

CITY OF CLARKSTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2019



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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of City Council
City of Clarkston, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Clarkston, Georgia** (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City'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 *Governmental 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.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarkston, Georgia as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Grant 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's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions on pages 4-11, 52 and 53, respectively, 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 the City of Clarkston, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of projects constructed with special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards, and the schedule of projects constructed with special purpose local option sales tax proceeds (collectively the “supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2020 on our consideration of the City of Clarkston, 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 solely 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 the effectiveness of the City of Clarkston, Georgia’s 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 City of Clarkston, Georgia’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 30, 2020

CITY OF CLARKSTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

As management of the City of Clarkston, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$14,120,606 (net position). Of this amount, \$1,189,045 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. \$11,508,241 of net position consisted of investments in capital assets, net of related debt. The remainder of net position consisted of amounts restricted by law, with \$901,938 restricted for capital construction, \$339,259 restricted for public safety, \$172,753 restricted for public works, and \$9,370 restricted for recreation.
- ❖ The City's total net position increased by \$6,241,884 in the year ended December 31, 2019. This is compared to an increase of \$2,808,523 the prior year. This increase in net position for 2019 resulted primarily from increased net investment in capital assets of \$5,751,147 and an increase of \$822,150 in unrestricted net position from increased tax revenue. Restricted cash available for capital construction decreased by \$400,742 and cash restricted for public works increased by \$73,766.
- ❖ As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$6,301,353. This compares to the prior year ending fund balances of \$7,593,770 showing a net decrease of \$1,292,417 during the current year. The current year decrease in fund balances was due, primarily, to increased expenditures for SPLOST Project construction of streets and sidewalk improvements within the City and the utilization of the remaining URA Fund balance on construction of Friendship Forest redevelopment project.
- ❖ At the end of the current year, the total fund balance for the General Fund was \$2,390,854 or 34% of General Fund expenditures. Of this amount, \$2,135,514 was unassigned, \$190,109 was assigned for public safety vehicles, and \$65,231 was non-spendable. The total fund balance for the Urban Redevelopment Agency Fund decreased \$656,898 due to capital construction at Friendship Forest and all funds were spent in 2019.
- ❖ At the end of the current year, the total fund balance for the SPLOST Fund was \$3,317,923 restricted to capital construction for transportation projects. The total fund balance for the Grant Fund was \$182,123 restricted to public works and recreation projects.
- ❖ At the close of the year, the assets of the City's Sanitation Fund exceeded its liabilities by \$116,127. This total net position was all unrestricted and available to meet the Sanitation Fund's on-going obligations to its customers.
- ❖ At the close of the year, the assets of the City's Stormwater Utility Fund exceeded its liabilities by \$1,563,886. Included in this total net position is \$1,031,494 invested in capital assets and a balance of \$532,392 of unrestricted net position available to meet the Stormwater Utility Fund's on-going obligations to its customers.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) 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.

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 position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position 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 City's net position changed during the most recent 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future 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, buildings and grounds, public safety, public works, recreation and parks, judicial, economic and community development, and planning and zoning. The City's business-type activities include the Sanitation Fund and the Stormwater Utility Fund.

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 three categories: governmental funds, proprietary funds and 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 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 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 six (6) 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 each major fund. The City's major funds are the General Fund, Grant Fund, Urban Redevelopment Agency Fund and the SPLOST Fund. Other nonmajor governmental funds include the Police Seizure Fund and the Homestead Option Sales Tax Fund.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund and special revenue funds to demonstrate compliance with this budget.

Proprietary Funds The City maintains one type of 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 enterprise funds to account for its sanitation services and storm water utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Sanitation Fund and the Stormwater Fund. These two funds are considered to be major funds of the City.

Fiduciary Funds The City added one (1) fiduciary fund in 2019. Fiduciary funds are used to account for resources that the government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government's own programs. The City uses a fiduciary fund to account for the Affordable Housing Trust set up by a developer for affordable housing projects. The Affordable Housing Trust Fund was established in December 2019 and funded by a \$200,000 donation. No expenditures were recorded in 2019.

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 provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Required Supplementary Information In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability and related ratios.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Clarkston, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,120,606 at the close of the most recent year. Table 1 below is a summary of the City's net position.

Table 1
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 10,055,261	\$ 8,409,580	\$ 688,839	\$ 654,243	\$ 10,744,100	\$ 9,063,823
Capital assets	17,946,517	10,237,291	1,031,494	1,023,260	18,978,011	11,260,551
Total assets	<u>28,001,778</u>	<u>18,646,871</u>	<u>1,720,333</u>	<u>1,677,503</u>	<u>29,722,111</u>	<u>20,324,374</u>
Deferred outflows of resources	<u>537,005</u>	<u>421,300</u>	<u>-</u>	<u>-</u>	<u>537,005</u>	<u>421,300</u>
Liabilities:						
Current liabilities	5,034,779	1,983,861	40,320	36,640	5,075,099	2,020,501
Long-term liabilities	11,028,999	10,641,011	-	-	11,028,999	10,641,011
Total liabilities	<u>16,063,778</u>	<u>12,624,872</u>	<u>40,320</u>	<u>36,640</u>	<u>16,104,098</u>	<u>12,661,512</u>
Deferred inflows of resources	<u>34,412</u>	<u>205,440</u>	<u>-</u>	<u>-</u>	<u>34,412</u>	<u>205,440</u>
Net position:						
Net investment						
in capital assets	10,476,747	4,733,834	1,031,494	1,023,260	11,508,241	5,757,094
Restricted	1,423,320	1,754,733	-	-	1,423,320	1,754,733
Unrestricted (deficit)	<u>540,526</u>	<u>(250,708)</u>	<u>648,519</u>	<u>617,603</u>	<u>1,189,045</u>	<u>366,895</u>
Total net position	<u>\$ 12,440,593</u>	<u>\$ 6,237,859</u>	<u>\$ 1,680,013</u>	<u>\$ 1,640,863</u>	<u>\$ 14,120,606</u>	<u>\$ 7,878,722</u>

A portion of the City's net position (\$11,508,241 or 81.5%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, equipment, and intangibles, 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.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. \$1,423,320 (10.1%) of the City's net position is restricted for the public safety, public works, and recreation activities and capital construction. The remaining portion of the City's net position (\$1,189,045 or 8.4%) is unrestricted. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, for the City as a whole; however, the unrestricted net position of the governmental activities increased by \$791,234 in 2019 from the previous year's deficit balance of (\$250,708) to a net balance of \$540,526, primarily due to increased revenue in the current year.

Analysis of the City's Operations and Changes in Net Position

The following schedule presents a summary of the City's operations for the years ended December 31, 2019 and 2018. Governmental activities during the current year increased the City's net position by \$6,202,734 for the year ended December 31, 2019. Business-type activities increased the City's net position by \$39,150 for the year ended December 31, 2019.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,415,487	\$ 1,561,312	\$ 522,417	\$ 521,732	\$ 1,937,904	\$ 2,083,044
Capital grants and contributions	5,393,963	2,379,106	-	-	5,393,963	2,379,106
General revenues:						
Property taxes	3,046,157	2,766,747	-	-	3,046,157	2,766,747
Franchise taxes	616,383	314,915	-	-	616,383	314,915
Insurance premium taxes	921,307	867,339	-	-	921,307	867,339
Business and occupational taxes	236,719	235,832	-	-	236,719	235,832
Alcoholic beverage taxes	116,463	113,423	-	-	116,463	113,423
Interest earnings	78	84	42	31	120	115
Total revenues	<u>11,746,557</u>	<u>8,238,758</u>	<u>522,459</u>	<u>521,763</u>	<u>12,269,016</u>	<u>8,760,521</u>
Expenses:						
General government	1,177,643	1,208,356	-	-	1,177,643	1,208,356
Buildings and grounds	140,422	138,070	-	-	140,422	138,070
Public safety	2,150,198	1,972,221	-	-	2,150,198	1,972,221
Public works	808,446	908,923	-	-	808,446	908,923
Recreation and parks	155,268	162,773	-	-	155,268	162,773
Judicial/Municipal Court	456,753	561,317	-	-	456,753	561,317
Economic/Community Development	95,706	72,738	-	-	95,706	72,738
Planning & Zoning	283,441	267,427	-	-	283,441	267,427
Interest on long-term debt	275,946	322,574	-	-	275,946	322,574
Sanitation	-	-	199,184	195,370	199,184	195,370
Stormwater utility	-	-	284,125	142,229	284,125	142,229
Total expenses	<u>5,543,823</u>	<u>5,614,399</u>	<u>483,309</u>	<u>337,599</u>	<u>6,027,132</u>	<u>5,951,998</u>
Change in net position	6,202,734	2,624,359	39,150	184,164	6,241,884	2,808,523
Net position - beginning of year	<u>6,237,859</u>	<u>3,613,500</u>	<u>1,640,863</u>	<u>1,456,699</u>	<u>7,878,722</u>	<u>5,070,199</u>
Net position - end of year	<u>\$ 12,440,593</u>	<u>\$ 6,237,859</u>	<u>\$ 1,680,013</u>	<u>\$ 1,640,863</u>	<u>\$ 14,120,606</u>	<u>\$ 7,878,722</u>

Governmental Activities

Revenue Charges for services of \$1,415,487 decreased by \$145,825 primarily due to decreased fines and forfeitures revenue and accounted for 12% of the City's total governmental revenue in 2019 compared to 19% in 2018. Capital Grants and Contributions of \$5,393,963 increased by \$3,014,857 due to a significant increase in Federal Grant awards for Capital Grants (Streetscape project) restricted for Public Works capital construction projects and increases in Special Purpose Local Option Sales Tax (SPLOST). Capital grants and contributions comprises 45.9% of total governmental revenue in 2019 compared to 28.9% in 2018. Property taxes provided 25.9% of the City's total governmental revenue of year 2019 as compared with 33.6% in the year 2018. Overall, governmental revenues increased by \$3,507,799 or 42.6% while overall governmental expenses decreased by \$70,576 or 1.3%. The increase in revenues was primarily due to a significant increase in Federal Grant awards for Capital Grants (Streetscape project) restricted for Public Works capital construction projects and increases in Special Purpose Local Option Sales Tax (SPLOST), as well as increases in other sources of revenue (property taxes). The decrease in expenses were due primarily due to decreased general government, public works, judicial and interest on long term expenses in 2019 compared to 2018.

Expenses The total expense for the governmental activities was \$5,543,823, a decrease of \$70,576 or 1.3% compared to 2018. Public safety accounts for the largest portion of governmental expenses. Total public safety expenses were \$2,150,198 or 38.8% of total governmental expenses. General government expenses accounted for the second largest portion of governmental expenses and represented \$1,177,643 or 21.2% of total governmental expenses.

Business-type activities

Revenues Total revenues for the enterprise funds increased by \$696 from 2018. In the current year, the Sanitation Fund operating revenues were \$216,712, with a \$1,672 decrease from 2018, and the Stormwater Utility Fund operating revenues were \$305,747, an increase of \$2,357 over 2018.

Expenses Total expenses for the Sanitation Fund were \$199,184 in the current year compared to \$195,370 in the prior year. Total expenses for the Stormwater Utility Fund were \$284,125 in the current year compared to \$142,229 in the prior year. The increase in Stormwater Utility Fund expenses was primarily due to allocating payroll expenses for stormwater system inspections and cleanings that were previously charged to general fund public works department.

Financial Analysis of the Government's Funds

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

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

At the end of the current year, the City's governmental funds reported combined ending fund balances of \$6,301,353. Of this amount, \$2,135,514 or 33.9% constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is made of \$3,910,499 of restricted fund balance due to external limitations on its use, \$190,109 assigned fund balance and \$65,231 was nonspendable. These restricted uses include 1) capital projects funded by SPLOST and HOST funds (\$3,389,117), 2) capital projects funded by Grant Fund (\$182,123), and 3) public safety expenditures funded by the police seizure funds (\$339,259). The nonspendable fund balance portion of \$65,231 is for prepaid items.

General Fund – The General Fund is the central operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$2,390,854 of which \$2,135,514 was unassigned, \$190,109 was assigned and \$65,231 was non-spendable. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance of \$2,390,854 represents approximately 34% of total General Fund expenditures compared to 30% for the prior year while unassigned fund balance of \$2,135,514, represents approximately 30.3% of total General Fund expenditures compared to 26.8% of the prior year. Fund balance of the City's General Fund increased by \$610,127 during the current year. This was due, primarily, to increases in general government revenues (taxes) and slight decreases to most General Fund department expenses.

Grant Fund – The Grant Fund increased fund balance by \$83,136 due to revenues exceeding expenditures. 100% of the fund balance is restricted by the grants.

URA Fund – The URA (Urban Redevelopment Agency) Fund was created in 2017. The total fund balance for the URA fund at year end 2019 was \$0, as all remaining funds were spent on capital construction to complete the Friendship Forest redevelopment project.

SPLOST Fund – The SPLOST Fund was created in 2018. The SPLOST Fund balance at year 2019 of \$3,317,923 decreased by \$1,314,975 from 2018 due to capital construction and SPLOST Bond principal and interest payments. The fund balance is restricted for capital construction and SPLOST bond debt service.

Nonmajor Governmental Funds – Total fund balance for other nonmajor governmental funds at year end was \$410,453, with \$339,259 restricted for public safety and \$71,194 restricted for capital construction.

Proprietary Funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains two (2) enterprise funds that account for the activities of the City that are operated in a business fashion. The City maintains enterprise funds for the Sanitation Fund and the Stormwater Utility Fund.

Stormwater Utility Fund – Stormwater fees are billed on the City property tax bills and are collected by DeKalb County and remitted by the County to the City. The Stormwater Utility Fund increased its net position by \$21,622 in 2019. This increase in net position is attributable to revenues in excess of expenses for the year.

Sanitation Fund – Sanitation fees are billed on the City property tax bills and are collected by DeKalb County and remitted by the County to the City. The Sanitation Fund increased its net position by \$17,528 in 2019. This increase in net position is attributable to revenues in excess of expenses for the year.

Table 3 below compares governmental fund revenues and expenditures for 2019 and 2018.

**Table 3
Governmental Revenues, Expenditures, and Changes in Fund Balances**

	Governmental Funds	
	<u>2019</u>	<u>2018</u>
Revenues:		
Taxes	\$ 4,842,809	\$ 4,296,200
Licenses and permits	402,705	273,712
Intergovernmental	5,387,740	2,210,034
Fines and forfeitures	741,809	1,022,974
Charges for services	97,553	106,102
Interest income	6,301	5,956
Other revenues	173,420	158,524
Total Revenue	<u>11,652,337</u>	<u>8,073,502</u>
Expenditures:		
General government	1,151,412	1,236,956
Buildings and grounds	140,422	138,070
Public safety	1,997,515	1,929,868
Public works	767,682	845,656
Judicial/Municipal Court	458,911	567,175
Economic & Community Development	97,053	76,399
Planning & Zoning	283,441	267,427
Recreation and parks	119,790	125,059
Capital outlay	7,986,688	3,206,468
Debt service:		
Principal retirements	1,251,086	390,858
Interest	250,706	205,020
Issuance cost	-	95,942
Total Expenditures	<u>14,504,706</u>	<u>9,084,898</u>
Deficiency of revenues under expenditures	<u>(2,852,369)</u>	<u>(1,011,396)</u>
Other financing sources:		
Proceeds from issuance of bonds	-	5,150,000
Issuance of financed purchases	620,328	131,771
Proceeds from issuance of notes payable	939,624	254,311
Total other financing sources	<u>1,559,952</u>	<u>5,536,082</u>
Net change in fund balances	(1,292,417)	4,524,686
Fund balances, beginning of year	<u>7,593,770</u>	<u>3,069,084</u>
Fund balances, end of year	<u>\$ 6,301,353</u>	<u>\$ 7,593,770</u>

General Fund Budgetary Highlights The City's budget is prepared according to Georgia Law. A comparison of General Fund actual expenditures compared to budget is presented in the financial statements. General Fund revenue was \$369,796 less than budgeted mainly due to less than expected collection of fines and forfeitures revenues and tax revenues than what was budgeted and anticipated. Expenditures were \$837,553 less than budgeted due to expenditures for all departments being less than budgeted.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2019, amounts to \$18,978,011 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, buildings and improvements, machinery and equipment, park facilities, streets and sidewalks, and storm water infrastructure. Table 4 below summarizes capital assets of the City.

Table 4
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Construction in progress	\$ 9,360,612	\$ 5,338,796	\$ 25,390	\$ 11,790	\$ 9,386,002	\$ 5,350,586
Land	585,808	585,808	-	-	585,808	585,808
Intangible asset	-	-	116,495	116,495	116,495	116,495
Buildings and improvements	3,276,893	3,271,582	-	-	3,276,893	3,271,582
Furniture and equipment	914,276	599,158	-	-	914,276	599,158
Vehicles	1,334,089	901,603	113,167	84,197	1,447,256	985,800
Infrastructure-Streets	5,428,428	2,111,358	-	-	5,428,428	2,111,358
Stormwater infrastructure	-	-	1,366,103	1,355,058	1,366,103	1,355,058
Less accumulated depreciation	(2,953,589)	(2,571,014)	(589,661)	(544,280)	(3,543,250)	(3,115,294)
Total	\$ 17,946,517	\$ 10,237,291	\$ 1,031,494	\$ 1,023,260	\$ 18,978,011	\$ 11,260,551

The City's total investment in capital assets increased from \$11,260,551 to \$18,978,011 in 2019. The City completed \$4,951,930 of additional construction in process (CIP) work on the Streetscape project, started in fiscal year 2014, bringing the 2019 cumulative balance in process to \$8,195,976. The City began the construction of the Friendship Forest redevelopment project in 2017 spending an additional \$1,001,847 in CIP in 2019 bringing the cumulative balance to \$1,650,887 to complete the project. During the current year, the City completed additional construction in process of \$1,372,869 on construction of several street and sidewalk projects funded by the Special Purpose Local Option Sales Tax. At the end of fiscal year 2019, \$3,304,820 of construction in process was transferred to Infrastructure for projects that are now 100% complete. As of December 31, 2019, there was \$9,360,612 of construction projects in process that are scheduled to be completed in 2020.

During fiscal year 2019, the City purchased other machinery and equipment totaling \$315,118 for public safety equipment for ten (10) new police vehicles, buildings and improvements \$5,311, infrastructure \$12,250 and vehicles \$432,486. Depreciation on capital assets was \$382,575. Additional information on the City's capital assets can be found at Note 6 in the notes to the financial statements of this report.

Long Term Debt and Obligations. The City's long-term debt and obligations can be found in Note 7 in the notes to the financial statements of this report. Bonds Payable decreased from 2018 to 2019 due to debt service, no new bonds were issued in 2019. Capital Leases (financed purchases) increased in 2019 due to a new 5 year capital lease to purchase 10 police vehicles and emergency equipment. Notes payable increased due to final construction draws of \$939,624 on State Road and Tollway Authority (SRTA) loans for Streetscape construction in 2019. The two SRTA construction loans are now fully drawn down and gone into repayment. Debt service payments on the second SRTA loan will begin in 2020. The net increase in net pension liability for 2019 was \$259,752. The City's compensated absences increased by \$1,170 from 2018 to 2019. The City's long-term debt is summarized in the table on the following page.

Table 5
Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds Payable	\$ 5,337,649	\$ 6,213,667	\$ -	\$ -	\$ 5,337,649	\$ 6,213,667
Financed Purchases	725,418	320,507	-	-	725,418	320,507
Notes Payable	3,893,882	3,113,909	-	-	3,893,882	3,113,909
Net Pension Liability	2,152,745	1,892,993	-	-	2,152,745	1,892,993
Compensated Absences	343,054	341,884	-	-	343,054	341,884
Governmental Activities						
Long-term liabilities	<u>\$ 12,452,748</u>	<u>\$ 11,882,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,452,748</u>	<u>\$ 11,882,960</u>

Economic Factors and Next Year's Budgets and Rates

The City considered the current year results as well as other factors in preparing the City's budget for 2020. The budget for 2020 reflects total revenues of \$13,174,759 and total expenditures of \$13,174,759. The major decreases in the 2020 budget relate to decreased capital construction due to nearing completion of the Streetscape Project and the Friendship Forest redevelopment project. The SPLOST Fund represents \$4,806,000 of the total fiscal year 2020 budget for construction of streets and sidewalks and the debt service related to the SPLOST bonds. In 2020, the City has refinanced its existing SPLOST bond issue from 2018 and issued an additional bond financing with a decrease in interest rate from 2.65% to 1.74% going forward.

The City has been working on our Streetscape development project since planning and design began in 2014. Actual construction on the Streetscape project began in 2017 with completion expected in 2020. The remaining costs of construction in 2020 will be funded from the balance of a \$3.52 million dollar grant from the Federal Highway Administration and a \$1.373 million dollar grant from the ARC Surface Transportation Program Urban Funding, as well as allocations from SPLOST funds specifically earmarked for street and sidewalk projects.

In November of 2017, DeKalb County voters approved a referendum for a six year Special Purpose Local Option Sales Tax restricted for capital construction of streets and sidewalk improvements with the City estimated to receive \$11,353,392 over six years. To date the actual tax collected by the City is averaging 93.4% of the original estimate.

The tax digest valuation for the City is estimated to increase by approximately 5.21% in 2020 and the city plans to keep the property tax millage rate at 15.89 mils for the fifth consecutive year. During 2019 and going into 2020, the City has experienced a dramatic increase in development and redevelopment projects compared to the last several years. As these projects are completed over the next couple of years, we expect increases in our property tax digest and tax revenues.

Our fines and forfeitures revenues have continued to decline over the past few years as a percentage of total revenue as we have taken a more lenient approach in law enforcement by issuing more warnings and fewer citations. The overall focus by the City, including the police department and judicial process has been to be a little more lenient and tolerant in our judicial proceedings.

The overall financial impacts of the COVID-19 pandemic on the City's finances are still not fully understood; however, we do expect substantial decreases in some revenue sources in 2020 and we continue to monitor our expenditures in expectation of potential revenue shortfalls.

Requests for Information

This financial report is designed to provide a general overview of the City'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:

City Clerk
City of Clarkston
1055 Rowland Street
Clarkston, GA 30021

CITY OF CLARKSTON, GEORGIA

**STATEMENT OF NET POSITION
DECEMBER 31, 2019**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 6,874,318	\$ 647,788	\$ 7,522,106
Taxes receivables, net of allowances	858,940	-	858,940
Intergovernmental receivable	2,156,555	-	2,156,555
Other receivables	100,217	-	100,217
Accounts receivables, net of allowances	-	35,062	35,062
Prepaid items	65,231	5,989	71,220
Capital assets:			
Non-depreciable	9,946,420	141,885	10,088,305
Depreciable, net of accumulated depreciation	8,000,097	889,609	8,889,706
Total assets	28,001,778	1,720,333	29,722,111
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	537,005	-	537,005
Total deferred outflows of resources	537,005	-	537,005
LIABILITIES			
Accounts payable	3,457,222	40,320	3,497,542
Accrued liabilities	153,808	-	153,808
Compensated absences due within one year	70,580	-	70,580
Compensated absences due in more than one year	272,474	-	272,474
Net pension liability	2,152,745	-	2,152,745
Notes payable due within one year	243,450	-	243,450
Notes payable due in more than one year	3,650,432	-	3,650,432
Bonds payable due within one year	897,953	-	897,953
Bonds payable due in more than one year	4,439,696	-	4,439,696
Financed purchases due within one year	211,766	-	211,766
Financed purchases due in more than one year	513,652	-	513,652
Total liabilities	16,063,778	40,320	16,104,098
DEFERRED INFLOWS OF RESOURCES			
Pension related items	34,412	-	34,412
Total deferred inflows of resources	34,412	-	34,412
NET POSITION			
Net investment in capital assets	10,476,747	1,031,494	11,508,241
Restricted for public safety	339,259	-	339,259
Restricted for recreation	9,370	-	9,370
Restricted for public works	172,753	-	172,753
Restricted for capital construction	901,938	-	901,938
Unrestricted	540,526	648,519	1,189,045
Total net position	\$ 12,440,593	\$ 1,680,013	\$ 14,120,606

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 1,177,643	\$ 569,563	\$ 24,000	\$ (584,080)	\$ -	\$ (584,080)
Building and grounds	140,422	-	-	(140,422)	-	(140,422)
Public safety	2,150,198	793,812	9,875	(1,346,511)	-	(1,346,511)
Public works	808,446	-	5,267,096	4,458,650	-	4,458,650
Recreation and parks	155,268	52,112	-	(103,156)	-	(103,156)
Judicial/Municipal court	456,753	-	-	(456,753)	-	(456,753)
Economic and community development	95,706	-	92,992	(2,714)	-	(2,714)
Planning and zoning	283,441	-	-	(283,441)	-	(283,441)
Interest and fiscal charges	275,946	-	-	(275,946)	-	(275,946)
Total governmental activities	<u>5,543,823</u>	<u>1,415,487</u>	<u>5,393,963</u>	<u>1,265,627</u>	<u>-</u>	<u>1,265,627</u>
Business-type activities:						
Sanitation	199,184	216,712	-	-	17,528	17,528
Stormwater utility	284,125	305,705	-	-	21,580	21,580
Total business-type activities	<u>483,309</u>	<u>522,417</u>	<u>-</u>	<u>-</u>	<u>39,108</u>	<u>39,108</u>
Total primary government	<u>\$ 6,027,132</u>	<u>\$ 1,937,904</u>	<u>\$ 5,393,963</u>	<u>1,265,627</u>	<u>39,108</u>	<u>1,304,735</u>
General revenues:						
Property taxes				3,046,157	-	3,046,157
Franchise taxes				616,383	-	616,383
Insurance premium taxes				921,307	-	921,307
Business and occupational taxes				236,719	-	236,719
Alcoholic beverage taxes				116,463	-	116,463
Unrestricted investment earnings				78	42	120
Total general revenues				<u>4,937,107</u>	<u>42</u>	<u>4,937,149</u>
Change in net position				6,202,734	39,150	6,241,884
Net position, beginning of year				6,237,859	1,640,863	7,878,722
Net position, end of year				<u>\$ 12,440,593</u>	<u>\$ 1,680,013</u>	<u>\$ 14,120,606</u>

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

CITY OF CLARKSTON, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

ASSETS	General Fund	Grant Fund	URA Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,015,817	\$ -	\$ -	\$ 4,519,242	\$ 339,259	\$ 6,874,318
Taxes receivables, net of allowance	858,940	-	-	-	-	858,940
Intergovernmental receivable	-	1,979,230	-	177,325	-	2,156,555
Other receivables	100,217	-	-	-	-	100,217
Prepaid items	65,231	-	-	-	-	65,231
Due from other funds	634,635	182,124	-	-	71,194	887,953
Total assets	\$ 3,674,840	\$ 2,161,354	\$ -	\$ 4,696,567	\$ 410,453	\$ 10,943,214
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 733,982	\$ 1,344,596	\$ -	\$ 1,378,644	\$ -	\$ 3,457,222
Accrued liabilities	102,666	-	-	-	-	102,666
Due to other funds	253,318	634,635	-	-	-	887,953
Total liabilities	1,089,966	1,979,231	-	1,378,644	-	4,447,841
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	194,020	-	-	-	-	194,020
Total deferred inflows of resources	194,020	-	-	-	-	194,020
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaid items	65,231	-	-	-	-	65,231
Restricted:						
Public safety	-	-	-	-	339,259	339,259
Recreation	-	9,370	-	-	-	9,370
Public works	-	172,753	-	-	-	172,753
Capital construction	-	-	-	3,317,923	71,194	3,389,117
Assigned:						
Public safety	190,109	-	-	-	-	190,109
Unassigned	2,135,514	-	-	-	-	2,135,514
Total fund balances	2,390,854	182,123	-	3,317,923	410,453	6,301,353
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,674,840	\$ 2,161,354	\$ -	\$ 4,696,567	\$ 410,453	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 17,946,517						
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds. 194,020						
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds. (1,650,152)						
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. (10,351,145)						
Net position of governmental activities \$ 12,440,593						

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Grant Fund	URA Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,842,809	\$ -	\$ -	\$ -	\$ -	\$ 4,842,809
Licenses and permits	402,705	-	-	-	-	402,705
Intergovernmental	24,000	3,529,134	-	1,834,606	-	5,387,740
Fines and forfeitures	549,490	-	-	-	192,319	741,809
Charges for services	97,553	-	-	-	-	97,553
Interest income	56	-	22	6,223	-	6,301
Other revenues	173,420	-	-	-	-	173,420
Total revenues	<u>6,090,033</u>	<u>3,529,134</u>	<u>22</u>	<u>1,840,829</u>	<u>192,319</u>	<u>11,652,337</u>
Expenditures						
Current:						
General government	1,151,412	-	-	-	-	1,151,412
Building and grounds	140,422	-	-	-	-	140,422
Public safety	1,876,010	9,875	-	-	111,630	1,997,515
Public works	767,682	-	-	-	-	767,682
Recreation and parks	114,291	5,499	-	-	-	119,790
Judicial/Municipal court	458,911	-	-	-	-	458,911
Economic and community development	97,053	-	-	-	-	97,053
Planning and zoning	283,441	-	-	-	-	283,441
Capital outlays	1,600,143	3,430,624	656,920	2,299,001	-	7,986,688
Debt service:						
Principal	433,945	-	-	730,000	87,141	1,251,086
Interest	116,548	-	-	126,803	7,355	250,706
Total expenditures	<u>7,039,858</u>	<u>3,445,998</u>	<u>656,920</u>	<u>3,155,804</u>	<u>206,126</u>	<u>14,504,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(949,825)</u>	<u>83,136</u>	<u>(656,898)</u>	<u>(1,314,975)</u>	<u>(13,807)</u>	<u>(2,852,369)</u>
Other financing sources:						
Issuance of financed purchases	620,328	-	-	-	-	620,328
Issuance of notes payable	939,624	-	-	-	-	939,624
Total other financing sources	<u>1,559,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,559,952</u>
Net change in fund balances	610,127	83,136	(656,898)	(1,314,975)	(13,807)	(1,292,417)
Fund balances, beginning of year	<u>1,780,727</u>	<u>98,987</u>	<u>656,898</u>	<u>4,632,898</u>	<u>424,260</u>	<u>7,593,770</u>
Fund balances, end of year	<u>\$ 2,390,854</u>	<u>\$ 182,123</u>	<u>\$ -</u>	<u>\$ 3,317,923</u>	<u>\$ 410,453</u>	<u>\$ 6,301,353</u>

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

CITY OF CLARKSTON, GEORGIA
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, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(1,292,417)
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.		7,709,226
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		94,220
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Principal payment on financed purchases		215,417
Principal payment on bonds payable		876,018
Principal payment on notes payable		159,651
Issuance of financed purchases		(620,328)
Issuance of notes payable		(939,624)
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.		571
Change in net position - governmental activities	\$	6,202,734

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

CITY OF CLARKSTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,151,542	\$ 5,229,603	\$ 4,842,809	\$ (386,794)
Licenses and permits	264,403	264,403	402,705	138,302
Intergovernmental	7,200	7,200	24,000	16,800
Fines and forfeitures	700,000	700,000	549,490	(150,510)
Interest income	-	-	56	56
Charges for services	113,117	113,117	97,553	(15,564)
Other revenues	145,506	145,506	173,420	27,914
	<u>6,381,768</u>	<u>6,459,829</u>	<u>6,090,033</u>	<u>(369,796)</u>
Total revenues				
Expenditures				
Current:				
General government:				
City council	95,333	95,333	82,532	12,801
Mayor	15,019	15,019	12,098	2,921
General administration	1,155,954	1,155,954	1,056,782	99,172
Total general government	<u>1,266,306</u>	<u>1,266,306</u>	<u>1,151,412</u>	<u>114,894</u>
Building and grounds	<u>143,000</u>	<u>143,000</u>	<u>140,422</u>	<u>2,578</u>
Public safety:				
Police	<u>2,017,811</u>	<u>2,017,811</u>	<u>1,876,010</u>	<u>141,801</u>
Public works	<u>928,519</u>	<u>928,519</u>	<u>767,682</u>	<u>160,837</u>
Recreation and parks	<u>106,580</u>	<u>116,580</u>	<u>114,291</u>	<u>2,289</u>
Judicial/Municipal Court	<u>593,993</u>	<u>593,993</u>	<u>458,911</u>	<u>135,082</u>
Economic and community development	<u>68,500</u>	<u>108,500</u>	<u>97,053</u>	<u>11,447</u>
Planning and zoning	<u>338,275</u>	<u>338,275</u>	<u>283,441</u>	<u>54,834</u>
Capital outlay	<u>155,200</u>	<u>1,606,661</u>	<u>1,600,143</u>	<u>6,518</u>
Debt service:				
Principal	614,986	614,986	433,945	181,041
Interest	149,298	149,298	116,548	32,750
Total debt service	<u>764,284</u>	<u>764,284</u>	<u>550,493</u>	<u>213,791</u>
Total expenditures	<u>6,382,468</u>	<u>7,883,929</u>	<u>7,039,858</u>	<u>844,071</u>
Deficiency of revenues under expenditures	(700)	(1,424,100)	(949,825)	474,275
Other Financing Sources:				
Proceeds from sale of capital assets	700	700	-	(700)
Issuance of capital lease	-	482,400	620,328	137,928
Issuance of notes payable	-	941,000	939,624	(1,376)
Total financing sources	<u>700</u>	<u>1,424,100</u>	<u>1,559,952</u>	<u>135,852</u>
Net change in fund balances	-	-	610,127	610,127
Fund balances, beginning of year	<u>1,780,727</u>	<u>1,780,727</u>	<u>1,780,727</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,780,727</u>	<u>\$ 1,780,727</u>	<u>\$ 2,390,854</u>	<u>\$ 610,127</u>

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

CITY OF CLARKSTON, GEORGIA
GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 89,370	\$ 3,529,870	\$ 3,529,134	\$ (736)
Total revenues	<u>89,370</u>	<u>3,529,870</u>	<u>3,529,134</u>	<u>(736)</u>
EXPENDITURES				
Current:				
Public safety	-	9,500	9,875	(375)
Recreation	9,370	9,370	5,499	3,871
Capital outlays	<u>80,000</u>	<u>3,511,000</u>	<u>3,430,624</u>	<u>80,376</u>
Total expenditures	<u>89,370</u>	<u>3,529,870</u>	<u>3,445,998</u>	<u>83,872</u>
Net change in fund balances	-	-	83,136	83,136
FUND BALANCES, beginning of year	<u>98,987</u>	<u>98,987</u>	<u>98,987</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 98,987</u>	<u>\$ 98,987</u>	<u>\$ 182,123</u>	<u>\$ 83,136</u>

The accompanying notes are an intergal part of these financial statements

CITY OF CLARKSTON, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019**

ASSETS	Business-Type Activities-Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
CURRENT ASSETS			
Cash and cash equivalents	\$ 120,979	\$ 526,809	\$ 647,788
Accounts receivables, net of allowances	11,624	23,438	35,062
Prepaid items	-	5,989	5,989
Total current assets	<u>132,603</u>	<u>556,236</u>	<u>688,839</u>
NONCURRENT ASSETS			
Capital assets, non-depreciated	-	141,885	141,885
Capital assets, net of accumulated depreciation	-	889,609	889,609
Total noncurrent assets	<u>-</u>	<u>1,031,494</u>	<u>1,031,494</u>
Total assets	<u>132,603</u>	<u>1,587,730</u>	<u>1,720,333</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	16,476	23,844	40,320
Total current liabilities	<u>16,476</u>	<u>23,844</u>	<u>40,320</u>
Total liabilities	<u>16,476</u>	<u>23,844</u>	<u>40,320</u>
NET POSITION			
Investment in capital assets	-	1,031,494	1,031,494
Unrestricted	116,127	532,392	648,519
Total net position	<u>\$ 116,127</u>	<u>\$ 1,563,886</u>	<u>\$ 1,680,013</u>

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities-Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
	Fund	Fund	
OPERATING REVENUE			
Stormwater fees	\$ -	\$ 305,705	\$ 305,705
Sanitation fees	216,712	-	216,712
Total operating revenues	216,712	305,705	522,417
OPERATING EXPENSES			
Contracted services - waste pickup	199,184	-	199,184
Personal services	-	104,502	104,502
Repairs and maintenance	-	134,242	134,242
Depreciation	-	45,381	45,381
Total operating expenses	199,184	284,125	483,309
Operating income	17,528	21,580	39,108
NONOPERATING REVENUES			
Interest income	-	42	42
Total nonoperating revenues	-	42	42
Change in net position	17,528	21,622	39,150
Net position, beginning	98,599	1,542,264	1,640,863
Net position, ending	\$ 116,127	\$ 1,563,886	\$ 1,680,013

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities-Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 215,773	\$ 297,251	\$ 513,024
Payments to employees	-	(104,502)	(104,502)
Payments to vendors and suppliers	(242,067)	(133,497)	(375,564)
Net cash provided (used) by operating activities	(26,294)	59,252	32,958
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	-	(53,615)	(53,615)
Net cash used by capital financing activities	-	(53,615)	(53,615)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	-	42	42
Net cash provided by investing activities	-	42	42
Net increase (decrease) in cash	(26,294)	5,679	(20,615)
Cash, beginning of year	147,273	521,130	668,403
Cash, end of year	<u>\$ 120,979</u>	<u>\$ 526,809</u>	<u>\$ 647,788</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 17,528	\$ 21,580	\$ 39,108
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	45,381	45,381
Change in assets and liabilities:			
Increase in accounts receivables	(2,141)	(9,023)	(11,164)
Increase in prepaid items	-	(1,818)	(1,818)
Decrease in due from other funds	1,202	569	1,771
Decrease in due to other funds	(44,000)	-	(44,000)
Increase in accounts payable	1,117	2,563	3,680
Net cash provided (used) by operating activities	<u>\$ (26,294)</u>	<u>\$ 59,252</u>	<u>\$ 32,958</u>

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019

	<u>Affordable Housing Private Purpose Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 200,000
Total assets	<u>\$ 200,000</u>
NET POSITION	
Restricted for affordable housing	\$ 200,000
Total net position	<u>\$ 200,000</u>

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Contribution to establish fund	\$ 200,000
Total additions	200,000
Change in net position	200,000
 NET POSITION:	
Beginning of fiscal year	-
End of fiscal year	\$ 200,000

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

CITY OF CLARKSTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Clarkston, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated in 1882 and operates under a Mayor/Council/City Manager form of government and provides the following services as authorized by its charter to its citizens: public safety, public works, parks and recreation, and general and administrative services, sanitation and stormwater utility services. The City Manager is the head of the administrative branch of government. As such, he is responsible for the day-to-day operations of the City government. The legislative authority of the City is vested in the Mayor and six (6) member council with an appointed City Manager.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. In conformity with GASB Statement No. 14, “The financial reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”, and GASB Statement No. 61, “The Financial Reporting Entity”, the component unit's financial statements have been included as a blended component unit.

Blended component units, although also legally separate entities, are in substance part of the City's operations; data from this component unit is combined with the data of the City of Clarkston.

The Urban Redevelopment Agency of the City of Clarkston was established as a legally separate entity on December 6, 2016. The five (5) members of the Urban Redevelopment Agency are appointed by the Mayor and City Council and they may also be removed by the Mayor and City Council. The Urban Redevelopment Agency provides a means to issue revenue bonds for development within the City. Although it is legally separate from the City, the Urban Redevelopment Agency is reported as if it were a part of the primary government because its sole purpose is to finance the City's acquisition of property within the City, and the City is repaying the debt.

NOTES TO FINANCIAL STATEMENTS

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 position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent, on fees and charges for support. The statement of net position includes non-current assets and deferred outflows of resources and non-current liabilities and deferred inflows of resources. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. 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 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 considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of 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 period for property taxes and 180 days for all other revenues. Expenditures are generally 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, alcoholic beverage taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period, if the available criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Grant Fund** is used to report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects. This fund is used to account for grants received from various Federal and State agencies.

The **Urban Redevelopment Agency-URA (Blended Component Unit)** is used to provide financing for the City related to redevelopment of certain areas within the City and is reported as a capital project fund.

The **SPLOST Fund** is used to provide financing for the acquisition of capital assets or construction of major projects financed by special purpose local option sales tax proceeds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

The **Sanitation Fund** accounts for the collection of fees to cover the cost of waste management pickup services as contracted out by the City to a third-party.

The **Stormwater Utility Fund** accounts for the collection of fees for upgrades to stormwater drains and related expenses.

The City reports the following fiduciary fund:

The **Affordable Housing Private Purpose Trust Fund** accounts for assets held by the City under the terms of a formal trust agreement to be used for affordable housing programs in the City.

In accounting and reporting for its proprietary operations, the City applies all Governmental Accounting Standards Board (GASB) pronouncements. The City applies GASB Statement No. 62, *Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance on or before November 30, 1989.

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 revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets

Annual appropriated budgets are adopted for general fund and special revenue funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets for governmental funds are adopted on a modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America, for governmental funds. All appropriations lapse at year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City. A project length budget is adopted for all Capital Projects Funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value as determined by quoted market prices

F. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year, as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., stormwater catch basins and piping, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$3,000 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. Donated capital assets are recorded at estimated acquisition 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 are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-40
Infrastructure	15-40
Furniture and equipment	5-10
Vehicles	5

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, drainage, sidewalks, etc. The City implemented the provisions of GASB Statement No. 34 for the year ended December 31, 2004. The City was not required to retroactively report infrastructure assets in governmental activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City permits an accumulation of sick leave with no limitation on the amount of hours that can be accrued. Sick leave is payable to those employees who retire from City. All vacation pay is accrued when incurred in the government-wide and proprietary fund 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.

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts (if any) are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types report the face amount of debt issued and any related premiums or discounts as other financing sources and debt issuance costs and debt service payments as expenditures.

K. 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 position."

Fund Balance – Generally, fund balance represents the difference between the assets, deferred inflows of resources, 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 purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- **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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or 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 formal vote of the City Council through the adoption of a resolution. The same formal action is required to subsequently remove or modify a commitment of fund balance.
- **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. Through resolution, the City Council has authorized the City's finance director to assign fund balances. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular governmental fund.
- **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. Negative unassigned fund balances may be reported in all funds.

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, and (3) Unassigned.

L. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the Fund Equity section. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflow/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenue, which arises under a modified accrual basis of accounting and, therefore, qualifies for reporting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 amount of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

O. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Clarkston Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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NOTES TO FINANCIAL STATEMENTS

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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$10,351,145 difference are as follows:

Compensated absences	\$ (343,054)
Bonds payable	(5,337,649)
Financed purchases	(725,418)
Accrued interest payable	(51,142)
Notes payable	<u>(3,893,882)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u><u>\$ (10,351,145)</u></u>

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 changes in fund balances – total governmental funds* and *changes in net position 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 useful lives and reported as depreciation expense.” The details of this \$7,709,226 difference are as follows:

Capital outlays	\$ 8,091,801
Depreciation expense	<u>(382,575)</u>
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds</i> to arrive at <i>changes in net position of</i> <i>governmental activities</i>	 <u><u>\$ 7,709,226</u></u>

NOTES TO FINANCIAL STATEMENTS

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 "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$571 difference are as follows:

Compensated absences	\$ (1,170)
Change in accrued interest	(25,240)
Change in net pension liability	(259,752)
Change in pension experience differences	107,911
Change in pension assumption changes	34,412
Change in pension investment earnings differences	116,306
Change in pension contributions subsequent to measurement date	<u>28,104</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 571</u></u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budget

The City of Clarkston, Georgia employs the following procedures in establishing its annual budget:

1. The initial budget is prepared based on revenues and expenditures of the prior year.
2. Work sessions are held to amend the amounts based on expected revenues.
3. The proposed budget is presented to the City Council in a regular council meeting.
4. The Council sets a date for a public hearing on the proposed budget. After the hearing, the Council adopts the budget.
5. Over or under expended appropriations are not carried forward to the next year.
6. Budget revisions that alter the total expenditures of any line item within a department must be approved by the Council.
7. Budget amounts are as originally adopted, or as amended by the Council.

Encumbrance accounting is not used by the City.

The following fund had departments with excess of actual expenditures over appropriations for the year ended December 31, 2019:

Grant Fund - Public Safety	\$	375
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These over expenditures were funded by greater than anticipated revenues and by available fund balance.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

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 and City policy 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, 2019, the City's bank balances were adequately collateralized as defined by State statutes.

Interest rate risk: The City's investment policy is to invest in certificates of deposits with maturities not exceeding one year.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2019, the City had no investments balances that were exposed to credit risk.

Fair value measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. At December 31, 2019 the City has no investments and no hierarchy disclosure is presented.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1 and are based on property values as of January 1. Property taxes were levied on July 2, 2019 and are due and payable in two installments. The first installment was due on October 1, 2019 and the second installment was due on November 15, 2019. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

In governmental funds, property taxes are recorded as receivables and unavailable revenues (deferred inflows of resources) when assessed. Revenues are recognized when available.

In the enterprise funds, stormwater and sanitation fees are billed annually on July 1 along with the property taxes and are due and payable in two installments. The first installment was due on October 1, 2019 and the second installment was due on November 15, 2019. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables at December 31, 2019, for the City's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Grant</u>	<u>SPLOST</u>	<u>Sanitation</u>	<u>Stormwater Utility</u>
Receivables:					
Taxes	\$ 874,940	\$ -	\$ -	\$ -	\$ -
Accounts	-	-	-	11,624	27,938
Intergovernmental	-	1,979,230	177,325	-	-
Other	100,217	-	-	-	-
Less allowance for uncollectible	(16,000)	-	-	-	(4,500)
Net total receivable	<u>\$ 959,157</u>	<u>\$ 1,979,230</u>	<u>\$ 177,325</u>	<u>\$ 11,624</u>	<u>\$ 23,438</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, is as follows:

	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,338,796	\$ 7,326,636	\$ (3,304,820)	\$ 9,360,612
Land	585,808	-	-	585,808
Total	<u>5,924,604</u>	<u>7,326,636</u>	<u>(3,304,820)</u>	<u>9,946,420</u>
Capital assets, being depreciated:				
Buildings and improvements	3,271,582	5,311	-	3,276,893
Furniture and equipment	599,158	315,118	-	914,276
Infrastructure	2,111,358	12,250	3,304,820	5,428,428
Vehicles	901,603	432,486	-	1,334,089
Total	<u>6,883,701</u>	<u>765,165</u>	<u>3,304,820</u>	<u>10,953,686</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,336,162)	(85,232)	-	(1,421,394)
Furniture and equipment	(408,351)	(92,384)	-	(500,735)
Infrastructure	(163,630)	(86,730)	-	(250,360)
Vehicles	(662,871)	(118,229)	-	(781,100)
Total	<u>(2,571,014)</u>	<u>(382,575)</u>	<u>-</u>	<u>(2,953,589)</u>
Total capital assets, being depreciated, net	<u>4,312,687</u>	<u>382,590</u>	<u>3,304,820</u>	<u>8,000,097</u>
Governmental activities capital assets, net	<u>\$ 10,237,291</u>	<u>\$ 7,709,226</u>	<u>\$ -</u>	<u>\$ 17,946,517</u>
Business-type activities:				
Capital assets, not being depreciated:				
Easements (intangible asset)	\$ 116,495	\$ -	\$ -	\$ 116,495
Construction in Progress	11,790	13,600	-	25,390
Total	<u>128,285</u>	<u>13,600</u>	<u>-</u>	<u>141,885</u>
Capital assets, being depreciated:				
Infrastructure	1,042,263	11,045	-	1,053,308
Improvements	312,795	-	-	312,795
Vehicles	84,197	28,970	-	113,167
Total	<u>1,439,255</u>	<u>40,015</u>	<u>-</u>	<u>1,479,270</u>
Less accumulated depreciation for:				
Infrastructure	(386,119)	(27,562)	-	(413,681)
Improvements	(73,966)	(13,473)	-	(87,439)
Vehicles	(84,195)	(4,346)	-	(88,541)
Total	<u>(544,280)</u>	<u>(45,381)</u>	<u>-</u>	<u>(589,661)</u>
Total capital assets, being depreciated, net	<u>894,975</u>	<u>(5,366)</u>	<u>-</u>	<u>889,609</u>
Business-type activities capital assets, net	<u>\$ 1,023,260</u>	<u>\$ 8,234</u>	<u>\$ -</u>	<u>\$ 1,031,494</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 32,662
Public safety	173,937
Public works	127,263
Recreation and parks	48,713
Total depreciation expense - governmental activities	\$ 382,575
Business-type activities:	
Stormwater utility	\$ 45,381

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS

Long-term liability and obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable- direct placement	\$ 6,213,667	\$ -	\$ (876,018)	\$ 5,337,649	\$ 897,953
Financed purchases from direct borrowing	320,507	620,328	(215,417)	725,418	211,766
Notes payable- direct borrowing	3,113,909	939,624	(159,651)	3,893,882	243,450
Net pension liability	1,892,993	859,353	(599,601)	2,152,745	-
Compensated absences	341,884	201,112	(199,942)	343,054	70,580
Governmental activities Long-term liabilities	\$ 11,882,960	\$ 2,620,417	\$ (2,050,629)	\$ 12,452,748	\$ 1,423,749

Compensated absences, the net pension liability, notes payable, financed purchases, and bonds payable are liquidated by the General Fund while other financed purchases are liquidated by the Police Seizure Fund. The SPLOST revenue proceeds will be used to pay the SPLOST bonds.

Financed Purchases from Direct Borrowing - Equipment. The City has entered into lease-purchase agreements as lessee for financing the acquisition of vehicles and equipment used in general governmental and public safety activities. The lease agreements qualify as capital leases for accounting purposes (the present value of the minimum lease payments at the beginning of the lease term equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at the inception of the lease) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (CONTINUED)

Financed Purchase from Direct Borrowing – Equipment (continued)

As of December 31, 2019, the cost, current year depreciation, and accumulated depreciation of vehicles and equipment acquired under financed purchases are \$966,109, \$88,479, and \$189,039, respectively. The vehicles and equipment are pledged as collateral on the lease.

The City's total financed purchase debt service requirements to maturity are as follows:

	Governmental Activities
Year Ending December 31,	
2020	\$ 233,286
2021	181,208
2022	163,849
2023	163,849
2024	33,662
Total minimum lease payments	775,854
Less amount representing interest	50,436
Present value of future minimum lease payments	\$ 725,418

Bonds Payable- Direct Placement. The City's URA Fund issued bonds of \$1,350,000 on March 17, 2017 for the purpose of financing improvements to the Friendship Forest Wildlife Sanctuary. The bonds carry interest rate of 2.65% and mature on December 1, 2025. Semi-annual payments began on June 1, 2017.

The City's future annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
Year ending December 31,			
2020	\$ 147,953	\$ 24,318	\$ 172,271
2021	149,913	20,397	170,310
2022	151,900	16,424	168,324
2023	153,912	12,399	166,311
2024	155,952	8,320	164,272
2025	158,019	4,188	162,207
Total	\$ 917,649	\$ 86,046	\$ 1,003,695

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (CONTINUED)

Bonds Payable- Direct Placement (continued)

The City issued \$5,150,000 of Sales Tax Bonds for the purpose of financing capital projects improvements. The issuance of the bonds was approved by a Special Purpose Local Option Sales Tax referendum in November 2017. Pursuant to Georgia Law, these bonds will be repaid with the proceeds of a one percent sales tax. Principal payments on the bonds are due annually commencing on June 1, 2019 until maturity June 1, 2024. Interest payments on the bonds are due semiannually commencing on December 1, 2018 until maturity at an interest rate of 2.65%.

Year ending December 31,	Principal	Interest	Total
2020	\$ 750,000	\$ 107,193	\$ 857,193
2021	780,000	86,920	866,920
2022	938,000	64,157	1,002,157
2023	963,000	38,968	1,001,968
2024	989,000	13,104	1,002,104
Total	<u>\$ 4,420,000</u>	<u>\$ 310,342</u>	<u>\$ 4,730,342</u>

Notes Payable from Direct Borrowing. The City entered into a note payable agreement with a financial institution on April 26, 2012 for the financing and construction of a City Hall Annex Building. The note is for \$700,000 and carries an interest rate of 3.22%. The loan is payable over 180 months with monthly principal and interest payments totaling \$14,756. The City Hall Annex Building is pledged as collateral on the note. Payments commenced on April 1, 2018.

The City's future annual debt service requirements to maturity are as follows:

Year ending December 31,	Principal	Interest	Total
2020	\$ 46,969	\$ 12,056	\$ 59,025
2021	48,500	10,525	59,025
2022	50,080	8,944	59,024
2023	51,712	7,312	59,024
2024	53,398	5,627	59,025
2025-2027	141,233	6,329	147,562
Total	<u>\$ 391,892</u>	<u>\$ 50,793</u>	<u>\$ 442,685</u>

The City entered into a note payable agreement with the Georgia State Road and Tollway Authority on June 20, 2013 for the financing a streetscape project. The note is for \$2,000,000 and carries an interest rate of 2.40%. The loan is payable over fifteen years with monthly principal and interest payments totaling \$13,242.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS (CONTINUED)

Notes Payable from Direct Borrowing (continued)

The City entered into a note payable agreement with the Georgia State Road and Tollway Authority on October 20, 2017 for the financing a streetscape project. The note is for \$1,700,000 and carries an interest rate of 1.90%. The loan is payable over ten years with monthly principal and interest payments totaling \$15,966.

The City's future annual debt service requirements to maturity on the Georgia State Road and Tollway Authority loans are as follows:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 196,481	\$ 58,218	\$ 254,699
2021	281,149	69,347	350,496
2022	287,148	63,348	350,496
2023	293,277	57,219	350,496
2024	299,539	50,957	350,496
2025-2029	1,596,472	156,008	1,752,480
2030-2033	547,924	20,633	568,557
Total	<u>\$ 3,501,990</u>	<u>\$ 475,730</u>	<u>\$ 3,977,720</u>

NOTE 8. SHORT-TERM BORROWINGS

The City had a tax anticipation note for operating purposes of \$750,000 at a local financial institution. The borrowing, with an interest rate of 3.20%, matured on December 31, 2019. As of December 31, 2019, all outstanding principal has been paid in full. Total short-term borrowings interest incurred and expensed for the year ended December 31, 2019, was \$13,200.

The following is a summary of the City's short-term borrowings for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Tax anticipation note	\$ -	\$ 750,000	\$ (750,000)	\$ -

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2019, is as follows:

Due to/from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Fund	\$ 634,635
Grant Fund	General Fund	182,124
Nonmajor Governmental Funds	General Fund	71,194
		<u>\$ 887,953</u>

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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the Mayor and City Council, has established a defined benefit pension plan (the "City of Clarkston Retirement Plan") covering all full-time employees. The City Council in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. The City's Pension Plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472 or on the internet at www.gmanet.com.

As provided by State law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by the Mayor and City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees who work at least thirty (30) hours a week are eligible to participate after one (1) year. Elected officials have no waiting period for eligibility. Benefits vest after ten years of service. A City employee who retires at age 65 with five (5) years of service is entitled to benefits of 2.0% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of ten (10) years total credited service to receive full benefits. Elected officials are entitled to \$30 for each year of service after reaching normal retirement age not to exceed twenty (20) years. Employees of the City are not required to make contributions to this Plan.

At July 1, 2019, the date of the most recent actuarial valuation, there were 111 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	32
Terminated vested participants not yet receiving benefits	34
Active participants - vested	26
Active participants - nonvested	19
Total	<u>111</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For year 2019, the actuarially determined contribution rate was 23.41% of covered payroll. The City makes all contributions to the Plan. For year 2019, the City's contribution to the Plan was \$437,812.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2019.

Actuarial assumptions. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25-8.25% including inflation
Investment rate of return	7.50%

Mortality rates for the July 1, 2019 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

Cost of living adjustments were assumed to be 2.75%.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20	7.40
Real estate	10	5.10
Global fixed income	5	3.03
Domestic fixed income	20	1.75
Cash	—	
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2019 were as follows:

Primary Government:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/18	\$ 4,875,002	\$ 2,982,009	\$ 1,892,993
Changes for the year:			
Service cost	229,507	-	229,507
Interest	377,433	-	377,433
Differences between expected and actual experience	151,862	-	151,862
Contributions—employer	-	482,677	(482,677)
Net investment income	-	116,924	(116,924)
Benefit payments	(144,151)	(144,151)	-
Administrative expense	-	(14,466)	14,466
Other	86,085	-	86,085
Net changes	700,736	440,984	259,752
Balances at 12/31/19	\$ 5,575,738	\$ 3,422,993	\$ 2,152,745

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's net pension liability	\$ 2,917,738	\$ 2,152,745	\$ 1,515,112

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (continued)

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2019 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized pension expense of \$483,800. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 125,280	\$ -
Change of assumptions	-	(34,412)
Net difference between projected and actual earnings on pension plan investments	10,397	-
City contributions subsequent to the measurement date	401,328	-
Total	\$ 537,005	\$ (34,412)

City contributions subsequent to the measurement date of \$401,328 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:

2020	\$	(50,712)	
2021		(27,568)	
2022		791	
2023		(23,776)	
Total		(101,265)	

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED CONTRIBUTION PLAN

The City of Clarkston's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Nationwide Retirement Solutions for all full time employees. The Plan is funded through employer and employee contributions. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At December 31, 2019, there were 19 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the year ended December 31, 2019 was \$66,680. The City did not contribute any matching contributions.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by DeKalb County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities 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. RELATED ORGANIZATIONS

The City of Clarkston Housing Authority was established to assist low-income individuals in obtaining housing at affordable rates. The Authority was not active as of December 31, 2019. The Authority is independent of the City.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts 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 Inter-local Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 or loss.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs 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.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies:

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Construction Commitments:

At December 31, 2019, the City has outstanding construction commitments of approximately \$2,753,019 on various construction projects.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. SUBSEQUENT EVENTS

On June 12, 2020, the City issued Series 2020A and Series 2020B sales tax bonds in the amount of \$7,282,000 for the purpose of financing capital projects improvements and refunding the outstanding Series 2018 sales tax bonds. The issuance of the bonds was approved by a Special Purpose Local Option Sales Tax referendum in November 2017. Pursuant to Georgia Law, these bonds will be repaid with the proceeds of a one percent sales tax. Principal payments on the bonds are due annually commencing on June 1, 2021 until maturity June 1, 2024. Interest payments on the bonds are due semiannually commencing on December 1, 2020 until maturity at an interest rate of 1.74%.

The City closed on a \$600,000 tax anticipation note on July 10, 2020 that will mature on December 31, 2020. The purpose of the short-term borrowing was for operating purposes. The short-term borrowing carries an interest rate of 2.19%.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The recently declared pandemic has contributed to significant declines and volatility in the financial markets and is adversely impacting many industries. The related potential financial impact on the City's future financial results is unknown at this time.

CITY OF CLARKSTON, GEORGIA
Required Supplementary Information

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 229,507	\$ 243,779	\$ 177,308	\$ 145,312	\$ 164,013
Interest on total pension liability	377,433	339,846	229,382	210,131	191,727
Differences between expected and actual experience	151,862	72,115	(92,121)	12,753	96,448
Changes of assumptions	-	(103,236)	-	-	(92,313)
Benefit payments	(144,151)	(125,213)	(120,731)	(118,864)	(125,937)
Other	86,085	-	1,233,738	-	-
Net change in total pension liability	<u>700,736</u>	<u>427,291</u>	<u>1,427,576</u>	<u>249,332</u>	<u>233,938</u>
Total pension liability - beginning	<u>4,875,002</u>	<u>4,447,711</u>	<u>3,020,135</u>	<u>2,770,803</u>	<u>2536865</u>
Total pension liability - ending (a)	<u><u>\$ 5,575,738</u></u>	<u><u>\$ 4,875,002</u></u>	<u><u>\$ 4,447,711</u></u>	<u><u>\$ 3,020,135</u></u>	<u><u>\$ 2,770,803</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 482,677	\$ 204,429	\$ 168,420	\$ 167,876	\$ 112,067
Net investment income	116,924	326,148	288,556	6,467	197,596
Benefit payments	(144,151)	(125,213)	(120,731)	(118,864)	(125,937)
Administrative expenses	(14,466)	(14,275)	(17,065)	(10,231)	(9,345)
Net change in plan fiduciary net position	<u>440,984</u>	<u>391,089</u>	<u>319,180</u>	<u>45,248</u>	<u>174,381</u>
Plan fiduciary net position - beginning	<u>2,982,009</u>	<u>2,590,920</u>	<u>2,271,740</u>	<u>2,226,492</u>	<u>2,052,111</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,422,993</u></u>	<u><u>\$ 2,982,009</u></u>	<u><u>\$ 2,590,920</u></u>	<u><u>\$ 2,271,740</u></u>	<u><u>\$ 2,226,492</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 2,152,745</u></u>	<u><u>\$ 1,892,993</u></u>	<u><u>\$ 1,856,791</u></u>	<u><u>\$ 748,395</u></u>	<u><u>\$ 544,311</u></u>
Plan fiduciary net position as a percentage of the total pension liability	61.4%	61.2%	58.3%	75.2%	80.4%
Covered payroll	\$ 2,115,817	\$ 1,845,243	\$ 1,867,558	\$ 1,872,798	\$ 1,469,336
City's net pension liability as a percentage - of covered payroll	101.7%	102.6%	99.4%	40.0%	37.0%

CITY OF CLARKSTON, GEORGIA

Required Supplementary Information

SCHEDULE OF CITY CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 437,812	\$ 407,153	\$ 204,600	\$ 175,594	\$ 165,303
Contributions in relation to the actuarially determined contribution	<u>437,812</u>	<u>407,153</u>	<u>204,600</u>	<u>175,594</u>	<u>165,303</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	1,870,192	1,897,265	1,903,256	1,493,146	1,469,336
Contributions as a percentage of Covered payroll	23.41%	21.46%	10.75%	11.76%	11.25%

Notes to the Schedule

Valuation Date	July 1, 2019
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	2.75% plus service base merit increases
Cost-of-living Adjustment	2.75%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 16 years

The schedule will present 10 years of information once it is accumulated.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects.

The **Police Seizure Fund** is used to account for the use of confiscated drug money by the City's Police Department. These revenues are restricted by State law to be expended on investigations and other law enforcement activities of the City's Police Department.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources restricted, committed or assigned to expenditures for the acquisition or construction of capital assets.

The **Homestead Option Sales Tax (HOST) Fund** is used to account for locally funded acquisition and construction of major capital projects financed by restricted homestead option sales tax funds.

CITY OF CLARKSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS	Police Seizure Fund	Homestead Option Sales Tax Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 339,259	\$ -	\$ 339,259
Due from other funds	-	71,194	71,194
Total assets	<u>\$ 339,259</u>	<u>\$ 71,194</u>	<u>\$ 410,453</u>
 FUND BALANCES			
Restricted for:			
Public safety	\$ 339,259	\$ -	\$ 339,259
Capital construction	-	71,194	71,194
Total fund balances	<u>\$ 339,259</u>	<u>\$ 71,194</u>	<u>\$ 410,453</u>

CITY OF CLARKSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Police Seizure Fund</u>	<u>Homestead Option Sales Tax Fund</u>	
REVENUES			
Fines and forfeitures	\$ 192,319	\$ -	\$ 192,319
Total revenues	<u>192,319</u>	<u>-</u>	<u>192,319</u>
EXPENDITURES			
Current:			
Public safety	111,630	-	111,630
Debt service:			
Principal	87,141	-	87,141
Interest	<u>7,355</u>	<u>-</u>	<u>7,355</u>
Total expenditures	<u>206,126</u>	<u>-</u>	<u>206,126</u>
Net change in fund balances	<u>(13,807)</u>	<u>-</u>	<u>(13,807)</u>
FUND BALANCES, beginning of year	<u>353,066</u>	<u>71,194</u>	<u>424,260</u>
FUND BALANCES, end of year	<u>\$ 339,259</u>	<u>\$ 71,194</u>	<u>\$ 410,453</u>

CITY OF CLARKSTON, GEORGIA
POLICE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 104,180	\$ 207,680	\$ 192,319	\$ (15,361)
Total revenues	<u>104,180</u>	<u>207,680</u>	<u>192,319</u>	<u>(15,361)</u>
Expenditures				
Current:				
Public safety	9,665	113,165	111,630	1,535
Debt service:				
Principal	87,150	87,150	87,141	9
Interest	7,365	7,365	7,355	10
Total expenditures	<u>104,180</u>	<u>207,680</u>	<u>206,126</u>	<u>1,554</u>
Net change in fund balances	-	-	(13,807)	(13,807)
Fund balances, beginning of year	<u>353,066</u>	<u>353,066</u>	<u>353,066</u>	<u>-</u>
Fund balances, end of year	<u>\$ 353,066</u>	<u>\$ 353,066</u>	<u>\$ 339,259</u>	<u>\$ (13,807)</u>

CITY OF CLARKSTON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2019

PROJECT	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENT COMPLETE
SPLOST:						
Roads Projects	\$ 6,202,053	\$ 6,202,053	\$ 1,557,499	\$ 1,187,936	\$ 2,745,435	44.27 %
Transportation improvements	4,717,481	4,717,481	98,218	1,110,925	1,209,143	25.63
SPLOST bond closing fees	95,942	96,082	95,942	140	96,082	100.00
SPLOST bond interest	540,638	540,638	103,494	126,803	230,297	42.60
SPLOST bond principal	5,150,000	5,150,000	-	730,000	730,000	
Total SPLOST	<u>\$ 16,706,114</u>	<u>\$ 16,706,254</u>	<u>\$ 1,855,153</u>	<u>\$ 3,155,804</u>	<u>\$ 5,010,957</u>	

SINGLE AUDIT 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*

**Honorable Mayor and Members
of City Council
City of Clarkston, Georgia
Clarkston, 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, each major fund, and the aggregate remaining fund information of the **City of Clarkston, Georgia** (the "City") as of and for the year ended December 31, 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 July 30, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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
July 30, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members
of City Council
City of Clarkston, Georgia
Clarkston, Georgia

Report on Compliance for Each Major Federal Program

We have audited the **City of Clarkston, Georgia's** (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarkston, Georgia as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 30, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 30, 2020

CITY OF CLARKSTON, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Georgia Department of Transportation Highway Planning and Construction Cluster	20.205	PI #0007613	\$ 3,337,632
Total U.S. Department of Transportation			<u>3,337,632</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through DeKalb County, Georgia Community Development Block Grant Program	14.218	B-17-UC-13-0001	92,992
Total U.S. Department of Housing and Urban Development			<u>92,992</u>
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership	16.607	2018BUBX18092784	626
Total U.S. Department of Justice			<u>626</u>
Total Expenditures of Federal Awards			<u>\$ 3,431,250</u>

See note to schedule of expenditures of federal awards.

CITY OF CLARKSTON, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Clarkston, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City did not utilize the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

CITY OF CLARKSTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 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

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

CFDA Number Name of Federal Program or Cluster
20.205

Department of Transportation - Highway
Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? yes no

CITY OF CLARKSTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

CITY OF CLARKSTON, GEORGIA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

2018-001 Recording of Liabilities (Sick Leave)- Prior Period Adjustment

Criteria: Internal controls should be in place to ensure all liabilities are properly recorded in accordance with Generally Accepted Accounting Principles. Internal controls did not detect a misstatement in the reporting of the City's sick leave liability in the prior period.

Status: Resolved in 2019.