



# MAULDIN & JENKINS

CPAs & ADVISORS

**CITY OF CLARKSTON, GEORGIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and ARPA Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Clarkston, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards *and Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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**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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of projects constructed with special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121 and 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, (the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 April 19, 2024 on our consideration of the City'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'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 the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
April 19, 2024



# CITY OF CLARKSTON, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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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, 2022. 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 \$23,419,015 (net position). Of this amount, \$2,298,234 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. \$17,683,045 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 \$3,084,457 restricted for capital construction, \$206,794 restricted for public safety, \$97,117 restricted for tree bank, \$40,000 restricted for environment trust, and \$9,368 restricted for recreation.
- ❖ The City's total net position increased by \$3,830,945 in the year ended December 31, 2022. This is compared to an increase of \$2,938,958 the prior year. This increase in net position for 2022 resulted primarily from increased net investment in capital assets of \$4,189,253. Restricted cash available for capital construction decreased by \$1,340,254, restricted cash available for public works decreased by \$362,718, restricted cash for tree bank increased by \$97,117, restricted for public safety increased by 45,604 and restricted for environmental trust increased by \$40,000. Unrestricted net position increased by \$1,161,945 primarily due to the positive variance in cash and cash equivalents along with reductions in deferred outflows relating to pension and reductions in accounts payable liabilities.
- ❖ As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$6,715,736. This compares to the prior year ending fund balances of \$7,756,519 showing a net decrease of \$1,040,783 during the current year. The current year decrease in total fund balances was primarily due to a decrease on the SPLOST Fund balance of \$1,769,867 from the SPLOST fund expenditures exceeding revenues in 2022 and a decrease of \$317,318 in nonmajor governmental funds, offset by an increase of \$1,046,200 in the General Fund balance due to revenues exceeding expenditures in 2022.
- ❖ At the end of the current year, the total fund balance for the General Fund was \$3,924,058 or 62.6% of General Fund expenditures. Of this amount, \$3,737,110 was unassigned, \$97,117 was assigned to tree bank, \$40,000 was for environment trust, \$4,047 was assigned to public safety, and \$45,784 was nonspendable.
- ❖ At the end of the current year, the total fund balance for the SPLOST Fund was \$2,504,322 restricted to capital construction for transportation projects.
- ❖ At the close of the year, the assets of the City's Sanitation Fund exceeded its liabilities by \$190,795. 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 \$1,824,200. Included in this total net position is \$1,533,827 invested in capital assets net of related debt and a balance of \$290,373 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 like a private-sector business.

The *statement of net position* presents information on 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).

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 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. The funds of the City can be divided into two categories: governmental funds and proprietary 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 need for 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, ARPA (American Rescue Plan Act) Fund and the SPLOST Fund. Other nonmajor governmental funds include the Police Seizure Fund, Grant 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 major funds of the City.

### **Fiduciary Funds**

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.

Fiduciary funds provide the same type of information as the government-wide financial statements, only in more detail. The fiduciary fund financial statements provide separate information on the Affordable Housing Trust Fund. This fund was established in December 2019 and funded by a \$200,000 donation. No additional revenues or expenditures were recorded in 2022.

## 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 \$23,419,015 at the close of the most recent year. Table 1 below is a summary of the City's net position.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 10,839,471	\$ 10,363,837	\$ 508,180	\$ 621,182	\$ 11,347,651	\$ 10,985,019
Capital assets	24,797,192	22,999,612	1,645,275	1,726,644	26,442,467	24,726,256
Total assets	<u>35,636,663</u>	<u>33,363,449</u>	<u>2,153,455</u>	<u>2,347,826</u>	<u>37,790,118</u>	<u>35,711,275</u>
<b>Deferred outflows of resources</b>	<u>511,272</u>	<u>619,987</u>	<u>-</u>	<u>-</u>	<u>511,272</u>	<u>619,987</u>
<b>Liabilities:</b>						
Current liabilities	6,934,155	5,451,761	47,294	226,471	6,981,449	5,678,232
Long-term liabilities	<u>7,146,807</u>	<u>10,242,732</u>	<u>91,167</u>	<u>111,448</u>	<u>7,237,974</u>	<u>10,354,180</u>
Total liabilities	<u>14,080,962</u>	<u>15,694,493</u>	<u>138,461</u>	<u>337,919</u>	<u>14,219,423</u>	<u>16,032,412</u>
<b>Deferred inflows of resources</b>	<u>662,952</u>	<u>710,780</u>	<u>-</u>	<u>-</u>	<u>662,952</u>	<u>710,780</u>
<b>Net position:</b>						
Net investment in capital assets	16,149,218	12,040,340	1,533,827	1,453,452	17,683,045	13,493,792
Restricted	3,437,736	4,957,989	-	-	3,437,736	4,957,989
Unrestricted	<u>1,817,067</u>	<u>579,834</u>	<u>481,167</u>	<u>556,455</u>	<u>2,298,234</u>	<u>1,136,289</u>
Total net position	<u>\$ 21,404,021</u>	<u>\$ 17,578,163</u>	<u>\$ 2,014,994</u>	<u>\$ 2,009,907</u>	<u>\$ 23,419,015</u>	<u>\$ 19,588,070</u>

A portion of the City's net position (\$17,683,045 or 75.5%) 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. \$3,437,736 (14.7%) of the City's net position is restricted for capital construction, public safety, tree bank, environmental trust, and recreation. The remaining portion of the City's net position (\$2,298,234 or 9.8%) 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, the unrestricted net position of the primary government increased by \$1,161,945 in 2022 from the previous year's balance of \$1,136,289 to a net balance of \$2,298,234, which means it doubled in 2022.

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

The schedule below presents a summary of the City's operations for the years ended December 31, 2022 and 2021. Governmental activities during the current year increased the City's net position by \$3,825,858 for the year ended December 31, 2022. Business-type activities increased the City's net position by \$5,087 for the year ended December 31, 2022.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,079,187	\$ 1,212,748	\$ 531,224	\$ 524,569	\$ 1,610,411	\$ 1,737,317
Operating grants and contributions	849,589	956,769	-	-	849,589	956,769
Capital grants and contributions	2,522,718	2,292,273	-	190,000	2,522,718	2,482,273
General revenues:						
Property taxes	4,254,127	3,782,226	-	-	4,254,127	3,782,226
Franchise taxes	490,221	461,601	-	-	490,221	461,601
Insurance premium taxes	1,191,283	1,006,157	-	-	1,191,283	1,006,157
Business and occupational taxes	225,631	220,925	-	-	225,631	220,925
Alcoholic beverage taxes	132,062	127,514	-	-	132,062	127,514
Miscellaneous income	7,265	1,446	-	-	7,265	1,446
Unrestricted investment earnings	208	97	21	37	229	134
Total revenues	10,752,291	10,061,756	531,245	714,606	11,283,536	10,776,362
Expenses:						
General government	1,173,920	1,372,331	-	-	1,173,920	1,372,331
Buildings and grounds	122,801	149,894	-	-	122,801	149,894
Public safety	2,437,778	2,692,323	-	-	2,437,778	2,692,323
Public works	1,300,843	940,899	-	-	1,300,843	940,899
Recreation and parks	265,809	360,975	-	-	265,809	360,975
Judicial/Municipal court	412,636	453,783	-	-	412,636	453,783
Economic/Community development	635,871	717,318	-	-	635,871	717,318
Planning and zoning	377,649	382,063	-	-	377,649	382,063
Interest on long-term debt	199,126	239,411	-	-	199,126	239,411
Sanitation	-	-	229,821	219,064	229,821	219,064
Stormwater utility	-	-	296,337	309,343	296,337	309,343
Total expenses	6,926,433	7,308,997	526,158	528,407	7,452,591	7,837,404
Change in net position	3,825,858	2,752,759	5,087	186,199	3,830,945	2,938,958
Net position - beginning of year	17,578,163	14,825,404	2,009,907	1,823,708	19,588,070	16,649,112
Net position - end of year	\$ 21,404,021	\$ 17,578,163	\$ 2,014,994	\$ 2,009,907	\$ 23,419,015	\$ 19,588,070

### Governmental Activities

**Revenues** Charges for services of \$1,079,187 decreased by \$133,561 primarily due to decreased activity in various permit fees which accounted for 10% of the City's total governmental revenue in 2022 compared to 12.1% in 2021. Operating Grants and contributions decreased by \$107,180 in 2022 and represents 7.9% of total governmental revenue in 2022. Capital Grants and Contributions of \$2,522,718 increased by \$230,445 due to increases in Special Purpose Local Option Sales Tax (SPLOST). Capital grants and contributions revenue comprises 23.5% of total governmental revenue in 2022 compared to 22.8% in 2021. Property taxes provided 39.6% of the City's total governmental revenue in 2022 as compared with 37.6% in the year 2021. Overall, governmental revenues increased by \$690,535 or 6.9% while overall governmental expenses decreased by \$382,564 or 5.2%. The increase in revenues was primarily due to increases in all categories of taxes and capital grants and contributions.

**Expenses** The total expense for governmental activities was \$6,926,433 in 2022, a decrease of \$382,564 or 5.2% compared to 2021. The decrease in expenses in 2022 compared to 2021 was due primarily to decreases in payroll and benefits expenses due to vacant positions and staffing shortages.

Public safety accounts for the largest portion of governmental expenses. Total public safety expenses were \$2,437,778 or 35.2% of total governmental expenses. Public Works expenses accounted for the second largest portion of governmental expenses and represented \$1,300,843 or 18.8% of total governmental expenses. General Government expenses are the third largest portion of governmental expenses at \$1,173,920 and represented 17% of total governmental expenses.

### **Business-type activities**

**Revenues** Total revenues for the enterprise funds decreased by \$183,361 from 2021 to 2022. The reason for this decrease was a Capital Grant contribution of \$190,000 for a Stormwater project that occurred in 2021. In the current year, the Sanitation Fund operating revenues were \$228,340, with a \$8,402 increase from 2021 due to new billings for new service addresses after the completion of Glendale Rows townhouses. The Stormwater Utility Fund operating revenues were \$302,884 in 2022, a decrease of \$1,747 from 2021.

**Expenses** Total expenses for the Sanitation Fund were \$229,821 in the current year compared to \$219,064 in the prior year. Total expenses for the Stormwater Utility Fund were \$296,337 in the current year compared to \$309,343 in the prior year. The decrease in Stormwater Utility Fund expenses was primarily due to a decrease in professional services fees related to construction projects for 2022 when compared to 2021 expenditures.

### **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 \$6,715,736. Of this amount, \$3,737,110 or 55.6% constitutes unassigned fund balance, which is available for spending at the City's discretion. The unassigned fund balance percentage for 2021 was at 33.1%, therefore it significantly increased in 2022 due to a significant increase in the fund balance of the General Fund for the year. The remainder of fund balance is made of \$2,928,795 of restricted fund balance due to external limitations on its use, \$45,784 was nonspendable, and \$4,047 is assigned for Public Safety. These restricted uses include 1) capital projects funded by SPLOST and HOST funds (\$2,575,516), 2) public safety expenditures funded by the police seizure funds (\$206,794), 3) \$97,117 for tree bank funding, 4) \$40,000 for environmental trust, and 5) \$9,368 for a recreation grant. The nonspendable fund balance portion of \$45,784 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 \$3,924,058 of which \$3,737,110 was unassigned, \$4,047 was assigned for public safety, \$97,117 was restricted for tree bank, \$40,000 was restricted for environmental trust, and \$45,784 was nonspendable. 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 \$3,924,058 represents approximately 63% of total General Fund expenditures compared to 44.6% for the prior year while unassigned fund balance of \$3,737,110, represents approximately 60% of total General Fund expenditures compared to 39.9% of the prior year. The fund balance of the City's General Fund increased by \$1,046,200 during the current year. This was due, primarily, to increases in general government revenues (property taxes) and decreases in expenses in 2022 compared to 2021.

*ARPA (American Rescue Plan Act) Fund* – The ARPA Fund was created in 2021 due to the Federal American Rescue Plan Act Grant administered to provide economic relief during the Coronavirus pandemic. The City received an ARPA Grant Award of \$2,359,558 US Treasury American Rescue Plan Act of 2021. In 2022, the City received the second round of ARPA funding of an additional \$2,359,558. As of December 31, 2022, the City's Unearned Revenue liability from these awards was \$2,828,804 and the City recorded earned revenue of \$895,843. Total Expenditures for the ARPA Fund in 2022 were \$895,843.

*SPLOST Fund* – The SPLOST Fund was created in 2018 for a six-year SPLOST tax. The SPLOST Fund balance at

year-end 2022 of \$2,504,322 decreased by \$1,769,867 from 2021 due to capital outlay exceeding revenues. Revenues from the SPLOST tax increased in 2022 by \$188,134 due to increased SPLOST tax proceeds. The fund balance is restricted for use on capital construction and SPLOST bond debt service.

*Nonmajor Governmental Funds* - Total fund balance for other nonmajor governmental funds at year end was \$287,154, with \$206,592 restricted for public safety, \$71,194 restricted for capital construction and \$9,368 restricted for recreation.

**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 \$6,568 in 2022. This increase in net position is attributable to revenues exceeding expenditures 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 decreased its net position by \$1,481 in 2022. This decrease in net position is attributable to expenditures being higher than revenues for the year.

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Table 3 below compares governmental fund revenues and expenditures for 2022 and 2021.

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

	<b>Governmental Funds</b>	
	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>		
Taxes	\$ 6,172,559	\$ 5,713,254
Licenses and permits	340,748	404,366
Intergovernmental	3,371,657	3,247,776
Fines and forfeitures	352,630	449,194
Charges for services	81,603	116,273
Interest income	858	1,363
Other revenues	<u>304,206</u>	<u>242,915</u>
Total Revenue	<u>10,624,261</u>	<u>10,175,141</u>
<b>Expenditures:</b>		
General government	1,180,908	1,345,441
Buildings and grounds	122,801	149,894
Public safety	2,283,496	2,432,209
Public works	975,850	1,148,144
Judicial/Municipal court	426,545	450,997
Economic and community development	644,564	715,577
Planning and zoning	379,231	383,645
Recreation and parks	166,832	130,121
Capital outlay	2,548,004	2,613,208
Debt service:		
Principal retirements	2,740,911	1,457,037
Interest	203,167	241,589
Issuance cost	<u>-</u>	<u>-</u>
Total Expenditures	<u>11,672,309</u>	<u>11,067,862</u>
Deficiency of revenues under expenditures	<u>(1,048,048)</u>	<u>(892,721)</u>
<b>Other financing sources:</b>		
Issuance of financed purchases	-	121,201
Proceeds from sale of capital assets	<u>7,265</u>	<u>1,446</u>
Total other financing sources	<u>7,265</u>	<u>122,647</u>
Net change in fund balances	(1,040,783)	(770,074)
Fund balances, beginning of year	<u>7,756,519</u>	<u>8,526,593</u>
Fund balances, end of year	<u>\$ 6,715,736</u>	<u>\$ 7,756,519</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 \$300,591 more than budgeted primarily due to increases in the collection of taxes and other revenues. Expenditures were \$738,344 less than budgeted due to expenditures for all departments being less than budgeted primarily due to vacant staff positions during the year.

## 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, 2022, amounts to \$26,442,467 (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 stormwater infrastructure. Table 4 below summarizes the capital assets of the City.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Construction in progress	\$ 5,061,309	\$ 2,997,929	\$ 15,275	\$ 15,275	\$ 5,076,584	\$ 3,013,204
Land	585,808	585,808	-	-	585,808	585,808
Intangible asset	-	-	116,495	116,495	116,495	116,495
Buildings and improvements	3,439,298	3,431,298	-	-	3,439,298	3,431,298
Furniture and equipment	889,058	786,827	-	-	889,058	786,827
Vehicles	1,289,478	1,441,776	255,056	255,056	1,544,534	1,696,832
Infrastructure-Streets	17,687,111	17,324,393	-	-	17,687,111	17,324,393
Stormwater infrastructure	-	-	2,028,528	2,028,528	2,028,528	2,028,528
Less accumulated depreciation	(4,154,870)	(3,568,419)	(770,079)	(688,710)	(4,924,949)	(4,257,129)
<b>Total</b>	<b>\$ 24,797,192</b>	<b>\$ 22,999,612</b>	<b>\$ 1,645,275</b>	<b>\$ 1,726,644</b>	<b>\$ 26,442,467</b>	<b>\$ 24,726,256</b>

The City's total investment in capital assets increased from \$24,726,256 to \$26,442,467 in 2022. The City spent an additional \$2,063,380 on construction in process (CIP) with no transfers for completed projects in 2022. As of December 31, 2022, there was \$5,076,584 of construction projects in process that are scheduled to be completed in 2023.

During fiscal year 2022, the City purchased other machinery and equipment totaling \$102,231 for public safety equipment, buildings and improvements \$8,000, infrastructure \$362,718 and vehicles \$101,954. Depreciation on capital assets was \$840,703. Additional information on the City's capital assets can be found at Note 6 in the notes to the financial statements of this report. The city also recorded capital asset vehicle disposals totaling \$254,252 for nine obsolete vehicles with a net book value of zero as they were fully depreciated at the time of disposal.

**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, notes payable and financed purchases all decreased in 2022 due to debt service payments while financed purchases increased due to newly issued financed purchases. The net decrease in net pension liability for 2022 was \$234,760. The City's compensated absences decreased by \$29,466 from 2021 to 2022. 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	
	2022	2021	2022	2021	2022	2021
Bonds Payable	\$ 4,869,883	\$ 7,102,783	\$ -	\$ -	\$ 4,869,883	\$ 7,102,783
Financed Purchases	285,595	456,377	111,448	131,303	397,043	587,680
Notes Payable	2,983,555	3,320,784	-	-	2,983,555	3,320,784
Net Pension Liability	1,627,067	1,861,832	-	-	1,627,067	1,861,832
Compensated Absences	372,740	402,206	-	-	372,740	402,206
Governmental Activities						
Long-Term Liabilities	<u>\$ 10,138,840</u>	<u>\$ 13,143,982</u>	<u>\$ 111,448</u>	<u>\$ 131,303</u>	<u>\$ 10,250,288</u>	<u>\$ 13,275,285</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 2023. The budget for 2023 reflects total revenues of \$12,079,688 and total expenditures of \$12,079,688. The SPLOST Fund represents \$2,655,821 of the total fiscal year 2023 budget for construction of streets and sidewalks and the debt service related to the SPLOST bonds.

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 SPLOST tax collected by the City is averaging 105% of the original estimate.

The tax digest valuation for the City is estimated to increase by approximately 35% in 2023, therefore the City reduced the property tax millage rate by 1.0 mil to 13.89 mills. During the past few years, the city has experienced a dramatic increase in development and redevelopment projects compared to the previous decade which has increased our tax digest valuation. Also the tax digest has been increasing due to overall housing market valuation increases. 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 less 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.

During 2023, the City will continue utilizing the federal funding provided through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan Act to support our response the recovery from the COVID-19 public health emergency.

We continue to monitor our revenues and expenditures on a monthly basis in expectation of potential revenue shortfalls and or increases in necessary expenditures to carry out the obligations of the City.

### 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, 2022

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 9,756,164	\$ 464,170	\$ 10,220,334
Taxes receivables, net of allowances	680,516	-	680,516
Intergovernmental receivable	228,581	-	228,581
Other receivables	132,468	-	132,468
Accounts receivables, net of allowances	-	26,467	26,467
Interfund balances	(4,042)	4,042	-
Prepaid items	45,784	13,501	59,285
Capital assets:			
Nondepreciable	5,647,117	131,770	5,778,887
Depreciable, net of accumulated depreciation	19,150,075	1,513,505	20,663,580
Total assets	35,636,663	2,153,455	37,790,118
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	511,272	-	511,272
Total deferred outflows of resources	511,272	-	511,272
<b>LIABILITIES</b>			
Accounts payable	804,000	27,013	831,013
Retainage payable	119,705	-	119,705
Accrued liabilities	189,613	-	189,613
Unearned revenues	2,828,804	-	2,828,804
Compensated absences due within one year	158,817	-	158,817
Compensated absences due in more than one year	213,923	-	213,923
Net pension liability	1,627,067	-	1,627,067
Notes payable due within one year	344,989	-	344,989
Notes payable due in more than one year	2,638,566	-	2,638,566
Bonds payable due within one year	2,311,912	-	2,311,912
Bonds payable due in more than one year	2,557,971	-	2,557,971
Financed purchases due within one year	176,315	20,281	196,596
Financed purchases due in more than one year	109,280	91,167	200,447
Total liabilities	14,080,962	138,461	14,219,423
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	662,952	-	662,952
Total deferred inflows of resources	662,952	-	662,952
Net investment in capital assets	16,149,218	1,533,827	17,683,045
Restricted for public safety	206,794	-	206,794
Restricted for recreation	9,368	-	9,368
Restricted for capital construction	3,084,457	-	3,084,457
Restricted for tree bank	97,117	-	97,117
Restricted for environmental trust	40,000	-	40,000
Unrestricted	1,817,067	481,167	2,298,234
Total net position	\$ 21,404,021	\$ 2,014,994	\$ 23,419,015

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

**CITY OF CLARKSTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,173,920	\$ 562,640	\$ 43,532	\$ -	\$ (567,748)	\$ -	\$ (567,748)
Building and grounds	122,801	-	-	-	(122,801)	-	(122,801)
Public safety	2,437,778	477,571	116,216	1,103	(1,842,888)	-	(1,842,888)
Public works	1,300,843	-	49,423	2,475,361	1,223,941	-	1,223,941
Recreation and parks	265,809	38,976	11,577	46,254	(169,002)	-	(169,002)
Judicial/municipal court	412,636	-	-	-	(412,636)	-	(412,636)
Economic and community development	635,871	-	628,841	-	(7,030)	-	(7,030)
Planning and zoning	377,649	-	-	-	(377,649)	-	(377,649)
Interest and fiscal charges	199,126	-	-	-	(199,126)	-	(199,126)
Total governmental activities	6,926,433	1,079,187	849,589	2,522,718	(2,474,939)	-	(2,474,939)
Business-type activities:							
Sanitation	229,821	228,340	-	-	-	(1,481)	(1,481)
Stormwater utility	296,337	302,884	-	-	-	6,547	6,547
Total business-type activities	526,158	531,224	-	-	-	5,066	5,066
Total primary government	\$ 7,452,591	\$ 1,610,411	\$ 849,589	\$ 2,522,718	(2,474,939)	5,066	(2,469,873)
General revenues:							
Property taxes					4,254,127	-	4,254,127
Franchise taxes					490,221	-	490,221
Insurance premium taxes					1,191,283	-	1,191,283
Business and occupational taxes					225,631	-	225,631
Alcoholic beverage taxes					132,062	-	132,062
Unrestricted investment earnings					208	21	229
Miscellaneous Income					7,265	-	7,265
Total general revenues					6,300,797	21	6,300,818
Change in net position					3,825,858	5,087	3,830,945
Net position, beginning of year					17,578,163	2,009,907	19,588,070
Net position, end of year					\$ 21,404,021	\$ 2,014,994	\$ 23,419,015

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

# CITY OF CLARKSTON, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2022

ASSETS	General Fund	ARPA Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 3,731,984	\$ 2,917,669	\$ 2,901,950	\$ 204,561	\$ 9,756,164
Taxes receivables, net of allowance	680,516	-	-	-	680,516
Intergovernmental receivable	-	-	227,478	1,103	228,581
Other receivables	132,468	-	-	-	132,468
Prepaid items	45,784	-	-	-	45,784
Due from other funds	1,103	-	-	82,593	83,696
Total assets	<u>\$ 4,591,855</u>	<u>\$ 2,917,669</u>	<u>\$ 3,129,428</u>	<u>\$ 288,257</u>	<u>\$ 10,927,209</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 209,936	\$ 88,663	\$ 505,401	\$ -	\$ 804,000
Retainage payable	-	-	119,705	-	119,705
Accrued liabilities	133,291	-	-	-	133,291
Unearned revenue	-	2,828,804	-	-	2,828,804
Due to other funds	86,635	-	-	1,103	87,738
Total liabilities	<u>429,862</u>	<u>2,917,467</u>	<u>625,106</u>	<u>1,103</u>	<u>3,973,538</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	237,935	-	-	-	237,935
Total deferred inflows of resources	<u>237,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,935</u>
<b>FUND BALANCES</b>					
Fund balances:					
Nonspendable:					
Prepaid items	45,784	-	-	-	45,784
Restricted:					
Public safety	-	202	-	206,592	206,794
Recreation	-	-	-	9,368	9,368
Capital construction	-	-	2,504,322	71,194	2,575,516
Tree bank	97,117	-	-	-	97,117
Environmental trust	40,000	-	-	-	40,000
Assigned:					
Public safety	4,047	-	-	-	4,047
Unassigned	3,737,110	-	-	-	3,737,110
Total fund balances	<u>3,924,058</u>	<u>202</u>	<u>2,504,322</u>	<u>287,154</u>	<u>6,715,736</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,591,855</u>	<u>\$ 2,917,669</u>	<u>\$ 3,129,428</u>	<u>\$ 288,257</u>	
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.					24,797,192
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds.					237,935
The deferred outflows 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.					(1,778,747)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.					(8,568,095)
Net position of governmental activities					<u>\$ 21,404,021</u>

**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, 2022**

	General Fund	ARPA Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 6,172,559	\$ -	\$ -	\$ -	\$ 6,172,559
Licenses and permits	340,748	-	-	-	340,748
Intergovernmental	136,706	895,843	2,335,157	3,951	3,371,657
Fines and forfeitures	270,885	-	-	81,745	352,630
Charges for services	81,603	-	-	-	81,603
Interest income	6	202	650	-	858
Other revenues	304,206	-	-	-	304,206
Total revenues	<u>7,306,713</u>	<u>896,045</u>	<u>2,335,807</u>	<u>85,696</u>	<u>10,624,261</u>
<b>Expenditures</b>					
Current:					
General government	1,134,526	43,532	-	2,850	1,180,908
Building and grounds	122,801	-	-	-	122,801
Public safety	2,159,036	116,216	-	8,244	2,283,496
Public works	926,427	49,423	-	-	975,850
Recreation and parks	109,001	57,831	-	-	166,832
Judicial/municipal court	410,190	16,355	-	-	426,545
Economic and community development	32,078	612,486	-	-	644,564
Planning and zoning	379,231	-	-	-	379,231
Capital outlays	255,312	-	1,929,974	362,718	2,548,004
Debt service:					
Principal	632,532	-	2,081,000	27,379	2,740,911
Interest	106,644	-	94,700	1,823	203,167
Total expenditures	<u>6,267,778</u>	<u>895,843</u>	<u>4,105,674</u>	<u>403,014</u>	<u>11,672,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,038,935</u>	<u>202</u>	<u>(1,769,867)</u>	<u>(317,318)</u>	<u>(1,048,048)</u>
<b>Other financing sources:</b>					
Proceeds from sale of capital assets	7,265	-	-	-	7,265
Total other financing sources	<u>7,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,265</u>
Net change in fund balances	1,046,200	202	(1,769,867)	(317,318)	(1,040,783)
<b>Fund balances, beginning of year</b>	<u>2,877,858</u>	<u>-</u>	<u>4,274,189</u>	<u>604,472</u>	<u>7,756,519</u>
<b>Fund balances, end of year</b>	<u>\$ 3,924,058</u>	<u>\$ 202</u>	<u>\$ 2,504,322</u>	<u>\$ 287,154</u>	<u>\$ 6,715,736</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, 2022**

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

Net change in fund balances - total governmental funds	\$	(1,040,783)
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.		1,797,580
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		120,765
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		170,782
Principal payment on bonds payable		2,232,900
Principal payment on notes payable		337,229
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.		207,385
Change in net position - governmental activities	\$	3,825,858

**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, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 6,169,049	\$ 5,890,584	\$ 6,172,559	\$ 281,975
Licenses and permits	376,929	376,929	340,748	(36,181)
Intergovernmental	-	136,706	136,706	-
Fines and forfeitures	350,000	290,000	270,885	(19,115)
Interest income	-	-	6	6
Charges for services	55,151	55,151	81,603	26,452
Other revenues	143,864	256,752	304,206	47,454
<b>Total revenues</b>	<u>7,094,993</u>	<u>7,006,122</u>	<u>7,306,713</u>	<u>300,591</u>
<b>Expenditures</b>				
Current:				
General government:				
City council	143,068	135,068	125,940	9,128
Mayor	32,192	32,192	28,866	3,326
General administration	1,015,741	1,065,879	979,720	86,159
Total general government	<u>1,191,001</u>	<u>1,233,139</u>	<u>1,134,526</u>	<u>98,613</u>
Building and grounds	<u>131,760</u>	<u>133,160</u>	<u>122,801</u>	<u>10,359</u>
Public safety:				
Police	<u>2,343,631</u>	<u>2,395,918</u>	<u>2,159,036</u>	<u>236,882</u>
Public works	<u>958,393</u>	<u>967,993</u>	<u>926,427</u>	<u>41,566</u>
Recreation and parks	<u>146,880</u>	<u>162,380</u>	<u>109,001</u>	<u>53,379</u>
Judicial/municipal Court	<u>486,559</u>	<u>488,359</u>	<u>410,190</u>	<u>78,169</u>
Economic and community development	<u>151,500</u>	<u>151,500</u>	<u>32,078</u>	<u>119,422</u>
Planning and zoning	<u>546,500</u>	<u>487,900</u>	<u>379,231</u>	<u>108,669</u>
Capital outlay	<u>359,488</u>	<u>242,594</u>	<u>255,312</u>	<u>(12,718)</u>
Debt service:				
Principal	632,533	632,532	632,532	-
Interest	110,646	110,647	106,644	4,003
Total debt service	<u>743,179</u>	<u>743,179</u>	<u>739,176</u>	<u>4,003</u>
Total expenditures	<u>7,058,891</u>	<u>7,006,122</u>	<u>6,267,778</u>	<u>738,344</u>
Excess (deficiency) of revenues over (under) expenditures	36,102	-	1,038,935	1,038,935
<b>Other Financing Sources:</b>				
Proceeds from sale of capital assets	-	-	7,265	7,265
Issuance of financed purchases	58,500	-	-	-
Total other financing sources	<u>58,500</u>	<u>-</u>	<u>7,265</u>	<u>7,265</u>
Net change in fund balances	94,602	-	1,046,200	1,046,200
<b>Fund balances, beginning of year</b>	<u>2,877,858</u>	<u>2,877,858</u>	<u>2,877,858</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,972,460</u>	<u>\$ 2,877,858</u>	<u>\$ 3,924,058</u>	<u>\$ 1,046,200</u>

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

**CITY OF CLARKSTON, GEORGIA**  
**ARPA FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 643,725	\$ 1,040,747	\$ 895,843	\$ (144,904)
Interest income	-	200	202	2
Total revenues	<u>643,725</u>	<u>1,040,947</u>	<u>896,045</u>	<u>(144,902)</u>
<b>EXPENDITURES</b>				
Current:				
General government	147,411	87,300	43,532	43,768
Public safety	-	128,410	116,216	12,194
Public works	-	54,843	49,423	5,420
Recreation and parks	48,030	40,291	57,831	(17,540)
Judicial/municipal court	-	21,324	16,355	4,969
Economic and community development	448,284	708,779	612,486	96,293
Total expenditures	<u>643,725</u>	<u>1,040,947</u>	<u>895,843</u>	<u>145,104</u>
Net change in fund balances	-	-	202	202
<b>FUND BALANCES, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202</u>	<u>\$ 202</u>

The accompanying notes are an integral part of these financial statements



# CITY OF CLARKSTON, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2022

ASSETS	Business-Type Activities Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 200,719	\$ 263,451	\$ 464,170
Accounts receivables, net of allowances	8,972	17,495	26,467
Prepaid items	-	13,501	13,501
Due from other funds	-	4,042	4,042
Total current assets	209,691	298,489	508,180
<b>NONCURRENT ASSETS</b>			
Capital assets, nondepreciated	-	131,770	131,770
Capital assets, net of accumulated depreciation	-	1,513,505	1,513,505
Total noncurrent assets	-	1,645,275	1,645,275
Total assets	209,691	1,943,764	2,153,455
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	18,897	8,116	27,013
Financed purchase payable, due within one year	-	20,281	20,281
Total Current liabilities	18,897	28,397	47,294
<b>NONCURRENT LIABILITIES</b>			
Financed purchase payable, due in more than one year	-	91,167	91,167
Total noncurrent liabilities	-	91,167	91,167
Total liabilities	18,897	119,564	138,461
<b>NET POSITION</b>			
Net investment in capital assets	-	1,533,827	1,533,827
Unrestricted	190,794	290,373	481,167
Total net position	\$ 190,794	\$ 1,824,200	\$ 2,014,994

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, 2022**

	Business-Type Activities Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
	Fund	Fund	
<b>OPERATING REVENUE</b>			
Stormwater fees	\$ -	\$ 302,884	\$ 302,884
Sanitation fees	228,340	-	228,340
Total operating revenues	<u>228,340</u>	<u>302,884</u>	<u>531,224</u>
<b>OPERATING EXPENSES</b>			
Contracted services - waste pickup	229,821	-	229,821
Personnel services	-	106,898	106,898
Repairs and maintenance	-	105,431	105,431
Depreciation	-	81,369	81,369
Total operating expenses	<u>229,821</u>	<u>293,698</u>	<u>523,519</u>
Operating income (loss)	<u>(1,481)</u>	<u>9,186</u>	<u>7,705</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	-	21	21
Interest expense	-	(2,639)	(2,639)
Total nonoperating expenses	<u>-</u>	<u>(2,618)</u>	<u>(2,618)</u>
Change in net position	(1,481)	6,568	5,087
<b>Net position, beginning</b>	<u>192,275</u>	<u>1,817,632</u>	<u>2,009,907</u>
<b>Net position, ending</b>	<u>\$ 190,794</u>	<u>\$ 1,824,200</u>	<u>\$ 2,014,994</u>

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, 2022

	Business-Type Activities Enterprise Funds		
	Sanitation Fund	Stormwater Utility Fund	Total Business-Type Activities - Enterprise Funds
	Fund	Fund	Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 228,916	\$ 446,630	\$ 675,546
Payments to employees	-	(106,898)	(106,898)
Payments to vendors and suppliers	(228,858)	(295,327)	(524,185)
Net cash provided by operating activities	58	44,405	44,463
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Principal payment on financed purchase	-	(19,855)	(19,855)
Interest paid	-	(2,639)	(2,639)
Net cash used by capital financing activities	-	(22,494)	(22,494)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	-	21	21
Net cash provided by investing activities	-	21	21
Net change in cash	58	21,932	21,990
Cash, beginning of year	200,661	241,519	442,180
Cash, end of year	<u>\$ 200,719</u>	<u>\$ 263,451</u>	<u>\$ 464,170</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (1,481)	\$ 9,186	\$ 7,705
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	81,369	81,369
Change in assets and liabilities:			
Decrease in accounts receivables	576	1,857	2,433
Decrease in due from other funds	-	141,889	141,889
Increase in prepaid items	-	(9,330)	(9,330)
Increase (decrease) in accounts payable	963	(180,566)	(179,603)
Net cash provided by operating activities	<u>\$ 58</u>	<u>\$ 44,405</u>	<u>\$ 44,463</u>

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

**CITY OF CLARKSTON, GEORGIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2022**

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

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

**CITY OF CLARKSTON, GEORGIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
DECEMBER 31, 2022**

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

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

**CITY OF CLARKSTON, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Blended Component Unit** - 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. The Authority has no assets, liabilities, or financial transactions for the year ended December 31, 2022.

## NOTES TO FINANCIAL STATEMENTS

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### **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 nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund 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 noncurrent assets and deferred outflows of resources and noncurrent 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

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### 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. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. In accordance with GASB Statement No. 34, major individual governmental funds 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.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **ARPA Fund** is used to account for restricted grant monies received under the American Rescue Plan Act.

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.

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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Budgets

Annual appropriated budgets are adopted for the 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.

#### 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:

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### G. Capital Assets (Continued)

<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.

#### H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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:

- **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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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 assets 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

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### 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

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### 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 \$8,568,095 difference are as follows:

Compensated absences	\$ (372,740)
Bonds payable	(4,869,883)
Financed purchases	(285,595)
Accrued interest payable	(56,322)
Notes payable	<u>(2,983,555)</u>
Net adjustment to reduce <i>fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u><u>\$ (8,568,095)</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 \$1,797,580 difference are as follows:

Capital outlays	\$ 2,638,283
Depreciation expense	<u>(840,703)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 1,797,580</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### C. 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 \$207,385 difference are as follows:

Compensated absences	\$ 29,466
Interest expense on long term debt	4,041
Change in net pension liability	234,765
Change in pension experience differences	(305,150)
Change in pension assumption changes	(31,724)
Change in pension investment earnings differences	219,614
Change in pension contributions subsequent to measurement date	<u>56,373</u>
Net adjustment to increase <i>net changes in fund balances - total</i> governmental funds to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 207,385</u>

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## NOTES TO FINANCIAL STATEMENTS

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### 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, 2022:

General Fund - Capital outlay	\$ 12,718
ARPA Fund - Recreation and parks	17,540
Grant Fund - General government	2,850

These over expenditures were funded by greater than anticipated revenues, available fund balance, and expenditures less than appropriations in other departments.

## NOTES TO FINANCIAL STATEMENTS

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### 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 or be enrolled in the State secure deposit program. As of December 31, 2022, 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, 2022, 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, 2022 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 27, 2022 and are due and payable in two installments. The first installment was due on September 30, 2022, and the second installment was due on November 15, 2022. 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 27 along with the property taxes and are due and payable in two installments. The first installment was due on September 30, 2022, and the second installment was due on November 15, 2022. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables at December 31, 2022, for the City's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental</u>	<u>Sanitation</u>	<u>Stormwater Utility</u>
Receivables:					
Taxes	\$ 719,516	\$ -	\$ -	\$ -	\$ -
Accounts	-	-	-	8,972	21,995
Intergovernmental	-	227,478	1,103	-	-
Other	132,468	-	-	-	-
Less allowance for uncollectible	(39,000)	-	-	-	(4,500)
Net total receivable	<u>\$ 812,984</u>	<u>\$ 227,478</u>	<u>\$ 1,103</u>	<u>\$ 8,972</u>	<u>\$ 17,495</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,997,929	\$ 2,063,380	\$ -	\$ 5,061,309
Land	585,808	-	-	585,808
Total	<u>3,583,737</u>	<u>2,063,380</u>	<u>-</u>	<u>5,647,117</u>
Capital assets, being depreciated:				
Buildings and improvements	3,431,298	8,000	-	3,439,298
Furniture and equipment	786,827	102,231	-	889,058
Infrastructure	17,324,393	362,718	-	17,687,111
Vehicles	1,441,776	101,954	(254,252)	1,289,478
Total	<u>22,984,294</u>	<u>574,903</u>	<u>(254,252)</u>	<u>23,304,945</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,596,093)	(98,857)	-	(1,694,950)
Furniture and equipment	(504,926)	(112,075)	-	(617,001)
Infrastructure	(633,590)	(438,399)	-	(1,071,989)
Vehicles	(833,810)	(191,372)	254,252	(770,930)
Total	<u>(3,568,419)</u>	<u>(840,703)</u>	<u>254,252</u>	<u>(4,154,870)</u>
Total capital assets, being depreciated, net	<u>19,415,875</u>	<u>(265,800)</u>	<u>-</u>	<u>19,150,075</u>
Governmental activities capital assets, net	<u>\$ 22,999,612</u>	<u>\$ 1,797,580</u>	<u>\$ -</u>	<u>\$ 24,797,192</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Easements (intangible asset)	\$ 116,495	\$ -	\$ -	\$ 116,495
Construction in progress	15,275	-	-	15,275
Total	<u>131,770</u>	<u>-</u>	<u>-</u>	<u>131,770</u>
Capital assets, being depreciated:				
Infrastructure	1,181,012	-	-	1,181,012
Improvements	847,516	-	-	847,516
Vehicles	255,056	-	-	255,056
Total	<u>2,283,584</u>	<u>-</u>	<u>-</u>	<u>2,283,584</u>
Less accumulated depreciation for:				
Infrastructure	(469,740)	(25,946)	-	(495,686)
Improvements	(118,841)	(21,252)	-	(140,093)
Vehicles	(100,129)	(34,171)	-	(134,300)
Total	<u>(688,710)</u>	<u>(81,369)</u>	<u>-</u>	<u>(770,079)</u>
Total capital assets, being depreciated, net	<u>1,594,874</u>	<u>(81,369)</u>	<u>-</u>	<u>1,513,505</u>
Business-type activities capital assets, net	<u>\$ 1,726,644</u>	<u>\$ (81,369)</u>	<u>\$ -</u>	<u>\$ 1,645,275</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	\$ 47,881
Public safety	250,310
Public works	440,930
Recreation and parks	<u>101,582</u>
Total depreciation expense - governmental activities	<u>\$ 840,703</u>
Business-type activities:	
Stormwater utility	<u>\$ 81,369</u>

### NOTE 7. LONG-TERM DEBT AND OBLIGATIONS

Long-term liability and obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable-direct placement	\$ 7,102,783	\$ -	\$ (2,232,900)	\$ 4,869,883	\$ 2,311,912
Financed purchases from direct borrowing	456,377	-	(170,782)	285,595	176,315
Notes payable-direct borrowing	3,320,784	-	(337,229)	2,983,555	344,989
Net pension liability	1,861,832	834,742	(1,069,507)	1,627,067	-
Compensated absences	402,206	238,395	(267,861)	372,740	158,817
Governmental activities long-term liabilities	<u>\$ 13,143,982</u>	<u>\$ 1,073,137</u>	<u>\$ (4,078,279)</u>	<u>\$ 10,138,840</u>	<u>\$ 2,992,033</u>

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 and the Stormwater Fund. The SPLOST revenue proceeds will be used to pay the SPLOST bonds.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business type activities:</b>					
Financed purchases from direct borrowing	\$ 131,303	\$ -	\$ (19,855)	\$ 111,448	\$ 20,281
Business type activities long-term liabilities	<u>\$ 131,303</u>	<u>\$ -</u>	<u>\$ (19,855)</u>	<u>\$ 111,448</u>	<u>\$ 20,281</u>

## NOTES TO FINANCIAL STATEMENTS

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

**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, public safety, and public works 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 inceptions. The outstanding balance at December 31, 2022 is \$285,595.

As of December 31, 2022, the cost, current year depreciation, and accumulated depreciation of vehicles and equipment acquired under financed purchases are \$870,331, \$159,815, and \$352,608, 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:

	Principal	Interest	Total
Year ending December 31,			
2023	\$ 176,315	\$ 21,038	\$ 197,353
2024	50,604	16,924	67,528
2025	17,577	16,658	34,235
2026	17,954	16,657	34,611
2027	18,339	343	18,682
2027-2028	4,806	368	5,174
Total	\$ 285,595	\$ 71,988	\$ 357,583

**Financed Purchases from Direct Borrowing – Stormwater Vehicles.** The City has entered into a lease-purchase agreement as lessee for financing the acquisition of vehicles for stormwater. The lease agreement qualifies 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, has been recorded at the present value of the future minimum lease payments as of the date of its inceptions. The outstanding balance at December 31, 2022 is \$111,448.

As of December 31, 2022, the cost of the equipment under lease is \$145,920 with current year depreciation of \$18,240 and accumulated depreciation of \$36,480. The vehicles are pledged as collateral.

## NOTES TO FINANCIAL STATEMENTS

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

#### Financed Purchases from Direct Borrowing – Stormwater Vehicles (Continued)

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

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 20,281	\$ 2,214	\$ 22,495
2024	20,716	1,778	22,494
2025	21,161	1,333	22,494
2026	21,615	879	22,494
2027	22,080	414	22,494
2027-2028	5,595	30	5,625
Total	<u>\$ 111,448</u>	<u>\$ 6,648</u>	<u>\$ 118,096</u>

**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. Semiannual payments began on June 1, 2017.

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

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 153,912	\$ 12,399	\$ 166,311
2024	155,952	8,320	164,272
2025	158,019	4,188	162,207
Total	<u>\$ 467,883</u>	<u>\$ 24,907</u>	<u>\$ 492,790</u>

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%. These bonds were fully refunded in fiscal year 2020 by the Series 2020A and Series 2020B Bonds.

## NOTES TO FINANCIAL STATEMENTS

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

#### Bonds Payable - Direct Placement (Continued)

During fiscal year 2020, the City issued Sales Tax Bonds Series 2020A and 2020B for \$3,585,000 and \$3,697,000, respectively, for the purpose of financing capital outlay projects and refunding the outstanding principal of the Series 2018 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, 2022 until maturity June 1, 2024 for the Series 2020A bonds and June 1, 2021 until maturity June 1, 2024 for the Series 2020B bonds. Interest payments on both series are due semiannually commencing on December 1, 2020 until maturity at an interest rate of 1.74%. The refunding transaction undertaken by the City resulted in aggregate debt service savings of \$60,972 and an economic gain (net present value of the aggregate debt service savings) of \$58,859. The refunded bonds are considered defeased. At December 31, 2022, \$1,952,000 of outstanding revenue bonds are considered defeased.

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

Year ending December 31,	Series 2020A Principal	Series 2020A Interest	Series 2020B Principal	Series 2020B Interest	Total
2023	\$ 1,192,000	\$ 28,465	\$ 966,000	\$ 29,355	\$ 2,215,820
2024	1,261,000	9,611	983,000	9,912	2,263,523
Total	<u>\$ 2,453,000</u>	<u>\$ 38,076</u>	<u>\$ 1,949,000</u>	<u>\$ 39,267</u>	<u>\$ 4,479,343</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.



## NOTES TO FINANCIAL STATEMENTS

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

#### Notes Payable from Direct Borrowing (Continued)

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

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 51,712	\$ 7,312	\$ 59,024
2024	53,398	5,627	59,025
2025	55,138	3,886	59,024
2026	56,935	2,089	59,024
2027	29,161	353	29,514
Total	<u>\$ 246,344</u>	<u>\$ 19,267</u>	<u>\$ 265,611</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.

The City entered into a note payable agreement with the Georgia State Road and Tollway Authority on October 20, 2017 for the financing of 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>
2023	\$ 293,277	57,484	\$ 350,761
2024	299,539	51,227	350,766
2025	305,936	44,835	350,771
2026	312,472	38,024	350,496
2027	319,150	31,346	350,496
2028-2032	1,167,270	62,553	1,229,823
2033	39,567	158	39,725
Total	<u>\$ 2,737,211</u>	<u>\$ 285,627</u>	<u>\$ 3,022,838</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. SHORT-TERM BORROWINGS

The City had a tax anticipation note for operating purposes of \$500,000 at a local financial institution. The borrowing, with an interest rate of 3.47%, matured on December 31, 2022. As of December 31, 2022, all outstanding principal has been paid in full. Total short-term borrowings interest incurred and expensed for the year ended December 31, 2022, was \$8,000.

The following is a summary of the City's short-term borrowings for the year ended December 31, 2022:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Tax anticipation note	\$ -	\$ 500,000	\$ (500,000)	\$ -

### NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2022, is as follows:

Due to/from other funds are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
Nonmajor Governmental Funds	General Fund	\$ 71,194
Nonmajor Governmental Funds	General Fund	9,368
Stormwater Fund	General Fund	4,042
Nonmajor Governmental Funds	General Fund	2,031
General Fund	Nonmajor Governmental Funds	1,103
		\$ 87,738

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.

## NOTES TO FINANCIAL STATEMENTS

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### 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](http://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, 2022, the date of the most recent actuarial valuation, there were 118 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	30
Terminated vested participants not yet receiving benefits	50
Active participants - vested	25
Active participants - nonvested	15
Total	<u>120</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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 2022, the actuarially determined contribution rate was 23.91% of covered payroll. The City makes all contributions to the Plan. For year 2022, the City's contribution to the Plan was \$551,521.

#### **Net Pension Liability of the City**

The City's net pension liability was measured as of March 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2022.

**Actuarial assumptions.** The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00-8.50% including inflation
Investment rate of return	7.375%

Mortality rates for the July 1, 2022 valuation were based on the sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 for healthy retirees and beneficiaries and the sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 for disabled participants.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015–June 30, 2019.

Cost-of-living adjustments were assumed to be 2.25% if terminated prior to July 3, 2018 and 3.00% if terminated on or after July 3, 2018.

## 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, 2022 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20	7.30
Real estate	10	3.65
Global fixed income	5	0.50
Domestic fixed income	20	0.40
Cash	—	
Total	100%	

**Discount rate.** The discount rate used to measure the total pension liability was 7.375%, this was the same 7.375% rate used in the prior year. 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, 2022, were as follows:

Primary Government:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 12/31/21</b>	\$ 7,080,826	\$ 5,218,994	\$ 1,861,832
<b>Changes for the year:</b>			
Service cost	285,132	-	285,132
Interest	534,720	-	534,720
Differences between expected and actual experience	(257,679)	-	(257,679)
Contributions—employer	-	495,147	(495,147)
Net investment income	-	316,681	(316,681)
Benefit payments	(231,040)	(231,040)	-
Administrative expense	-	(14,890)	14,890
<b>Net changes</b>	331,133	565,898	(234,765)
<b>Balances at 12/31/22</b>	\$ 7,411,959	\$ 5,784,892	\$ 1,627,067

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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 2,687,727	\$ 1,627,067	\$ 751,256

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

***Sensitivity of the net pension liability to changes in the discount rate (Continued)***. 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, 2022 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, 2022, the City recognized pension expense of \$377,642. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 97,632	\$ 171,786
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	491,166
City contributions subsequent to the measurement date	413,640	-
Total	\$ 511,272	\$ 662,952

City contributions subsequent to the measurement date of \$413,640 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. 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:**

2023	\$	(105,898)	
2024		(227,306)	
2025		(247,598)	
2026		15,482	
Total	\$	(565,320)	

## NOTES TO FINANCIAL STATEMENTS

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### **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, 2022, there were 18 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, 2022 was \$58,376. 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, 229 Peachtree Street NE, Suite 100, 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, 2022. 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

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### **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, 2022, the City has outstanding construction commitments of approximately \$465,890 on various construction projects.

## NONMAJOR GOVERNMENTAL FUNDS

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### 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.

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.

### 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**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>								
Service cost	\$ 285,132	\$ 246,899	\$ 277,466	\$ 229,507	\$ 243,779	\$ 177,308	\$ 145,312	\$ 164,013
Interest on total pension liability	534,720	473,591	431,304	377,433	339,846	229,382	210,131	191,727
Differences between expected and actual experience	(257,679)	292,896	107,197	151,862	72,115	(92,121)	12,753	96,448
Changes of assumptions	-	-	95,171	-	(103,236)	-	-	(92,313)
Benefit payments, including refunds of employee contributions	(231,040)	(214,467)	(204,969)	(144,151)	(125,213)	(120,731)	(118,864)	(125,937)
Other	-	-	-	86,085	-	1,233,738	-	-
<b>Net change in total pension liability</b>	<u>331,133</u>	<u>798,919</u>	<u>706,169</u>	<u>700,736</u>	<u>427,291</u>	<u>1,427,576</u>	<u>249,332</u>	<u>233,938</u>
<b>Total pension liability - beginning</b>	<u>7,080,826</u>	<u>6,281,907</u>	<u>5,575,738</u>	<u>4,875,002</u>	<u>4,447,711</u>	<u>3,020,135</u>	<u>2,770,803</u>	<u>2,536,865</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 7,411,959</u>	<u>\$ 7,080,826</u>	<u>\$ 6,281,907</u>	<u>\$ 5,575,738</u>	<u>\$ 4,875,002</u>	<u>\$ 4,447,711</u>	<u>\$ 3,020,135</u>	<u>\$ 2,770,803</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 495,147	\$ 485,351	\$ 450,446	\$ 482,677	\$ 204,429	\$ 168,420	\$ 167,876	\$ 112,067
Net investment income	316,681	1,574,702	(265,567)	116,924	326,148	288,556	6,467	197,596
Benefit payments, including refunds of member contributions	(231,040)	(214,467)	(204,969)	(144,151)	(125,213)	(120,731)	(118,864)	(125,937)
Administrative expenses	(14,890)	(14,216)	(15,279)	(14,466)	(14,275)	(17,065)	(10,231)	(9,345)
<b>Net change in plan fiduciary net position</b>	<u>565,898</u>	<u>1,831,370</u>	<u>(35,369)</u>	<u>440,984</u>	<u>391,089</u>	<u>319,180</u>	<u>45,248</u>	<u>174,381</u>
<b>Plan fiduciary net position - beginning</b>	<u>5,218,994</u>	<u>3,387,624</u>	<u>3,422,993</u>	<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>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 5,784,892</u>	<u>\$ 5,218,994</u>	<u>\$ 3,387,624</u>	<u>\$ 3,422,993</u>	<u>\$ 2,982,009</u>	<u>\$ 2,590,920</u>	<u>\$ 2,271,740</u>	<u>\$ 2,226,492</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 1,627,067</u>	<u>\$ 1,861,832</u>	<u>\$ 2,894,283</u>	<u>\$ 2,152,745</u>	<u>\$ 1,892,993</u>	<u>\$ 1,856,791</u>	<u>\$ 748,395</u>	<u>\$ 544,311</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	78.05%	73.71%	53.93%	61.39%	61.17%	58.25%	75.22%	80.36%
<b>Covered payroll</b>	\$ 2,236,928	\$ 2,280,748	\$ 2,022,384	\$ 2,115,817	\$ 1,845,243	\$ 1,867,558	\$ 1,872,798	\$ 1,469,336
<b>City's net pension liability as a percentage of covered payroll</b>	72.74%	81.63%	143.11%	101.75%	102.59%	99.42%	39.96%	37.04%

**Notes to the Schedule: The schedule will present 10 years of information once it is accumulated.**

**CITY OF CLARKSTON, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 551,521	\$ 476,356	\$ 488,350	\$ 437,812	\$ 407,153
Contributions in relation to the actuarially determined contribution	551,521	476,356	488,350	437,812	407,153
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,306,654	\$ 2,045,324	\$ 2,144,708	\$ 1,870,192	\$ 1,897,265
Contributions as a percentage of covered payroll	23.91%	23.29%	22.77%	23.41%	21.46%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Actuarially determined contribution	\$ 204,600	\$ 175,594	\$ 165,303		
Contributions in relation to the actuarially determined contribution	204,600	175,594	165,303		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 1,903,256	\$ 1,493,146	\$ 1,469,336		
Contributions as a percentage of covered payroll	10.75%	11.76%	11.25%		

**Notes to the Schedule of City Contributions:**

(1) Actuarial Assumptions used to determine contributions:

Valuation Date	July 1, 2022
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	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost-of-living Adjustment	2.25%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 12 years.

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

**CITY OF CLARKSTON, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	Special Revenue Funds		Capital Project Fund	Total Nonmajor Governmental Funds
	Police Seizure Fund	Grant Fund	Homestead Option Sales Tax Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 204,561	\$ -	\$ -	\$ 204,561
Intergovernmental receivable	-	1,103	-	1,103
Due from other funds	2,031	9,368	71,194	82,593
Total assets	<u>\$ 206,592</u>	<u>\$ 10,471</u>	<u>\$ 71,194</u>	<u>\$ 288,257</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 1,103	\$ -	\$ 1,103
Total liabilities	<u>-</u>	<u>1,103</u>	<u>-</u>	<u>1,103</u>
<b>FUND BALANCES</b>				
Restricted for:				
Public safety	206,592	-	-	206,592
Recreation	-	9,368	-	9,368
Capital construction	-	-	71,194	71,194
Total fund balances	<u>206,592</u>	<u>9,368</u>	<u>71,194</u>	<u>287,154</u>
Total liabilities and fund balances	<u>\$ 206,592</u>	<u>\$ 10,471</u>	<u>\$ 71,194</u>	<u>\$ 288,257</u>

**CITY OF CLARKSTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Special Revenue Funds		Capital Project Fund	Total Nonmajor Governmental Funds
	Police Seizure Fund	Grant Fund	Homestead Option Sales Tax Fund	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 3,951	\$ -	\$ 3,951
Fines and forfeitures	81,745		-	81,745
Total revenues	81,745	3,951	-	85,696
<b>EXPENDITURES</b>				
Current:				
General government	-	2,850	-	2,850
Public safety	7,141	1,103	-	8,244
Capital outlays	-	362,718	-	362,718
Debt service:				
Principal	27,379	-	-	27,379
Interest	1,823	-	-	1,823
Total expenditures	36,343	366,671	-	403,014
Excess (deficiency) of revenues over (under) expenditures	45,402	(362,720)	-	(317,318)
Net change in fund balances	45,402	(362,720)	-	(317,318)
<b>FUND BALANCES, beginning of year</b>	161,190	372,088	71,194	604,472
<b>FUND BALANCES, end of year</b>	\$ 206,592	\$ 9,368	\$ 71,194	\$ 287,154

**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, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 80,500	\$ 80,500	\$ 81,745	\$ 1,245
Total revenues	80,500	80,500	81,745	1,245
<b>Expenditures</b>				
Current:				
Public safety	50,798	50,798	7,141	43,657
Debt service:				
Principal	27,379	27,379	27,379	-
Interest	1,823	1,823	1,823	-
Total expenditures	80,000	80,000	36,343	43,657
Net change in fund balances	500	500	45,402	44,902
<b>Fund balances, beginning of year</b>	161,190	161,190	161,190	-
<b>Fund balances, end of year</b>	\$ 161,690	\$ 161,690	\$ 206,592	\$ 44,902

**CITY OF CLARKSTON, GEORGIA**  
**GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 366,718	\$ 366,718	\$ 3,951	\$ (362,767)
Total revenues	<u>366,718</u>	<u>366,718</u>	<u>3,951</u>	<u>(362,767)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	2,850	(2,850)
Public safety	4,000	4,000	1,103	2,897
Capital outlays	<u>362,718</u>	<u>362,718</u>	<u>362,718</u>	<u>-</u>
Total expenditures	<u>366,718</u>	<u>366,718</u>	<u>366,671</u>	<u>47</u>
Net change in fund balances	-	-	(362,720)	(362,720)
<b>FUND BALANCES, beginning of year</b>	<u>372,088</u>	<u>372,088</u>	<u>372,088</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u><u>\$ 372,088</u></u>	<u><u>\$ 372,088</u></u>	<u><u>\$ 9,368</u></u>	<u><u>\$ (362,720)</u></u>



# CITY OF CLARKSTON, GEORGIA

## SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2022

PROJECT	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENT COMPLETE
<b>SPLOST:</b>						
Roads Projects	\$ 6,202,053	\$ 5,345,389	\$ 4,740,446	\$ -	\$ 4,740,446	88.68 %
Transportation improvements	4,717,481	6,074,145	3,914,072	1,929,974	5,844,046	96.21
SPLOST bond closing fees	95,942	196,273	196,110	-	196,110	99.92
SPLOST bond interest	540,638	681,625	471,092	94,700	565,792	83.01
SPLOST bond principal	5,150,000	8,762,000	2,279,000	2,081,000	4,360,000	49.76
Total SPLOST	<u>\$ 16,706,114</u>	<u>\$ 21,059,432</u>	<u>\$ 11,600,720</u>	<u>\$ 4,105,674</u>	<u>\$ 15,706,394</u>	

## **SINGLE AUDIT SECTION**

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

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**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 19, 2024.

**Report on 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") as a basis for designing 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 or significant deficiencies may exist that have not been identified.

---

**Report on 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 financial statements. 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  
April 19, 2024



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

#### *Opinion on 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, 2022. 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.

In our opinion, the City complied, in all material respects, with the 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, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
April 19, 2024

**CITY OF CLARKSTON, GEORGIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed through the State of Georgia Coronavirus State and Local Fiscal Recovery Fund	21.027	14835	\$ 18,301
Passed through the Georgia Governor's Office of Planning and Budget Coronavirus State and Local Fiscal Recovery Fund	21.027	n/a	877,542
<b>Total U.S. Department of Treasury</b>			<u>895,843</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Bulletproof Vest Partnership	16.607	2022BUBX2031346	1,103
<b>Total U.S. Department of Justice</b>			<u>1,103</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 896,946</u>

See notes to schedule of expenditures of federal awards.



**CITY OF CLARKSTON, GEORGIA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**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.

The City did not pass any federal awards to sub-recipients.

CITY OF CLARKSTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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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:

Federal Assistance Listing Number  
21.027

Name of Federal Program or Cluster  
COVID-19: Coronavirus State and Local  
Fiscal Recovery Funds

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, 2022**

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**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, 2022**

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None reported