



Presentation of 2020 Audit Results

Atlanta Development Authority, d/b/a Invest Atlanta
Urban Residential Finance Authority
Downtown Development Authority

Presented by:

Doug Moses



Agenda

- Engagement Team
- Overview of 2020 Audit
- Required Communications
- Accounting Recommendations & Other Matters
- Answer Questions





Engagement Team

■ Mauldin & Jenkins, LLC; General Information

- Founded in 1918 – Large regional firm serving the Southeastern United States. Large regional firm serving the Southeastern United States.
- Offices located in Macon, Atlanta, Albany, Savannah, GA; Bradenton and Sarasota, FL; Columbia, SC; Chattanooga, TN; and Birmingham, AL employing approximately 400 personnel.
- Additionally, the Firm serves banking, healthcare, not-for-profit sectors along with benefit plan and tax practices.

■ Mauldin & Jenkins, LLC; Governmental Sector

- Largest specific industry niche served by the Firm representing 28% of Firm practice.
- Serve more governmental entities in Georgia than any other firm requiring over 100,000 hours of annual service.
- Over 100 professional staff persons with current governmental experience.
- Current auditor for approximately 500 total governments in the Southeast, including approximately:
 - 126 cities;
 - 75 counties;
 - 62 school systems and 40 charter schools;
 - 48 state entities; and
 - 105 special purpose entities (stand-alone entities including utility systems, development authorities, libraries, governmental pension plans, etc).

■ Engagement Team Leaders for Invest Atlanta

- Doug Moses, Engagement Partner
- Meredith Lipson, Quality Review Partner





Results of 2020 Audit

- **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS)**
 - We considered the internal control structure for the purpose of expressing our opinion on the Authority’s basic financial statements and not providing assurance on the internal control structure.
 - Our audit was performed in accordance with GAAS and Government Auditing Standards.
 - Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free of material misstatement.
 - The basic financial statements are the responsibility of the Authority’s management.

- **Report on 2020 Basic Financial Statements**
 - Unmodified (“clean”) opinion on basic financial statements. Our opinion referred to other auditors for the audits of the ADA/CAU Partners, Inc. – component unit of ADA; Imagine Downtown Managing Member 2007 QEI, LLC – component unit of ADA; and Imagine Downtown, Inc. – component unit of ADA.
 - Presented fairly in accordance with accounting principles generally accepted in the United States of America.
 - Our responsibility does not extend beyond financial information contained in our report.

- **Audit Adjustments**
 - Adjustments were prepared by management and provided to us throughout the audit process and have been recorded in the financial statements. There were no passed audit adjustments.





Results of 2020 Audit (Continued)

■ Significant Accounting Policies

- The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements.
- The policies used by the Authority are in accordance with generally accepted accounting principles and similar government organizations, with no significant new policies implemented in the current year.
- In considering the qualitative aspects of its policies, the Authority is not involved in any controversial or emerging issues for which guidance is not available.

■ Management Judgment/Accounting Estimates

- The Authority uses various estimates as part of its financial reporting process – including valuation of accounts receivable.
- Management's estimates used in preparation of financial statements were deemed reasonable in relation to the financial statements taken as a whole. We considered this information and the qualitative aspects of management's calculations in evaluating the Authority's significant accounting estimates.

■ Financial Statement Disclosures

- The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit.





Results of 2020 Audit (Continued)

■ Relationship with Management

- We received full cooperation from the Authority’s management and staff.
- There were no disagreements with management on accounting issues or financial reporting matters.

■ Representation from Management

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

■ Significant Issues Discussed with Management

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





Results of 2020 Audit (Continued)

■ Management's Consultations with Other Accountants

- To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the year, nor did we face any issues requiring outside consultation.

■ Information in Documents Containing Audited Financial Statements

- Our responsibility for other information in documents containing the Authority's basic financial statements and our report thereon does not extend beyond the information identified in our report. If the Authority intends to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with printers' proof for our review and approval before printing. The Authority must also provide us with a copy of the final reproduced material for our approval before it is distributed.

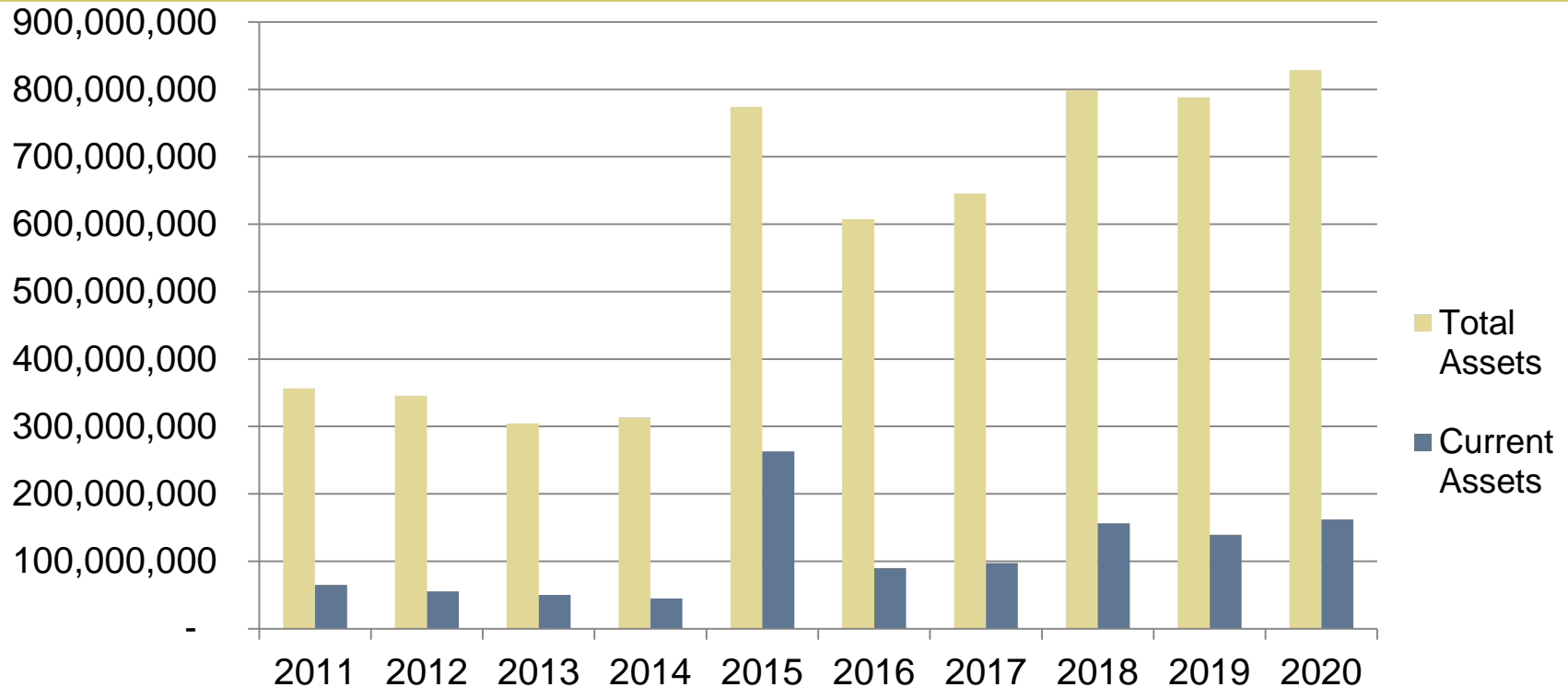
■ Auditor Independence

- In accordance with AICPA professional standards, M&J is independent with regard to the Authority and its financial reporting process.
- There were no fees paid to M&J for management advisory services during fiscal year 2020 that might effect our independence as auditors.





Financial Trends – Invest Atlanta (All Activities and Components)



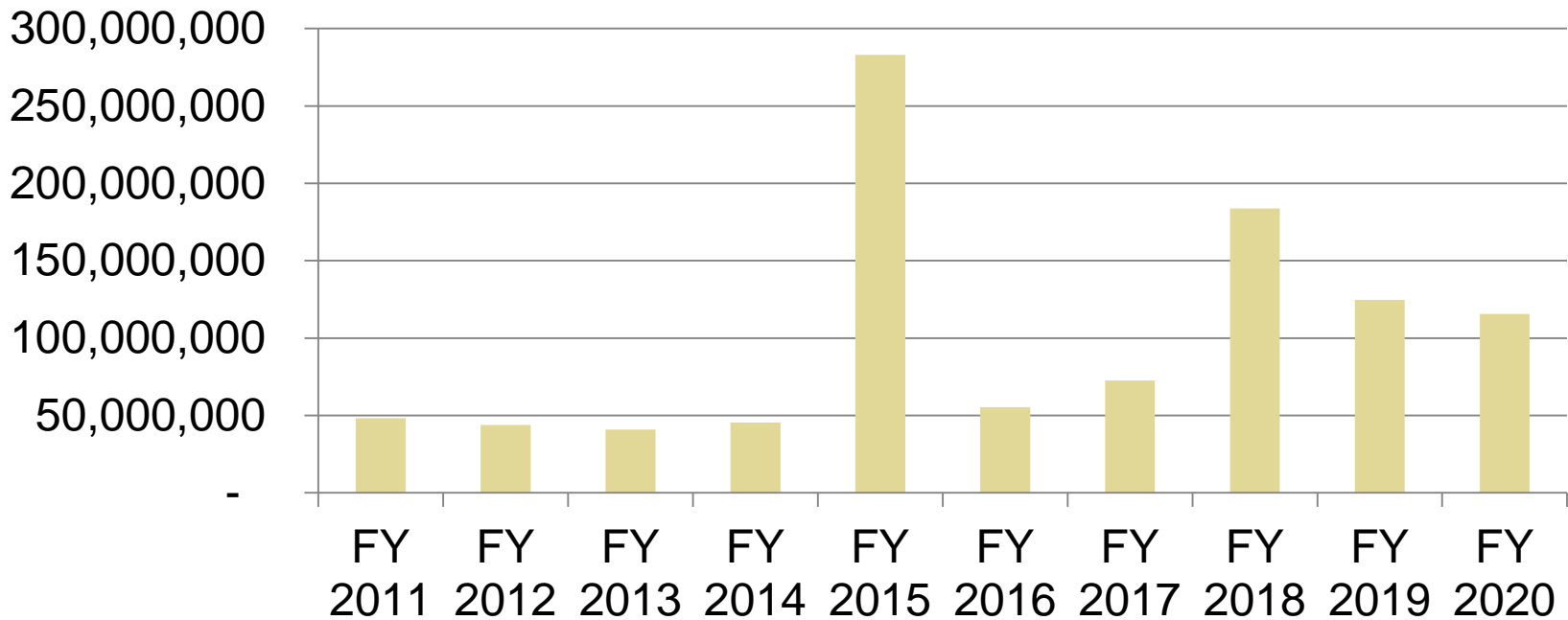
Note: Assets were significantly higher in 2015 due to the issuance of new stadium bonds. The bond liability and an offsetting receivable from the City were recorded in 2015 and will continue to be reported as they are paid down. In 2018, the TSPLOST bonds were issued with a receivable from the City and have a similar accounting treatment to the stadium bonds. In 2020, AURA bonds were issued with a receivable from the City and have a similar account treatment to the stadium bonds.





Financial Trends – Invest Atlanta (All Activities and Components) (Continued)

Total Revenue



Note: Fiscal Year 2009 includes a \$66 million contribution of land for the Beltline project. Additionally, Fy 2015 includes revenue related to the City's contract to pay Invest Atlanta the debt service on the new stadium bonds and Fy 2018 includes revenue related to the City's contract to pay Invest Atlanta the debt service on the new TSPLOST bonds. Fy 2020 includes revenue related to the City's contract to pay DDA the debt service on the new AURA bonds.





Compliance Reports

- **Yellow Book Report**
 - Test of overall internal controls and compliance with laws, regulations, contracts, and grants.

- **Single Audit Report**
 - Tests of specific internal controls and compliance relative to Highway Planning and Construction cluster grants passed through Georgia DOT.





Findings/Recommendations

■ Findings

– **Fiscal Year-end Financial Close and Reporting Controls**

- Update accounting and reporting procedures to ensure appropriate accounting for all fund/grant programs.
- Implement a detailed fiscal year-end financial closing process to address key areas such as unearned revenue, intergovernmental confirmation, treatment of new funds/grant programs, account receivables/revenues, and accounts payable/expenses.

■ Management Points

– **Journal Entries**

- The current process for journal entry review for 100k or more; however, we recommend an approval for all entries. Additional staff may be needed to support the control improvements.

– **Conduit Debt**

- We recommend that management implement a procedure to confirm all outstanding conduit debt at the end of the fiscal year by entity.





Comments, Recommendations, and Other Issues

■ Other Matters

There are no other matters for discussion.

■ New GASB Pronouncements – Implemented This Year

- GASB Statement No. 88, *Debt Disclosures*, requires additional, new disclosures of debt, primarily related to direct placements and direct borrowings. These new disclosures include any assets used for collateral, agreements with requirements with potential significant finance related consequences, and the breakout of debt disclosures between direct placements and borrowings and other debt. New disclosures were added in the prior year in anticipation.
- GASB Statement No. 84, *Fiduciary Activities*, will require IA to revisit whether it has any fiduciary funds with a focus on (1) whether the Authority is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the fiduciary relationship exists. All fiduciary funds will require a statement of changes in fiduciary net position. Applicable for June 30, 2021.
- GASB Statement No. 87, *Leases*, will require all lease agreements to be recorded as a liability under full accrual accounting. Many of these leases were previously considered operating leases and payments were expensed as incurred with no liability accrued. Applicable for June 30, 2022.





Comments, Recommendations, and Other Issues (Continued)

■ New GASB Pronouncements for Future Years

- GASB Statement No. 89, *Capitalized Interest*, requires that construction period interest no longer be capitalized for proprietary funds. This statement is only applied prospectively in the year implemented. Applicable for June 30, 2022.
- GASB Statement No. 90, *Majority Equity Interests*, will change the accounting for a government's investment in another entity in which it acquires a majority equity interest in that entity. Certain investments will be measured using the equity method, some at fair value, and some will result in the acquired entity being reported as a component unit. Applicable for June 30, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*, will change the disclosure related to conduit debt – which is debt issued on behalf of others. Applicable for June 30, 2023.





Comments, Recommendations, and Other Issues (Continued)

- Other Matters Currently Being Considered by GASB

- Financial reporting model (Changes in accounting for governmental funds)
- Revenue and Expense Recognition
- Other Footnote Disclosures





Comments, Recommendations, and Other Matters (Continued)

■ Since March of 2009:

- Mauldin & Jenkins provides free quarterly continuing education for all of our governmental clients. Topics are tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking and knowledge sharing among our governmental clients. We normally see approximately 100 people per quarter. Examples of subjects addressed include:

Accounting for Debt Issuances

American Recovery & Reinvestment Act (ARRA) Updates
Best Budgeting Practices, Policies and Processes
CAFR Preparation (two (2) day hands-on course)
Capital Asset Accounting Processes and Controls
Collateralization of Deposits and Investments
Evaluating Financial and Non-Financial Health of a Govt.
GASB No. 51, Intangible Assets
GASB No. 54, Governmental Fund Balance
GASB No. 60, Service Concession Arrangements
GASB No. 61, the Financial Reporting Entity
GASB Nos. 63 & 65, Deferred Inflows and Outflows
GASB Nos. 67 & 68, Pension Stds. (several occasions)
GASB No. 72, Fair Value Measurement and Application
GASB Nos. 74 & 75, OPEB Standards

GASB No. 77, Tax Abatement Disclosures
GASB Updates (ongoing and several sessions)
Grant Accounting Processes and Controls
Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
Internal Controls Over Receivables & the Revenue Cycle
IRS Issues, Primarily Payroll Matters
Legal Considerations for Debt Issuances & Disclosures
Policies and Procedures Manuals
Segregation of Duties
Single Audits for Auditees
Special Purpose Local Option Sales Tax (SPLOST)
Accounting, Reporting & Compliance
Uniform Grant Reporting Requirements and the New Single Audit





Questions & Comments

