

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 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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| 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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INTRODUCTORY SECTION

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Draft

Presented to

**City of Dunwoody
Georgia**

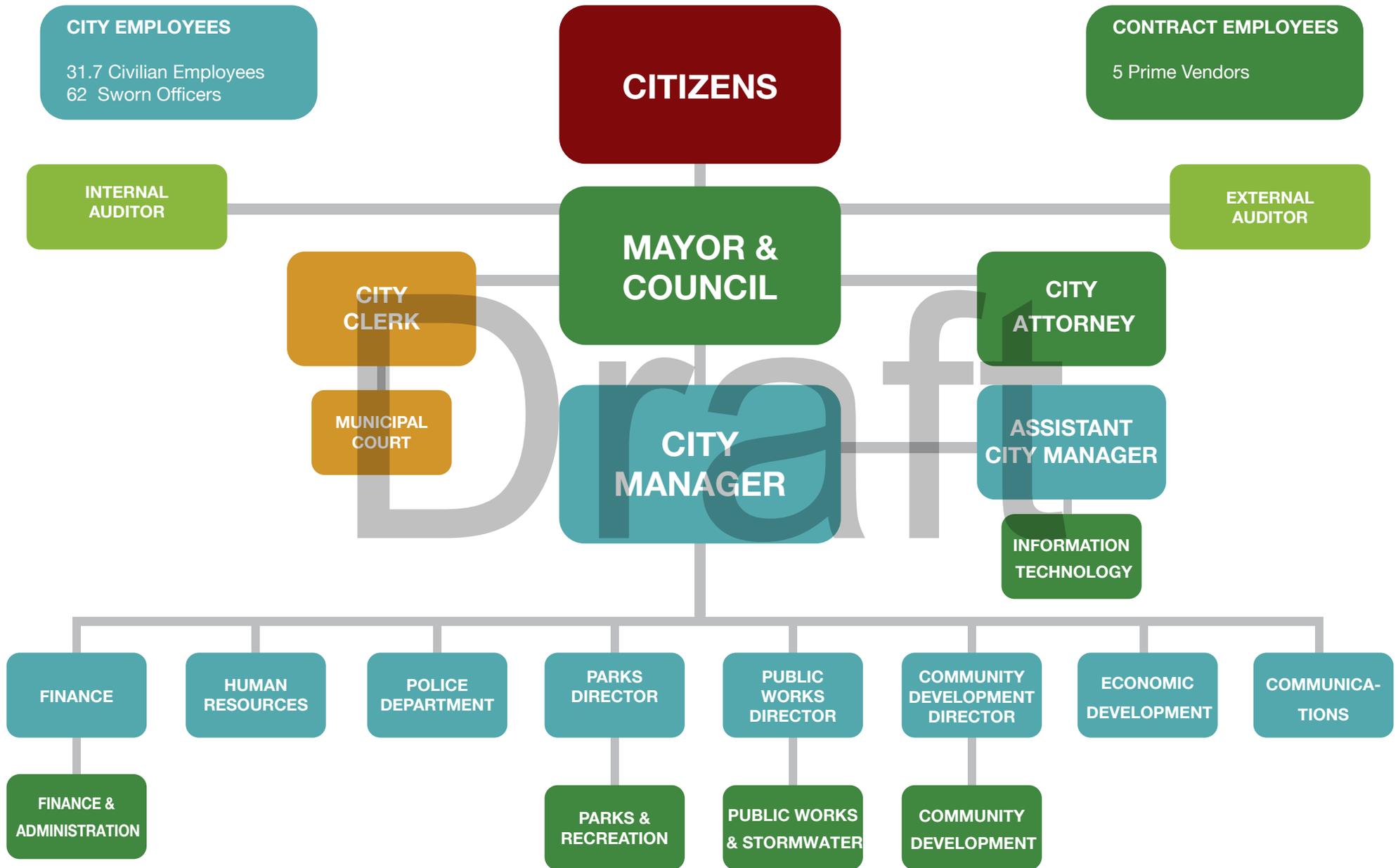
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART





JOE SECONDER
City Council Post 5

TOM LAMBERT
City Council Post 3

JOHN HENEGHAN
City Council Post 6

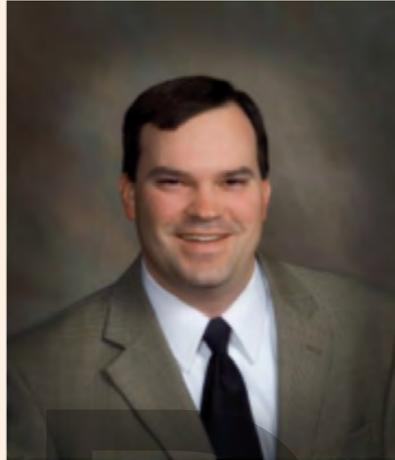
JIM RITICHER
City Council Post 2

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

Draft

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 | | Total | Component |
|------------------------------------------------|-----------------------|---------------------|-----------------------|-----------------------------------------|
| | Governmental | Business-type | | Unit |
| | Activities | Activities | | 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 | - |

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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 | <u>24,724,271</u> | <u>6,205,005</u> | <u>6,856,379</u> | <u>71,801</u> | <u>3,656,590</u> | <u>41,514,046</u> |
| 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 | <u>18,424,974</u> | <u>6,177,344</u> | <u>5,765,000</u> | <u>3,891,785</u> | <u>3,297,014</u> | <u>37,556,117</u> |
| 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) | <u>164,315</u> | <u>-</u> | <u>-</u> | <u>161,000</u> | <u>(286,790)</u> | <u>38,525</u> |
| 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 | <u>19,207,034</u> | <u>34,509</u> | <u>4,761,692</u> | <u>12,507,606</u> | <u>3,093,807</u> | <u>39,604,648</u> |
| Fund balances, end of year | <u>\$ 25,670,646</u> | <u>\$ 62,170</u> | <u>\$ 5,853,071</u> | <u>\$ 8,848,622</u> | <u>\$ 3,166,593</u> | <u>\$ 43,601,102</u> |

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><u>4,675,115</u></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

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

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 | 508,596 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of capital assets | (494,221) |
| Interest received | 9,629 |
| Net cash used in investing activities | (484,592) |
| Net increase in cash | 24,004 |
| Cash, beginning of year | 2,335,999 |
| Cash, end of year | \$ 2,360,003 |
| 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 | (282,209) |
| Net cash provided by operating activities | \$ 508,596 |

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**

| ASSETS | Municipal Court Fund |
|------------------------------------------------------------------|---------------------------------|
| Cash | <u>\$ 688,812</u> |
| 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**

| | <u>Municipal Court Fund</u> |
|--------------------------------|---------------------------------|
| 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.

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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><u>1,201,610</u></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><u>386,691</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 (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 | <u>3,127,010</u> | <u>30,341</u> | <u>716,101</u> | <u>458,127</u> | <u>274,310</u> |
| 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)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|----------------------------------------------|----------------------|------------|-----------|-------------------|
| 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 | \$ 995,024 | \$ 418,710 | \$ - | \$ 1,413,734 |

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 | 12,286 |
| Total depreciation expense - governmental activities | \$ 4,269,032 |
| Business-type activities: | |
| Stormwater | \$ 75,511 |

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:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| 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, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|----------------------|
| 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 |
|----------------------------------------------|---------------------|---------------------|
| | <u> </u> | <u> </u> |
| 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>72,360</u> |
| | \$ | <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>59,584</u> |
| | \$ | <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 | \$ 435,506 |

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: | \$ 285,297 |

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

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 | <u>23,240,236</u> | <u>23,902,436</u> | <u>24,724,271</u> | <u>821,835</u> |
| 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 | <u>6,462,066</u> | <u>9,290,581</u> | <u>6,193,469</u> | <u>3,097,112</u> |
| Judicial | <u>632,236</u> | <u>787,337</u> | <u>563,530</u> | <u>223,807</u> |
| Public safety | <u>9,300,105</u> | <u>3,996,200</u> | <u>3,649,549</u> | <u>346,651</u> |
| Public works | <u>2,683,791</u> | <u>2,610,791</u> | <u>2,571,098</u> | <u>39,693</u> |
| Recreation | <u>3,388,952</u> | <u>3,244,241</u> | <u>3,049,519</u> | <u>194,722</u> |
| Community development | <u>2,297,885</u> | <u>4,176,085</u> | <u>2,397,809</u> | <u>1,778,276</u> |
| Total expenditures | <u>24,765,035</u> | <u>24,105,235</u> | <u>18,424,974</u> | <u>5,680,261</u> |
| 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) | <u>1,524,799</u> | <u>202,799</u> | <u>164,315</u> | <u>(38,484)</u> |
| | | | | |
| Net change in fund balance | - | - | 6,463,612 | 6,463,612 |
| | | | | |
| Fund balance, beginning of year | <u>19,207,034</u> | <u>19,207,034</u> | <u>19,207,034</u> | - |
| | | | | |
| 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> |

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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 | <u>487,045</u> | <u>6,194,416</u> | <u>6,205,005</u> | <u>10,589</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | 5,637,371 | 5,620,498 | 16,873 |
| Public works | 487,045 | 557,045 | 556,846 | 199 |
| Total expenditures | <u>487,045</u> | <u>6,194,416</u> | <u>6,177,344</u> | <u>17,072</u> |
| Net change in fund balances | - | - | 27,661 | 27,661 |
| Fund balances, beginning of year | <u>34,509</u> | <u>34,509</u> | <u>34,509</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 34,509</u> | <u>\$ 34,509</u> | <u>\$ 62,170</u> | <u>\$ 27,661</u> |

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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.

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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 | <u>\$ 7,647</u> | <u>\$ 1,348,998</u> | <u>\$ 267,257</u> | <u>1,602,841</u> | <u>\$ 185,738</u> | <u>\$ 3,412,481</u> |
| 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 | <u>7,647</u> | <u>-</u> | <u>25</u> | <u>238,216</u> | <u>-</u> | <u>245,888</u> |
| 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 | <u>-</u> | <u>1,348,998</u> | <u>267,232</u> | <u>1,364,625</u> | <u>185,738</u> | <u>3,166,593</u> |
| Total liabilities and fund balances | <u>\$ 7,647</u> | <u>\$ 1,348,998</u> | <u>\$ 267,257</u> | <u>1,602,841</u> | <u>\$ 185,738</u> | <u>\$ 3,412,481</u> |

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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 | <u>89,166</u> | <u>1,403,144</u> | <u>17,113</u> | <u>2,147,167</u> | <u>-</u> | <u>3,656,590</u> |
| 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 | <u>-</u> | <u>1,227,113</u> | <u>35,178</u> | <u>1,468,624</u> | <u>566,099</u> | <u>3,297,014</u> |
| 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) | <u>(89,166)</u> | <u>-</u> | <u>-</u> | <u>(763,723)</u> | <u>566,099</u> | <u>(286,790)</u> |
| Net change in fund balances | - | 176,031 | (18,065) | (85,180) | - | 72,786 |
| FUND BALANCES, beginning of year, as restated | <u>-</u> | <u>1,172,967</u> | <u>285,297</u> | <u>1,449,805</u> | <u>185,738</u> | <u>3,093,807</u> |
| FUND BALANCES, end of year | <u>\$ -</u> | <u>\$ 1,348,998</u> | <u>\$ 267,232</u> | <u>\$ 1,364,625</u> | <u>\$ 185,738</u> | <u>\$ 3,166,593</u> |

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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 | \$ - | \$ - | \$ - | \$ - |

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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> |

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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 | 41,000 | 41,000 | 35,178 | 5,822 |
| 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> |

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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 | <u>4,210,000</u> | <u>2,210,000</u> | <u>2,147,167</u> | <u>(62,833)</u> |
| 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 | <u>2,631,250</u> | <u>2,132,375</u> | <u>1,468,624</u> | <u>663,751</u> |
| 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 | <u>(1,578,750)</u> | <u>(828,750)</u> | <u>(763,723)</u> | <u>65,027</u> |
| Net change in fund balances | - | (751,125) | (85,180) | 665,945 |
| Fund balances, beginning of year | <u>1,449,805</u> | <u>1,449,805</u> | <u>1,449,805</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,449,805</u> | <u>\$ 698,680</u> | <u>\$ 1,364,625</u> | <u>\$ 665,945</u> |

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> |

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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> |
|-----------------------------------------|----------------|

| | |
|-----------------------------------|--------------------------|
| 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.

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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.

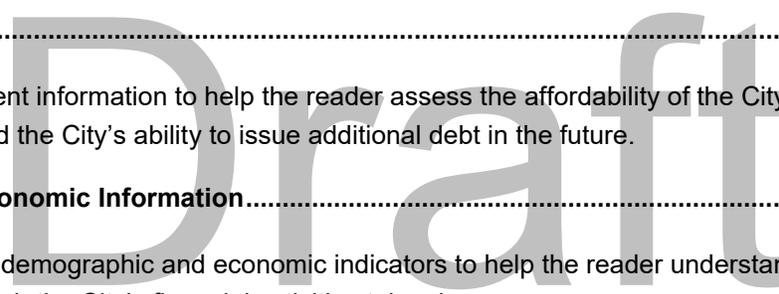
Demographic and Economic Information..... 70

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

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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 | | | <u>1,500</u> |
| 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 | | | <u>46,805</u> |
| Total U.S. Department of Transportation | | | <u>46,805</u> |
| 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 | | | <u>9,311</u> |
| 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 | | | <u>5,597,957</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 5,655,573</u> |

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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.

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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:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|-------------------------------------------|
| 21.019 | 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.

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