWOODY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DUNWOODY CONVENTION AND VISITORS BUREAU
DECEMBER 31, 2020

ASSETS	
CURRENT ASSETS	
Cash	\$ 648,673
Receivables	122,965
Prepays	<u>255</u>
Total assets	<u><u>\$ 771,893</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	<u>\$ 91,219</u>
Total liabilities	<u>91,219</u>
FUND BALANCE	
Nonspendable prepaids	255
Restricted for promotion of tourism	<u>680,419</u>
Total fund balance	<u>680,674</u>
Total liabilities and fund balance	<u><u>\$ 771,893</u></u>

CITY OF DUNWOODY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
COMPONENT UNIT - DUNWOODY CONVENTION AND VISITORS BUREAU
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES

Intergovernmental revenues	\$ 891,010
Interest	7,082
Miscellaneous revenue	<u>101,500</u>
Total revenues	<u>999,592</u>

EXPENDITURES

Current:	
Housing and development	<u>1,193,244</u>
Total expenditures	<u>1,193,244</u>
Net change in fund balances	(193,652)

FUND BALANCES, beginning of year	<u>874,326</u>
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FUND BALANCES, end of year	<u><u>\$ 680,674</u></u>
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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Dunwoody's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends..... 56

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 59

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 67

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information..... 70

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 74

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report. The City's first period of operation is the fiscal period ended 2009; therefore, data prior to 2009 is not available.

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

In planning and performing our audit of the financial statements of the City of Dunwoody, Georgia (the “City”) as of and for the year ended December 31, 2020, 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 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 a particular matter that is an opportunity for strengthening internal controls and operating efficiency. The following items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the City’s practices and procedures:

1. The Information Technology environment is characterized by rapid change. Thus, any risk assessment and control activities, as they relate to IT, need to be monitored and reviewed on a regular basis. During our review we noted the City of Dunwoody is utilizing an IT framework in evaluating its cybersecurity risk management. However, we recommend that the framework currently being used by management add a monitoring component as new IT risks can emerge, controls and other mitigations can lose effectiveness, and new procedures can be deployed to address changing risk. A regular review or monitoring component to an IT framework is a key part of an effective internal control framework and risk management process.
2. During our testing of property taxes and stormwater fees the City discovered an error in the property tax and stormwater fee reports and confirmations from the DeKalb County Tax Commissioner’s office that did not properly reflect the ending property tax receivable balances. An adjustment was provided by the City to correct the property tax and stormwater fee receivable balance at December 31, 2020. We recommend that the City reconcile the reports and confirmations received for these receivables to determine the proper balance during its year end close out process.

CITY OF DUNWOODY, GEORGIA

**REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2020

Draft

CITY OF DUNWOODY, GEORGIA

FOR THE YEAR ENDED DECEMBER 31, 2020

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CITY OF DUNWOODY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Total Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Secret Service	N/A	N/A	\$ 1,500
Total U.S. Department of Homeland Security			1,500
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Georgia Department of Transportation Highway Planning and Construction	20.205	PI#0015069	46,805
Total Highway Planning and Construction Cluster			46,805
Total U.S. Department of Transportation			46,805
Executive Office of the President			
Passed through United States Department of Justice - Drug Enforcement Administration High Intensity Drug Trafficking Area (HIDTA)	95.001	GA 0447100	9,311
Total Executive Office of the President			9,311
U.S. DEPARTMENT OF TREASURY			
Passed through Dekalb County, Georgia COVID-19 - Coronavirus Relief Fund	21.019	N/A	5,597,957
Total U.S. Department of Treasury			5,597,957
Total Expenditures of Federal Awards			\$ 5,655,573

See note to schedule of expenditures of federal awards.

CITY OF DUNWOODY, GEORGIA**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Dunwoody, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City did not utilize the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Draft

CITY OF DUNWOODY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☒ yes ☐ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☒ yes ☐ no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to reported in accordance with 2 CFR 200.516(a)?

☐ yes ☒ no

Identification of major federal programs:

CFDA Number

21.019

Name of Federal Program or Cluster

COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

CITY OF DUNWOODY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001 Revenue Recognition

Criteria: Internal controls should be in place to ensure that amounts reported revenues are recognized in accordance with generally accepted accounting principles (GAAP). For imposed non-exchange transactions such as the receipt of forfeited or seized assets, generally accepted accounting principles require governmental funds to recognize revenues in the same period that the assets are recognized, unless the enabling legislation includes time requirements.

Condition: The City's financial statements for the year ended December 31, 2020 did not report these revenues in accordance with GAAP. While these revenues have been consistently reported in past years of the City's financial statements, a correction was needed to be consistent with GAAP which affected the current year and beginning equity amounts.

Context/Cause: During our testing of the Confiscated Asset Fund, we noted that the financial statements reported seized and forfeited funds as liabilities in the current year and past years of the City. Adjustments totaling approximately \$133,500 were required to properly recognize revenues for seized funds for the Confiscated Assets Fund and governmental activities for the year ended December 31, 2020, which included a restatement of approximately \$124,700 to beginning fund balance of the Confiscated Assets Fund and beginning net position of governmental activities, and a current year adjustment of approximately \$8,800 to revenues.

Effect: Adjustments related to revenue recognition within the Confiscated Assets Fund and governmental activities were required for approximately \$133,500.

Recommendation: While this has been corrected and should not repeat in future years, we recommend the City review all revenues to ensure proper recognition in accordance with GAAP.

Auditee's Response: We concur with the finding. The City of Dunwoody, from inception, set up the Confiscated Assets Fund platform and procedures using the method described above. This approach resulted in no findings until this audit. The funds were deposited into the cash account and a liability was recorded, as the funds were not the City's assets. The City will change the procedure to have the funds recorded as revenue and no longer be recorded as a liability. The City will also classify these funds as restricted fund balance in the Confiscated Assets Fund balance sheet.

CITY OF DUNWOODY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-002 Collateralization of Public Deposits – City of Dunwoody Convention and Visitors Bureau

Criteria: Policies should be in place requiring all financial institutions holding cash deposits to be properly insured and, or collateralized at all times throughout the fiscal year. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia at a rate of at least 110 percent of the deposit amount, or (2) participation in the State of Georgia Secure Deposit Program.

Condition: As of December 31, 2020, City of Dunwoody Convention and Visitors Bureau (CVB) had approximately \$430,000 in deposits that were not properly collateralized at 110% in accordance with the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

Context/Cause: City of Dunwoody CVB's internal controls did not identify these accounts as public funds that should be collateralized and the financial institutions did not properly collateralize deposit amounts in excess of FDIC coverage.

Effects: The failure of the institution to fully collateralize or insure City of Dunwoody CVB's deposits could result in financial loss to City of Dunwoody CVB should the financial institution fail.

Recommendation: We recommend City of Dunwoody CVB monitor its deposits on an ongoing basis and correspond with the respective financial institutions to ensure that all deposits over the federal depository insurance coverage limit are properly collateralized in accordance with state statutes.

Auditee's Response: We concur with the finding. We discussed the matter with the financial institutions and have implemented a process whereby funds will be deposited in separate insured institutions with deposit amount below depository insurance thresholds and/or other funds will be collateralized.

SECTION II FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF DUNWOODY, GEORGIA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

None reported.

Draft