

CITY OF DECATUR, GEORGIA

**REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

FISCAL YEAR ENDED JUNE 30, 2019

CITY OF DECATUR, GEORGIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

Page

**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*1 and 2**

SCHEDULE OF FINDINGS AND RESPONSES3-5



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

To the Honorable Mayor and Members
of the City Commission
City of Decatur, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Georgia (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

City of Decatur, Georgia's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 11, 2019

CITY OF DECATUR, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

There was not an audit of major federal award programs for the year ended June 30, 2019 due to the total amount expended being less than \$750,000.

CITY OF DECATUR, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2019-001 Recording of Notes Payable

Criteria: Internal controls should be in place to ensure that all amounts reported within the financial statements are accurate, appropriately reported in the correct period and in accordance with accounting standards generally accepted in the United State of America.

Condition: For the fiscal year ended June 30, 2019 a material audit adjustment was required to properly report the notes payable and related proceeds and cash for a note payable that was entered into during the fiscal year.

Context/Cause: During our testing, we noted that cash was understated by \$2,333,960 at both the Capital Improvement Fund level and governmental activities. We also noted that proceeds and related notes payable in the Capital Improvement Fund and governmental activities were understated by \$2,333,960.

Effects: Auditor adjusting journal entries totaling \$2,333,960 were required in the Capital Improvement Fund and in governmental activities to properly report the notes payable and related proceeds as well as cash for the fiscal year ended June 30, 2019.

Recommendation: We recommend the City implement procedures to ensure that all debt is added to the City's financial statements in accordance with GAAP.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that notes payable are properly recorded.

CITY OF DECATUR, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (continued)

2019-002 Restatement of Net Position and Capital Assets for the Downtown Development Authority Component Unit

Criteria: Internal controls should be in place to ensure that all amounts reported within the financial statements are accurate, appropriately reported in the correct period and in accordance with accounting standards generally accepted in the United State of America.

Condition: For the fiscal year ended June 30, 2019 a material audit adjustment was required to properly report the beginning net position and beginning capital asset balances due to a capital asset not being recorded in a prior year.

Context/Cause: It was discovered that an asset was not added to the Downtown Development Authority's books in 2011. An adjustment of \$229,892 was required to increase beginning net position. Adjustments of \$257,517, \$31,079, and \$3,454 were required to properly state beginning capital asset balances, accumulated depreciation, and depreciation expense, respectively, in the Downtown Development Authority.

Effects: Auditor adjusting journal entries of \$229,892 were required in the Downtown Development Authority Component Unit to properly report beginning net position and capital assets for the fiscal year ended June 30, 2019.

Recommendation: We recommend the City implement procedures to ensure that all capital assets are added in the year of acquisition.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that all donated assets are properly recorded.