CITY OF CAIRO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

CITY OF CAIRO
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FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Cairo, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cairo, Georgia ("the City") as of and for the year ended June 30, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension related schedules 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 other 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's basic financial statements. The combining and individual fund financial statements and schedules and the One Percent Special Purpose Local Option Sales Tax Project Cost Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules, the schedules of Special Purpose Local Option Sales Tax Expenditures, and the schedule of expenditures of federal awards 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 combining and individual fund statements and schedules, schedule of expenditures of federal awards and the schedule of Special Purpose Local Option Sales Tax Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

March 29, 2021

CITY OF CAIRO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

As management of the City of Cairo, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The City has $70.08 million in total assets of which $49.6 million are capital assets.
- The City has $20.56 million in total liabilities of which $14.82 million are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $50.37 million (net assets). Of this amount, $5.67 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors while $41.36 million is invested in capital assets net of related debt.
- The City's total net assets increased by $750 thousand.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1.24 million, a decrease of $3.37 million in comparison with the prior year. This amount consists of $2.05 million reserved for specific projects and public services and an unreserved balance of $-806 thousand.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $-806 thousand.
- The City's long-term debt increased by $901 thousand during the current fiscal year as a result of scheduled principal payments and new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (which serves as an introduction to the City's basic financial statements), the *basic financial statements*, and *supplementary information* that presents combining statements for non-major governmental funds and non-major enterprise funds as well as other selected information. The City's basic financial statements consist of three components: 1) Government-Wide financial statements, 2) Fund financial statements and 3) Notes to financial statements.

Government-Wide Financial Statements

The primary role of the Government-Wide financial statements is to demonstrate operational accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Cairo's finances, in a manner similar to a private-sector business. It provides both long-term and short-term information about the City's overall financial status. The *statement of net assets* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer the question - is the City's financial health improving or deteriorating?

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. The statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The reader would need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure to assess the overall health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, community development, and interest on long-term debt. The business-type activities of the City include water and sewer, electric, gas, cable TV, solid waste, landfill, airport operations, and telecommunications.

The government-wide financial statements include not only the City of Cairo itself (known as the *primary government*), but also a legally separate City of Cairo Development Authority, for which the City has some degree of financial accountability. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The primary role of the Fund financial statements is to demonstrate fiscal accountability. Fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows* of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is the City's only major fund under General Acceptable Governmental Accounting Principles. Data from the other seven (7) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Electric Revenue Fund, Cable TV Fund, Solid Waste Fund, Airport Fund, Telecommunications Fund, Landfill Fund and Gas Revenue Fund.

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 for the Water and Sewer Fund, Electric Revenue Fund, and the Landfill Fund, all of which are considered to be major funds of the City. Conversely, the non-major enterprise funds are combined into single aggregated presentations in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Table 1 below summarizes the major features of the basic financial statements.

Table 1
Major Features of the Basic Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenditures, and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $50.37 million at the close of the most recent fiscal year. By far the largest portion of the City's net assets (71%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Table 2 below presents the City's condensed statement of net assets as of June 30, 2020 and 2019.

Table 2
Condensed Statement of Net Position

	Governmental Activities		Business – type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	$ 2,918,365	$ 6,139,218	$ 17,552,807	$ 19,880,552	$ 20,471,172	$ 26,019,770
Capital assets	15,503,359	12,059,570	34,106,945	32,010,891	49,610,304	44,070,461
Total assets	18,421,724	18,198,788	51,659,752	51,891,443	70,081,476	70,090,231
Deferred Outflow of Resources						
Deferred Outflows From Pensions	701,256	685,471	395,372	426,122	1,096,628	1,111,593
Liabilities						
Other liabilities	1,429,141	1,581,400	8,457,193	3,153,013	9,886,334	4,734,413
Long-term liabilities	2,513,300	1,946,487	8,164,598	14,826,796	10,677,898	16,773,283
Total liabilities	3,942,441	3,527,887	16,621,791	17,979,809	20,564,232	21,507,696
Deferred Inflow of Resources						
Resources Unavailable Proceeds						
Deferred Inflows From Pensions	154,210	545,935	86,945	339,380	241,155	885,315
Total Deferred Inflows	154,210	545,935	86,945	339,380	241,155	885,315
Net position						
Invested in capital assets, net of related debt	15,697,689	11,904,856	25,648,711	23,328,411	41,346,400	35,233,267
Restricted	2,034,181	2,521,070	1,319,756	4,465,074	3,353,937	6,986,144
Unrestricted	-2,705,541	384,511	8,377,921	6,204,891	5,672,380	6,589,402
Total net position	$ 15,026,329	$ 14,810,437	$ 35,346,388	$ 33,998,376	$ 50,372,717	$ 48,808,813

Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net liabilities exceeded assets by $50.37 million for 2020 as compared to $48,81 million for an increase of 3.204%. Of this amount $35.35 million came from business-type activities and $15.03 million came from governmental activities.

An additional portion of the City's net assets (6.66%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($5.67 million) may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease of $917 thousand or -14% from 2019.

For governmental activities, the City reported a balance of $-2.705 in unrestricted net assets. This is a decrease of $-3.09 million from 2019. The business-type activities unrestricted net assets were $8.38 million, a increase of $2.17 million from 2019.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the years ended 2019 and 2020. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating.

Table 3
Condensed Statement of Activities

	Governmental Activities		Business – type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	$ 254,385	$ 292,211	$ 23,645,435	$ 22,990,765	$ 23,899,820	$ 23,282,976
Operating grants and contributions			-	-		
Capital grants and contributions	1,253,399	2,407,540	594,692	800,022	1,848,091	3,207,562
General revenues:						
Property taxes	1,590,607	1,716,124	- -	- -	1,590,607	1,716,124
Local option sales taxes	1,054,119	997,334	- -	- -	1,054,119	997,334
Other taxes	1,184,122	1,215,999	- -	- -	1,184,122	1,215,999
Investment income	14,349	19,903	594,807	781,137	609,156	801,040
Gain (loss) on disposal of capital assets						
Other revenues	117,207	112,858	103,793	165,633	221,0000	278,491
Total revenues	5,468,188	6,761,969	24,938,727	24,737,557	30,406,915	31,499,526
Expenses						
General government	1,773,629	1,900,041	- -	- -	1,773,629	1,900,041
Public safety	4,347,086	4,180,600	- -	- -	4,347,086	4,180,600
Public works	968,562	1,712,081	- -	- -	968,562	1,712,081
Parks, Culture & Cemetery	1,136,959	959,856	- -	- -	1,136,959	959,856
Housing and Development Community development	220,850	151,869	- -	- -	220,850	151,869
Interest - long-term debt	0	3,712	- -	- -	- -	3,712
Water and sewer	- -	- -	4,163,483	4,160,621	4,163,483	4,160,621

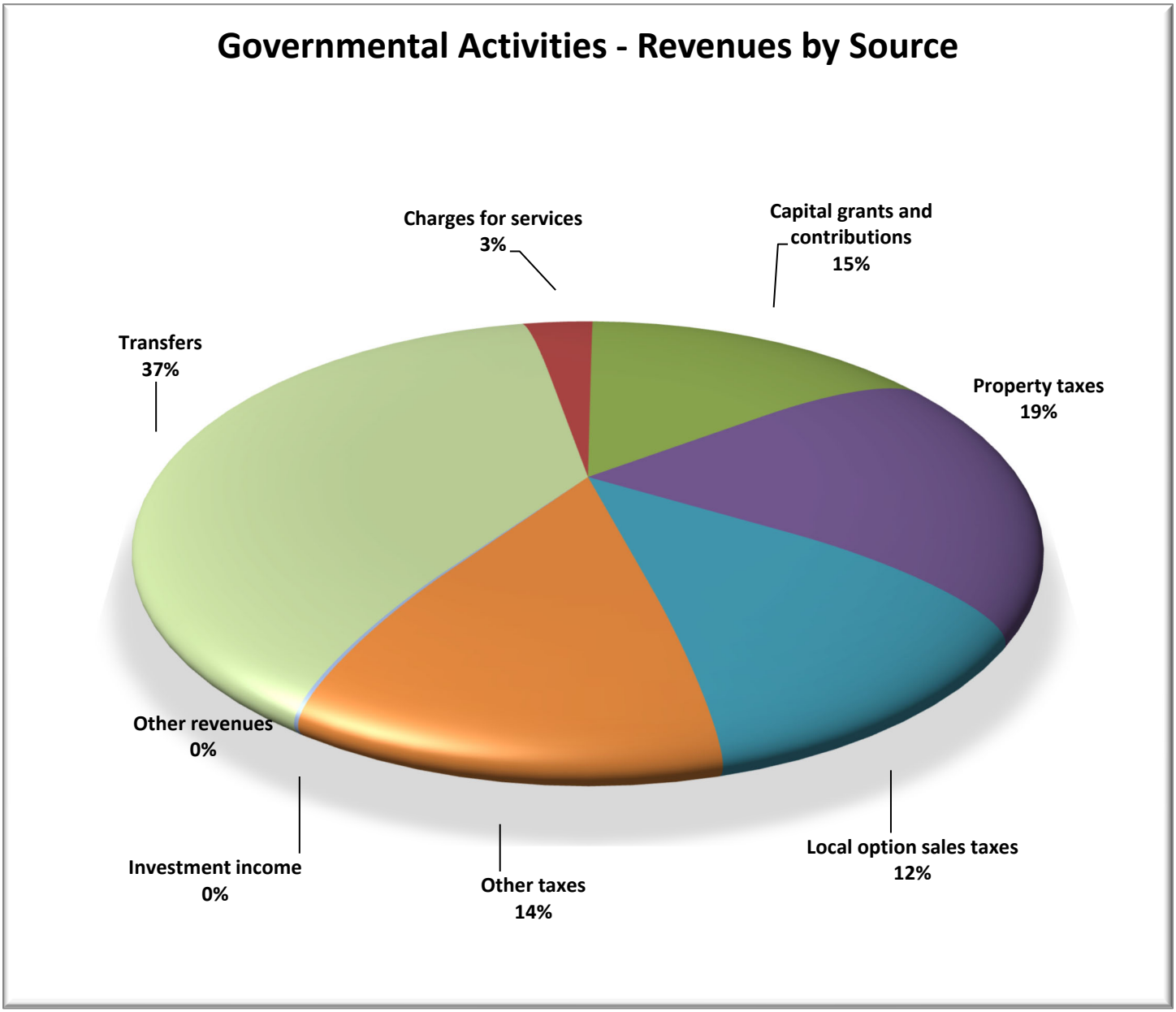
Electric revenue	- -	- -	13,870,302	14,070,342	13,870,302	14,070,342
Gas revenue	- -	- -	905,957	1,064,613	905,957	1,064,613
Cable TV	- -	- -	20,756	27,919	20,756	27,919
Garbage and trash	- -	- -	1,533,664	1,565,168	1,533,664	1,565,168
Airport	- -	- -	150,431	118,155	150,431	118,155
Telecommunications	- -	- -				
Landfill	- -	- -	396,020	617,610	396,020	617,610
Total expenses	8,447,086	8,908,159	21,040,613	21,624,428	29,487,699	30,532,587
Increase (decrease) in net position before transfers	(2,978,898)	(2,146.190)	3,898,114	3,113,129	919,216	966,939
Transfers	3,194,793	999,092	(3,363,671))	(999,092)	(168,878)	
Change in net position	$ 215,895	$ (1,147,098)	$ 534,443	$ 2,114,037	$ 750,338	$ 966,939

Governmental activities during the fiscal year ended June 30, 2020 increased the City's net position by $215,895. Business-type activities during the same period increased net position by $534,443. The net change in net position was an increase of $750,338. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2020 revenues from governmental activities at $5.47 million while expenses were $8.45 million. Business-type activities total revenues for 2020 were $24.9 million while expenses were $21.04 million. Transfers from business-type activities are the largest governmental activity revenue source at $3.19 million or 37%. The next largest revenue source for governmental activities comes from Property taxes of $1.59 million which is 18% of the total governmental activity funding. Revenues from Capital Grants and Contributions are the third largest governmental activity revenue source at $1.25 million or 14%. Business-type activities program revenues exceeded expenses by $ million before internal transfers to support the governmental activities.

Program Revenues and Expenses for Governmental Activities

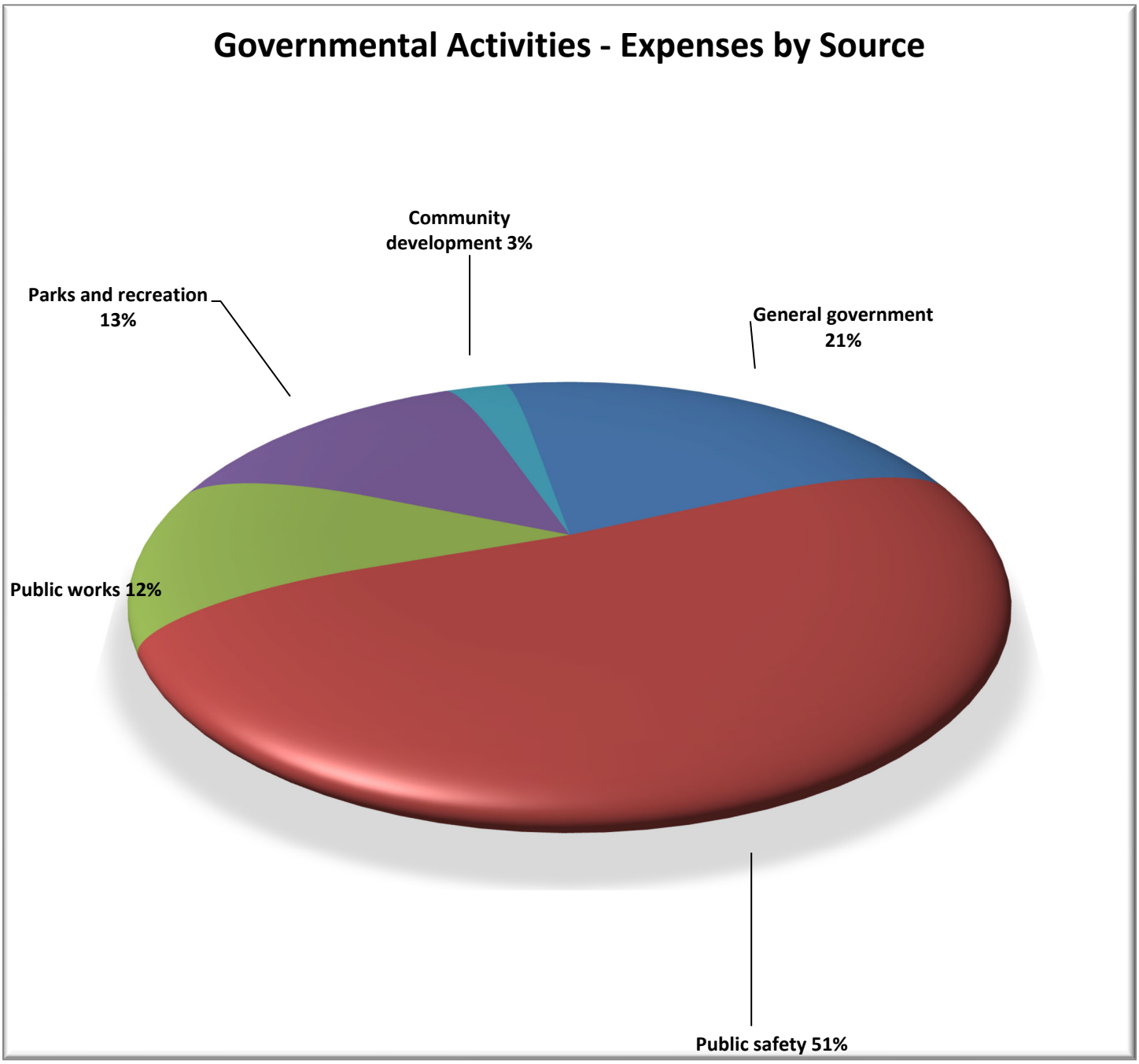
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source and includes revenues from transfers. It is easy to see from the chart that governmental activities are funded to a great degree through property taxes (18.61%) of the primary government. For the year ended June 30, 2020 these revenues were $1.59 million.



Governmental Activities – Expenses by Source

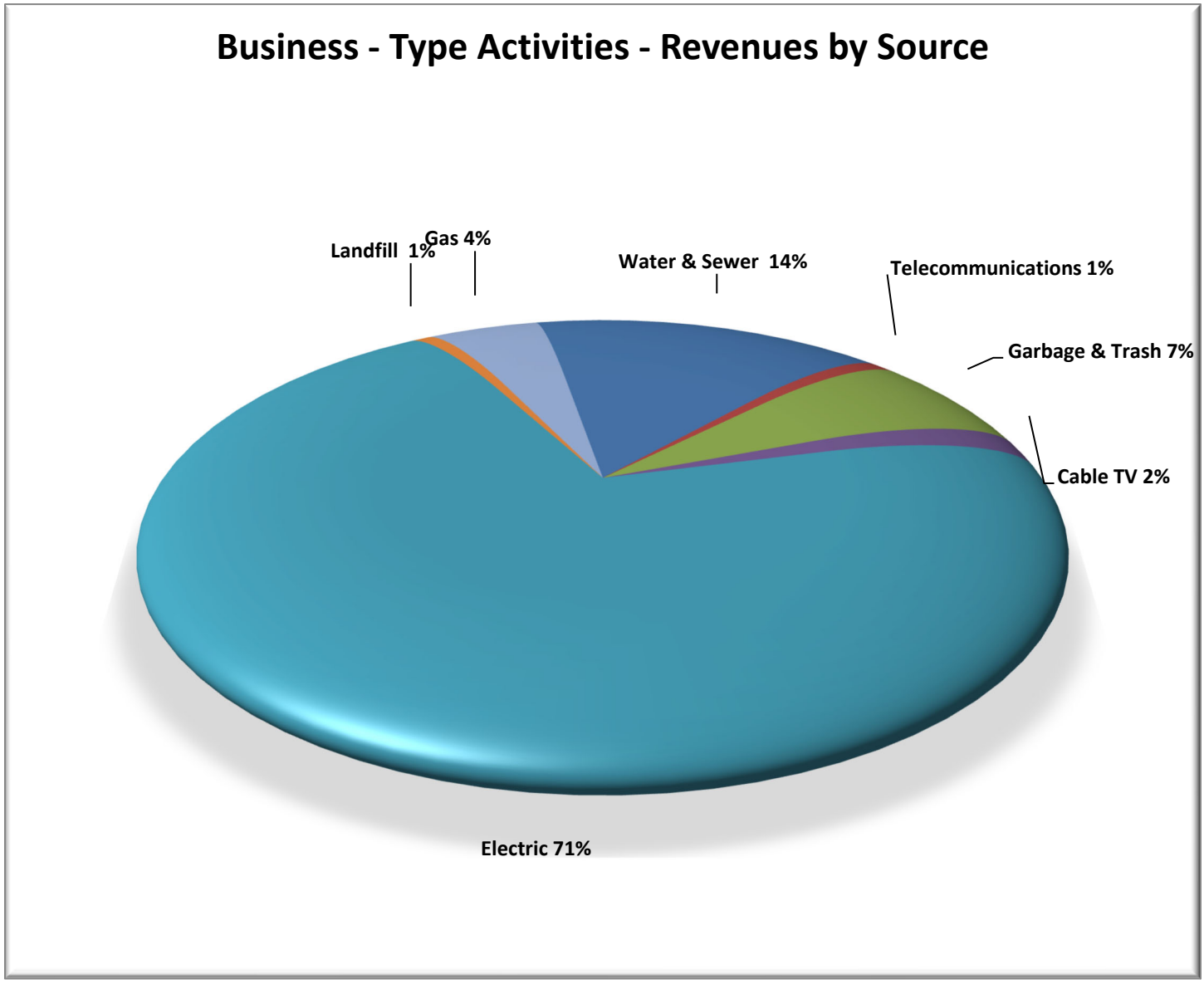
The following chart shows the governmental activities expenses by source. The City of Cairo spent the greatest amount of its available funding on Public safety (51%). The next largest funding was required for General Government at (21%).



Program Revenues and Expenses for Business-Type Activities

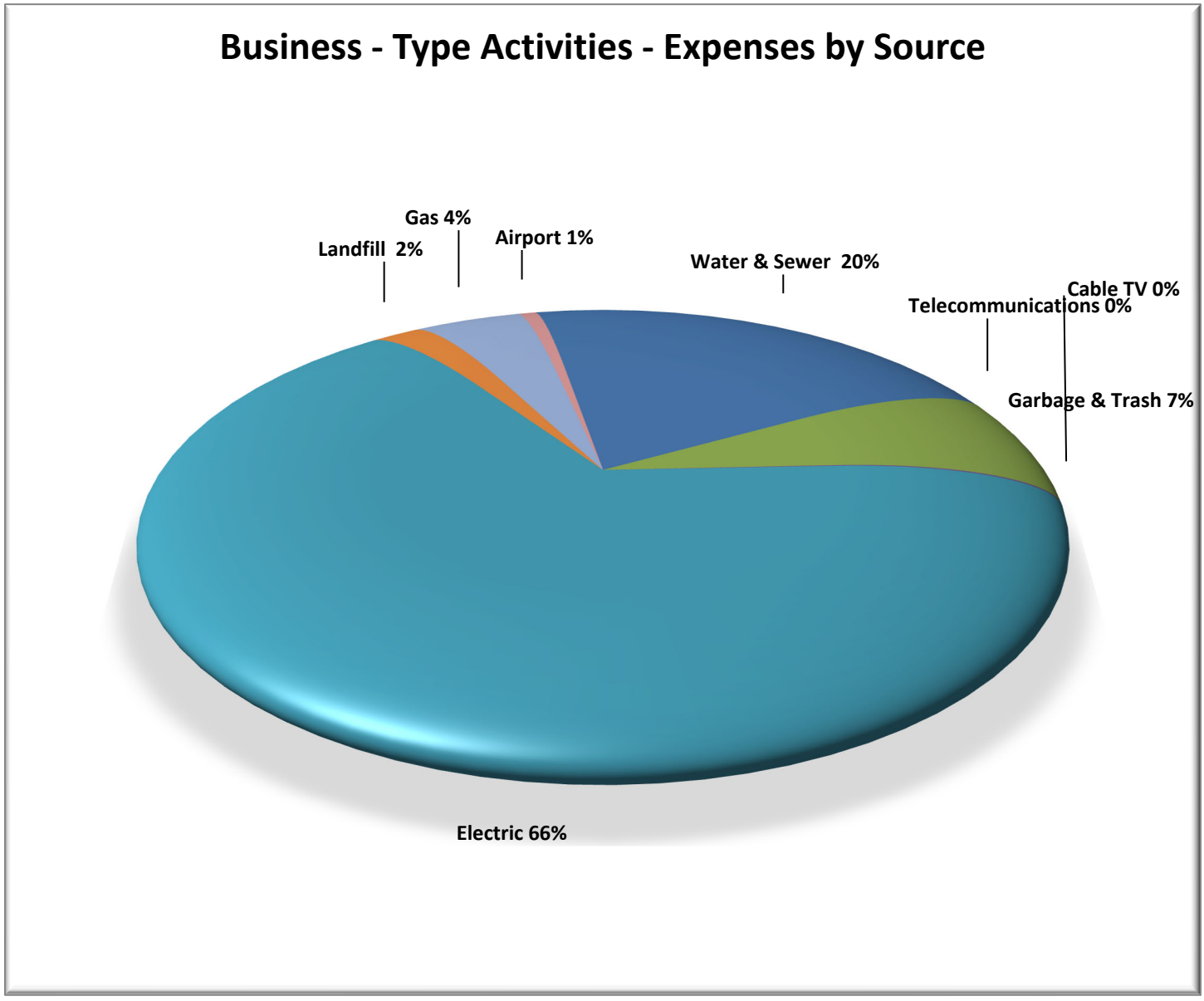
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Revenue Fund. More revenues (71%) or $16.75 million are generated by the Electric Revenue Fund than all other business-type activities combined at (36%) or $6.89 million.



Business-Type Activities – Expenses by Source

The Electric Revenue fund has the largest amount of expenses as expected at 66% or $13.87 million but generated profits of $2.88 million before its transfers to governmental activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City of Cairo has only one major governmental fund which is the General Fund. At June 30, 2020, the General Fund had a fund balance of $(577,076). This is a decrease of $2.83 million from the beginning fund balance.

The fund balances for the other governmental funds decreased by $532,635. The final fund balance for these funds was $1.82 million at the end of the year.

Enterprise Funds

The Enterprise Funds, which include the City's Water and Sewer Fund, Electric Revenue Fund, Landfill, and the non-major enterprise funds consisting of the Solid Waste, Airport, Cable TV Fund, Telecommunications and Gas Revenue Funds showed a combined cash balance of $2.88 million for the year ended 2020. This was a decrease of $60,568 from the previous year.

The Water and Sewer Fund had an ending cash balance of $70,424 at June 30, 2020. This was a decrease of $12,118 thousand from the previous year.

The Electric Fund had an ending cash balance of $170,945 thousand. This is a decrease of $64,549 from the previous year.

The Landfill Fund had an ending cash balance of $2.08 million. This was an increase of $15,745 from the previous year.

The combined cash balance of the non-major enterprise funds at the end of the year was $492 thousand. This is an increase of $354 from the beginning cash balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2020 related to the transfer of budgeted amounts between departments and additional appropriations were due to elimination of interfund payables.

The actual revenues of the General Fund were more than final budgeted amounts by $178,960 for the year ended. The major factor contributing to this difference was an increase in collections of property tax and insurance premium taxes.
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The actual expenditures of the General Fund were less than final budgeted amounts by $65,012 for the year ended. The major factor contributing to this difference was a decrease in actual expenditures in several departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2020, governmental activities and business-type activities had capital assets of $49.61 million (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities.

The net capital assets from governmental activities increased by $3.44 million from the 2019 amount due to current year acquisitions net of depreciation costs. The net capital assets from business-type activities increased by $2.10 million from the prior year due to current year acquisitions net of depreciation costs.

Additional information on the City's capital assets can be found in Note 6 of the Notes to Financial Statements.

Long-term Debt

The City's total long-term debt consists of revenue bonds, capital leases, compensated absences and other long-term liabilities.

At June 30, 2020, the City had $2.51 million of outstanding long-term liabilities related to governmental activities and $8.16 million of long-term liabilities related to business-type activities for a total of $10.67 million compared to the previous year's total of $16.77 million. This is a decrease of $785,938 as a result of scheduled principal payments and new acquisitions.

The City's component unit paid off the long-term debt outstanding in connection with City of Cairo Development Authority Taxable Revenue Bonds used to construct a United States Post Office. Under the lease agreement with the Postal Service, the Postal Service was to make rental payments to be used for the purpose of paying the principal and interest payments on the bonds until April of 2020, at which time, ownership for the Post Office was transferred to the United States Government.

Additional information on the City's long-term debt can be found in Note 7 of the Notes to Financial Statements.

FACTORS AFFECTING THE 2020 BUDGET

The Mayor and Council of the City of Cairo considered many factors when approving the City's 2020 budget and are very aware of present economic conditions and their effect on its citizens. The Mayor and Council chose to continue to use additional transfers from certain business-type activities to other business-type activities and to fund governmental activities and to use reserves and reductions in fund balances to fund operations and capital expenses in 2020 instead of increasing taxes or rates to provide the necessary funds required for the City's governmental and business-type activities.

NATURAL DISASTERS

On October 10, 2018 Hurricane Michael slammed the Gulf Coast as a Category 5 hurricane. It traveled north roughly along the Georgia/Alabama state line. The center of Hurricane Michael was less than 50 miles west of Cairo as a Category 3. The city experienced sustained winds in the 65-70 mph range with gusts of up to 90 mph. This was a devastating event for the City of Cairo.

Total financial impact due to the hurricane was nearly $985,000 for Public Safety and Public Works labor and overtime, Utility labor and overtime for power restoration, and debris removal. FEMA/GEMA reimbursed the city at 85% which is nearly $837,000. The city had to fund the remaining amount of $148,000. Also, the city had to fund the entire amount and received FEMA/GEMA reimbursement for debris removal of $422,606 in April 2019, Public Safety and Public Works of $70,515 in May 2019, and utility restoration of $224,250 in September 2019. There remains due $119,879 from FEMA/GEMA for utility restoration that has not been received.

This has had a negative impact on cash flow as well as unexpected spending which was not budgeted.

On the evening of March 3, 2019 an EF-2 Tornado touched down on the south side of the City of Cairo. It cut a swath of destruction from the southwest side and traveled northeast. It effected portions of the downtown area and the city had extensive damage to the waste water treatment plant and roof damage to city facilities including the police station and to the fire station.

The damage to city facilities was covered by our GIRMA property insurance. The city did spend $50,241 that was reimbursed by GIRMA insurance. Items not covered by insurance include debris removal services of $155,425, overtime for city public safety, public works, and utility response of $19,448, and mutual aid electric restoration response from Grady EMC, City of Blakeley, City of Fitzgerald, and City of Moultrie in the amount of $61,977. Total out of pocket expenses for the tornado totaled $236,850.

This also has had a negative impact on cash flow as well as unexpected spending which was not budgeted.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to:

City Finance Department
City of Cairo
119 North Broad Street
Cairo, Georgia 31728

CITY OF CAIRO
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Cairo Development Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash	$ 340,128	$ 242,226	$ 582,354	$ -
Investments	-	7,653,711	7,653,711	-
Accounts receivable	421,069	2,813,905	3,234,974	-
Intergovernmental receivables	-	94,692	94,692	-
Inventories	23,033	866,040	889,073	-
Prepaid expenses	-	34,514	34,514	-
Internal balances	-	-	-	-
Investment in SGGSA	-	1,348,052	1,348,052	-
Restricted cash	711,454	2,579,911	3,291,365	15,535
Restricted assets - certificate of deposit	-	600,000	600,000	-
Restricted investments	-	1,319,756	1,319,756	-
Program receivables	1,422,681	-	1,422,681	-
Other receivables	-	-	-	-
Capital assets:				
Land and other nondepreciable assets	552,805	1,978,350	2,531,155	-
Construction in progress	3,384,756	224,991	3,609,747	-
Other capital assets, net of accumulated depreciation	11,565,798	31,903,604	43,469,402	-
Total assets	18,421,724	51,659,752	70,081,476	15,535
Deferred outflows of resources related to pensions	701,256	395,372	1,096,628	-
Total assets and deferred outflows of resources	19,122,980	52,055,124	71,178,104	15,535

See accompanying notes to the basic financial statements.

CITY OF CAIRO
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Cairo Development Authority
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	836,127	1,751,431	2,587,558	-
Accrued expenses	538,129	122,540	660,669	-
Customer deposits	-	650,109	650,109	-
Short-term debt	300,000	-	300,000	-
Long-term liabilities:				
Due within one year	54,885	1,493,404	1,548,289	-
Due in more than one year	50,785	6,964,830	7,015,615	-
Compensated absences	164,915	73,512	238,427	-
Net pension liability	1,997,600	1,126,256	3,123,856	-
Landfill closure/post closure costs	-	4,439,709	4,439,709	-
Total liabilities	3,942,441	16,621,791	20,564,232	-
Deferred inflows of resources related to pensions	154,210	86,945	241,155	-
Total liabilities and deferred inflows of resources	4,096,651	16,708,736	20,805,387	-
NET POSITION				
Net investment in capital assets	15,697,689	25,648,711	41,346,400	-
Restricted	2,034,181	1,319,756	3,353,937	-
Unrestricted	(2,705,541)	8,377,921	5,672,380	15,535
Total net position	$ 15,026,329	$ 35,346,388	$ 50,372,717	$ 15,535

See accompanying notes to the basic financial statements.

CITY OF CAIRO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Function/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	1,773,629	$ 93,453	$ -	$ 210,298	$ (1,469,878)		$ (1,469,878)	
Public safety	4,347,086	132,086	-	52,155	(4,162,845)		(4,162,845)	
Public works	968,562	1,246	-	990,946	23,630		23,630	
Parks, culture, and cemetery	1,136,959	27,600	-	-	(1,109,359)		(1,109,359)	
Community development	220,850	-	-	-	(220,850)		(220,850)	
Interest on general long-term debt	-	-	-	-	-		-	
Total governmental activities	8,447,086	254,385	-	1,253,399	(6,939,302)		(6,939,302)	
Business-type activities:								
Water and sewer	4,163,483	3,428,669	-	500,000	-	(234,814)	(234,814)	
Electric revenue	13,870,302	16,747,553	-	-	-	2,877,251	2,877,251	
Gas revenue	905,957	1,071,207	-	-	-	165,250	165,250	
Cable TV	20,756	412,556	-	-	-	391,800	391,800	
Garbage and trash	1,533,664	1,587,581	-	-	-	53,917	53,917	
Airport	150,431	16,471	-	94,692	-	(39,268)	(39,268)	
Telecommunications	-	205,836	-	-	-	205,836	205,836	
Landfill	396,020	175,562	-	-	-	(220,458)	(220,458)	
Total business-type activities	21,040,613	23,645,435	-	594,692	-	3,199,514	3,199,514	
Total primary government	$ 29,487,699	$23,899,820	$ -	$ 1,848,091	(6,939,302)	3,199,514	(3,739,788)	
COMPONENT UNIT								
City of Cairo Development Authority	$ 18,564	$ -	$ -	$ -				$ (18,654)

See accompanying notes to the basic financial statements.

CITY OF CAIRO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
General revenues:								
Taxes:								
Property taxes, levied for general purposes					1,590,607	-	1,590,607	-
Sales and use taxes					1,054,119	-	1,054,119	-
Other taxes					1,184,122	-	1,184,122	-
Investment earnings					14,349	594,807	609,156	4,707
Miscellaneous					117,207	103,793	221,000	25,819
Total general revenues					3,960,404	698,600	4,659,004	30,526
Transfers/Capital contributions					3,194,793	(3,363,671)	(168,878)	(38,233)
Total general revenues and transfers					7,155,197	(2,665,071)	4,490,126	(7,707)
Change in net position					215,895	534,443	750,338	(26,361)
Net position - beginning, restated					14,810,434	34,604,834	49,415,268	41,896
Net position - ending					$ 15,026,329	$ 35,139,277	$ 50,165,606	15,535

See accompanying notes to the basic financial statements.

CITY OF CAIRO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 340,128	$ -	$ -	$ 340,128
Accounts receivable, net	321,214	-	99,855	421,069
Intergovernmental receivables	-	-	-	-
Inventories	23,033	-	-	23,033
Due from other funds	-	-	-	-
Restricted assets:				
Cash and cash equivalents	197,242	-	514,212	711,454
Program receivables	-	-	1,422,681	1,422,681
Other receivables	-	-	-	-
Total assets	$ 881,617	$ -	$ 2,036,748	$ 2,918,365
LIABILITIES				
Accounts payable	$ 620,562	$ 213,029	$ 2,536	$ 836,127
Accrued expenses	538,129	-	-	538,129
Due to other governments	2	-	-	2
Short term debt	300,000	-	-	300,000
Due to other funds	-	-	-	-
Total liabilities	1,458,693	213,029	2,536	1,674,258
FUND BALANCES				
Nonspendable				
Inventories	23,033	-	-	23,033
Restricted for:				
Specific projects	-	(213,029)	1,878,179	1,665,150
Public Services	197,242	-	156,033	353,275
Committed for:				
Public safety	8,399	-	-	8,399
Unassigned - General Fund	(805,750)	-		(805,750)
Total fund balances	(577,076)	(213,029)	2,034,212	1,244,107
Total liabilities, deferred inflows of resources and fund balances	$ 881,617	$ -	$ 2,036,748	$ 2,918,365

See accompanying notes to the basic financial statements.

CITY OF CAIRO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

Fund Balance - Total Governmental Funds	$ 1,244,107
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds only report liabilites that will be liquidated with current assets. Compensated absences payable, however, which will not be liquidated with current assets, are not liabilites of the governmental funds but are liabilities of the government-wide financial statements.	(164,915)
Long-term debt is not reported in governmental activities because it is not expected to be liquidated with expendable available financial resources but is reported in the government-wide financial statements.	194,333
Pension related assets and liabilities are not reported in the funds but are reported as assets and liabilities in the government-wide financial statements:	
Deferred outflows of resources	701,256
Net pension liability	(1,997,600)
Deferred inflows of resources	(154,210)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,503,358
Net position of governmental activities	$15,326,329

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$1,590,607	$ -	$ -	$ 1,590,607
Local option sales taxes	1,054,119	-	-	1,054,119
Other taxes	1,134,974	-	49,148	1,184,122
Licenses and permits	89,512	-	-	89,512
Fines and forfeitures	132,086	-	-	132,086
Charges for services	32,787	-	-	32,787
Investment income	7,518	4,447	2,384	14,349
Intergovernmental	210,298	-	1,043,470	1,253,768
Other revenues	97,342	-	19,496	116,838
Total revenues	4,349,243	4,447	1,114,498	5,468,188
EXPENDITURES				
Current:				
General government	1,072,226	-	-	1,072,226
Public safety	4,169,215	40	-	4,169,255
Public works	967,030	-	-	967,030
Parks, culture, and cemeteries	953,315	-	-	953,315
Community development/services	187,806	-	30,623	218,429
Capital outlays	461,159	2,884,505	1,252,077	4,597,741
Debt service:				
Principal	49,044	-	-	49,044
Interest	3,217	-	-	3,217
Total expenditures	7,863,012	2,884,545	1,282,700	12,030,257
Excess (deficiency) of revenues over (under) expenditures	(3,513,769)	(2,880,098)	(168,202)	(6,562,069)
OTHER FINANCING SOURCES				
Transfers	679,128	2,672,386	(156,721)	3,194,793
Total other financing resources	679,128	2,672,386	(156,721)	3,194,793
Net change in fund balances	(2,834,641)	(207,712)	(324,923)	(3,367,276)
Fund balances - beginning	2,257,565	(5,317)	2,359,135	4,611,383
Fund balances - ending	$ (577,076)	$ (213,029)	$ 2,034,212	$ 1,244,107

See accompanying notes to the basic financial statements.

CITY OF CAIRO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	$ (3,367,276)
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 outlay ($4,597,741) exceeded depreciation ($1,153,951) in the current period.	3,443,790
Governmental funds only report compensated absence expense if the expense has been paid in the current year or will be paid with current funds. However, on the statement of activities the change in the liability is reflected as program expense. This is the amount of the change in compensated absences payable from the beginning of the year to the end of the year.	9,357
Adjustments to pension expense as a result of changes in pension related expenses recorded in government-wide financial statements are not recorded in the funds. This the amount that pension expense was decreased.	80,977
Repayment of debt is a use of current financial resources in the governmental funds, but the repayment of debt decreaseses liabilities in the statement of activities.	49,048
Change in net position of governmental activities	$ 215,896

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill Fund	Nonmajor Enterprise Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets:					
Cash and cash equivalents	$ 70,205	$ 170,945	$ 100	976	$ 242,226
Investments	-	7,653,711	-	-	7,653,711
Accounts receivable (net)	402,215	1,655,946	20,891	734,853	2,813,905
Intergovernmental receivables	-	-	-	94,692	94,692
Due from other funds	-	-	607,000	-	607,000
Inventory	135,879	668,737	-	61,424	866,040
Prepaid expenses	18,890	10,966	1,595	3,063	34,514
Total current assets	627,189	10,160,305	629,586	895,008	12,312,088
Noncurrent assets:					
Investment in SGGSA	-	-	-	1,348,052	1,348,052
Restricted assets - cash	219	-	2,088,285	491,407	2,579,911
Restricted assets - certificate of deposit	-	-	600,000	-	600,000
Restricted assets - investments	-	1,319,756	-	-	1,319,756
Capital assets:					
Land	1,419,016	118,595	206,305	234,434	1,978,350
Construction in progress	44,530	42,462	132,306	5,693	224,991
Other capital assets, net of accumulated depreciation	26,399,065	2,027,401	825,052	2,652,086	31,903,604
Total noncurrent assets	27,862,830	3,508,214	3,851,948	4,731,672	39,954,664
Total assets	28,490,019	13,668,519	4,481,534	5,626,680	52,266,752
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pensions	179,495	149,515	21,913	44,449	395,372
Total deferred outflows of resources	179,495	149,515	21,913	44,449	395,372
Total assets and deferred outflows of resources	$ 28,669,514	$ 13,818,034	$ 4,503,447	$ 5,671,129	$ 52,662,124

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill Fund	Nonmajor Enterprise Funds	Total
LIABILITIES					
Current liabilities:					
Accounts payable	37,972	993,930	3,097	716,432	1,751,431
Accrued expenses	29,037	94,640	3,851	(4,988)	122,540
Current portion of long-term debt	490,965	-	172,439	-	663,404
Bonds payable, current	790,259	39,741	-	-	830,000
Customer deposits	-	650,109	-	-	650,109
Due to other funds	-	521,983	-	85,017	607,000
Total current liabilities	1,348,233	2,300,403	179,387	796,461	4,624,484
Noncurrent liabilities:					
Long-term debt, net of current portion	4,223,726	-	106,198	-	4,329,924
Bonds payable, net of current	2,510,416	124,490	-	-	2,634,906
Compensation absences	21,808	39,815	4,712	7,177	73,512
Net pension liability	511,309	425,909	62,423	126,615	1,126,256
Landfill closure/post closure costs	-	-	4,439,709	-	4,439,709
Total liabilities	8,615,492	2,890,617	4,792,429	930,253	17,228,791
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	39,472	32,879	4,819	9,775	86,945
Total deferred inflows of resources	39,472	32,879	4,819	9,775	86,945
Total liabilities and deferred inflows of resources	8,654,964	2,923,496	4,797,248	940,028	17,315,736
NET POSITION					
Net investment in capital assets	19,847,245	2,024,227	885,026	2,892,213	25,648,711
Restricted	-	1,319,756	-	-	1,319,756
Unrestricted (deficit)	167,305	7,550,555	(1,178,827)	1,838,888	8,377,921
Total net position	$ 20,014,550	$ 10,894,538	$ (293,801)	$ 4,731,101	$ 35,346,388

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES					
Utility revenue	$ 3,428,669	$16,747,553	$ -	$ 1,071,207	$21,247,429
Charges for services	-	-	175,562	2,222,444	2,398,006
Other revenues	1,030	-	35,933	66,830	103,793
Intergovernmental	500,000	-	-	94,692	594,692
Total operating revenues	3,929,699	16,747,553	211,495	3,455,173	24,343,920
OPERATING EXPENSES					
Salaries and wages	1,617,764	1,377,289	159,737	379,469	3,534,259
Operating, administrative, and maintenance	1,127,290	12,160,014	35,618	2,053,040	15,375,962
Depreciation	1,303,840	328,959	189,957	178,299	2,001,055
Total operating expenses	4,048,894	13,866,262	385,312	2,610,808	20,911,276
Operating income (loss)	(119,195)	2,881,291	(173,817)	844,365	3,432,644
NONOPERATING INCOME (EXPENSES)					
Interest income	693	160,806	15,745	2	177,246
Investment income	-	417,561	-	-	417,561
Interest expense	(114,589)	(4,040)	(10,708)	-	(129,337)
Income (loss) before transfers and capital contributions	(233,091)	3,455,618	(168,780)	844,367	3,898,114
Transfers	3,309,556	(6,195,833)	305,221	(782,615)	(3,363,671)
Capital contributions	207,111	-	-	-	207,111
Change in net position	3,283,576	(2,740,215)	136,441	61,752	741,554
Net position (deficit), beginning of year (restated)	16,730,974	13,634,753	(430,242)	4,669,349	34,604,834
Net position (deficit), end of year	$ 20,014,550	$10,894,538	$ (293,801)	$ 4,731,101	$35,346,388

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill	Nonmajor Enterprise Funds	Total
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	$ 3,832,584	$ 16,705,405	$ 211,762	$ 3,244,831	$ 23,994,582
Grant	-	-	-	-	-
Payments to employees (or for their benefit) for services provided	(1,710,076)	(1,415,328)	(165,209)	(384,247)	(3,674,860)
Payments to suppliers for goods or services	(1,672,513)	(12,247,609)	(239,505)	(1,787,245)	(15,946,872)
Net cash provided (used) by operating activities	449,996	3,042,467	(192,952)	1,073,339	4,372,850
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	3,516,667	-	305,221	11,176	3,833,064
Transfers to other funds	-	(6,032,769)	-	(793,791)	(6,826,560)
Net change in due from other funds	300,461	(403,017)	-	85,656	(16,900)
Net cash provided (used) by noncapital financing activities	3,817,128	(6,435,786)	305,221	(696,959)	(3,010,396)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(4,087,410)	(42,301)	4,336	(136,450)	(4,261,825)
Proceeds from borrowing	1,122,573	-	-	-	1,122,573
Principal paid on capital debt	(1,200,509)	(38,784)	(105,897)	-	(1,345,190)
Interest paid on capital debt	(114,589)	(4,040)	(10,708)	-	(129,337)
Net cash provided (used) by noncapital financing activities	(4,279,935)	(85,125)	(112,269)	(136,450)	(4,613,779)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in SGGSA			-	(239,576)	(239,576)
Withdrawals from MEAG investment	-	3,412,795	-	-	3,412,795
Additions to MEAG investment		(577,267)	-	-	(577,267)
Interest/investment income	693	578,367	15,745	-	594,805
Net cash provided by investing activities	693	3,413,895	15,745	(239,576)	3,190,757
Net increase in cash	(12,118)	(64,549)	15,745	354	(60,568)
Balances - beginning	82,542	235,494	2,072,640	492,029	2,882,705
Balances - ending	70,424	170,945	2,088,385	492,383	2,822,137

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (119,195)	$ 2,881,291	$ (173,817)	$ 844,365	$ 3,432,644
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,303,840	328,959	189,957	178,299	2,001,055
Change in assets and liabilities:					
Receivables, net	(97,115)	(47,985)	267	(210,344)	(355,177)
Customer deposits	-	5,837	-	-	5,837
Pension related balances	(90,240)	(40,540)	(634)	(2,831)	(134,245)
Accounts payable and accrued expenses	(520,515)	(155,981)	(203,544)	265,799	(614,241)
Prepaid expenses	(10,737)	916	(343)	5,029	(5,135)
Inventory	(13,971)	67,469	-	(5,031)	48,467
Compensated absences	(2,071)	2,501	(4,838)	(1,947)	(6,355)
Net cash provided by operating activities	$ 449,996	$ 3,042,467	$ (192,952)	1,073,339	4,372,850

Noncash activity. Capital assets with a cost of $207,111 were purchased by the SPLOST Fund and contributed to the Water and Sewer Fund.

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cairo, Georgia (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City of Cairo was incorporated in 1906. The City's charter provides for a Council-Mayor form of government. The city Manager is the head of the administrative branch of government and is responsible for the day-today operations of the city government. The legislative authority of the City is vested in the Mayor and five Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire), public works, parks, culture and cemetery, airport, and public utilities (water and sewer, gas, electric, solid waste, landfill, cable TV, telephone, telecom, and internet services).

The financial reporting entity has been determined by management in accordance with accounting principles generally accepted in the Unites States of America to be the City of Cairo (the primary government) and its component unit. A component unit is a legally separate organization for which the primary government is financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units.

The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the following is a brief review of the component unit included in the City's reporting unit as a discretely presented component unit.

City of Cairo Development Authority
The City of Cairo Development Authority (the Authority) plans and develops the downtown area of the City in order to attract new business and residences. The Mayor and Council elect all three members of the Authority's Board and the City possesses the authority to review, approve and revise the Authority's budget and governs collection and disbursement of its funds. The Authority is reported as a discretely presented component unit in the government-wide financial statements. Separate financial statements are not issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Changes in Net Position) report information on all non-fiduciary activities of the primary government and its component unit. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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. Likewise, the primary government is reported separately from certain legally component units for which the primary government is accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government – Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the City.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

function. 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. Internally dedicated resources are reported as general resources rather than as program revenues. Likewise, general revenues include all taxes.

Certain eliminations have been made as prescribed by GASB Statement of Accounting Standards No. 34, with regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however those transactions between governmental and business-type activities have not been eliminated. 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.

Fund Financial Statements

Governmental Fund financial statements include a Balance sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues to be available if they are collected within sixty days after year end. Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, and investment income. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The *General Fund* is the principal fund of the City and is used to account for all activities not otherwise accounted for by a specific fund.

The *Capital Projects Fund* is used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by Proprietary Funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the city reports the following governmental fund types:

> *Special Revenue Funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds are reported using the *economic sources measurement focus* and the *accrual basis of accounting* and are used to account for activities similar to those found in the private sector, where the determination of net income is necessary to useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered.

The City reports the following major enterprise funds:

> *The Water and Sewer Fund* accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.
>
> *The Electric Revenue Fund* accounts for the provision of electrical services to the residents of the City. All activities necessary to provide such service are accounted for in this fund.
>
> *The Landfill Fund* accounts for the operations and activities of the City landfill.

Component Units: All component units are reported using the *economic resources measurement focus basis* and the *accrual basis of accounting.* Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Budgets
Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to restrict, commit or assign that portion of the applicable appropriation, is not employed by the City.

Cash and Cash Equivalents
Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less.

Investments
State Statues authorize the City and the Authority to invest in obligations of the State of Georgia, obligations issued by the United States Government, obligations fully insured or guaranteed by the United States Government or by a government agency of the United States, obligations of any corporation of the United States Government, prime bankers' acceptances, the local government's investment pool established by Georgia Law, repurchase agreements, and obligations of other political sub-divisions of the State of Georgia Law, repurchase agreements, and obligations of other political sub-divisions of the State of Georgia, and, additionally, certificates of deposits, NOW accounts, and money market accounts of banks, which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such investment shall be secured by direct obligations of the State of Georgia or the United States, which are of a par value equal to one hundred ten percent (110%) of funds on deposit at the institution.

Investments for the City and its component unit are reported at fair value.

Intergovernmental Receivables
Intergovernmental Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories
Inventory in enterprise funds is valued at the lower of cost or market, using the first-in, first-out method. Inventory in the General Fund is valued at cost and consists of expendable supplies held for consumption. The City accounts for inventory on the purchase basis.

Prepaid items
Certain payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements of the enterprise funds.

Interfund Receivables/Payables
Outstanding balances between funds at the end of the fiscal year are referred to as either "Due From Other Funds" or "Due To 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".

Restricted Assets
Certain assets of the City and the Authority are subject to restrictions imposed by parties outside the government (such as creditors, grantors, contributors, and laws or regulations of other governments). The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use, thereof, to a future project or replacement equipment acquisition.

Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold at $5,000 for reported capital assets and infrastructure assets. All capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to July 1, 2019, interest incurred during the construction period of capital assets of the business-type activities was included as part of the capitalized value of the assets constructed. The amount of interest capitalized was calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. Effective July 1, 2019, in accordance with GASB Statement 89, construction period interest is no longer capitalized and is expensed as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is provided on the straight-line method over the following estimated useful lives:

Governmental Assets	
Buildings and improvements	10-30 years
Machinery and equipment	3-10 years
Infrastructure	20-50 years
Business-type Assets	
Buildings and improvements	10-50 years
Machinery and equipment	3-10 years

Deferred Outflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of the net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense) until then.

Deferred Inflows of Resources
In addition to liabilities, the City 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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds and government-wide statement of net position report unavailable revenues from property taxes, grants and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences
It is the City's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Government does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements. The General fund is used to liquidate compensated absences, unless associated with a specific proprietary fund.

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which is not significantly different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity
Beginning with fiscal year 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that re not in spendable from (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a formal action of the City Council through adoption of a resolution. Only the City Council may modify or rescind the commitment;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Encumbrances
Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Funds. Encumbrances outstanding at year end are reported as restrictions of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds which are continuing. Encumbrances do not represent GAAP expenditures. At June 30, 2020, there were no encumbrances outstanding.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – BUDGETS AND BUDETARY ACCOUNTING

Budget Process

The annual budget document is the financial plan for the operation of the City. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the City's financial position. An annual operating budget is adopted for the General Fund and Enterprise Funds. The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1) City departments submit budget requests to the City Manager.
2) Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council.
3) Public hearings on the proposed budgets are held.
4) The budget is legally adopted by the Mayor and the City Council.
5) All budget revisions much be approved as required by Georgia law and administrative policy. Revisions that alter the total expenditures of any department of fund must be approved by the City Council.
6) Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Funds.
7) Budgets for the General Fund and the Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 2 – BUDGETS AND BUDETARY ACCOUNTING (CONTINUED)

Original budgeted amounts for the year ended June 30, 2020, were adopted by the City Council on June 18, 2019.

Capital Projects Budget

The construction of certain major capital facilities and improvements, which are accounted for by the City in the Capital Projects Fund, are subject to budgetary control on a project basis. The budgets are approved by the City Council and are generally subject to specific provisions of voter referendums, State Statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

Deficit Fund Balances/Retained Earnings in Individual Funds

The following funds had deficit balances in net position as of June 30, 2020:

General Fund	(577,076)
Landfill	(293,801)
Capital Projects Fund	(213,029)

The fund deficits above are expected to be reduced through increased user charges and transfers from reserve and utility funds.

NOTE 3 – INVESTMENTS

Investments

Municipal Competitive Trust
The Municipal Electric Authority of Georgia (MEAG) formed a Trust, known as the "Municipal Competitive Trust", for the benefit of its participants, (which includes the City of Cairo, Georgia, along with forty-eight (48) other Cities and Counties). The Competitive Trust has been funded with certain monies, which have been accumulated in MEAG Power reserves, which were released following a successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. Surety bonds were substituted for the debt service reserves, to preserve the security of the bondholders, thus, allowing the accumulated debt service reserves to be transferred to the Competitive Trust. Funds in the Competitive Trust will be invested and re-invested and will be available to reduce future power supply costs of the participants to meet retail competition. Discretionary funds from the participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust, established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C. as an investment company. The City of Cairo, Georgia has recorded the investments in the Flexible Operations Trust Account and in the Generation Trust Account in the Electric Fund at fair market

NOTE 3 – INVESTMENTS (CONTINUED)

value at June 30, 2020 in the amount of $7,653,711 and $1,319,756, respectively. Fair market value is determined based on the fair value of the underlying portfolio, calculated daily, with earnings distributed monthly. The fair value of the position in the external investment pool is the same as the value of the pool shares. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, certain government agencies, if guaranteed by the United State Government, direct and general obligations of States, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia and municipal bonds.

Under the above parameters, investments are made in mortgage and derivative securities. These securities principally include agency-issued mortgages, collateralized mortgage obligations, principle-only strips and interest only securities that are required to repay on hundred percent (100%) of their principal investment at maturity. The yield on derivative securities is based on cash flows received, as determined by a specific formula or index and/or cash flows from principal repayments on underlying mortgages. Therefore, the rate of return and market value of these securities may be sensitive to changes in their respective index or formula and/or in pre-payment on mortgages, which may result from changing interest rates.

MEAG Power and, therefore, the City of Cairo, Georgia, to the extent of its portion of the Flexible Trust Account, are exposed to credit and market risk, relating to its investments. Credit risk arises when an entity is unable to recover its investments, either by an inability to withdraw the funds through non-performance of a counter party or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines.

Derivative Financial Instruments
Derivative financial instruments are used principally in the management of interest rate exposure and include interest rate swap transactions. Derivative financial instruments are not held or issued for trading purposes. The counter parties to derivative transactions are major financial institutions, with either high investment grade credit ratings or agreements to collateralize their net position.

Swap transactions are accrued to interest expense for the difference between the agreed upon fixed and floating rates. Options are recorded at fair value, based on the estimated amount that would be received or paid to terminate the options at the reporting date, based on broker quotes. Options are revalued and marked to market.

MEAG Power and the City's portion of the Flexible Trust Account will be exposed to less variable rate exposure if the counter party to the swap transaction defaults or if the swap if terminated. Any termination of the swap agreements may also result in MEAG Power, through the appropriate trust account, making or receiving a settlement payment.

NOTE 3 – INVESTMENTS (CONTINUED)

Classification of Investments
Investments are categorized into three categories of credit risk:

1) Insured or registered, or securities held by the City or Authority of their agent in the name of the City of Authority.
2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City of Authority's name.
3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City or Authority's name.

On June 30, 2020, the City's investments in the MEAG Municipal Competitive Trust investment pool total $8,973,468.

As of June 30, 2020, the City's investments were classified as follows:

	Category			
	1	2	3	Fair Value
MEAG Municipal Competitive Trust Investment Pool	$ -	$ -	$ 8,973,468	$ 8,973,468
	$ -	$ -	$ 8,973,468	$ 8,973,468

NOTE 4 – RECEIVABLES AND TAX REVENUE

Property Tax

Property taxes are levied in October based on property values assessed as of January 1. The billing representing the current year tax levy is mailed on October 20th. The billings are considered past due sixty (60) days after the billing date and penalties and interest are assessed. The applicable property is subject to lien after the billings are ninety (90) days delinquent.

The tax rate levied during fiscal year 2020, for the City's operations was 7.72 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes on June 30, 2020.

Sales Tax

The City received a 1% Local Option Sales Tax (LOST), and a 1% Special Purpose Local Option Sales Tax (SPLOST). The proceeds from SPLOST are restricted to financing various capital projects. The SPLOST programs are administered by Grady County, Georgia.

NOTE 4 – RECEIVABLES AND TAX REVENUE (CONTINUED)

Receivables

Receivables as of June 30, 2020, are as follows:

	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
Receivables:				
Accounts	$ 140,581	$ 99,855	$ 542,104	$2,096,614
Sales tax	180,633	-	-	-
Gross receivables	321,214	99,855	542,104	2,096,614
Less allowance for uncollectibles	-	-	139,889	440,668
	-	-	139,889	440,668
Total net receivables	$ 321,214	$ 99,855	$ 402,215	$1,655,946

	Landfill Fund	Nonmajor Enterprise Funds	Total
Receivables:			
Accounts	$ 20,891	$ 1,069,780	$3,969,825
Sales tax	-	-	180,633
Gross receivables	20,891	1,069,780	4,150,458
Less allowance for uncollectibles	-	334,927	915,484
	-	334,927	915,484
Total net receivables	$ 20,891	$ 734,853	$3,234,974

NOTE 4 – RECEIVABLES AND TAX REVENUE (CONTINUED)

Component Unit

The City of Cairo Development Authority leased a post office building to the United States Postal Service under a sales-type lease, as defined in Accounting Standards codification (ASC) 840, "Accounting of Leases." The investment in the sales-type lease is included in program receivables and unearned interest income is included in deferred inflows of resources.

On June 30, 2020, all lease payments have been received under the sales-type lease.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Interfund Receivables and Payables

Interfund receivables and payables result from cash flow needs among funds as well as temporary differences related to payroll and other expenses paid through one fund but related to others.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS (CONTINUED)

The composition of interfund receivables and payables as of June 30, 2020, is as follows:

	Interfund Balances		
	Receivables	Payables	Net
Governmental activities:			
General fund:			
Water and Sewer Fund Fund	$ -	$ -	$ -
Electric Revenue Fund	-	-	-
Nonmajor Enterprise Funds	-	-	-
Nonmajor Governmental funds	-	-	-
Nonmajor Governmental Funds:			-
General Fund	-	-	-
Electric Revenue Fund	-	-	-
Total governmental activities	-	-	-
Business-type activities:			
Water and Sewer Fund:			
General fund	-	-	-
Electric Revenue Fund:		-	-
General Fund	-	-	-
Landfill Fund	-	(607,000)	(607,000)
Nonmajor Governmental Funds	85,016	-	85,016
Landfill Fund:			
Electric Revenue Fund	607,000	-	607,000
Nonmajor Enterprise Funds:		-	-
General Fund	-	-	-
Electric Revenue Fund	-	(85,016)	(85,016)
Total business-type activities	692,016	(692,016)	-

Interfund activities are reported as loans, as services provided, reimbursements or transfers. Quasi - external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditure/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

Interfund transfers are used to move revenues from the fund that Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund and Enterprise Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS (CONTINUED)

Transfers and capital contributions consist of the following:

	Transfers/Capital Contributions		
	In	Out	Net
Governmental activities:			
General Fund:			
Electric Revenue Fund	$ 2,980,695	$ -	$ 2,980,695
Water and Sewer Fund	242,490	-	242,490
Capital Projects Fund	-	(2,672,386)	(2,672,386)
Nonmajor Governmental Funds	36,231	-	36,231
Nonmajor Enterprise Funds	80,026	-	80,026
Component Unit	12,072		12,072
Sub-total General Fund	3,351,514	(2,672,386)	679,128
Capital Project Fund:			
General Fund	2,672,386	-	2,672,386
Sub-total Nonmajor Governmental Funds	2,672,386	-	2,672,386
Nonmajor Governmental Funds:			
General Fund	-	(36,231)	(36,231)
Nonmajor Enterprise Funds	-	(120,490)	(120,490)
Sub-total Nonmajor Governmental Funds	-	(156,721)	(156,721)
Total governmental activities	6,023,900	(2,829,107)	3,194,793
Business-type activities:			
Electric Revenue Fund:			
General Fund	-	(3,498,561)	(3,498,561)
Water & Sewer Fund		(2,225,051)	(2,225,051)
Landfill Fund		(432,538)	(432,538)
Nonmajor Enterprise Funds	-	(39,683)	(39,683)
Sub-total Electric Revenue Fund	-	(6,195,833)	(6,195,833)
Water & Sewer Fund:			
General Fund	-	(242,491)	(242,491)
Nonmajor Enterprise Funds	3,721,428	-	3,721,428
Component Unit	37,730	-	37,730
Sub-total Water and Sewer Fund	3,759,158	(242,491)	3,516,667
Landfill Fund			
Nonmajor Enterprise Funds	305,221	-	305,221
Sub-total Landfill Fund	305,221	-	305,221
Nonmajor Enterprise Funds:			
General Fund	-	(80,026)	(80,026)
Water and Sewer Fund	-	(702,589)	(702,589)
Sub-total Nonmajor Enterprise Funds	-	(782,615)	(782,615)
Total business-type activities	4,064,379	(7,220,939)	(3,156,560)

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS (CONTINUED)

	Transfers/Capital Contributions		
	In	Out	Net
Component Unit:			
General Fund	-	(12,072)	(12,072)
Water and Sewer Fund	-	(37,730)	(37,730)
Nonmajor Enterprise Funds	11,569	-	11,569
Total component unit	11,569	(49,802)	(38,233)
Total	$ 10,099,848	$(10,099,848)	$ -

NOTE 6 – CAPITAL ASSETS

The following is a summary of capital asset activity as of June 30, 2020:

	Beginning Balance	Additions	Retirements/ Deletions	Transfer In (Out)	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	$ 548,305	$ 4,500	$ -	$ -	$ 552,805
Construction in progress	494,211	2,951,553	(61,008)	-	3,384,756
Total capital assets not being depreciated	1,042,516	2,956,053	(61,008)	-	3,937,561
Capital assets being depreciated					
Buildings	7,862,000	-	-	-	7,862,000
Infrastructure	10,147,854	1,313,963	-	163,064	11,624,881
Equipment and vehicles	4,934,090	225,669	-	-	5,159,759
Total assets being depreciated	22,943,944	1,539,632	-	163,064	24,646,640
Less accumulated depreciation for:					
Buildings	(2,353,285)	(116,433)	-	-	(2,469,718)
Infrastructure	(5,357,657)	(769,004)	-	-	(6,126,661)
Equipment and vehicles	(4,215,949)	(268,514)	-	-	(4,484,463)
Total accumulated depreciation	(11,926,891)	(1,153,951)	-	-	(13,080,842)
Total capital assets being depreciated, net	11,017,053	385,681	-	163,064	11,565,798
Governmental activities capital assets, net	$ 12,059,569	$ 3,341,734	$ (61,008)	$ 163,064	$ 15,503,359

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Retirements/ Deletions	Transfer In (Out)	Ending Balance
Business-type activities:					
Capital assets not being depreciated					
Land and improvements	$ 1,978,350	$ -	$ -	$ -	$ 1,978,350
Construction in progress	1,969,538	85,708	(1,830,255)		224,991
Total capital assets not being depreciated	3,947,888	85,708	(1,830,255)	-	2,203,341
Capital assets being depreciated					
Buildings	48,433,240	-	-	-	48,433,240
Infrastructure, machinery and equipment	11,881,918	5,841,657	-	-	17,723,575
Total assets being depreciated	60,315,158	5,841,657	-	-	66,156,815
Less accumulated depreciation for:					
Buildings	(25,259,681)	(119,394)	-	-	(25,379,075)
Infrastructure, machinery and equipment	(6,992,474)	(1,881,662)	-	-	(8,874,136)
Total accumulated depreciation	(32,252,155)	(2,001,056)	-	-	(34,253,211)
Total capital assets being depreciated, net	28,063,003	3,840,601	-	-	31,903,604
Total business-type activities capital assets net	$ 32,010,891	$ 3,926,309	$ (1,830,255)	$ -	$ 34,106,945

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to divisions as follows:

Governmental activities:	
General government	$ 713,721
Public safety	241,186
Public works	8,487
Parks and recreation	190,557
Total depreciation expense - governmental activities	$ 1,153,951
Business-type activities	
Water and sewer	$ 1,303,840
Electric	328,959
Cable TV	-
Garbage and trash	5,268
Airport	114,126
Telecomm	-
Landfill	189,957
Gas	58,905
Total depreciation expense - business-type activities	$ 2,001,055

Component Unit

The Downtown Development Authority of the city of Cairo, a discretely presented component unit, for the year ended June 30, 2020, had no capital asset activity for the year ended June 30, 2020.

NOTE 7 – LONG-TERM DEBT

Revenue Bonds

The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. The City's enterprise funds' revenue bonds outstanding at June 30, 2020, are as follows:

Enterprise Fund and Description	Original Amount	Interest Rate	Due Date	Amount
Water and Sewer and Electric Funds				
Combined Public Utility Refunding Revenue Bonds, Series 2014	$ 12,800,000	2.5-5.00%	2024	$ 3,430,000
			Unamortized bond premium	34,906
			Less current portion	(830,000)
				$ 2,634,906

NOTE 7 – LONG-TERM DEBT (CONTINUED)

The City of Cairo Combined Public Utility Refunding Revenue Bonds, Series 2014 were issued December 11, 2014, in the amount of $7,300,000 to provide funds to repay the City of Cairo Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2004. These bonds will be repaid from the revenues and earnings derived from the City's ownership and operation of the water and sewerage system, the electric power distribution system and the natural gas distribution system.

The annual debt service requirement to maturity of the Series 2014 bonds at June 30, 2020, is as follows:

	Water and Sewer and Electric Revenue Bond		
Year Ending June 30	Principal	Interest	Total
2021	$ 830,000	$ 75,460	$ 905,460
2022	850,000	57,200	907,200
2023	865,000	38,500	903,500
2024	885,000	19,470	904,470
2025	-	-	-
2026-2030	-	-	-
2031-2035	-	-	-
2036-2040	-	-	-
Total	$ 3,430,000	$ 190,630	$ 3,620,630

Component Unit

City of Cairo Development Authority Taxable Revenue Bonds, Series 1999

The City of Cairo Development Authority (Authority) Series 1999 bonds were issued in April of 1999 in the amount of $2,460,000 to provide funds to finance the construction of the new post office building. The Authority and the City of Cairo entered into an intergovernmental contract as of April 1, 1999. This contract provides for the Authority to appoint the City of Cairo as its agent and authorizes the City of Cairo to complete the acquisition, construction and equipping of the Project. The U.S. Postal Service has entered into a lease agreement with the Authority effective April 26, 1999. The Authority used the funds from the lease agreement to service its revenue bond indebtedness. The term of the lease is from

NOTE 7 – LONG-TERM DEBT (CONTINUED)

April 12, 2000 until April 11, 2020. The annual lease payment was $223,769. At the end of the lease term the U.S. Postal Service had the option to purchase the building for $1.00, which was exercised.

The outstanding balance of the Series 1999 bonds at June 30, 2020, is $0.

Closure and Post-Closure Care Liability

State and Federal laws and regulations require the City to place a final cover on its landfill site when it discontinues accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although, closure and post-closure care costs are paid only near or after the date that the landfill discontinues accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date based on cost estimates provided by an engineer/expert. The remaining accrued liability for closure and post-closure costs for trenches A, B, C & D, Garbage and Trash trenches, which are now closed, were $4,071,178 as of June 30, 2020. Closure and post-closure costs for trenches E, F & G, Construction and Demolition trenches, of $935,804 have been 39% accrued as of June 30, 2020, based on capacity utilized to date. The remaining life for trenches E, F & G have a remaining life of 29.02 years. The $4,439,709 reported as landfill closure and post-closure care liability, as of June 30, 2020, represents the cumulative amount accrued. These estimated closure and post-closure costs were obtained from an outside consulting/engineering firm and have been adjusted for inflation. The City has accumulated and designated cash and certificates of deposit for use in paying closure and post-closure costs in the amount of $3,288,385. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The financial assurance requirements are being met through the maintenance of cash and cash equivalents balances and financial ratios.

Capital Leases

The City has entered into various other lease agreements as lessee for financing the acquisition of vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present values of the future minimum least payments as of the date of inception. Equipment acquired under capital leases has a net book value of $273,124 at June 30, 2020. Amortization for assets acquired under capital leases is included in depreciation expense.

NOTE 7 – LONG-TERM DEBT (CONTINUED)

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments at June 30, 2020.

	Capital Lease					
	Governmental			Business-type activities		
Year Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2021	$ -	$ -	$ -	$ 191,455	$ 6,097	$ 197,552
2022	-	-	-	164,762	2,169	166,931
2023	-	-	-	14,517	51	14,568
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026-2030	-	-	-	-	-	-
2031-2035	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 370,734	$ 8,317	$ 379,051

Notes Payable

Governmental Activities

The City has notes payable to a financial institution for the acquisition and construction of real estate. The debt is payable in monthly installments of $4,751 through July 2023. Interest on the debt is 2.6%.

The annual debt service to maturity of the long-term debt at June 30, 2020, is as follows:

Year Ending June 30	Principal	Interest	Total
2021	$ 54,885	$ 2,127	$ 57,012
2022	50,785	664	51,449
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026-2030	-	-	-
2031-2035	-	-	-
2036-2040	-	-	-
Total	$ 105,670	$ 2,791	$ 108,461

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Governmental activities (continued)

The Georgia Department of Labor has leased this building since 2012 and pays monthly lease payments of $4,751.

Business-type Activities

The City has three notes payable to the Georgia Environmental Finance Authority Drinking Water State Revolving Fund. Note #1 was for the construction of two deep water supply wells, an arsenic removal system, and the construction of a new water treatment plant in the amount of $3,586,710, payable beginning in August 2017 in 120 monthly installments through July 2027, with interest at 0.66% and had a $500,000 loan forgiveness. Note #2 was for the installation of advanced metering infrastructure and the retrofitting of existing meters used to operate water and sewer services in the amount of $1,189,645 payable beginning in May 2018 in 120 monthly installments through May 2028, with interest at 0.50%, with loan forgiveness of $475,858. The loan agreement contains restrictive covenants, certain of which require, among other things, a minimum ratio, as defined, of fixed charges coverage. GEFA loan # 3 is for funding an arsenic removal system, three high service pumps and other improvements to the City's water treatment facility. The total loan is for $2,500,000 with $500,000 of that amount to be forgiven upon proper completion of the project. As of June 30, 2020, $2,000,000 was owed on this loan and is reflected in long term debt. The loan will be payable in 120 monthly payments, with interest at 1.06%.

The annual debt service to maturity of GEFA notes # 1, #2, and #3 at June 30, 2020, is as follows:

	GEFA Notes Payable		
Year Ending June 30	Principal	Interest	Total
2021	$ 471,949	$ 25,735	$ 497,684
2022	571,066	32,057	603,123
2023	575,506	27,617	603,123
2024	579,983	21,956	601,939
2025	584,498	19,102	603,600
2026-2030	1,769,457	36,256	1,805,713
2031-2035	70,135	155	70,290
2036-2040	-	-	-
Total	$ 4,622,594	$ 162,878	$ 4,785,472

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long term liabilities at June 30, 2020 were as follows:

	Beginning Balance	Additions	Repayments	Ending Balance	Due in One Year
Governmental activities:					
Capital Lease					
DOL Building	$ 154,714	$ -	$ (49,044)	$ 105,670	$ 54,885
Total governmental activities	$ 154,714	$ -	$ (49,044)	$ 105,670	$ 54,885
Business-type activities:					
Capital Lease					
750 Dozer	110,694	-	(18,186)	92,508	19,016
2012 CAT Dozer Dump Truck	105,018	-	(21,005)	84,013	84,013
Caterpillar 973D Track Loader	279,515	-	(85,302)	194,213	88,426
GEFA #1	2,384,586	-	(304,235)	2,080,351	306,249
GEFA #2	644,003	-	(70,133)	573,870	70,485
GEFA #3	877,427	1,122,573	(31,627)	1,968,373	95,215
Total long-term debt	4,401,243	1,122,573	(530,488)	4,993,328	663,404
Water and sewer and Electric bonds:					
2014 Refunding	4,240,000	-	(810,000)	3,430,000	830,000
Unamortized bond premium	41,235	-	(6,329)	34,906	-
Total bonds	4,281,235	-	(816,329)	3,464,906	830,000
Total business-type activities	$ 8,682,478	$ 1,122,573	$ (1,346,817)	$ 8,458,234	$ 1,493,404

Total interest cost incurred in the current year was as follows:

Governmental activities:	
Debt Service	$ 3,217
	$ 3,217
Business-type activities:	
Water, sewer and sanitation	$ 114,589
Electric	4,040
Landfill	10,708
	$ 129,337

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Compensated absences are liquidated by the General Fund and Enterprise Funds for which the liability is incurred.

Long-term liability activity for the City's component unit for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue Bonds	$210,000	$ -	$210,000	$ -	$ -

NOTE 8 – RESTRICTIONS OF FUND BALANCES

In the government fund financial statements, fund balances consist of restricted, committed, and unassigned amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. Committed fund balances represent amounts constrained to a specific purpose by formal action of the City Council. The remaining portion is unassigned.

In the proprietary fund financial statements, fund balances consist of restricted and unrestricted amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unrestricted.

Net position as of June 30, 2020 was restricted for the following purposes:

	Governmental Activities	Business-type Activities
Capital Projects	$ 273,591	$ -
EIP CDBG Revolving Loan Fund	1,604,557	-
Tourism, Conventions, Trade Shows	111,557	-
Cemetery Maintenance	44,476	-
Power Generation	-	1,319,756
	$ 2,034,181	$ 1,319,756

NOTE 9 – PENSION PLAN

City of Cairo Retirement Plan

Plan Description

The City's defined benefit pension plan, City of Cairo Retirement Plan (CCRP), provides retirement and disability benefits, and death benefits to plan members and beneficiaries. CCRP is affiliated with the Georgia Municipal Employees' Benefit System; an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the benefit provisions of the plans that participate in CCRP. The Georgia Municipal Employees' Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for CCRP. That report may be obtained by writing to the Georgia Municipal Employees' Benefit System, 201 Pryor Street, Southwest, Atlanta, Georgia 30303.

All full-time City employees are eligible to participate in the Plan upon employment inception. Benefits vest after ten years of service for employees. Employee participants become eligible to retire at age 65 with 5 years of participation in the Plan. Employee participants become eligible for early retirement at age 55 with 10 years of participation in the plan. City officials are eligible for retirement benefits at age 65. Vesting is immediate for City officials. The normal retirement benefit payable for life is based on a formula using 1.00% to 1.75% of average monthly compensation and years of service, as defined in the plan.

Employees Covered

As of January 1, 2020, the following employees were covered by the benefits terms for the plan:

		Average			
Participants	Count	Age	Service	Pay	Benefits
Active	137	48.3	16.7	$ 42,698	N/A
Retired	62	72.6	N/A	N/A	$806
Disabled	0	N/A	N/A	N/A	N/A

Contributions

The City is required to contribute at an actuarially determined rate in accordance with Section 47-20 of the Georgia Code, which sets forth the minimum funding standards for state and local government pension plans. Plan participants are not required to contribute to the Plan. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the contribution rates for the City and its plan participants. Contributions are determined using the projected unit credit cost method and assets are valued using market related value.

The most current valuation, dated January 1, 2020, determined that for the fiscal year beginning July 1, 2019, employer contributions of 10.41% of covered payroll are required to meet the current cost of the Plan. These contributions rates are based on an estimated total covered annual payroll of $5,927,296.

NOTE 9 – PENSION PLAN (CONTINUED)

Actuarial Assumptions

The net pension liability was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date.

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service-based merit increases
Investment rate of return	7.375%

Mortality rates were based on the RP-2000 Combined Health Mortality Table with sex-distinct rates, set forward two years for males and one year for females and the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

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 investments 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 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	0%	
Total	100%	

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made based on rates determined by the plan Actuary. 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.

NOTE 9 – PENSION PLAN (CONTINUED)

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Changes in the net pension liability for the year ended June 30, 2020, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2018*	$ 15,963,484	$ 13,253,600	$ 2,709,884
Changes for the year:			
Service costs	159,970	-	159,970
Interest	1,186,966	-	1,186,966
Difference between expected and actual experience	(111,920)	-	(111,920)
Contributions - employer	-	585,571	(585,571)
Net investment income	-	396,586	(396,586)
Benefit payments	(594,490)	(594,490)	-
Adminstrative expense	-	(27,162)	27,162
Other	133,952	-	133,952
Net changes	774,478	360,505	413,973
Balances at September 30, 2019**	$ 16,737,962	$ 13,614,105	$ 3,123,857

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following table presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.375%) or 1-percentage higher (8.375%) than the current rate.

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Net pension liability	$ 5,301,435	$ 3,123,857	$ 1,300,978

NOTE 9 – PENSION PLAN (CONTINUED)

At June 30, 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 Resources
Pension contributions subsequent to measurement date	$ 472,934	$ -
Differences between expected and actual experience	431,446	(168,663)
Changes in assumptions	192,247	-
Net differences between projected and actual earnings on pension plan investments	-	(72,492)
Total	$ 1,096,627	$ (241,155)

Deferred outflows of resources related to contributions made subsequent to the measurement date of September 30, 2019, in the amount of $472,934, will be recognized as a reduction in net pension liability in the year ended June 30, 2020. The remaining amount, $623,693, reported as deferred outflows related to pensions at June 30, 2020, will increase pension expense in the future as follows: $188,628 each for 2021, $156,543 for years 2022 and 2023, $99,654 for 2024, and $22,325 for 2025.

Amounts recognized as deferred inflows of resources related to pensions at June 30, 2020, totaling $241,155, will increase (decrease) pension expense in the future as follows: $214,583 for 2021, $150,129 for 2022, ($41,647) for 2023, ($100,563) for 2024, and $18,653 for 2025.

Peace Officers' Annuity and Benefit Fund of Georgia

Plan Description:

The Peace Officers' Annuity and Benefit Fund of Georgia (POABFG) is a cost-sharing multiple employer-defined benefit created in 1950 by the General Assembly of Georgia to provide retirement benefits to peace officers. Members of the POABFG are employed by units of government throughout the State of Georgia. The employers of the POABFG's members do not make contributions to the POABFG. The State of Georgia provides non-employer contributions to the POABFG through the collection of court fines and forfeitures. Detailed information about the benefits provided to members is available in the separately issued POABFG financial report which is publicly available.

Actuarial Assumptions:

The collective total pension liability was determined by an actuarial valuation as of June 30, 2018, with updated procedures used to roll forward the total pension liability to June 30, 2019. The roll forward calculation adds the normal cost (also called service costs), subtracts the actual benefit payments and

NOTE 9 – PENSION PLAN (CONTINUED)

refunds for the plan year, and then applies the discount rate for the year. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	1.90%
Salary increases	n/a
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014, Combined

The long-term expected rate of return on pension plan investments was calculated by the POABFG's investment manager as 7.27% using a Monte Carlo simulation in which best estimate ranges of expected future real rates of return (expected nominal 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. The POABFG's administrator determined that 6.50% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation by the POABFG's investment manager.

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. 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 periods of projected benefits payments to determine the total pension liability.

Net Pension Liability:

At June 30, 2020, the City did not have a liability for a proportionate share of the net pension liability (asset) of the POABFG because of the related support from the State of Georgia. The amount of the State's proportionate share of the net pension liability (asset) associated with the City was $17,928 as of June 30, 2020.

Pension Expense:

For the year ended June 30, 2020, the city recognized pension expense related to the POABFG of $16,710 and revenue of $16,710 for support provided by the State of Georgia.

Georgia Firefighter's Pension Fund

Plan Description:

The Georgia Firefighter's Pension Fund (GFPF) is a cost-sharing multiple-employer defined benefit created by the General Assembly of Georgia to provide retirement benefits to firefighters. Members of the GFPF are employed by units of government throughout the state of Georgia. Detailed information

NOTE 9 – PENSION PLAN (CONTINUED)

about the benefits provided to members is available in the separately issued GFPF financial report which is publicly available.

Actuarial Assumptions:

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the nest pension liability was based on an actuarial valuation as of June 30, 2019. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	n/a
Investment rate of return	6.00%
Mortality rates	RP-2000, Combined

The long-term expected rate of return on pension plan investments was determined by using a building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, and then combined by weighting them by the target asset allocation percentages. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
IG Corp Credit	12.00%	3.17%
MBS	12.00%	1.19%
Core Bonds	10.50%	1.74%
Large Cap Equities	15.50%	5.78%
Small/MidCap Equities	15.50%	6.54%
Int'l Equities (Unhedged)	13.00%	6.63%
Emerging Int'l Equities	6.50%	9.46%
Private Equity	5.00%	10.52%
Real Estate (Core)	5.00%	4.14%
Real Assets (Liquid)	5.00%	4.66%
Total	100.00%	

The discount rate used to measure the total pension liability was 6.00%. 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions,

NOTE 9 – PENSION PLAN (CONTINUED)

the pension plans' 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 periods of projected benefit payments to determine the total pension liability.

Net Pension Liability:

At June 30, 2020, the City did not have a liability for proportionate share of the net pension liability of the GFPF because of the related support from the State of Georgia. The amount of the State's proportionate share of the net pension liability associated with the City was $375,292 as of June 30, 2020.

Pension Expense:

For the year ended June 30, 2020, the City recognized pension expense related to the GFPF of $107,292 and revenue of $84,102 for support provided by the State of Georgia.

NOTE 10 – JOINT VENTURES

Southwest Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the eight county Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (Commission) and is required to pay annual dues thereto. During the year ended June 30, 2020, the City paid $10,351 in such dues.

Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Commission. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
P.O. Box 346
Camilla, Georgia 31730

South Georgia Governmental Services Authority

The South Georgia Governmental Services Authority (SGGSA) was created by the South Georgia Governmental Services Authority Act (State of Georgia, House Bill 879) in March of 2001 for the purpose of providing governmental, proprietary and administrative services and facilities to the Cities of Cairo, Camilla, Moultrie, and Thomasville and other subdivisions, agencies and authorities within is area of operation. The SGGSA provides video, internet, telephony and telecom services under the trade name

NOTE 10 – JOINT VENTURES (CONTINUED)

"CNSNext". Cairo is a member of the SGGSA along with the cities of Thomasville, Moultrie and Camilla, GA. SGGSA is accounted for as a joint venture with equity interests by the members, therefore the City of Cairo's investment in the SGGSA is accounted for using the equity method and is recorded in the Cable and Telecom enterprise funds. The fiscal year of the SGGSA ends December 31. These financial statements include Cairo's share of SGGSA net income for the SGGSA fiscal year ended December 31, 2019 in the amount of $671,216. The investment had a carrying value of $ 1,348,052 at June 30, 2020 which is the amount of Cairo's share of book value of the entity plus or minus capital contributions made or distributions received from January 1, 2020 through June 30, 2020. The SGGSA board is made up of eight members, two appointed by each participating city for four-year terms.

Separate financial statements may be obtained from:

South Georgia Governmental Services Authority
P.O. Box 1676
Thomasville, GA 31799

City of Cairo's Sanitary Landfill

On February 10, 1992, the City of Cairo, Georgia entered into an agreement with Grady County, Georgia and the City of Whigham, Georgia to deposit solid wasted collected in the sanitary landfill operated by Cairo, Georgia. The agreement provides that each party will equitably share in the cost of the operation of the landfill. The agreement also provides that the City of Cairo will establish a sinking fund to meet future capital needs or expenditures that may be required to comply with local, state, or federal laws (i.e., ground water monitoring costs and other post-closure costs). Should the City of Cairo incur any unexpected costs or additional requirements associated with post-closure costs in excess of the sinking/reserve funds retained, each party will make a contribution toward the additional costs in the percentage that shall equal the percentage of the total waste deposited at the landfill by the parties over the term of this agreement. The City of Whigham and Grady County shall not be required to make contributions toward additional costs that are due solely to the negligent act or intentional wrongful act of the City of Cairo in the administration of the landfill.

NOTE 10 – JOINT VENTURES (CONTINUED)

Each year, the City of Cairo provides to the City of Whigham and Grady County information regarding the operation of the landfill during the previous year. If it is determined that the funds collected to not meet the cost of the operation of the landfill and the sinking/reserve fund requirements, each party will make a contribution toward the deficit in a percentage that equals the percentage of the total waste deposited at the landfill by the parties. If it is determined that the funds collected exceed the cost of the operation of the landfill, the excess is transferred to the sinking/reserve fund and each party is given credit in an amount based upon the percentage of waste deposited at the landfill by the parties toward any future deficit.

Any excess that is accumulated over the term of the agreement is considered to be jointly owned by all parties based on the percentage of waste deposited at the landfill over the term of the agreement and will be disbursed at such time as there are no required costs to monitor the landfill.

Separate Financial Statements are not prepared or issued for the Landfill Joint Venture.

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

The City of Cairo entered into an agreement with the City of Whigham and Grady County, Georgia, to establish a joint development authority. The purpose of the Grady County Joint Development Authority is to facilitate economic development within Grady County, by coordinating the efforts of elected officials, the Cairo-Grady Chamber of Commerce, private organizations and citizens, and state and local organizations and businesses located both within and outside of Grady County to foster economic growth and improve the welfare of all citizens of Grady County.

The business of the Grady County Joint Development Authority is conducted and managed by its Board of Directors, which consists of seven members. The members are selected by the Grady County Board of Commissioners (3), the City of Cairo (3), and the City of Whigham (1), for such terms as the governing bodies shall determine.

NOTE 12 – RELATED ORGANIZATION

The City Council appoints Board members to the Housing Authority and the Library Board. However, the City has no further accountability for these organizations.

NOTE 13 – HOTEL/MOTEL TAX

The City has levied a 5% lodging tax. For the year ended June 30, 2020, $49,148 of hotel/motel tax was collected and $44,288 was spent. Management represents that 100% of the lodging tax funds spent

NOTE 13 – HOTEL/MOTEL TAX (CONTINUED)

during the year ended June 30, 2020 were used for the promotion of tourism, conventions, or trade shows.

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.

Property and General Liability and Worker's Compensation

The City has joined together with other municipalities in the State, as part of the Georgia-Interlocal Risk Management Agency (GIRMA) Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Worker's Compensation Fund, a public entity risk pool, currently operating as common risk management and insurance programs for member local governments. GIRMA exists by authority of the Official Code of Georgia Annotated O.C.G.A. 36-85-1. GIRMA is an unincorporated nonprofit instrumentality of its member governments. GIRMA establishes and administers one or more groups of self-insurance funds and risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of City government.

GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The Georgia Municipal Association Group Self-Insurance Worker's Compensation Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may, at any time, be instituted against them on account of injuries or death within the preview of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation, therefore, although such suits, other proceedings, allegations or demands may be wholly groundless, false or fraudulent.

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 pool's 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 issue, all incidents, which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds. The funds are to pay all costs taxed against members in any legal proceedings, defended by members, all interest accruing after judgment, and all expenses incurred for investigation, negotiation or defense.

The City of Cairo retains the first $2500 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss, up to the $2500 deductible. The City is not aware of any claims that the City is liable, for which, were outstanding and unpaid, as of June 30, 2020.

NOTE 14 – RISK MANAGEMENT (CONTINUED)

The City of Cairo is self-insured for group medical benefits up to $50,000 annually per participant. The self-insurance program is administered by a third party insurance service company. Administrative costs are allocated among the General Fund and Proprietary Funds. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic social factors. The liability for claims payable is reported in the General Fund. The change in the balance of claim liabilities during the past two years is as follows:

	Year Ended June 30	
	2020	2019
Unpaid claims, beginning of year	$ 211,356	$ 147,300
Incurred claims (including IBNRs)	1,715,073	1,473,755
Claim payments made	(1,532,439)	(1,409,699)
Unpaid claims, end of year	$ 393,990	$ 211,356

During the year ended June 30, 2020, there were no significant reductions in insurance coverage from the prior year and there have been no settlements exceeding insurance coverage for the past three years.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which either have or could result in litigation. The City has accrued amounts related to litigation where an outcome unfavorable to the City is probable and the amount can be estimated. In the opinion of the City attorney, the ultimate outcome of these contingencies will not have a material impact on the financial position of the City.

Grants from Governments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The City expects such disallowed amounts, if any, would not have a material impact on the financial position of the City.

Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

its costs, including debt services, but it may not operate any of its projects for profit, unless any such profits incur at the benefit of the public.

On October 1, 1975, the City of Cairo entered into a contract with MEAG and as an electric utility participant in MEAG is obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG.

In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement share of the output and services of generating units acquired or constructed by MEAG. The City's guarantee of MEAG debt totals $123,956,012 at June 30, 2020. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts were $10,752,235 in 2020.

On April 26, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (Trust). The Trust was created by MEAG, in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electrical systems of political subdivisions, which are wholesale power customers of MEAG, such as the City of Cairo. MEAG expects that after such legislation is effective, market rates for power will result, which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Cairo and within the account, created the following subaccounts, in which the City of Cairo participates:

Flexible Operating Trust Account

The MEAG trust agreement also created a flexible trust account. The City has a right to withdraw these funds at will; $3,412,795 was withdrawn during the year ended June 30, 2020. The balance in the flexible trust account, as of June 30, 2020, was $7,653,711 and has been recorded as an asset of the City.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Generation Trust Account

This subaccount may be funded by contributions by the City from any of its own funds that it has available for such purposes, including funds contained within the City's Flexible Operating Trust Account. The trustee is required to pay all or any portion of such amounts contained in the City's New Generation and Capacity Funding Account as directed in writing by the City for any of the following purposes: (1) to be applied as a credit against the City's obligation share of costs in connection with Plant Vogtle Units 3 and 4; (2) to be applied as credit against the City's obligation share of any other future generation project costs created by MEAG; (3) to be applied as a credit against any capital contributions committed to by Cairo in the event that MEAG provides the City with the Option of paying interest expense incurred in connections with the construction of any generation project prior to its commercial operation date; (4) to be applied as a credit against capacity charges incurred by the City in connection with power purchase agreements entered into by MEAG for the purpose of meeting the supplemental power needs of the City; and (5) as a payment to MEAG to mitigate that portion of any budgeted Bulk Power Supply cost increases incurred by the City which exceeds the City's prior year budgeted Bulk Power Supply costs by greater than 12%. The balance in the New Generation Trust Account, as of June 30, 2020, was $1,319,756 and has been recorded as a restricted asset of the City.

NOTE 16 – ADJUSTMENTS TO PREVIOUSLY ISSUED FINANCIAL STATEMENTS

	Governmental Activities	Business-Type Activities	Total Primary Govt
Net Position at June 30, 2019, as Previously Reported	$ 15,957,535	$ 31,884,339	$ 47,841,874
Overstatement:			
Accounts payable		606,457	
Net increase/(decrease)	-	606,457	-
Net Position at June 30, 2019, Restated	$ 15,957,535	$ 32,490,796	$ 47,841,874
Change by fund:			
Cable Fund	$ -	$ 280,790	$ 280,790
Telecom Fund	-	325,667	325,667
Component Unit	-	-	-
Increase/(decrease) in beginning fund balance/net position	$ -	$ 606,457	$ 606,457

NOTE 17 – SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus has affected economic activity. Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the City could experience negative results and liquidity restraints. The exact impact on the City in the subsequent year cannot be predicted.

Subsequent to the year ended June 30, 2020, the City received $490,445 in CARES Act funding.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	$ 1,600,000	$ 1,600,000	$ 1,590,607	$ (9,393)
Local option sales taxes	882,000	882,000	1,054,119	172,119
Other taxes	1,134,000	1,134,000	1,134,974	974
Licenses and permits	104,000	104,000	89,512	(14,488)
Fines and forfeitures	192,000	192,000	132,086	(59,914)
Charges for services	34,738	34,738	32,787	(1,951)
Investment income	5,000	5,000	7,518	2,518
Intergovernmental	150,000	150,000	210,298	60,298
Other revenues	68,544	68,544	97,341	28,797
Total revenues	4,170,282	4,170,282	4,349,242	178,960
Expenditures				
Current				
General government				
Mayor and council	101,831	96,831	92,037	(4,794)
City manager	279,140	283,140	296,522	13,382
Finance	210,213	210,213	209,159	(1,054)
Legal	23,173	23,173	21,784	(1,389)
Municipal court	42,570	36,570	34,456	(2,114)
Human resources	187,113	179,613	176,262	(3,351)
Clerk of council	241,541	238,449	237,693	(756)
General administration	14,000	5,000	4,313	(687)
Total general government	1,099,581	1,072,989	1,072,226	(763)
Public Safety				
Police	2,446,094	2,396,094	2,375,137	(20,957)
Fire	1,561,669	1,491,269	1,471,322	(19,947)
Code Enforcement	311,805	311,805	334,056	22,251
Total public safety	4,319,568	4,199,168	4,180,515	(18,653)
Public works				
Community service administration	209,818	316,718	316,634	(84)
Streets and sidewalks	643,933	803,433	803,393	(40)
Maintenance and shop	222,935	231,027	231,027	-
Total public works	1,076,686	1,351,178	1,351,054	(124)
Community services				
Community services	22,738	22,738	15,698	(7,040)
Economic development/assistance	150,454	165,954	172,108	6,154
Total community services	173,192	188,692	187,806	(886)

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
Parks, culture, and cemeteries				
Swimming pool	55,810	35,810	33,868	(1,942)
Parks and cemetery	907,295	784,295	747,782	(36,513)
Library	237,500	237,500	237,500	-
Total parks and recreation	1,200,605	1,057,605	1,019,150	(38,455)
Debt service				
Principal	58,392	58,392	49,044	(9,348)
Interest			3,217	3,217
Total debt service	58,392	58,392	52,261	(6,131)
Total expenditures	7,928,024	7,928,024	7,863,012	(65,012)
Excess (deficiency) of revenus over expenditures				
Other Financing Sources (Uses)				
Transfers	3,757,742	3,757,742	679,128	(3,078,614)
Total other financing sources (uses)	3,757,742	3,757,742	679,128	(3,078,614)
Net change in fund balances	-	-	(2,834,642)	(2,834,642)
Fund balances, beginning of year	2,257,565	2,257,565	2,257,565	-
Fund balances, end of year	$ 2,257,565	$ 2,257,565	$ (577,077)	$ (2,834,642)

CITY CAIRO
SCHEDULE OF CHANGES IN GMEBS NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS*
JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Year Ended December 31						
Total Pension Liability						
Service cost	$ 159,970	$ 151,970	$ 168,373	$ 174,922	$ 177,591	$ 198,883
Interest	1,186,966	1,102,373	1,053,016	1,023,837	965,009	951,060
Difference between expected and actual experience	(111,920)	463,975	180,089	(226,192)	192,509	(180,743)
Change in assumptions	-	-	161,242	-	-	-
Benefit payments	(594,490)	(602,335)	(605,034)	(587,096)	(564,988)	(537,999)
Other	133,952		-	-	-	(237,714)
Net Change in total pension liability	774,478	1,115,983	957,686	385,471	770,121	193,487
Total Pension Liability						
Beginning	15,963,484	14,847,501	13,889,815	13,504,344	12,734,223	12,540,736
Ending	16,737,962	15,963,484	14,847,501	13,889,815	13,504,344	12,734,223
Plan fiduciary net position						
Contributions - employer	585,571	560,098	558,838	695,554	801,187	670,804
Net investment income	396,586	1,201,184	1,589,743	1,059,026	95,823	928,602
Benefit payments	(594,490)	(602,335)	(605,034)	(587,096)	(564,988)	(537,999)
Administrative expenses	(27,162)	(29,022)	(30,660)	(17,949)	(20,550)	(16,360)
Net change in plan fiduciary net position	360,505	1,129,925	1,512,887	1,149,535	311,472	1,045,047
Plan fiduciary net position						
Beginning	13,253,600	12,123,675	10,610,788	9,461,253	9,149,781	8,104,734
Ending	13,614,105	13,253,600	12,123,675	10,610,788	9,461,253	9,149,781
Net pension liability - ending	$ 3,123,857	$ 2,709,884	$ 2,723,826	$ 3,279,027	$ 4,043,091	$ 3,584,442
Plan fiduciary net position as a % of total pension liability	81.34%	83.02%	81.70%	76.40%	70.10%	71.90%
Covered-employee payroll	$ 5,849,610	$ 5,927,296	$ 5,605,431	$ 5,432,291	$ 5,511,469	$ 5,239,696
Net pension liability as a % of covered employee payroll	53.4%	45.7%	48.6%	60.4%	73.4%	68.4%

CITY CAIRO
SCHEDULE OF CHANGES IN GMEBS NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
LAST TEN YEARS*
JUNE 30, 2020

Notes to Schedule

*Year 2015 was the 1st year of implementation; therefore, only six years are shown.

CITY OF CAIRO
SCHEDULE OF GMEBS RETIREMENT PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

Year ended June 30	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	__**	$ 577,629	$ 556,592	$ 621,430	$ 648,236	$ 756,161
Contribution in relation to the actuarially determined contribution	__**	$ 575,876	$ 561,995	$ 623,664	$ 657,230	803,655
Contribution deficiency (excess)	__**	$ 1,753	$ (5,403)	$ (2,234)	$ (8,994)	(47,494)
Covered-employee payroll	__**	$5,927,296	$5,605,431	$ 5,432,291	$5,511,469	5,239,696
Contribution as a % of covered employee payroll	__**	9.72%	10.03%	11.48%	11.92%	15.34%

Notes to Schedule of Contribution – see Note 9 for details

*Year 2015 was the first year of implementation, therefore, only six years are shown.

**2020 information will be determined after fiscal year end and will be included in the 2021 valuation report.

CITY OF CAIRO
SCHEDULE OF GFPF COLLECTIVE NET PENSION AND EMPLOYER LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State of Georgia's proportionate share of the net pension liability (asset) associated with the City	$ 375,292	$ 393,285	$ 356,549	$ 444,377	$ 339,941	$ 171,704
City's covered-employee payroll	n/a	n/a	n/a	n/a	n/a	n/a
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll entity's porportionate share of collective	n/a	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.67%	83.95%	83.74%	79.03%	83.06%	89.72%

**The State makes all contributions to the plan on behalf of employees of the participating employers. The proportionate share percentage has been determined based on these contributions.

CITY OF CAIRO
SCHEDULE OF POABF NET PENSION AND EMPLOYER LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State of Georgia's proportionate share of the net pension liability (asset) associated with the City	$ (17,928)	$ (8,591)	$ (6,483)	$ 31,453	$ 6,615	$ (15,636)
City's covered-employee payroll	n/a	n/a	n/a	n/a	n/a	n/a
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll entity's porportionate share of collective	n/a	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.93%	101.79%	101.62%	92.18%	98.28%	103.75%

Notes to the Schedule:

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF CAIRO
SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2020

	Capital Projects Funds			Special Revenue Funds		Permanent Fund		Total
	Grant Projects Fund	SPLOST 2012	SPLOST 2020	EIP CDBG	Hotel/ Motel Tax	Forest Lawn Cemetery	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS								
Accounts receivable, net	$ -	$ -	$ 95,658	$ 4,113	$ 84	$ -	$ -	$ 99,855
Intergovernmental receivable	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	92,948	85,016	177,763	114,009	32,940	11,536	514,212
Program receivables	-	-	-	1,422,681	-	-	-	1,422,681
Due from other funds	-	-	-	-	-	-	-	-
Total assets	$ -	$ 92,948	$ 180,674	$ 1,604,557	$ 114,093	32,940	11,536	$ 2,036,748
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	$ -	$ -	$ -	-	$ 2,536	$ -	-	$ 2,536
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	2,536	-	-	2,536
Fund balance:								
Restricted for:								
Specific projects	-	92,948	180,674	1,604,557	-			1,878,179
Public services	-	-	-	-	111,557	32,940	11,536	156,033
Total fund balances	-	92,948	180,674	1,604,557	111,557	32,940	11,536	2,034,212
Total liabilities and fund balance	$ -	$ 92,948	$ 180,674	$ 1,604,557	$ 114,093	32,940	11,536	$ 2,036,748

CITY OF CAIRO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Projects Funds			Special Revenue Funds		Permanent Fund		Total
	Grant Projects Fund	SPLOST 2012	SPLOST 2020	EIP CDBG	Hotel/ Motel Tax	Forest Lawn Cemetery	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ 49,148	$ -	$ -	$ 49,148
Intergovernmental	-	862,798	180,672	-	-	-	-	1,043,470
Investment income	-	1,631	2	267	355	104	25	2,384
Other revenues	-	-	-	19,496	-	-	-	19,496
Total revenues	-	864,429	180,674	19,763	49,503	104	25	1,114,498
EXPENDITURES								
Current:								
Public works	-	-	-	-	-	-	-	-
Community development	607	-	-	-	30,016	-	-	30,623
Public safety	-	-	-	-	-	-	-	
Capital outlay	-	1,237,805	-	-	14,272	-	-	1,252,077
Total expenditures	607	1,237,805	-	-	44,288	-	-	1,282,700
Excess (deficiency) of revenues over (under) expenditures	(607)	(373,376)	180,674	19,763	5,215	104	25	(168,202)
OTHER FINANCING SOURCES (USES)								
Transfers	-	(145,888)	-	-	(10,833)	-	-	(156,721)
Total other financing sources (uses)	-	(145,888)	-	-	(10,833)	-	-	(156,721)
Net change in fund balances	(607)	(519,264)	180,674	19,763	(5,618)	104	25	(324,923)
Fund balances - beginning	607	612,212	-	1,584,794	117,175	32,836	11,511	2,359,135
Fund balances - ending	$ -	$ 92,948	$ 180,674	$ 1,604,557	$ 111,557	$ 32,940	$ 11,536	2,034,212

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – EIP CDBG REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts Original and Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, July 1	$ 1,584,794	$1,584,794	$ -
Resources (inflows):			
Investment income	-	-	-
Other income	15,485	19,763	4,278
Amounts available for appropriation	1,600,279	1,604,557	4,278
Charges to appropriation (outflows):			
Contingency	15,485	-	(15,485)
Total charges to appropriations	15,485	-	(15,485)
Budgetary fund balance, June 30	$ 1,584,794	$1,604,557	$ 19,763

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – HOTEL/MOTEL TAX
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts Original and Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, July 1	$ 117,175	$ 117,175	$ -
Resources (inflows):			
Taxes	58,000	49,148	(8,852)
Investment income	-	355	355
Amounts available for appropriation	175,175	166,678	(8,497)
Charges to appropriation (outflows):			
Contributions to RCC	34,800	29,519	(5,281)
Other	23,200	14,769	(8,431)
Total charges to appropriations	58,000	44,288	(13,712)
Other financing sources (uses)			
Transfers	-	(10,833)	(10,833)
Budgetary fund balance, June 30	$ 117,175	$ 111,557	$ (5,618)

CITY OF CAIRO
STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ -	$ -	$ 976	$ -	$ -	$ 976
Accounts receivable, net	409,328	181,331	775	70,707	72,711	734,852
Intergovernmental receivables	-	-	94,692	-	-	94,692
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	61,424	61,424
Prepaid expense	-	-	135	-	2,928	3,063
Total current assets	409,328	181,331	96,578	70,707	137,063	895,007
Noncurrent assets:						
Investment in SGGSA	776,727	-	-	571,325	-	1,348,052
Restricted assets - cash	-	491,407	-	-	-	491,407
Restricted assets - CD	-	-	-	-	-	-
Capital assets:				-		
Land	-	6,400	227,534	-	500	234,434
Construction in progress	-	-	-	-	5,693	5,693
Other capital assets, net of accumulated depreciation	-	11,895	1,752,973	-	887,218	2,652,086
Total noncurrent assets	776,727	509,702	1,980,507	571,325	893,411	4,731,672
Total assets	1,186,055	691,033	2,077,085	642,032	1,030,474	5,626,679
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows from pensions	-	3,377	-	-	41,072	44,449
Total deferred inflows of resources	-	3,377	-	-	41,072	44,449
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,186,055	$ 694,410	$ 2,077,085	$ 642,032	$ 1,071,546	$ 5,671,128

CITY OF CAIRO
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUND – ENTERPRISE FUND
JUNE 30, 2020

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
LIABILITIES						
Current liabilities payable from current assets:						
Accounts payable	$ 402,179	$ 125,499	$ 100,427	$ 43,702	$ 44,624	$ 716,431
Accrued expenses	15,170	-	-	(29,616)	9,458	(4,988)
Current portion of long-term debt	-	-	-	-	-	-
Due to other funds	53,039	-	-	31,978	-	85,017
Total current liabilities payable from current assets	470,388	$ 125,499	$ 100,427	$ 46,064	54,082	$ 796,460
Long-term liabilities:						
Long-term debt, net of current portion	-	-	-	-	-	-
Compensated absences	-	-	-	-	7,177	7,177
Net pension liability	-	9,619	-	-	116,996	126,615
Other long-term liabilities	-	-	-	-	-	-
Total long-term liabilities	-	9,619	-	-	124,173	133,792
Total liabilities	470,388	135,118	100,427	46,064	178,255	930,252
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from pensions	-	743	-	-	9,032	9,775
Total deferred inflows of resources	-	743	-	-	9,032	9,775
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	470,388	135,861	100,427	46,064	187,287	940,027
NET POSITION:						
Net investment in capital assets	-	18,295	1,980,507	-	893,411	2,892,213
Restricted	-	-	-	-	-	-
Unrestricted	715,667	540,254	(3,849)	595,968	(9,152)	1,838,888
Total net position	$ 715,667	$ 558,549	$ 1,976,658	$ 595,968	$ 884,259	$ 4,731,101

CITY OF CAIRO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
OPERATING REVENUES						
Utility revenues	$ -	$ -	$ -	$ -	$ 1,071,207	$ 1,071,207
Charges for services	412,556	1,587,581	16,471	205,836	-	2,222,444
Other revenues	2,293	22,586	-	1,320	40,631	66,830
Intergovernmental	-	-	94,692	-	-	94,692
Total operating revenues	414,849	1,610,167	111,163	207,156	1,111,838	3,455,173
OPERATING EXPENSES						
Salaries and wages	-	21,780	-	-	357,689	379,469
Operating, administrative, and maintenance	20,756	1,506,616	36,305	-	489,363	2,053,040
Depreciation	-	5,268	114,126	-	58,905	178,299
Total operating expenses	20,756	1,533,664	150,431	-	905,957	2,610,808
Operating income (loss)	394,093	76,503	(39,268)	207,156	205,881	844,365
NONOPERATING REVENUE (EXPENSES)						
Interest income	-	-	2	-	-	2
Interest expense	-	-	-	-	-	-
Total nonoperating revenue (expenses)	-	-	2	-	-	2
Income (loss) before transfers	394,093	76,503	(39,266)	207,156	205,881	844,367
Transfers	(452,072)	(39,152)	50,328	(129,029)	(212,690)	(782,615)
Change in net position	(57,979)	37,351	11,062	78,127	(6,809)	61,752
Net position, beginning of year, restated	773,646	521,198	1,965,596	517,841	891,068	4,669,349
Net position, end of year	$ 715,667	$ 558,549	$ 1,976,658	$ 595,968	$ 884,259	$ 4,731,101

CITY OF CAIRO
STATEMENTS OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	$ 313,882	$1,550,876	$ 17,471	$ 253,141	$1,109,461	$3,244,831
Grant	-	-	-			-
Payments to employees (or for their benefit) for services provided	-	(14,795)	-	-	(369,452)	(384,247)
Payments to suppliers for goods or services	183,797	(1,496,929)	63,312	(15,160)	(522,265)	(1,787,245)
Net cash provided (used) by operating activities	497,679	39,152	80,783	237,981	217,744	1,073,339
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	(39,152)	50,328	-		11,176
Transfers to other funds	(452,072)	-	-	(129,029)	(212,690)	(793,791)
Net change in due from other funds	53,039	-		31,978	639	85,656
Liabilities assumed by other funds		-		-	-	-
Net cash provided (used) by noncapital financing activities	(399,033)	(39,152)	50,328	(97,051)	(212,051)	(696,959)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	-	(130,757)	-	(5,693)	(136,450)
Proceeds from borrowing	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	(130,757)	-	(5,693)	(136,450)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment in SGGSA	(98,646)	-	-	(140,930)	-	(239,576)
Interest income	-	-	-	-	-	-
Net cash provided by investing activities	(98,646)	-	-	(140,930)	-	(239,576)
Net increase in cash	-	-	354	-	-	354
Balances - beginning	-	491,407	622	-	-	492,029
Balances - ending	-	491,407	976	-	-	492,383

CITY OF CAIRO
STATEMENTS OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH						
PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	394,093	76,503	(39,268)	207,156	205,881	844,365
Adjustments to reconcile operating income to net cash provided by operating activities:						-
Non cash contributions expensed	-	-	-	-	-	-
Depreciation expense	-	5,268	114,126	-	58,905	178,299
Change in assets and liabilities:						
Receivables, net	(100,967)	(59,291)	(93,692)	45,985	(2,379)	(210,344)
Prepaid expense	-	7,751	(134)	-	(2,588)	5,029
Customer deposits	-	-	-	-	-	-
Compensated absences	-	-	-	-	(1,947)	(1,947)
Pension related balances	-	6,985	-	-	(9,816)	(2,831)
Accounts payable and accrued expenses	204,553	1,936	99,751	(15,160)	(25,281)	265,799
Inventory	-	-	-	-	(5,031)	(5,031)
Net cash provided by operating activities	497,679	39,152	80,783	237,981	217,744	1,073,339

STATE COMPLIANCE SECTION

CITY OF CAIRO
ONE PERCENT SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

Project	Original Estimated Cost	Expenditures			Estimated Percent Completed
		Prior Years	Current Period	Total	
SPLOST - 2012 Issue					
Referendum Expenditures:					
Streets, sidewalks, curbs, gutters and drainage	$ 2,412,000	$ 2,229,824	$ 973,899	$ 3,203,723	
Drinking water capital improvements	1,000,000	326,042	71,172	397,214	
Waste water treatment capital improvements	750,000	1,127,045	-	1,127,045	
Equipment purchases	1,750,000	783,353	203,675	987,028	
Debt reduction	1,000,000	-	134,978	134,978	
Totals	$ 6,912,000	$ 4,466,264	$ 1,383,724	$ 5,849,988	84.64%

Prepared on the modified accrual basis of accounting.

CITY OF CAIRO
ONE PERCENT SPECIAL PURPOSE SALES TAX (CONTINUED)
PROJECT COST SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Period	Expenditures Total	Estimated Percent Completed
SPLOST - 2020 Issue					
Referendum Expenditures:					
Streets, sidewalks, curbs, gutters and drainage	$ 300,000	$ -	$ -	$ -	
Drinking water capital improvements	2,000,000	-	-	-	
Waste water treatment capital improvements	1,000,000	-	-	-	
Equipment purchases	900,000	-	-	-	
Buildings and parks capital improvements	900,000	-	-	-	
Debt reduction	1,812,000	-	-	-	
Totals	$ 6,912,000	$ -	$ -	$ -	0.00%

Prepared on the modified accrual basis of accounting.

FEDERAL COMPLIANCE SECTION

CITY OF CAIRO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA #	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Drinking Water State Revolving Fund Cluster				
United States Environmental Protection Agency				
Pass-Through Programs From State of Georgia				
Capitalization Grants for Drinking Water				
State Revolving Fund	66.468	DW2017030	$ -	$ 1,204,535
Total US Environmental Protection Agency			**-**	**1,204,535**
Other Programs				
Department of Transportation:				
Pass-Through Programs From:				
State of Georgia				
Airport Improvement Program	20.106	APO18-9033-19(131)		99,676
Total Department of Transportation			**-**	**99,676**
Department of Housing and Urban Development				
Pass-Through Programs From:				
State of Georgia				
Rural Housing and Economic Development	14.250	RLF1	-	500,003
Total Department of Housing and Urban Development			**-**	**500,003**
Total Other Programs			**-**	**599,679**
TOTAL - ALL PROGRAMS			**$ -**	**$ 1,804,214**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior years. The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – LOANS AND LOAN GUARANTEE PROGRAMS

At June 30, 2020, the City had $4,622,595 outstanding in loan guarantee programs relating to Capitalization Grants for Drinking Water State Revolving Funds through the United States Environmental Protection Agency passed through the Georgia Environmental Finance Authority. These funds are payable to the Georgia Environmental Finance Authority.

Expenditures of federal awards for revolving loan funds are calculated as follows:

Notes receivable balance at June 30, 2019	$1,277,915
Loans written off during the year	-
Cash and investment balance at June 30, 2019	306,879
Current year expenditures (cash basis)	-
Subtotal	1,584,794
At applicable rate **	31.55%
*Expenditures of federal awards	$ 500,003

** [original federal funding)/sum of RLF assets]

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

To the Honorable Mayor and City Council
City of Cairo, Georgia

We have audited, in accordance with the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, Georgia ("the City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

March 29, 2021

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

To the Honorable Mayor and City Council
City of Cairo, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Cairo, 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 June 30, 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 June 30, 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.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

March 29, 2021

CITY OF CAIRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting

Material weakness(es) identified?	X	yes		no
Significant deficiencies identified that are not considered to be material weakness(es)?		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 deficiencies identified that are not considered to be material weakness(es)?		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 be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

CITY OF CAIRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Identification of major program

CFDA Number(s)	Name of Federal Program or Cluster
66.468	U. S. Environmental Protection Agency, Capitalization Grants for Drinking Water State Revolving Fund

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

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

CITY OF CAIRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-001

Criteria: Accounting duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel, thereby strengthening internal controls.

Condition: Certain accounting duties are not segregated such as authorization of disbursements and recording in general ledger, bank reconciliation preparation and recording in general ledger, deposit preparation and recording in general ledger.

Cause: Due to the size of the City and budget constraints, it has not been financially feasible to hire sufficient staff to provide for optimum segregation of accounting duties.

Effect: Risk of material errors in accounting and reporting and fraud is increased versus an environment where adequate segregation of duties exists.

Recommendation: Continue to practice mitigating controls such as review and oversight of accounting function by management and/or governance.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF CAIRO
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Audit Reference Number	
2019-001	Corrected in current year.
2019-002	Uncorrected in current year and recited as 2020-001.
2019-003	Corrected in current year.
2019-004	Corrected in current year.