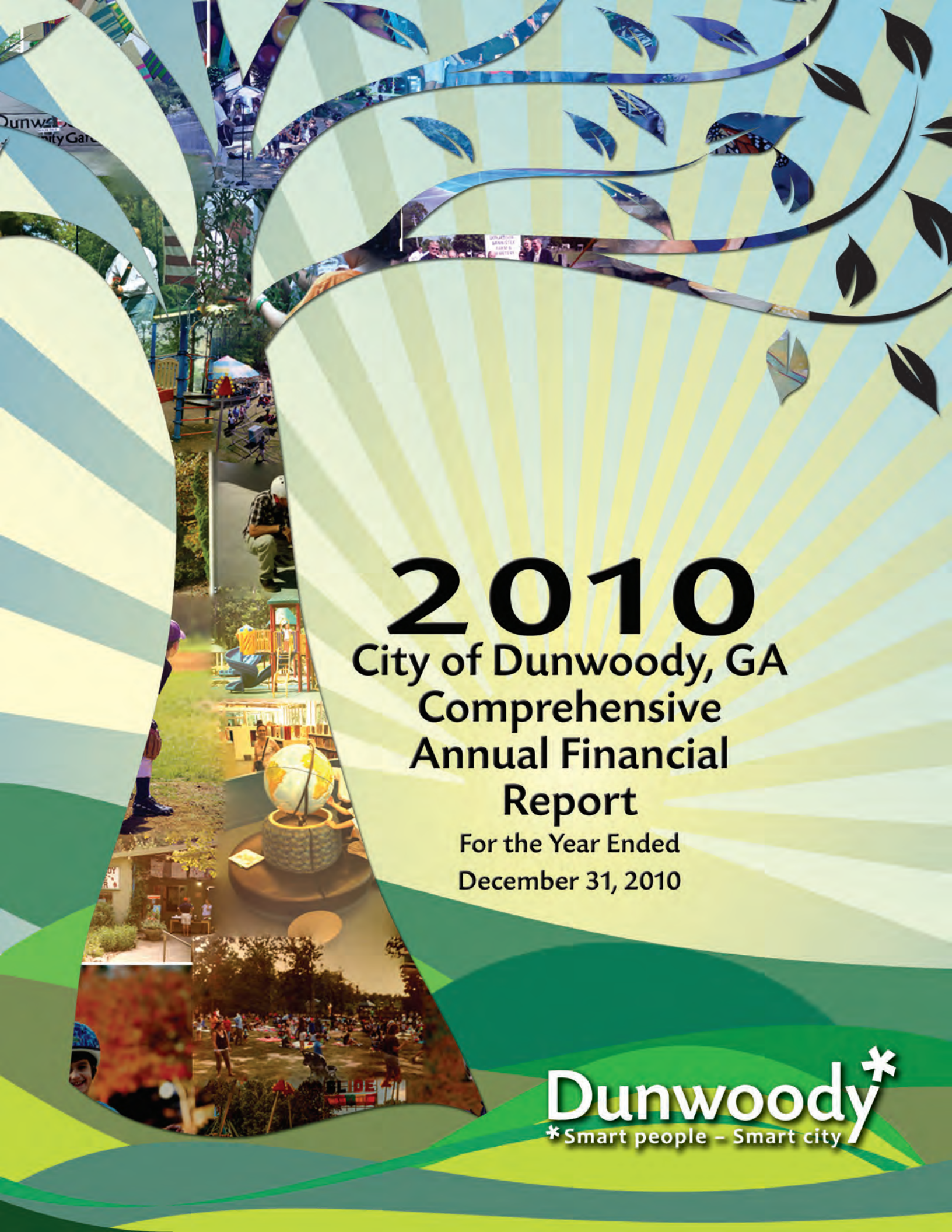
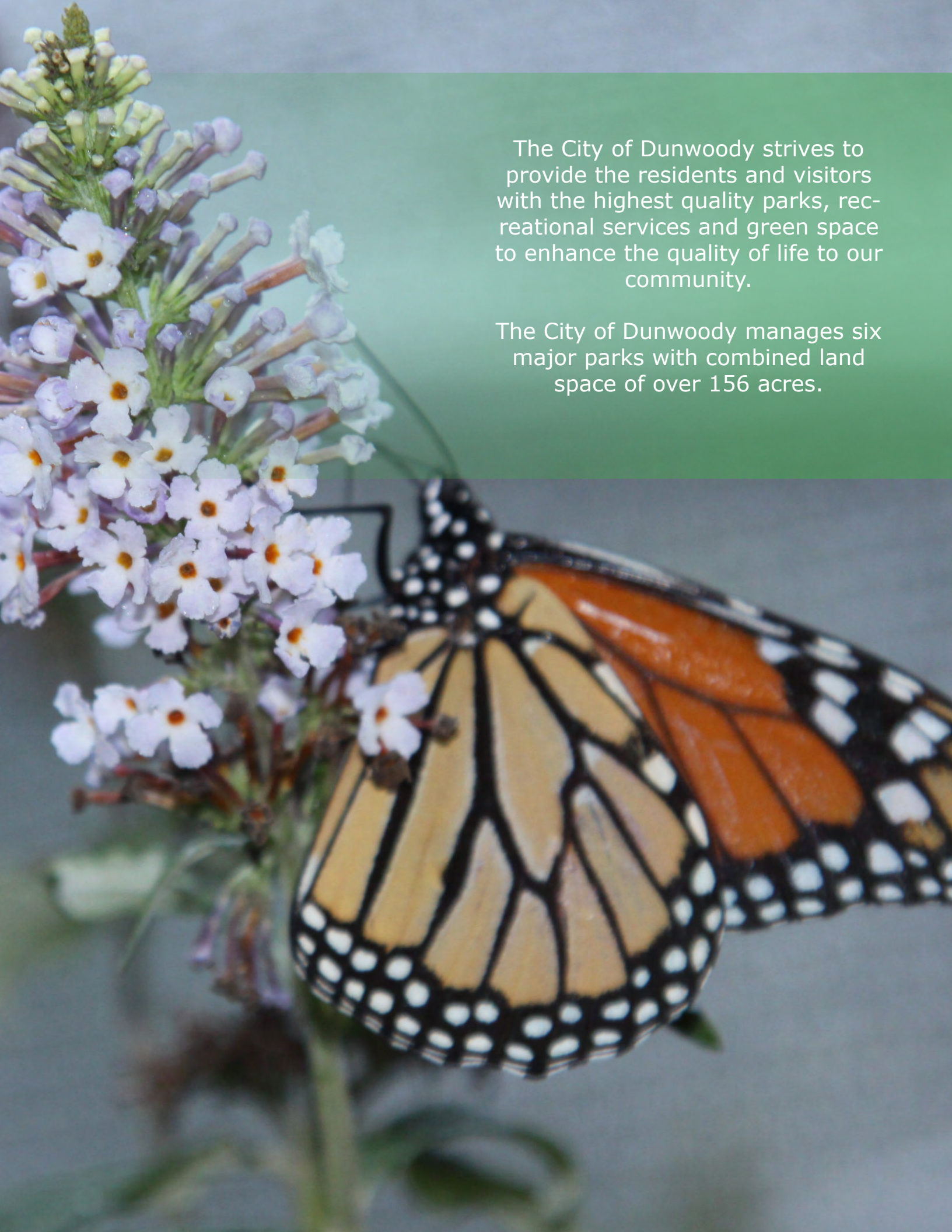


2010

City of Dunwoody, GA Comprehensive Annual Financial Report

For the Year Ended
December 31, 2010

Dunwoody*
*Smart people – Smart city



The City of Dunwoody strives to provide the residents and visitors with the highest quality parks, recreational services and green space to enhance the quality of life to our community.

The City of Dunwoody manages six major parks with combined land space of over 156 acres.

Dunwoody
Smart people – Smart city

City of Dunwoody, Georgia

Comprehensive Annual Financial Report

For the year ended
December 31, 2010

Prepared By:
Chris Pike, CPA
Finance Director

Submitted By:
Warren A. Hutmacher
City Manager

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Introductory Section



Brook Run Park
4770 N. Peachtree Road

Brook Run is one of Dunwoody's premier parks located off Peeler Road and North Peachtree Road. The park is comprised of over 100 acres featuring a playground, Dog Park, Skate Park, Community Garden, trails and multi-use fields.



Dunwoody
Smart people – Smart city

41 Perimeter Center East, Suite 250
Dunwoody, Georgia 30346
P (678) 382-6700 F (678) 382-6701
dunwoodyga.gov

April 18, 2011

Honorable Ken Wright, Mayor
Members of the City Council, and
Citizens of Dunwoody.

Ladies and Gentlemen:

State law and local ordinances require that every general-purpose local government publish a complete set of audited financial statements each fiscal year. This report is published to fulfill that requirement for the year ended December 31, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this purpose.

Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City of Dunwoody, Georgia (the "City").

This report has been prepared in accordance with State statutes set forth in an Act providing uniform standards for audits of municipalities and counties within the State of Georgia, approved March 28, 1968 (p. 464), and as amended by an Act approved April 21, 1968 (GA Laws 1997, p. 883). Mauldin and Jenkins, LLC, have issued an unqualified ("clean") opinion on the City of Dunwoody's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Ken Wright *Mayor*

Denis Shortal *City Council Post 1*
Adrian Bonser *City Council Post 2*
Doug R. Thompson *City Council Post 3*

Robert Wittenstein City Council Post 4
Danny Ross City Council Post 5
John Heneghan City Council Post 6

Our History

Dunwoody is located in northern DeKalb County, west of Norcross and east of Sandy Springs; the city is bordered to the north by Dunwoody Club Drive and to the south by Interstate 285. Although not formally recognized as an incorporated city prior to 2008, the residents in this area have always identified themselves as living in "Dunwoody," with a unique history separate from unincorporated DeKalb County. Dunwoody residents have a strong history of community involvement as seen in the establishment of the Dunwoody Homeowners Association in 1969 to the 1998 preservation of the Cheek-Spruill Farmhouse.



Cheek-Spurill Farmhouse, 2009

The Dunwoody area was originally inhabited by a number of Cherokee tribes, all part of the Creek Indian Confederation. In 1822, the Creek Indians handed over a significant tract of land from which Georgia formed the counties: Monroe, Dooly, Houston, Fayette, and Henry. In 1823, the legislators took portions of Fayette and Henry to form DeKalb County, with Decatur being the County seat. In 1821, Elias Redfield was granted land lot #377, which would eventually become part of the estate of Stephen T. Spruill. This land also passed through the hands of C. A. Dunwoody, in 1862.

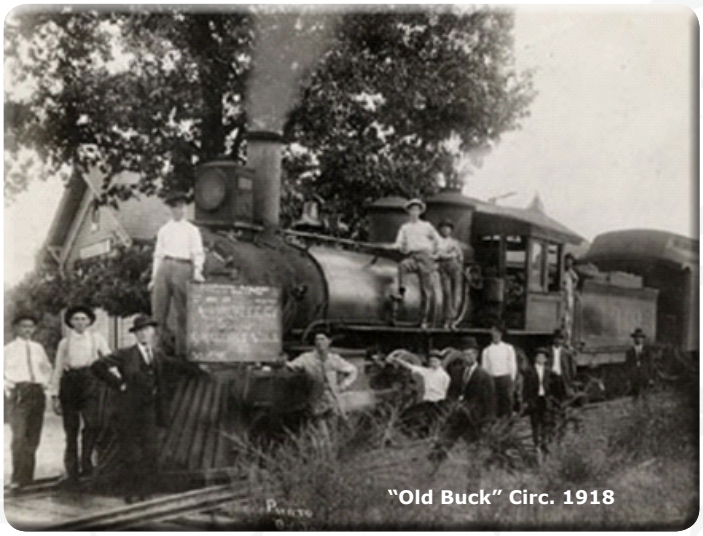
Charles Alexander Dunwoody (City of Dunwoody namesake, 1828-1905) was the son of John Dunwoody (originally spelled Dunwody). John Dunwoody was one of the founders of the mills in Roswell, Georgia. The Dunwoody family moved to Roswell in 1839 along with the family's shoe manufacturing business. In 1863, because of the ever-increasing need for mill products during the Civil War, a charter was secured by the State of Georgia to fund the building of a railroad. Both Charles Dunwoody and James King were members of the Roswell Guards and Roswell Battalion. (James King was the grandson of Roswell King, the namesake of Roswell, Georgia).



Spruill Home, 2009

Following the Civil War and the destruction wrought on Atlanta and its surrounding area, the Dunwoody family returned to Roswell. Major Charles Dunwoody decided to build his family's new home near the present day intersection of Chamblee-Dunwoody Road and Spalding Drive. Railroad construction resumed and the new, 9.8-mile line opened for business on September 1, 1881, running between the Air-Line Railroad and the Chattahoochee River. The Roswell railroad tied into the Air-Line at Roswell Junction, which is now Chamblee. The railroad carried produce from Dunwoody and fabric from the mills in Roswell. In 1903, the narrow gauge track was replaced with modern tracks and the engine that ran them soon gained the nicknames "The Dinky" and "Old

Buck." Dunwoody thrived as a crossroads community and continued to grow even after the railroad stopped running in 1921.



"Old Buck" Circ. 1918

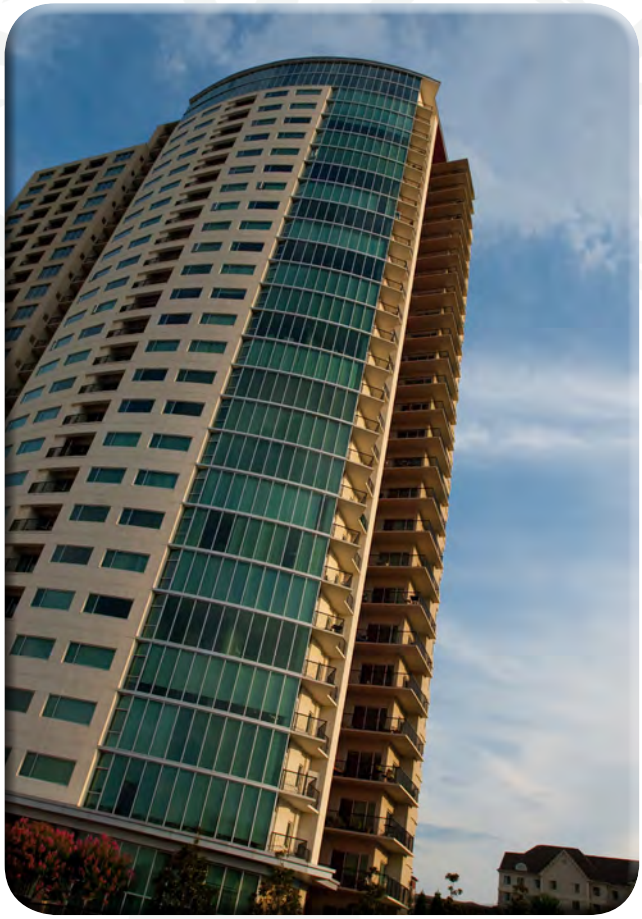
In 1971 the Spruill family, who owned a large amount of land in the area, sold a portion of their property for the construction of Perimeter Mall and surrounding commercial development. In this area today, you can still find a testament to the founding fathers and land owners visible in a cemetery preserved behind commercial buildings, the Stephen Martin/ Spruill Cemetery at the corner of Hammond Drive and Ashford Dunwoody Road. Many other locations have been refurbished or marked as historical sites in order to preserve Dunwoody's historically rich legacy.



Chamblee Dunwoody Road and Mount Vernon Road, Circ. 1958

Dunwoody Present Day

Dunwoody entered into cityhood at midnight on December 1, 2008 following a community led movement to incorporate the City beginning with the formulation of the Citizens for Dunwoody in the fall of 2006. The City of Dunwoody is approximately 13.2 square miles with an estimated population of over 43,000 residents and an estimated daytime population of over 120,000. Some services are still provided by DeKalb County.





Profile of the Government

Currently, Dunwoody is the youngest city in the state of Georgia, voted into cityhood in December of 2008 by an overwhelming 81% majority. The City of Dunwoody operates under a council-manager form of government. The Dunwoody City Council is comprised of a mayor and six council members elected by the people on a nonpartisan ballot for four year terms.

Three members are elected by voters in each of the three separate districts they represent; the other three, including the mayor, are elected by city voters at large. The terms for council members from District Local 1, District Local 2 and District Local 3 expire in January 2014, while terms for the council members from District 1 At Large, District 2 At Large and District 3 At Large, including the mayor, expire in January 2012.

The Council serves as the legislative and policymaking body of the municipal government. They enact city ordinances and appropriate funds to conduct city business and provide policy direction to the administrative staff. The city manager works closely with the City Council to assist them in formulating policies and programs. Overseeing all city employees, the manager is responsible for the efficient ongoing operation of all city services as set forth by the City Council.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board (GASB) Statements No. 14, The Financial Reporting Entity, and Statement No. 39, Determining Whether Certain Organizations are Component Units, this report includes all funds of the primary government and any component units. For purposes of this report, the primary government includes all departments and agencies of the City which are not separate legal entities, including the Stormwater Department. The component units include those separate legal entities whose relationships with the primary government meet the criteria for inclusion defined in GASB Statements No. 14 and No. 39, specifically the Convention and Visitors Bureau of Dunwoody.

Local Economy

Based on Atlanta Regional Commission (ARC) population projections, in 2008 DeKalb County had a population of 727,600 people and stood as the third most populous county in the ARC region. DeKalb County has come to represent nearly a fifth of metropolitan Atlanta's total population, a significant figure for a single county considering the region consists of ten counties. Moreover, the County represents 8.2% of the entire population of Georgia. DeKalb represents 1/5 of the Metro-Atlanta population and Dunwoody represents 5.9% of the DeKalb population.

The City of Dunwoody contains approximately 40 percent of the Perimeter Community Improvement District (PCID). The PCID's goal is to work continuously to develop efficient transportation services, with an emphasis on access, mobility, diversification and modernization. The Perimeter Center/ Perimeter Mall area is served by the Dunwoody train station on MARTA's north line, while the other two stations in the area are both on the Fulton County side. Perimeter Mall and the adjacent Perimeter Place shopping complex are the two largest dedicated retail areas housed within city limits. Also included as a primary retail area and considered a central location of Dunwoody is the Dunwoody Village. Within the limits there are approximately 2,400 licensed businesses.

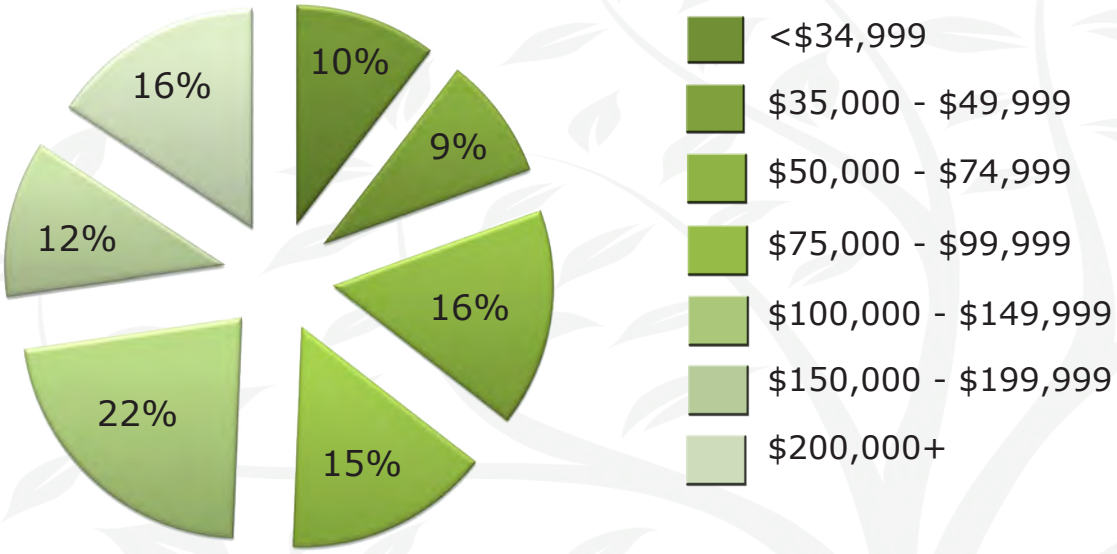
The City of Dunwoody's median household income in 2008 was $98,648, and the per capita income was $56,254. DeKalb County (2007), in contrast has a median income of $51,753 and a per capita income of $23,968 with Fulton County a bit higher at a median income of $58,052 (2007) and a per capita income of $30,003 (1999). This illustrates that the North Fulton/North DeKalb cities have higher incomes than the counties in which they are contained. Georgia and the Atlanta Metropolitan Statistical Area (MSA) are substantially lower at $32,227 and $39,453, respectively.

Dunwoody Population, Households, and Forecast: 2000-2030

	2000	2008	2013	2020	2025	2030
Population	38,699	43,322	46,795	49,465	51,323	53,019
Households	16,018	18,322	20,325	21,791	22,609	23,356
Avg. Household Sz.	2.38	2.30	2.27	2.27	2.27	2.27



2008 Dunwoody Household Income



Dunwoody hosts several of the nation's largest companies and virtually every major industry except agriculture within the Perimeter Mall and surrounding commercial properties. The City's commercial properties comprise over 43% of the total tax digest by property value, ensuring a strong economic environment for the government.

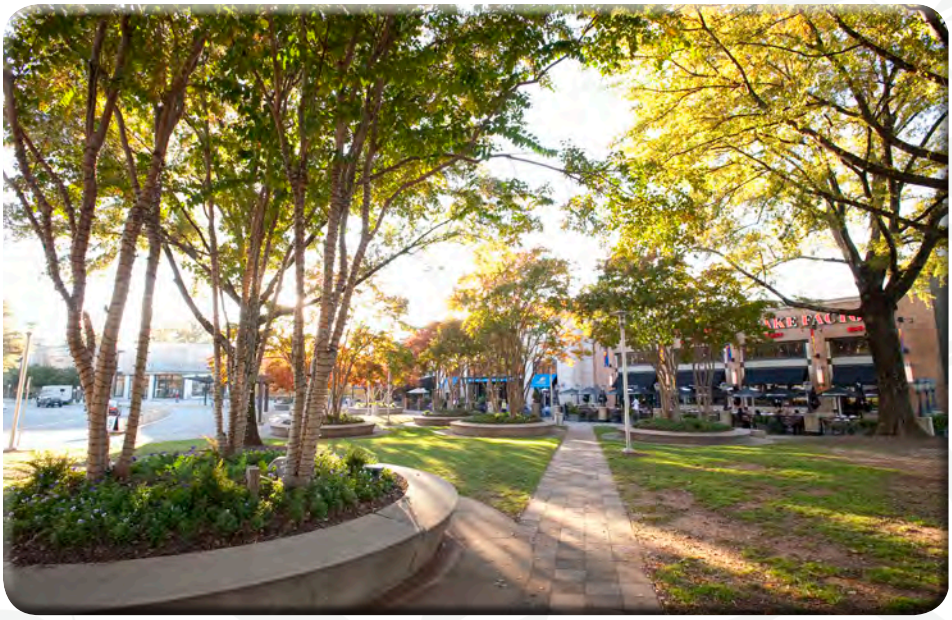
National and Local Economy

Many, including our nation as a whole, will look back with a sigh of relief that 2010 is over. Despite the miserable national economy though, the City actually increased its budget during 2010 by 7.2%. While other cities struggled with layoffs, furloughs, and no capital spending, Dunwoody increased services provided to its citizens without increasing the millage rate. Yet while our local revenue structure base is proving to be more resilient than most cities, we are not immune to the effects of reduced economic activity in some revenue trends, particularly real estate property taxes. Despite a weakened national economy, Dunwoody continues to remain strong; though not completely immune from the pressures.


Dunwoody Music Festival, 2010


Dunwoody Art Festival, 2010

City government, together with the Convention and Visitors Bureau of Dunwoody, the Dunwoody Chamber of Commerce, and other community focused organizations continue to attract and host a considerable number of regional special events, such as the Dunwoody Art Festival, the Dunwoody Music Festival and the Independence Day Parade.



Long-term Financial Planning

Dunwoody enjoys a strong economy. The total property tax valuations in the City did not experience the sharp downturns that some parts of DeKalb County and the metropolitan region experienced. Dunwoody also benefited in starting during a low point in the economy. The City expects to continue developing as an economic hub and preferred location for business and residential investment. The commercial community continues to experience modest re-development through builders and developers.

Our stability also comes from the diversity of our revenue base. With a millage rate of only 2.74 mills (capped at 3.04), services are provided from revenues generated from a variety of sources from groups of our local businesses, residents and visitors to the area. Because of this diversification, Dunwoody's financial sustainability is promising.

The City's policy is to obtain and then maintain a minimum General Fund balance reserve equal to 33% of operating expenditures. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes, to facilitate the provision of city services. The City's operating millage rate is 2.74 mills.

Throughout the year, the Finance Department administered the approved financial policies within which the government's finances are maintained. These policies address fund balances, the use of one-time revenues, issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. The Finance Department also engaged an independent auditor to evaluate the City's internal control structure and recommend improvements to our structure.



City Council Budget Priorities

The budget adopted at the department level by the Mayor and City Council's established priorities including:

1. Maintain a safe environment for all residents, businesses and visitors
2. Promote responsible and balanced redevelopment
3. Actively pursue comprehensive infrastructure improvements
4. Create an atmosphere in which businesses thrive

Fiscal Year 2010 was the just the second full year of service. Major items implemented since the incorporation of the City include:

Priority 1 - Maintain a safe environment for all residents, businesses and visitors

- In a 90 day period, hired and trained 40 sworn and 8 civilian employees of the Dunwoody Police Department
- Built out a new Police facility
- Acquired all necessary equipment and materials for full deployment within 90 days of commencement of municipal operations
- Installed state of the art mobile technology to allow officers to maintain patrols for an entire shift
- Created the Dunwoody Neighborhood Watch Program
- Created the Dunwoody Explorers Program in partnership with the Boy Scouts of America
- Improved response time and visibility from DeKalb County Police Department efforts

Priority 2 - Promote responsible and balanced redevelopment

- Adopted the 2030 Comprehensive Land Use Plan
- Created parcel layer GIS database
- Adopted zoning and development regulations
- Modified the Dunwoody Village Overlay district
- Established Sustainability Commission
- Identified major development nodes for future redevelopment
- Initiating a comprehensive code compliance effort in multi-family housing
- Achieved Atlanta Regional Commission Bronze Level Certification as green community
- Completed Impact Fee Feasibility Study

Priority 3 - Actively pursue comprehensive infrastructure improvements

- Completed an inventory and analysis of all municipal infrastructure
- Utilized a "laser truck" to evaluate pavement conditions city-wide
- Created a Storm Water Utility to establish a funding source for improvements to the drainage system
- Initiated a city-wide transportation plan
- Completed road way improvements on Womack Road to accommodate a new Elementary School
- Created an action plan to become a bicycle/pedestrian oriented community
- Installed speed radar signs in school zones







Priority 4 - Create an atmosphere in which businesses thrive.

- Developed a collaborative process for establishing "last call for alcohol" times with restaurants and bars.
- Actively promoted and participated in Dunwoody Chamber of Commerce activities
- Actively supported community festivals
- Maintained a low millage rate and fee structure
- Worked cooperatively with businesses on licensing and fee issues
- Created the Convention and Visitors Bureau of Dunwoody

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the thirteen months ended December 31, 2009, our City's first fiscal audit period. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR's that represent the spirit of transparency and full disclosure. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the 2010 Budget document. This program recognizes those governments that prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient as a policy document, financial plan, operations guide, and communications device. This award is valid for a period of one year only. We believe our current 2011 budget continues to conform to program requirements and have submitted it to

GFOA to determine its eligibility for another award.

The preparation of this report is possible because of the efficient and dedicated services of the entire staff of the Department of Finance and the cooperation of all City departments. I would like to express my appreciation to all who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, City Council, and City Manager for the unfailing support for maintaining the highest standards of professionalism in the oversight of the City's finances.

Respectively Submitted,



Christopher Pike, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dunwoody
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

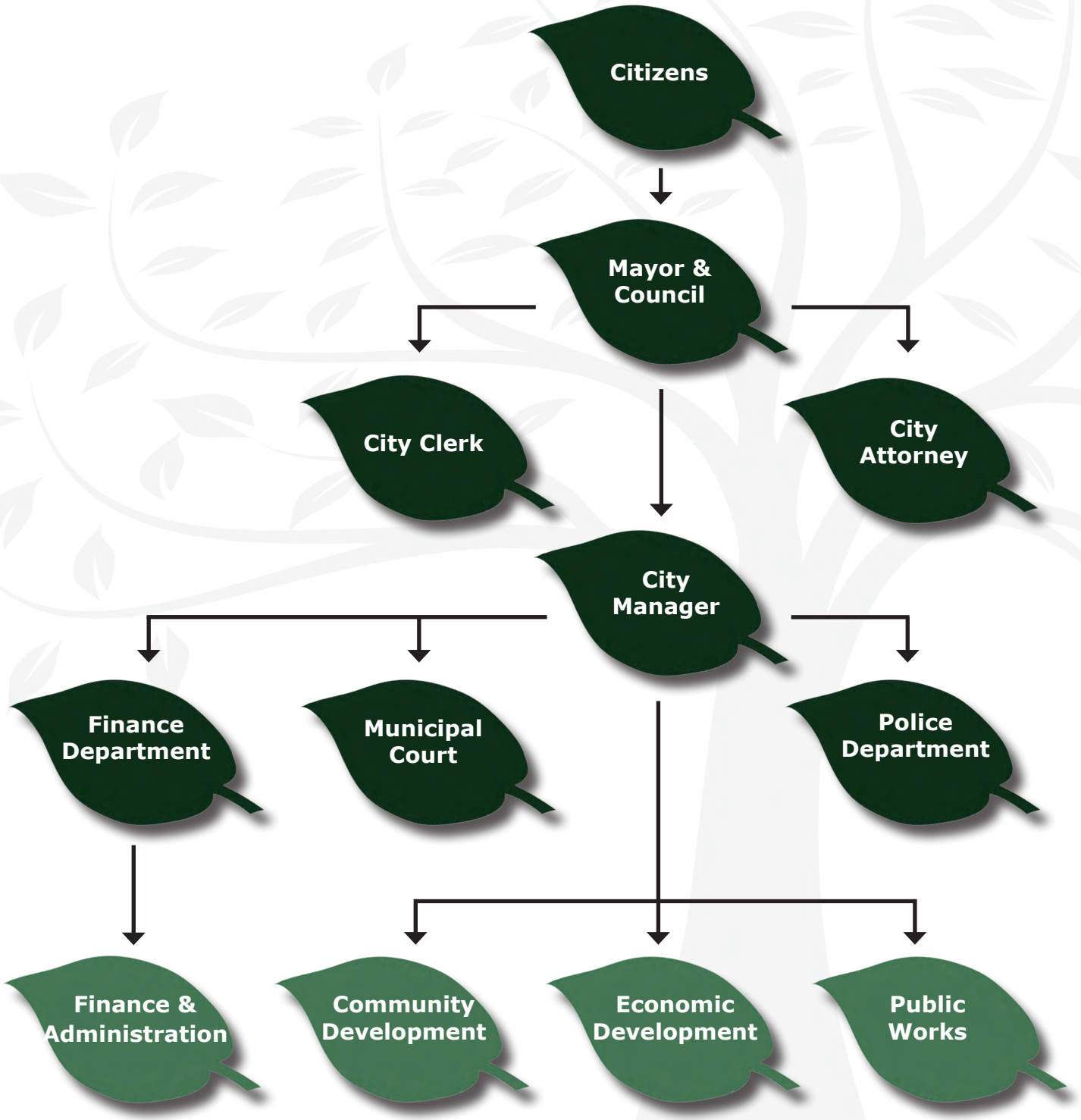
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Organizational Chart



City of Dunwoody
Elected Officials
As of December 31, 2010


Ken Wright
Mayor


Denis Shortal
City Council
Post 1


Adrian Bonser
City Council
Post 2


Doug Thompson
City Council
Post 3


Robert Wittenstein
City Council
Post 4


Danny Ross
City Council
Post 5


John Heneghan
City Council
Post 6

City of Dunwoody
Appointed Officials
As of December 31, 2010


Warren Hutmacher
City Manager


Sharon Lowery
City Clerk


Brian Anderson
City Attorney


Trina Gallien
Municipal
Clerk of Court

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Financial Section



Brook Run Skate Park

Brook Run Skate Park is the largest skate park in the metro Atlanta area, consisting of a variety of skate terrain for all skill levels. The park was designed to accommodate entry-level skaters as well as challenge more advanced "street skaters" looking to test themselves on elements they might encounter throughout most any public location.

Brook Run Dog Park

The park has gone to the dogs! We know your four legged friends are looking for a place to play too. This 4 acre, fully fenced, puppy playground is the place to be!

Brook Run Community Garden

Dunwoody Community Garden at Brook Run is more than a place to grow organic food. It's a place to cultivate community. With each seed planted in the garden, fresh produce, healthy lifestyles, eco-literacy, and social justice will grow.

Approximately twenty percent of the produce will be donated to charity, and all members of the community, not just green thumbs, are encouraged to visit and see what's sprouting at the garden.

Auditor's Letter

Donaldson-Bannister Farm
4831 Chamblee-Dunwoody Road

Mr. W. J. Donaldson built the 2-story house, originally painted white and surrounded by a white fence, at the corner of Chamblee-Dunwoody and Vermack Roads, soon after the end of the Civil War. Members of the Donaldson family, including patriarch W. J. Donaldson, are buried in the small family cemetery located on the north side of the home.

The home place featured eight outbuildings including a blacksmith shop, a 3-stall barn, washhouse, well, and commissary.



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council of the City of Dunwoody, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Dunwoody, Georgia**, as of and for the year ended December 31, 2010, which collectively comprise the City of Dunwoody, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Dunwoody, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dunwoody, Georgia as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2011, on our consideration of the City of Dunwoody, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com
Members of The American Institute of Certified Public Accountants • RSM International

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 12 and 43 and 44 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dunwoody, Georgia's basic financial statements. The introductory section, supplemental statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 18, 2011

Management's Discussion and Analysis



Vernon Oaks Park
Vernon Oaks Drive and Vernon Springs Drive

Vernon Oaks Park is a hidden gem tucked into a tree lined Dunwoody neighborhood. This pocket park is approximately .5 acres and features a walking trail, seating, and a stone spring house.



The following discussion and analysis of the City of Dunwoody, GA (the City) provides an introduction to the basic financial statements for the fiscal period ended December 31, 2010. Management prepared this discussion that should be read in conjunction with the basic financial statements, footnotes, and supplementary information found in this report. This information taken collectively is designed to provide readers with an understanding of the City's finances.

City Activity Highlights

The City commenced the delivery of services on January 1, 2009 through an innovative set of partnerships with private sector firms who provide the City with Community Development, Public Works, and Finance and Administration services. All of our critical staff was in place by December 1, 2008, and it is clear that each of these firms delivered on their promise of cost efficient and effective service delivery with a specific focus on customer service.

The highlight this year was the transfer of ownership and maintenance of Dunwoody's parks. After lengthy discussions and negotiations directly with DeKalb County, it was ultimately Georgia House Bill 203, passed by the General Assembly, which facilitated the transfer of over 150 acres of land and buildings with a book value of approximately $13 million. By year's end, Public Works started a Parks Department and commenced work on a comprehensive parks plan, scheduled for completion in 2011.

The City adopted its Comprehensive Plan, a state mandated planning effort, during 2010. This process involved hundreds of citizens, and the final product serves as the long-range roadmap for the City of Dunwoody for the next 20 years. Community Development progresses towards completing development plans for Dunwoody Village and the Georgetown areas. The Community Development Department processed over 1,100 building permits and provides staff support to 9 citizen boards with 65 community volunteers. These boards have been meeting frequently, serving our community with distinction. Revenues collected by the department were $559,356.

In 2009, and continuing through 2010, Public Works spent a significant amount of time analyzing road conditions and prioritizing transportation improvements. This work will culminate in a transportation master plan to provide the "roadmap" for funding public infrastructure improvements for the future. Significant progress was made towards completing the transportation master plan, set for adoption in early 2011. The City spent considerable funds filling potholes, repairing sidewalks, maintaining signals and completing other public works projects.

The City created a Storm Water Utility (SWU) in 2009. In 2010, Public Works started identifying and analyzing conditions of the SWU system. With over 40% of the system evaluated, Public Works anticipates the remainder to be identified and analyzed in 2011. The SWU charges a fee to all property owners to finance repairs and maintenance to the storm water system in Dunwoody. The fee charged in 2009 and 2010 equals the fee paid in 2008 to DeKalb County.

The SWU is an enterprise fund, and the revenue generated from this utility stays within the accounts of the Utility. It is self-sustaining, and no General Fund dollars are used for this purpose. The SWU continued to build its reserves in 2010. Of the $1.3 million in revenue, the SWU added $291,934 to its net assets.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The governmental activities of the City include general government, judicial, public safety, public works, recreation and community development.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).



Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, recreation and community development. The business-type activities of the City include stormwater management fund.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate convention and visitors bureau for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into governmental funds, proprietary funds, or fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, hotel/motel tax fund, and capital projects funds, all of which are considered to be major funds. Data for the other two governmental funds (motor vehicle excise tax fund and debt service fund) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all its governmental funds.

The basic governmental fund financial statements can be found on pages 13 through 17 of this report.

Proprietary funds. The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise funds to account for its stormwater system fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 18 through 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City uses an Agency Fund for the collection and remittance of cash appearance bond related activity for municipal court. The accounting of fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 41 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such

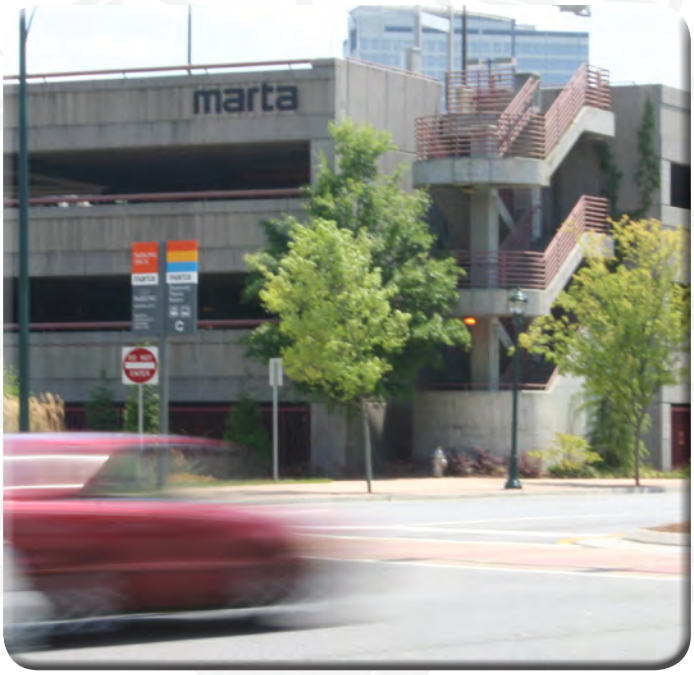
as the budgetary comparison schedule for the general fund and hotel/motel tax fund as presented on a generally accepted accounting principal basis in this section. These schedules are intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 43 and 44 of this report.

The individual fund statements and schedules, referred to earlier, are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 45 through 50 of this report.



As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $69,445,554.

The largest portion of the City's net assets, $56,470,090, reflects its investment in capital assets (e.g., buildings, machinery and equipment roadways, sidewalks, culverts, equipment and signals); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



The City reports restricted net assets of $4,673,161, which are restricted HOST funds to be used on capital projects.

The remaining portion of the City's net assets represents net assets of $8,302,303 that is available to meet the ongoing obligations of the government. The City has current assets of $15,910,520. These assets include $12,102,275 of cash and cash equivalents. The City's capital assets are $58,956,131. Debt liabilities were $2,112,231 with another $679,960 due within a year for loans and leases executed for the initial acquisitions of automobiles and other public safety equipment for fire and police operations. At the end of the current fiscal period, the City reported positive balances in both net assets categories.

Government - Wide Financial Analysis

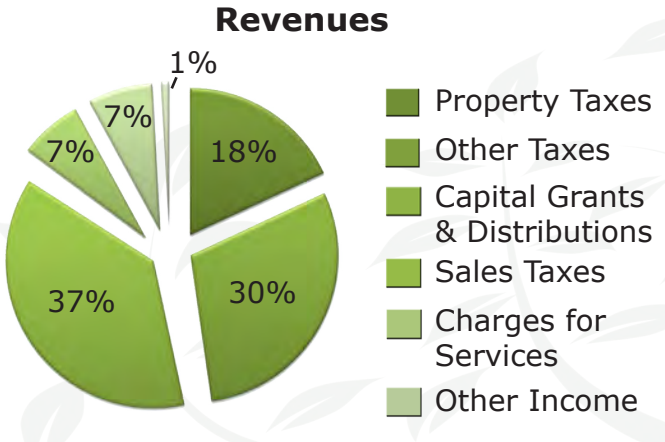
City of Dunwoody's Net Assets

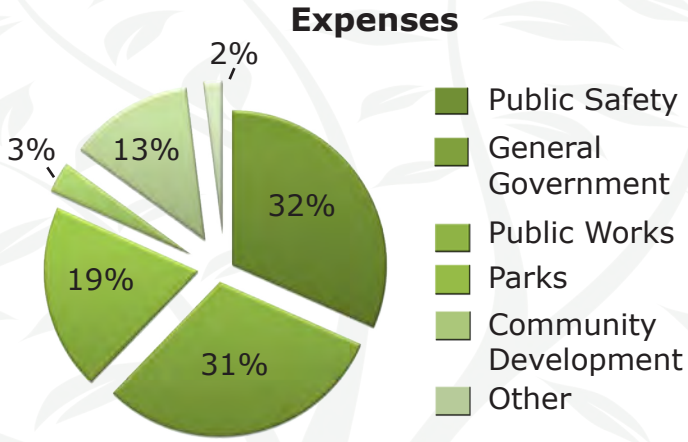
	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Cash and cash equivalents	$ 5,335,937	$ 3,221,844	$ 1,707,526	$ 1,051,049	$ 7,043,463	$ 4,272,893
Accounts receivable	51,824	1,581	24,638	36,335	76,462	37,916
Taxes receivable	3,564,332	652,336	-	-	3,564,332	652,336
Prepaids	158,114	135,373	-	-	158,114	135,373
Due from other governments	1,425	-	-	-	1,425	-
Due from component unit	7,912	-	-	-	7,912	-
Restricted cash	5,058,812	3,548,355	-	-	5,058,812	3,548,355
Capital assets:						
Nondepreciable	9,770,000	-	-	-	9,770,000	-
Depreciable, net of accumulate depreciation	47,101,067	44,593,857	2,085,064	2,343,089	49,186,131	46,936,946
Total Assets	**71,049,423**	**52,153,346**	**3,817,228**	**3,430,473**	**74,866,651**	**55,583,819**
LIABILITIES						
Accounts payable	762,992	625,271	137,453	42,632	900,445	667,903
Accrued liabilities	503,734	784,386	-	-	503,734	784,386
Due to component unit	53,968	-	-	-	53,968	-
Unearned revenues	948,526	971,429	-	-	948,526	971,429
Compensated absences due within one year	148,155	111,271	-	-	148,155	111,271
Compensated absences due in more than one year	74,078	33,565	-	-	74,078	33,565
Note payable due within one year	679,960	662,073	-	-	679,960	662,073
Note payable due in more than one year	2,112,231	2,792,191	-	-	2,112,231	2,792,191
Total Liabilities	**5,283,644**	**5,980,186**	**137,453**	**42,632**	**5,421,097**	**6,022,818**
NET ASSETS						
Invested in capital assets, net of related debt	54,385,026	41,895,527	2,085,064	2,343,089	56,470,090	44,238,616
Restricted for HOST capital projects	4,673,161	2,637,621	-	-	4,673,161	2,637,621
Unrestricted	6,707,592	1,640,012	1,594,711	1,044,752	8,302,303	2,684,764
Total Net Assets	**$ 65,765,779**	**$ 46,173,160**	**$ 3,679,775**	**$ 3,387,841**	**$ 69,445,554**	**$ 49,561,001**

City of Dunwoody's Net Changes in Net Assets

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues:						
Charges for services	$ 2,510,938	$ 1,424,276	$ 1,272,341	$ 1,259,683	$ 3,783,279	$ 2,683,959
Operating grants and contributions	64,072	73,889	-	-	64,072	73,889
Capital grants and contributions	13,311,910	-	178,449	-	13,490,359	-
General revenues:						
Property taxes	6,418,837	6,528,839	-	-	6,418,837	6,528,839
Sales taxes	2,441,840	2,635,738	-	-	2,441,840	2,635,738
Other taxes	10,533,853	8,861,108	-	-	10,533,853	8,861,108
Miscellaneous revenues	24,581	1,630	-	-	24,581	1,630
Gain on disposal of capital asset	2,980	-	-	-	2,980	-
Unrestricted investment earnings	16,062	8,943	2,492	-	18,554	8,943
Total Revenues	**35,325,073**	**19,534,423**	**1,453,282**	**1,259,683**	**36,778,355**	**20,794,106**
EXPENSES						
General government	4,810,795	4,804,898	-	-	4,810,795	4,804,898
Judicial	215,094	197,718	-	-	215,094	197,718
Public safety	4,975,421	5,981,437	-	-	4,975,421	5,981,437
Public works	3,073,849	2,809,840	-	-	3,073,849	2,809,840
Culture & recreation	509,941		-	-	509,941	-
Community development	2,053,868	1,724,838	-	-	2,053,868	1,724,838
Interest on long-term debt	93,486	128,581	-	-	93,486	128,581
Stormwater	-	-	1,161,348	408,449	1,161,348	408,449
Total Expenses	**15,732,454**	**15,647,312**	**1,161,348**	**408,449**	**16,893,802**	**16,055,761**
Increase in net assets before donation of infrastructure due to incorporation	**19,592,619**	**3,887,111**	**291,934**	**851,234**	**19,884,553**	**4,738,345**
Donation of infrastructure due to incorporation	**-**	**42,286,049**	**-**	**2,536,607**	**-**	**44,822,656**
Increase in net assets	**19,592,619**	**46,173,160**	**291,934**	**3,387,841**	**19,884,553**	**49,561,001**
Net assets - beginning, restated	**46,173,160**	**-**	**3,387,841**	**-**	**49,561,001**	**-**
Net assets - ending	**$ 65,765,779**	**$ 46,173,160**	**$ 3,679,775**	**$ 3,387,841**	**$ 69,445,554**	**$ 49,561,001**

City of Dunwoody - Total Primary Government





Governmental activities. The donation of capital assets accounted for most the growth in net assets for 2010.

Capital Grants & Contributions of $13,267,213 reflecting transfers of infrastructure from DeKalb County were completed. Property taxes were $6,418,837. Franchise taxes were $3,473,461. Business occupation taxes were $2,532,106. Overall, revenues increased over 2009, primarily due from the City's court being in operation for a full year (versus 9 months in 2009) and the receipt of Insurance Premiums Taxes not received in 2009. Our most apparent and sizable expenses during the year were the $4,975,421 for the operation of the Dunwoody Police Department. Overall, expenditures were relatively consistent from 2009; however the shift between departments represented a shift in focus from the startup of the police department in 2009 to the startup of the parks department in 2010 as well as increased paving and road repairs within Public Works.

Business-type activities. Building cash reserves to sustain the utility accounted for most the growth in net assets for 2010.

Stormwater assessment fees (computed based on a property's impervious surface area) were $1,272,341; representing virtually all of the revenues in the fund. Repairs to the system accounted for 44% of the operating expenses while depreciation on the assets accounted for 22% of the operating expenses. Repairs accelerated during 2010 as assessment of the stormwater system advanced. Most of 2009 was starting the utility and assessing the system whereas 2010 witnessed increased maintenance efforts on the system.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $11,813,306 and increase in fund balance of $6,574,576. Of this balance, $4,979,311

is restricted or assigned for capital projects, $158,114 is nonspendable for prepaids, $1,214,944 is assigned for special purposes and $5,460,937 is considered unassigned and can be used to meet the near term operating needs of the City.

General Fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year the total fund balance was $10,911,952 representing an unassigned fund balance of $5,460,937, restricted HOST funds of $4,673,161 for capital projects, and $158,114 in nonspendable prepaids. As a measure of the liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42.4% of total general fund expenditures, while total fund balance represents 84.6% of total general fund expenditures.

Hotel & Motel Excise Tax Fund. The city imposes a hotel/motel occupancy tax in accordance with O.C.G.A. 48-13-51 on lodging facilities located within the City. The tax is assessed at 5%. Revenues earned were $1,788,859, including interest of $235 with required amounts going towards the promotion of tourism as required by law.

Capital Projects Fund. The capital projects fund was set up to account for capital projects managed by the City. During the current year, a total of $857,700 was transferred into the capital projects fund from the general fund. After expenditures of $983,946, the capital projects fund had a remaining fund balance of $869,057 at year end.

General Fund Budgetary Highlights

The City's budget utilized a conservative approach based on the limited information available. Emphasis was given to ensuring financial stability and long-term stability while providing revenue enhancement, financial priorities and discipline.

The City employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in alignment with expected resources. Differences between the original budget and final amended budget are then resolved via official City Council action.

For fiscal 2010, the City's general fund had a favorable budget variance of $4,251,576. There was a $3,000,555 favorable budget variance for revenues as well as a $1,527,637 favorable budget variance for expenditures. Almost all categories of revenue realized significant favorable variances. The City's actual activity was more favorable than budgeted for most line items due to a conservative budget which was based upon incorporation and during the mid-year budget amendment. Contributing to the favorable revenue figure was considerable unbudgeted franchise fee earned in 2010, but received in 2011. Also contributing to the favorable expense figures was $619,740 for large projects budgeted in 2010 but not completed by year's end. As the City is still in the growth phase, the actual activity reflects more growth than the City anticipated.

Capital assets. The City's investment in capital assets for its governmental activities as of December 31, 2010, amounts to $56,871,067 (net of accumulated depreciation). These assets primarily reflect infrastructure assets such as roadways, sidewalks, and signals; parks and culture facilities; and the capital investment for police vehicles and other capital related equipment. The City's investment in net capital assets for its business-type activities as of December 31, 2010 amounts to $2,085,064. These assets reflect culverts and other storm water management assets.

Capital Asset and Debt Administration

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 9,751,750	-	-	-	$ 9,751,750	-
Construction in progress	18,250	-	-	-	18,250	-
Buildings	383,500	-	-	-	383,500	-
Improvements	3,834,309	$ 924,611	-	-	3,834,309	$ 924,611
Machinery and equipment	2,068,726	2,389,253	-	-	2,068,726	2,389,253
Infrastructure	40,814,532	41,279,993	$ 2,085,064	$ 2,343,089	42,899,596	43,623,082
Total	$ 56,871,067	$ 44,593,857	$ 2,085,064	$ 2,343,089	$ 58,956,131	$ 46,936,946

Additional information on the City's capital assets can be found in note 6 on page 34 of this report.

Long-term debt. At the end of fiscal year 2010, the City had total debt outstanding of $2,792,191 primarily for police and administrative start-up equipment acquired in 2009. All debt is backed by the full faith and credit of the City.

Additional information on the City's long-term debt can be found in note 8 on page 36 of this report.

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

Sustainability of existing services – the City has deployed a philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.

Cost of government – The maximum operating millage rate of 3.04 mills is statutorily set and cannot be changed without a referendum. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes, to facilitate the provision of city services.

Infrastructure Improvements – The City provided substantial capital funding to continue the work started in our first year to begin to address a significant backlog of existing infrastructure deficiencies. Funding was allocated for repaving program, intersection improvements, parks, buildings, equipment, roadways, sidewalks, culverts, and signals.

Economy Impact – The City's revenues and expenditures were implemented with a conservative approach to reflect the continued weakness of the economy.

The City restricts the use of one-time revenues to capital projects.

Requests for Information

This financial report is designed to provide a general overview of the City of Dunwoody's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, City of Dunwoody, 41 Perimeter Center East, Suite 250, Dunwoody, GA 30346.

Basic Financial Statements



Dunwoody Nature Center
5343 Roberts Drive

Dunwoody Nature Center was organized in 1990 and incorporated January 30, 1992. The Center now reaches 25,000 park visitors and 8,000 program participants annually, from across the metro Atlanta area.





Statement of Net Assets

City of Dunwoody, Georgia - December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dunwoody Convention and Visitors Bureau
ASSETS				
Cash and cash equivalents	$ 5,335,937	$ 1,707,526	$ 7,043,463	$ 439,921
Accounts receivable	51,824	24,638	76,462	-
Taxes receivable	3,564,332	-	3,564,332	-
Due from other governments	1,425	-	1,425	-
Due from component unit	7,912	-	7,912	-
Due from primary government	-	-	-	53,968
Prepaids	158,114	-	158,114	-
Restricted cash and cash equivalents	5,058,812	-	5,058,812	-
Capital assets:				
Nondepreciable	9,770,000	-	9,770,000	-
Depreciable, net of accumulated depreciation	47,101,067	2,085,064	49,186,131	-
Total assets	**71,049,423**	**3,817,228**	**74,866,651**	**493,889**
LIABILITIES				
Accounts payable	762,992	137,453	900,445	28,992
Accrued liabilities	503,734	-	503,734	-
Due to primary government	-	-	-	7,912
Due to component unit	53,968	-	53,968	-
Unearned rent	948,526	-	948,526	-
Compensated absences due within one year	148,155	-	148,155	-
Compensated absences due in more than one year	74,078	-	74,078	-
Notes payable due within one year	679,960	-	679,960	-
Notes payable due in more than one year	2,112,231	-	2,112,231	-
Total liabilities	**5,283,644**	**137,453**	**5,421,097**	**36,904**
NET ASSETS				
Invested in capital assets, net of related debt	54,385,026	2,085,064	56,470,090	-
Restricted for HOST capital projects	4,673,161	-	4,673,161	-
Restricted for promotion of tourism	-	-	-	456,985
Unrestricted	6,707,592	1,594,711	8,302,303	-
Total net assets	$ **65,765,779**	$ **3,679,775**	$ **69,445,554**	$ **456,985**

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

Statement of Activities

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

Functions/ Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Dunwoody Convention & Visitors Bureau
Primary government:								
Governmental activities:								
General government	$ 4,810,795	$ 408,091	$ 46,424	$ -	$ (4,356,280)	$ -	$ (4,356,280)	$ -
Judicial	215,094	1,150,792	-	-	935,698	-	935,698	-
Public safety	4,975,421	53,507	-	-	(4,921,914)	-	(4,921,914)	-
Public works	3,073,849	322,073	17,648	44,697	(2,689,431)	-	(2,689,431)	-
Culture & recreation	509,941	17,119	-	13,267,213	12,774,391	-	12,774,391	-
Community development	2,053,868	559,356	-	-	(1,494,512)	-	(1,494,512)	-
Interest on long-term debt	93,486	-	-	-	(93,486)	-	(93,486)	-
Total governmental activities	15,732,454	2,510,938	64,072	13,311,910	154,466	-	154,466	-
Business-type activities:								
Stormwater	1,161,348	1,272,341	-	178,449	-	289,442	289,442	-
Total primary government	$ 16,893,802	$ 3,783,279	$ 64,072	$ 13,490,359	154,466	289,442	443,908	-
Component Unit:								
Dunwoody Convention and Visitors Bureau	$ 477,694	$ -	$ 715,450	$ -	-	-	-	237,756
	$ 477,694	$ -	$ 715,450	$ -	-	-	-	237,756
				General revenues:				
				Property taxes	6,418,837	-	6,418,837	-
				Sales taxes	2,441,840	-	2,441,840	-
				Hotel/Motel taxes	1,788,624	-	1,788,624	-
				Franchise taxes	3,473,461	-	3,473,461	-
				Business taxes	2,532,106	-	2,532,106	-
				Alcohol & excise taxes	675,535	-	675,535	-
				Insurance premium	2,064,127	-	2,064,127	-
				Unrestricted investment earnings	16,062	2,492	18,554	4,729
				Miscellaneous revenues	24,581	-	24,581	-
				Gain on disposal of capital assets	2,980		2,980	
				Total general revenues	19,438,153	2,492	19,440,645	4,729
				Change in net assets	19,592,619	291,934	19,884,553	242,485
				Net assets, beginning of year, restated	46,173,160	3,387,841	49,561,001	214,500
				Net assets, end of year	$ 65,765,779	$ 3,679,775	$ 69,445,554	$ 456,985

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

Balance Sheet - Governmental Funds

City of Dunwoody - December 31, 2010

	General Fund	Hotel/Motel Tax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,673,037	$ 112,393	$ 518,210	$ 32,297	$ 5,335,937
Accounts receivable	7,127	-	44,697	-	51,824
Taxes receivable	3,421,572	134,921	-	7,839	3,564,332
Intergovernmental receivable	1,425	-	-	-	1,425
Due from other funds	185,309	-	-	-	185,309
Due from component unit	7,912	-	-	-	7,912
Prepaids	158,114	-	-	-	158,114
Restricted assets:					
Cash and cash equivalents	4,752,662	-	306,150	-	5,058,812
Total assets	$ 13,207,158	$ 247,314	$ 869,057	$ 40,136	$ 14,363,665
LIABILITIES					
Accounts payable	$ 762,992	$ -	$ -	$ -	$ 762,992
Accrued liabilities	416,262	15,876	-	-	432,138
Deferred revenue	167,426	-	-	-	167,426
Unearned rent	948,526	-	-	-	948,526
Due to other funds	-	177,470	-	7,839	185,309
Due to component unit	-	53,968	-	-	53,968
Total liabilities	2,295,206	247,314	-	7,839	2,550,359
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaids	158,114	-	-	-	158,114
Restricted for:					
HOST capital projects	4,673,161	-	-	-	4,673,161
Capital projects	-	-	306,150	-	306,150
Assigned to:					
Capital projects	-	-	562,907	-	562,907
Administrative services	61,540	-	-	-	61,540
City manager services	14,000	-	-	-	14,000
IT equipment	146,000	-	-	-	146,000
Police equipment	106,200	-	-	-	106,200
Public work improvements	130,000	-	-	-	130,000
Park improvements	57,000	-	-	-	57,000
Community development	105,000	-	-	-	105,000
Debt service	-	-	-	32,297	32,297
Unassigned	5,460,937	-	-	-	5,460,937
Total fund balances	10,911,952	-	869,057	32,297	11,813,306
Total liabilities and fund balances	$ 13,207,158	$ 247,314	$ 869,057	$ 40,136	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					56,871,067
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(3,086,020)
Some revenues are not available in the current period and, therefore, are not reported in the funds.					167,426
Net assets of governmental activities					$ **65,765,779**

The accompanying notes are an integral part of these statements.

Statement of Revenues, Expenditures and Changes in Fund Balances Government Funds

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	General Fund	Hotel/Motel Tax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 6,283,689	$ -	$ -	$ -	$ 6,283,689
Sales taxes	2,441,840	-	-	-	2,441,840
Hotel/Motel taxes	-	1,788,624	-	-	1,788,624
Franchise taxes	3,473,461	-	-	-	3,473,461
Alcohol excise taxes	577,158	-	-	-	577,158
Business taxes	2,532,106	-	-	-	2,532,106
Insurance premium taxes	2,064,127	-	-	-	2,064,127
Motor vehicle excise taxes	-	-	-	98,377	98,377
Licenses and permits	944,671	-	-	-	944,671
Intergovernmental	17,648	-	44,697	-	62,345
Charges for services	393,119	-	-	-	393,119
Fines and forfeitures	1,150,792	-	-	-	1,150,792
Contributions	46,424	-	-	-	46,424
Interest earned	12,406	235	3,416	5	16,062
Miscellaneous	59,536	-	-	-	59,536
Total revenues	19,996,977	1,788,859	48,113	98,382	21,932,331
Expenditures:					
Current:					
General government	3,857,690	715,449	54,252	-	4,627,391
Judicial	208,736	-	10,217	-	218,953
Public safety	4,515,942	-	1,500	-	4,517,442
Public works	1,845,591	-	50,830	-	1,896,421
Recreation	364,447	-	21,418	-	385,865
Community development	2,093,686	-	-	-	2,093,686
Capital outlay	-	-	845,729	-	845,729
Debt service:					
Principal	-	-	-	662,073	662,073
Interest	8,092	-	-	102,103	110,195
Total expenditures	12,894,184	715,449	983,946	764,176	15,357,755
Excess (deficiency) of revenues over expenditures	7,102,793	1,073,410	(935,833)	(665,794)	6,574,576
Other financing sources (uses):					
Transfers in	1,172,762	-	857,700	255,524	2,285,986
Transfers out	(1,113,224)	(1,074,385)	-	(98,377)	(2,285,986)
Total other financing sources (uses)	59,538	(1,074,385)	857,700	157,147	-
Net change in fund balances	7,162,331	(975)	(78,133)	(508,647)	6,574,576
Fund balances, beginning of year, restated	3,749,621	975	947,190	540,944	5,238,730
Fund balances, end of year	$ 10,911,952	$ -	$ 869,057	$ 32,297	$ 11,813,306

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

Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	6,574,576
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 depreciation expense exceeded capital outlays in the current period.		(976,084)
The net effect of the various miscellaneous transactions involving capital assets (donations/sales) is to increase net assets.		13,253,294
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		139,448
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 assets. This amount represents the principal repayment of long-term debt.		662,073
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.		(60,688)
Change in net assets - governmental activities	$	19,592,619

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

Statement of Net Assets - Proprietary Fund

City of Dunwoody, Georgia - December 31, 2010

	Stormwater Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 1,707,526
Accounts receivable, net of allowance	24,638
Total current assets	1,732,164
NONCURRENT ASSETS	
Capital assets, depreciable	2,536,607
	2,536,607
Accumulated depreciation	(451,543)
Total capital assets	2,085,064
Total assets	3,817,228
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	137,453
Total current liabilities	137,453
NET ASSETS	
Invested in capital assets	2,085,064
Unrestricted	1,594,711
Total net assets	$ 3,679,775

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Stormwater Fund
OPERATING REVENUE	
Storm water fees	$ 1,272,341
Total operating revenues	1,272,341
OPERATING EXPENSES	
Cost of services	903,323
Depreciation	258,025
Total operating expenses	1,161,348
Operating income	110,993
NONOPERATING REVENUES	
Intergovenmental	178,449
Interest	2,492
Total nonoperating revenues	180,941
Change in net assets	291,934
Total net assets, beginning	3,387,841
Total net assets, ending	$ 3,679,775

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

Statement of Cash Flows - Proprietary Fund

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 1,284,038
Payments to suppliers	(454,832)
Payments to employees	(353,670)
Net cash provided by operating activities	475,536
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	2,492
Net cash provided by investing activities	2,492
CASH FLOWS FROM CAPTIAL AND RELATED ACTIVITIES	
Receipt of intergovernmental grants	178,449
Net cash provided by capital and related activities	178,449
Net increase in cash	656,477
Cash, beginning of year	1,051,049
Cash, end of year	$ 1,707,526
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	$ 110,993
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	258,025
Change in assets and liabilities:	
Decrease in accounts receivable	11,697
Increase in accounts payable	94,821
Net cash provided by operating activities	$ 475,536

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

Statement of Fiduciary Assets and Liabilities - Agency Fund

City of Dunwoody, Georgia - December 31, 2010

	Municipal Court Fund
ASSETS	
Cash	$ 416,184
Total assets	416,184
LIABILITIES	
Due to others	$ 416,184
Total liabilities	$ 416,184

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

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Notes to Financial Statements



Dunwoody Park
5321 Roberts Drive

Dunwoody Park began as part of America's Bicentennial celebrations in the mid-1970's. Dunwoody citizens and organizations, DeKalb Parks and Recreation, and the US Forestry Service built trails, labeled trees, cleared the wetlands, installed playground equipment and picnic tables. Volunteers led historical and botanical identification tours of the site.

In the 1980's, arts classes offered in Dunwoody Park soon outgrew the facilities, allowing a shift to environmental education. This led to the creation of the Dunwoody Nature Center located on the same property.

Dunwoody Park is also the current home to Dunwoody Senior Baseball leagues. These include the Middle School League, Summer Recreational League, Spring Recreational League, and the Fall Recreational League. Dunwoody Senior Baseball also has a travel league with 5 teams. They represent Dunwoody Senior Baseball in statewide tournaments and in an end of season event in Florida.



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. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide and proprietary fund financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City's has elected not to follow subsequent private-sector guidance. 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.

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. 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.

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 assets 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. The statement of net assets 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. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. 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.

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.

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.

It is the policy of the City that they will use restricted resources to the extent which they are available, at which point the restricted resources are consumed the City's policy will then turn to committed resources, followed by assigned resources. Once these applicable resources are consumed, the City will then use unassigned resources. The City considers restricted fund balance amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, and assigned fund balance amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1. Summary of Significant Accounting Policies (CONTINUED)

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

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.

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 **Hotel/Motel Tax Fund** is used to account for the revenues from hotel/motel taxes and the expenditures associated with the promotion of tourism, conventions, and trade shows.

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 type:

The **Agency Fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other individuals or entities.

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 each fiscal year through passage of an annual budget ordinance and amended as required. During the fiscal year ended December 31, 2010, 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 and Investments

Cash 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.

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, 2010, are recorded as prepaid items in both government-wide and fund 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 and proprietary fund 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 fair market 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 is 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

J. Restricted Assets

Tax revenues from the Homestead Sales Tax (HOST) and unspent proceeds from the City's notes payable are classified as restricted assets on the fund balance sheet and the HOST funds are shown as restricted net assets on the statement of net assets because their use is limited by Georgia law or applicable debt agreements.

K. 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.

NOTE 1. Summary of Significant Accounting Policies (CONTINUED)

L. 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 assets.

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.

M. Fund Equity

In accordance with GASB Statement No. 54, governmental funds report separate classifications of fund balance. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, such as ordinances or City policy. Assigned fund balance is amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City has given the authority to assign fund balance to the City's City Manager. Assigned fund balance includes spendable fund balance amounts established by the City Manager that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the City Manager. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned. Unassigned fund balance is the residual classification for the general fund.

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

NOTE 1. Summary of Significant Accounting Policies (CONTINUED)

N. 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 Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. 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 $3,086,020 difference are as follows:

Notes payable	$ (2,792,191)
Accrued interest payable	(71,596)
Compensated absences (i.e., vacation)	(222,233)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (3,086,020)

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 assets 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 $976,084 difference are as follows:

Capital outlay	$ 1,097,397
Depreciation expense	(2,073,481)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ (976,084)

Another element of the reconciliation states that "the net effect of the various miscellaneous transactions involving capital assets (donations/sales) is to increase net assets." The details of this $13,253,294 difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	$ (13,919)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	13,267,213
Net adjustment to increase *net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities*	$ 13,253,294

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 $60,688 difference are as follows:

Compensated absences	$ (77,397)
Accrued interest	16,709
Net adjustment to decrease *net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities*	$ (60,688)

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.

Note 4. Deposits

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 require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2010, all of the City's bank balances were insured and collateralized as defined by state statues and GASB.

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 October 15 of each year. Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at December 31, 2010, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Hotel/Motel Tax	Capital Projects	Nonmajor Governmental	Stormwater
Receivables:					
Accounts	$ 7,127	$ -	$ 44,697	$ -	$ 54,308
Taxes	3,455,651	134,921	-	7,839	-
Intergovernmental	1,425	-	-	-	-
Total receivables	3,464,203	134,921	44,697	7,839	54,308
Less allowance for uncollectibles	(34,079)	-	-	-	(29,670)
Net total receivable	$ 3,430,124	$ 134,921	$ 44,697	$ 7,839	$ 24,638

Note 6. Capital Assets

Capital asset activity for the City for the period ended December 31, 2010 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ -	$ 9,751,750	$ -	$ 9,751,750
Construction in progress:	-	18,250	-	18,250
Total	-	9,770,000	-	9,770,000
Capital assets, being depreciated:				
Buildings	-	434,633	-	434,633
Improvements	981,888	3,080,830	-	4,062,718
Machinery and equipment	2,807,944	364,380	(19,650)	3,152,674
Infrastructure	42,286,045	714,767	-	43,000,812
Total	46,075,877	4,594,610	(19,650)	50,650,837
Less accumulated depreciation for:				
Buildings	-	(51,133)	-	(51,133)
Improvements	(57,277)	(171,132)	-	(228,409)
Machinery and equipment	(418,691)	(670,988)	5,731	(1,083,948)
Infrastructure	(1,006,052)	(1,180,228)	-	(2,186,280)
Total	(1,482,020)	(2,073,481)	5,731	(3,549,770)
Capital assets, net depreciation	44,593,857	2,521,129	(13,919)	47,101,067
Governmental activities capital assets, net	$ 44,593,857	$ 12,291,129	$ (13,919)	$ 56,871,067

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure	$ 2,536,607	$ -	$ -	$ 2,536,607
Less accumulated depreciation for:				
Infrastructure	(193,518)	(258,025)	-	(451,543)
Business-type activities capital assets, net	$ 2,343,089	$ (258,025)	$ -	$ 2,085,064

Note 6. Capital Assets (CONTINUED)

Land, Buildings, and Improvement additions noted above include assets donated to the City from DeKalb County. Due to the relationship between DeKalb County and the City, these assets were added to the City's Statement of Net Assets at estimated historical cost, less accumulated depreciation. The capital contribution of these assets is recognized in the City's Statement of Activities, as capital contributions.

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

Government activities:	
General government	$ 250,251
Public safety	518,925
Public works	1,180,228
Culture and Recreation	124,077
Total depreciation expense - government activities	$ 2,073,481
Business type activities	
Stormwater	$ 285,025

Note 7. Short Term Borrowings

The City issued and paid off a tax anticipation note for operating purposes of $50,000 at a local financial institution. The borrowing, with an interest rate of 1.19%, matured on December 31, 2010. As of December 31, 2010, the principal was paid in full.

Total short-term borrowings interest incurred and expensed for the period ended December 31, 2010, was $446.

The following is a summary of the tax anticipation note payable for the period ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation note	$ -	$ 50,000	$ (50,000)	$ -

Note 8. Long - Term Debt

Notes Payable

In January 2009, the City entered into an agreement through a financial institution to borrow $3,000,000 from the Georgia Municipal Association for the purchase of vehicles and equipment for the police department. Semi-annual payments of $326,526, including interest at a rate of 2.92% began in January 2010 and will continue through December 2014. The debt service requirements to maturity are as follows:

Fiscal year ending December 31,	Principal	Interest	Total
2011	$ 582,035	$ 71,018	$ 653,053
2012	599,031	54,022	653,053
2013	616,523	36,530	653,053
2014	634,525	18,528	653,053
	$ 2,432,114	$ 180,098	$ 2,612,212

During March 2009, the City entered into an agreement through a financial institution to borrow $500,000 for the purchase of equipment for the equipping of City Hall. Semi-annual payments of $55,561, including interest at a rate of 3.93% began in January 2010 and will continue through March 2014. The debt service requirements to maturity are as follows:

Fiscal year ending December 31,	Principal	Interest	Total
2011	$ 97,925	$ 13,198	$ 111,123
2012	101,811	9,312	111,123
2013	105,851	5,272	111,123
2014	54,490	1,071	55,561
	$ 360,077	$ 28,853	$ 388,930

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the period ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 3,454,264	$ -	$ (662,073)	$ 2,792,191	$ 679,960
Compensated absences	144,836	230,202	(152,805)	222,233	148,155
Governmental activity					
Long-term liabilities	$ 3,599,100	$ 230,202	$ (814,878)	$ 3,014,424	$ 828,115

For governmental activities, compensated absences are generally liquidated by the general fund.

Note 9. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2010 is as follows:

Receivable Entity	Payable Entity	Amount	
General Fund	Hotel/Motel Tax Fund	$	177,470
General Fund	Non-major governmental funds		7,839
		$	185,309

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.

Interfund transfers:

Transfers In	Transfers Out	Amount	
General Fund	Nonmajor governmental funds	$	98,377
General Fund	Hotel/Motel Tax Fund		1,074,385
Capital Projects Fund	General Fund		857,700
Nonmajor governmental funds	General Fund		255,524
		$	2,285,986

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.

Note 10. Operating Leases

The government leases the office facilities under non-cancelable operating leases. This lease required payments to begin January 1, 2010. The City accrues rent expense in an amount such that the total rent expense under the lease is recognized ratably over the lease term. Rent expense for this lease was $403,711 for the fiscal period ended December 31, 2010.

The future minimum lease payments for this lease are as follows:

Year Ending December 31,		
2011	$	476,037
2012		486,860
2013		497,931
2014		509,249
2015		520,815
2016-2019		1,821,367
Total	$	4,312,259

Note 11. Comments and Contingent Liabilities

The government 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 an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, these contracts are approximately $4.5 million annually. The contracts were originally bid for three annual service periods and run through the year ending December 31, 2011.

The City employed encumbrance accounting during the period; however, there were no encumbrances outstanding at December 31, 2010.

Note 12. Defined Contribution Pension Plan

The City of Dunwoody offers two Retirement Plan options, both of which are a single employer defined contribution plan established and administered by Dunwoody for all full time employees. At December 31, 2010, there were 56 plan members. The City contributes 6.2% and 10% of each employee's salary into the two plans. Employees are not required to contribute to the Plans. Employees are eligible on the first day of the month, following thirty days of employment and are fully vested after twelve months. For the fiscal period ending December 31, 2010, the City's contributions to the Plans were $486,036.

Note 13. 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 14. Hotel/ Motel Lodging Tax

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the period ended December 31, 2010, the City received $1,788,624 in hotel/motel taxes. Of this amount, $715,449, or 40%, was used for the promotion of tourism, conventions, or trade shows.

Note 15. 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, renovating, improving, maintenance and equipping of pedestrian walkways, installation of traffic lights, and street lights associated with public safety facilities or public improvements for sports and recreational facilities. During the period ended December 31, 2010, the City received $98,377 in motor vehicle excise taxes. Of this amount, $98,377, or 100%, was used for the these purposes.

Note 16. 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.

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 first two years of operation.

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 first two years of operation.

Note 17. Prior Period Restatement

The City has determined that a restatement of beginning fund balance of the General Fund is necessary to properly report franchise tax revenues which were not properly accrued for the year ending December 31, 2009. This adjustment resulted in changes to the beginning fund balance of the General Fund as follows:

	General Fund	
Fund balance, as previously reported	$	3,374,626
Adjustments for accrual of franchise taxes		374,995
Fund balance, as restated	$	3,749,621

Note 17. Prior Period Restatement (CONTINUED)

The above restatement also affected beginning net assets of the Governmental Activities as follows:

	Governmental Activities	
Net assets, as previously reported	$	45,798,165
Adjustments for accrual of franchise revenues		374,995
Net assets, as restated	$	46,173,160

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Required Supplementary Information

Windwood Hollow Park
4865 Lakeside Drive

Windwood Hollow Park is an 11-acre park located off of Lakeside Drive and Peeler Road. This property features passive play area, tennis courts, playground, picnic area pavilion, and nature trails.



General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Budget			
	Original	Final	Actual	Variance With Final Budget
Revenues:				
Property taxes	$ 6,768,116	$ 6,375,616	$ 6,283,689	$ (91,927)
Sales taxes	1,600,000	2,400,000	2,441,840	41,840
Franchise taxes	1,275,000	1,050,000	3,473,461	2,423,461
Alcohol excise taxes	600,000	600,000	577,158	(22,842)
Business taxes	2,080,000	2,580,000	2,532,106	(47,894)
Insurance taxes	1,600,000	1,600,000	2,064,127	464,127
Licenses and permits	817,000	900,000	944,671	44,671
Intergovernmental	-	2,000	17,648	15,648
Charges for services	288,736	318,246	393,119	74,873
Fines and forfeitures	800,000	1,100,000	1,150,792	50,792
Contributions	2,000	2,560	46,424	43,864
Interest earned	2,000	7,000	12,406	5,406
Miscellaneous	14,000	61,000	59,536	(1,464)
Total revenues	15,846,852	16,996,422	19,996,977	3,000,555
Expenditures:				
Current:				
General government:				
Mayor and council	240,582	201,265	172,535	28,730
City manager	229,278	238,998	225,655	13,343
City clerk	168,554	159,621	151,300	8,321
Finance	3,615,491	3,485,952	3,041,239	444,713
Law	359,000	317,700	266,961	50,739
Contingency	250,000	250,000	-	250,000
Total general government	4,862,905	4,653,536	3,857,690	795,846
Judicial	281,981	256,057	208,736	47,321
Public safety	4,860,837	4,820,147	4,515,942	304,205
Public works	2,033,576	1,603,534	1,845,591	(242,057)
Recreation	-	438,000	364,447	73,553
Community development	2,251,500	2,277,100	2,093,686	183,414
Debt service:				
Interest	80,000	9,000	8,092	908
Total debt service	80,000	9,000	8,092	908
Total expenditures	14,370,799	14,057,374	12,894,184	1,163,190
Excess of revenues over expenditures	$ 1,476,053	$ 2,939,048	$ 7,102,793	$ 1,837,365

CONTINUED

General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

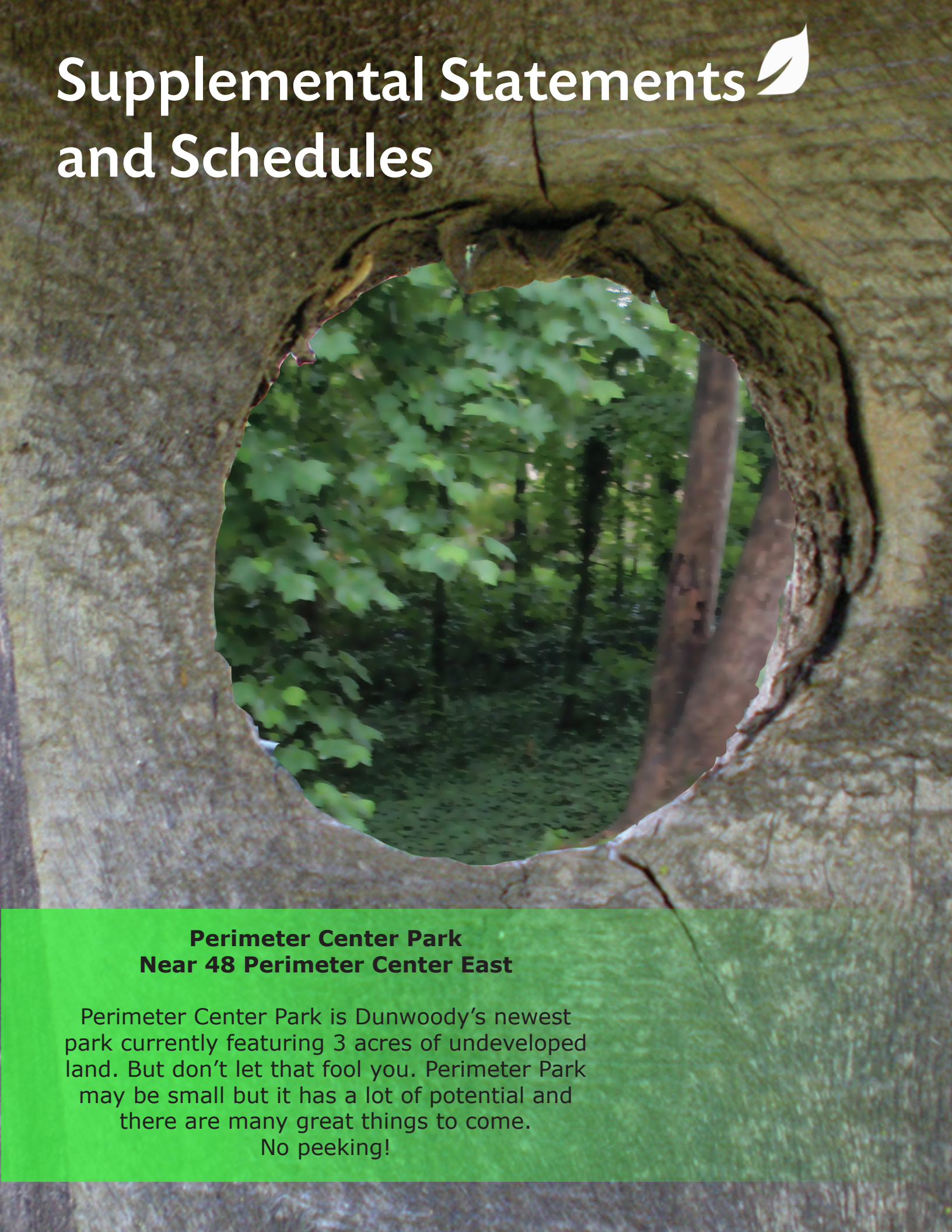
	Budget			
	Original	Final	Actual	Variance With Final Budget
Other financing sources (uses):				
Transfers in	$ 1,002,231	$ 1,062,231	$ 1,172,762	$ 110,531
Transfers out	(1,165,524)	(1,090,524)	(1,113,224)	(22,700)
Total other financing sources (uses)	(163,293)	(28,293)	59,538	87,831
Net change in fund balance	1,312,760	2,910,755	7,162,331	4,251,576
Fund balance, beginning of year, restated	3,749,621	3,749,621	3,749,621	-
Fund balance, end of year	$ 5,062,381	$ 6,660,376	$ 10,911,952	$ 4,251,576

Hotel/ Motel Tax Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Budget			
	Original	Final	Actual	Variance With Final Budget
Revenues:				
Taxes	$ 1,601,719	$ 1,788,625	$ 1,788,624	$ (1)
Interest	-	236	235	(1)
Total revenues	1,601,719	1,788,861	1,788,859	(2)
Expenditures:				
General government	640,688	715,450	715,449	1
Total expenditures	640,688	715,450	715,449	1
Excess of revenues over expenditures	961,031	1,073,411	1,073,410	(1)
Other financing uses:				
Transfers out	(961,031)	(1,074,386)	(1,074,385)	1
Total other financing uses	(961,031)	(1,074,386)	(1,074,385)	1
Net change in fund balances	-	(975)	(975)	-
Fund balances, beginning of year	975	975	975	-
Fund balances, end of year	$ 975	$ -	$ -	$ -

Supplemental Statements and Schedules



Perimeter Center Park
Near 48 Perimeter Center East

Perimeter Center Park is Dunwoody's newest park currently featuring 3 acres of undeveloped land. But don't let that fool you. Perimeter Park may be small but it has a lot of potential and there are many great things to come.
No peeking!



Nonmajor Governmental Funds

Motor Vehicle Excise Tax Fund – To account for the revenues and expenditures related to the excise taxes collected on motor vehicles.

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

Combining Balance Sheet Nonmajor Governmental Funds

City of Dunwoody, Georgia - December 31, 2010

	Special Revenue Fund		
	Motor Vehicle Excise Tax Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ -	$ 32,297	$ 32,297
Taxes receivable	7,839	-	7,839
Total assets	$ 7,839	$ 32,297	$ 40,136
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	$ 7,839	$ -	$ 7,839
Total liabilities	7,839	-	7,839
FUND BALANCES			
Fund balances:			
Assigned to:			
Debt service	-	32,297	32,297
Total liabilities and fund balances	$ 7,839	$ 32,297	$ 40,136

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Special Revenue Fund		
	Motor Vehicle Excise Tax Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes	$ 98,377	$ -	$ 98,377
Interest	-	5	5
Total revenues	98,377	5	98,382
EXPENDITURES			
Current:			
Debt service			
Principal	-	662,073	662,073
Interest	-	102,103	102,103
Total expenditures	-	764,176	764,176
Excess (deficiency) of revenues over (under) expenditures	98,377	(764,171)	(665,794)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	255,524	255,524
Transfers out	(98,377)	-	(98,377)
Total other financing sources (uses)	(98,377)	255,524	157,147
Net change in fund balances	-	(508,647)	(508,647)
FUND BALANCES, beginning of year	-	540,944	540,944
FUND BALANCES, end of year	$ -	$ 32,297	$ 32,297

Motor Vehicle Excise Tax Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Budget Original	Final	Actual	Variance With Final Budget
Revenues:				
Taxes	$ 40,000	$ 40,000	$ 98,377	$ 58,377
Total revenues	40,000	40,000	98,377	58,377
Other financing uses:				
Transfers out	(40,000)	(40,000)	(98,377)	(58,377)
Total other financing uses	(40,000)	(40,000)	(98,377)	(58,377)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Budget Original	Final	Actual	Variance With Final Budget
Revenues:				
Interest	$ -	$ -	$ 5	$ (5)
Total revenues	-	-	5	(5)
Expenditures:				
Capital outlay				
Principal	681,260	681,260	662,073	19,187
Interest	104,443	104,443	102,103	2,340
Total expenditures	785,703	785,703	764,176	21,527
Deficiency of revenues over expenditures	(785,703)	(785,703)	(764,171)	(21,532)
Other financing sources:				
Transfers in	785,703	785,703	255,524	(530,179)
Total other financing sources	785,703	785,703	255,524	(530,179)
Net change in fund balances	-	-	(508,647)	508,647
Fund balances, beginning of year	540,944	540,944	540,944	-
Fund balances, end of year	$ 540,944	$ 540,944	$ 32,297	$ 508,647

Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	$ 1,296,000	$ 1,296,000	$ 44,697	$ 1,251,303
Interest	-	-	3,416	(3,416)
Total revenues	1,296,000	1,296,000	48,113	1,247,887
Expenditures:				
Current:				
General government	-	54,600	54,252	348
Judicial	-	14,100	10,217	3,883
Public safety	-	1,700	1,500	200
Public works	2,206,000	1,475,800	50,830	1,424,970
Recreation	-	25,000	21,418	3,582
Capital outlay	-	845,800	845,729	71
Total expenditures	2,206,000	2,417,000	983,946	1,433,054
Deficiency of revenues over expenditures	(910,000)	(1,121,000)	(935,833)	(185,167)
Other financing sources:				
Transfers in	910,000	910,000	857,700	(52,300)
Total other financing sources	910,000	910,000	857,700	(52,300)
Net change in fund balances	-	(211,000)	(78,133)	(132,867)
Fund balances, beginning of year	947,190	947,190	947,190	-
Fund balances, end of year	$ 947,190	$ 736,190	$ 869,057	$ (132,867)

Agency Fund

Agency funds are used to account for assets held by the City as an agent for individuals and other agencies.

Municipal Court Fund – To account for the collection of cash appearance bonds by the Municipal Court.

Statement of Changes in Assets and Liabilities - Agency Fund

City of Dunwoody, Georgia - For the Year Ended December 31, 2010

	Balance December 31 2009	Additions	Deductions	Balance December 31 2010
Municipal Court Fund				
Assets:				
Cash	$ 310,966	$ 1,892,739	$ 1,787,521	$ 416,184
Liabilities:				
Due to others	$ 310,966	$ 1,892,739	$ 1,787,521	$ 416,184

Dunwoody Convention and Visitors Bureau - To account for the revenue and expenditures of promoting tourism within the City as funded by Hotel/Motel tax revenue.

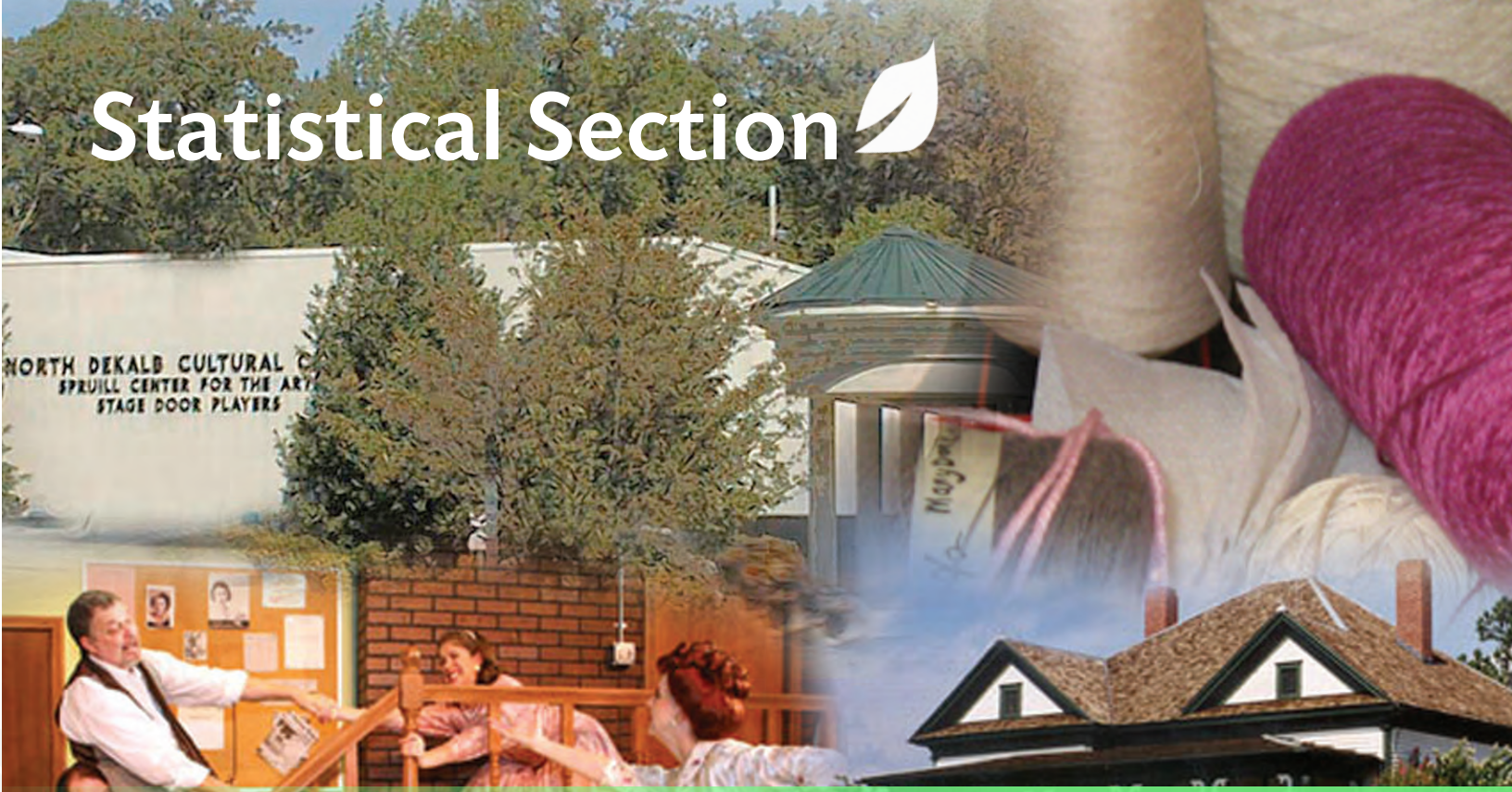
Balance Sheet
Component Unit - Convention and Visitors Bureau of Dunwoody
City of Dunwoody, Georgia - December 31, 2010

Assets	
Cash	$ 439,921
Receivables	53,968
Total assets	$ 493,889
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 28,992
Due to primary government	7,912
Total liabilities	36,904
Fund Balance	
Restricted for promotion of tourism	456,985
Total liabilities and fund balance	$ 493,889

Statement of Revenues, Expenditures and Changes in Fund Balances
Component Unit - Convention and Visitors Bureau of Dunwoody
City of Dunwoody, Georgia - For the Year Ended December 31, 2010

REVENUES	
Intergovermental revenues	$ 715,450
Interest	4,729
Total revenues	720,179
EXPENDITURES	
Current:	
General government	477,694
Total expenditures	477,694
Excess of revenues over expenditures	242,485
Net change in fund balances	242,485
FUND BALANCES, beginning of period	214,500
FUND BALANCES, end of period	$ 456,985

Statistical Section



North DeKalb Cultural Arts Center
5339 Chamblee Dunwoody Road
4681 Ashford Dunwoody Road

The DeKalb Cultural Arts Center is a unique multi-arts complex located in Dunwoody, Ga. The Center offers programs and classes for art enthusiasts of all ages looking to explore the incredible world of the arts!

No matter what your skill or interest level, here, you can express your ideas, enhance your creativity, work with your hands and explore your artistic potential. You can gain inspiration from others, participate in passionate discussions, work alongside accomplished artists and venture into new art learning.

We invite you to participate in the Cultural Arts Center's many exciting program opportunities. Attend classes and workshops in a relaxed, recreational setting; visit our gallery exhibits; attend lectures and special events; and shop in our gift shop filled with one-of-a-kind student and professional work.



Statistical Contents

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.

Financial Trends 54-60
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 61-64
These schedules contain information to help the reader assess the City's most significant local revenue source: property tax.

Debt Capacity 65-66
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 67-68
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 69-71
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.

Net Assets By Component - Last Two Fiscal Years (accrual basis of accounting)

City of Dunwoody, Georgia - December 31, 2010

	2010	2009
Governmental activities:		
Invested in capital assets, net of related debt	$ 54,385,026	$ 41,895,527
Restricted for HOST capital projects	4,673,161	2,637,621
Unrestricted	6,707,592	1,265,017
Total governmental activities net assets	$ 65,765,779	$ 45,798,165
Business-type activities:		
Invested in capital assets, net of related debt	$ 2,085,064	$ 2,343,089
Unrestricted	1,594,711	1,044,752
Total business-type activities net assets	$ 3,679,775	$ 3,387,841
Primary government:		
Invested in capital assets, net of related debt	$ 56,470,090	$ 44,238,616
Restricted for HOST capital projects	4,673,161	2,637,621
Unrestricted	8,302,303	2,309,769
Total primary government net assets	$ 69,445,554	$ 49,186,006

Changes in Net Assets - Last Two Fiscal Years (accrual basis of accounting)

City of Dunwoody, Georgia - December 31, 2010

	2010		2009
Expenses			
Governmental activities:			
General government	$ 4,810,795		$ 4,804,898
Judicial	215,094		197,718
Public safety	4,975,421		5,981,437
Public works	3,073,849		2,809,840
Cultutre & recreation	509,941	(1)	-
Community development	2,053,868		1,724,838
Interest on long-term debt	93,486		128,581
Total governmental activities expenses	15,732,454		15,647,312
Business-type activities:			
Stormwater	1,161,348		408,449
Total business-type activities expenses:	1,161,348		408,449
Total primary government expenses	16,893,802		16,055,761
Program revenues			
Governmental activities:			
Charges for services:			
General government	408,091		20,498
Judicial	1,150,792	(3)	655,483
Public safety	53,507		14,025
Public works	322,073		294,860
Culture & recreation	17,119		-
Community development	559,356		439,410
Operating grants and contributions	64,072		73,889
Capital grants and contributions	13,311,910	(1)	-
Total governmental activities program revenues	15,886,920		1,498,165
Business-type activities:			
Charges for services			
Stormwater	1,272,341		1,259,683
Capital grants and contributions	178,449		-
Total business-type activities program revenues	1,450,790		1,259,683
Net (expense) revenue:			
Governmental activities	154,466		(14,149,147)
Business-type activities	289,442		851,234
Total primary government net (expense) revenue	$ 443,908		$ (13,297,913)

(continued)

Changes in Net Assets - Last Two Fiscal Years (accrual basis of accounting) (Continued)

City of Dunwoody, Georgia - December 31, 2010

	2010		2009
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	$ 6,418,837		$ 6,528,839
Sales taxes	2,441,840		2,635,738
Hotel/Motel taxes	1,788,624		1,858,613
Franchise taxes	3,473,461		3,085,419
Business taxes	2,532,106		2,158,910
Alcohol & excise taxes	675,535		1,383,171
Insurance premium taxes	2,064,127	(2)	-
Unrestricted investment earnings	16,062		8,943
Miscellaneous revenues	24,581		1,630
Gain on disposal of capital assets	2,980		-
Special item - donation of infrastructure at incorporation	-		42,286,049
Total governmental activities	19,438,153		59,947,312
Business-type activities:			
Unrestricted investment earnings	2,492		-
Special item - donation of infrastructure at incorporation	-		2,536,607
Total business-type activities	2,492		2,536,607
Total primary government net (expense) revenue	19,440,645		62,483,919
Change in Net Assets			
Governmental activities	19,592,619		45,798,165
Business-type activities	291,934		3,387,841
Total primary government	$ 19,884,553		$ 49,186,006

(1) In 2010 the City took ownership of the parks within the City limits from DeKalb County.

(2) 2010 was the first year the City was eligible to receive insurance premium tax revenue.

(3) 2010 was the first full year of operations for the Court.

Governmental Activities Tax Revenues By Source - Last Two Fiscal Years (accrual basis of accounting)

City of Dunwoody, Georgia - December 31, 2010

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Alcohol & Excise Taxes		Inusurance Premium Taxes		Total
2009	$ 6,528,839	$ 2,635,738	$ 1,858,613	$ 3,085,419	$ 2,158,910	$ 1,383,171	(2)	$ -		$ 17,650,690
2010	6,418,837	2,441,840	1,788,624	3,473,461	2,532,106	675,535		2,064,127	(1)	19,394,530

(1) 2010 was the first year the City was eligible to receive insurance premium tax revenue.

(2) The 13 month 2009 fiscal period contained two renewal periods for alcoholic beverage licenses

Fund Balances of Governmental Funds - Last Two Fiscal Years (modified accrual basis of accounting)

City of Dunwoody, Georgia - December 31, 2010

	2010	2009
General Fund		
Nonspendable	$ 158,114	$ 135,373
Spendable:		
Restricted for HOST capital projects	4,673,161	2,637,621
Assigned	619,740	-
Unassigned	5,460,937	601,632
Total general fund	$ 10,911,952	$ 3,374,626
All Other Governmental Funds		
Restricted:		
Capital projects	$ 306,150	$ 755,934
Assigned:		
Promotion of tourism	-	975
Capital projects	562,907	191,256
Debt service	32,297	540,944
Total all other governmental funds	$ 901,354	$ 1,489,109

Changes in Fund Balances of Governmental Funds - Last Two Fiscal Years (modified accrual basis of accounting)

City of Dunwoody, Georgia - December 31, 2010

	2010		2009
Revenues			
Taxes	$ 19,259,382	(1)	$ 17,622,712
Licenses and permits	944,671		439,410
Intergovernmental	62,345		-
Charges for services	393,119		327,366
Fines and forfeitures	1,150,792	(2)	655,483
Contributions	46,424		73,889
Interest earned	16,062		8,943
Miscellaneous	59,536		3,647
Total revenues	21,932,331		19,131,450
Expenditures			
Current:			
General government	4,627,391		6,345,057
Judicial	218,953		194,533
Public safety	4,517,442		7,613,487
Public works	1,896,421		1,803,788
Culture & recreation	385,865		-
Community development	2,093,686		1,724,838
Capital outlay	845,729		-
Debt service:			
Principal	662,073		45,736
Interest	110,195		40,276
Total expenditures	15,357,755		17,767,715
Excess of revenues over expenditures	6,574,576		1,363,735
Other Financing Sources (Uses)			
Issuance of long term debt	-		3,500,000
Transfers in	2,285,986		2,417,437
Transfers out	(2,285,986)		(2,417,437)
Total other financing sources (uses)	-		3,500,000
Net change in fund balances	$ 6,574,576		$ 4,863,735
Debt service as a percentage of noncapital expenditures	5.4%		0.6%

(1) 2010 was the first year the City was eligible to receive insurance premium tax revenue.

(2) 2010 was the first full year of operations for the Court.

General Governmental Tax Revenue By Source - Last Two Fiscal Years (modified accrual basis of accounting)

City of Dunwoody, Georgia - December 31, 2010

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Alcohol & Excise Taxes	Inusurance Premium Taxes	Total
2009	$ 6,500,861	$ 2,635,738	$ 1,858,613	$ 3,085,419	$ 2,158,910	$ 1,383,171 (2)	$ -	$ 17,622,712
2010	6,283,689	2,441,840	1,788,624	3,473,461	2,532,106	675,535	2,064,127 (1)	19,259,382

(1) 2010 was the first year the City was eligible to receive insurance premium tax revenue.

(2) The 13 month 2009 fiscal period contained two renewal periods for alcoholic beverage licenses.

Assessed Value and Estimated Actual Value of Taxable Property
Last Two Fiscal Years
City of Dunwoody, Georgia - December 31, 2010

Calendar Year	Real Property				Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Utility					
2009	$ 1,705,668,325	$ 1,311,612,849	$ 2,170,120	$ -	$ 161,248,291	$ 3,180,699,585	2.740	$ 7,951,748,963	40%
2010	1,683,136,563	1,091,708,075	19,838,600 (1)	7,961,865 (2)	230,691,338	3,033,336,441	2.740	7,583,341,103	40%

Source: DeKalb County Tax Commissioner

(1) In 2010 a large property was recassified from commercial to industrial property.

(2) 2010 was the first year of the utility tax on the digest for the City.

Property Tax Rates, Direct and Overlapping Governments
Last Two Fiscal Years - (rate per $1000 of assessed value)

City of Dunwoody, Georgia - December 31, 2010

Calendar Year	Dunwoody	DeKalb County						State	Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Fire District Millage	Hospital Millage	Total County Millage	Total School District Millage		
2009	2.740	8.000	1.940	2.460	0.960	13.360	22.980	0.250	39.330
2010	2.740	8.000	1.940	2.460	0.960	13.360	22.980	0.250	39.330

Source: DeKalb County Tax Commissioner

Note: As set forth in the City's charter, the millage rate can not exceed 3.04 mills unless a higher limit is approved through referendum by a majority of qualified voters of the City.

Principal Property Taxpayers - Current and One Year Ago

City of Dunwoody, Georgia - December 31, 2010

Taxpayer	2010 Taxable Assessed Value	2010 Rank	2010 Percentage of Total Taxable Assessed Value	2009 Taxable Assessed Value	2009 Rank	2009 Percentage of Total Taxable Assessed Value
PERIMETER MALL LLC	$ 66,381,876	1	2.19 %	$ 71,498,626	1	2.25 %
RB TERRACES LLC	42,114,194	2	1.39	60,914,842	2	1.92
KOGER RAVINIA LLC	40,243,760	3	1.33	36,000,000	3	1.13
GLL PERIMETER PLACE LP	29,452,962	4	0.97	29,452,962	4	0.93
MASSACHUSETTS MUTUAL LIFE	23,182,960	5	0.76	22,020,800	8	0.69
PERIMETER ATLANTA SC LLC	22,120,000	6	0.73	20,059,966	9	0.63
JEFFERSON AT PERIMETER LP	22,118,240	7	0.73	22,528,462	6	0.71
WRI RETAIL POOL LLP	21,657,668	8	0.71	-		-
MILLBROOK APARTMENTS ASSOCIATES	19,292,240	9	0.64	-		-
FAIRFIELD PERIMETER LLC	18,961,290	10	0.63	22,307,400	7	0.70
BROADSTONE AT DUNWOODY LLC	-		-	27,003,148	5	0.85
METROPOLITAN III	-		-	18,800,000	10	0.59
Totals	$ 305,525,190		10.08 %	$ 330,586,206		10.39 %

Source: DeKalb County Tax Commissioner

Note: 2009 is the first year the City levied property taxes.

Property Tax Levies and Collections - Last Two Fiscal Years

City of Dunwoody, Georgia - December 31, 2010

Fiscal Period Ended December 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 6,185,472	$ 6,047,464	97.8 %	$ 135,560	$ 6,183,024	100.0 %
2010	5,931,843	5,735,897	96.7	N/A	5,735,897	96.7

Source: DeKalb County Tax Commissioner

Note: The City levied property taxes for the first time in 2009.

Ratios of Outstanding Debt by Type - Last Two Fiscal Years

City of Dunwoody, Georgia - December 31, 2010

Fiscal Period Ended December 31	Governmental Activities Notes Payable	Percentage of Personal Income (1)	Per Capita (1)
2009	$ 3,454,264	0.14 %	$ 80.79
2010	2,792,191	0.13	64.45

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Direct and Overlapping Governmental Activities Debt

City of Dunwoody, Georgia - December 31, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)		Estimated Share of Over-lapping Debt
DeKalb County	$ 345,347,000	12.04	%	$ 41,579,779
Fulton DeKalb Hospital Authority	200,881,000	12.04		24,186,072
Total overlapping debt	$ 546,228,000			65,765,851

Source: Assessed value data used to estimate applicable percentages and debt outstanding obtained from DeKalb County's Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

Demographic and Economic Statistics - Last Two Fiscal Years

City of Dunwoody, Georgia - December 31, 2010

Fiscal Period	Population (1)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (1)
2009	43,322	$ 2,437,036	$ 56,254	38.4	5,798	10.1 %
2010	43,322	2,097,305	48,412	38.0	6,003	10.1

(1) Source: US Census Bureau - American Factfinder

(2) Source: DeKalb County Schools

Note: Population, per capita and personal income are estimates based on past regional trends.

Principal Employers - Current and One Year Ago

City of Dunwoody, Georgia - December 31, 2010

Employer	2010 Employees (3)	2010 Rank	2010 Percentage of Total City Employment (2)	2009 Employees (1)	2009 Rank	2009 Percentage of Total City Employment (2)
SIX CONTINENTS HOTELS	884	1	4.00 %	967	1	3.89 %
THE ATLANTA JOURNAL CONSTITUTION	647	2	2.93	-		-
WALDEN SECURITY	570	3	2.58	606	4	2.44
UHS OF PEACHFORD LP	496	4	2.24	453	6	1.82
COMPUTER GENERATED SOLUTIONS	409	5	1.85	420	8	1.69
ER SOLUTIONS INC	378	6	1.71	400	10	1.61
MACY'S CORPORATE	371	7	1.68	785	2	3.16
MACY'S #20	371	8	1.35	412	9	1.66
WAL MART SUPERCENTER #236	298	9	1.34	-		-
T MOBILE	295	10	1.32	767	3	3.09
PHILIPS HEALTHCARE	-		-	492	5	1.98
AUTOTRADER COM INC	-		-	435	7	1.75
Totals	4,719		21.00 %	5,737		23.09 %

(1) Source: 2009 individual employer's business license filings.

(2) Source: U.S. Bureau of Labor Statistics

(1) Source: 2010 individual employer's business license filings.

Full - Time Equivalent City Government Employees By Function
Last Two Fiscal Years
City of Dunwoody, Georgia - December 31, 2010

Function	2010	2009
General government	3	3
Judicial	1	1
Public safety		
Officers	40	40
Civilians	8	8
Total	52	52

Source: City of Dunwoody Human Resources Department

Note: Indicators are not available for the Public Works and Community Development functions.

Capital Asset Statistics By Function - Last Two Fiscal Years

City of Dunwoody, Georgia - December 31, 2010

Function/ Program	2010	2009
Police		
Stations (1)	1	1
Patrol Units	41	40
Patrol Zones	3	3
Public Works		
Streets (miles)	185	185
Traffic Signals	78	78
Parks (acres)	156	-

Source: Various City Departments

(1) Reflects building operating lease.

Note: Indicators are not available for the General Government, Judicial and Community Development functions.

Operating Indicators By Function - Last Two Fiscal Years

City of Dunwoody, Georgia - December 31, 2010

Function	2010	2009
Police		
Arrests	1,966	1,287
Incidents	5,338	3,834
Citations	7,396	6,318
Public Works		
Potholes repaired	610	423
Storm drains cleaned/repaired	402	321
Municipal Court		
Citations processed	7,469	8,475
Clients successfully completing probation	1,171	297
Community Development		
Permits issued	1,707	1,110
Inspections completed	5,868	6,012

Sources: Various government departments.

Note: Indicators are not available for the general government function.

Note: Municipal Court processed citations issued by DeKalb County for the first part of 2009 fiscal year

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Dunwoody*
*Smart people – Smart city