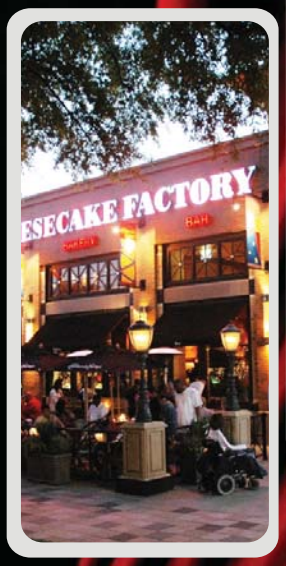
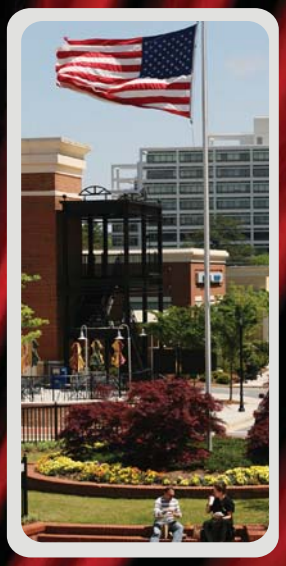
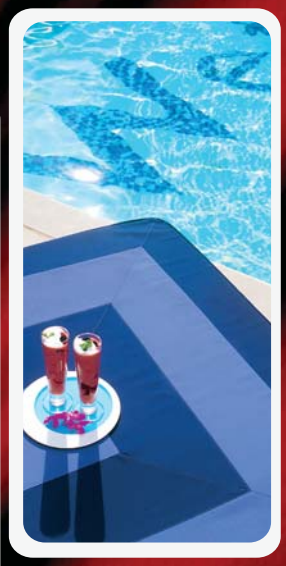
Dunwoody*

*Smart people – Smart city











2011

City of Dunwoody, Georgia

Comprehensive Annual Financial Report
For the Year Ended December 31, 2011



Dunwoody

*Smart people – Smart city

City of Dunwoody

Comprehensive Annual Financial Report

For the year ended

December 31, 2011

Prepared by:
Chris Pike, CPA
Finance Director

Submitted by:
Warren A. Hutmacher
City Manager

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal I
Certificate of Achievement XI
Organizational Chart XII
Listing of Elected Officials XIII
Listing of Principal Appointed Officials XIII

FINANCIAL SECTION

Independent Auditor's Report 1
Management's Discussion and Analysis 4
Basic Financial Statements:
Government-wide Financial Statements
Statement of Net Assets 15
Statement of Activities 16
Fund Financial Statements
Balance Sheet – Governmental Funds 17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19
Statement of Net Assets – Proprietary Fund 20
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund 21
Statement of Cash Flows – Proprietary Fund 22
Statement of Fiduciary Assets and Liabilities – Agency Fund 23
Notes to Financial Statements 24
Required Supplementary Information:
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) 47
Supplemental Statements and Schedules
Combining and Individual Fund Statements and Schedules
Combining Balance Sheet – Nonmajor Governmental Funds 50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 51

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Statements and Schedules (Continued):

Special Revenue Funds – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 52

Debt Service Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 54

Statement of Changes in Assets and Liabilities – Agency Fund 56

Balance Sheet - Component Unit - Convention and Visitors Bureau of Dunwoody 57

Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit – Convention and Visitors Bureau of Dunwoody 58

STATISTICAL SECTION

Net Assets by Component 61

Changes in Net Assets 62

Governmental Activities Tax Revenues by Source 64

Fund Balances of Governmental Funds 64

Changes in Fund Balances of Governmental Funds 65

General Governmental Tax Revenues by Source 66

Assessed Value and Estimated Actual Value of Taxable Property 67

Property Tax Rates, Direct and Overlapping Governments 67

Principal Property Taxpayers 68

Property Tax Levies and Collections 69

Ratios of Outstanding Debt by Type 70

Direct and Overlapping Governmental Activities Debt 71

Demographic and Economic Statistics 72

Principal Employers 72

Full-time Equivalent City Government Employees by Function 73

Capital Asset Statistics by Function 73

Operating Indicators by Function 74

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 76

Page Intentionally Left Blank

Introductory Section



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

April 12, 2012

Honorable Mike Davis, Mayor,
Members of the City Council, and
Citizens of Dunwoody, Georgia

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, 2011. 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, 2011. 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.

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-Spruill House, 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).



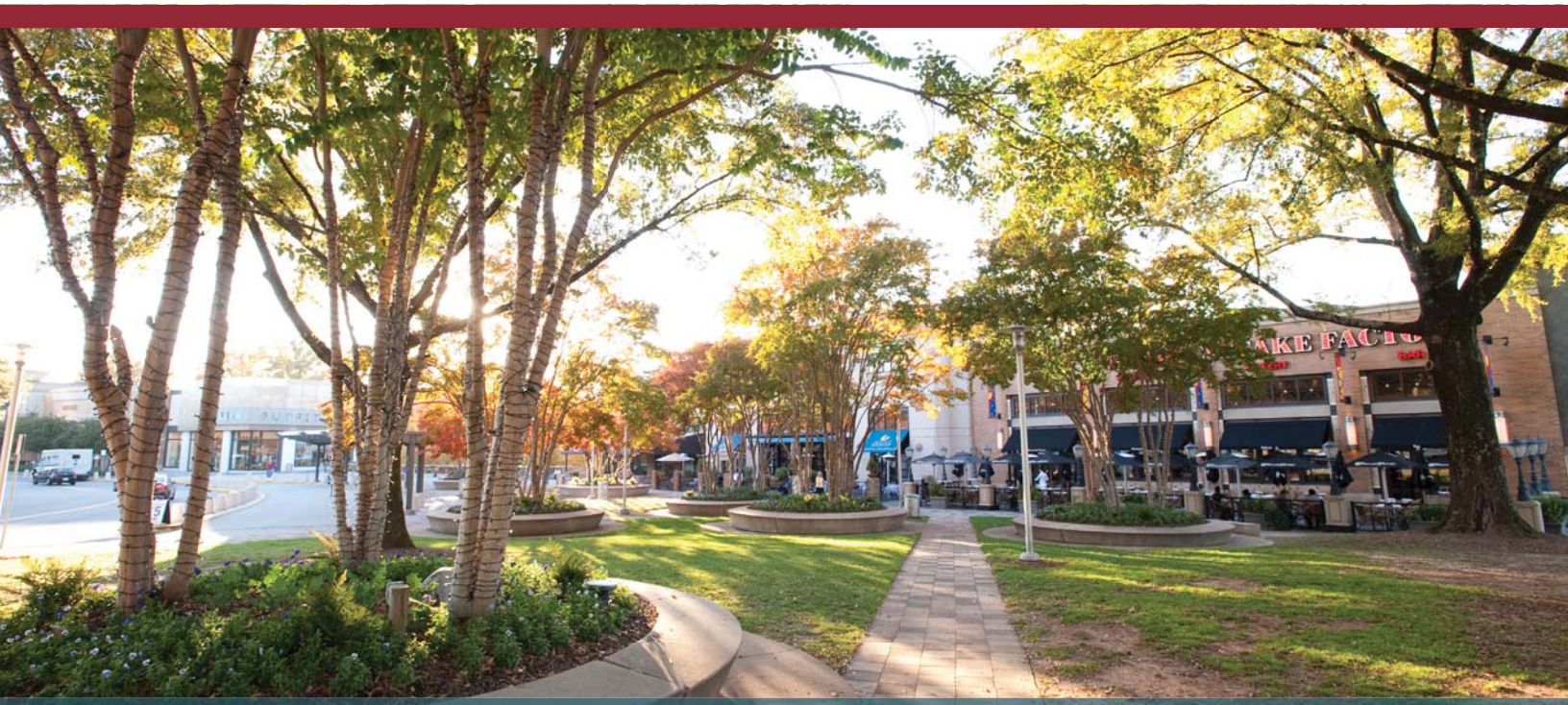
"Old Buck" Circ. 1918

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.

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.

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. 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 is approximately 13.2 square miles with an estimated population of over 46,000 residents and an estimated daytime population of over 120,000. Some services are still provided by DeKalb County.





Profile of the Government

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 2016. In 2011, the City held its first general election since incorporation transitioning two council member positions and the mayor position.

The Council serves as the legislative and policy making 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 y 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. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 39, 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. 61, specifically the Convention and Visitors Bureau of Dunwoody.

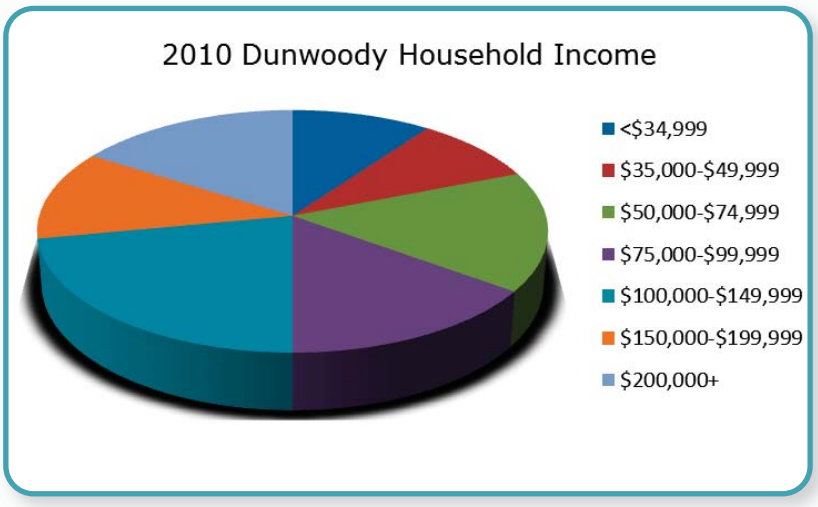
Local Economy

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 Size	2.38	2.3	2.27	2.27	2.27	2.27

Based on the 2010 US Census, in 2010 DeKalb County had a population of 691,893 people and stood as the third most populous county in the ARC region. DeKalb County has come to represent nearly a sixth of metropolitan Atlanta's total population, a significant figure for a single county considering the region consists of ten counties. Moreover, the County represents 7.1% of the entire population of Georgia. Dunwoody represents 6.7% 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 2,290 licensed businesses.

The City of Dunwoody's median household income in 2010 was $74,297, and the per capita income was $44,066. DeKalb County (2010), in contrast has a median income of $46,812 and a per capita income of $38,094 with Fulton County a bit higher at a median income of $52,831 (2010) and a per capita income of $32,562 (2010). This illustrates that the North Fulton/North DeKalb cities have higher incomes than the counties in which they are contained. Georgia numbers are substantially lower at $46,430 and $23,383, respectively.



Dunwoody hosts several of the nation's largest companies and virtually every major industry except agriculture within the Perimeter Mall and surrounding commercial properties. Perimeter Mall is the South's second largest shopping mall with 18 million visitors per year. The City's commercial properties comprise over 40% of the total tax digest by property value, ensuring a strong economic environment for the government.

National and Local Economy

The economic recovery beginning in the third quarter of 2009 through the second quarter of 2011 has been disappointing to most with the persistently high number of unemployed in the US, increasing oil prices, and mounting political turmoil. Local governments are facing many challenges and while Dunwoody is not immune to these challenges the City has fared better than most cities. Despite a decline in Dunwoody's property tax revenues from $6.43 million two years ago to an estimated $5.72 million in 2012 Dunwoody has avoided layoffs, furloughs, and the elimination of capital spending that other cities have had to implement. Dunwoody's strong position is due in part to its diverse revenue stream as well as its successful Split Contract Service model that provides the City with highly trained staff for a fixed fee cost.

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 is well positioned for future economic success. Property values held relatively steady compared to the overall County digest. Property values dropped 6.6% in Dunwoody in fiscal year 2011 while Dekalb County saw a historic 17.2% drop in property values over the same time period. Dunwoody saw new business licenses issued and attracted several corporate headquarters. The City's diverse revenue base provides a variety of additional revenues to the millage rate of only 2.74 mills (capped at 3.04) from a variety of sources from groups of local businesses, residents and visitors to the area.

Dunwoody's incorporation and early development took place during a severe recession in the economy requiring the establishment of an effective and efficient structure. Dunwoody continues its pursuit for a lean expense model with measures such as restructuring the municipal service contracts to reduce contract pricing and improve services, aggressive bidding for health insurance, and a successful wellness program to reduce health care costs.

The City operates in a competitive environment for investment and jobs. The City is better prepared than most but recognizes that the current economic environment creates additional pressure. The City has recently completed a number of planning initiatives including a new Comprehensive Land Use Plan and Unified Branding Campaign. These initiatives and other master planning efforts are included in the City's Economic Development Strategy.

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 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

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.

Fiscal Year 2011 was the third full year of service. Major items implemented during this fiscal year include:

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

- Transitioned to Chatcomm 911 Authority for Police call taking and dispatching
- Establishment of a business community outreach
- Established map-based crime stats and analysis within a geographic area
- Implemented electronic citation delivery and automated records system
- Observed a drop in Universal Crime Reporting (UCR) crimes compared to 2010
- Hosted 2 Citizen Police Academies
- Participated in 15 Homeowners Association and Neighborhood Watch meetings
- Developed a Safe Holiday Initiative Program and a Safety Awareness Program
- The Dunwoody Police Explorers participated in 3 competitions

Priority 2 - Promote responsible and balanced redevelopment

- Completed master plans for Dunwoody Village area and Georgetown/North Shallowford area
- Created state-of-the-art GIS system

- Conducted significant sustainability efforts for the community such as rain barrel workshops, Electronics Recycling Day, and tips on how to have a 'greener' home
- The Code Enforcement Department identified over 8,000 violations in multi-family homes
- Initiated an Impact Fee Study
- Commenced a multi-year project to rewrite the Zoning Code
- Achieved Atlanta Regional Commission Bronze Level Certification as a green community
- Maintained active partnerships with the Chamber of Commerce and the Perimeter Community Improvement Districts

Priority 3 - Actively pursue comprehensive infrastructure improvements

- Transferred ownership of public parks and facilities from Dekalb County
- The City's first Comprehensive Transportation Plan was recognized for the Outstanding Planning Process award by the Georgia Planning Association
- Adopted the Complete Streets Policy that ensures future transportation investment will consider all users of the public right of way
- Completed the concept design for Dunwoody Village Parkway, securing an additional $340,000 in federal funding
- More than doubled its investment in paving
- Over 7 miles of arterial and neighborhood streets were resurfaced
- Completed inventory of over 10,000 stormwater structures
- Began developing long-term maintenance and capital improvement plans for stormwater
- Completed over 20 stormwater repair projects
- Completed a conversion of all traffic signals to energy efficient LED bulbs
- Signal re-timing in Dunwoody Village and on Perimeter Center West resulted in measurable decrease in travel time and vehicle emissions
- Sidewalk projects for Happy Hollow Road and Valley View Road were designed and contracted for construction
- Began concept design improvements for Tilly Mill Road and North Peachtree Road
- Began concept design improvements for sidewalk and bicycle for Mount Vernon Road west of Ashford Dunwoody Road
- Completed the Parks, Recreation, and Open Space Master Plan
- Acquired a 16 acre parcel of land in the Georgetown/North Shallowford area
- Demolished 2 obsolete and hazardous buildings in Brook Run Park
- Completed $180,000 grant awarded energy efficient improvements to the newly acquired facilities, resulting in $7,000 in Georgia Power rebates
- Several major improvement and repair projects were performed for the Donaldson-Chestnut House, North Dekalb Cultural Arts Center, and the Children's Adventure Garden

Priority 4 - Create an atmosphere in which businesses thrive

- Maintained a collaborative relationship with the Code Enforcement Department to track down those businesses that have failed to pay their occupation taxes
- Maintained a collaborative relationship with the Chamber of Commerce to communicate any pertinent information to our Dunwoody businesses

- Worked with vendors to obtain permits for the successful passage of alcohol Sunday Sales
- Revised and streamlined the business and alcohol licensing process
- Created an economic development policy
- Work closely with the Police Department to welcome new businesses to the Dunwoody area
- Successfully reduced the amount of paper usage

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 ended December 31, 2010. 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 2011 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 2012 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.

Respectfully Submitted,

Christopher Pike

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, 2010

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.



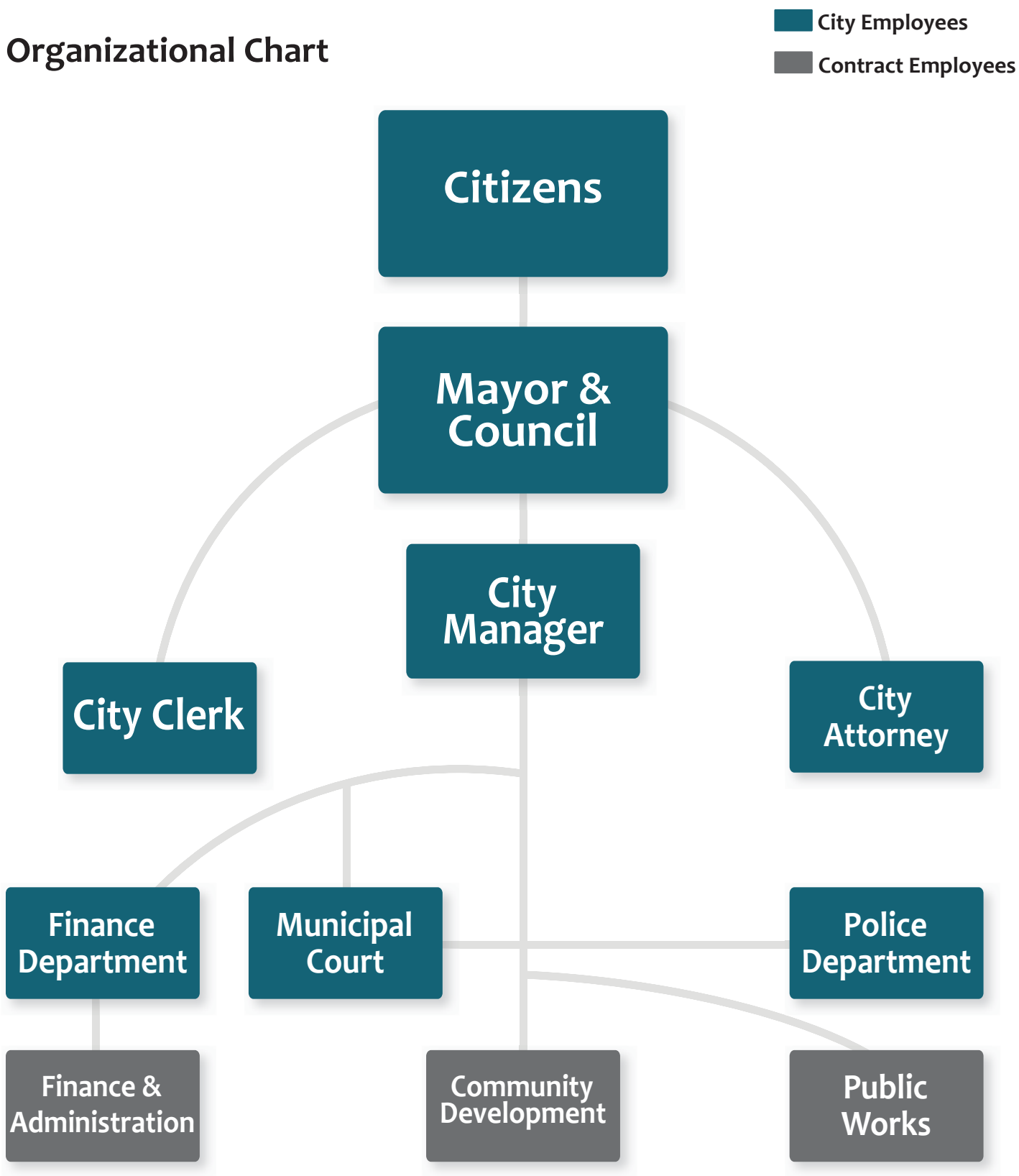
Linda C. Davidson

President

Jeffrey L. Esser

Executive Director

Organizational Chart



City of Dunwoody

Listing of Elected Officials

At December 31, 2011



Mayor
Mike Davis



City Council Post 1
Denis "Denny" Shortal



City Council Post 2
Adrian Bonser



City Council Post 3
Doug Thompson



City Council Post 4
Terry Nall



City Council Post 5
Lynn Deutsch



City Council Post 6
John Heneghan

Listing of Principal Appointed Officials



City Manager
Warren A. Hutmacher



City Clerk
Sharon Lowery



Court Clerk
Trina Gallien



City Attorney
Brian Anderson

City Auditors
Maldin & Jenkins, LLC

Auditor's Letter



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, 2011, 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, 2011, and the respective changes in financial position, and, where applicable, cash flows 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 12, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dunwoody's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 12, 2012

Financial Section



MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011. 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.

Dunwoody enjoyed an eventful and rewarding year with several highlights in the areas of community planning efforts, transportation and infrastructure, parks, public safety, and expense control. Public Works completed several master plans including the Parks, Recreation and Open Master Plan as well as master plans for significant projects including Dunwoody Village and the Georgetown/North Shallowford area. The Parks, Recreation and Open Master Plan will serve as a blueprint for redeveloping existing parks and facilities and the development of new parks and greenways through the City.



In 2011, the City achieved its first renewal process for the main municipal service providers for the City. The City took the three existing contracts and rebid the services under seven new service sectors. Five contractors were selected for those seven sectors with a four-year projected savings of over $3.2 million from the 2011 contract prices. Additionally, the City more than doubled its investment in paving to approximately $2 million to improve the condition of Dunwoody streets in 2011. As part of the paving, conditions for cyclist were improved on three miles of arterial roads through re-striping and other low cost modifications. The Public Works Department also tapped into Department of Transportation resources to fund upgrades to 13 traffic signals at a cost savings to the City of $223,519.

The Parks Department was established at the end of fiscal year 2010 and kicked off 2011 with an aggressive agenda of multiple projects. The City completed an acquisition of a 16 acre parcel of land in the Georgetown/North Shallowford area also known as the PVC Pipe Farm Property. The Pipe Farm purchase was financed by a $5,173,000 note payable. The Parks Department also completed $180,000 in grant awarded energy efficiency improvements to the newly acquired facilities as well as received $7,000 in Georgia Power rebates for those same improvements. The City also applied for and received $100,000 in grant funds to develop a trail for Brook Run Park.

Public Works analyzed over 40% of the Stormwater Utility system in 2010 and the remainder was identified and analyzed in 2011. The SWU charges a fee to all property owners to finance repairs

and maintenance to the stormwater system in Dunwoody. 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. Net assets of $394,599 were used to help fund the accelerated repairs to the system during 2011.

Overview of the Financial Statement

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 utility 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 15 and 16 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 seven 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 and capital projects funds, which are considered to be major funds. Data for the other five governmental funds (motor vehicle excise tax fund, debt service fund, multiple grants fund, and Emergency 911 telephone service) 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 17 through 19 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 fund to account for its stormwater utility 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 20 through 22 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 23 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 24 through 43 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 47 and 48 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 50 through 56 of this report.



Government-wide Financial Analysis

City of Dunwoody's Net Assets

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Cash and cash equivalents	$ 4,355,830	$ 5,335,937	$ 1,802,999	$ 1,707,526	$ 6,158,829	$ 7,043,463
Investments	3,703,125	-	-	-	3,703,125	-
Accounts receivable	155,784	51,824	19,735	24,638	175,519	76,462
Taxes receivable	5,506,230	3,564,332	-	-	5,506,230	3,564,332
Due from other governments	30,322	1,245	-	-	30,322	1,245
Due from component unit	8,000	7,912	-	-	8,000	7,912
Prepaids	209,511	158,114	-	-	209,511	158,114
Restricted cash	5,664,819	5,058,812	-	-	5,664,819	5,058,812
Capital assets:						
Nondepreciable	16,401,235	9,770,000	-	-	16,401,235	9,770,000
Depreciable, net of accumulated depreciation	46,370,997	47,101,067	1,734,347	-	48,105,344	49,186,131
Total assets	**82,405,853**	**71,049,243**	**3,557,081**	**2,085,064**	**85,962,934**	**74,866,471**
LIABILITIES						
Accounts payable	1,642,990	762,992	271,905	137,453	1,914,895	900,445
Accrued liabilities	515,174	503,734	-	-	515,174	503,734
Due to component unit	44,238	53,968	-	-	44,238	53,968
Unearned rent	875,673	948,526	-	-	875,673	948,526
Compensated absences due within one year	144,771	148,155	-	-	144,771	148,155
Compensated absences due in more than one year	72,385	74,078	-	-	72,385	74,078
Notes payable due within one year	1,399,735	679,960	-	-	1,399,735	679,960
Notes payable due in more than one year	5,885,496	2,112,231	-	-	5,885,496	2,112,231
Total liabilities	**10,580,462**	**5,283,644**	**271,905**	**137,453**	**10,852,367**	**5,421,097**
NET ASSETS						
Invested in capital assets, net of related debt	55,691,197	54,385,026	1,734,347	2,085,064	57,425,544	56,470,090
Restricted for HOST capital projects	5,268,129	4,673,161	-	-	5,268,129	4,673,161
Restricted for public safety	192,494	-	-	-	192,494	-
Restricted for E911 operations	148,234	-	-	-	148,234	-
Unrestricted	10,525,337	6,707,592	1,550,829	1,594,711	12,076,166	8,302,303
Total net assets	**$ 71,825,391**	**$ 65,765,779**	**$ 3,285,176**	**$ 3,285,176**	**$ 75,110,567**	**$ 69,445,554**

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

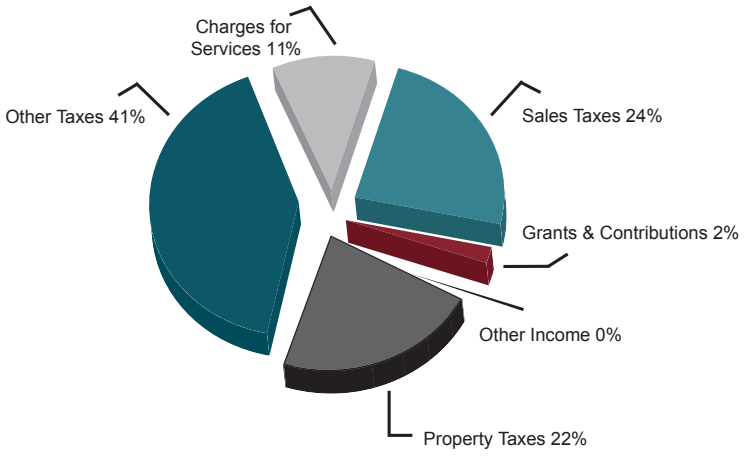
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $71,825,391.

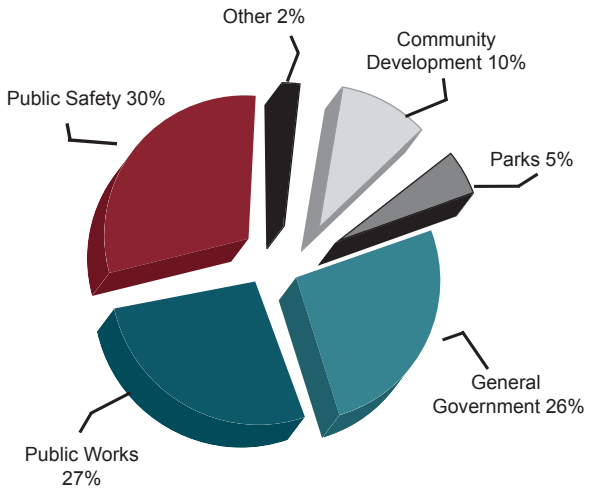
The largest portion of the City's net assets, $55,691,197, reflects its investment in capital assets (e.g., buildings, machinery and equipment roadways, sidewalks, culverts, equipment and signals); less any related debt used to acquire those assets that is still outstanding. The City uses these capital 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 $5,608,857, which are restricted HOST funds to be used on capital projects; restricted lease proceeds to be used on capital projects, and restricted emergency 911 fees to be used for operation of the E911 center. The remaining portion of the City's net assets represents unrestricted net assets of $10,525,337 that is available to meet the ongoing obligations of the government. The City has current assets of $19,633,621. These assets include $10,020,649 of cash and cash equivalents and $3,703,125 of investments. The City's capital assets are $62,772,232. Debt liabilities are $5,885,496 with another $1,399,735 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 and land purchased in 2011. At the end of the current fiscal period, the City reported positive balances in all net assets categories.

City of Dunwoody's Changes in Net Assets

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program Revenues						
Charges for services	$ 2,910,591	$ 2,510,938	$1,269,452	$1,272,341	$ 4,180,043	$ 3,783,279
Operating grants & contributions	117,501	64,072	-	-	117,501	64,072
Capital grants & contributions	505,539	13,311,910	-	178,449	505,539	13,490,359
General Revenues						
Property taxes	5,773,218	6,418,837	-	-	5,773,218	6,418,837
Sales taxes	6,112,167	2,441,840	-	-	6,112,167	2,441,840
Other taxes	10,572,503	10,533,853	-	-	10,572,503	10,533,853
Miscellaneous revenues	59,222	24,581	-	-	59,222	24,581
Gain on disposal of capital asset	-	2,980	-	-	-	2,980
Unrestricted investment earnings	17,007	16,062	1,779	2,492	18,786	18,554
Total revenues	**26,067,748**	**35,325,073**	**1,271,231**	**1,453,282**	**27,338,979**	**36,778,355**
EXPENSES						
General government	5,178,035	4,810,795	-	-	5,178,035	4,810,795
Judicial	236,192	215,094	-	-	236,192	215,094
Public safety	5,979,082	4,975,421	-	-	5,979,082	4,975,421
Public works	5,323,795	3,073,849	-	-	5,323,795	3,073,849
Housing & development	125,852	-	-	-	125,852	-
Culture & recreation	914,096	509,941	-	-	914,096	509,941
Community development	2,105,107	2,053,868	-	-	2,105,107	2,053,868
Health and welfare	40,475	-	-	-	40,475	-
Interest on long-term debt	105,502	93,486	-	-	105,502	93,486
Stormwater	-	-	1,665,830	1,161,348	1,665,830	1,161,348
Total expenses	**20,008,136**	**15,732,454**	**1,665,830**	**1,161,348**	**21,673,966**	**16,893,802**
Increase in net assets	**6,059,612**	**19,592,619**	**(394,599)**	**291,934**	**5,665,013**	**19,884,553**
Net assets - beginning	**65,765,779**	**46,173,160**	**3,679,775**	**3,387,841**	**69,445,554**	**49,561,001**
Net assets - ending	**$71,825,391**	**$65,765,779**	**$3,285,176**	**$3,679,775**	**$75,110,567**	**$69,445,554**

City of Dunwoody - Total Primary Government





Governmental activities. The increase in net assets is due, in part to an increase in sales tax revenue. In 2011 the County made adjustments to the Homestead Option Sales Tax (HOST) calculation increasing the City's allocation by $3,078,191. Additionally, the City received $627,728 from 2009 HOST that had been held in escrow pending the outcome of the litigation between Decatur and other cities with Dekalb County. Property taxes were $5,773,218. Franchise taxes were $3,726,300. Business occupation taxes were $2,312,374.

Overall, revenues decreased from 2010, primarily due to the capital grants and contributions not received in 2011 because the transfer of infrastructure from Dekalb County was completed in 2010. Our most apparent and sizable expenses during the year were $5,979,082 and $5,323,795 for the operation of the Dunwoody Police Department and the Public Works Department, respectively. Overall, expenditures increased $4,275,682 over 2010. This is largely attributable to the continued growth of the public safety system including the transition to ChattComm for 911 call-taking and police dispatching as well as an increase in paving and road repairs throughout the City.

Business-type activities. The decrease in net assets of $394,599 is predominately the result of an increase in operating expenses.

Stormwater assessment fees (computed based on a property's impervious surface area) were $1,269,452; representing virtually all of the revenues in the fund. Repairs to the system accounted for 51% of the operating expenses while depreciation on the assets accounted for 22% of the operating expenses. Repairs accelerated during 2011 as the assessment of the stormwater system was completed representing growth of 7% over 2010.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL 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 $16,584,593 and increase in fund balance of $4,771,287. Of this balance, $10,176,399 is restricted or assigned for capital projects, $209,511 is nonspendable for prepaids, $383,092 is restricted or assigned for special purposes and $5,815,591 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 $11,392,923 representing an unassigned fund balance of $5,822,789, restricted HOST funds of $5,268,129 for capital projects, $192,494 for special purposes, and $109,511 in nonspendable prepaids. Fund balance increased by $480,971 from 2010 primarily as a result of an increase in HOST revenues. 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 41.1% of total general fund expenditures, while total fund balance represents 80.5% of total general fund expenditures.

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 $8,852,034 was transferred into the capital projects fund from the general fund. Additionally, debt was issued for the purchase of land representing another financing source of $5,173,000. After expenditures of $9,713,057, the capital projects fund had an increase in fund balance of $4,139,213.

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 2011, the City's general fund had a favorable budget variance of $2,086,867. There was a $368,239 favorable budget variance for revenues as well as a $1,706,818 favorable budget variance for expenditures. The City's actual activity was more favorable than budgeted for most line items due to a conservative budget approach. Contributing to the favorable revenue figure was unbudgeted increase in franchise fees, insurance taxes, and licenses and permits partially offset by unbudgeted decrease in business taxes, intergovernmental revenue, and fines and forfeitures. Also contributing to the favorable expense figures was $575,000 for contingency that was not used in 2011.

City of Dunwoody's Capital Assets (net of depreciation)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 16,143,774	$ 9,751,750	$ -	$ -	$ 16,143,774	$ 9,751,750
Construction in progress	257,461	18,250	-	-	257,461	18,250
Buildings	625,978	383,500	-	-	625,978	383,500
Improvements	3,555,709	3,834,309	-	-	3,555,709	3,834,309
Machinery & equipment	2,263,770	2,068,726	-	-	2,263,770	2,068,726
Infrastructure	39,925,540	40,814,532	1,734,347	2,085,064	41,659,887	42,899,596
Total	**$ 62,772,232**	**$ 56,871,067**	**$ 1,734,347**	**$ 2,085,064**	**$ 64,506,579**	**$ 58,956,131**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental activities as of December 31, 2011, amounts to $62,772,232 (net of accumulated depreciation). These assets primarily reflect infrastructure assets such as roadways, sidewalks, and signals; land; 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, 2011 amounts to $1,734,347. These assets reflect culverts and other storm water management assets. The decrease in business-type capital assets results from a change in estimate of the value of the storm water management system.

Additional information on the City's capital assets can be found in note 6 on pages 36 and 37 of this report.

Long-term debt. At the end of fiscal year 2011, the City had total debt outstanding of $7,285,231 representing $2,112,231 for police and administrative start-up equipment acquired in 2009 and $5,173,000 for purchase of the PVC Pipe Farm property in 2011. 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 7 on page 38 and 39 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 2011 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 operating millage rate cap 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 implementation of the 5-year capital paving plan to address a significant backlog of existing infrastructure deficiencies. Funding was also allocated for 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.

REQUEST 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

Statement of Net Assets

December 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dunwoody Convention and Visitors Bureau
ASSETS				
Cash and cash equivalents	$ 4,355,830	$ 1,802,999	$ 6,158,829	$ 515,894
Investments	3,703,125	-	3,703,125	-
Accounts receivable	155,784	19,735	175,519	-
Taxes receivable	5,506,230	-	5,506,230	-
Due from other governments	30,322	-	30,322	-
Due from component unit	8,000	-	8,000	-
Due from primary government	-	-	-	44,238
Prepaids	209,511	-	209,511	3,518
Restricted cash	5,664,819	-	5,664,819	-
Capital assets:				
Nondepreciable	16,401,235	-	16,401,235	-
Depreciable, net of accumulated depreciation	46,370,997	1,734,347	48,105,344	14,198
Total assets	**82,405,853**	**3,557,081**	**85,962,934**	**577,848**
LIABILITIES				
Accounts payable	1,642,990	271,905	1,914,895	25,033
Accrued liabilities	515,174	-	515,174	-
Due to primary government	-	-	-	8,000
Due to component unit	44,238	-	44,238	-
Unearned rent	875,673	-	875,673	-
Compensated absences due within one year	144,771	-	144,771	-
Compensated absences due in more than one year	72,385	-	72,385	-
Notes payable due within one year	1,399,735	-	1,399,735	-
Notes payable due in more than one year	5,885,496	-	5,885,496	-
Total liabilities	**10,580,462**	**271,905**	**10,852,367**	**33,033**
NET ASSETS				
Invested in capital assets, net of related debt	55,691,197	1,734,347	57,425,544	14,198
Restricted for HOST capital projects	5,268,129	-	5,268,129	-
Restricted for public safety	192,494	-	192,494	-
Restricted for E911 operations	148,234	-	148,234	-
Restricted for promotion of tourism	-	-	-	530,617
Unrestricted	10,525,337	1,550,829	12,076,166	-
Total net assets	**$ 71,825,391**	**$ 3,285,176**	**$ 75,110,567**	**$ 544,815**

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

Basic Financial Statements

Statement of Activities

For the Year Ended December 31, 2011

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	$ 4,492,327	$ 455,977	$ 12,674	$ -	$ (4,023,676)	$ -	$ (4,023,676)	$ -
Judicial	236,192	1,094,345	-	-	858,153	-	858,153	-
Public safety	5,979,082	271,702	22,339	7,198	(5,677,843)	-	(5,677,843)	-
Public works	5,323,795	348,900	82,488	108,495	(4,783,912)	-	(4,783,912)	-
Housing and development	811,560	-	-	125,852	(685,708)	-	(685,708)	-
Culture and recreation	914,096	20,098	-	223,519	(670,479)	-	(670,479)	-
Community development	2,105,107	719,569	-	-	(1,385,538)	-	(1,385,538)	-
Health and welfare	40,475	-	-	40,475	-	-	-	-
Interest on long-term debt	105,502	-	-	-	(105,502)	-	(105,502)	-
Total governmental activities	20,008,136	2,910,591	117,501	505,539	(16,474,505)	-	(16,474,505)	-
Business-type activities:								
Stormwater	1,665,830	1,269,452	-	-	-	(396,378)	(396,378)	-
Total primary government	$ 21,673,966	$ 4,180,043	$ 117,501	$ 505,539	(16,474,505)	(396,378)	(16,870,883)	-
Component Unit:								
Dunwoody Convention and Visitors Bureau	$ 604,787	$ -	$ 685,708	$ -	-	-	-	80,921
General revenues:								
Property taxes					5,773,218	-	5,773,218	-
Sales taxes					6,112,167	-	6,112,167	-
Hotel/Motel taxes					1,714,271	-	1,714,271	-
Franchise taxes					3,726,300	-	3,726,300	-
Business taxes					2,312,374	-	2,312,374	-
Alcohol & excise taxes					649,441	-	649,441	-
Insurance premium					2,170,117	-	2,170,117	-
Unrestricted investment earnings					17,007	1,779	18,786	3,373
Miscellaneous revenues					59,222	-	59,222	3,536
Total general revenues					22,534,117	1,779	22,535,896	6,909
Change in net assets					6,059,612	(394,599)	5,665,013	87,830
Net assets, beginning of year					65,765,779	3,679,775	69,445,554	456,985
Net assets, end of year					$ 71,825,391	$ 3,285,176	$ 75,110,567	$ 544,815

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

Basic Financial Statements

Balance Sheet - Governmental Funds

December 31, 2011

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,579,113	$ 1,670,258	$ 106,459	$ 4,355,830
Investments	200,000	3,503,125	-	3,703,125
Accounts receivable	37,706	-	118,078	155,784
Taxes receivable	5,386,874	-	119,356	5,506,230
Intergovernmental receivable	-	-	30,322	30,322
Due from other funds	100,448	-	-	100,448
Due from component unit	8,000	-	-	8,000
Prepaids	109,511	100,000	-	209,511
Restricted assets:				
Cash and cash equivalents	5,460,623	204,196	-	5,664,819
Total assets	$ 13,882,275	$ 5,477,579	$ 374,215	$ 19,734,069
LIABILITIES				
Accounts payable	$ 1,176,984	$ 458,808	$ 7,198	$ 1,642,990
Accrued liabilities	395,915	10,501	15,876	422,292
Deferred revenue	40,780	-	23,055	63,835
Unearned rent	875,673	-	-	875,673
Due to other funds	-	-	100,448	100,448
Due to component unit	-	-	44,238	44,238
Total liabilities	2,489,352	469,309	190,815	3,149,476
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaids	109,511	100,000	-	209,511
Restricted for:				
E911 operations	-	-	132,377	132,377
HOST capital projects	5,268,129	-	-	5,268,129
Public safety	192,494	-	-	192,494
Capital projects	-	204,196	-	204,196
Assigned to:				
Capital projects	-	4,704,074	-	4,704,074
Debt service	-	-	58,221	58,221
Unassigned	5,822,789	-	(7,198)	5,815,591
Total fund balances	11,392,923	5,008,270	183,400	16,584,593
Total liabilities and fund balances	$ 13,882,275	$ 5,477,579	$ 374,215	$ -
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.				62,772,232
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(7,595,269)
Some revenues are not available in the current period and, therefore, are not reported in the funds.				63,835
Net assets of governmental activities				$ 71,825,391

The accompanying notes are an integral part of these statements.

Basic Financial Statements

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 5,817,882	-	-	$ 5,817,882
Sales taxes	6,112,167	-	-	6,112,167
Hotel/Motel taxes	-	-	1,714,271	1,714,271
Franchise taxes	3,811,877	-	-	3,811,877
Alcohol excise taxes	546,281	-	-	546,281
Business taxes	2,312,374	-	-	2,312,374
Insurance premium taxes	2,170,117	-	-	2,170,117
Motor vehicle excise taxes	-	-	103,160	103,160
Licenses and permits	1,131,905	-	-	1,131,905
Intergovernmental	82,488	108,495	188,666	379,649
Charges for services	429,717	-	198,726	628,443
Fines and forfeitures	1,094,345	-	-	1,094,345
Contributions	12,674	-	-	12,674
Interest earned	12,744	4,076	187	17,007
Miscellaneous	95,668	-	-	95,668
Total revenues	$ 23,630,239	$ 112,571	$ 2,205,010	$ 25,947,820
EXPENDITURES				
Current:				
General government	4,147,375	-	-	4,147,375
Judicial	235,916	-	-	235,916
Public safety	4,888,344	-	868,286	5,756,630
Public works	1,965,805	2,138,675	-	4,104,480
Housing and development	-	-	811,560	811,560
Recreation	815,120	-	-	815,120
Community development	2,099,419	-	-	2,099,419
Health and welfare	-	-	40,475	40,475
Capital outlay	-	7,574,382	-	7,574,382
Debt service:				
Principal	-	-	679,960	679,960
Interest	-	-	84,216	84,216
Total expenditures	14,151,979	9,713,057	2,484,497	26,349,533
Excess (deficiency) of revenues over expenditures	9,478,260	(9,600,486)	(279,487)	(401,713)
Other financing sources (uses):				
Issuance of note payable	-	5,173,000	-	5,173,000
Transfers in	1,131,810	8,852,034	1,562,400	11,546,244
Transfers out	(10,129,099)	(285,335)	(1,131,810)	(11,546,244)
Total other financing sources (uses)	(8,997,289)	13,739,699	430,590	5,173,000
Net change in fund balances	480,971	4,139,213	151,103	4,771,287
Fund balances, beginning of year	10,911,952	869,057	32,297	11,813,306
Fund balances, end of year	$ 11,392,923	$ 5,008,270	$ 183,400	$ 16,584,593

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	4,771,287
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		5,677,646
The effect of the donation of capital assets is to increase net assets.		223,519
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(103,591)
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 is the net effect of these differences in the treatment of long-term debt.		(4,493,040)
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.		(16,209)
Change in net assets - governmental activities	$	6,059,612

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

Basic Financial Statements

Statement of Net Assets - Proprietary Fund
December 31, 2011

	Stormwater Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 1,802,999
Accounts receivable, net of allowance	19,735
Total current assets	1,822,734
NONCURRENT ASSETS	
Capital assets, depreciable	2,186,389
Accumulated depreciation	(452,042)
Total capital assets	1,734,347
Total assets	3,557,081
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	271,905
Total current liabilities	271,905
NET ASSETS	
Invested in capital assets	1,734,347
Unrestricted	1,550,829
Total net assets	$ 3,285,176

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

Basic Financial Statements

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund
For the Year Ended December 31, 2011

	Stormwater Fund
OPERATING REVENUE	
Storm water fees	$ 1,269,452
Total operating revenues	1,269,452
OPERATING EXPENSES	
Cost of services	1,315,113
Depreciation	153,600
Total operating expenses	1,468,713
Operating loss	(199,261)
NONOPERATING REVENUES (EXPENSES)	
Interest	1,779
Other nonoperating expenses	(197,117)
Total nonoperating revenues (expenses)	(195,338)
Change in net assets	(394,599)
Total net assets, beginning	3,679,775
Total net assets, ending	$ 3,285,176

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

Basic Financial Statements

Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2011

		Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	1,274,355
Payments to suppliers		(768,676)
Payments to employees		(411,985)
Net cash provided by operating activities		93,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		1,779
Net cash provided by investing activities		1,779
Net increase in cash		95,473
Cash, beginning of year		1,707,526
Cash, end of year	$	1,802,999
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$	(199,261)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		153,600
Change in assets and liabilities:		
Decrease in accounts receivable		4,903
Increase in accounts payable		134,452
Net cash provided by operating activities	$	93,694

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

Statement of Fiduciary Assets and Liabilities - Agency Fund
December 31, 2011

	Municipal Court Fund
ASSETS	
Cash	$ 391,281
Total assets	$ 391,281
LIABILITIES	
Due to others	$ 391,281
Total liabilities	$ 391,281

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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 and the City is required by contract to provide a majority of the operational revenues for the Bureau. Financial information with regard to the Bureau can be obtained from the Bureau's administrative offices at 41 Perimeter Center East, Dunwoody, GA 30346. Separate financial statements for the Dunwoody Convention and Visitors Bureau are not prepared.

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. 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The City reports the following proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

The **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.

D. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund, each Special Revenue Fund, and the Debt Service Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets (Continued)

The City adopts project length budgets for the Capital Projects Fund. During the fiscal year ended December 31, 2011, 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, 2011, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated 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), police seizures, bonding escrows, and unspent proceeds from the City's notes payable are classified as restricted assets on the fund balance sheet and the HOST funds, police seizures, and bonding escrows are shown as restricted net assets on the statement of net assets because their use is restricted by Georgia law or applicable debt agreements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has expressly delegated to the City Manager the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund.

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 $7,595,269 difference are as follows:

Notes payable	**($7,285,231)**
Accrued interest payable	**(92,882)**
Compensated absences (i.e. vacation)	**(217,156)**
Net adjustment to reduce ***fund balance - total governmental funds*** to arrive at ***net assets - governmental activities***	**($7,595,269)**

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 $5,677,646 difference are as follows:

Capital outlay	**$8,011,377**
Depreciation expense	**(2,333,731)**
Net adjustment to increase ***net change in fund balances - total governmental funds*** to arrive at ***change in net assets - governmental activities***	**$5,677,646**

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 that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets." The details of this $4,493,040 difference are as follows:

Proceeds for issuance of long-term debt	**($5,173,00)**
Principal retirement of long-term debt	**679,960**
Net adjustment to decrease ***net change in fund balances-total governmental funds*** to arrive at ***change in net assets - governmental activities***	**($4,493,040)**

Another element of the reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial recources and therefore are not reported as expenditures in governmental funds." The details of this $16,209 difference are as follows:

Compensated absences	**$5,077**
Accrued interest	**(21,286)**
Net adjustment to decrease ***net change in fund balances - total governmental funds*** to arrive **at *changes in net assets - governmental activities.***	**($16,209)**

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, 2011, 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, with a lien date of January 1 of the following year. Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at December 31, 2011, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	GENERAL	CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL	STORMWATER
Receivables:				
Accounts	$ 37,706	-	$ 118,078	$ 55,578
Taxes	5,410,813	-	119,356	-
Intergovernmental	-	-	30,322	-
Total	5,448,519	-	267,756	55,578
Less allowance for uncollectibles	(23,939)	-	-	(35,843)
Net total receivables	**$ 5,424,580**	**$ -**	**$ 267,756**	**$ 19,735**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the period ended December 31, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated:					
Land	$ 9,751,750	$ 6,392,024	$ -	$ -	$16,143,774
Construction in progress	18,250	342,637	-	(103,426)	257,461
TOTAL	9,770,000	6,734,661	-	(103,426)	16,401,235
Capital assets, being depreciated:					
Buildings	434,633	293,611	-	-	728,244
Improvements	4,062,718	17,331	-	-	4,080,049
Machinery and equipment	3,152,674	965,774	-	-	4,118,448
Infrastructure	43,000,812	223,519	-	103,426	43,327,757
TOTAL	50,650,837	1,500,235	-	103,426	52,254,498
Less accumulated depreciation for:					
Buildings	(51,133)	(51,133)	-	-	(102,266)
Improvements	(228,409)	(295,931)	-	-	(524,340)
Machinery and equipment	(1,083,948)	(770,730)	-	-	(1,854,678)
Infrastructure	(2,186,280)	(1,215,937)	-	-	(3,402,217)
TOTAL	(3,549,770)	(2,333,731)	-	-	(5,883,501)
Capital assets, net depreciation	47,101,067	(833,496)	-	-	46,370,997
Governmental activities capital assets, net	$56,871,067	$ 5,901,165	$ -	$ -	$62,772,232

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets, being depreciated for Infrastructure	$ 2,536,607	$ -	$ (350,218)	$ 2,186,389
Less accumulated depreciation for Infrastructure	(451,543)	(153,600)	153,101	(452,042)
Business-type actiivties capital assets, net	$ 2,085,064	$ (153,600)	$ (197,117)	$ 1,734,347

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	**$352,612**
Public safety	**505,480**
Public works	**1,219,315**
Culture and recreation	**250,636**
Community development	**5,668**
Total depreciation expense - governmental activities	**$2,333,731**
Business-type activities:	
Stormwater	**$153,600**

Dunwoody Convention and Visitors Bureau

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated for Infrastructure	$ -	$ 14,500	$ -	$ 14,500
Less accumulated depreciation for Infrastructure	-	(302)	-	(302)
Capital assets, net	$ -	$ 14,198	$ -	$ 14,198

NOTE 7. 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
2012	$ 599,031	$ 54,022	$ 653,053
2013	616,523	36,530	653,053
2014	634,525	18,528	653,053
	$ 1,850,079	$ 109,080	$ 1,959,159

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
2012	$ 101,811	$ 9,312	$ 111,123
2013	105,851	5,272	111,123
2014	54,490	1,071	55,561
	$ 262,152	$ 15,655	$ 277,807

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (continued)

During August 2011, the City entered into an agreement through a financial institution to borrow $5,173,000 for the purchase of 16.86 acres of land. Semi-annual payments of $400,287, including interest at a rate of 2.22% beginning in February 2012 and will continue through August 2018. The debt service requirements to maturity are as follows:

Fiscal year ending December 31,

	Principal	Interest	Total
2012	$ 698,893	$ 101,681	$ 800,574
2013	705,141	95,433	800,574
2014	720,882	79,692	800,574
2015	736,974	63,600	800,574
2016	753,426	47,148	800,574
2017-2018	1,557,684	43,465	1,601,149
	$ 5,173,000	$ 431,019	$ 5,604,019

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the period ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable	$ 2,792,191	$ 5,173,000	$ (679,960)	$ 7,285,231	$ 1,399,735
Compensated absences	222,233	179,791	(184,868)	217,156	144,771
Governmental activity					
Long-term liabilities	$ 3,014,424	$ 5,352,791	$ (864,828)	$ 7,502,387	$ 1,544,506

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

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2011 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$100,448

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary government General Fund	Component unit-Convention and Visitors Bureau	$8,000
Component unit - Convention and Visitors Bureau	Primary government - Nonmajor governmental funds	44,238
		$52,238

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$1,131,810
Capital Projects funds	General Fund	8,852,034
Nonmajor governmental funds	General Fund	1,277,065
Nonmajor governmental funds	Capital Projects Fund	285,335
		$11,546,244

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 9. OPERATING LEASES

The government leases the office facilities under non-cancelable operating leases. 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, 2011.

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

Year Ending December 31	
2012	$486,860
2013	497,931
2014	509,249
2015	520,815
2016	532,630
2017-2019	1,288,737
TOTAL	$3,836,222

NOTE 10. COMMITMENTS 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 $3.7 million annually. The contracts were bid for four annual service periods and run through the year ending December 31, 2015.

For the fiscal year ended December 31, 2011, construction commitments on uncompleted contracts were $204,855.

The City employed encumbrance accounting during the period; however, there were no encumbrances outstanding at December 31, 2011.

NOTE 11. 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, 2011, there were 56 plan members. City Council has the authority to establish and amend the plan provisions as well as the contribution for the plan. The City contributes 6.2% and 10% of each employee's salary into the two plans. Employees are not required to contribute to the Plan. 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, 2011, the City's contributions to the Plans were $696,023.

NOTE 12. 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 13. 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 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the period ended December 31, 2011, the City received $1,714,271 in hotel/motel taxes. Of this amount, $685,708, or 40%, was used for the promotion of tourism, conventions, or trade shows.

NOTE 14. 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, 2011, the City received $103,160 in motor vehicle excise taxes. Of this amount, $103,160, or 100%, was used for these purposes.

NOTE 15. 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 last three years.

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





Required Supplementary Information



General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 6,080,000	$ 5,850,000	$ 5,817,882	$ (32,118)
Sales taxes	2,400,000	6,100,000	6,112,167	12,167
Franchise taxes	3,100,000	3,330,000	3,811,877	481,877
Alcohol excise taxes	560,000	560,000	546,281	(13,719)
Business taxes	2,660,000	2,660,000	2,312,374	(347,626)
Insurance taxes	2,000,000	2,000,000	2,170,117	170,117
Licenses and permits	775,000	775,000	1,131,905	356,905
Intergovernmental	275,000	275,000	82,488	(192,512)
Charges for services	360,000	392,000	429,717	37,717
Fines and forfeitures	1,240,000	1,240,000	1,094,345	(145,655)
Contributions	2,000	7,000	12,674	5,674
Interest earned	5,000	5,000	12,744	7,744
Miscellaneous	68,000	68,000	95,668	27,668
Total revenues	19,525,000	23,262,000	23,630,239	368,239
Expenditures:				
Current:				
General government:				
Mayor and council	203,904	191,904	167,783	24,121
City manager	226,565	232,265	217,906	14,359
City clerk	198,133	198,133	160,281	37,852
Finance	3,500,715	3,575,206	3,217,630	357,576
Law	367,000	567,000	383,775	183,225
Contingency	575,000	575,000	-	575,000
Total general government	5,071,317	5,339,508	4,147,375	1,192,133
Judicial	255,836	265,836	235,916	29,920
Public safety	4,948,566	4,956,466	4,888,344	68,122
Public works	1,938,197	2,099,160	1,965,805	133,355
Recreation	912,750	882,077	815,120	66,957
Community development	2,194,250	2,315,750	2,099,419	216,331
Total expenditures	15,320,916	15,858,797	14,151,979	1,706,818
Excess of revenues over expenditures	4,204,084	7,403,203	9,478,260	2,075,057

Continued

General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
Other financing sources (uses):				
Transfers in	$ 1,120,000	$ 1,120,000	$ 1,131,810	$ 11,810
Transfers out	(4,011,975)	(10,129,099)	(10,129,099)	-
Total other financing sources (uses)	(2,891,975)	(9,009,099)	(8,997,289)	11,810
Net change in fund balance	1,312,109	(1,605,896)	480,971	2,086,867
Fund balance, beginning of year	10,911,952	10,911,952	10,911,952	-
Fund balance, end of year	$ 12,224,061	$ 9,306,056	$ 11,392,923	$ 2,086,867

NONMAJOR GOVERNMENTAL FUNDS

Hotel Motel Tax Fund – To account for the 5% lodging tax levied in the City, which is restricted by State law.

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

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

Grants Fund – To account for the funds received from external sources as they relate to grants awarded to the City. Matching funds, which are the responsibility of the City, are also recorded within this fund.

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

.



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Special Revenue Funds					
	Hotel/Motel Tax Fund	Motor Vehicle Excise Tax Fund	E911 Fund	Grants Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 15,574	$ 2,508	$ 30,156	$ -	$ 58,221	$ 106,459
Accounts receivable	-	-	118,078	-	-	118,078
Taxes receivable	110,910	8,446	-	-	-	119,356
Intergovernmental receivable	-	-	-	30,322	-	30,322
Total assets	$ 126,484	$ 10,954	$ 148,234	$ 30,322	$ 58,221	$ 374,215
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 7,198	$ -	$ 7,198
Accrued liabilities	15,876	-	-	-	-	15,876
Deferred revenue	-	-	15,857	7,198	-	23,055
Due to other funds	66,370	10,954	-	23,124	-	100,448
Due to component unit	44,238	-	-	-	-	44,238
Total liabilities	126,484	10,954	15,857	37,520	-	190,815
FUND BALANCES						
Fund balances:						
Restricted for:						
E911 operations	-	-	132,377	-	-	132,377
Assigned to:						
Debt service	-	-	-	-	58,221	58,221
Unassigned	-	-	-	(7,198)	-	(7,198)
Total fund balances	-	-	132,377	(7,198)	58,221	183,400
Total liabilities and fund balances	$ 126,484	$ 10,954	$ 148,234	$ 30,322	$ 58,221	$ 374,215

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
Combining Statements of Revenues, Expenditures, and Change in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Special Revenue Funds					
	Hotel/Motel Tax Fund	Motor Vehicle Excise Tax Fund	E911 Fund	Grants Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ 1,714,271	$ 103,160	$ -	$ -	$ -	$ 1,817,431
Charges for services	-	-	198,726	-	-	198,726
Intergovernmental	-	-	-	188,666	-	188,666
Interest	87	-	-	-	100	187
Total revenues	1,714,358	103,160	198,726	188,666	100	2,205,010
EXPENDITURES						
Current:						
Public safety	-	-	838,749	29,537	-	868,286
Housing and development	685,708	-	-	125,852	-	811,560
Health and welfare	-	-	-	40,475	-	40,475
Debt service:						
Principal	-	-	-	-	679,960	679,960
Interest	-	-	-	-	84,216	84,216
Total expenditures	685,708	-	838,749	195,864	764,176	2,484,497
Excess (deficiency) of revenues over expenditures	1,028,650	103,160	(640,023)	(7,198)	(764,076)	(279,487)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	772,400	-	790,000	1,562,400
Transfers out	(1,028,650)	(103,160)	-	-	-	(1,131,810)
Total other financing sources (uses)	(1,028,650)	(103,160)	772,400	-	790,000	430,590
Net change in fund balances	-	-	132,377	(7,198)	25,924	151,103
FUND BALANCES, beginning of year	-	-	-	-	32,297	32,297
FUND BALANCES, end of year	$ -	$ -	$ 132,377	$ (7,198)	$ 58,221	$ 183,400

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
Special Revenue Funds - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Hotel/Motel Tax Fund

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	$ 1,700,000	$ 1,714,271	$ 1,714,271	$ -
Interest	-	87	87	-
Total revenues	1,700,000	1,714,358	1,714,358	-
Expenditures:				
Housing and development	680,000	685,708	685,708	-
Total expenditures	680,000	685,708	685,708	-
Excess of revenues over expenditures	1,020,000	1,028,650	1,028,650	-
Other financing uses:				
Transfers out	(1,020,000)	(1,028,650)	(1,028,650)	-
Total other financing uses	(1,020,000)	(1,028,650)	(1,028,650)	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

Motor Vehicle Excise Tax Fund

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	$ 100,000	$ 100,000	$ 103,160	$ 3,160
Total revenues	100,000	100,000	103,160	3,160
Other financing uses:				
Transfers out	(100,000)	(100,000)	(103,160)	(3,160)
Total other financing uses	(100,000)	(100,000)	(103,160)	(3,160)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
Special Revenue Funds - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

E911 Fund

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	$ 120,000	$ 120,000	$ 198,726	$ 78,726
Total revenues	120,000	120,000	198,726	78,726
Expenditures:				
Public safety	892,400	892,400	838,749	53,651
Total expenditures	892,400	892,400	838,749	53,651
Excess (deficiency) of revenues over expenditures	(772,400)	(772,400)	(640,023)	132,377
Other financing sources:				
Transfers in	772,400	772,400	772,400	-
Total other financing sources	772,400	772,400	772,400	-
Net change in fund balances	-	-	132,377	132,377
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ 132,377	$ 132,377

Grants Fund

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	$ 280,000	$ 280,000	$ 188,666	$ (91,334)
Total revenues	280,000	280,000	188,666	(91,334)
Expenditures:				
Public safety	-	-	29,537	(29,537)
Culture and recreation	310,810	310,810	-	310,810
Housing and development	-	-	125,852	(125,852)
Health and welfare	-	-	40,475	(40,475)
Total expenditures	310,810	310,810	195,864	114,946
Excess (deficiency) of revenues over expenditures	41,075	(30,810)	(7,198)	23,612
Other financing sources:				
Transfers in	30,810	30,810	-	(30,810)
Total other financing sources	30,810	30,810	-	(30,810)
Net change in fund balances	-	-	(7,198)	(7,198)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ (7,198)	$ (7,198)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
Debt Service Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

Debt Service Fund

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Interest	$ -	$ -	$ 100	$ 100
Total revenues	-	-	100	100
Expenditures:				
Debt service:				
Principal	706,474	706,474	679,960	26,514
Interest	83,526	83,526	84,216	(690)
Total expenditures	790,000	790,000	764,176	25,824
Excess (deficiency) of revenues over expenditures	(790,000)	(790,000)	(764,076)	25,924
Other financing sources:				
Transfers in	790,000	790,000	790,000	-
Total other financing sources	790,000	790,000	790,000	-
Net change in fund balances	-	-	25,924	25,924
Fund balances, beginning of year	32,297	32,297	32,297	-
Fund balances, end of year	$ 32,297	$ 32,297	$ 58,221	$ 25,924

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

For the Year Ended December 31, 2011

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 416,184	$ 1,728,420	$ 1,753,323	$ 391,281
Liabilities:				
Due to others	$ 416,184	$ 1,728,420	$ 1,753,323	$ 391,281

BALANCE SHEET - COMPONENT UNIT -
CONVENTION AND VISITORS BUREAU OF DUNWOODY
December 31, 2011

ASSETS		
CURRENT ASSETS		
Cash	$	515,894
Receivables		44,238
Prepaids		3,518
Total assets	$	563,650
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	25,033
Due to primary government		8,000
Total liabilities		33,033
FUND BALANCE		
Nonspendable prepaids		3,518
Restricted for promotion of tourism		527,099
Total fund balance		530,617
Total liabilities and fund balance	$	563,650

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPONENT UNIT - CONVENTION AND VISITORS BUREAU OF DUNWOODY

For the Year Ended December 31, 2011

REVENUES		
Intergovermental revenues	$	685,708
Interest		3,373
Miscellaneous		3,536
Total revenues		692,617
EXPENDITURES		
Current:		
Housing and development		618,985
Total expenditures		618,985
Net change in fund balance		73,632
FUND BALANCE, beginning of year		456,985
FUND BALANCE, end of year	$	530,617

Statistical Section



STATISTICAL SECTION

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

Page

Financial Trends 61

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 66

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

Debt Capacity 70

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 72

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 73

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 Three Fiscal Years
(accrual basis of accounting)

	2011	2010	2009
Governmental activities:			
Invested in capital assets, net of related debt	$ 55,691,197	$ 54,385,026	$ 41,895,527
Restricted for HOST capital projects	5,268,129	4,673,161	2,637,621
Restricted for public safety	192,494	-	-
Restricted for E911 operations	148,234	-	-
Unrestricted	10,525,337	6,707,592	1,265,017
Total governmental activities net assets	$ 71,825,391	$ 65,765,779	$ 45,798,165
Business-type activities:			
Invested in capital assets, net of related debt	$ 1,734,347	$ 2,085,064	$ 2,343,089
Unrestricted	1,550,829	1,594,711	1,044,752
Total business-type activities net assets	$ 3,285,176	$ 3,679,775	$ 3,387,841
Primary government:			
Invested in capital assets, net of related debt	$ 57,425,544	$ 56,470,090	$ 44,238,616
Restricted for HOST capital projects	5,268,129	4,673,161	2,637,621
Restricted for public safety	192,494	-	-
Restricted for E911 operations	148,234	-	-
Unrestricted	12,076,166	6,707,592	2,309,769
Total primary government net assets	$ 75,110,567	$ 69,445,554	$ 49,186,006

CHANGES IN NET ASSETS
Last Three Fiscal Years
(accrual basis of accounting)

	2011		2010		2009
Expenses					
Governmental activities:					
General government	$ 4,492,327		$ 4,810,795		$ 4,804,898
Judicial	236,192		215,094		197,718
Public safety	5,979,082		4,975,421		5,981,437
Public works	5,323,795	(4)	3,073,849		2,809,840
Housing & development	811,560		-		-
Culture & recreation	914,096		509,941	(1)	-
Community development	2,105,107		2,053,868		1,724,838
Health & welfare	40,475		-		-
Interest on long-term debt	105,502		93,486		128,581
Total governmental activities expenses	20,008,136		15,732,454		15,647,312
Business-type activities:					
Stormwater	1,665,830		1,161,348		408,449
Total business-type activities expenses:	1,665,830		1,161,348		408,449
Total primary government expenses	21,673,966		16,893,802		16,055,761
Program revenues					
Governmental activities:					
Charges for services:					
General government	455,977		408,091		20,498
Judicial	1,094,345		1,150,792	(3)	655,483
Public safety	271,702		53,507		14,025
Public works	348,900		322,073		294,860
Culture & recreation	20,098		17,119		-
Community development	719,569		559,356		439,410
Operating grants and contributions	117,501		64,072		73,889
Capital grants and contributions	505,539		13,311,910		-
Total governmental activities program revenues	3,533,631		15,886,920		1,498,165
Business-type activities:					
Charges for services					
Stormwater	1,269,452		1,272,341		1,259,683
Capital grants and contributions	-		178,449		-
Total business-type activities program revenues	1,269,452		1,450,790		1,259,683
Net (expense) revenue:					
Governmental activities	(16,474,505)		154,466		(14,149,147)
Business-type activities	(396,378)		289,442		851,234
Total primary government net (expense) revenue	(16,870,883)		443,908		(13,297,913)

(continued)

CHANGES IN NET ASSETS (Continued)
Last Three Fiscal Years
(accrual basis of accounting)

	#		
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	$ 5,773,218	$ 6,418,837	$ 6,528,839
Sales taxes	6,112,167	2,441,840	2,635,738
Hotel/Motel taxes	1,714,271	1,788,624	1,858,613
Franchise taxes	3,726,300	3,473,461	3,085,419
Business taxes	2,312,374	2,532,106	2,158,910
Alcohol & excise taxes	649,441	675,535	1,383,171
Insurance premium taxes	2,170,117	2,064,127 (2)	-
Unrestricted investment earnings	17,007	16,062	8,943
Miscellaneous revenues	59,222	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	22,534,117	19,438,153	59,947,312
Business-type activities:			
Unrestricted investment earnings	1,779	2,492	-
Special item - donation of infrastructure at incorporation	-	-	2,536,607
Total business-type activities	1,779	2,492	2,536,607
Total primary government net (expense) revenue	22,535,896	19,440,645	62,483,919
Change in Net Assets			
Governmental activities	6,059,612	19,592,619	45,798,165
Business-type activities	(394,599)	291,934	3,387,841
Total primary government	$ 5,665,013	$ 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.
(4) In 2011 the City's inventory of the stormwater system was complete and the City began significant repairs to the system.

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Three Fiscal Years
(accrual basis of accounting)

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
2011	5,773,218	6,112,167 (3)	1,714,271	3,726,300	2,312,374	649,441	2,170,117	22,457,888

(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.
(3) DeKalb County changed the capital factor used in calculating the HOST revenues due to the municipalities.

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Three Fiscal Years
(modified accrual basis of accounting)

	2011	2010	2009
General Fund			
Nonspendable	$ 109,511	$ 158,114	$ 135,373
Restricted:			
HOST capital projects	5,268,129	4,673,161	2,637,621
Public safety	192,494		
Assigned	-	619,740	-
Unassigned	5,822,789	5,460,937	601,632
Total general fund	$ 11,392,923	$ 10,911,952	$ 3,374,626
All Other Governmental Funds			
Nonspendable	$ 100,000	$ -	$ -
Restricted:			
E911 operations	132,377	-	-
Capital projects	204,196	306,150	755,934
Assigned:			
Promotion of tourism	-	-	975
Capital projects	4,704,074	562,907	191,256
Debt service	58,221	32,297	540,944
Unassigned	(7,198)	-	-
Total all other governmental funds	$ 5,191,670	$ 901,354	$ 1,489,109

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Three Fiscal Years
(modified accrual basis of accounting)

	2011	2010	2009
Revenues			
Taxes	$ 22,588,129	$ 19,259,382 (1)	$ 17,622,712
Licenses and permits	1,131,905	944,671	439,410
Intergovernmental	379,649	62,345	-
Charges for services	628,443	393,119	327,366
Fines and forfeitures	1,094,345	1,150,792 (2)	655,483
Contributions	12,674	46,424	73,889
Interest earned	17,007	16,062	8,943
Miscellaneous	95,668	59,536	3,647
Total revenues	25,947,820	21,932,331	19,131,450
Expenditures			
Current:			
General government	4,147,375	4,627,391	6,345,057
Judicial	235,916	218,953	194,533
Public safety	5,756,630	4,517,442	7,613,487
Public works	4,104,480	1,896,421	1,803,788
Housing and development	811,560	-	-
Culture and recreation	815,120	385,865	-
Community development	2,099,419	2,093,686	1,724,838
Health and welfare	40,475	-	-
Capital outlay	7,574,382	845,729	-
Debt service:			
Principal	679,960	662,073	45,736
Interest	84,216	110,195	40,276
Total expenditures	26,349,533	15,357,755	17,767,715
Excess of revenues over expenditures	(401,713)	6,574,576	1,363,735
Other Financing Sources (Uses)			
Issuance of long term debt	5,173,000	-	3,500,000
Transfers in	11,546,244	2,285,986	2,417,437
Transfers out	(11,546,244)	(2,285,986)	(2,417,437)
Total other financing sources (uses)	5,173,000	-	3,500,000
Net change in fund balances	$ 4,771,287	$ 6,574,576	$ 4,863,735
Debt service as a percentage of noncapital expenditures	4.2%	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 REVENUES BY SOURCE
Last Three Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Alcohol & Excise Taxes	Insurance 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	1,488,624	3,473,461	2,532,106	675,535	2,064,127 (1)	22,600,352
2011	5,817,882	6,112,167 (3)	1,714,271	3,811,877	2,312,374	649,441	2,170,117	22,588,129

(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.
(3) DeKalb County changed the capital factor used in calculating the HOST revenues due to the municipalities.



ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Three Fiscal Years
(modified accrual basis of accounting)

	Real Property			Personal Property				Total Taxable	Total Direct	Estimated Actual	Assessed Value as a Percentage
Calendar Year	Residential Property	Commercial Property	Industrial Property	Motor Vehicles	Other	Utility	Less Exemptions	Assessed Value	Tax Rate	Taxable Value	of Actual Value
2009	$ 1,705,466,146	$ 1,150,571,118	$ 2,170,120	$ -	$ 161,243,910	$ -	$ 463,251	$ 3,018,988,043	2.740	$ 8,272,027,238	40%
2010	1,683,178,283	1,093,173,311	19,838,600	91,787,922	138,653,175 (1)	7,961,865 (2)	471,468	3,034,121,688	2.740	8,313,493,425	40%
2011	1,596,200,717	991,341,782	2,170,120	98,031,590	127,062,887	8,335,504	631,562,603 (3)	2,191,579,997	2.740	6,004,929,192	40%

Source: Georgia Department of Revenue www.etax.dor.ga.gov
(1) In 2010 a large property was included with industrial property from commercial property.
(2) 2010 was the first year of the utility tax on the digest for the City.
(3) 2011 was the first year local exemptions (ie. homestead) were included.

PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS
Last Three Fiscal Years
(rate per $1,000 of assessed value)

		DeKalb County							
Calendar Year	Dunwoody (1)	Operating Millage	Debt Service Millage	Fire District Millage	Hospital Millage	Total County Millage	Total School District Millage	State	Total Direct & Overlapping Rates
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
2011	2.740	15.820	1.810	2.700	0.880	21.210	22.980	0.250	47.180

Source: Dekalb County Tax Commissioner

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

(1) The City only has one tax rate, there are no components to total.

PRINCIPAL PROPERTY TAXPAYERS

Current and Two Years Ago

Taxpayer	2011 Taxable Assessed Value	2011 Rank	2011 Percentage of Total Taxable Assessed Value	2009 Taxable Assessed Value	2009 Rank	2009 Percentage of Total Taxable Assessed Value
PERIMETER MALL LLC	$ 70,202,499	1	3.20 %	$ 71,498,626	1	2.25 %
RB TERRACES LLC	49,703,880	2	2.27	60,914,842	2	1.92
KOGER RAVINIA LLC	40,243,760	3	1.84	36,000,000	3	1.13
PERIMETER ATLANTA SC LLC	22,120,000	4	1.01	20,059,966	9	0.63
METROPOLITAN III LLC	18,995,200	5	0.87	18,800,000	10	0.59
ACP/UTAH RAVINIA LLC	18,494,720	6	0.84	-		-
DUNWOODY PARK DEVELOPMENT LP	17,236,960	7	0.79	-		-
JEFFERSON AT PERIMETER LP	18,800,000	8	0.86	22,528,462	6	0.71
GC PROPERTIES	15,874,080	9	0.72	-		-
HINES VAF ONE RAVINIA LP	16,560,000	10	0.76	-		-
MASSACHUSETTS MUTUAL LIFE	-		-	22,020,800	8	0.69
WRI RETAIL POOL LLP	-		-	-		-
MILLBROOK APARTMENTS ASSOCIATES	-		-	-		-
FAIRFIELD PERIMETER LLC	-		-	22,307,400	7	0.70
BROADSTONE AT DUNWOODY LLC	-		-	27,003,148	5	0.85
GLL PERIMETER PLACE LP	-		-	29,452,962	4	0.93
Totals	$ 288,231,099		13.15 %	$ 330,586,206		10.39 %

Source: DeKalb County Tax Commissioner

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

Note: Rank is based on the amount of City maintenance & operations taxes billed since exemptions that reduce the assessed value can vary by entity.

PROPERTY TAX LEVIES AND COLLECTIONS
Last Three Fiscal Years

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	$ 7,764,867	$ 6,047,464	77.9 %	$ 1,694,799	$ 7,742,263	99.7 %
2010	7,501,242	5,735,897	76.5	1,736,218	7,472,115	99.6
2011	7,014,713	6,902,090	98.4	N/A	6,902,090	98.4

Source: DeKalb County Tax Commissioner

Note: The City levied property taxes for the first time in 2009.
Note: Total tax levy for fiscal year is adjusted each year for errors, releases, and adjustments.

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Three Fiscal Years

Fiscal Period Ended December 31,	Governmental Activities Notes Payable	Percentage of Personal Income (1)	Per Capita (1)
2009	$ 3,500,000	0.14 %	$ 80.79
2010	2,792,191	0.12	60.35
2011	7,285,231	0.36	157.46

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

As of December 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt:			
Notes payable	$ 7,285,231	100.00 %	$ 7,285,231
Total direct debt	$ 7,285,231		$ 7,285,231
Overlapping debt:			
DeKalb County	$ 297,493,000	12.94 %	$ 38,495,594
Fulton DeKalb Hospital Authority	156,477,000	12.94 %	20,248,124
Total overlapping debt	$ 453,970,000		$ 58,743,718

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 Three Fiscal Years

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	46,267	2,239,878	48,412	38.0	6,003	10.1
2011	46,267	2,038,802	44,066	35.7	11,425	5.9

(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 Year And Two Years Ago

	2011			2009		
Employer	Employees (3)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
SIX CONTINENTS HOTELS	906	1	3.89 %	967	1	3.89 %
WALDEN SECURITY	881	2	3.78	606	4	2.44
THE ATLANTA JOURNAL CONSTITUTION	607	3	2.61	-		-
UHS OF PEACHFORD LP	498	4	2.14	453	6	1.82
AUTOTRADER COM INC	441	5	1.89	435	7	1.75
ER SOLUTIONS INC	378	6	1.62	400	10	1.61
MACY'S #20	371	7	1.59	412	9	1.66
WAL MART SUPERCENTER #236	313	8	1.34	-		-
IHEALTH TECHNOLOGIES	310	9	1.33	-		-
COMPUTER GENERATED SOLUTIONS	292	10	1.25	420	8	1.69
MACY'S CORPORATE	-		-	785	2	3.16
T MOBILE	-		-	767	3	3.09
PHILIPS HEALTHCARE	-		-	492	5	1.98
Totals	4,997		21.45 %	5,737		23.09 %

(1) Source: 2009 individual employer's business license filings.
(2) Source: U.S. Bureau of Labor Statistics
(3) Source: 2011 individual employer's business license filings.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Three Fiscal Years

	2011	2010	2009
Function			
General government	4	3	3
Judicial	1	1	1
Public safety			
Officers	46	40	40
Civilians	8	8	8
Total	59	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 Three Fiscal Years

	2011	2010	2009
Function/Program			
Police			
Stations (1)	1	1	1
Patrol Units	41	41	40
Patrol Zones	3	3	3
Public Works			
Streets (miles)	150	150	150
Traffic Signals	56	56	56
Parks (acres)	172	156	-

Source: Various City departments.

(1) Reflects building operating lease.

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

OPERATING INDICATORS BY FUNCTION
Last Three Fiscal Years

Function	2011	2010	2009
Police			
Arrests	1,840	1,966	1,287
Incidents	5,770	5,338	3,834
Citations	7,829	7,396	6,318
Public Works			
Potholes repaired	470	610	477
Storm drains cleaned/repaired	386	402	321
Municipal Court			
Citations processed	8,066	7,469	8,475
Clients successfully completing probation	838	1,171	297
Community Development			
Permits issued	972	942	302
Inspections completed	6,358	5,900	6,070

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.

Compliance Section



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
Of City Council
City of Dunwoody, Georgia

We have audited the 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** (the "City") as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 12, 2012. 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.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated April 12, 2012.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 12, 2012

Dunwoody*

*Smart people – Smart city

