

**MEMORANDUM**

**To:** Mayor and City Council

**From:** Chris Pike, Finance Director and James Bence, City Auditor

**Date:** July 08, 2013

**Subject:** **Presentation of the 2012 Annual Audit**

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**ITEM DESCRIPTION**

The City's auditor, Mauldin & Jenkins, has audited the City's financial statements in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The financial statements of the City are considered to present fairly the financial position and results of operations as of, and for the year ended December 31, 2012. The City received a clean opinion stating this consideration. In accordance with reporting requirements, the auditor has provided a "Annual Audit Agenda" discussing key components of the audit, the City's financial results, and required disclosures and communications.

**BACKGROUND**

**RECOMMENDED ACTION**

For presentation and discussion only

# The City of Dunwoody, Georgia

*Annual Audit Agenda  
December 31, 2012*



**Presented by:**

**MAULDIN  
& JENKINS**  
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# CITY OF DUNWOODY, GEORGIA

*Annual Audit Agenda*

December 31, 2012

## PURPOSE OF ANNUAL AUDIT AGENDA

- ◆ Engagement Team and Firm Information.
  
- ◆ Overview of:
  - Audit Opinion;
  - Financial Statements, Footnotes and Supplementary Information;
  - Compliance Reports;
  
- ◆ Required Communications under Government Auditing Standards.
  
- ◆ Accounting Recommendations and Related Matters.
  
- ◆ Answer Questions.



# CITY OF DUNWOODY, GEORGIA

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### MAULDIN & JENKINS – GOVERNMENTAL PRACTICE

#### **General Information:**

- Founded in 1920.
- Large regional firm serving the Southeastern United States.
- Offices located in Macon, Atlanta, Albany, Bradenton, FL and Birmingham, AL with firm governmental leadership positioned in the Macon (and Atlanta) office(s).
- Approximately 240 personnel are employed at Mauldin & Jenkins.

#### **Governmental Sector:**

- Largest specific industry niche served by Firm representing 27% of Firm practice.
- Serve more governmental entities in Georgia than any other certified public accounting firm requiring over 60,000 hours of service on an annual basis.
- Approximately 65 professional staff persons with current governmental experience.
- Current auditor for over 185 total governments in the Southeast, including approximately:
  - ✓ 50 cities;
  - ✓ 30 counties;
  - ✓ 35 school systems (8 of the 10 largest in Georgia and 10 of the 30 largest in Georgia and Florida combined);
  - ✓ 15 state entities; and,
  - ✓ 55 special purpose entities (stand-alone business type entities, libraries, etc).
- Serves 67 governments receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Auditor of a substantial part of the State of Georgia including: approximately 25% of the State's general fund; 13 of the State of Georgia's component units; and 2 State of Alabama entities.

#### **Engagement Team Leaders for City of Dunwoody, Georgia Include:**

- Adam Fraley – Concurring Partner - 16 years experience, 100% governmental
- James Bence – Client Executive - 9 years experience, 100% governmental
- Quin Wright – Engagement Senior - 3 years experience, 100% governmental

# CITY OF DUNWOODY, GEORGIA

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### MAULDIN & JENKINS – ADDITIONAL INFORMATION

#### **Other Industries & Services by Mauldin & Jenkins:**

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

**Industries Served:** Over the years our partners have developed expertise in certain industries representative of a cross section of the Georgia economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings & loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

**Services Provided:** This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit / Review / Compilation
- Compliance Audits & Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business & Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements & Business Valuation Issues
- Income Tax Planning & Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession & Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger / Acquisition & Expansion Financing

**CITY OF DUNWOODY, GEORGIA***Annual Audit Agenda***December 31, 2012****AUDIT OPINION****City of Dunwoody's Responsibility**

The financial statements are the responsibility of the City of Dunwoody, Georgia's management and the Council Members.

**Auditor's Responsibility**

Our responsibility, as external auditors, is to express an opinion on these financial statements.

**Auditing Standards**

We audited the City's financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

**Clean Opinion**

The financial statements of the City are considered to present fairly the financial position and results of operations as of, and for the year ended December 31, 2012.

## CITY OF DUNWOODY, GEORGIA

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### REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

#### *General Information About the CAFR*

A Comprehensive Annual Financial Report (CAFR) goes beyond the normal financial reporting required by accounting principles generally accepted in the United States. A CAFR includes at a minimum the following elements/sections:

- **Introductory Section:** general information on the City's structure and the services it provides.
  - Letter of Transmittal
  - Organizational Chart
  - Directory of Officials
  - Certificate of Achievement for Excellence in Financial Reporting
- **Financial Section:** basic financial statements, footnotes and required supplementary information along with the auditor's report.
  - Independent Auditor's Report
  - Management Discussion & Analysis (MD&A)
  - Financial Statements and Footnotes
- **Statistical Section:** broad range of financial, demographic information useful in assessing the City's economic condition, and this information covers multiple years.
  - Financial Trends Information
  - Revenue Capacity Information
  - Debt Capacity Information
  - Operating Information

In the end, a CAFR goes far beyond the basic requirements of annual financial reporting, and the City should be commended for going beyond the minimum and providing such a report.

# CITY OF DUNWOODY, GEORGIA

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## REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

### *Recognition and Award*

Once completed, the fiscal year 2011 CAFR was submitted to the Government Finance Officers Association (GFOA) for determination if the report would merit the GFOA's Certificate of Achievement for Excellence in Financial Reporting. We are happy to inform everyone that the GFOA did indeed review the CAFR and awarded the City with the sought after Certificate.

The GFOA Certificate has been made a part of the City's 2012 fiscal year CAFR, and is included in the Introductory Section.





# CITY OF DUNWOODY, GEORGIA

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### REVIEW OF FINANCIAL STATEMENTS AND FOOTNOTES

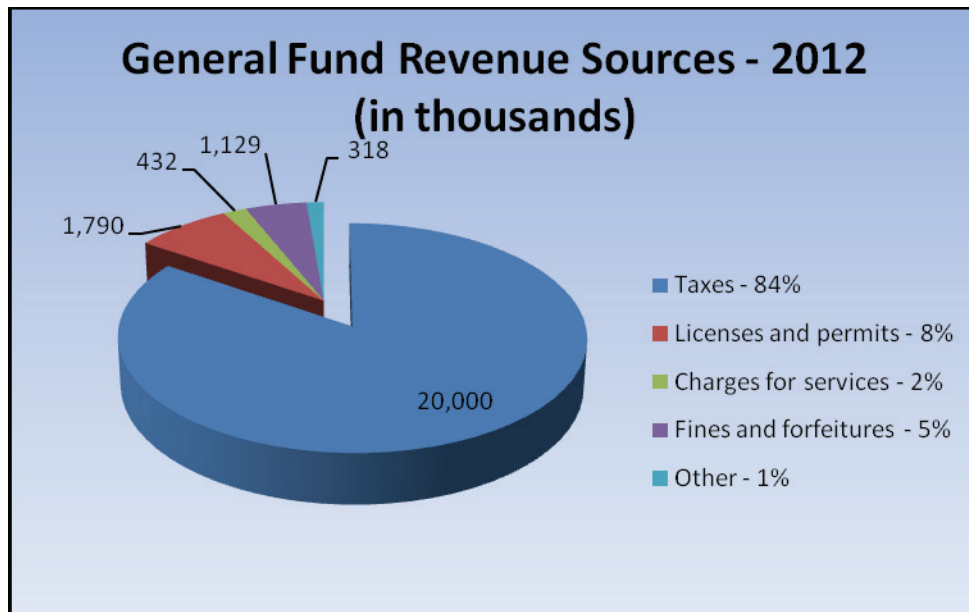
The City's basic financial statements include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

The **government-wide financial statements** provide a broad overview of all of the City's funds, as well as its discretely presented component units. The *Statement of Net Position* presents information on all assets and liabilities of the City, with the difference between the two reported as net assets. The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. Revenues are categorized as program revenues or general revenues. Expenses are categorized by function.

The **fund financial statements** more closely resemble the financial statements as presented prior to the adoption of GASB Statement No. 34. All of the funds of the City can be divided into three categories: governmental funds, enterprise funds and fiduciary funds.

#### General Fund

Of primary interest to the City is the **General Fund**, which accounts for the majority of revenues received and funds expended in the operations of the City, including general government activities, judicial, public safety, public works, recreation, and community development. The following charts present the sources of revenues and the expenditures of the General Fund for the fiscal year ended December 31, 2012:

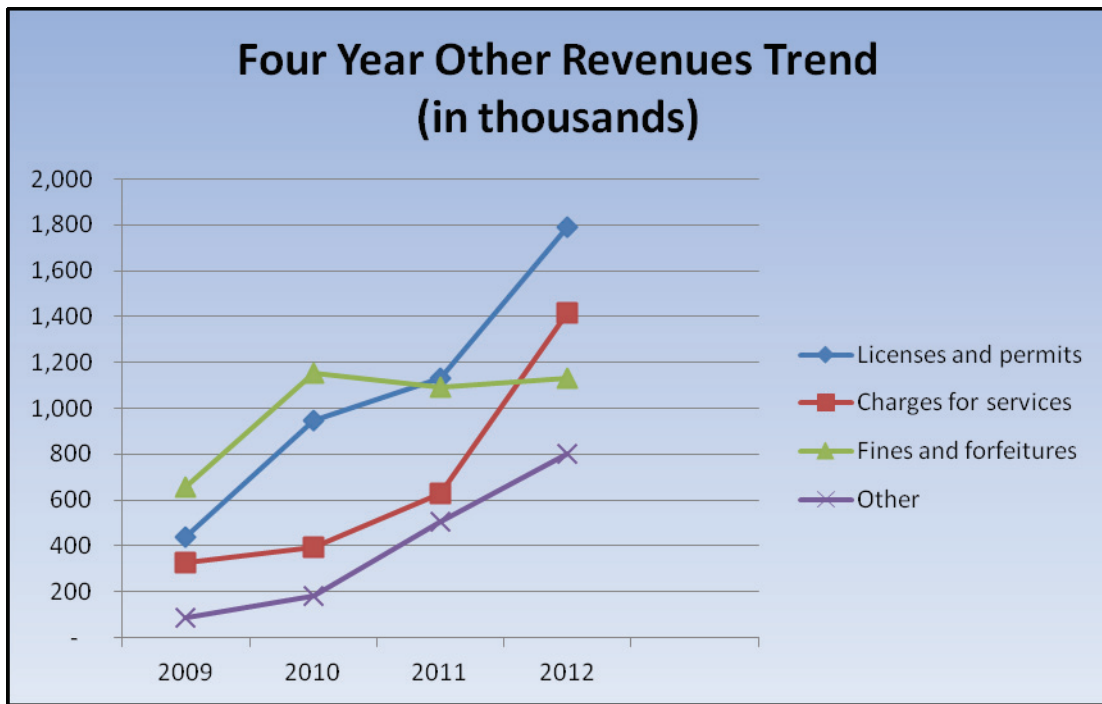
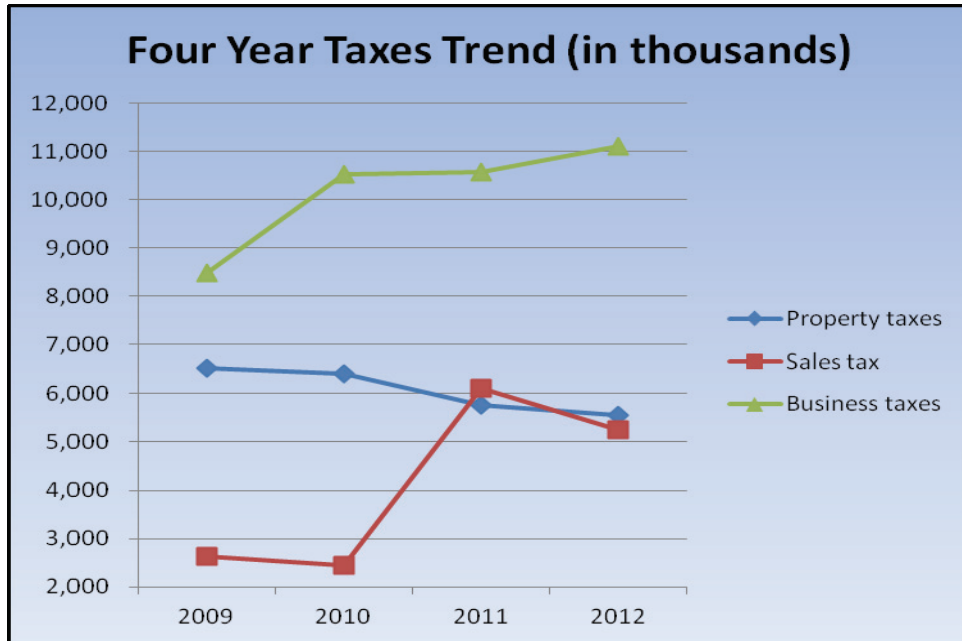


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## Annual Audit Agenda

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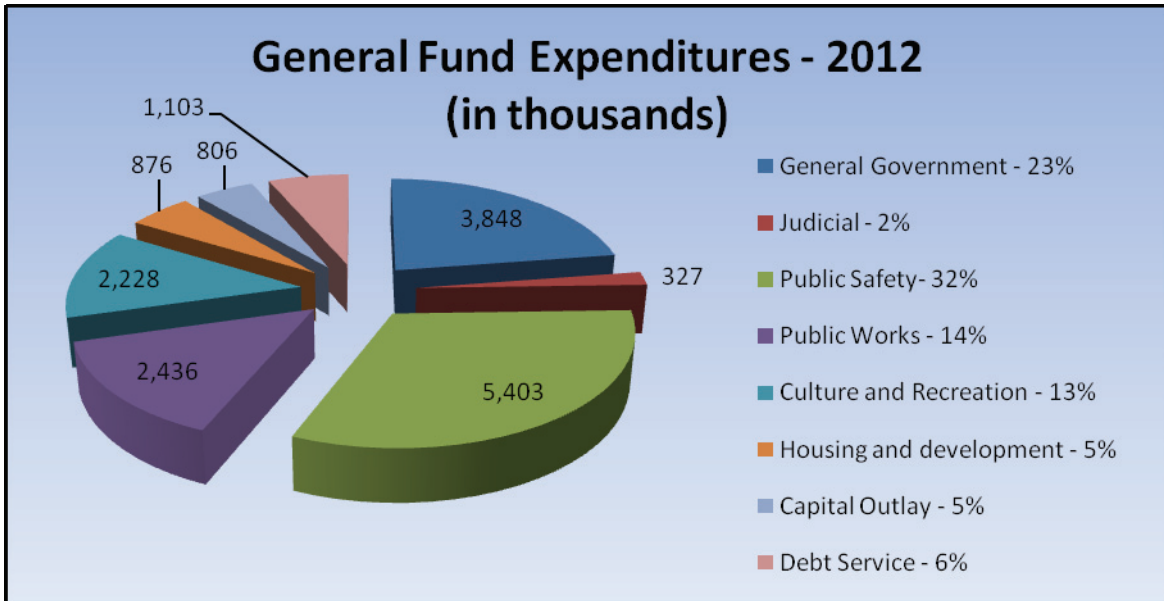
Total General Fund revenues for the fiscal year ended December 31, 2012 were \$23,669. Revenues of the prior year were \$23,630. The most significant variance was an increase in licenses and permits revenues of \$659. Below is a trending of the City's General Fund revenues over the past four (4) years.



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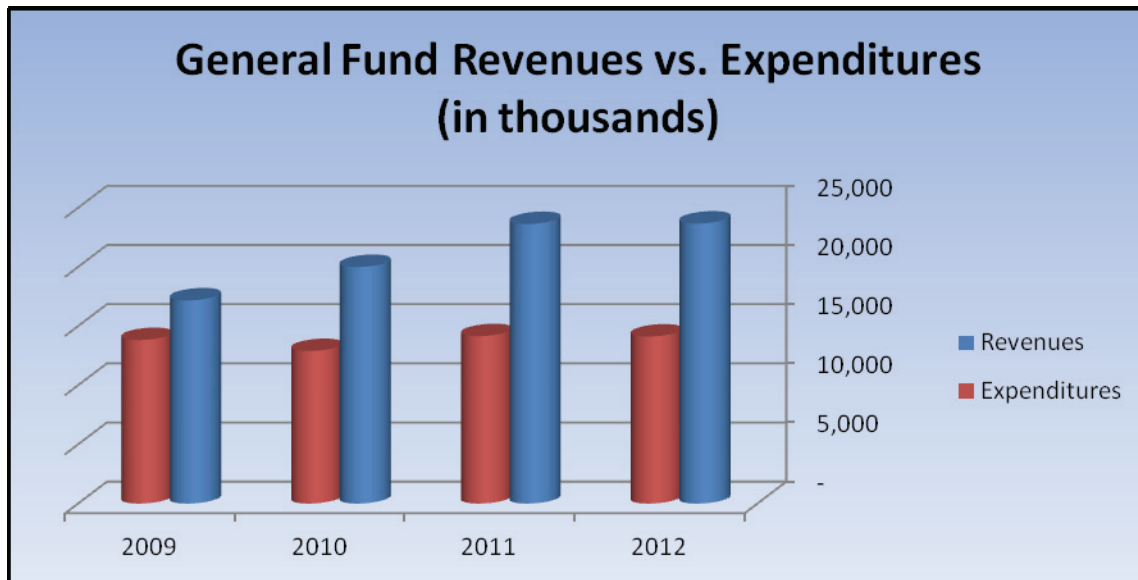
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Total expenditures during the year ended December 31, 2012 were \$14,120. Expenditures of the prior year were \$14,152. This was a decrease of \$32.

More detailed explanations of variances can be found in the Management’s Discussion and Analysis section of the financial statements. An analysis of General Fund revenues and expenditures for each of the last five fiscal years is as follows.



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### **Other Governmental Funds**

The City also maintains five (4) *special revenue funds*. These funds account for revenues derived from specific sources which are legally restricted to finance particular functions or activities. The City also maintains one (1) *Capital projects fund* to be used to account for revenues and expenditures related to the renovation and/or construction of major capital assets. The City also maintains two (2) *Debt service fund* to be used to account for the payment of general long-term debt principal, interest and agent's fees.

### **Statement of Net Position**

This statement attempts to provide a reader of the financial statements with a full accrual perspective and reflects separately the governmental activities from the business-type activities. Both such columns are on the full accrual basis of accounting.

The City's governmental activities equity position increased from approximately \$71,825,000 to \$78,103,000 while its business-type activities equity position increased from approximately \$3,285,000 to \$3,625,000. These changes are reconciled on the City's "Statement of Activities".

In reference to the City's net position, it is important to note that approximately \$54,941,000 and \$1,753,000 for governmental activities and business-type activities, respectively, of total net position is invested in capital assets (net of any related debt). While the City is reflecting total net position of \$78,103,000 and \$3,625,000 for governmental activities and business-type activities, respectively, only \$19,666,000 and \$1,872,000 for governmental activities and business-type activities, respectively, is unrestricted and considered available for operations.

### **Statement of Activities**

This statement reflects the net costs of providing governmental and business-type activities on the full accrual basis of accounting and reconciles to the statement of net position.

### **Footnotes**

#### **Note 1 - Accounting Policies**

This footnote discusses the overall organization of the City and the nature of its operations. This note also discloses pertinent information regarding the governing body of the City.

This footnote continues by sharing with a reader of the financial statements the significant accounting policies and principles utilized in the preparation of the financial statements.

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### Footnotes (continued)

#### **Note 2 - Reconciliation of Government-wide Financial Statements and Fund Financial Statements**

This footnote provides additional detailed information, that is not already shown within the financial statements themselves, on the differences between the City's fund level financial statements and its government-wide financial statements.

#### **Note 3 - Legal Compliance - Budgets**

This footnote discloses the City's procedures in establishing its annual budget and discloses the City's excesses of actual expenditures over appropriations for the year, if any.

#### **Note 4 - Deposits and Investments**

This disclosure addresses common deposit and investment risks related to credit risk, concentration of credit risk, and interest rate risk.

#### **Note 5 - Receivables**

This footnote discloses the City's property tax calendar and detailed information on various receivable (and allowances for doubtful receivables) balances.

#### **Note 6 - Capital Assets**

This footnote discloses the City's capital asset activity and its related accumulated depreciation for the year.

#### **Note 7 - Long-Term Debt**

This footnote discloses the City's long-term debt activity for the year, and other information and maturities for this long-term debt.

#### **Note 8 - Interfund Receivables, Payables, and Transfers**

This footnote discloses detailed information on the City's interfund balances and transfers and the purpose for these balances and transactions.

**CITY OF DUNWOODY, GEORGIA***Annual Audit Agenda***December 31, 2012****Footnotes (continued)****Note 9 - Operating Leases**

This footnote discloses detailed information on the City's operating leases outstanding at year end and the future payments of the leases.

**Note 10 - Commitments and Contingencies**

This footnote discloses the contingencies from potential litigation, claims, and assessments filed against the City and significant contractual commitments of the City at year-end.

**Note 11 - Defined Contribution Pension Plan**

This footnote discloses the details of the City's Defined Contribution Plans.

**Note 12 - Joint Venture**

These footnotes disclose the City's relationship with the Atlanta Regional Commission.

**Note 13 - Hotel/Motel Lodging Tax**

This footnote discloses the City's tax rate for hotel/motel taxes, along with the amounts and nature of these revenues and expenditures.

**Note 14 - Motor Vehicle Excise Tax**

This footnote discloses the City's tax for motor vehicle excise taxes, along with the amounts and nature of these revenues and expenditures.

**Note 15 - Risk Management**

This footnote discloses the City's various risks of loss and the measures the City has taken to mitigate those potential losses.

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## COMPLIANCE REPORT

Last, but not least, a report on compliance and internal controls are included.

The report is based on our tests of the City's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion, but to provide a form of negative assurance as to the City's internal controls and compliance with applicable rules and regulations. This report and the procedures performed are required by *Government Auditing Standards* as issued by the U. S. Government Accountability Office (GAO).

## REQUIRED COMMUNICATIONS

### The Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of the City of Dunwoody, Georgia (the "City") for the year ended December 31, 2012 was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the City's internal control or compliance with laws and regulations.

### Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. There were no significant new accounting policies or standards implemented this year. There are new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the City's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The City's policies

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relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

### **Management Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We also considered this information and the qualitative aspect of management's calculations in evaluating the City's significant accounting estimates. Estimates significant to the financial statements include such items as the estimated allowance for uncollectible accounts receivable, and the estimated lives of capital assets.

### **Financial Statement Disclosures**

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit and in forming our opinion on the financial statements.

### **Significant Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

### **Audit Adjustments**

During our audit of the City's basic financial statements as of and for the year ended December 31, 2012, we recorded a number of audit adjustments. These audit adjustments have been delivered to and discussed with management. Additionally, we have provided these adjustments as an attachment to this document for your review and discussion.

### **Uncorrected Misstatements**

We accumulated no uncorrected misstatements.



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#### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

#### **Representation from Management**

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

#### **Management's Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

#### **Significant Issues Discussed With Management**

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

#### **Other Information in Documents Containing Audited Financial Statements**

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the City.

#### **Independence**

We are independent of the City, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

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### ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

#### Recommendations for Improvement

During our audit of the financial statements as of and for the year ended December 31, 2012, we noted areas within the accounting and internal control systems that we believe can be improved. We noted certain items as material weaknesses in our supplemental reports on internal controls and compliance. We noted certain items management should consider as part of its decision making process. Our recommendations (also commonly referred to as management points) are presented in the following paragraphs. We believe consideration of these recommendations will help provide proper control over financial activities, and add effectiveness and efficiency to overall operations.

As noted in our supplemental reports on internal controls and compliance, we reported the following significant deficiencies:

#### Material Weaknesses

- 1) Internal controls were not sufficient to detect certain misstatements in the reporting of the City's expenditures/expenses, liabilities, and investments. During our testing of expenditures/expenses, certain audit adjustments were required to correct current year amounts. The nature of those adjustments is as follows:
  - Land held for resale investments and capital outlay expenditures required and adjustment of approximately \$222,000 in the Capital Projects Fund. The adjustment was the results of a calculation error in the City's allocation of the acquisition cost of land purchases to separately report the lots which were to be reported as land held for resale (investments) and current year capital asset expenditures.
  - Accounts payable and related expenses required an adjustment of approximately \$59,000 in the Stormwater Fund. As a result of our review of unrecorded expenses, we identified an invoice for which services were provided prior to December 31, 2012; however the expenses were no properly accrued into the City's general ledger.

Audit adjustments totaling \$281,000 were required to correctly report expenditures/expenses, related liabilities, and land held for resale.

- 2) Internal controls were not sufficient to detect certain misstatements in the reporting of the City's interfund activity. During our testing of interfund liabilities, in assessing the ability of each fund to settle and repay the respective liabilities, an audit adjustment was required to adjust current year amounts. Upon review of the interfund payable in the Debt Service Fund, it was determined the fund did not possess a revenue source for which to repay the balance owed to the General Fund, aside from future transfers from the General Fund. Additionally, Governmental Accounting Standards Board (GASB) Statement Number 34 defines interfund transfers as the flow of assets without equivalent flow of assets in return and without

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requirement of repayment. The interfund liability was created through the disbursement of debt service payments for which the Debt Service Fund has no obligation to repay the General Fund. An audit adjustment totaling approximately \$398,000 was required to correctly report the interfund activity between the General Fund and Debt Service Fund, as of December 31, 2012.

### **Management Points**

We have discussed various matters with management pertaining to operations and controls including, but not limited to:

- 1) During our testing of City's purchase card (credit card) transactions, we noted the Finance Director's purchase card transactions were not being reviewed, approved, and documented by someone independent of the Finance Director. There should be adequate separation between the initiator of the transaction and the person responsible for the review and approval. We recommend the City Manager, or an appropriate person, review and approve the monthly statements of the Finance Director's purchase card statements. This should be documented on the monthly statements, prior to the invoice being processed by the payables department.
- 2) During our testing of property tax revenue and receivables, we noted the City had improperly recorded real property and personal property tax deferred revenues as December 31, 2012. In assessing subsequent collections, the City improperly posted the entry to record deferred revenue balances. An audit entry of approximately \$21,000 was required to properly report property tax deferred revenues and revenues. We recommend the City review all manual journal entries, subsequent to posting to the general ledger, to ensure the final balances agree to the subsidiary ledgers.

### **Other Matters**

During our audit of the financial statements as of and for the year ended December 31, 2012, we noted other matters which we wish to communicate to you in an effort to keep the City abreast of accounting matters that could present challenges in financial reporting in future periods.

#### **1) New GASB Standards**

As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) **Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards*** which is currently effective and attempts to incorporate into GASB's literature certain accounting and financial reporting guidance that is currently included in the AICPA's Statements on Auditing Standards. Subjects include: related party transactions; subsequent events; and going concern considerations. The City was not significantly affected by the implementation of this statement.

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- b) **Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*** is effective the year ending December 31, 2012. The City was not affected by the implementation of this statement.
- c) **Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies***. This statement is currently effective and addresses financial reporting issues for governments who have declared bankruptcy. The City was not affected by the implementation of this statement.
- d) **Statement No. 59, *Financial Instruments Omnibus*** is currently effective and deals with certain financial instruments and external investment pools. The City was not significantly affected by the implementation of this statement.
- e) **Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*** is effective for the fiscal year ending December 15, 2012. This statement addresses arrangements where a transferor conveys to an operator the right, and related obligation, to provide public services through the use and operation of a capital asset in exchange for significant consideration. The City should continue to apply certain due diligence to addressing the potential for requirements related to this pronouncement. The City was not significantly affected by the implementation of this statement.
- f) **Statement No. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No.'s 14 and 34)*** will be effective for fiscal years beginning after June 15, 2012 however has been early implemented during the year ending December 31, 2011. This standard addresses the concept and definition of a component unit. This statement raises the bar for an entity to be included in another primary government's financial statements. Additionally, the criteria determining whether a component unit should be blended or discretely presented has changed significantly, most notably that if it is expected that the primary government will repay substantially all of the component unit's debt, then the component unit should be blended. This statement also addresses the recognition of joint venture arrangements with other governmental units. The City should continue to apply certain due diligence to addressing the potential effects from adopting the requirements of this pronouncement.
- g) **Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*** will be effective for fiscal years beginning after December 15, 2011 resulting in the City's fiscal year ending December 31, 2012. The provisions of this pronouncement generally are required to be applied retroactively for all periods presented.

FASB has adopted a new codification and its original pronouncements are considered to be non-authoritative. This standard identifies those provisions in FASB Statements & Interpretations, APB Opinions, ARB's, and AICPA Accounting Interpretations issued before November 30, 1989 that are applicable to state and local governmental entities and

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incorporated into the GASB's literature. GASB Statement No. 20 is superseded by this statement. Matters of significance to the City that are specifically addressed in this new standard include:

- Capitalization of interest costs
- Statement of net asset's classifications
- Special and extraordinary items
- Comparative financial statements
- Related party activities, transactions and relationships
- Prior period adjustments and restatements
- Accounting changes and error corrections
- Contingencies
- Extinguishment of debt
- Troubled debt restructuring
- Inventory
- Leases (capital, operating, etc.)
- Sales of real estate
- Real estate projects
- Research and development arrangements
- Broadcasters
- Cable television systems
- Insurance enterprises
- Lending activities
- Mortgage banking activities
- Regulated operations

- h) **Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*** will be effective for fiscal years beginning after December 15, 2011 resulting in the City's fiscal year ending December 31, 2012.

This statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements or "equity"). This statement of net position replaces what was previously presented as the statement of net assets and does not change the title of the governmental fund balance sheet or fund balance. This statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities.

A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. An example of a deferred outflow of resources is a government's hedging interest rate swap agreement in which the fair value becomes negative. If the hedge is determined to be effectively offsetting the changes in fair value of the debt, the decrease in the fair value of the derivative instrument would be reported as a liability

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with a corresponding deferred outflow of resources to reflect the fact that this decrease is not expected to be recognized in investment income in future periods.

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. An example of a deferred inflow of resources is a service concession arrangement that involves a public toll road. If the government receives an up-front payment from an operator, the revenue associated with that payment will be recognized in future years because the arrangement that generated the up-front payment relates to those periods.

Statement No. 63 also amends certain provisions of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets and to include deferred amounts in the major fund calculation with assets or liabilities, as applicable.

A further breakdown of the change in the balance sheet presentation to the new statement of net position is as follows:

### **Assets:**

#### Current:

Cash	\$ xxx
Accounts Receivable	xxx
Inventory	xxx
Prepays	xxx
	<u>\$ xxx</u>

#### Non-current:

Fixed Assets	\$ xxx
Accumulated Depreciation	xxx
	<u>\$ xxx</u>
Total Assets	<u>\$ xxx</u>

### **Deferred Outflows:**

Grants Paid in Advance of Timing Requirements	\$ xxx
Total Deferred Outflows	<u>\$ xxx</u>

### **Liabilities:**

#### Current:

Accounts Payable	\$ xxx
Accrued Expenses	xxx
Bonds Payable	xxx
Notes Payable	xxx
	<u>\$ xxx</u>

#### Non-current:

Bonds Payable	\$ xxx
Notes Payable	xxx
	<u>\$ xxx</u>
Total Liabilities	<u>\$ xxx</u>

### **Deferred Inflows:**

Grants Received in Advance of Timing Requirements	\$ xxx
Taxes Received in Advance	xxx
Total Deferred Inflows	<u>\$ xxx</u>

### **Net Position:**

Net Investment in Capital	
Assets	\$ xxx
Restricted	xxx
Unrestricted	xxx
Net Position	<u>\$ xxx</u>

# CITY OF DUNWOODY, GEORGIA

## *Annual Audit Agenda*

**December 31, 2012**

- i) **Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions (An Amendment of GASB Statement No. 53)*** is effective for government fiscal years beginning after June 15, 2011 which resulted in being effective with the close of fiscal year December 31, 2012. This statement is intended to improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap **counterparty, or a swap counterparty's credit support provider, is replaced**. This statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Hedge accounting entails reporting fair value changes of a hedging derivative as either deferred outflows of resources or deferred inflows of resources, rather than recognizing those changes in investment income. When a hedging derivative is terminated, Statement 53 requires that hedge accounting cease and all accumulated deferred amounts be reported in investment income.

As Statement 53 was being implemented, questions had arisen regarding situations in which a government has entered into a hedging interest rate swap or a hedging commodity swap and the swap counterparty (or the swap counterparty's credit support provider) commits or experiences an act of default or a termination event under the swap agreement through no fault of the government. When a swap counterparty (or a swap counterparty's credit support provider) is replaced through an assignment or an in-substance assignment, the GASB concluded that the government's financial position remains unchanged.

- j) **Statement No. 65, *Items Previously Reported as Assets and Liabilities*** will be effective for fiscal years beginning after December 15, 2012 resulting in the City's fiscal year ending December 31, 2013. Although implementation is a year later, this standard goes along with the previously discussed Statement 63. GASB Concepts Statement No. 4, *Elements of Financial Statements*, and Statement 63 specify that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources (expense) and inflows of resources (revenue).

Examples of these changes are as follows:

Reclassifying certain assets to be deferred outflows of resources:

- Grants paid in advance of meeting time requirements;
- Deferred amounts from refunding of debt (debits);
- Costs to acquire rights to future revenues;
- Deferred losses from sale-leasebacks;

# CITY OF DUNWOODY, GEORGIA

## *Annual Audit Agenda*

**December 31, 2012**

Reclassifying certain liabilities to be deferred inflows of resources:

- Grants received in advance of meeting time requirements;
- Taxes received in advance;
- Deferred amounts from refunding of debt (credits);
- Proceeds from sales of future revenues;
- Deferred gains from sale-leasebacks;
- “Unavailable” revenue in governmental funds.

Recognizing certain assets as outflows (expenses):

- Debt issuance Costs (other than bond insurance);
- Initial costs incurred by lessor in an operating lease;
- Loan origination costs (by entities in the lending business);
- Costs to acquire loans.

Recognizing certain assets as inflows (revenues):

- Loan origination fees, excluding points (by entities in the lending business);
- Commitment fees (after exercise or expiration);
- Fees received for sales of loans.

- k) **Statement No. 66, *Technical Corrections – 2012*** will be effective for fiscal years beginning after December 15, 2012 resulting in the City’s fiscal year ending December 31, 2013. This pronouncement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (1) operating lease payments that vary from a straight-line basis; (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and, (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.



# CITY OF DUNWOODY, GEORGIA

## *Annual Audit Agenda*

**December 31, 2012**

- l) **Statement No. 67, *Financial Reporting for Pension Plans*** will be effective for fiscal years beginning after June 15, 2013 resulting in the City's fiscal year ending December 31, 2014. This pronouncement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

Statement No. 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules.

The changes noted above by Statement No. 67 are significant to pension plans, and we strongly encourage City officials to review the actual pronouncement and consider the potential effects on the financial reporting of the City.

- m) **Statement No. 68, *Accounting and Reporting for Pensions*** will be effective for fiscal years beginning after June 15, 2014 resulting in the City's fiscal year ending December 31, 2015. This pronouncement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria, including agent and cost-sharing multiple employer plans.

Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

**Defined Benefit Pension Plans.** Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

Statement No. 68 calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms. Other components of pension expense will be recognized over a closed period that is determined by the average remaining service

# CITY OF DUNWOODY, GEORGIA

## *Annual Audit Agenda*

**December 31, 2012**

period of the plan members (both current and former employees, including retirees). These other components include the effects on the net pension liability of: (1) changes in economic and demographic assumptions used to project benefits; and, (2) differences between those assumptions and actual experience. Lastly, the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed five-year period.

Statement No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense. These changes include:

- **Projections of Benefit Payments.** Projections of benefit payments to employees will be based on the then-existing benefit terms and incorporate projected salary changes and projected service credits (if they are factors in the pension formula), as well as projected automatic postemployment benefit changes (those written into the benefit terms), including automatic cost-of-living-adjustments (COLAs). For the first time, projections also will include ad hoc postemployment benefit changes (those not written into the benefit terms), including ad hoc COLAs, if they are considered to be substantively automatic.
- **Discount Rate.** The rate used to discount projected benefit payments to their present value will be based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specific conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return; and (b) a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met.
- **Attribution Method.** Governments will use a single actuarial cost allocation method – “entry age,” with each period’s service cost determined as a level percentage of pay.

**Note Disclosures and Required Supplementary Information.** Statement No. 68 also requires employers to present more extensive note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Single and agent employers will disclose additional information, such as the composition of the employees covered by the benefit terms and the sources of changes in the components of the net pension liability for the current year. A single or agent employer will also will present RSI schedules covering the past 10 years regarding:

# CITY OF DUNWOODY, GEORGIA

## *Annual Audit Agenda*

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- Sources of changes in the components of the net pension liability
- Ratios that assist in assessing the magnitude of the net pension liability
- Comparisons of actual employer contributions to the pension plan with actuarially determined contribution requirements, if an employer has actuarially determined contributions.

Cost-sharing employers also will present the RSI schedule of net pension liability, information about contractually required contributions, and related ratios.

**Defined Contribution Pensions.** The existing standards for governments that provide defined contribution pensions are largely carried forward in this new statement. These governments will recognize pension expenses equal to the amount of contributions or credits to employees' accounts, absent forfeited amounts. A pension liability will be recognized for the difference between amounts recognized as expense and actual contributions made to a defined contribution pension plan.

**Special Funding Situations.** Certain governments are legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another government. For example, a state is legally required to contribute to a pension plan that covers local school districts' teachers. In specific circumstances called special funding situations, the Statement requires governments that are non-employer contributing entities to recognize in their own financial statements their proportionate share of the other governmental employers' net pension liability and pension expense.

The changes noted above by Statement No. 68 are significant to Governments who sponsor retirement plans, and we strongly encourage City officials to review the actual pronouncement and consider the potential effects on the financial reporting of the City.

## 2) **Group Audit Standards**

With the release of Statement on Auditing Standards (SASs) Nos. 122-126, the Auditing Standards Board (ASB) has substantially completed its project to redraft all of the auditing sections into the *Codification of Statements on Auditing Standards* (contained in AICPA Professional Standards). The issuance of the clarified standards reflects the ASB's established clarity drafting conventions designed to make the standards easier to read, understand, and apply. Among other improvements, generally accepted auditing standards (GAAS) now specify more clearly the objectives of the auditor and the requirements with which the auditor has to comply when conducting an audit in accordance with GAAS. These standards are applicable for both the private, public, and governmental sectors.

SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification, Audits of*

# CITY OF DUNWOODY, GEORGIA

## *Annual Audit Agenda*

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*Group Financial Statements*, includes one of the most significant changes as a result of the Clarity Project. This standard expands on the primarily reporting content of a previous standard, *Part of Audit Performed by Other Independent Auditors*, which provided guidance on situations where two or more auditors reported on parts of a multiple-unit entity. However this new standard isn't limited to situations which involve two or more auditors – it applies to an audit of any entity which has multiple activities which prepare financial information.

In the particular case of the City of Dunwoody, we will have to consider this new group audit concept in conjunction with the industry's already established opinion unit concept in the conduct of our audit of your financial statements. Major changes which may result from this are discussed below.

The concept of "materiality" is now expected to be determined within opinion units, if they contain multiple components. As you know any government with more than one fund has opinion units. Opinion units can be major funds or groups of non-major funds. Previously, materiality was solely determined at the opinion unit level.

As evidenced by the above thoughts, audits of governments and component units just got a great deal more difficult, and the concept of materiality within opinion units will require a greater audit effort on many audits in the future.

### **3) Government Accountability Office (GAO) Yellow Book Standards**

While GASB has been issuing new financial reporting pronouncements affecting governmental units, the City Accountability Office (GAO) has been issuing revised standards relative to the audits of state and local governments. An exposure draft was issued in August 2010 by the GAO amending and revising *Government Auditing Standards* (the Yellow Book). Finally, it has now been finalized. The more significant items addressed by the GAO in this revision of auditing standards include:

- a) Actions required if an impairment to auditor independence is identified;
- b) Definition of those charged with governance consistent with other AICPA audit guidelines;
- c) Definition of internal control deficiencies to be consistent with other AICPA audit guidelines;
- d) Promoting modernization of auditing standards consistent with technologies of today;
- e) Added requirements for reporting restatements of previously issued financial statements;
- f) Addressed standards related to 1) performance audits, and 2) internal audits; and,
- g) Changed and emphasized continuing education requirements of auditors in the governmental sector to obtain a minimum of 80 hours of continuing education every two (2) years. The GAO emphasized a significant component of these hours must be directly

## **CITY OF DUNWOODY, GEORGIA**

### ***Annual Audit Agenda***

**December 31, 2012**

relevant to governmental auditing. Further, audit team specialist (actuaries, engineers, etc.) have specific guidelines as well.

#### **Summations of Thoughts Noted Above**

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

# CITY OF DUNWOODY, GEORGIA

## *Annual Audit Agenda*

December 31, 2012

### FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

**Free Continuing Education.** We provide free quarterly continuing education for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope City staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past few quarters include:

1. American Recovery & Reinvestment Act (ARRA) information and issues;
2. GASB updates (several sessions);
3. Internal Controls Over Revenue and Cash Receipting;
4. Collateralization of Deposits and Investments;
5. SPLOST Accounting, Reporting and Compliance;
6. Internal Controls Over Accounts Payable, Payroll and Cash Disbursements;
7. Capital Asset Accounting Processes and Controls;
8. Grant Accounting Processes and Controls;
9. American Recovery & Reinvestment Act (ARRA) Updates;
10. Policies and Procedures Manuals;
11. Segregation of Duties;
12. GASB No. 51 – Intangible Assets;
13. Single Audits for Auditees;
14. GASB No. 54 – Governmental Fund Balance (subject addressed twice);
15. Best Budgeting Practices, Policies and Processes;
16. Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters;
17. CAFR Preparation (several times including a two (2) day hands-on course).
18. GASB No. 60, Service Concession Arrangements, and GASB No. 61, The Financial Reporting Entity Omnibus.

**Governmental Newsletters.** We produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are produced and delivered periodically {approximately ten (10) times per year}, and are intended to keep you informed of current developments in the government finance environment.

**Communication.** In an effort to better communicate our free continuing education plans and newsletters, please email Lauren Payne at [LPayne@mjcpa.com](mailto:LPayne@mjcpa.com) (send corresponding copy to [afraley@mjcpa.com](mailto:afraley@mjcpa.com)), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database of client.

# CITY OF DUNWOODY, GEORGIA

*Annual Audit Agenda*

**December 31, 2012**

## CLOSING

If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the City Council and management, and others within the City's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve the City of Dunwoody, Georgia and look forward to future engagements. Thank you.



Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.100 - General Fund Database**  
 Workpaper: **0204.100 - General Fund Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 3</b>		<b>1501.000</b>		
To properly record 12/31/12 personal property tax deferred revenue that was improperly recorded with a debit balance				
100-	Real Property Tax		544.25	
100-	Personal Property Tax		20,127.80	
100-	Deferred Rev-RE Taxes			544.25
100-	Deferred Rev-Pers Prop Taxes			20,127.80
<b>Total</b>			<b><u>20,672.05</u></b>	<b><u>20,672.05</u></b>
<b>Adjusting Journal Entries JE # 4</b>		<b>PBC</b>		
To record year AR for franchise fees received after YE				
100-	Taxes Receivable		78,636.01	
100-	Franchise Fees			78,636.01
<b>Total</b>			<b><u>78,636.01</u></b>	<b><u>78,636.01</u></b>
<b>Adjusting Journal Entries JE # 6</b>		<b>PBC</b>		
To record AP for the 2/8/13 check run				
100-1565.522200.00	Repairs & Maintenance		1,083.00	
100-3200.521200.00	Prof Svcs		1,050.00	
100-3200.522200.01	Repairs & Maintenance-Software		8,979.04	
100-3200.523200.00	Communications		85.00	
100-3200.523600.00	Dues & Fees		425.00	
100-6200.522200.06	R&M-Parks		3,960.00	
100-0000.121100.00	AP Pending (Pooled Cash)			15,582.04
<b>Total</b>			<b><u>15,582.04</u></b>	<b><u>15,582.04</u></b>
<b>Adjusting Journal Entries JE # 7</b>		<b>1710.000</b>		
To properly report interfund transfers				
100-0000.361000.00	Interest Revenue		46.05	
100-0000.314100.00	Hotel/Motel Tax			46.05
<b>Total</b>			<b><u>46.05</u></b>	<b><u>46.05</u></b>
<b>Adjusting Journal Entries JE # 8</b>		<b>PBC</b>		
To record overtime for expenditure moving from grants fund to General Fund for the de-obligation of an amount from the grantor				
100-3200.511300.00	Overtime Salaries		1,248.02	
100-0000.111100.00	Claim on Pooled Cash			1,248.02
<b>Total</b>			<b><u>1,248.02</u></b>	<b><u>1,248.02</u></b>
<b>Adjusting Journal Entries JE # 9</b>		<b>PBC</b>		
To adjust negative pooled cash account balances in the Grants, E911 & Court funds				
100-0000.113100.08	Due from other funds-250		2,763.24	
100-0000.113100.09	Due from other funds-215		68,392.89	
100-0000.351170.00	Municipal Court Fines & Forfei		67,551.92	
100-0000.111100.00	Claim on Pooled Cash			38,093.00
100-0000.113100.01	Due from Other Funds-745			67,549.62
100-3800.611000.02	Operating Transfers to 911			33,065.43
<b>Total</b>			<b><u>138,708.05</u></b>	<b><u>138,708.05</u></b>
<b>Adjusting Journal Entries JE # 10</b>		<b>PBC</b>		
To adjust for HIDTA grant expenditures being moved to the Grants Fund				
100-0000.111100.00	Claim on Pooled Cash		11.01	
100-3200.511100.00	Regular Salaries			11.01
<b>Total</b>			<b><u>11.01</u></b>	<b><u>11.01</u></b>
<b>Adjusting Journal Entries JE # 11</b>		<b>PBC</b>		



Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.100 - General Fund Database**  
 Workpaper: **0204.100 - General Fund Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
To record the GA Power Franchise Fee revenue and AR				
100-0000.311700.00	Franchise Fees		197,728.06	
100-0000.111500.00	Taxes Receivable			197,728.06
<b>Total</b>			<b>197,728.06</b>	<b>197,728.06</b>
<b>Adjusting Journal Entries JE # 12</b>				
To adjust transfers to the E911 Fund				
100-3800.611000.02	Operating Transfers to 911		800.00	
100-0000.111100.00	Claim on Pooled Cash			800.00
<b>Total</b>			<b>800.00</b>	<b>800.00</b>
<b>Adjusting Journal Entries JE # 13</b>				
To adjust GF pooled cash to eliminate the negative cash position for reporting purposes				
100-0000.111100.00	Claim on Pooled Cash		1,274,438.42	
100-0000.113100.03	Due from other funds-350			1,274,438.42
<b>Total</b>			<b>1,274,438.42</b>	<b>1,274,438.42</b>
<b>Adjusting Journal Entries JE # 14</b>				
To accrue for Dec 2012 items on the the January P-Card statement.				
100-1512.521300.00	Technical Services		735.93	
100-1516.523900.00	Merchant Services		7.36	
100-1517.531100.00	Supplies		715.28	
100-2650.531100.00	Supplies		36.17	
100-3200.521200.00	Prof Svcs		1,518.00	
100-3200.522200.02	Repairs & Maintenance-Vehicle		3,761.50	
100-3200.523200.00	Communications		264.08	
100-3200.523600.00	Dues & Fees		266.00	
100-3200.531100.00	Supplies		448.30	
100-3200.531100.03	Supplies-Uniforms		86.99	
100-6200.522200.06	R&M-Parks		374.00	
100-6200.531100.00	Supplies		613.00	
100-7000.521300.00	Technical Svcs		2,000.00	
100-7000.531100.00	Supplies		804.90	
100-0000.121100.00	AP Pending (Pooled Cash)			11,631.51
<b>Total</b>			<b>11,631.51</b>	<b>11,631.51</b>
<b>Adjusting Journal Entries JE # 15</b>				
To move the prepaid debt payment balance to the Debt Service Fund				
100-0000.111100.00	Claim on Pooled Cash		653,053.08	
100-0000.113800.00	Prepaid Items			653,053.08
<b>Total</b>			<b>653,053.08</b>	<b>653,053.08</b>
<b>Adjusting Journal Entries JE # 16</b>				
To adjust pooled cash/due from DS Fund for eliminate the negative cash position in the DS Fund				
100-0000.113100.04	Due from other funds-405		398,416.98	
100-0000.111100.00	Claim on Pooled Cash			398,416.98
<b>Total</b>			<b>398,416.98</b>	<b>398,416.98</b>
<b>Adjusting Journal Entries JE # 17</b>				
To re-class a portion of FB for th Explorers program				
100-0000.134000.00	Fund Balance		11,257.18	
100-0000.135000.01	Fund Balance-Assigned Explo			11,257.18
<b>Total</b>			<b>11,257.18</b>	<b>11,257.18</b>
<b>Adjusting Journal Entries JE # 18</b>				
To adjust due from court based on activity at YE.				

Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.100 - General Fund Database**  
 Workpaper: **0204.100 - General Fund Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
100-0000.113100.01	Due from Other Funds-745		67,551.92	
100-0000.351170.00	Municipal Court Fines & Forfe			67,551.92
<b>Total</b>			<b><u>67,551.92</u></b>	<b><u>67,551.92</u></b>
<b>Adjusting Journal Entries JE # 19</b>		<b>1510.000</b>		
To remove due from Debt Service Fund and record a transfer out due to the DS Fund's inability to repay the liability balance.				
100-1330.611000.00	Transfers Out-Debt		398,416.98	
100-0000.113100.04	Due from other funds-405			398,416.98
<b>Total</b>			<b><u>398,416.98</u></b>	<b><u>398,416.98</u></b>

Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.215 - E911 Database**  
 Workpaper: **0204.215 - E911 Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 2</b>		<b>PBC</b>		
To adjust the E911 receivable and related revenue for subsequent to YE collections				
215-0000.111900.00	Accounts Receivable		33,065.43	
215-0000.342500.00	E911 Revenue			33,065.43
<b>Total</b>			<b><u>33,065.43</u></b>	<b><u>33,065.43</u></b>
<b>Adjusting Journal Entries JE # 3</b>		<b>PBC</b>		
To adjust negative cash position and properly adjust transfers				
215-0000.111100.00	Claim on Pooled Cash		35,327.46	
215-0000.391000.00	Transfers In		33,065.43	
215-0000.121900.02	Due to Other Funds			68,392.89
<b>Total</b>			<b><u>68,392.89</u></b>	<b><u>68,392.89</u></b>
<b>Adjusting Journal Entries JE # 4</b>		<b>PBC</b>		
To adjust E911 transfers in to actual				
215-0000.111100.00	Claim on Pooled Cash		800.00	
215-0000.391000.00	Transfers In			800.00
<b>Total</b>			<b><u>800.00</u></b>	<b><u>800.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>		<b>PBC</b>		
To accrue for the Dec 2012 item on the Jan 2013 PCard statement				
215-3800.523200.00	Communications		800.00	
215-0000.121100.00	AP Pending (Pooled Cash)			800.00
<b>Total</b>			<b><u>800.00</u></b>	<b><u>800.00</u></b>

Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.250 - Grant Fund Database**  
 Workpaper: **0204.250 - Grants Fund Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>PBC</b>		
To remove grant AR for a portion of expenditures that has been de-obligated from the grantor				
250-0000.111100.00	Claim on Pooled Cash		1,248.02	
250-3003.331100.12	OCDETF-Federal Op Grant		1,248.02	
250-0000.111900.00	Accounts Receivable			1,248.02
250-3003.511300.12	OCDETF-Overtime			1,248.02
<b>Total</b>			<b><u>2,496.04</u></b>	<b><u>2,496.04</u></b>
<b>Adjusting Journal Entries JE # 2</b>		<b>PBC</b>		
To adjust negative cash position				
250-	Claim on Pooled Cash		2,763.24	
250-	Due to Other Funds-100			2,763.24
<b>Total</b>			<b><u>2,763.24</u></b>	<b><u>2,763.24</u></b>
<b>Adjusting Journal Entries JE # 3</b>		<b>PBC</b>		
To record additional HIDTA expenditures, revenues and AR.				
250-0000.111900.00	Accounts Receivable		11.01	
250-3001.511100.12	HIDTA-Salaries		11.01	
250-0000.111100.00	Claim on Pooled Cash			11.01
250-3001.331100.12	HIDTA-Federal Op Grant			11.01
<b>Total</b>			<b><u>22.02</u></b>	<b><u>22.02</u></b>
<b>Adjusting Journal Entries JE # 4</b>		<b>1704.000</b>		
To remove deferred revenue for a grant reimbursement received during 2012				
250-0000.122500.00	Deferred revenue		6,039.66	
250-0000.331100.00	Federal Grants			6,039.66
<b>Total</b>			<b><u>6,039.66</u></b>	<b><u>6,039.66</u></b>

Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.350 - Capital Project Fund**  
 Workpaper: **0204.350 - Capital Projects Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 3</b>		<b>4001.000</b>		
To remove parcels of land from land held for resale to capital outlay expenditures and land capital assets at the govt wide level of reporting.				
350-6200.541100.00	Sites		233,687.58	
350-0000.113700.01	Land held for resale			233,687.58
<b>Total</b>			<u><u>233,687.58</u></u>	<u><u>233,687.58</u></u>
<b>Adjusting Journal Entries JE # 4</b>		<b>PBC</b>		
To adjust capital outlay, land held for resale and AR for a property tax reimbursement received after YE that was included in the cost basis of land purchase				
350-0000.111900.00	Accounts Receivable		17,276.49	
350-0000.113700.01	Land held for resale			6,063.03
350-6200.541100.00	Sites			11,213.46
<b>Total</b>			<u><u>17,276.49</u></u>	<u><u>17,276.49</u></u>
<b>Adjusting Journal Entries JE # 5</b>		<b>PBC</b>		
To record AP for the 2/8/13 check run				
350-4200.541400.00	Infrastructure		7,875.00	
350-0000.121100.00	AP Pending (Pooled Cash)			7,875.00
<b>Total</b>			<u><u>7,875.00</u></u>	<u><u>7,875.00</u></u>
<b>Adjusting Journal Entries JE # 6</b>		<b>PBC</b>		
To create a due from GF in order to eliminate the negative cash position in the GF.				
350-0000.121900.01	Due to Other Funds		1,274,438.42	
350-0000.111100.00	Claim on Pooled Cash			1,274,438.42
<b>Total</b>			<u><u>1,274,438.42</u></u>	<u><u>1,274,438.42</u></u>

Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.405 - Debt Service**  
 Workpaper: **0204.405 - Debt Service Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To record prepaid debt service payment in the Debt Service Fund				
405-0000.113800.00	Prepaid Items		653,053.08	
405-0000.111100.00	Claim on Pooled Cash			653,053.08
<b>Total</b>			<b><u>653,053.08</u></b>	<b><u>653,053.08</u></b>
<b>Adjusting Journal Entries JE # 2</b>				
To eliminate the negative cash position in the DS Fund for FS reporting purposes				
405-0000.111100.00	Claim on Pooled Cash		398,416.98	
405-0000.121900.01	Due to Other Funds - 100	PBC		398,416.98
<b>Total</b>			<b><u>398,416.98</u></b>	<b><u>398,416.98</u></b>
<b>Adjusting Journal Entries JE # 3</b>				
To remove the due to GF due to the DS Fund's inability to repay the liability balance				
405-0000.121900.01	Due to Other Funds - 100	1510.000	398,416.98	
405-0000.391200.01	Transfers In-100			398,416.98
<b>Total</b>			<b><u>398,416.98</u></b>	<b><u>398,416.98</u></b>

Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.960 - URA Database**  
 Workpaper: **0204.960 - URA Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
		<b>3003.000</b>		
To re-class the land selling costs and other non-capital expenditures out of capital outlay for reporting purposes				
960-6200.521200.00	Professional Services		284,791.45	
960-6200.541100.00	Sites			284,791.45
<b>Total</b>			<b>284,791.45</b>	<b>284,791.45</b>

Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.560 - Stormwater Database**  
 Workpaper: **0204.560 - Stormwater Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>5501.000</b>		
To record AP and the related expense for check cut after YE and was improperly excluded from 12/31/12 AP.				
	560-4320.522200.00 Repairs & Maintenance		58,904.11	
	560-0000.121100.00 AP Pending (Pooled Cash)			58,904.11
<b>Total</b>			<u><u>58,904.11</u></u>	<u><u>58,904.11</u></u>
<b>Adjusting Journal Entries JE # 2</b>				
To accrue for Dec 2012 items on the Jan 2013 PCard statement				
	560-4320.531400.00 Books & Periodicals		1,106.75	
	560-0000.121100.00 AP Pending (Pooled Cash)			1,106.75
<b>Total</b>			<u><u>1,106.75</u></u>	<u><u>1,106.75</u></u>



Client: **0304751 - City of Dunwoody, Georgia**  
 Engagement: **0304751 - City of Dunwoody, Georgia**  
 Period Ending: **12/31/2012**  
 Trial Balance: **0200.745 - Court Services Database**  
 Workpaper: **0204.745 - Court Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>PBC</b>		
To adjust court liabilities to YE reports				
745-0000.121800.00	Due to State Agencies		21,027.08	
745-0000.121900.01	Due to Other Funds-100 (SYS)		67,551.92	
745-0000.121100.00	Accounts Payable			16.00
745-0000.121500.00	Claims & Judgments Payable			38,061.50
745-0000.121500.01	Jail Bonds Payable			
<b>Total</b>			<u><u>88,579.00</u></u>	<u><u>88,579.00</u></u>
<b>Adjusting Journal Entries JE # 2</b>		<b>5503.000</b>		
To adjust liabilities based upon YE reports				
745-0000.121500.00	Claims & Judgments Payable		21,505.00	
745-0000.121500.01	Jail Bonds Payable			21,505.00
<b>Total</b>			<u><u>21,505.00</u></u>	<u><u>21,505.00</u></u>
<b>Adjusting Journal Entries JE # 3</b>		<b>PBC</b>		
To remove negative pooled cash position				
745-0000.111100.00	Claim on Pooled Cash		2.30	
745-0000.121900.01	Due to Other Funds-100 (SYS)			2.30
<b>Total</b>			<u><u>2.30</u></u>	<u><u>2.30</u></u>
<b>Adjusting Journal Entries JE # 4</b>		<b>PBC</b>		
To properly record Court ending balances after software issue was resolved				
745-0000.121500.01	Jail Bonds Payable		88,579.00	
745-0000.121800.00	Due to State Agencies			21,027.08
745-0000.121900.01	Due to Other Funds-100 (SYS)			67,551.92
<b>Total</b>			<u><u>88,579.00</u></u>	<u><u>88,579.00</u></u>

Client: **0304751 - City of Dunwoody, Georgia**  
Engagement: **0304751 - City of Dunwoody, Georgia**  
Period Ending: **12/31/2012**  
Trial Balance: **0200.950 - CVB Database**  
Workpaper: **0204.950 - CVB Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To accrue CVB Jan 2013 Pcard transactions relating to 2012.				
950-7540.521200.21	Promotional/Promotions		199.36	
950-7540.521300.01	Marketing/Web Site Marketing		3,000.00	
950-0000.121100.00	Accounts Payable			3,199.36
<b>Total</b>			<b>3,199.36</b>	<b>3,199.36</b>