

**CITY OF CLARKSTON, GEORGIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**

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TABLE OF CONTENTS

Page

**FINANCIAL SECTION**

Independent Auditor's Report.....	1 and 2
Management's Discussion and Analysis.....	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	14
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	15
Police Seizure Fund- Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	16
Grants Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	17
Statement of Net Assets – Proprietary Funds .....	18
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	19
Statement of Cash Flows – Proprietary Funds.....	20
Notes to Financial Statements.....	21-38
Required Supplementary Information:	
Schedule of Funding Progress .....	39

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **City of Clarkston, Georgia**, as of and for the year ended December 31, 2009, which collectively comprise the City of Clarkston, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clarkston, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Clarkston, Georgia as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund, the Grants Fund, and the Police Seizure Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2010, on our consideration of the City of Clarkston, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on page 3 through 9 and the schedule of funding progress (on page 39) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clarkston, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 7, 2010

# CITY OF CLARKSTON, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 fiscal year ended December 31, 2009. 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 of the City exceeded its liabilities at the close of the most recent fiscal year by \$3,492,699 (net assets). Of this amount, \$2,692,408 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City had a decrease in net assets of \$127,548 compared to an increase of \$8,130 in the prior year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,188,018. This compares to the prior ending fund balances of \$2,483,063 showing a net decrease of \$295,045 during the current year. This decrease resulted primarily from an excess of expenditures over revenues during the current year and transfers to the newly created Sanitation Enterprise Fund.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,145,191 or 86.1% of General Fund expenditures while the Grants Fund had an unreserved fund balance of \$34 and the Police Seizure Fund had a reserved fund balance of \$42,793 which was reserved for public safety.

At the close of the fiscal year, the assets of the City's Sanitation Fund exceeded its liabilities by \$90,684. Included in these net assets is \$90,684 of unrestricted net assets available to meet the Sanitation Fund's on-going obligations to its customers.

At the close of the fiscal year, the assets of the City's Stormwater Utility Fund exceeded its liabilities by \$491,193. Included in these net assets is \$414,544 of unrestricted net assets available to meet the Stormwater Utility Fund's on-going obligations to its customers.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, buildings and grounds, public safety, public works, and recreation and parks. The City's business-type activities include the Sanitation Fund and the Stormwater Utility Fund.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented 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 three (3) 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 the General Fund, Grants Fund, and Police Seizure Fund which are considered major funds.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison statements have been provided for the General Fund, Grants Fund, and Police Seizure Fund to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains two proprietary funds. 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 stormwater utility.

**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 and begin on page 21.

**Other supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Other supplementary information includes combining statements and individual fund statements and schedules.

## Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial condition. For the City, assets exceeded liabilities by \$3,492,699 at the close of the most recent fiscal year. Table 1 below is a summary of the City's net assets.

**Table 1**  
**Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 2,455,029	\$ 2,618,061	\$ 544,136	\$ 365,914	\$ 2,999,165	\$ 2,983,975
Capital assets	693,863	737,874	76,649	82,781	770,512	820,655
Total assets	<u>3,148,892</u>	<u>3,355,935</u>	<u>620,785</u>	<u>448,695</u>	<u>3,769,677</u>	<u>3,804,630</u>
Current liabilities	233,682	174,437	38,908	-	272,590	174,437
Long-term liabilities	4,388	9,946	-	-	4,388	9,946
Total liabilities	<u>238,070</u>	<u>184,383</u>	<u>38,908</u>	<u>-</u>	<u>276,978</u>	<u>184,383</u>
Net assets:						
Invested in capital assets, net of related debt	680,849	701,292	76,649	82,781	757,498	784,073
Restricted	42,793	138,675	-	-	42,793	138,675
Unrestricted	<u>2,187,180</u>	<u>2,331,585</u>	<u>505,228</u>	<u>365,914</u>	<u>2,692,408</u>	<u>2,697,499</u>
Total net assets	<u>\$ 2,910,822</u>	<u>\$ 3,171,552</u>	<u>\$ 581,877</u>	<u>\$ 448,695</u>	<u>\$ 3,492,699</u>	<u>\$ 3,620,247</u>

A portion of the City's net assets (\$757,498 or 21.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), 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.

The remaining portions of the City's net assets are either restricted (\$42,793) or unrestricted (\$2,692,408). Unrestricted net assets may be used to meet the government'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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.



## Changes in Net Assets

The following schedule presents a summary of changes in net assets for the fiscal year ended December 31, 2009.

**Table 2**  
**Change in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 616,265	\$ 832,332	\$ 277,753	\$ 129,466	\$ 894,018	\$ 961,798
Operating grant and contributions	-	-	-	-	-	-
Capital grants and contributions	49,445	58,226	-	-	49,445	58,226
General revenues:						
Property taxes	1,027,351	992,158	-	-	1,027,351	992,158
Franchise taxes	207,323	214,885	-	-	207,323	214,885
Insurance premium taxes	400,959	404,706	-	-	400,959	404,706
Business and occupational taxes	28,565	36,593	-	-	28,565	36,593
Alcoholic beverage taxes	51,822	54,440	-	-	51,822	54,440
Interest earnings	32,919	57,870	21	-	32,940	57,870
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	<u>2,414,649</u>	<u>2,651,210</u>	<u>277,774</u>	<u>129,466</u>	<u>2,692,423</u>	<u>2,780,676</u>
Expenses:						
General government	855,000	871,559	-	-	855,000	871,559
Buildings and grounds	57,417	115,392	-	-	57,417	115,392
Public safety	1,288,381	1,291,854	-	-	1,288,381	1,291,854
Public works	317,670	362,453	-	-	317,670	362,453
Recreation and parks	61,236	105,714	-	-	61,236	105,714
Interest on long-term debt & capital leases	2,335	908	-	-	2,335	908
Sanitation	-	-	154,134	-	154,134	-
Stormwater	-	-	83,798	24,666	83,798	24,666
Total expenses	<u>2,582,039</u>	<u>2,747,880</u>	<u>237,932</u>	<u>24,666</u>	<u>2,819,971</u>	<u>2,772,546</u>
Excess (deficiency)	(167,390)	(96,670)	39,842	104,800	(127,548)	8,130
Transfers	<u>(93,340)</u>	<u>-</u>	<u>93,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(260,730)	(96,670)	133,182	104,800	(127,548)	8,130
Net assets - Jan 1	<u>3,171,552</u>	<u>3,268,222</u>	<u>448,695</u>	<u>343,895</u>	<u>3,620,247</u>	<u>3,612,117</u>
Net assets - Dec 31	<u>\$ 2,910,822</u>	<u>\$ 3,171,552</u>	<u>\$ 581,877</u>	<u>\$ 448,695</u>	<u>\$ 3,492,699</u>	<u>\$ 3,620,247</u>

**Governmental activities.** Governmental activities decreased the City's net assets by \$260,730.

The City is heavily reliant on property taxes and other taxes to support governmental operations and capital. Property taxes provided 42.5% of the City's total governmental revenue of fiscal year 2009 as compared with 37.4% in the fiscal year 2008. Governmental charges for services decreased by \$216,067 due to decreases in fines and forfeitures of \$187,593 and decreases in other charges for services. Overall, governmental revenues decreased by \$236,561 or 8.9% while overall governmental expenditures decreased by \$165,841 or 6.0%.

## Business-type activities

Operating revenues for the enterprise funds were \$148,287 higher than in 2008 because, during 2009, the City established the Sanitation Fund. Business-type activities contain operations of the Sanitation Fund and Stormwater Utility Fund. Business-type activities increased the City's net assets by \$133,182. The sanitation and the stormwater charges are billed on the annual property tax bills.

## 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. Table 3 below compares governmental fund revenues and expenditures for 2009 and 2008.

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

	<b>Governmental Funds</b>	
	<b>2009</b>	<b>2008</b>
Revenues:		
Taxes	\$ 1,705,996	\$ 1,701,163
Licenses and permits	55,510	60,351
Intergovernmental	49,445	58,226
Fines and forfeitures	417,593	605,186
Charges for services	28,931	55,664
Interest income	32,919	57,870
Other revenues	<u>114,231</u>	<u>111,131</u>
Total Revenue	<u>2,404,625</u>	<u>2,649,591</u>
Expenditures:		
General government	870,297	872,005
Buildings and grounds	59,631	115,382
Public safety	1,273,489	1,328,505
Public works	316,293	389,235
Recreation and parks	61,821	133,818
Debt service:		
Principal retirements	50,493	51,978
Interest	<u>2,335</u>	<u>908</u>
Total Expenditures	<u>2,634,359</u>	<u>2,891,831</u>
Deficiency of revenues under expenditures	<u>(229,734)</u>	<u>(242,240)</u>
Other financing sources (uses):		
Capital leases	26,925	75,499
Proceeds from sale of capital assets	1,104	-
Transfers in	49,492	-
Transfers out	<u>(142,832)</u>	<u>-</u>
Total other financing sources (uses)	<u>(65,311)</u>	<u>75,499</u>
Net change in fund balances	(295,045)	(166,741)
Fund balances, beginning of year	<u>2,483,063</u>	<u>2,649,804</u>
Fund balances, end of year	<u>\$ 2,188,018</u>	<u>\$ 2,483,063</u>

**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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,188,018. Of this amount \$2,145,225 or 98% constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$42,793) is reserved indicating it is not available for new spending because it has already been committed to public safety expenditures.

The General Fund is the central operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was \$2,145,191, which was all unreserved and undesignated. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total fund balance, which was all unreserved, represents approximately 86.1% of total General Fund expenditures compared to 89.9% in the prior year.

Fund balance of the City's General Fund decreased by \$199,150 during the current fiscal year.

At the end of the current fiscal year, the fund balance of the Grants Fund was \$34 as compared to the prior year of \$47 while the fund balance of the Police Seizure Fund was \$42,793 as compared to the prior year of \$138,675.

**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.

Sanitation fees are billed on the City property tax bills and are collected by DeKalb County and remitted by the County to the City. The sanitation fund increased its net assets by \$90,684 in 2009. This increase in net assets is mostly attributable to a transfer from the General Fund of \$93,340.

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 assets by \$42,498 in 2009. This increase in net assets is attributable to revenues in excess of expenses.

### **General Fund Budgetary Highlights**

The City's budget is prepared according to Georgia Law. A comparison of the General Fund, Grants Fund, and Police Seizure Fund actual revenues and expenditures compared to budget is presented in this Financial Report. General Fund and Police Seizure Fund revenues were \$182 and \$182,735 less than budgeted mainly due to less than expected collection of fines and forfeitures than what was budgeted and anticipated, respectively. Expenditures for the General Fund and Police Seizure Fund were \$9,595 and \$62,428 less than budgeted expenditures. The Grants Fund revenues were \$29,479 more than budgeted mainly due to more than expected receipt of federal and state grants than what was budgeted and anticipated. The original budget, included in the General Fund, for sanitation expenditures was amended during the current fiscal year to move charges for waste management into a separate and new Sanitation Enterprise Fund.

### **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, 2009, amounts to \$770,512 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and stormwater infrastructure. Table 4 below summarizes capital assets of the City.

**Table 4**  
**Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 408,799	\$ 408,799	\$ -	\$ -	\$ 408,799	\$ 408,799
Buildings and improvements	958,019	958,019	-	-	958,019	958,019
Furniture and equipment	194,780	183,700	-	-	194,780	183,700
Vehicles	474,699	538,058	-	-	474,699	538,058
Infrastructure	-	-	324,994	324,994	324,994	324,994
Less accumulated depreciation	(1,342,434)	(1,350,702)	(248,345)	(242,213)	(1,590,779)	(1,592,915)
<b>Total</b>	<b>\$ 693,863</b>	<b>\$ 737,874</b>	<b>\$ 76,649</b>	<b>\$ 82,781</b>	<b>\$ 770,512</b>	<b>\$ 820,655</b>

The City's total investment in capital assets decreased from \$820,655 in 2008 to \$770,512 in 2009. The City purchased \$38,005 in new capital assets and disposed of \$90,284 in capital assets. Depreciation on capital assets was \$86,286. Additional information on the City's capital assets can be found at Note 6 in the notes to the financial statements of this report.

**Long term debt.** The City's long-term debt can be found in Note 7 in the notes to the financial statements of this report. The City incurred additional debt in 2009 from purchasing vehicles through capital leases. Debt related to compensated absences increased by \$7,970. The City's net pension obligation decreased by \$6,355 during the year. The City's long-term debt is summarized in table 5 below.

**Table 5**  
**Long-Term Debt**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Capital leases	\$ 13,014	\$ 36,582	\$ -	\$ -	\$ 13,014	\$ 36,582
Compensated absences	43,880	35,910	-	-	43,880	35,910
Net pension obligation	-	6,355	-	-	-	6,355
	<u>\$ 56,894</u>	<u>\$ 78,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,894</u>	<u>\$ 78,847</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 2010. The budget for 2010 reflects expenditures over revenues of \$107,662, which will be funded from prior surpluses.

During 2009, the City contracted with a company to provide sanitation services. Prior to this arrangement, the City provided sanitation services to its citizens. The citizens of the City will be billed on their annual property tax bill for the sanitation services. DeKalb County will collect this fee and remit the fee to the City of Clarkston.

**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 government'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  
3921 Church Street  
Clarkston, GA 30021

# CITY OF CLARKSTON, GEORGIA

## STATEMENT OF NET ASSETS DECEMBER 31, 2009

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash	\$ 847,183	\$ 371,466	\$ 1,218,649
Investments	1,276,414	-	1,276,414
Taxes receivable	287,200	-	287,200
Intergovernmental receivable	49,319	-	49,319
Accrued interest receivable	1,011	-	1,011
Other receivables	20,340	-	20,340
Accounts receivable	-	17,046	17,046
Internal balances	(72,787)	72,787	-
Prepaid items	-	82,837	82,837
Net pension asset	46,349	-	46,349
Capital assets:			
Non-depreciable	408,799	-	408,799
Depreciable, net of accumulated depreciation	285,064	76,649	361,713
Total assets	3,148,892	620,785	3,769,677
<b>LIABILITIES</b>			
Accounts payable	93,265	38,908	132,173
Accrued liabilities	27,960	-	27,960
Unearned revenue	59,951	-	59,951
Compensated absences due within one year	39,492	-	39,492
Compensated absences due in more than one year	4,388	-	4,388
Capital leases due within one year	13,014	-	13,014
Total liabilities	238,070	38,908	276,978
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	680,849	76,649	757,498
Restricted for public safety	42,793	-	42,793
Unrestricted	2,187,180	505,228	2,692,408
Total net assets	\$ 2,910,822	\$ 581,877	\$ 3,492,699

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

**CITY OF CLARKSTON, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating</b>	<b>Capital</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
			<b>Grants and Contributions</b>	<b>Grants and Contributions</b>			
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 855,000	\$ 185,253	\$ -	\$ -	\$ (669,747)	\$ -	\$ (669,747)
Building and grounds	57,417	620	-	-	(56,797)	-	(56,797)
Public safety	1,288,381	418,318	-	136	(869,927)	-	(869,927)
Public works	317,670	1,200	-	-	(316,470)	-	(316,470)
Recreation and parks	61,236	10,874	-	49,309	(1,053)	-	(1,053)
Interest on long term debt	2,335	-	-	-	(2,335)	-	(2,335)
Total governmental activities	<u>2,582,039</u>	<u>616,265</u>	<u>-</u>	<u>49,445</u>	<u>(1,916,329)</u>	<u>-</u>	<u>(1,916,329)</u>
Business-type activities:							
Stormwater	83,798	126,281	-	-	-	42,483	42,483
Sanitation	154,134	151,472	-	-	-	(2,662)	(2,662)
Total business-type activities	<u>237,932</u>	<u>277,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,821</u>	<u>39,821</u>
Total primary government	<u>\$ 2,819,971</u>	<u>\$ 894,018</u>	<u>\$ -</u>	<u>\$ 49,445</u>	<u>(1,916,329)</u>	<u>39,821</u>	<u>(1,876,508)</u>
General revenues:							
Property taxes					1,027,351	-	1,027,351
Franchise taxes					207,323	-	207,323
Insurance premium taxes					400,959	-	400,959
Business and occupational taxes					28,565	-	28,565
Alcoholic beverage taxes					51,822	-	51,822
Unrestricted investment earnings					32,919	21	32,940
Transfers					(93,340)	93,340	-
Total general revenues and transfers					<u>1,655,599</u>	<u>93,361</u>	<u>1,748,960</u>
Change in net assets					(260,730)	133,182	(127,548)
Net assets, beginning of year					<u>3,171,552</u>	<u>448,695</u>	<u>3,620,247</u>
Net assets, end of year					<u>\$ 2,910,822</u>	<u>\$ 581,877</u>	<u>\$ 3,492,699</u>

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

**CITY OF CLARKSTON, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

<b>ASSETS</b>	<b>General Fund</b>	<b>Grants Fund</b>	<b>Police Seizure Fund</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 740,462	\$ 57,478	\$ 49,243	\$ 847,183
Investments	1,276,414	-	-	1,276,414
Taxes receivable, net of allowance	287,200	-	-	287,200
Accrued interest receivables	1,011	-	-	1,011
Intergovernmental receivables	-	49,319	-	49,319
Other receivables	20,340	-	-	20,340
Due from other funds	49,312	-	-	49,312
<b>Total assets</b>	<b>\$ 2,374,739</b>	<b>\$ 106,797</b>	<b>\$ 49,243</b>	<b>\$ 2,530,779</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 89,315	\$ -	\$ 3,950	\$ 93,265
Accrued liabilities	27,960	-	-	27,960
Deferred revenue:	39,486	59,951	-	99,437
Due to other funds	72,787	46,812	2,500	122,099
<b>Total liabilities</b>	<b>229,548</b>	<b>106,763</b>	<b>6,450</b>	<b>342,761</b>
<b>FUND BALANCES</b>				
Fund balances:				
Reserved for:				
Public safety	-	-	42,793	42,793
Unreserved and undesignated, reported in				
General fund	2,145,191	-	-	2,145,191
Grants fund	-	34	-	34
<b>Total fund balances</b>	<b>2,145,191</b>	<b>34</b>	<b>42,793</b>	<b>2,188,018</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,374,739</b>	<b>\$ 106,797</b>	<b>\$ 49,243</b>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				693,863
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				39,486
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.				(56,894)
Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds.				46,349
Net assets of governmental activities				<b>\$ 2,910,822</b>

**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, 2009**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Police Seizure Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 1,705,996	\$ -	\$ -	\$ 1,705,996
Licenses and permits	55,510	-	-	55,510
Intergovernmental	-	49,445	-	49,445
Fines and forfeitures	399,006	-	18,587	417,593
Charges for services	28,931	-	-	28,931
Interest income	32,857	34	28	32,919
Other revenues	114,231	-	-	114,231
Total revenues	<u>2,336,531</u>	<u>49,479</u>	<u>18,615</u>	<u>2,404,625</u>
<b>Expenditures</b>				
Current:				
General government	870,297	-	-	870,297
Building and grounds	59,631	-	-	59,631
Public safety	1,184,895	-	88,594	1,273,489
Public works	316,293	-	-	316,293
Recreation and parks	61,821	-	-	61,821
Debt service:				
Principal retirements	-	-	50,493	50,493
Interest	-	-	2,335	2,335
Total expenditures	<u>2,492,937</u>	<u>-</u>	<u>141,422</u>	<u>2,634,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(156,406)</u>	<u>49,479</u>	<u>(122,807)</u>	<u>(229,734)</u>
<b>Other financing sources (uses):</b>				
Transfers in	49,492	-	-	49,492
Transfers out	(93,340)	(49,492)	-	(142,832)
Proceeds from sale of capital assets	1,104	-	-	1,104
Capital leases	-	-	26,925	26,925
Total other financing sources (uses)	<u>(42,744)</u>	<u>(49,492)</u>	<u>26,925</u>	<u>(65,311)</u>
Net change in fund balances	(199,150)	(13)	(95,882)	(295,045)
<b>Fund balances, beginning of year</b>	<u>2,344,341</u>	<u>47</u>	<u>138,675</u>	<u>2,483,063</u>
<b>Fund balances, end of year</b>	<u>\$ 2,145,191</u>	<u>\$ 34</u>	<u>\$ 42,793</u>	<u>\$ 2,188,018</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, 2009**

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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	\$ (295,045)
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 depreciation expense exceeded capital outlay in the current period.	(42,149)
The net effect of the disposal of capital assets is to decrease net assets.	(1,862)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,024
The issuance of long-term debt (e.g., leases) 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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Initiation of capital leases	(26,925)
Principal payment of capital leases	50,493
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.	<u>44,734</u>
Change in net assets - governmental activities	<u>\$ (260,730)</u>

**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, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,689,798	\$ 1,689,798	\$ 1,705,996	\$ 16,198
Licenses and permits	60,750	60,750	55,510	(5,240)
Fines and forfeitures	450,000	450,000	399,006	(50,994)
Interest	20,000	20,000	32,857	12,857
Charges for services	32,665	32,665	28,931	(3,734)
Miscellaneous	83,500	83,500	114,231	30,731
Total revenues	<u>2,336,713</u>	<u>2,336,713</u>	<u>2,336,531</u>	<u>(182)</u>
<b>Expenditures</b>				
Current:				
General government:				
City Council	41,605	41,605	38,612	2,993
Mayor	9,598	9,598	9,945	(347)
City Clerk	63,300	63,300	61,534	1,766
General administration	750,204	750,204	756,573	(6,369)
Zoning and planning	8,595	8,595	3,633	4,962
Total general government	<u>873,302</u>	<u>873,302</u>	<u>870,297</u>	<u>3,005</u>
Building and grounds	<u>68,330</u>	<u>68,330</u>	<u>59,631</u>	<u>8,699</u>
Public safety:				
Police	<u>1,164,050</u>	<u>1,164,050</u>	<u>1,184,895</u>	<u>(20,845)</u>
Total public safety	<u>1,164,050</u>	<u>1,164,050</u>	<u>1,184,895</u>	<u>(20,845)</u>
Public works:				
Streets	170,200	170,200	143,310	26,890
Sanitation	295,850	156,800	172,983	(16,183)
Total public works	<u>466,050</u>	<u>327,000</u>	<u>316,293</u>	<u>10,707</u>
Recreation and parks	<u>69,850</u>	<u>69,850</u>	<u>61,821</u>	<u>8,029</u>
Total expenditures	<u>2,641,582</u>	<u>2,502,532</u>	<u>2,492,937</u>	<u>9,595</u>
Deficiency of revenues under expenditures	<u>(304,869)</u>	<u>(165,819)</u>	<u>(156,406)</u>	<u>9,413</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	49,492	49,492
Transfers out	-	(139,050)	(93,340)	45,710
Proceeds from sale of capital assets	1,000	1,000	1,104	104
Total other financing sources (uses)	<u>1,000</u>	<u>(138,050)</u>	<u>(42,744)</u>	<u>95,306</u>
Net change in fund balances	(303,869)	(303,869)	(199,150)	104,719
<b>Fund balances, beginning of year</b>	<u>2,344,341</u>	<u>2,344,341</u>	<u>2,344,341</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,040,472</u>	<u>\$ 2,040,472</u>	<u>\$ 2,145,191</u>	<u>\$ 104,719</u>

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

**CITY OF CLARKSTON, GEORGIA**

**POLICE SEIZURE FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 200,750	\$ 200,750	\$ 18,587	\$ (182,163)
Interest	600	600	28	(572)
Total revenue	201,350	201,350	18,615	(182,735)
<b>EXPENDITURES</b>				
Public safety	203,850	203,850	88,594	115,256
Debt service				
Principal retirements	-	-	50,493	(50,493)
Interest	-	-	2,335	(2,335)
Total expenditures	203,850	203,850	141,422	62,428
Deficiency of revenues under expenditures	(2,500)	(2,500)	(122,807)	(120,307)
<b>OTHER FINANCING SOURCES</b>				
Capital leases	-	-	26,925	26,925
Proceeds from sale of capital assets	2,500	2,500	-	(2,500)
Total other financing sources	2,500	2,500	26,925	24,425
Net change in fund balances	-	-	(95,882)	(95,882)
<b>FUND BALANCES, beginning of year</b>	138,675	138,675	138,675	-
<b>FUND BALANCES, end of year</b>	\$ 138,675	\$ 138,675	\$ 42,793	\$ (95,882)

**CITY OF CLARKSTON, GEORGIA**

**GRANTS FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 49,445	\$ 29,445
Interest	-	-	34	34
Total revenue	20,000	20,000	49,479	29,479
<b>EXPENDITURES</b>				
General government	20,000	20,000	-	20,000
Total expenditures	20,000	20,000	-	20,000
Excess of revenues over expenditures	-	-	49,479	49,479
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(49,492)	(49,492)
Total other financing uses	-	-	(49,492)	(49,492)
Net change in fund balances	-	-	(13)	(13)
<b>FUND BALANCES, beginning of year</b>	47	47	47	-
<b>FUND BALANCES, end of year</b>	\$ 47	\$ 47	\$ 34	\$ (13)

**CITY OF CLARKSTON, GEORGIA**

**STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2009**

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	\$ 133,441	\$ 238,025	\$ 371,466
Accounts receivable, net of allowances	8,228	8,818	17,046
Prepaid items	-	82,837	82,837
Due from other funds	-	85,533	85,533
Total current assets	<u>141,669</u>	<u>415,213</u>	<u>556,882</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, net of accumulated depreciation	-	76,649	76,649
Total noncurrent assets	<u>-</u>	<u>76,649</u>	<u>76,649</u>
Total assets	<u>141,669</u>	<u>491,862</u>	<u>633,531</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	38,239	669	38,908
Due to other funds	12,746	-	12,746
Total current liabilities	<u>50,985</u>	<u>669</u>	<u>51,654</u>
<b>NET ASSETS</b>			
Invested in capital assets	-	76,649	76,649
Unrestricted	90,684	414,544	505,228
Total net assets	<u>\$ 90,684</u>	<u>\$ 491,193</u>	<u>\$ 581,877</u>

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

**CITY OF CLARKSTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business-Type Activities-Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
	Sanitation Fund	Stormwater Utility Fund	
<b>OPERATING REVENUE</b>			
Stormwater fees	\$ -	\$ 126,281	\$ 126,281
Sanitation fees	151,472	-	151,472
Total operating revenues	<u>151,472</u>	<u>126,281</u>	<u>277,753</u>
<b>OPERATING EXPENSES</b>			
Contracted services - waste pickup	153,897	-	153,897
Bank charges	237	-	237
Repairs and maintenance	-	77,666	77,666
Depreciation	-	6,132	6,132
Total operating expenses	<u>154,134</u>	<u>83,798</u>	<u>237,932</u>
Operating income (loss)	<u>(2,662)</u>	<u>42,483</u>	<u>39,821</u>
<b>NONOPERATING REVENUES BEFORE TRANSFERS</b>			
Interest income	6	15	21
Total nonoperating revenues before transfers	<u>6</u>	<u>15</u>	<u>21</u>
Transfers in	93,340	-	93,340
Change in net assets	90,684	42,498	133,182
<b>Total net assets, beginning</b>	<u>-</u>	<u>448,695</u>	<u>448,695</u>
<b>Total net assets, ending</b>	<u>\$ 90,684</u>	<u>\$ 491,193</u>	<u>\$ 581,877</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, 2009**

	<b>Business-Type Activities-Enterprise Funds</b>		<b>Total Business-Type Activities - Enterprise Funds</b>
	<b>Sanitation Fund</b>	<b>Stormwater Utility Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 143,244	\$ 123,039	\$ 266,283
Payments to vendors and suppliers	(115,895)	(159,834)	(275,729)
Net cash provided (used) by operating activities	27,349	(36,795)	(9,446)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	93,340	-	93,340
Internal activity - Change in due from/to other funds	12,746	274,805	287,551
Net cash provided by non-capital financing activities	106,086	274,805	380,891
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	6	15	21
Net cash provided by investing activities	6	15	21
Net increase in cash	133,441	238,025	371,466
Cash, beginning of year	-	-	-
Cash, end of year	\$ 133,441	\$ 238,025	\$ 371,466
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (2,662)	\$ 42,483	\$ 39,821
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	6,132	6,132
Change in assets and liabilities:			
Increase in accounts receivable	(8,228)	(3,242)	(11,470)
Increase in prepaid expenses	-	(82,837)	(82,837)
Increase in accounts payable	38,239	669	38,908
Net cash provided (used) by operating activities	\$ 27,349	\$ (36,795)	\$ (9,446)

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

**CITY OF CLARKSTON, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

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

**A. Reporting Entity**

The City operates under a City-Mayor 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.

The City, for financial reporting purposes, includes all of the funds relevant to the operations of the City. The Governmental Accounting Standards Board has set forth criteria to determine if legally separate organizations are considered to be component units in which the City is considered to be financially accountable or other organizations whose nature and significant relationship with the City is such that exclusion would cause the City's financial statements to be incomplete or misleading. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon these criteria, the City has no component units.

**B. Government-wide and Fund Financial Statements**

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



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **B. Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 and proprietary funds. Major individual governmental funds and the major individual enterprise fund 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 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.

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 fiscal period. 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.

## 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)

Property taxes, alcoholic beverage taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Grants Fund** is one of the City's special revenue funds. This fund is used to account for grants received from the Atlanta Regional Commission, U.S. Department of Justice, Community Oriented Policing Services (pass-through the City of Atlanta, Georgia), U.S. Department of Housing and Urban Development, Community Development Block Grant (pass-through DeKalb County, Georgia), and other grant programs.

The **Police Seizure Fund** is another one of the City's special revenue funds. This fund is used to account for the use of confiscated drug money by the City's Police Department.

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. This fund was created during the current year.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

## 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 City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

#### D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets 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 fiscal 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.

#### 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 fiscal 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."

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

#### H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items in both government-wide and fund financial statements.

#### I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 assets.

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

#### K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### L. 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 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 \$56,894 difference are as follows:

Capital leases payable	\$ (13,014)
Compensated absences	<u>(43,880)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets -governmental activities</i>	<u>\$ (56,894)</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 assets 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 \$42,149 difference are as follows:

Capital outlay	\$ 38,005
Depreciation expense	<u>(80,154)</u>
Net adjustment to decrease <i>net changes in fund balances - total</i> <i>governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ (42,149)</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$44,734 difference are as follows:

Compensated absences	\$ (7,970)
Net pension asset	<u>52,704</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 44,734</u>

### NOTE 3. LEGAL COMPLIANCE - BUDGETS

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.

Encumbrances accounting is not used by the City.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended December 31, 2009:

General Fund - General Gov't - Mayor	\$	347
General Fund - General Gov't - General Administration		6,369
General Fund - Public Safety - Police		20,845
General Fund - Public Works - Sanitation		16,183
Police Seizure Fund - Debt Service - Principal Retirements		50,493
Police Seizure Fund - Debt Service - Interest		2,335

These over expenditures were funded by greater than anticipated revenues and by available fund balance. The City will monitor the budget more closely in the future and amend the budget as necessary.

### NOTE 4. DEPOSITS AND INVESTMENTS

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2009, all of the City's deposits were covered either by FDIC or collateralized by the financial institution or a combination of both, except for \$57,478 of deposits not collateralized by one of the City's financial institutions.

As of December 31, 2009, the City had \$1,276,414 invested in certificates of deposit as noted in the following table:

Investment	Maturities	Fair Value
Certificate of Deposit # 1	December 7, 2010	\$ 324,237
Certificate of Deposit # 2	June 10, 2010	791,744
Certificate of Deposit # 3	December 27, 2010	156,405
Certificate of Deposit # 4	July 28, 2010	4,028
Total		\$ 1,276,414

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



## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

**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, 2009, the City had no investments balances that were exposed to credit risk.

### 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 June 25, 2009, and are due and payable in two installments. The first installment was due on August 31, 2009 and the second installment was due on November 15, 2009. 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 deferred revenues when assessed. Revenues are recognized when available.

In the enterprise funds storm water and sanitation fees are billed annually on June 25, 2009 along with the property taxes and are due and payable in two installments. The first installment was due on August 31, 2009 and the second installment was due on November 15, 2009. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables at December 31, 2009, for the City's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Grants	Stormwater Utility	Sanitation
Receivables:				
Taxes	\$ 291,200	\$ -	\$ -	\$ -
Intergovernmental Accounts	-	49,319	-	-
Accrued interest	1,011	-	10,018	8,228
Other	20,340	-	-	-
Less allowance for uncollectible	(4,000)	-	(1,200)	-
Net total receivable	<u>\$ 308,551</u>	<u>\$ 49,319</u>	<u>\$ 8,818</u>	<u>\$ 8,228</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 408,799	\$ -	\$ -	\$ 408,799
Total	<u>408,799</u>	<u>-</u>	<u>-</u>	<u>408,799</u>
Capital assets, being depreciated:				
Buildings and improvements	958,019	-	-	958,019
Furniture and equipment	183,700	11,080	-	194,780
Vehicles	538,058	26,925	(90,284)	474,699
Total	<u>1,679,777</u>	<u>38,005</u>	<u>(90,284)</u>	<u>1,627,498</u>
Less accumulated depreciation for:				
Buildings and improvements	(912,060)	(1,917)	-	(913,977)
Furniture and equipment	(96,795)	(17,760)	-	(114,555)
Vehicles	(341,847)	(60,477)	88,422	(313,902)
Total	<u>(1,350,702)</u>	<u>(80,154)</u>	<u>88,422</u>	<u>(1,342,434)</u>
Total capital assets, being depreciated, net	<u>329,075</u>	<u>(42,149)</u>	<u>(1,862)</u>	<u>285,064</u>
Governmental activities capital assets, net	<u>\$ 737,874</u>	<u>\$ (42,149)</u>	<u>\$ (1,862)</u>	<u>\$ 693,863</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Infrastructure	\$ 324,994	\$ -	\$ -	\$ 324,994
Total	<u>324,994</u>	<u>-</u>	<u>-</u>	<u>324,994</u>
Less accumulated depreciation for:				
Infrastructure	(242,213)	(6,132)	-	(248,345)
Total	<u>(242,213)</u>	<u>(6,132)</u>	<u>-</u>	<u>(248,345)</u>
Business-type activities Capital assets, net	<u>\$ 82,781</u>	<u>\$ (6,132)</u>	<u>\$ -</u>	<u>\$ 76,649</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	\$	132
Public safety		72,976
Public works		5,898
Recreation and parks		1,148
Total depreciation expense - governmental activities	\$	80,154
Business-type activities:		
Stormwater	\$	6,132

### NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$ 36,582	\$ 26,925	\$ (50,493)	\$ 13,014	\$ 13,014
Compensated absences	35,910	57,248	(49,278)	43,880	39,492
Net pension obligation	6,355	-	(6,355)	-	-
Governmental activity Long-term liabilities	\$ 78,847	\$ 84,173	\$ (106,126)	\$ 56,894	\$ 52,506

For governmental funds, compensated absences are liquidated by the General Fund while capital leases are liquidated by the Police Seizure Fund.

**Capital Leases - Equipment.** The City has entered into lease-purchase agreements as lessee for financing the acquisition of vehicles used in general governmental 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. As of December 31, 2009, the City had \$26,925 of vehicles under capital leases.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (Continued)

The City's total capital lease debt service requirements to maturity are as follows:

	<b>Governmental Activities</b>
Fiscal Year Ending December 31, 2010	\$ 13,911
Total minimum lease payments	13,911
Less amount representing interest	897
Present value of future minimum lease payments	\$ 13,014

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2009, is as follows:

Due to / from other funds:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Grants Fund	\$ 46,812
General Fund	Police Seizure Fund	2,500
Stormwater Utility Fund	Sanitation Fund	12,746
Stormwater Utility Fund	General Fund	72,787
		\$ 134,845

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.

Interfund transfers for the year ended December 31, 2009, consisted of the following:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General Fund	Grants Fund	\$ 49,492
Sanitation Fund	General Fund	93,340
		\$ 142,832

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounts for in other funds in accordance with budgetary authorizations.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN

#### A. Plan Description

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan (The City of Clarkston Retirement Plan) covering all full-time employees. 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.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for all full-time employees. Benefits vest after 5 years of service. City employees who retire at age 62 with five years of service are entitled to a monthly retirement benefit based upon average earnings and years credited service.

At July 1, 2009, the date of the most recent actuarial valuation, there were 72 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	23
Terminated vested participants not yet receiving benefits	20
Active vested employees	17
Active nonvested employees	12
Total	<u>72</u>

#### B. Funding Policy

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 2009, the actuarially determined contribution rate was 13.81% of covered payroll.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (Continued)

#### B. Funding Policy (Continued)

For 2009, the City's annual required contribution was \$66,880 and actual contribution totaled \$120,092. The annual required contribution was determined as part of the July 1, 2009 and July 1, 2008 actuarial valuations using the projected unit credit actuarial cost method. Actuarial assumptions include an 8.0% rate of return on investments and projected salary increases of 5.5% (5.0% due to inflation and .5% due to merit or seniority increases). The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provision and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

#### C. Annual Pension Cost

The City's actuarially required contribution, pension cost, and increase in net pension asset for the year ended December 31, 2009, were computed as follows:

Annual required contribution	\$ 66,880
Interest	508
Annual pension cost	67,388
Actual contributions made	(120,092)
Increase (decrease) in net pension obligation (asset)	(52,704)
Net pension obligation (asset), December 31, 2008	6,355
Net pension obligation (asset), December 31, 2009	\$ (46,349)

#### D. Schedule of Employer Contributions

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2009	\$ 67,388	\$ 120,092	178.2 %	\$ (46,349)
2008	57,858	57,446	99.3	6,355
2007	54,199	52,611	97.1	5,943

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (Continued)

#### E. Funding Progress

As of the most recent valuation date, July 1, 2009, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
2009	\$ 1,438,195	\$ 1,859,034	\$ 420,839	77.4%	\$ 822,417	51.2 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

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 July 1, 2009.

The assumptions used in the July 1, 2009 actuarial valuation are as follows:

**Actuarial Assumptions:**

Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at the beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount 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	8.0%
Projected Salary Increases	5.5%
Cost-of-living Adjustment	5.0%
Amortization Method	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Remaining amortization period varies for the bases.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by DeKalb County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

### **NOTE 11. 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, 2009. The Authority is independent of the City. The City's financial accountability is limited to cosigning on two (2) small bank accounts. Those accounts had no activity during the year ended December 31, 2009.

### **NOTE 12. 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.

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.



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 12. RISK MANAGEMENT (Continued)**

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.

### **NOTE 13. 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.

**CITY OF CLARKSTON, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2009**

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**Schedule of Funding Progress**

The information presented below is based on the annual actuarial valuations as of July 1 of each of the previous years and current fiscal year.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2009	\$ 1,438,195	\$ 1,859,034	\$ 420,839	77.4 %	\$ 822,417	51.2 %
2008	1,963,216	1,810,490	(152,726)	108.4	863,086	(17.7)
2007	1,878,493	1,699,773	(178,720)	110.5	827,343	(21.6)

See notes to financial statements for actuarial assumptions used in the above calculations.