

CITY OF CLARKSTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020



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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Clarkston, Georgia** (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarkston, Georgia as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, Grant Fund, and CARES Act Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions (as listed in the table of contents), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clarkston, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of projects constructed with special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2022 on our consideration of the City of Clarkston, Georgia’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clarkston, Georgia’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Clarkston, Georgia’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 11, 2022

CITY OF CLARKSTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 at the close of the most recent year by \$16,649,112 (net position). Of this amount, \$813,616 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. \$13,103,082 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 \$2,224,993 restricted for capital construction, \$221,557 restricted for public safety, \$276,494 restricted for public works, and \$9,370 restricted for recreation.
- ❖ The City's total net position increased by \$2,528,506 in the year ended December 31, 2020. This is compared to an increase of \$6,241,884 the prior year. This increase in net position for 2020 resulted primarily from increased net investment in capital assets of \$1,594,841 and an increase of \$1,323,055 in restricted cash available for capital construction. Restricted cash available for public safety decreased by \$117,702 and cash restricted for public works increased by \$103,741. Unrestricted net position decreased by \$375,429 primarily due to the variance in taxes receivable.
- ❖ As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$8,526,593. This compares to the prior year ending fund balances of \$6,301,353 showing a net increase of \$2,225,240 during the current year. The current year increase in fund balances was primarily due to an increase SPLOST Fund Balance of \$2,275,290 from the SPLOST Bond debt refunding and additional new bond financing for SPLOST Project construction of streets and sidewalk improvements within the City.
- ❖ At the end of the current year, the total fund balance for the General Fund was \$2,354,765 or 41% of General Fund expenditures. Of this amount, \$2,290,453 was unassigned, and \$64,312 was non-spendable.
- ❖ At the end of the current year, the total fund balance for the SPLOST Fund was \$5,593,213 restricted to capital construction for transportation projects. The total fund balance for the Grant Fund was \$285,864 restricted to public works and recreation projects.
- ❖ At the close of the year, the assets of the City's Sanitation Fund exceeded its liabilities by \$191,401. 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 \$1,632,307. Included in this total net position is \$1,184,829 invested in capital assets and a balance of \$447,478 of unrestricted net position available to meet the Stormwater Utility Fund's on-going obligations to its customers.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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 near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six (6) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each major fund. The City's major funds are the General Fund, Grant Fund, CARES Act Fund and the SPLOST Fund. Other nonmajor governmental funds include the Police Seizure Fund and the Homestead Option Sales Tax Fund.

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

Proprietary Funds The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitation services and storm water utility.

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

Fiduciary Funds 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 expenditures were recorded in 2020.

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 \$16,649,112 at the close of the most recent year. Table 1 below is a summary of the City's net position.

Table 1
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 9,989,336	\$ 10,055,261	\$ 693,212	\$ 688,839	\$ 10,682,548	\$ 10,744,100
Capital assets	20,694,619	17,946,517	1,184,829	1,031,494	21,879,448	18,978,011
Total assets	<u>30,683,955</u>	<u>28,001,778</u>	<u>1,878,041</u>	<u>1,720,333</u>	<u>32,561,996</u>	<u>29,722,111</u>
Deferred outflows of resources	<u>976,467</u>	<u>537,005</u>	<u>-</u>	<u>-</u>	<u>\$ 976,467</u>	<u>\$ 537,005</u>
Liabilities:						
Current liabilities	2,867,854	5,034,779	54,333	40,320	2,922,187	5,075,099
Long-term liabilities	13,967,164	11,028,999	-	-	13,967,164	11,028,999
Total liabilities	<u>16,835,018</u>	<u>16,063,778</u>	<u>54,333</u>	<u>40,320</u>	<u>16,889,351</u>	<u>16,104,098</u>
Deferred inflows of resources	<u>-</u>	<u>34,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,412</u>
Net position:						
Net investment in capital assets	11,918,253	10,476,747	1,184,829	1,031,494	13,103,082	11,508,241
Restricted	2,732,414	1,423,320	-	-	2,732,414	1,423,320
Unrestricted (deficit)	<u>174,737</u>	<u>540,526</u>	<u>638,879</u>	<u>648,519</u>	<u>813,616</u>	<u>1,189,045</u>
Total net position	<u>\$ 14,825,404</u>	<u>\$ 12,440,593</u>	<u>\$ 1,823,708</u>	<u>\$ 1,680,013</u>	<u>\$ 16,649,112</u>	<u>\$ 14,120,606</u>

A portion of the City's net position (\$13,103,082 or 78.7%) 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. \$2,732,414 (16.4%) of the City's net position is restricted for the public safety and public works activities and capital construction. The remaining portion of the City's net position (\$813,616 or 4.9%) is unrestricted. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, for the City as a whole, however the unrestricted net position of the governmental activities decreased by \$375,429 in 2020 from the previous year's balance of \$1,189,045 to a net balance of \$813,616.

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

The schedule on the following page presents a summary of the City's operations for the years ended December 31, 2020 and 2019. Governmental activities during the current year increased the City's net position by \$2,384,811 for the year ended December 31, 2020. Business-type activities increased the City's net position by \$143,695 for the year ended December 31, 2020.

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Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 936,065	\$ 1,415,487	\$ 532,932	\$ 522,417	\$ 1,468,997	\$ 1,937,904
Operating Grants and contributions	1,434,288	-	-	-	1,434,288	-
Capital grants and contributions	2,865,300	5,393,963	-	-	2,865,300	5,393,963
General revenues:						
Property taxes	2,947,466	3,046,157	-	-	2,947,466	3,046,157
Franchise taxes	399,842	616,383	-	-	399,842	616,383
Insurance premium taxes	972,010	921,307	-	-	972,010	921,307
Business and occupational taxes	173,167	236,719	-	-	173,167	236,719
Alcoholic beverage taxes	125,315	116,463	-	-	125,315	116,463
Gain sale of capital assets	-	-	-	-	-	-
Interest earnings	31	78	44	42	75	120
Total revenues	9,853,484	11,746,557	532,976	522,459	10,386,460	12,269,016
Expenses:						
General government	1,296,871	1,177,643	-	-	1,296,871	1,177,643
Buildings and grounds	108,232	140,422	-	-	108,232	140,422
Public safety	2,577,274	2,150,198	-	-	2,577,274	2,150,198
Public works	940,405	808,446	-	-	940,405	808,446
Recreation and parks	129,480	155,268	-	-	129,480	155,268
Judicial/Municipal Court	465,800	456,753	-	-	465,800	456,753
Economic/Community Development	1,246,215	95,706	-	-	1,246,215	95,706
Planning & Zoning	349,577	283,441	-	-	349,577	283,441
Interest on long-term debt	354,819	275,946	-	-	354,819	275,946
Sanitation	-	-	142,079	199,184	142,079	199,184
Stormwater utility	-	-	247,202	284,125	247,202	284,125
Total expenses	7,468,673	5,543,823	389,281	483,309	7,857,954	6,027,132
Change in net position	2,384,811	6,202,734	143,695	39,150	2,528,506	6,241,884
Net position - beginning of year	12,440,593	6,237,859	1,680,013	1,640,863	14,120,606	7,878,722
Net position - end of year	\$ 14,825,404	\$ 12,440,593	\$ 1,823,708	\$ 1,680,013	\$ 16,649,112	\$ 14,120,606

Governmental Activities

Revenue Charges for services of \$936,065 decreased by \$479,422 primarily due to the Coronavirus pandemic and operation shut down that began in early 2020 accounted for 9.5% of the City's total governmental revenue in 2020 compared to 12.1% in 2019. Operating Grants and contributions increased by \$1,434,288 in 2020 due the Federal Cares Act Grant due to the Coronavirus pandemic and represents 14.6% of total governmental revenue in 2020. Capital Grants and Contributions of \$2,865,300 decreased by \$2,528,663 due to the completion of the Federal Grant awards in 2019 for Capital Grants (Streetscape project) restricted for Public Works capital construction projects and increases in Special Purpose Local Option Sales Tax (SPLOST). Capital grants and contributions comprises 29.1% of total governmental revenue in 2020 compared to 45.9% in 2019. Property taxes provided 29.9% of the City's total governmental revenue of year 2020 as compared with 25.9% in the year 2019. Overall, governmental revenues decreased by \$1,893,073 or 16.1% while overall governmental expenses increased by \$1,924,850 or 34.7%. The decrease in revenues was primarily due to no Federal Grant awards for Capital Grants (Streetscape project), restricted for Public Works construction. This decrease was offset by increases in Special Purpose Local Option Sales Tax (SPLOST). The increase in expenses were due to the Federal Cares Act grant programs in 2020.

Expenses The total expense for the governmental activities was \$7,468,673, an increase of \$1,924,850 or 34.7% compared to 2019. Public safety accounts for the largest portion of governmental expenses. Total public safety expenses were \$2,577,274 or 34.5% of total governmental expenses. General government expenses accounted for the second largest portion of governmental expenses and represented \$1,296,871 or 17.4% of total governmental expenses. Economic/Community Development expenses are the third largest portion of governmental expenses at \$1,246,215 and represented 16.7% of total governmental expenses compared to only 1.7% in 2019. This significant increase is due the Federal Cares Act grant that provided economic relief to our community in 2020.

Business-type activities

Revenues Total revenues for the enterprise funds increased by \$10,517 from 2019. In the current year, the Sanitation Fund operating revenues were \$217,353, with a \$641 increase from 2019, and the Stormwater Utility Fund operating revenues were \$315,579, an increase of \$9,832 over 2019.

Expenses Total expenses for the Sanitation Fund were \$142,079 in the current year compared to \$199,184 in the prior year. This significant decrease was due to the discontinuation of recycling services in 2020 by our sanitation services vendor. Total expenses for the Stormwater Utility Fund were \$247,202 in the current year compared to \$284,125 in the prior year. The decrease in Stormwater Utility Fund expenses was primarily due to less allocations of payroll expenses for stormwater system inspections and cleanings during 2020 due to the pandemic.

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 \$8,526,593. Of this amount, \$2,290,453 or 26.9% constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is made of \$6,171,828 of restricted fund balance due to external limitations on its use, and \$64,312 was nonspendable. These restricted uses include 1) capital projects funded by SPLOST and HOST funds (\$5,664,407), 2) capital projects funded by Grant fund (\$285,864), 3) public safety expenditures funded by the police seizure funds (\$221,554). The nonspendable fund balance portion of \$64,312 is for prepaid items.

General Fund – The General Fund is the central operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$2,354,765 of which \$2,290,453 was unassigned, and \$64,312 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 \$2,354,765 represents approximately 41.3% of total General Fund expenditures compared to 34% for the prior year while unassigned fund balance of \$2,290,453, represents approximately 40.2% of total General Fund expenditures compared to 30.3% of the prior year. Fund balance of the City's General Fund decreased by \$36,089 during the current year. This was due, primarily, to decreases in general government revenues due to the pandemic in 2020.

Grant Fund – The Grant Fund increased fund balance by \$103,741 due to revenues exceeding expenditures. 100% of the fund balance is restricted by the grants.

CARES Act Fund – The CARES Act Fund was created in 2020 due to the Federal CARES Act Grant to provide economic relief during the Coronavirus pandemic. The City received \$1,433,288 from the Federal CARES Act in 2020 and all funds were expended in 2020.

SPLOST Fund – The SPLOST Fund was created in 2018. The SPLOST Fund balance at year 2020 of \$5,593,213 increased by \$2,275,290 from 2019 due to refunding the 2018 SPLOST Bond and issuing additional bond debt in 2020. Revenues from the SPLOST tax decreased in 2020 by \$52,044 due to economic conditions caused by the pandemic. The fund balance is restricted for capital construction and SPLOST bond debt service.

Nonmajor Governmental Funds - Total fund balance for other nonmajor governmental funds at year end was \$292,748, with \$221,554 restricted for public safety and \$71,194 restricted for capital construction.

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

Stormwater Utility Fund - Stormwater fees are billed on the City property tax bills and are collected by DeKalb County and remitted by the County to the City. The Stormwater Utility Fund increased its net position by \$68,421 in 2020. This increase in net position is attributable to revenues in excess of expenses for the year.

Sanitation Fund - Sanitation fees are billed on the City property tax bills and are collected by DeKalb County and remitted by the County to the City. The Sanitation Fund increased its net position by \$75,274 in 2020. This increase in net position is attributable to revenues in excess of expenses for the year.

Table 3 on the following page compares governmental fund revenues and expenditures for 2020 and 2019.

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

	Governmental Funds	
	<u>2020</u>	<u>2019</u>
Revenues:		
Taxes	\$ 4,579,819	\$ 4,842,809
Licenses and permits	382,118	402,705
Intergovernmental	4,294,794	5,387,740
Fines and forfeitures	378,687	741,809
Charges for services	17,280	97,553
Interest income	3,825	6,301
Other revenues	<u>158,980</u>	<u>173,420</u>
Total Revenue	<u>9,815,503</u>	<u>11,652,337</u>
Expenditures:		
General government	1,173,516	1,151,412
Buildings and grounds	108,232	140,422
Public safety	2,194,911	1,997,515
Public works	882,054	767,682
Judicial/Municipal Court	444,387	458,911
Economic & Community Development	1,232,832	97,053
Planning & Zoning	344,153	283,441
Recreation and parks	47,082	119,790
Capital outlay	3,265,692	7,986,688
Debt service:		
Principal retirements	1,353,169	1,251,086
Interest	240,420	250,706
Issuance cost	<u>100,028</u>	<u>-</u>
Total Expenditures	<u>11,386,476</u>	<u>14,504,706</u>
Deficiency of revenues under expenditures	<u>(1,570,973)</u>	<u>(2,852,369)</u>
Other financing sources:		
Proceeds from issuance of bonds	7,282,000	-
Payments to Escrow Agents	(3,672,972)	-
Proceeds from issuance of capital leases	-	620,328
Proceeds from issuance of notes payable	-	939,624
Proceeds from sale of capital assets	<u>187,185</u>	<u>-</u>
Total other financing sources	<u>3,796,213</u>	<u>1,559,952</u>
Net change in fund balances	2,225,240	(1,292,417)
Fund balances, beginning of year	<u>6,301,353</u>	<u>7,593,770</u>
Fund balances, end of year	<u>\$ 8,526,593</u>	<u>\$ 6,301,353</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 \$1,074,140 less than budgeted mainly due to less than expected collection of property taxes due to tax assessment adjustments during 2020 as well as loss of fee for services income during 2020 due to the Coronavirus pandemic and the related shutdowns. Expenditures were \$1,043,650 less than budgeted due to expenditures for all departments being less than budgeted, except for capital outlays.

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, 2020, amounts to \$21,879,448 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, buildings and improvements, machinery and equipment, park facilities, streets and sidewalks, and storm water infrastructure. Table 4 below summarizes capital assets of the City.

Table 4
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Construction in progress	\$ 12,005,356	\$ 9,360,612	\$ 137,849	\$ 25,390	\$ 12,143,205	\$ 9,386,002
Land	585,808	585,808	-	-	585,808	585,808
Intangible asset	-	-	116,495	116,495	116,495	116,495
Buildings and improvements	3,323,308	3,276,893	-	-	3,323,308	3,276,893
Furniture and equipment	991,728	914,276	-	-	991,728	914,276
Vehicles	1,234,752	1,334,089	113,167	113,167	1,347,919	1,447,256
Infrastructure-Streets	5,738,655	5,428,428	-	-	5,738,655	5,428,428
Stormwater infrastructure	-	-	1,453,949	1,366,103	1,453,949	1,366,103
Less accumulated depreciation	(3,184,988)	(2,953,589)	(636,631)	(589,661)	(3,821,619)	(3,543,250)
Total	<u>\$ 20,694,619</u>	<u>\$ 17,946,517</u>	<u>\$ 1,184,829</u>	<u>\$ 1,031,494</u>	<u>\$ 21,879,448</u>	<u>\$ 18,978,011</u>

The City's total investment in capital assets increased from \$18,978,011 to \$21,879,448 in 2020. The City invested \$2,373,202 of additional construction in process (CIP) work on the Streetscape project and received a \$187,185 refund from CSX Railroad on the project in 2020, bringing the 2020 cumulative balance in process to \$10,381,993 with final completion expected in 2021. During the current year, the City completed additional construction in process of \$458,727 on construction of several street and sidewalk projects funded by the Special Purpose Local Option Sales Tax. As of December 31, 2020, there was \$12,143,205 of construction projects in process that are scheduled to be completed in 2021.

During fiscal year 2020, the City purchased other machinery and equipment totaling \$48,629 for public safety equipment and \$26,123 for parks equipment, buildings and improvements \$46,415, infrastructure \$310,227 and vehicles \$150,839. Depreciation on capital assets was \$481,575. Additional information on the City's capital assets can be found at Note 6 in the notes to the financial statements of this report.

Long Term Debt and Obligations. The City's long-term debt and obligations can be found in Note 7 in the notes to the financial statements of this report. Bonds Payable increased from 2019 to 2020 due the refunding of the existing SPLOST bond debt from 2018 and issuance of additional new bond debt in 2020. Capital Leases decreased in 2020 due to debt service payments. Notes payable decreased due debt service payments to the State Road and Tollway Authority (SRTA) loans for Streetscape construction in 2020. The net increase in net pension liability for 2020 was \$741,538. The City's compensated absences increased by \$88,618 from 2019 to 2020 due to shutdowns caused by the Coronavirus pandemic, when staff were unable to take vacation time. 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	
	2020	2019	2020	2019	2020	2019
Bonds Payable	\$ 8,051,696	\$ 5,337,649	\$ -	\$ -	\$ 8,051,696	\$ 5,337,649
Capital Leases	513,652	725,418	-	-	513,652	725,418
Notes Payable	3,650,432	3,893,882	-	-	3,650,432	3,893,882
Net Pension Liability	2,894,283	2,152,745	-	-	2,894,283	2,152,745
Compensated Absences	431,672	343,054	-	-	431,672	343,054
Governmental Activities						
Long-term liabilities	<u>\$ 15,541,735</u>	<u>\$ 12,452,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,541,735</u>	<u>\$ 12,452,748</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 2021. The budget for 2021 reflects total revenues of \$11,508,463 and total expenditures of \$11,508,463. The SPLOST Fund represents \$3,918,756 of the total fiscal year 2021 budget for construction of streets and sidewalks and the debt service related to the SPLOST bonds. In 2020, the City refinanced our existing SPLOST bond issue from 2018 and issued an additional bond financing with a decrease in interest rate from 2.65% to 1.74% going forward.

The City has been working on our Streetscape development project since planning and design began in 2014. Actual construction on the Streetscape project began in 2017 with completion expected in 2021. The remaining costs of construction in 2021 will be funded from SPLOST funds specifically earmarked for street and sidewalk projects and the General Fund.

In November of 2017, DeKalb County voters approved a referendum for a six-year Special Purpose Local Option Sales Tax restricted for capital construction of streets and sidewalk improvements with the City estimated to receive \$11,353,392 over six years. To date the actual tax collected by the City is averaging 100.4% of the original estimate.

The tax digest valuation for the City is estimated to increase by approximately 14.35% in 2021 and the City plans to reduce the property tax millage rate by 1.00 mil to 14.89 mils. During 2020 and going into 2021, the city has experienced a dramatic increase in development and redevelopment projects compared to the last several years. As these projects are completed over the next couple of years, we expect increases in our property tax digest and tax revenues.

Our fines and forfeitures revenues have continued to decline over the past few years as a percentage of total revenue as we have taken a more lenient approach in law enforcement by issuing more warnings and 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 2021 the City will receive additional federal funding through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan Act to support our response to and recovery from the COVID-19 public health emergency. We continue to monitor our revenues and expenditures in expectation of potential revenue shortfalls.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

CITY OF CLARKSTON, GEORGIA

**STATEMENT OF NET POSITION
DECEMBER 31, 2020**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 8,965,953	\$ 652,460	\$ 9,618,413
Taxes receivables, net of allowances	551,757	-	551,757
Intergovernmental receivable	186,695	-	186,695
Other receivables	220,619	-	220,619
Accounts receivables, net of allowances	-	27,613	27,613
Prepaid items	64,312	13,139	77,451
Capital assets:			
Nondepreciable	12,591,164	254,344	12,845,508
Depreciable, net of accumulated depreciation	8,103,455	930,485	9,033,940
Total assets	30,683,955	1,878,041	32,561,996
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	976,467	-	976,467
Total deferred outflows of resources	976,467	-	976,467
LIABILITIES			
Accounts payable	1,085,312	54,333	1,139,645
Accrued liabilities	207,971	-	207,971
Compensated absences due within one year	129,522	-	129,522
Compensated absences due in more than one year	302,150	-	302,150
Net pension liability	2,894,283	-	2,894,283
Notes payable due within one year	329,649	-	329,649
Notes payable due in more than one year	3,320,783	-	3,320,783
Bonds payable due within one year	948,913	-	948,913
Bonds payable due in more than one year	7,102,783	-	7,102,783
Financed purchases due within one year	166,487	-	166,487
Financed purchases due in more than one year	347,165	-	347,165
Total liabilities	16,835,018	54,333	16,889,351
Net investment in capital assets	11,918,253	1,184,829	13,103,082
Restricted for public safety	221,557	-	221,557
Restricted for recreation	9,370	-	9,370
Restricted for public works	276,494	-	276,494
Restricted for capital construction	2,224,993	-	2,224,993
Unrestricted	174,737	638,879	813,616
Total net position	\$ 14,825,404	\$ 1,823,708	\$ 16,649,112

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

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
Primary government:							
Governmental activities:							
General government	\$ 1,296,871	\$ 527,457	\$ 95,240	\$ 1,600	\$ (672,574)	\$ -	\$ (672,574)
Building and grounds	108,232	-	-	-	(108,232)	-	(108,232)
Public safety	2,577,274	402,824	103,773	12,005	(2,058,672)	-	(2,058,672)
Public works	940,405	-	18,152	2,851,695	1,929,442	-	1,929,442
Recreation and parks	129,480	5,784	8,129	-	(115,567)	-	(115,567)
Judicial/Municipal court	465,800	-	-	-	(465,800)	-	(465,800)
Economic and community development	1,246,215	-	1,208,994	-	(37,221)	-	(37,221)
Planning and zoning	349,577	-	-	-	(349,577)	-	(349,577)
Interest and fiscal charges	354,819	-	-	-	(354,819)	-	(354,819)
Total governmental activities	<u>7,468,673</u>	<u>936,065</u>	<u>1,434,288</u>	<u>2,865,300</u>	<u>(2,233,020)</u>	<u>-</u>	<u>(2,233,020)</u>
Business-type activities:							
Sanitation	142,079	217,353	-	-	-	75,274	75,274
Stormwater utility	247,202	315,579	-	-	-	68,377	68,377
Total business-type activities	<u>389,281</u>	<u>532,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,651</u>	<u>143,651</u>
Total primary government	<u>\$ 7,857,954</u>	<u>\$ 1,468,997</u>	<u>\$ 1,434,288</u>	<u>\$ 2,865,300</u>	<u>(2,233,020)</u>	<u>143,651</u>	<u>(2,089,369)</u>
General revenues:							
Property taxes					2,947,466	-	2,947,466
Franchise taxes					399,842	-	399,842
Insurance premium taxes					972,010	-	972,010
Business and occupational taxes					173,167	-	173,167
Alcoholic beverage tax: Alcoholic beverage taxes					125,315	-	125,315
Unrestricted investment earnings					31	44	75
Total general revenues					<u>4,617,831</u>	<u>44</u>	<u>4,617,875</u>
Change in net position					2,384,811	143,695	2,528,506
Net position, beginning of year					12,440,593	1,680,013	14,120,606
Net position, end of year					<u>\$ 14,825,404</u>	<u>\$ 1,823,708</u>	<u>\$ 16,649,112</u>

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

CITY OF CLARKSTON, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

ASSETS	General Fund	Grant Fund	CARES Act Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,366,152	\$ -	\$ 3	\$ 6,378,244	\$ 221,554	\$ 8,965,953
Taxes receivables, net of allowance	551,757	-	-	-	-	551,757
Intergovernmental receivable	-	-	-	186,695	-	186,695
Other receivables	220,619	-	-	-	-	220,619
Prepaid items	64,312	-	-	-	-	64,312
Due from other funds	-	285,864	-	-	71,194	357,058
Total assets	<u>\$ 3,202,840</u>	<u>\$ 285,864</u>	<u>\$ 3</u>	<u>\$ 6,564,939</u>	<u>\$ 292,748</u>	<u>\$ 10,346,394</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 113,586	\$ -	\$ -	\$ 971,726	\$ -	\$ 1,085,312
Accrued liabilities	145,430	-	-	-	-	145,430
Due to other funds	357,058	-	-	-	-	357,058
Total liabilities	<u>616,074</u>	<u>-</u>	<u>-</u>	<u>971,726</u>	<u>-</u>	<u>1,587,800</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	232,001	-	-	-	-	232,001
Total deferred inflows of resources	<u>232,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,001</u>
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaid items	64,312	-	-	-	-	64,312
Restricted:						
Public safety	-	-	3	-	221,554	221,557
Recreation	-	9,370	-	-	-	9,370
Public works	-	276,494	-	-	-	276,494
Capital construction	-	-	-	5,593,213	71,194	5,664,407
Unassigned	2,290,453	-	-	-	-	2,290,453
Total fund balances	<u>2,354,765</u>	<u>285,864</u>	<u>3</u>	<u>5,593,213</u>	<u>292,748</u>	<u>8,526,593</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,202,840</u>	<u>\$ 285,864</u>	<u>\$ 3</u>	<u>\$ 6,564,939</u>	<u>\$ 292,748</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.	20,694,619
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds.	232,001
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.	(1,917,816)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(12,709,993)
Net position of governmental activities	<u>\$ 14,825,404</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, 2020

	General Fund	Grant Fund	CARES Act Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,579,819	\$ -	\$ -	\$ -	\$ -	\$ 4,579,819
Licenses and permits	382,118	-	-	-	-	382,118
Intergovernmental	1,600	1,077,344	1,433,288	1,782,562	-	4,294,794
Fines and forfeitures	333,131	-	-	-	45,556	378,687
Charges for services	17,280	-	-	-	-	17,280
Interest income	6	-	25	3,794	-	3,825
Other revenues	157,980	-	1,000	-	-	158,980
Total revenues	<u>5,471,934</u>	<u>1,077,344</u>	<u>1,434,313</u>	<u>1,786,356</u>	<u>45,556</u>	<u>9,815,503</u>
Expenditures						
Current:						
General government	1,079,276	-	94,240	-	-	1,173,516
Building and grounds	108,232	-	-	-	-	108,232
Public safety	1,970,335	12,005	103,773	-	108,798	2,194,911
Public works	863,902	-	18,152	-	-	882,054
Recreation and parks	38,953	-	8,129	-	-	47,082
Judicial/Municipal court	437,435	-	6,952	-	-	444,387
Economic and community development	29,768	-	1,203,064	-	-	1,232,832
Planning and zoning	344,153	-	-	-	-	344,153
Capital outlays	152,095	961,598	-	2,151,999	-	3,265,692
Debt service:						
Principal	553,385	-	-	750,000	49,784	1,353,169
Interest	117,674	-	-	121,039	4,679	243,392
Bond issuance cost	-	-	-	100,028	-	100,028
Total expenditures	<u>5,695,208</u>	<u>973,603</u>	<u>1,434,310</u>	<u>3,123,066</u>	<u>163,261</u>	<u>11,389,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(223,274)</u>	<u>103,741</u>	<u>3</u>	<u>(1,336,710)</u>	<u>(117,705)</u>	<u>(1,573,945)</u>
Other financing sources (uses):						
Proceeds from bond issuance	-	-	-	7,282,000	-	7,282,000
Payments to escrow agent	-	-	-	(3,670,000)	-	(3,670,000)
Proceeds from sale of capital assets	187,185	-	-	-	-	187,185
Total other financing sources	<u>187,185</u>	<u>-</u>	<u>-</u>	<u>3,612,000</u>	<u>-</u>	<u>3,799,185</u>
Net change in fund balances	(36,089)	103,741	3	2,275,290	(117,705)	2,225,240
Fund balances, beginning of year	<u>2,390,854</u>	<u>182,123</u>	<u>-</u>	<u>3,317,923</u>	<u>410,453</u>	<u>6,301,353</u>
Fund balances, end of year	<u>\$ 2,354,765</u>	<u>\$ 285,864</u>	<u>\$ 3</u>	<u>\$ 5,593,213</u>	<u>\$ 292,748</u>	<u>\$ 8,526,593</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, 2020

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

Net change in fund balances - total governmental funds	\$	2,225,240
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.		2,935,287
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		37,981
The effect of disposals of capital assets is to decrease net position.		(187,185)
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		211,766
Principal payment on bonds payable		897,953
Principal payment on notes payable		243,450
Proceeds from bonds issuance		(7,282,000)
Payments to escrow agent on bond refunding		3,670,000
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.		(367,681)
Change in net position - governmental activities	\$	<u>2,384,811</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, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,470,280	\$ 5,470,280	\$ 4,579,819	\$ (890,461)
Licenses and permits	283,600	283,600	382,118	98,518
Intergovernmental	28,800	28,800	1,600	(27,200)
Fines and forfeitures	525,000	525,000	333,131	(191,869)
Interest income	40	40	6	(34)
Charges for services	80,730	80,730	17,280	(63,450)
Other revenues	157,624	157,624	157,980	356
Total revenues	6,546,074	6,546,074	5,471,934	(1,074,140)
Expenditures				
Current:				
General government:				
City council	143,944	143,944	113,662	30,282
Mayor	30,817	30,817	15,961	14,856
General administration	996,487	996,487	949,653	46,834
Total general government	1,171,248	1,171,248	1,079,276	91,972
Building and grounds	143,624	143,624	108,232	35,392
Public safety:				
Police	2,135,699	2,135,699	1,970,335	165,364
Public works	1,141,693	1,141,693	863,902	277,791
Recreation and parks	112,350	112,350	38,953	73,397
Judicial/Municipal Court	517,168	517,168	437,435	79,733
Economic and community development	151,500	151,500	29,768	121,732
Planning and zoning	453,764	453,764	344,153	109,611
Capital outlay	71,000	71,000	152,095	(81,095)
Debt service:				
Principal	691,552	691,552	553,385	138,167
Interest	149,260	149,260	117,674	31,586
Total debt service	840,812	840,812	671,059	169,753
Total expenditures	6,738,858	6,738,858	5,695,208	1,043,650
Deficiency of revenues under expenditures	(192,784)	(192,784)	(223,274)	(30,490)
Other Financing Sources:				
Proceeds from sale of capital assets	-	-	187,185	187,185
Issuance of capital lease	221,000	221,000	-	(221,000)
Total financing sources	221,000	221,000	187,185	(33,815)
Net change in fund balances	28,216	28,216	(36,089)	(64,305)
Fund balances, beginning of year	2,390,854	2,390,854	2,390,854	-
Fund balances, end of year	\$ 2,419,070	\$ 2,419,070	\$ 2,354,765	\$ (64,305)

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

CITY OF CLARKSTON, GEORGIA
GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 760,347	\$ 760,347	\$ 1,077,344	\$ 316,997
Total revenues	<u>760,347</u>	<u>760,347</u>	<u>1,077,344</u>	<u>316,997</u>
EXPENDITURES				
Current:				
Public safety	4,000	4,000	12,005	(8,005)
Capital outlays	<u>756,347</u>	<u>756,347</u>	<u>961,598</u>	<u>(205,251)</u>
Total expenditures	<u>760,347</u>	<u>760,347</u>	<u>973,603</u>	<u>(213,256)</u>
Net change in fund balances	-	-	103,741	103,741
FUND BALANCES, beginning of year	<u>182,123</u>	<u>182,123</u>	<u>182,123</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 182,123</u>	<u>\$ 182,123</u>	<u>\$ 285,864</u>	<u>\$ 103,741</u>

The accompanying notes are an integral part of these financial statements

CITY OF CLARKSTON, GEORGIA
CARES ACT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 1,433,288	\$ 1,433,288	\$ -
Interest income	-	-	25	25
Other revenues	-	-	1,000	1,000
Total revenues	-	1,433,288	1,434,313	1,025
EXPENDITURES				
Current:				
General government	-	86,000	94,240	(8,240)
Public safety	-	194,000	103,773	90,227
Public works	-	78,000	18,152	59,848
Recreation and parks	-	15,000	8,129	6,871
Judicial/Municipal court	-	10,000	6,952	3,048
Economic and community development	-	1,050,288	1,203,064	(152,776)
Total expenditures	-	1,433,288	1,434,310	(1,022)
Net change in fund balances	-	-	3	3
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	\$ -	\$ -	\$ 3	\$ 3

The accompanying notes are an integral part of these financial statements

CITY OF CLARKSTON, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

ASSETS	Business-Type Activities-Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
CURRENT ASSETS			
Cash and cash equivalents	\$ 193,801	\$ 458,659	\$ 652,460
Accounts receivables, net of allowances	9,167	18,446	27,613
Prepaid items	-	13,139	13,139
Total current assets	<u>202,968</u>	<u>490,244</u>	<u>693,212</u>
NONCURRENT ASSETS			
Capital assets, non-depreciated	-	254,344	254,344
Capital assets, net of accumulated depreciation	-	930,485	930,485
Total noncurrent assets	<u>-</u>	<u>1,184,829</u>	<u>1,184,829</u>
Total assets	<u>202,968</u>	<u>1,675,073</u>	<u>1,878,041</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	11,567	42,766	54,333
Total current liabilities	<u>11,567</u>	<u>42,766</u>	<u>54,333</u>
NET POSITION			
Investment in capital assets	-	1,184,829	1,184,829
Unrestricted	191,401	447,478	638,879
Total net position	<u>\$ 191,401</u>	<u>\$ 1,632,307</u>	<u>\$ 1,823,708</u>

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

**CITY OF CLARKSTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Business-Type Activities-Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
OPERATING REVENUE			
Stormwater fees	\$ -	\$ 315,579	\$ 315,579
Sanitation fees	217,353	-	217,353
Total operating revenues	<u>217,353</u>	<u>315,579</u>	<u>532,932</u>
OPERATING EXPENSES			
Contracted services - waste pickup	142,079	-	142,079
Personnel services	-	62,300	62,300
Repairs and maintenance	-	137,932	137,932
Depreciation	-	46,970	46,970
Total operating expenses	<u>142,079</u>	<u>247,202</u>	<u>389,281</u>
Operating income	<u>75,274</u>	<u>68,377</u>	<u>143,651</u>
NONOPERATING REVENUES			
Interest income	-	44	44
Total nonoperating revenues	<u>-</u>	<u>44</u>	<u>44</u>
Change in net position	75,274	68,421	143,695
Net position, beginning	<u>116,127</u>	<u>1,563,886</u>	<u>1,680,013</u>
Net position, ending	<u>\$ 191,401</u>	<u>\$ 1,632,307</u>	<u>\$ 1,823,708</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, 2020

	Business-Type Activities-Enterprise Funds		Total Business-Type Activities - Enterprise Funds
	Sanitation Fund	Stormwater Utility Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 219,810	\$ 320,571	\$ 540,381
Payments to employees	-	(62,300)	(62,300)
Payments to vendors and suppliers	(146,988)	(126,160)	(273,148)
Net cash provided by operating activities	<u>72,822</u>	<u>132,111</u>	<u>204,933</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	-	(200,305)	(200,305)
Net cash used by capital financing activities	<u>-</u>	<u>(200,305)</u>	<u>(200,305)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	-	44	44
Net cash provided by investing activities	<u>-</u>	<u>44</u>	<u>44</u>
Cash, beginning of year	120,979	526,809	647,788
Cash, end of year	<u>\$ 193,801</u>	<u>\$ 458,659</u>	<u>\$ 652,460</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 75,274	\$ 68,377	\$ 143,651
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	46,970	46,970
Change in assets and liabilities:			
Decrease in accounts receivables	2,457	4,992	7,449
Increase in prepaid items	-	(7,150)	(7,150)
Increase (decrease) in accounts payable	(4,909)	18,922	14,013
Net cash provided by operating activities	<u>\$ 72,822</u>	<u>\$ 132,111</u>	<u>\$ 204,933</u>

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

CITY OF CLARKSTON, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020

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

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

CITY OF CLARKSTON, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Contribution to establish fund	\$ -
Total additions	<u>-</u>
Change in net position	-
NET POSITION:	
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, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The Urban Redevelopment Agency of the City of Clarkston was established as a legally separate entity on December 6, 2016. The five (5) members of the Urban Redevelopment Agency are appointed by the Mayor and City Council and they may also be removed by the Mayor and City Council. The Urban Redevelopment Agency provides a means to issue revenue bonds for development within the City. Although it is legally separate from the City, the Urban Redevelopment Agency is reported as if it were a part of the primary government because its sole purpose is to finance the City's acquisition of property within the City, and the City is repaying the debt. However, the Authority has no assets, liabilities, or financial transactions for the year ended December 31, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period for property taxes and 180 days for all other revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The City reports the following major governmental funds:

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **CARES Act Fund** is used to account for restricted grant monies received for coronavirus relief.

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.

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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

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

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

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, 2020, 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 payable 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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

O. Interfund Transactions

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

P. Pensions

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

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NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$12,709,993 difference are as follows:

Compensated absences	\$	(431,672)
Bonds payable		(8,051,696)
Financed purchases		(513,652)
Accrued interest payable		(62,541)
Notes payable		<u>(3,650,432)</u>
Net adjustment to reduce <i>fund balance - total governmental funds to arrive at net position - governmental activities</i>		<u>\$ (12,709,993)</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 \$2,935,287 difference are as follows:

Capital outlays	\$	3,416,862
Depreciation expense		<u>(481,575)</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>\$ 2,935,287</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$367,681 difference are as follows:

Change in compensated absences	\$ (88,618)
Change in accrued interest	(11,399)
Change in net pension liability	(741,538)
Change in pension experience differences	(3,195)
Change in pension assumption changes	97,860
Change in pension investment earnings differences	414,275
Change in pension contributions subsequent to measurement date	<u>(35,066)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (367,681)</u></u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budget

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

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

Encumbrance accounting is not used by the City.

The following fund had departments with excess of actual expenditures over appropriations for the year ended December 31, 2020:

General Fund - Capital outlay	\$ 81,095
Grant Fund:	
Public safety	8,005
Capital outlay	205,251
CARES Act Fund:	
General government	8,240
Economic and community development	152,776
Police Seizure Fund - Public safety	82,798

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of December 31, 2020, 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, 2020, 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, 2020, the City has no investments and no hierarchy disclosure is presented.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1 and are based on property values as of January 1. Property taxes were levied on July 2, 2020 and are due and payable in two installments. The first installment was due on September 30, 2020, and the second installment was due on November 16, 2020. 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 2 along with the property taxes and are due and payable in two installments. The first installment was due on September 30, 2020, and the second installment was due on November 16, 2020. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables at December 31, 2020, for the City's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Sanitation	Stormwater Utility
Receivables:				
Taxes	\$ 567,757	\$ -	\$ -	\$ -
Accounts	-	-	9,167	22,946
Intergovernmental	-	186,695	-	-
Other	220,619	-	-	-
Less allowance for uncollectible	(16,000)	-	-	(4,500)
Net total receivable	<u>\$ 772,376</u>	<u>\$ 186,695</u>	<u>\$ 9,167</u>	<u>\$ 18,446</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, is as follows:

	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 9,360,612	\$ 2,831,929	\$ (187,185)	\$ 12,005,356
Land	585,808	-	-	585,808
Total	<u>9,946,420</u>	<u>2,831,929</u>	<u>(187,185)</u>	<u>12,591,164</u>
Capital assets, being depreciated:				
Buildings and improvements	3,276,893	46,415	-	3,323,308
Furniture and equipment	914,276	77,452	-	991,728
Infrastructure	5,428,428	310,227	-	5,738,655
Vehicles	1,334,089	150,839	(250,176)	1,234,752
Total	<u>10,953,686</u>	<u>584,933</u>	<u>(250,176)</u>	<u>11,288,443</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,421,394)	(83,086)	-	(1,504,480)
Furniture and equipment	(500,735)	(119,217)	-	(619,952)
Infrastructure	(250,360)	(141,890)	-	(392,250)
Vehicles	(781,100)	(137,382)	250,176	(668,306)
Total	<u>(2,953,589)</u>	<u>(481,575)</u>	<u>250,176</u>	<u>(3,184,988)</u>
Total capital assets, being depreciated, net	<u>8,000,097</u>	<u>103,358</u>	<u>-</u>	<u>8,103,455</u>
Governmental activities capital assets, net	<u>\$ 17,946,517</u>	<u>\$ 2,935,287</u>	<u>\$ (187,185)</u>	<u>\$ 20,694,619</u>
Business-type activities:				
Capital assets, not being depreciated:				
Easements (intangible asset)	\$ 116,495	\$ -	\$ -	\$ 116,495
Construction in progress	25,390	194,305	(81,846)	137,849
Total	<u>141,885</u>	<u>194,305</u>	<u>(81,846)</u>	<u>254,344</u>
Capital assets, being depreciated:				
Infrastructure	1,053,308	6,000	81,846	1,141,154
Improvements	312,795	-	-	312,795
Vehicles	113,167	-	-	113,167
Total	<u>1,479,270</u>	<u>6,000</u>	<u>81,846</u>	<u>1,567,116</u>
Less accumulated depreciation for:				
Infrastructure	(413,681)	(27,703)	-	(441,384)
Improvements	(87,439)	(13,473)	-	(100,912)
Vehicles	(88,541)	(5,794)	-	(94,335)
Total	<u>(589,661)</u>	<u>(46,970)</u>	<u>-</u>	<u>(636,631)</u>
Total capital assets, being depreciated, net	<u>889,609</u>	<u>(40,970)</u>	<u>81,846</u>	<u>930,485</u>
Business-type activities capital assets, net	<u>\$ 1,031,494</u>	<u>\$ 153,335</u>	<u>\$ -</u>	<u>\$ 1,184,829</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	\$ 30,976
Public safety	227,930
Public works	128,077
Recreation and parks	94,592
Total depreciation expense - governmental activities	\$ 481,575
Business-type activities:	
Stormwater utility	\$ 46,970

NOTE 7. LONG-TERM DEBT AND OBLIGATIONS

Long-term liability and obligations activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable- direct placement	\$ 5,337,649	\$ 7,282,000	\$ (4,567,953)	\$ 8,051,696	\$ 948,913
Financed purchases from direct borrowing	725,418	-	(211,766)	513,652	166,487
Notes payable- direct borrowing	3,893,882	-	(243,450)	3,650,432	329,649
Net pension liability	2,152,745	1,191,984	(450,446)	2,894,283	-
Compensated absences	343,054	203,697	(115,079)	431,672	129,522
Governmental activities					
Long-term liabilities	\$ 12,452,748	\$ 8,677,681	\$ (5,588,694)	\$ 15,541,735	\$ 1,574,571

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

Financed Purchases from Direct Borrowing – Equipment. The City has entered into lease-purchase agreements as lessee for financing the acquisition of vehicles and equipment used in general governmental and public safety activities. The lease agreements qualify as capital leases for accounting purposes (the present value of the minimum lease payments at the beginning of the lease term equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at the inception of the lease) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. The outstanding balance at December 30, 2020 is \$513,652.

NOTES TO FINANCIAL STATEMENTS

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

Financed Purchase from Direct Borrowing – Equipment (continued)

As of December 31, 2020, the cost, current year depreciation, and accumulated depreciation of vehicles and equipment acquired under financed purchases are \$1,005,133, \$191,459, and \$386,813, 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2021	\$ 166,487	\$ 14,721	\$ 181,208
2022	154,291	9,558	163,849
2023	159,471	4,378	163,849
2024	33,403	265	33,668
Total	<u>\$ 513,652</u>	<u>\$ 28,922</u>	<u>\$ 542,574</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. Semi-annual payments began on June 1, 2017.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2021	\$ 149,913	\$ 20,397	\$ 170,310
2022	151,900	16,424	168,324
2023	153,912	12,399	166,311
2024	155,952	8,320	164,272
2025	158,019	4,188	162,207
Total	<u>\$ 769,696</u>	<u>\$ 61,728</u>	<u>\$ 831,424</u>

The City issued \$5,150,000 of Sales Tax Bonds for the purpose of financing capital project 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, 2020, \$3,670,000 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
2021	\$ -	\$ 58,957	\$ 799,000	\$ 60,799	\$ 918,756
2022	1,132,000	46,622	949,000	48,078	2,175,700
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>\$ 3,585,000</u>	<u>\$ 143,655</u>	<u>\$ 3,697,000</u>	<u>\$ 148,144</u>	<u>\$ 7,573,799</u>

Notes Payable from Direct Borrowing. The City entered into a note payable agreement with a financial institution on April 26, 2012 for the financing and construction of a City Hall Annex Building. The note is for \$700,000 and carries an interest rate of 3.22%. The loan is payable over 180 months with monthly principal and interest payments totaling \$14,756. The City Hall Annex Building is pledged as collateral on the note. Payments commenced on April 1, 2018. The outstanding balance at December 31, 2020 is \$344,923.

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>
2021	\$ 48,500	\$ 10,525	\$ 59,025
2022	50,080	8,944	59,024
2023	51,712	7,312	59,024
2024	53,398	5,627	59,025
2025	55,138	3,886	59,024
2026-2027	86,095	2,442	88,537
Total	<u>\$ 344,923</u>	<u>\$ 38,736</u>	<u>\$ 383,659</u>

The City entered into a note payable agreement with the Georgia State Road and Tollway Authority on June 20, 2013 for the financing of 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 outstanding balance at December 31, 2020 is \$1,685,055.

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 outstanding balance at December 31, 2020 is \$1,620,454.

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>
2021	\$ 281,149	\$ 69,347	\$ 350,496
2022	287,148	63,348	350,496
2023	293,277	57,219	350,496
2024	299,539	50,957	350,496
2025	305,936	44,560	350,496
2026-2030	1,490,750	122,261	1,613,011
2031-2033	347,710	165,837	513,547
Total	<u>\$ 3,305,509</u>	<u>\$ 573,529</u>	<u>\$ 3,879,038</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. SHORT-TERM BORROWINGS

The City had a tax anticipation note for operating purposes of \$600,000 at a local financial institution. The borrowing, with an interest rate of 2.19%, matured on December 31, 2020. As of December 31, 2020, all outstanding principal has been paid in full. Total short-term borrowings interest incurred and expensed for the year ended December 31, 2020, was \$6,242.

The following is a summary of the City's short-term borrowings for the year ended December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation note	\$ -	\$ 600,000	\$ (600,000)	\$ -

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2020, is as follows:

Due to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Grant Fund	General Fund	\$ 285,864
Nonmajor Governmental Funds	General Fund	71,194
		\$ 357,058

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

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

At July 1, 2020, the date of the most recent actuarial valuation, there were 113 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	34
Terminated vested participants not yet receiving benefits	39
Active participants - vested	35
Active participants - nonvested	5
Total	<u>113</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For year 2020, the actuarially determined contribution rate was 22.77% of covered payroll. The City makes all contributions to the Plan. For year 2020, the City's contribution to the Plan was \$488,350.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2020.

Actuarial assumptions. The total pension liability in the July 1, 2020 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, 2020 valuation were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 for healthy retirees and beneficiaries and the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 for disabled participants.

The actuarial assumptions used in the July 1, 2020 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%.

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, 2020 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.41%
International equity	20	6.96
Real estate	10	4.76
Global fixed income	5	3.06
Domestic fixed income	20	1.96
Cash	—	
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.375%, this was a decrease from the 7.50% 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, 2020 were as follows:

Primary Government:	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/19	\$ 5,575,738	\$ 3,422,993	\$ 2,152,745
Changes for the year:			
Service cost	277,466	-	277,466
Interest	431,304	-	431,304
Differences between expected and actual experience	107,197	-	107,197
Assumption Changes	95,171	-	95,171
Contributions—employer	-	450,446	(450,446)
Net investment income	-	(265,567)	265,567
Benefit payments	(204,969)	(204,969)	-
Administrative expense	-	(15,279)	15,279
Net changes	706,169	(35,369)	741,538
Balances at 12/31/20	\$ 6,281,907	\$ 3,387,624	\$ 2,894,283

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 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	<u>1% Decrease (6.375%)</u>	<u>Current Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's net pension liability	\$ 3,807,212	\$ 2,894,283	\$ 2,138,414

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, 2020 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, 2020, the City recognized pension expense of \$683,044. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,085	\$ -
Change of assumptions	63,448	-
Net difference between projected and actual earnings on pension plan investments	424,672	-
City contributions subsequent to the measurement date	366,262	-
Total	\$ 976,467	\$ -

City contributions subsequent to the measurement date of \$366,262 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. 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:

2021		\$ 201,209
2022		172,850
2023		129,961
2024		106,185
Total		\$ 610,205

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED CONTRIBUTION PLAN

The City of Clarkston's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Nationwide Retirement Solutions for all full time employees. The Plan is funded through employer and employee contributions. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At December 31, 2020, there were 19 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the year ended December 31, 2020 was \$54,035. 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, 2020. The Authority is independent of the City.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Inter-local Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim or loss.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverages in the last three years.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising 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, 2020, the City has outstanding construction commitments of approximately \$465,890 on various construction projects.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. SUBSEQUENT EVENTS

The City closed on a \$500,000 tax anticipation note on June 14, 2021 that will mature on December 31, 2021. The purpose of the short-term borrowing was for operating purposes. The short-term borrowing carries an interest rate of 2.09%.

In March 2021, the City entered into two lease agreements with the Georgia Municipal Association, one for the lease of a sanitation truck for a total principal of \$145,919, and one for the lease of a bucket truck and pickup truck for a total principal of \$121,201. The leases carry an interest rate of 2.13% with payments commencing on June 17, 2021 and maturity on March 17, 2028.

CITY OF CLARKSTON, GEORGIA
Required Supplementary Information
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability						
Service cost	\$ 277,466	\$ 229,507	\$ 243,779	\$ 177,308	\$ 145,312	\$ 164,013
Interest on total pension liability	431,304	377,433	339,846	229,382	210,131	191,727
Differences between expected and actual experience	107,197	151,862	72,115	(92,121)	12,753	96,448
Changes of assumptions	95,171	-	(103,236)	-	-	(92,313)
Benefit payments	(204,969)	(144,151)	(125,213)	(120,731)	(118,864)	(125,937)
Other	-	86,085	-	1,233,738	-	-
Net change in total pension liability	706,169	700,736	427,291	1,427,576	249,332	233,938
Total pension liability - beginning	5,575,738	4,875,002	4,447,711	3,020,135	2,770,803	2,536,865
Total pension liability - ending (a)	\$ 6,281,907	\$ 5,575,738	\$ 4,875,002	\$ 4,447,711	\$ 3,020,135	\$ 2,770,803
Plan fiduciary net position						
Contributions - employer	\$ 450,446	\$ 482,677	\$ 204,429	\$ 168,420	\$ 167,876	\$ 112,067
Net investment income	(265,567)	116,924	326,148	288,556	6,467	197,596
Benefit payments	(204,969)	(144,151)	(125,213)	(120,731)	(118,864)	(125,937)
Administrative expenses	(15,279)	(14,466)	(14,275)	(17,065)	(10,231)	(9,345)
Net change in plan fiduciary net position	(35,369)	440,984	391,089	319,180	45,248	174,381
Plan fiduciary net position - beginning	3,422,993	2,982,009	2,590,920	2,271,740	2,226,492	2,052,111
Plan fiduciary net position - ending (b)	\$ 3,387,624	\$ 3,422,993	\$ 2,982,009	\$ 2,590,920	\$ 2,271,740	\$ 2,226,492
City's net pension liability - ending (a) - (b)	\$ 2,894,283	\$ 2,152,745	\$ 1,892,993	\$ 1,856,791	\$ 748,395	\$ 544,311
Plan fiduciary net position as a percentage of the total pension liability	53.9%	61.4%	61.2%	58.3%	75.2%	80.4%
Covered payroll	\$ 2,022,384	\$ 2,115,817	\$ 1,845,243	\$ 1,867,558	\$ 1,872,798	\$ 1,469,336
City's net pension liability as a percentage - of covered payroll	143.1%	101.7%	102.6%	99.4%	40.0%	37.0%

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

Notes to the Schedule

Valuation Date	July 1, 2020
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 base merit increases
Cost-of-living Adjustment	2.25%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 16 years.

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Capital Projects Funds

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

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

CITY OF CLARKSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS	<u>Police Seizure Fund</u>	<u>Homestead Option Sales Tax Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Cash and cash equivalents	\$ 221,554	\$ -	\$ 221,554
Due from other funds	-	71,194	71,194
Total assets	<u>\$ 221,554</u>	<u>\$ 71,194</u>	<u>\$ 292,748</u>
FUND BALANCES			
Restricted for:			
Public safety	\$ 221,554	\$ -	\$ 221,554
Capital construction	-	71,194	71,194
Total fund balances	<u>\$ 221,554</u>	<u>\$ 71,194</u>	<u>\$ 292,748</u>

**CITY OF CLARKSTON, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Police Seizure Fund</u>	<u>Homestead Option Sales Tax Fund</u>	
REVENUES			
Fines and forfeitures	\$ 45,556	\$ -	\$ 45,556
Total revenues	<u>45,556</u>	<u>-</u>	<u>45,556</u>
EXPENDITURES			
Current:			
Public safety	108,798	-	108,798
Debt service:			
Principal	49,784	-	49,784
Interest	4,679	-	4,679
Total expenditures	<u>163,261</u>	<u>-</u>	<u>163,261</u>
Net change in fund balances	(117,705)	-	(117,705)
FUND BALANCES, beginning of year	<u>339,259</u>	<u>71,194</u>	<u>410,453</u>
FUND BALANCES, end of year	<u>\$ 221,554</u>	<u>\$ 71,194</u>	<u>\$ 292,748</u>

**CITY OF CLARKSTON, GEORGIA
POLICE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 80,464	\$ 80,464	\$ 45,556	\$ (34,908)
Total revenues	<u>80,464</u>	<u>80,464</u>	<u>45,556</u>	<u>(34,908)</u>
Expenditures				
Current:				
Public safety	26,000	26,000	108,798	(82,798)
Debt service:				
Principal	49,785	49,785	49,784	1
Interest	<u>4,679</u>	<u>4,679</u>	<u>4,679</u>	<u>-</u>
Total expenditures	<u>80,464</u>	<u>80,464</u>	<u>163,261</u>	<u>(82,797)</u>
Net change in fund balances	-	-	(117,705)	(117,705)
Fund balances, beginning of year	<u>339,259</u>	<u>339,259</u>	<u>339,259</u>	<u>-</u>
Fund balances, end of year	<u>\$ 339,259</u>	<u>\$ 339,259</u>	<u>\$ 221,554</u>	<u>\$ (117,705)</u>

CITY OF CLARKSTON, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

PROJECT	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENT COMPLETE
SPLOST:						
Roads Projects	\$ 6,202,053	\$ 6,202,053	\$ 2,745,435	\$ 1,403,504	\$ 4,148,939	66.90 %
Transportation improvements	4,717,481	4,717,481	1,209,143	748,495	1,957,638	41.50
SPLOST bond closing fees	95,942	196,130	96,082	100,028	196,110	99.99
SPLOST bond interest	540,638	540,638	230,297	121,039	351,336	64.99
SPLOST bond principal	5,150,000	5,150,000	730,000	750,000	1,480,000	28.74
Total SPLOST	<u>\$ 16,706,114</u>	<u>\$ 16,806,302</u>	<u>\$ 5,010,957</u>	<u>\$ 3,123,066</u>	<u>\$ 8,134,023</u>	

SINGLE AUDIT SECTION



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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Clarkston, Georgia** (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 11, 2022.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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
May 11, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Clarkston, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 11, 2022

CITY OF CLARKSTON, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Georgia Department of Transportation Highway Planning and Construction Cluster	20.205	PI #0007613	\$ 961,598
Total U.S. Department of Transportation			<u>961,598</u>
U.S. DEPARTMENT OF TREASURY			
Passed through DeKalb County, Georgia COVID-19: Coronavirus Relief Fund	21.019	**	1,433,288
Total U.S. Department of Treasury			<u>1,433,288</u>
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership	16.607	2018BUBX18092784	2,598
Total U.S. Department of Justice			<u>2,598</u>
Total Expenditures of Federal Awards			<u>\$ 2,397,484</u>

** There was no pass through number for the funds received from DeKalb County.

See note 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, 2020**

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, 2020

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 X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X 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 X no

Identification of major federal programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19: Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

CITY OF CLARKSTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

None reported