



**METROPOLITAN NORTH GEORGIA
WATER PLANNING DISTRICT**

ATLANTA, GEORGIA

FINANCIAL STATEMENTS

For the Year Ending December 31, 2020

Metropolitan North Georgia Water Planning District
229 Peachtree Street NE, Suite 100
Atlanta, Georgia 30303

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT

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INTRODUCTORY SECTION



June 1, 2021

Members of the Metropolitan North Georgia Water Planning District

Ladies and Gentlemen:

We are pleased to present the annual financial report of the Metropolitan North Georgia Water Planning District (the “District”) for the year ended December 31, 2020. The report is issued pursuant to Georgia law requiring all Governmental Entities to publish a complete set of financial statements within six months of the close of each fiscal year. The report must conform to generally accepted accounting principles (GAAP) and be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. The audit must also be conducted in accordance with auditing standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

This report consists of management’s representations concerning the finances of the District. Consequently, District management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, the District’s management has established a comprehensive internal control framework. It is designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the District’s financial statements in conformity with GAAP. The District recognizes that the cost of internal controls should not outweigh their benefits. Accordingly, the District has designed its controls in a way that provides reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Nichols, Cauley & Associates, LLC, a firm of licensed certified public accountants, has audited the District’s financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the year ended December 31, 2020, are free of material misstatement. The independent auditor concluded, that the District’s financial statements present fairly, in all material respects, the respective financial position of the governmental activities and general fund information of the District, as of December 31, 2020, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Metropolitan North Georgia Water Planning District

The District, created in 2001, is charged with coordinating the development of regional and watershed specific plans for Stormwater Management, Wastewater Management, Water Supply, Water Conservation, and the General Protection of Water Quality.

The District’s Board consists of county and city public officials from the 15-county area of north Georgia including, Bartow, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall, Henry, Paulding, and Rockdale counties, and appointed citizen members. The District counties lie within the boundaries of five major river basins: the Chattahoochee, Etowah, Flint, Ocmulgee and Oconee Basins.

The annual budget serves as the foundation of the District’s financial planning and control. The District is structured to operate according to a calendar year. At the May 22, 2019 meeting, the Board approved the 2020 Budget to keep the per capita local dues assessment at \$0.25. This figure provided \$1,208,186 in local dues for the District’s calendar year 2020 Budget. The local dues will help fund the completion of the 2022 Water Resource Management Plan.

In 2020, the District shifted to a “look backward” approach to budgeting for state appropriations. This approach eliminates the need to predict the value of state appropriations in the next legislative budget session and provides greater certainty when setting dues rates for future years. By executing this shift, the District did not recognize the state appropriations in the 2020 financial report. Instead, the Georgia General Assembly Fiscal Year 2021 appropriations of \$750,000 (\$200,000 for annual District administration costs plus an additional \$550,000 for the District’s major plan update effort due in 2022) will be spent and recognized as revenue in the District’s 2021 budget.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates. The District’s primary revenue sources are dues paid by member local governments as determined by the Governing Board and state appropriations.

Cash Management Policies and Practices

District policy authorizes investments in obligations of the United States (and of its agencies and instrumentalities), bonds or certificates of indebtedness of the state of Georgia (and of its agencies and instrumentalities), repurchase agreements where the underlying security is one of the

foregoing certificates of deposits and the State of Georgia's Local Government investment pool (Georgia Fund 1).

The preparation of the report was accomplished through a cooperative effort of District staff.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "G. M. Page". The signature is fluid and cursive, with the first name "Glenn" and last name "Page" clearly visible.

Glenn Page, PE
Chairman, Metropolitan North Georgia Water Planning District

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the
Metropolitan North Georgia Water Planning District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Metropolitan North Georgia Water Planning District (“the District”), as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Metropolitan North Georgia Water Planning District, as of December 31, 2020 and the respective changes in financial position, and the budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 7-11 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metropolitan North Georgia Water Planning District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021 on our consideration of the Metropolitan North Georgia Water Planning District'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* in considering the Metropolitan North Georgia Water Planning District's internal control over financial reporting and compliance.

Nichols, Cauley + Associates, LLC

Kennesaw, Georgia
June 1, 2021

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

This discussion and analysis of the **Metropolitan North Georgia Water Planning District's** (the "District") financial performance provides an overview of its financial activities for the period from January 1, 2020, through December 31, 2020, based upon currently known facts. Please read it in conjunction with the transmittal letter and the District's financial statements.

Financial Highlights

During the period, the District had expenses of \$1,318,057, as compared to \$1,413,689 in the prior year.

The District's only fund, the General Fund, reported expenditures in excess of revenues of \$38,690 for the current year.

Actual expenditures for the year of \$1,318,057 were less than budgeted expenditures by \$139,741. Actual revenues of \$1,279,367 were less than budgeted revenues by \$9,669. In 2020, the District recognized the final payment of \$34,850 in revenue associated with the Source Water Assessment Plan update.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of combined presentation government-wide and fund financial statements and notes to the financial statements.

Government-wide financial presentation. The *government-wide financial presentation* is designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position column of the Governmental Fund Balance Sheet and Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities column of the Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial presentation distinguishes functions of the District that are principally supported by grants and regional appropriations (*governmental activities*). The

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

government activities of the District include general government, general government overhead, and all grant funded activities.

This District has no component units.

Governmental fund presentation. *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 presentation, governmental fund financial statement presentation focuses 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 a government'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 under the *governmental fund presentation* with similar information presented for *governmental activities* in the government-wide financial presentation. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and statement of net position and the governmental fund statement of revenues, expenditures, and changes in fund balance and statement of activities provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

This District maintains one governmental fund, the General Fund.

Budget to Actual Analysis

The District adopts an annual budget for its general fund. The budgetary comparison statement for the general fund demonstrates compliance with this budget.

Overall, District expenditures were \$139,741 less than budgeted primarily due to a decrease in expenditures related to contracts and a savings in miscellaneous operating expenses.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. For the District, assets exceeded liabilities by \$757,485 at December 31, 2020 as compared to \$796,175 on December 31, 2019. The District's policy is to strive to maintain a minimum fund balance of \$300,000.

Financial Analysis of the Governmental Funds

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

As of the end of the current period, the District's governmental fund reported an ending unassigned fund balance of \$757,485 which was the same balance reported in the government wide financial statements as unrestricted net position.

The following table summarizes the financial condition at December 31, 2020 and 2019 and the activities for the years ended December 31, 2020 and 2019.

**METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2020

CONDENSED FINANCIAL DATA

	Governmental Activities 2020	Governmental Activities 2019
Current and other assets	\$ 2,668,784	\$ 2,166,832
Total assets	<u>2,668,784</u>	<u>2,166,832</u>
Total liabilities	<u>1,911,299</u>	<u>1,370,657</u>
Net position		
Unrestricted	757,485	796,175
Total net position	<u>\$ 757,485</u>	<u>\$ 796,175</u>
Expenses		
Chairman's allowance	\$ 1,349	\$ -
Salaries	478,256	536,311
Fringe benefits	259,606	268,144
Contracts	181,540	106,565
Overhead	305,475	389,356
Miscellaneous operating	36,269	43,210
Public education	55,562	70,103
Total expenses	<u>1,318,057</u>	<u>1,413,689</u>
Program revenues		
State grants	34,850	381,400
Total program revenues	<u>34,850</u>	<u>381,400</u>
Net program (expense) and program revenue	(1,283,207)	(1,032,289)
General revenues		
Regional appropriations	1,208,186	1,208,186
Miscellaneous fees	35,830	3,951
Interest	501	714
Total general revenues	<u>1,244,517</u>	<u>1,212,851</u>
Change in net position	<u>\$ (38,690)</u>	<u>\$ 180,562</u>

**METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2020

Economic Factors and Next Year's Budget

Funding for the District is based on a combination of State funds and local dues. For 2020, the District member governments committed to an assessment of \$0.25 per capita for dues resulting in dues of \$1,208,186. The 2021 per capita assessment remained \$0.25, which will result in dues of \$1,208,186. The 2021 dues collected in 2020 are reported as unearned revenue in 2020.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Financial Services Manager, Atlanta Regional Commission, 229 Peachtree Street, N.E., Suite 100, Atlanta, Georgia 30303.

FINANCIAL STATEMENTS

**METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
GOVERNMENTAL FUND BALANCE SHEET AND
STATEMENT OF NET POSITION**

December 31, 2020

	<u>Governmental General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 2,089,538	\$ -	\$ 2,089,538
Receivable from local governments	579,246	-	579,246
Total assets	<u>\$ 2,668,784</u>	<u>-</u>	<u>2,668,784</u>
LIABILITIES			
Accounts payable	\$ 228,113	-	228,113
Unearned revenue	1,683,186	-	1,683,186
Total liabilities	<u>1,911,299</u>	<u>-</u>	<u>1,911,299</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Unassigned	757,485	(757,485)	-
Total fund balance	<u>757,485</u>	<u>(757,485)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,668,784</u>		
Net position:			
Unrestricted		757,485	757,485
Total net position		<u>\$ 757,485</u>	<u>\$ 757,485</u>

The accompanying notes are an integral part of this statement.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Governmental General Fund	Adjustments	Statement of Activities
Expenditures/expenses:			
Chairman's Allowance	\$ 1,349	\$ -	\$ 1,349
District Planning Function:			
Salaries	478,256	-	478,256
Fringe benefits	259,606	-	259,606
Contracts	181,540	-	181,540
Overhead	305,475	-	305,475
Miscellaneous operating	36,269	-	36,269
Public education	55,562	-	55,562
Total expenditures/expenses	1,318,057	-	1,318,057
Program Revenues			
Operating grant and contributions:			
State grant	34,850	-	34,850
Total program revenues	34,850	-	34,850
Net program (expense) and program revenue	(1,283,207)	-	(1,283,207)
General Revenues			
Regional appropriations	1,208,186	-	1,208,186
Miscellaneous fees	35,830	-	35,830
Interest	501	-	501
Total general revenues	1,244,517	-	1,244,517
Excess(deficit) of revenue over expenditures	(38,690)	38,690	-
Change in net position	-	(38,690)	(38,690)
Fund balance/net position beginning of year	796,175	-	796,175
Fund balance/net position end of year	\$ 757,485	\$ -	\$ 757,485

The accompanying notes are an integral part of this statement.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Regional appropriations	\$ 1,208,186	\$ 1,208,186	\$ 1,208,186	\$ -
State grants	384,850	34,850	34,850	-
Miscellaneous fees	45,000	45,000	35,830	(9,170)
Interest	1,000	1,000	501	(499)
Total revenue	<u>1,639,036</u>	<u>1,289,036</u>	<u>1,279,367</u>	<u>(9,669)</u>
Expenditures				
Chairman's Allowance	3,000	1,500	1,349	151
District Planning Function:				
Salaries	505,899	485,397	478,256	7,141
Fringe Benefits	273,186	286,384	259,606	26,778
Contracts	315,000	240,000	181,540	58,460
Overhead	361,496	319,517	305,475	14,042
Miscellaneous Operating	115,000	65,000	36,269	28,731
Public Education	100,000	60,000	55,562	4,438
Total expenditures	<u>1,673,581</u>	<u>1,457,798</u>	<u>1,318,057</u>	<u>139,741</u>
Excess (deficit) of revenues over expenditures	(34,545)	(168,762)	(38,690)	<u>\$ 130,072</u>
Fund balance at beginning of year	<u>796,175</u>	<u>796,175</u>	<u>796,175</u>	
Fund balance at end of year	<u>\$ 761,630</u>	<u>\$ 627,413</u>	<u>\$ 757,485</u>	

The accompanying notes are an integral part of this statement.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Financial Reporting Entity

On April 5, 2001 the Georgia General Assembly and Governor Roy Barnes with the signing of State Bill 130 established the Metropolitan North Georgia Water Planning District (the “District”). The District was established to develop regional and watershed specific plans for storm water management, wastewater management and water supply and conservation in a 16-county area - Bartow, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall, Henry, Paulding, Rockdale and Walton. In July 2008, the Georgia Environmental Protection Division reassigned Walton County to the newly formed Upper Oconee Water Planning Region.

The District’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

For the District, financial statements consist of the following:

- Management’s Discussion and Analysis
- Basic Financial Statements
 - Combined government-wide and fund financial statements. Due to the single purpose nature of the District, the government-wide and fund financial statements have been presented together with an adjustments column reconciling any differences between the two statements.
 - Notes to the financial statements

The District’s financial statements include the accounts of its functions and activities. There are no component units.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements

The government-wide presentation columns include the “Statement of Net Position” column in the Governmental Fund Balance Sheet and Statement of Net Position and the “Statement of Activities” column of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities. This governmental presentation reports activities, which are normally supported by regional appropriations, intergovernmental revenues and grants.

The statement of activities column demonstrates the degree to which the direct expenses of the District are offset by program revenues, if any. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and 2) grants and contributions that are restricted to meeting the operational requirement of a particular function or segment. For the period ended December 31, 2020, the District recognized the remaining \$34,850 of revenue from 2018 State grants. Regional appropriations and interest income are reported as general revenues.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statement reports use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Appropriations, grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund columns in the 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 create a current receivable. Regional appropriations revenue is considered measurable and available when invoiced to members in the year that the dues are owed to the District.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES (Continued)

Expenditure-driven grants (state grants and District special project revenue) are recognized when the qualifying expenditures have been incurred and all other grant or contract requirements have been met.

Expenditures generally are recorded when a liability is incurred, in accordance with accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

All material governmental fund expenditures are classified as current. All governmental fund revenues of the District are considered susceptible to accrual.

4. Assets and Liabilities

Deposits and investments - The District's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

Receivable from State and local governments - The amount recorded as receivable from State and local government represents outstanding funding commitments from the State of Georgia and various local counties and cities. The District periodically evaluates the collectability of receivables on a case by case basis. Anytime an evaluation indicates there is doubt on the collectability of a receivable, the District will record an allowance for doubtful accounts. When the District determines an account will not be collected, it is written off the books. On December 31, 2020, the District believed all receivables were fully collectible. Accordingly, no allowance for doubtful accounts has been recorded as of year-end.

Capital assets - The District defines capital assets as assets with an initial individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost. The District did not have any capital assets as of December 31, 2020.

Unearned revenue – Unearned revenues arise when the District collects regional appropriations in the current period, which relate to subsequent periods. In the subsequent period the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES (Continued)

5. Net Position

The difference between a government's assets and liabilities is recorded as net position in the Statement of Net Position column of the Governmental Fund Balance Sheet and Statement of Net Position.

6. Fund Equity

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District implemented this standard in fiscal year 2011. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the District Governing Board (the "Board") Members through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by District management based on the Board Members' direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balances represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund, and are available for any purpose. The Board has adopted a policy to maintain a minimum fund balance of \$300,000.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing so. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

7. Budget

The Budget is organized on a 'fund' basis. A fund is an accounting entity used to account for revenue of like sources. The District had only one fund, the General Fund that was utilized during the year. The General Fund is the basic operating fund of the District. It is used to account for all financial resources not required to be accounted for in another category.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF ACCOUNTING POLICIES (Continued)

8. *Management 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, liabilities, and the disclosure of contingent 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 B – COMPLIANCE AND ACCOUNTABILITY

Budgets for the District's General Fund are adopted on a basis consistent with GAAP. Prior to July 1 each year the officers of the Board submit to the District for adoption a preliminary budget required for the operation of the District during the ensuing calendar year, which is also the fiscal year. The budget at the legal level of control is organized into a General Fund. The budget must be balanced. The Board votes to adopt the budget for the ensuing fiscal year, subject to amendment or modification, during its September or October meeting. During the fiscal year, the Finance Committee may from time to time recommend, and the Executive Committee may make revisions to the adopted budget and program of work as provided below, when such revisions are deemed necessary for the accomplishment of program of work objectives.

- Such budget and program of work revisions may involve:
 - Fund transfers among elements of the adopted program of work.
 - Modifications of or additions to the work to be performed under the adopted program of work.

- Budget and program of work revisions may be undertaken by the Chairman, with the agreement of the Finance Committee, without prior approval by the District, subject to the following limitations:
 - The cumulative absolute value of fund transfers shall not exceed five percent of the total adopted disbursements budget.
 - Fund transfers shall not cause or result from a significant change in the scope or objective of the work to be performed under any of the elements of the adopted program of work.
 - Program of work modifications or additions shall not cause or result from a significant change in scope or objectives of work to be performed under any of the elements of the adopted program of work.
 - Revisions shall not cause any increase in the total adopted budget.

There were no significant general fund expenditures which exceeded appropriations.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE C – DETAILED NOTES ON THE GENERAL FUND

Credit Risk – The District is authorized to deposit funds in financial institutions as determined by the Board of Directors of the District, subject to any applicable law. As of December 31, 2020, the District did not have any investments other than deposits with financial institutions.

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. The District reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of December 31, 2020, the District had no bank balances that were exposed to custodial credit risk.

Receivables - Receivables as of December 31, 2020 for the District are as follows:

Funding Source	Receivable from local governments
Cherokee County	\$ 53,586
Clayton	64,856
DeKalb	165,900
Fayette	26,642
Fulton	132,218
Rockdale	21,304
State of Georgia	100,000
Toilet Rebates	14,740
	\$ 579,246

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE D – OTHER INFORMATION

Risk Retention

The District is exposed to various risks of loss related to torts, errors and omissions. The District is a State agency that participates in an entity risk pool operated by the State of Georgia Department of Administrative Services. This is a common risk pool currently operating as a common risk management and insurance program for State agencies. The District is required to report to the Georgia Department of Law as promptly as possible all incidents which could result in the risk pool being required to pay any claim of loss. The District is also required to use the attorneys of the Department of Law to represent the District in investigation, settlement discussions and all levels of litigation arising out of any claim or errors and omissions made against the District within the scope of loss protection furnished by the Department of Administrative Services.

There have been no claims and no settlements for the current year or the three prior years.

The District believes the risk of loss related to torts is remote and thus believes it is more economical to retain such risk. Because management believes the probability of loss related to a tort is remote, no amounts are reserved or set aside for any future losses.

District Appropriations

The bulk of revenues reported in the General Fund are received from the City of Atlanta and the 15-county area of the District. Pursuant to state law, the District adopted a funding formula to be paid by member governments of \$0.25 per capita (2010 census) for calendar year 2020. Based upon this funding formula, the District recorded \$1,208,186 in revenue for the year.

METROPOLITAN NORTH GEORGIA WATER PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE D – OTHER INFORMATION (Continued)

The following is the appropriation funding level for all members of the District:

<u>Members</u>	2010 <u>Population</u>	2020 <u>Dues Revenue</u>	2021 <u>Unearned Dues Revenue</u>
Atlanta	420,003	\$ 105,001	\$ 105,001
Bartow	100,157	25,039	25,039
Cherokee	214,346	53,587	53,587
Clayton	259,424	64,856	64,856
Cobb	688,078	172,020	172,020
Coweta	127,317	31,829	31,829
DeKalb	663,601	165,900	165,900
Douglas	132,403	33,101	33,101
Fayette	106,567	26,642	26,642
Forsyth	175,511	43,878	43,878
Fulton	528,870	132,218	132,218
Gwinnett	805,321	201,330	201,330
Hall	179,684	44,921	44,921
Henry	203,922	50,980	50,980
Paulding	142,324	35,581	35,581
Rockdale	85,215	21,303	21,303
	<u>4,832,743</u>	<u>\$ 1,208,186</u>	<u>\$ 1,208,186</u>

Administrative Agreement

Pursuant to an administrative and staff services agreement, the Atlanta Regional Commission (ARC) has agreed to provide administrative financial and technical staff support to the District. The District does not have any employees. Labor and related expenses are for employees of the Atlanta Regional Commission who contracts with the District to perform planning and administrative activities. Substantially all District costs are paid by the ARC and reimbursed by the District. At December 31, 2020, the District owed ARC \$228,113 for unreimbursed costs.

NOTE E – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. The pandemic could adversely impact the District’s future financial results, especially if the community is negatively impacted by the decrease in economic activity caused by the virus. Such potential impact is unknown at this time.

COMPLIANCE SECTION



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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 Board Members of the
Metropolitan North Georgia Water Planning District

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 and the general fund of the Metropolitan North Georgia Water Planning District (“the District”), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’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 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Atlanta | Calhoun | Canton | Dalton | Dublin
Fayetteville | Kennesaw | Rome | Warner Robins

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

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.

Richels, Cauley + Associates, LLC

Kennesaw, Georgia
June 1, 2021