CITY OF COCHRAN, GEORGIA

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

CITY OF COCHRAN, GEORGIA

CITY OF COCHRAN, GEORGIA
Financial Statements
For the Fiscal Year Ended June 30, 2019

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Financial Section

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
The City of Cochran, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cochran, Georgia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Cochran, Georgia'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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cochran, Georgia, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 41, the schedule of contributions on page 42, the schedule of changes in the net pension liability and related ratios on page 43 and the notes to the required supplementary information on pages 44-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cochran, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedules of special purpose local option sales tax expenditures, other grant schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are

presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedules of special purpose local option sales tax expenditures, other grant schedules and 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 nonmajor fund financial statements and schedules, the schedules of special purpose local option sales tax expenditures, other grant schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2020, on our consideration of the City of Cochran, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cochran, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cochran, Georgia's internal control over financial reporting and compliance.



Macon, Georgia
June 1, 2020

Basic Financial Statements

CITY OF COCHRAN, GEORGIA
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash	$ 996,032	$ 2,862,317	$ 3,858,349
Restricted investments, current	-	42,038	42,038
Receivables, net:			
Taxes	120,838	-	120,838
Fines and forfeitures	27,986	-	27,986
Customers	-	625,755	625,755
Intergovernmental	274,901	2,603	277,504
Others	29,175	-	29,175
Internal balances	60,866	(60,866)	-
Prepaid items	44,255	21,788	66,043
Inventory, at cost	1,141	4,105	5,246
Investment in joint venture	-	867,576	867,576
Capital assets not being depreciated	938,464	2,838,952	3,777,416
Capital assets being depreciated, net	7,755,588	8,558,032	16,313,620
TOTAL ASSETS	10,249,246	15,762,300	26,011,546
DEFERRED OUTFLOWS OF RESOURCES-			
Pensions	164,128	25,809	189,937
LIABILITIES:			
Accounts payable	193,593	243,833	437,426
Bank overdraft	256,472	-	256,472
Deposits payable	-	61,919	61,919
Salaries and benefits payable	33,379	8,009	41,388
Accrued liabilities	3,873	-	3,873
Accrued interest	-	27,691	27,691
Compensated absences, payable within one year	73,232	14,102	87,334
Compensated absences, payable after one year	39,432	16,031	55,463
Capital leases and notes, payable within one year	65,318	83,620	148,938
Bonds payable due within one year-(payable from restricted assets)	-	99,026	99,026
Bonds and leases payable due after one year	99,389	3,371,866	3,471,255
Notes payable due after one year	-	3,358,759	3,358,759
Net pension liability	236,716	37,966	274,682
TOTAL LIABILITIES	1,001,404	7,322,822	8,324,226
DEFERRED INFLOWS OF RESOURCES-			
Pensions	159,400	25,065	184,465
NET POSITION:			
Net investment in capital assets	$ 8,529,345	$ 4,483,713	$ 13,013,058
Restricted for capital improvements	1,017,096	-	1,017,096
Restricted for transportation projects	35,399	-	35,399
Restricted for confiscated assets - police	12,979	-	12,979
Restricted for debt service	-	42,038	42,038
Restricted for military flags	10,523	-	10,523
Unrestricted	(352,772)	3,914,471	3,561,699
TOTAL NET POSITION	$ 9,252,570	$ 8,440,222	$ 17,692,792

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,219,856	$ 491,831	$ 722,946	$ -	$ (5,079)	$ -	$ (5,079)
Public safety	1,848,012	241,148	166,211	54,316	(1,386,337)	-	(1,386,337)
Public works	893,340	-	-	646,586	(246,754)	-	(246,754)
Airport	353,392	-	-	-	(353,392)	-	(353,392)
Community development	19,774	-	-	-	(19,774)	-	(19,774)
Interest on long-term debt	4,339	-	-	-	(4,339)	-	(4,339)
Total governmental activities	4,338,713	732,979	889,157	700,902	(2,015,675)	-	(2,015,675)
Business-type activities:							
Water and sewer	1,794,981	1,829,019	-	188,264	-	222,302	222,302
Natural gas	1,988,648	2,172,525	-	-	-	183,877	183,877
Solid waste	708,399	757,907	-	-	-	49,508	49,508
Total business-type activities	4,492,028	4,759,451	-	188,264	-	455,687	455,687
Total	$ 8,830,741	$ 5,492,430	$ 889,157	$ 889,166	(2,015,675)	455,687	(1,559,988)
General revenues:							
Property taxes					900,981	-	900,981
General sales tax					496,165	-	496,165
Hotel/Motel tax					19,774		19,774
Other taxes					669,292	-	669,292
Interest earnings					4,169	9,311	13,480
Miscellaneous					60,618	9,118	69,736
Gain on sale of capital assets					18,575	10,078	28,653
Transfers					(47,165)	47,165	-
Total general revenues and transfers					2,122,409	75,672	2,198,081
Changes in net position					106,734	531,359	638,093
Net position-beginning					9,145,836	7,908,863	17,054,699
Net position - ending					$ 9,252,570	$ 8,440,222	$ 17,692,792

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Capital Projects-Special Sales Tax - 2013	Capital Projects-Special Sales Tax - 2018	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash	$ 229,651	$ 665,100	$ 31,736	$ 69,545	$ 996,032
Receivables, net:					
Taxes	118,801	-	-	2,037	120,838
Fines and forfeitures	27,986	-	-	-	27,986
Intergovernmental	173,777	-	96,145	4,979	274,901
Others	29,175	-	-	-	29,175
Due from other funds	70,684	-	-	-	70,684
Prepaid items	44,255	-	-	-	44,255
Inventory	1,141	-	-	-	1,141
TOTAL ASSETS	$ 695,470	$ 665,100	$ 127,881	$ 76,561	$ 1,565,012
LIABILITIES:					
Accounts payable	$ 189,309	$ -	$ -	$ 4,284	$ 193,593
Bank overdraft	256,472	-	-	-	256,472
Salaries and benefits payable	33,379	-	-	-	33,379
Accrued liabilities	3,873	-	-	-	3,873
Due to other funds	-	-	-	9,818	9,818
TOTAL LIABILITIES	483,033	-	-	14,102	497,135
DEFERRED INFLOWS OF RESOURCES-					
Unavailable revenue-property taxes	103,398	-	-	-	103,398
Unavailable revenue- Intergovernmental	110,660	-	-	-	110,660
TOTAL DEFERRED INFLOWS OF RESOURCES	214,058	-	-	-	214,058
FUND BALANCE (DEFICIT):					
Nonspendable:					
Prepaid items	44,255	-	-	-	44,255
Inventory	1,141	-	-	-	1,141
Restricted:					
Capital projects	210,034	665,100	127,881	14,081	1,017,096
Transportation projects	-	-	-	35,399	35,399
Confiscated assets-police	-	-	-	12,979	12,979
Military flags	10,523	-	-	-	10,523
Unassigned (Deficit)-General Fund	(267,574)	-	-	-	(267,574)
TOTAL FUND BALANCE (DEFICIT)	(1,621)	665,100	127,881	62,459	853,819
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 695,470	$ 665,100	$ 127,881	$ 76,561	$ 1,565,012

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Differences in amounts reported for governmental activities in the statement of net position:	
Fund balances - total governmental funds	$ 853,819
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds	8,694,052
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Liability for compensated absences	(112,664)
Net pension liability	(236,716)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore are not reported in the governmental funds:	
Deferred outflows	164,128
Deferred inflows	(159,400)
Long-term payables are not due and payable in the current period and, therefore, are not reported in the governmental funds	(164,707)
Some governmental revenues will not be collected for several months after the year end and, therefore, are deferred in the governmental funds	214,058
Net position of governmental activities	$ 9,252,570

The notes to the financial statements are an integral part of this statement.

CITY OF COCHRAN, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Capital Projects-Special Sales Tax - 2013	Capital Projects-Special Sales Tax - 2018	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 1,972,775	$ -	$ -	$ 79,570	$ 2,052,345
Licenses and permits	59,253	-	-	-	59,253
Intergovernmental	1,126,195	164,604	183,600	5,000	1,479,399
Charges for services	313,656	-	-	-	313,656
Fines and forfeitures	360,070	-	-	-	360,070
Miscellaneous	51,597	1,729	13	11,448	64,787
Total Revenues	3,883,546	166,333	183,613	96,018	4,329,510
EXPENDITURES:					
Current:					
General government	1,167,357	-	-	-	1,167,357
Public safety	1,784,133	-	-	6,283	1,790,416
Public works	717,404	-	-	85,456	802,860
Airport	182,870	-	-	-	182,870
Community development	-	-	-	19,774	19,774
Capital outlay	-	251,413	55,732	97,195	404,340
Debt service:					
Principal	50,290	2,842	-	-	53,132
Interest	4,299	40	-	-	4,339
Total Expenditures	3,906,353	254,295	55,732	208,708	4,425,088
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,807)	(87,962)	127,881	(112,690)	(95,578)
OTHER FINANCING SOURCES (USES):					
Transfers	(64,943)	17,778	-	-	(47,165)
Issuance of debt	83,419	-	-	-	83,419
Sale of capital assets	18,575	-	-	-	18,575
Total Other Financing Sources (Uses)	37,051	17,778	-	-	54,829
NET CHANGE IN FUND BALANCE	14,244	(70,184)	127,881	(112,690)	(40,749)
FUND BALANCE (DEFICIT)-BEGINNING	(15,865)	735,284	-	175,149	894,568
FUND BALANCE (DEFICIT)- ENDING	$ (1,621)	$ 665,100	$ 127,881	$ 62,459	$ 853,819

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Differences in amounts reported for governmental activities in the statement of activities		
Net change in fund balances - total governmental funds	$	(40,749)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position		
Expenditures for capital assets		530,208
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities		(494,002)
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset disposed less accumulated depreciation:		
Cost of assets disposed of		(77,254)
Accumulated Depreciation		77,254
Proceeds from the issuance of long-term debt provide current financial resources in the governmental funds but are recorded as liabilities in the governmental activities statement of net position		(83,419)
Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of net position		53,132
Expenses for compensated absences are reported for governmental activities but do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds:		
Liability balance at current fiscal year end		(112,664)
Liability balance at prior fiscal year end		101,599
Pension contributions reported as expenditures in the governmental funds are reported as deferred outflows of resources in the statement of net position because the net pension liability is measured prior to the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities:		
Net pension liability at current fiscal year end		(236,716)
Net pension liability at prior year end		303,639
Deferred outflows balance at current fiscal year end		164,128
Deferred outflows balance at prior fiscal year end		(211,724)
Deferred inflows balance at current fiscal year end		(159,400)
Deferred inflows balance at prior fiscal year end		148,175
Some governmental revenues will not be collected for several months after the year end and are deferred in the governmental funds:		
Unavailable revenue balance at current fiscal year end		214,058
Unavailable revenue balance at prior fiscal year end		(69,531)
Change in net position of governmental activities	$	106,734

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2019

	Water and Sewer	Natural Gas	Solid Waste	Total
ASSETS:				
Current Assets:				
Cash	$ 2,074,661	$ 407,567	$ 380,089	$ 2,862,317
Restricted investments	42,038	-	-	42,038
Receivables, net	354,633	199,708	71,414	625,755
Intergovernmental	2,603	-	-	2,603
Prepaid items	12,765	2,516	6,507	21,788
Inventory, at cost	4,105	-	-	4,105
Total Current Assets	2,490,805	609,791	458,010	3,558,606
Noncurrent Assets:				
Investment in joint venture	-	867,576	-	867,576
Capital assets:				
Land	9,700	515	-	10,215
Construction in progress	2,828,737	-	-	2,828,737
Buildings, net	10,140	-	-	10,140
Machinery and equipment, net	276,143	728	-	276,871
Water and sewer system, net	8,042,739	-	-	8,042,739
Gas system, net	-	135,105	-	135,105
Transmission line, net	-	93,177	-	93,177
Total Noncurrent Assets	11,167,459	1,097,101	-	12,264,560
TOTAL ASSETS	13,658,264	1,706,892	458,010	15,823,166
DEFERRED OUTFLOWS OF RESOURCES-				
Pensions	25,809	-	-	25,809
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	13,684,073	1,706,892	458,010	15,848,975

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2019

	Water and Sewer	Natural Gas	Solid Waste	Total
LIABILITIES:				
Current Liabilities:				
Accounts payable	79,070	110,427	54,336	243,833
Deposits payable	43,889	18,030	-	61,919
Salaries and benefits payable	8,009	-	-	8,009
Due to other funds	60,866	-	-	60,866
Accrued interest	27,691	-	-	27,691
Compensated absences	14,102	-	-	14,102
Total	233,627	128,457	54,336	416,420
Current Liabilities (payable from restricted assets) -				
Revenue bonds payable	99,026	-	-	99,026
Notes payable	83,620	-	-	83,620
Total Current Liabilities (payable from restricted assets)	182,646	-	-	182,646
Total Current Liabilities	416,273	128,457	54,336	599,066
Noncurrent Liabilities:				
Revenue bonds payable	3,371,866	-	-	3,371,866
Notes payable	3,358,759	-	-	3,358,759
Compensated absences	16,031	-	-	16,031
Net pension liability	37,966	-	-	37,966
Total Noncurrent Liabilities	6,784,622	-	-	6,784,622
TOTAL LIABILITIES	7,200,895	128,457	54,336	7,383,688
DEFERRED INFLOWS OF RESOURCES-				
Pensions	25,065	-	-	25,065
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,225,960	128,457	54,336	7,408,753
NET POSITION:				
Net investment in capital assets	4,254,188	229,525	-	4,483,713
Restricted for debt service	42,038	-	-	42,038
Unrestricted	2,161,887	1,348,910	403,674	3,914,471
TOTAL NET POSITION	$ 6,458,113	$ 1,578,435	$ 403,674	$ 8,440,222

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Water and Sewer	Natural Gas	Solid Waste	Total
OPERATING REVENUES:				
Water and Sewer charges pledged as security for revenue bonds	$ 1,829,019	$ -	$ -	$ 1,829,019
Charges for services	-	2,172,525	757,907	2,930,432
Total Operating Revenues	1,829,019	2,172,525	757,907	4,759,451
OPERATING EXPENSES:				
Salaries and benefits	332,374	-	-	332,374
Administrative overhead	353,420	253,030	60,000	666,450
Services and fees	221,610	1,714,705	639,683	2,575,998
Supplies	63,277	-	196	63,473
Repairs and maintenance	118,745	1,916	497	121,158
Utilities	186,466	5,758	351	192,575
Insurance premiums	14,076	3,173	7,538	24,787
Depreciation	380,350	10,066	134	390,550
Miscellaneous	6,570	-	-	6,570
Total Operating Expenses	1,676,888	1,988,648	708,399	4,373,935
OPERATING INCOME	152,131	183,877	49,508	385,516
NON-OPERATING REVENUES (EXPENSES):				
Interest income	9,311	-	-	9,311
Income from joint venture	-	9,118	-	9,118
Sale of capital assets	10,078	-	-	10,078
Intergovernmental	104,732	-	-	104,732
Interest expense	(118,093)	-	-	(118,093)
Total Non-Operating Revenues (Expenses)	6,028	9,118	-	15,146
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS-	158,159	192,995	49,508	400,662
Transfers in	47,165	-	-	47,165
Capital contributed	83,532	-	-	83,532
CHANGES IN NET POSITION	288,856	192,995	49,508	531,359
NET POSITION- BEGINNING	6,169,257	1,385,440	354,166	7,908,863
NET POSITION- ENDING	$ 6,458,113	$ 1,578,435	$ 403,674	$ 8,440,222

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Water and Sewer	Natural Gas	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	$ 1,766,697	$ 2,095,359	$ 753,828	$ 4,615,884
Cash paid to suppliers	(943,547)	(1,957,489)	(694,797)	(3,595,833)
Cash paid to employees	(326,857)	-	-	(326,857)
NET CASH PROVIDED BY OPERATING ACTIVITIES	496,293	137,870	59,031	693,194
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	47,165	-	-	47,165
Advances from other funds	60,866			60,866
Repayment of amounts due from other funds	2,258	-	-	2,258
NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES	110,289	-	-	110,289
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(546,557)	-	-	(546,557)
Capital grants and contributions	122,153			122,153
Proceeds from issuance of notes payable	428,396	-	-	428,396
Principal payments on bonds and notes	(153,106)	-	-	(153,106)
Interest paid on bonds and notes	(117,569)	-	-	(117,569)
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(266,683)	-	-	(266,683)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned	9,311	-	-	9,311
Sale of capital assets	26,141	-	-	26,141
Decrease (increase) in restricted assets	(16,973)	-	-	(16,973)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	18,479	-	-	18,479
NET INCREASE (DECREASE) IN CASH	358,378	137,870	59,031	555,279
CASH, BEGINNING	1,716,283	269,697	321,058	2,307,038
CASH, ENDING	$ 2,074,661	$ 407,567	$ 380,089	$ 2,862,317
CASH ENDING - UNRESTRICTED	$ 2,074,661	$ 407,567	$ 380,089	$ 2,862,317

The notes to the financial statements are an integral part of this statement

CITY OF COCHRAN, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Water and Sewer	Natural Gas	Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	$ 152,131	$ 183,877	$ 49,508	$ 385,516
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	380,350	10,066	134	390,550
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(63,432)	(75,782)	(4,079)	(143,293)
Prepaid items, etc.	2,832	153	(274)	2,711
Inventory, at cost	892	-	-	892
Deferred outflows of resources - pensions	8,260	-	-	8,260
Increase (decrease) in:				
Accounts payable	16,893	20,941	13,742	51,576
Deposits payable	1,110	(1,385)	-	(275)
Salaries and benefits payable	(1,879)	-	-	(1,879)
Deferred inflows of resources - pensions	1,222	-	-	1,222
Compensated absences	8,437			8,437
Net pension liability	(10,523)	-	-	(10,523)
Total adjustments	344,162	(46,007)	9,523	307,678
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 496,293	$ 137,870	$ 59,031	$ 693,194
NON-CASH TRANSACTIONS AFFECTING FINANCIAL POSITION:				
Capital contributed	$ 13,000	$ -	$ -	$ 13,000
Net income from joint venture	-	9,118	-	9,118
NET-EFFECT-NON-CASH TRANSACTIONS	$ 13,000	$ 9,118	$ -	$ 22,118

The notes to the financial statements are an integral part of this statement

Notes To The Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cochran, Georgia is an incorporated municipality under the provisions of Georgia law. The City operates under a Mayor and Council form of government. The City provides various services, levies taxes, and issues licenses as provided by the Charter. These services include public safety, highways and streets, sanitation, wastewater treatment, water, gas, and administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Currently, the City has no blended or discretely presented component units. The City does have a duly organized downtown development authority which is currently inactive and, accordingly, is not included in these financial statements as a component unit.

The City is responsible for appointing some of the members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making the appointments. These related organizations include the following:

Cochran-Bleckley Recreation Authority
Cochran-Bleckley Library Board
Cochran-Bleckley Industrial Development Authority
Cochran-Bleckley Health Board
Cochran Housing Authority
Cochran Municipal Airport Authority

Disbursements to these organizations based on contractual agreements have been budgeted and expended as part of the regular operations of the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. For the most part, 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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.

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

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

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

Revenues considered susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Purpose Local Option Sales Tax - 2013 Capital Projects Fund** accounts for capital outlay and other transactions related to the 2013 additional one-percent local option sales tax.

The **Special Purpose Local Option Sales Tax – 2018 Capital Projects Fund** accounts for capital outlay and other transactions related to the 2018 additional one-percent local option sales tax.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for the provision of water and sewer services to businesses and residences of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The **Natural Gas Fund** is used to account for the provision of natural gas services to businesses and residences of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The **Solid Waste Fund** is used to account for the provision of solid waste services to businesses and residences of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

D. Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval.

E. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means by which they are to be financed.

2. The City Council holds a public hearing on the budget, giving notice thereof at least 10 days in advance by publication in the official organ of the City of Cochran.

3. The budget is then revised and adopted or amended by the City Council at the first regular meeting prior to July 1 of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Budgeted amounts are as originally adopted, or as amended by the Council. Amendments were made to the current year's budget. Appropriated annual budgets have been legally adopted for the General Fund, Special Revenue Fund, Debt Service Fund, and Enterprise Funds. A project length budget is adopted for the capital projects funds.

F. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. For purpose of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The City maintains only checking and interest-bearing savings accounts in Georgia financial institutions as permitted by OCGA 36-83-4. Restricted investments include cash and certificates of deposit which have been segregated under the provisions of the revenue bond agreement. These investments are stated at cost plus accrued interest which approximates market value.

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

H. Prepaid Items

Prepaid items are recorded as expenditures in the governmental funds during the period benefited.

I. 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. Capital assets are defined by the City as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements.

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

Major outlays for capital and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the assets' estimated useful lives as follows:

Asset Class	Estimated Useful Lives In Years	Capitalization Threshold
Buildings	50	$ 15,000
Building Improvements	20	$ 5,000
Machinery and equipment	3-10	$ 5,000
Water and sewer lines	30-50	$ 5,000
Gas Lines	30-50	$ 5,000
Airport runway	30-50	$ 10,000
Infrastructure	30	$ 10,000

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits

Vacation leave is earned by all permanent City employees at a rate determined by the amount of continuous employment the employee has with the City for the first 15 years of service. After fifteen years of service, the employees earn at a rate of eighteen days per year. Vacation leave may be accumulated and carried over to a maximum of 45 days per employee. Upon separation from the City, employees are entitled to accumulated vacation leave. In governmental funds, the cost of vacation leave is recognized when payments are made to employees. Proprietary funds accrue vacation leave in the period they are earned.

K. 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 are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Deferred Outflows and Inflows of Resources

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statements establish accounting and financial reporting standards for deferred outflows and inflows of resources and the concept of net position as the residual of all other elements presented in the statement of net position.

Deferred outflows of resources represent a consumption of net position that applies to future periods and, as such, will be recognized as an outflow of resources (expenditure or expense, as applicable) in the future. The City has only one type of item which, which arises under the accrual basis of accounting, that qualifies for reporting in this category. Pension related items are reported on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewer Fund.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and, as such, will be recognized as an inflow of resources (revenue) in the future. The City has several types of items that qualify for reporting in this category. Unavailable revenue from property taxes and grants is reported in the governmental funds balance sheets. Pension related items are reported on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the Water and Sewer Fund.

M. Fund Equity

1. Government-wide Statements

Net position is the difference between assets and liabilities. Net position is categorized as follows:

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any

bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net position items that do not meet the definition of "Net investment in capital assets" or "Restricted".

2. Fund Statements

Governmental fund equity is classified as fund balance. Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only the City Council may modify or rescind the commitment.

- ***Assigned*** - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council can authorize the City Clerk or designee to assign fund balances.

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Proprietary fund equity is classified the same as in the government-wide statements.

Fund balance flow assumptions-When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed.

For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of June 30, 2019:

	General Fund	Capital Projects Special Sales Tax - 2013	Capital Projects Special Sales Tax - 2018	Other Governmental Funds	Total
Fund Balances:					
Nonspendable					
Prepaids	$ 44,255	$ -	$ -	$ -	$ 44,255
Inventory	1,141	-	-	-	1,141
Restricted for:					
Capital projects	210,034	665,100	127,881	14,081	1,017,096
Transportation projects	-	-	-	35,399	35,399
Confiscated assets-police	-	-	-	12,979	12,979
Military flags	10,523	-	-	-	10,523
Unassigned (Deficit)	(267,574)	-	-	-	(267,574)
Total fund balances	$ (1,621)	$ 665,100	$ 127,881	$ 62,459	$ 853,819

Net position flow assumptions-Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position.

N. Advertising Costs

Advertising costs are recorded as expenditures or expenses, as appropriate, in the period incurred. No advertising costs are capitalized.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable 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.

P. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for all types of receivables which historically experience uncollectible accounts.

Q. Post-employment health care benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured for the actual month covered. This program is offered for duration of 18 months after the termination date. There is no associated cost to the City under this program.

R. Concentrations of Credit Risk

The City's Water and Sewer, Natural Gas, and Solid Waste Enterprise Funds services serve customers within the City of Cochran. The balance of receivables is composed mostly of residential and smaller commercial accounts. The City does not expect to incur significant losses as a result of these receivables. Management believes that the allowance for uncollectibles is adequate to cover all anticipated future losses on these receivables.

S. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts or revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

T. Tax Abatement Agreements

During the year ended June 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement Number 77, *Tax Abatement Disclosures.* This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2019, the City did not have any such agreements, either entered into by the City or by other governments.

2. DEPOSITS AND INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Government may not be able to recover its deposits or recover collateral securities in the possession of an outside party. At year end, the City had deposits of $3,714,748 the carrying amount for these deposits was $3,899,767. As of June 30, 2019, the City's deposits were fully insured or collateralized with securities held by the City, an agent in the name of the City, or securities pledged by the financial institution in the name of the City.

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other state;
- Obligations issued by the United States;

- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The City maintains only checking and interest-bearing savings accounts in Georgia financial institutions as permitted by OCGA 36-83-4. Restricted investments include cash and certificates of deposit which have been segregated under the provisions of the revenue bond agreement. These investments are stated at cost plus accrued interest which approximates market value.

Total deposits are reported under the following captions in the statement of net position:

Cash	$ 3,857,729
Restricted Investments, Current	42,038
Carrying Amount	3,899,767
Cash on hand	620
Totals	$ 3,900,387

Restricted investments are reported as non-current restricted assets on the balance sheet.

3. PROPERTY TAXES

The City levies property taxes on September 1st of each year. Due date for these taxes is December 20th and the lien date is the following March 1st. Taxes are collected throughout the year.

Property taxes for the fiscal year ended June 30, 2019, were assessed at the net rate of 11.267 mills on the dollar on a total assessed valuation of $71,808,349.

In the governmental fund financial statements, property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year are therefore susceptible to accrual in accordance with GAAP and have been recognized as revenue.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Over time, substantially all property taxes are collected.

4. ACCOUNTS RECEIVABLE

Receivables at year-end for the City's individual major funds and non-major funds in the aggregate and the related allowance for uncollectibles are as follows:

Governmental Funds	General Fund	Capital Projects SPLOST 2013	Capital Projects SPLOST 2018	Nonmajor Governmental Funds	Total Governmental Funds
Taxes	$ 246,489	$ -	$ -	$ 2,037	$ 248,526
Less allowance for uncollectibles	(127,688)	-	-	-	(127,688)
Net taxes	$ 118,801	$ -	$ -	$ 2,037	$ 120,838
Fines	$ 286,254	$ -	$ -	$ -	$ 286,254
Less allowance for uncollectibles	(258,268)	-	-	-	(258,268)
Net fines	$ 27,986	$ -	$ -	$ -	$ 27,986
Intergovernmental	$ 173,777	$ -	$ 96,145	$ 4,979	$ 274,901
Less allowance for uncollectibles	-	-	-	-	-
Net intergovernmental	$ 173,777	$ -	$ 96,145	$ 4,979	$ 274,901
Others	$ 29,175	$ -	$ -	$ -	$ 29,175
Less allowance for uncollectibles	-	-	-	-	-
Net others	$ 29,175	$ -	$ -	$ -	$ 29,175

Proprietary Funds	Water and Sewer Fund	Natural Gas Fund	Solid Waste Fund	Total Proprietary Funds
Customer receivables	$ 733,437	$ 443,366	$ 279,734	$ 1,456,537
Less allowance for uncollectibles	(378,804)	(243,658)	(208,320)	(830,782)
Net customer receivables	$ 354,633	$ 199,708	$ 71,414	$ 625,755
Intergovernmental	$ 2,603	$ -	$ -	$ 2,603
Less allowance for uncollectibles	-	-	-	-
Net intergovernmental	$ 2,603	$ -	$ -	$ 2,603

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, is as follows:

Description	Balance Beginning	Additions	Retirements	Transfers	Balance Ending
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 900,274	$ -	$ -	$ -	$ 900,274
Construction in progress	46,150	25,190	-	(33,150)	38,190
Total capital assets, not being depreciated	946,424	25,190	-	(33,150)	938,464
Capital assets, being depreciated:					
Infrastructure	6,473,733	-	-	-	6,473,733
Buildings and improvements	1,829,087	-	-	33,150	1,862,237
Improvements other than buildings	622,327	-	-	-	622,327
Machinery and equipment	3,056,732	505,018	77,254	-	3,484,496
Total capital assets, being depreciated	11,981,879	505,018	77,254	33,150	12,442,793
Less accumulated depreciation for:					
Infrastructure	1,295,683	168,539	-	-	1,464,222
Buildings and improvements	796,148	41,618	-	-	837,766
Improvements other than buildings	78,630	27,725	-	-	106,355
Machinery and equipment	2,099,996	256,120	77,254	-	2,278,862
Total accumulated depreciation	4,270,457	494,002	77,254	-	4,687,205
Governmental activities capital assets, net of accumulated depreciation:					
Capital assets, not being depreciated:					
Land	900,274	-	-	-	900,274
Construction in progress	46,150	25,190	-	(33,150)	38,190
Total capital assets, not being depreciated	946,424	25,190	-	(33,150)	938,464
Capital assets being depreciated, net of accumulated depreciation:					
Infrastructure	5,178,050	(168,539)	-	-	5,009,511
Buildings and improvements	1,032,939	(41,618)	-	33,150	1,024,471
Improvements other than buildings	543,697	(27,725)	-	-	515,972
Machinery and equipment	956,736	248,898	-	-	1,205,634
Total capital assets being depreciated, net of accumulated depreciation	7,711,422	11,016	-	33,150	7,755,588
Total governmental activities capital assets, net of accumulated depreciation	$8,657,846	$ 36,206	$ -	$ -	8,694,052
Less: related long term debt outstanding					(164,707)
Net investment in capital assets					$8,529,345

Description	Balance Beginning	Additions	Transfers/ Retirements	Balance Ending
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 10,215	$ -	$ -	$ 10,215
Construction in progress	2,383,574	445,163	-	2,828,737
Total capital assets, not being depreciated	2,393,789	445,163	-	2,838,952
Capital assets, being depreciated:				
Buildings and improvements	35,512	-	-	35,512
Machinery and equipment	767,438	184,926	20,506	931,858
Water and sewerage system	13,532,865	-	-	13,532,865
Gas system	621,035	-	-	621,035
Transmission line	667,584	-	-	667,584
Total capital assets, being depreciated	15,624,434	184,926	20,506	15,788,854
Less accumulated depreciation for:				
Buildings and improvements	24,745	627	-	25,372
Machinery and equipment	611,935	47,495	4,443	654,987
Water and sewerage system	5,157,069	333,057	-	5,490,126
Gas system	480,123	5,807	-	485,930
Transmission line	570,843	3,564	-	574,407
Total accumulated depreciation	6,844,715	390,550	4,443	7,230,822
Business-type activities capital assets, net of accumulated depreciation:				
Capital assets not being depreciated:				
Land	10,215	-	-	10,215
Construction in progress	2,383,574	445,163	-	2,828,737
Total capital assets, not being depreciated	2,393,789	445,163	-	2,838,952
Capital assets being depreciated, net of accumulated depreciation:				
Buildings and improvements	10,767	(627)	-	10,140
Machinery and equipment	155,503	137,431	16,063	276,871
Water and sewerage system	8,375,796	(333,057)	-	8,042,739
Gas system	140,912	(5,807)	-	135,105
Transmission line	96,741	(3,564)	-	93,177
Total capital assets being depreciated, net of accumulated depreciation	8,779,719	(205,624)	16,063	8,558,032
Total business-type activities capital assets, net of accumulated depreciation	$ 11,173,508	$ 239,539	$ 16,063	11,396,984
Less: related long term debt outstanding				(6,913,271)
Net investment in capital assets				$ 4,483,713

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

Governmental activities:	
General government	$ 49,536
Public safety	183,464
Public works	90,480
Airport	170,522
Total depreciation expense-governmental activities	$ 494,002
Business-type activities	
Water and sewer system	$ 380,350
Gas system	10,066
Solid waste system	134
Total depreciation expense- business-type activities	$ 390,550

6. JOINT VENTURES

The City of Cochran participates in three joint ventures, which are not part of the City's reporting entity.

A. Jointly Owned Natural Gas Transmission Line

The Jointly Owned Natural Gas Transmission Line was established in 1953 by the cities of Warner Robins, Perry, Hawkinsville, and Cochran, Georgia. The venture was established to provide maintenance and related services for the natural gas transmission line serving the member cities. The joint venture is governed by a four-member board composed of one member from each participating city. Under the terms of the joint venture contract, each city pays for and owns its own separate section of the transmission line. The income generated from the venture is allocated to each city based on various percentages as specified in the joint venture contract. Each city's share in the income and retained earnings of the joint venture is reported in the audited financial statements of the Jointly Owned Natural Gas Transmission Line. The Jointly Owned Natural Gas Transmission Line net income (loss) and retained earnings as of and for the years ended September 30, 2018 and 2017 allocated to the City of Cochran are reported in the Natural Gas Enterprise Fund as of and for the years ended June 30, 2019 and 2018.

The amounts allocated to the City of Cochran in the audited financial statements of the Jointly Owned Natural Gas Transmission Line as of and for the years ended September 30, 2018 and 2017 are as follows:

	2018	2017
Retained earnings, beginning	$858,458	$821,376
Net income (loss) for the year	9,118	37,082
Retained earnings, ending	$ 867,576	$ 858,458

The above amounts are reported in the Natural Gas Enterprise Fund of the City of Cochran as of and for the years ended June 30, 2019 and 2018, are as follows:

	2019	2018
Investment in joint venture	$867,576	$858,458
Net income (loss) from joint venture	$ 9,118	$ 37,082

The audited financial statements of the Jointly Owned Natural Gas Transmission Line are available at City Hall, P.O. Box 8, Cochran, Georgia 31014.

B. Cochran-Bleckley Emergency Management Office

The Cochran-Bleckley Emergency Management Office is a joint venture between the City of Cochran, Georgia and Bleckley County, Georgia. The net monthly cost of operations of this joint venture is paid equally by the City and the County. The General Fund of the City of Cochran had no expenditures for the year ended June 30, 2019. The operations, capital assets and long-term debt were transferred to the books and records of Bleckley County, Georgia, under agreement with the City of Cochran and Bleckley County, Georgia, for 2004 and future years.

C. Regional Commission

Under Georgia law, the City, in conjunction with municipalities and counties in the eleven (11) county Heart of Georgia area are members of the Heart of Georgia Regional Commission (HGRC). Membership in the HGRC is required for each municipality and county in the Heart of Georgia region. The Official Code of Georgia Section 50-8-34 provides for the organizational structure.

The HGRC Board membership includes the elected official of each county and the chief elected official of each municipality. The City board members and municipal board members from the same county elect one Member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as a nonpublic member and a minority member who must be an elected official to serve as board members from a County. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of the HGRC. Separate financial statements for the HGRC are available from: Heart of Georgia Regional Commission, 5405 Oak Street, Eastman, GA 31023.

7. COMPLIANCE

The City levies and collects a five percent hotel/motel tax in accordance with the provisions of OCGA 48-13-51. The City has complied with the expenditure requirements of this code section as required under Code Section 36-81-7. Presented below is a table which summarizes hotel/motel tax transactions during the current fiscal year and is reported in the special revenue fund:

Total Hotel/Motel tax funds expended	$ 19,774
Total Hotel/Motel tax receipts	$ 19,774
Percentage of expenditures to tax receipts	100 %

Deficit Fund Balance/Net Position:

The general fund had deficit fund balance totaling $1,621 as of the end of the current year.

Excess of Expenditures Over Appropriations in Individual Departments and Budget Compliance-

The following departments had expenditures in excess of appropriations in the current year:

Public Safety	$ 15,845
Airport	$ 140,770

8. LONG-TERM LIABILITIES

The following is a summary of debt transactions of the City of Cochran for the year ended June 30, 2019:

	Balance Beginning	Increases	Decreases	Balance Ending	Amounts Due Within One Year	Long-term Portion
Governmental Activities:						
Compensated absences	$ 101,599	$ 11,065	$ -	$ 112,664	$ 73,232	$ 39,432
Capital leases	134,420	83,419	53,132	164,707	65,318	99,389
Net pension liability	303,639	-	66,923	236,716	-	236,716
Total Governmental Activities	$ 539,658	$ 94,484	$ 120,055	$ 514,087	$ 138,550	$ 375,537

	Balance Beginning	Increases	Decreases	Balance Ending	Amounts Due Within One Year	Long-Term Portion
Business-Type Activities:						
Compensated Absences	$ 21,696	$ 8,437	$ -	$ 30,133	$ 14,102	$ 16,031
Revenue Bonds Payable-						
Series 2014	3,590,000	-	95,000	3,495,000	100,000	3,395,000
Less: discount	(25,082)	974	-	(24,108)	(974)	(23,134)
Total Revenue Bonds	3,564,918	974	95,000	3,470,892	99,026	3,371,866
Notes Payable	3,072,089	428,396	58,106	3,442,379	83,620	3,358,759
Net Pension Liability	48,489	-	10,523	37,966	-	37,966
Total Business-Type Activities	$ 6,707,192	$ 437,807	$ 163,629	$ 6,981,370	$ 196,748	$ 6,784,622

Details of capital leases and notes payable are as follows:

	Balance Beginning	Additions	Retirements	Balance Ending
Governmental Activities:				
Capital Leases:				
3.44% Capital lease payable, with quarterly payments of $2,874, including interest, original principal of $32,631, made on September 1, 2015 incurred to purchase a police vehicle	$ 2,842	$ -	$ 2,842	$ -
3.2% Capital lease payable, with quarterly payments of $11,938, including interest, original principal of $178,613, made on February 2, 2017, incurred to purchase three police vehicles and one animal control truck	125,325	-	44,037	81,288
3.24% Capital lease payable, with quarterly payments of $6,297, including interest, original principal of $48,613, made on August 5, 2016, incurred to purchase fire vehicle	6,253	-	6,253	-
4.28% Capital lease payable, with quarterly payments of $5,700, including interest, original principal of $83,419, made on June 17, 2019, incurred to purchase two police vehicles	-	83,419	-	83,419
Total Capital Leases Payable-Governmental Activities	$ 134,420	$ 83,419	$ 53,132	$ 164,707

	Balance Beginning	Additions	Retirements	Balance Ending
Business-Type Activities:				
Revenue Bonds Payable-				
2.00% graduating to 3.25% by 2044 Revenue bond payable, (Series 2014), with payments due semi-annually in increasing amounts beginning April 1, 2015, original principal amount of $4,025,000 made on October 30, 2014, with final payment due on April 1, 2044, incurred to extend and improve the water and sewer system	$3,564,918	$ -	$ 94,026	$3,470,892
Total Revenue Bonds Payable-Business-Type Activities	$3,564,918	$ -	$ 94,026	$3,470,892
Notes Payable:				
1.03% GEFA note payable on the first day of each calendar month. Until October 1, 2017, the loan was interest-only with interest calculated each month based on amounts previously disbursed by the City. Beginning November 1, 2017, principal and interest payments in the amount of $5,880.73 began and are payable in 239 consecutive monthly installments due on the first day of each month. The amount financed is $1,275,000 and is for the purpose of rehabilitating sewers within the City's wastewater collection system.	$1,236,594	$ -	$ 58,106	$1,178,488
1.31% GEFA note payable, with accrued interest payable monthly on the first day of each calendar month until the first day of the calendar month following the earlier of (1) the completion date, (2) March 31, 2020, or (3) the date that the funds are fully disbursed. Principal and interest payments on this note shall be payable in 239 consecutive monthly installments commencing on the first day of the calendar month following the amortization commencement date. The total approved loan is $2,572,500, and is for the purpose of rehabilitating the City's drinking water distribution system	1,495,095	23,273	-	1,518,368
1.03% GEFA note payable, with accrued interest payable monthly on the first day of each calendar month until the first day of the calendar month following the earlier of (1) the completion date, (2) March 31, 2020, or (3) the date that the funds are fully disbursed. Principal and interest payments on this note shall be payable in 239 consecutive monthly installments commencing on the first day of the calendar month following the amortization commencement date. The total approved loan is $2,500,000, and is for the purpose of rehabilitating sewers within the City's wastewater collection system	340,400	405,123	-	745,523
Total Notes Payable-Business-Type Activities	$3,072,089	$428,396	$ 58,106	$3,442,379

The total assets recorded in the governmental activities statement of net position under capital leases outstanding at June 30, 2019, is $306,041 with accumulated amortization of $142,234. Accumulated amortization on assets recorded under capital leases is included in accumulated depreciation. This year, $49,394 was included in depreciation expense.

The combined aggregate amount of maturities and sinking fund requirements of long-term borrowings is as follows:

	Governmental Activities								
Year ending	Notes Payable			Capital Leases			Totals		
June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	$ -	$ -	$ -	$ 65,318	$ 5,759	$ 71,077	$ 65,318	$ 5,759	$ 71,077
2021	-	-	-	55,906	3,122	59,028	55,906	3,122	59,028
2022	-	-	-	21,279	1,523	22,802	21,279	1,523	22,802
2023	-	-	-	22,204	597	22,801	22,204	597	22,801
Totals	$ -	$ -	$ -	$ 164,707	$ 11,001	$ 175,708	$ 164,707	$ 11,001	$ 175,708

	Business-Type Activities								
Year ending	Revenue Bonds			Notes Payable			Totals		
June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	99,026	104,205	203,231	83,620	41,492	125,112	182,646	145,697	328,343
2021	99,026	102,205	201,231	159,788	39,983	199,771	258,814	142,188	401,002
2022	104,026	100,205	204,231	161,726	38,045	199,771	265,752	138,250	404,002
2023	104,026	97,580	201,606	163,688	36,083	199,771	267,714	133,663	401,377
2024	109,026	94,955	203,981	165,674	34,097	199,771	274,700	129,052	403,752
2025-2029	580,130	430,614	1,010,744	859,020	139,834	998,854	1,439,150	570,448	2,009,598
2030-2034	675,130	339,302	1,014,432	912,099	86,396	998,495	1,587,229	425,698	2,012,927
2035-2039	780,130	229,683	1,009,813	851,049	30,554	881,603	1,631,179	260,237	1,891,416
2039-2043	920,372	96,440	1,016,812	85,715	421	86,136	1,006,087	96,861	1,102,948
Totals	$ 3,470,892	$ 1,595,189	$ 5,066,081	$ 3,442,379	$ 446,905	$ 3,889,284	$ 6,913,271	$ 2,042,094	$ 8,955,365

Total interest paid on long-term debt was $147,155 during the year ended June 30, 2019.

Governmental Activities			Business Type Activities		
Total Interest	Less Direct Interest	Net Interest	Total Interest	Less Capitalized Interest	Net Interest
$ 4,339	$ -	$ 4,339	$ 142,816	$ 24,723	$ 118,093

The City had no earnings on unexpended debt proceeds and, accordingly, federal arbitrage regulations do not currently apply.

For governmental activities, compensated absences and net pension liability are generally liquidated by the general fund.

For business-type activities, compensated absences and net pension liability are liquidated by the proprietary funds.

The City has several annually renewable leases on office equipment with no contingent payments included therein. Total equipment rental during the current year was $13,776.

9. GEFA CONSTRUCTION / REHABILITATION PROJECTS

The City has entered into the following loan agreements with Georgia Environmental Finance Authority (GEFA) to finance construction / rehabilitation projects in the Water and Sewer Fund:

Drinking Water State Revolving Fund (Project Number DWSRF 15-019) for $2,572,500 dated February 23, 2016 for the rehabilitation of the City's drinking water distribution system. The loan agreement includes a provision to forgive $500,000 of the loan amount, if all funds are drawn.

Clean Water State Revolving Fund (Project Number CWSRF 15-009) for $2,500,000 dated February 23, 2016 for the rehabilitation of existing sewer lines and manholes. The loan agreement includes a provision to forgive $500,000 of the loan amount, if all funds are drawn.

10. RESTRICTED ASSETS - PROPRIETARY FUNDS

The revenue bonds payable require the restriction of certain fund assets for the purpose designated by the revenue bond agreement. The assets so designated have been identified as "restricted investments" on the balance sheet and includes cash in banks. The significant requirements of the bond covenants were met on a timely basis through June 30, 2019.

11. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers as of and for the year ended June 30, 2019, were for routine operating functions in payroll and debt service administration. The interfund balances are expected to be repaid within one year from June 30, 2019.

Interfund balances of amounts due to/from other funds and transfers by fund as of and for the year ended June 30, 2019, are as follows:

	Due To:
Due From:	General Fund
Water and Sewer Fund	$ 60,866
Capital Projects-Special Sales Tax 2007	7,781
Hotel/Motel Tax	2,037
Totals	$ 70,684

	Transfers Out
Transfers In:	General Fund
Water and Sewer Fund	$ 47,165
Capital Projects-Special Sales Tax 2013	17,778
Totals	$ 64,943

12. GRANTS

In the normal course of operations, the City, receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the current year. Commercial insurance premiums totaled $193,764 during the current year.

14. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

There are lawsuits currently pending against the City. The ultimate liability to the City, if any, is not determinable at this time.

15. PENSION PLANS

A. Plan Description

The City's defined benefit plan, City of Cochran Retirement Plan, is administered through the Board of Trustees of the Georgia Municipal Employees Benefit System Retirement Fund (GMEBS) an agent multiple employer pension fund. The plan was established by a City ordinance under authority of Georgia law. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The GMEBS issues a publicly available financial report that includes financial statements and required supplemental information for GMEBS. That report may be obtained at City Hall of Cochran, Georgia, or by contacting the Georgia Municipal Association Risk Management and Employee Benefit Services, 201 Pryor Street, S.W., Atlanta, Georgia 30303-3606.

The plan provides benefits upon retirement, death, disablement, and termination of employment to plan participants and beneficiaries, if certain eligibility conditions are met. All employees who work at least thirty hours per week are eligible to participate. The plan also covers City officials elected since December 1, 1991. Employees were eligible to participate after completion of one year of service. Elected City officials are immediately eligible to participate. Effective January 1, 2015, the plan was amended to provide for immediate participation for employees. Employees are considered vested after ten years of service and City officials are vested immediately. Normal retirement age for employees is the earlier of age sixty-five with five years of service or upon the completion of thirty (twenty-five for police officers and firefighters) years of service, whichever is earlier. Normal retirement date for elected or appointed officials is age sixty-five or upon the completion of thirty years of service, whichever is earlier. All participants may elect early retirement upon the attainment of age fifty-five with a minimum of ten years of service.

The monthly retirement benefits, upon normal retirement, are as follows:

Full-time employees:

One-twelfth (1/12) the sum of: one percent (1%) of the Participant's Final Average Earnings up to the

amount of Covered Compensation for the Participant's applicable year of birth, plus one and three-fourths percent (1-3/4%) of the Participant's Final Average Earnings in excess of the Covered Compensation applicable to the Participant, multiplied by years of Total Credited Service.

Elected or appointed members:

Twenty dollars per month for each year of Service or major fraction thereof. However, in no event shall the Participant's Monthly Retirement Benefit exceed 100% of the monthly salary he was receiving as an elected or appointed member of the governing authority immediately prior to his retirement.

Benefits are adjusted accordingly for early retirement and delayed retirement.

As of July 1, 2019, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	30
Vested terminated employees	22
Active employees	44
Active elected officials	6
Total membership in the plan	102

Contributions - The City is required to contribute based on actuarial funding policy. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). Plan provisions and contribution requirements are established by state statute and may be amended by the State. City contributions to the Plan were $121,892 for the year ended June 30, 2019.

B. Net Pension Liability

Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

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

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

Inflation	2.75%
Salary increases	2.75% plus service based merit increases
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates for healthy participants and the RP-2000 Disabled Retiree Mortality Table for disabled participants, set forward two years for males and one year for females. Mortality rates on a plan termination basis for all lives are based on the 1994 Group Annuity Reserving Unisex Table.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period of 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate 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%	6.40%
International equity	20%	7.40%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
Cash	0%	0%
Total	100%	

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

Changes in the Net Pension Liability of the City – The changes in the components of the net pension liability of the City for the year ended June 30, 2019, were as follows:

	Schedule of Changes in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	$ 4,373,576	$ 4,021,448	$ 352,128
Changes for the year:			
Service cost	80,994	-	80,994
Interest	324,443	-	324,443
Differences between expected and acutal experience	(233,891)	-	(233,891)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions-employer	-	121,892	(121,892)
Contributions-employee	-	-	-
Net investment income	-	141,848	(141,848)
Benefit payments, including refunds	(257,325)	(257,325)	-
Administrative expense	-	(14,748)	14,748
Net changes	(85,779)	(8,333)	(77,446)
Balance, end of year	$ 4,287,797	$ 4,013,115	$ 274,682

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

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.505%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
City's Net Pension Liability	$ 769,347	$ 274,682	$ (141,780)

Changes of assumptions

Assumption changes reflected in the last two fiscal years are as follows:

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

The investment rate of return assumption was decreased from 7.75% to 7.50%. The inflation assumption was decreased from 3.25% to 2.75%. There were no changes in benefit provisions in the last two fiscal years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2017 and the current sharing pattern of costs between employer and employee.

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

Pension Expense:	
Service cost	$ 80,994
Interest on TPL	324,443
Employee contributions	-
Administrative expense	14,748
Expected return on assets	(295,977)
Expensed portion of current year period differences between expected and actual experience in TPL	(58,472)
Expensed portion of current year period assumption changes	-
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	30,825
Current year recognition of deferred inflows and outflows established in prior years	27,296
Total expense	$ 123,857

For the year ended June 30, 2019, the City recognized pension expense of $123,857. As of June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 104,664	$ (184,465)
Contributions made subsequent to measurement date	38,804	-
Changes of assumptions	40,734	-
Net difference between projected and actual earnings on pension plan investments	5,735	-
Total	$ 189,937	$ (184,465)

City contributions subsequent to the measurement date of $38,804 are reported as deferred outflows of resources and will be recognized as a reduction of the net position liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2020	20,449
2021	(22,173)
2022	(62,434)
2023	30,826

16. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The following table provides detail regarding the deferred outflows and inflows of resources on the government-wide statement of net position for governmental activities and business-type activities, and on the proprietary funds statements of net position for the water and sewer fund, natural gas fund, and the solid waste fund:

	Government-Wide		Proprietary Funds		
	Governmental Activities	Business-Type Activities	Water and Sewer Fund	Natural Gas Fund	Solid Waste Fund
Deferred Outflows-					
Pensions:					
Differences between expected and actual experience	$ 4,956	$ 779	$ 779	$ -	$ -
City contributions subsequent to measurement date	33,531	5,273	5,273	-	-
Net differences between projected and actual earnings on pension plan investments	90,442	14,222	14,222	-	-
Changes of assumptions	35,199	5,535	5,535	-	-
Total deferred outflows	$ 164,128	$ 25,809	$ 25,809	$ -	$ -
Deferred Inflows-					
Pensions:					
Differences between expected and actual experience	$ (159,400)	$ (25,065)	$ (25,065)	$ -	$ -
Changes of assumptions	-	-	-	-	-
Net Difference between projected and actual earnings on investments	-	-	-	-	-
Total deferred inflows	$ (159,400)	$ (25,065)	$ (25,065)	$ -	$ -

17. EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 1, 2020 the date which the financial statements were available to be issued.

During March 2020, the City modified operations as a result of the COVID-19 pandemic and, in compliance with state and federal recommendations. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, all of which are uncertain. Accordingly, the extent to which COVID-19 may impact the financial condition or results of operations of the City cannot be determined.

18. RESTRICTED NET POSITION

Details of the restricted net position reported on the government-wide Statement of Net Position are as follows:

	Restricted by Enabling Legislation	External or Constitutional Restrictions	Total
Restricted for:			
Capital projects	$ 1,017,096	$ -	$ 1,017,096
Transportation projects	35,399	-	35,399
Confiscated assets-police	12,979	-	12,979
Debt service	42,038	-	42,038
Military flags	-	10,523	10,523
Balance, end of year	$ 1,107,512	$ 10,523	$ 1,118,035

Required Supplementary Information

CITY OF COCHRAN, GEORGIA
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget (GAAP Basis) and Actual - General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES:				
Taxes	$ 2,106,100	$ 1,971,100	$ 1,972,775	$ 1,675
Licenses and permits	57,570	73,270	59,253	(14,017)
Intergovernmental	843,950	1,167,950	1,126,195	(41,755)
Charges for services	313,640	280,640	313,656	33,016
Fines and forfeitures	324,000	349,000	360,070	11,070
Miscellaneous	68,900	87,900	51,597	(36,303)
Total Revenues	3,714,160	3,929,860	3,883,546	(46,314)
EXPENDITURES:				
Current:				
General government	1,242,622	1,375,622	1,167,357	208,265
Public safety	1,709,288	1,768,288	1,784,133	(15,845)
Public works	667,900	718,900	717,404	1,496
Airport	42,100	42,100	182,870	(140,770)
Debt service:				
Principal	54,150	54,150	50,290	3,860
Interest	5,600	5,600	4,299	1,301
Total Expenditures	3,721,660	3,964,660	3,906,353	58,307
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,500)	(34,800)	(22,807)	11,993
OTHER FINANCING SOURCES:				
Transfers out	-	(65,000)	(64,943)	57
Issuance of capital lease	-	83,000	83,419	419
Sale of capital assets	7,500	16,800	18,575	1,775
Total Other Financing Sources (Uses)	7,500	34,800	37,051	2,251
NET CHANGE IN FUND BALANCE	-	-	14,244	14,244
FUND BALANCE (DEFICIT)-BEGINNING	(15,865)	(15,865)	(15,865)	-
FUND BALANCE (DEFICIT)-ENDING	$ (15,865)	$ (15,865)	$ (1,621)	$ 14,244

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF COCHRAN, GEORGIA
Required Supplementary Information
Schedule of Contributions
Georgia Municipal Employees Benefit System
For the Fiscal Year Ended June 30, 2019

	Fiscal Year End June 30				
	2019	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	$ 155,216	$ 123,276	$ 110,784	$ 136,669	$ 161,178
Contributions in relation to the actuarially determined contribution	155,216	123,276	110,784	136,669	161,178
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 1,803,294	$ 1,850,173	$ 1,599,499	$ 1,486,855	$ 1,413,489
Contributions as a percentage of covered-employee payroll	8.61%	6.66%	6.93%	9.19%	11.40%

Note: This schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF COCHRAN, GEORGIA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Georgia Municipal Employees Benefit System
For the Fiscal Year Ended June 30, 2019

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 80,994	$ 71,745	$ 71,193	$ 88,539	$ 79,124
Interest	324,443	297,486	291,591	284,759	287,625
Differences between expected and actual experience	(233,891)	209,328	(36,184)	(32,077)	(107,126)
Changes in assumptions	-	81,466	-	-	(55,781)
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(257,325)	(249,967)	(251,103)	(255,015)	(226,634)
Net change in total pension liability	(85,779)	410,058	75,497	86,206	(22,792)
Total pension liability-beginning	4,373,576	3,963,518	3,888,021	3,801,815	3,824,607
Total pension liability-ending	$ 4,287,797	$ 4,373,576	$ 3,963,518	$ 3,888,021	$ 3,801,815
Plan Fiduciary Net Position					
Contributions-employer	$ 121,892	$ 120,153	$ 133,321	$ 155,051	$ 185,951
Contributions-employee	-	-	-	-	-
Net investment income	141,848	455,860	422,124	10,212	314,321
Benefit payments, including refunds of employee contributions	(257,325)	(249,967)	(251,103)	(255,015)	(226,634)
Administrative expense	(14,748)	(14,445)	(14,786)	(10,307)	(9,572)
Other	-	-	-	-	-
Net change in fiduciary net position	(8,333)	311,601	289,556	(100,059)	264,066
Plan fiduciary net position-beginning	4,021,448	3,709,847	3,420,291	3,520,350	3,256,284
Plan fiduciary net position-ending	$ 4,013,115	$ 4,021,448	$ 3,709,847	$ 3,420,291	$ 3,520,350
Net Pension Liability					
Net pension liability-ending	$ 274,682	$ 352,128	$ 253,671	$ 467,730	$ 281,465
Plan's fiduciary net position as a percentage of the total pension liability	93.59%	91.95%	93.60%	87.97%	92.60%
Covered-employee payroll	1,803,294	1,850,173	1,599,499	1,486,855	1,413,489
Net pension liability as a percentage of covered-employee payroll	15.23%	19.03%	15.86%	31.46%	19.91%

Note: This schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to required supplementary information are an integral part of this schedule.

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budget:

1. Prior to May 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means by which they are to be financed.

2. The City Council holds a public hearing on the budget, giving notice thereof at least 10 days in advance by publication in the official organ of the City of Cochran.

3. The budget is then revised and adopted or amended by the City Council at the first regular meeting prior to July 1 of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Budgeted amounts are as originally adopted, or as amended by the Council. Amendments were made to the current year's budget. Appropriated annual budgets have been legally adopted for the General Fund, Special Revenue Funds and Enterprise Funds. A project length budget is adopted for the Capital Projects Funds.

Excess of Expenditures over Appropriations in Individual Departments and Budget Compliance

The following departments had expenditures in excess of appropriations in the current year:

Public Safety	$	15,845
Airport	$	140,770

Georgia Municipal Employees Benefit System

This note describes assumption and benefit changes reflected in the last two fiscal years.

***Changes of assumptions*:**

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

The investment rate of return assumption was decreased from 7.75% to 7.50%

The inflation assumption was decreased from 3.25% to 2.75%.

Benefit Changes

There were no changes in benefit provisions in the last two fiscal years.

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

***Methods and assumptions used to determine contribution rates*:**

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for the remaining unfunded liability.
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases.
Cost of Living Adjustments	0.00%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%.
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex-distinct rates. 1994 Group Annuity Reserving Unisex Table on a plan termination basis.

Supplementary Information

CITY OF COCHRAN, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Capital Projects-Special Sales Tax-2007	Capital Projects-CDBG 2016	Special Revenue-Confiscated Assets	Special Revenue-Hotel/ Motel Tax	Special Revenue-TIA Sales Tax	Total Nonmajor Governmental Funds
ASSETS:						
Cash	$ 22,046	$ 2,100	$ 12,979	$ -	$ 32,420	$ 69,545
Receivables, net:						
Taxes	-	-	-	2,037	-	2,037
Intergovernmental	-	-	-	-	4,979	4,979
TOTAL ASSETS	$ 22,046	$ 2,100	$ 12,979	$ 2,037	$ 37,399	$ 76,561
LIABILITIES:						
Accounts payable	$ 284	$ 2,000	$ -	$ -	$ 2,000	$ 4,284
Due to other funds	7,781	-	-	2,037	-	9,818
Total Liabilities	8,065	2,000	-	2,037	2,000	14,102
FUND BALANCE:						
Restricted:						
Capital projects	13,981	100	-	-	-	14,081
Transportation projects	-	-	-	-	35,399	35,399
Confiscated assets-police	-	-	12,979	-	-	12,979
Total Fund Balance	13,981	100	12,979	-	35,399	62,459
TOTAL LIABILITIES AND FUND BALANCE	$ 22,046	$ 2,100	$ 12,979	$ 2,037	$ 37,399	$ 76,561

CITY OF COCHRAN, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Capital Projects-Special Sales Tax 2007	Capital Projects-CDBG 2016	Special Revenue-Confiscated Assets	Special Revenue-Hotel/ Motel Tax	Special Revenue-TIA Sales Tax	Total Nonmajor Governmental Funds
REVENUES:						
Taxes	$ -	$ -	$ -	$19,774	$59,796	$ 79,570
Intergovernmental	-	5,000	-	-	-	5,000
Miscellaneous	232	-	11,127	-	89	11,448
Total Revenues	232	5,000	11,127	19,774	59,885	96,018
EXPENDITURES:						
Current:						
Public safety	-	-	6,283	-	-	6,283
Public works	-	-	-	-	85,456	85,456
Community development	-	-	-	19,774	-	19,774
Capital Outlay	92,195	5,000	-	-	-	97,195
Total Expenditures	92,195	5,000	6,283	19,774	85,456	208,708
NET CHANGE IN FUND BALANCE	(91,963)	-	4,844	-	(25,571)	(112,690)
FUND BALANCE, BEGINNING	105,944	100	8,135	-	60,970	175,149
FUND BALANCE, ENDING	$ 13,981	$ 100	$ 12,979	$ -	$35,399	$ 62,459

CITY OF COCHRAN, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Nonmajor Governmental Fund
Special Revenue – Confiscated Assets
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance With Final Budget
REVENUES -			
Miscellaneous	$ 8,000	$ 11,127	$ 3,127
Total Revenues	8,000	11,127	3,127
EXPENDITURES -			
Current -			
Public safety	8,000	6,283	1,717
Total Expenditures	8,000	6,283	1,717
EXCESS OF REVENUES OVER EXPENDITURES	-	4,844	4,844
NET CHANGE IN FUND BALANCE	-	4,844	4,844
FUND BALANCE-BEGINNING	8,135	8,135	-
FUND BALANCE-ENDING	$ 8,135	$ 12,979	$ 4,844

CITY OF COCHRAN, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Nonmajor Governmental Fund
Special Revenue – Hotel/Motel Tax
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance With Final Budget
REVENUES -			
Taxes	$ 20,000	$ 19,774	$ (226)
Total Revenues	20,000	19,774	(226)
EXPENDITURES -			
Current -			
Community development	20,000	19,774	226
Total Expenditures	20,000	19,774	226
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING	-	-	-
FUND BALANCE, ENDING	$ -	$ -	$ -

CITY OF COCHRAN, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Nonmajor Governmental Fund
Special Revenue – TIA Sales Tax
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance With Final Budget
REVENUES:			
Taxes	$ 90,000	$ 59,796	$ (30,204)
Interest	-	89	89
Total Revenues	90,000	59,885	(30,115)
EXPENDITURES -			
Current -			
Public works	90,000	85,456	4,544
Total Expenditures	90,000	85,456	4,544
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(25,571)	(25,571)
NET CHANGE IN FUND BALANCE	-	(25,571)	(25,571)
FUND BALANCE, BEGINNING	60,970	60,970	-
FUND BALANCE, ENDING	$ 60,970	$ 35,399	$ (25,571)

CITY OF COCHRAN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Period Ended June 30, 2019

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total
Beginning 2007:					
Roads and Streets	$ 700,000	$ 700,000	$ 656,512	$ 92,195	$ 748,707
Sewer System	600,000	600,000	646,631	-	646,631
Water System	285,000	285,000	307,150	-	307,150
Fire Department Equipment	200,000	200,000	215,543	-	215,543
Police Department Equipment	100,000	100,000	107,772	-	107,772
Utility Vehicles	100,000	100,000	100,000	-	100,000
Library	15,000	15,000	16,166	-	16,166
Recreation Department	180,000	180,000	193,990	-	193,990
Emergency Management Office	25,000	25,000	26,943	-	26,943
Total 2007 SPLOST	$ 2,205,000	$ 2,205,000	$ 2,270,707	$ 92,195	$ 2,362,902

CITY OF COCHRAN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Period Ended June 30, 2019

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total
Beginning 2013:					
Roads and Streets	$ 530,600	$ 530,600	$ 173,289	$ 48,791	$ 222,080
Fire Department	100,000	100,000	77,171	-	77,171
Sewer System	625,000	625,000	359,035	54,894	413,929
Water System	330,000	330,000	190,386	29,569	219,955
Police Department	200,000	200,000	101,257	64,467	165,724
Public Library	15,000	15,000	4,419	550	4,969
Recreation Department	175,200	175,200	151,906	56,024	207,930
Emergency Management Office	24,000	24,000	9,987	-	9,987
Total 2013 SPLOST	$ 1,999,800	$ 1,999,800	$ 1,067,450	$ 254,295	$ 1,321,745

CITY OF COCHRAN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Period Ended June 30, 2019

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Beginning 2018:					
Roads and Streets	$ 375,000	$ 375,000	$ -	$ -	$ -
Sewer System	709,600	709,600	-	-	-
Downtown Improvements	125,000	125,000	-	-	-
Fire Department Equipment	150,000	150,000	-	-	-
Police Department Equipment	200,000	200,000	-	-	-
City Hall Improvements	250,000	250,000	-	-	-
Library	15,000	15,000	-	-	-
Recreation Department	175,200	175,200	-	55,732	55,732
Total 2018 SPLOST	$ 1,999,800	$ 1,999,800	$ -	$ 55,732	$ 55,732

CITY OF COCHRAN, GEORGIA
Community Development Block Grant Program
Source and Application of Funds Schedule
Grant # 16p-x-012-2-5842
For the Period October 7, 2016 through June 30, 2019

I. Total Fiscal Year 2016 CDBG Funds Awarded to Recipient	$	500,000
II. Total Amount Drawn Down by Recipient from CDBG	$	27,000
III. Less:CDBG Funds Expended by Recipient		27,000
IV. Amount of Fiscal Year 2016 CDBG Funds Held by Recipient	$	-

CITY OF COCHRAN, GEORGIA
Community Development Block Grant Program
Project Cost Schedule
Grant # 16p-x-012-2-5842
For the Period October 7, 2016 through June 30, 2019

Program Activity	Activity Code	Latest Approved Budget	Accumulative Expenditures To Date	Accumulative Expenditures To Date Other Funds	Grand Total of Expenditures To Date	Questioned Costs
Contingency	022-00	$ 28,245	$ -	$ -	$ -	$ -
Water Facilities	03J-01	140,700	-	-	-	-
Flood and Drainage Construction	03K-02	63,720	-	-	-	-
Street Improvements	03K-01	237,335	-	-	-	-
Administration	21A-00	30,000	27,000	4,486	31,486	-
Totals		$500,000	$ 27,000	$ 4,486	$ 31,486	$ -

Single Audit Section

CITY OF COCHRAN, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Environmental Protection Agency				
Passed through Georgia Environmental Finance Authority				
Clean Water State Revolving Funds	66.458	CWSRF 15-009	$ -	$ 504,419
Subtotal CWSRF Cluster CFDA 66.458			-	504,419
Drinking Water State Revolving Funds	66.468	DWSRF 15-019	-	25,566
Subtotal DWSRF Cluster CFDA 66.468			-	25,566
Total Environmental Protection Agency			-	529,985
U.S. Department of Homeland Security				
Passed through Georgia Emergency Management Agency				
Hazard Mitigation Grant Program	97.039	HMGP 4259-0025	-	37,821
Hazard Mitigation Grant Program	97.039	HMGP 4259-0026	-	8,871
Subtotal CFDA 97.039			-	46,692
Disaster Relief - Hurricane Irma	97.036	FEMA-4338-DR-GA	-	50,345
Disaster Relief - Hurricane Michael	97.036	FEMA-4400-DR-GA	-	82,995
Subtotal CFDA 97.036			-	133,340
Total U.S. Department of Homeland Security			-	180,032
Department of Housing and Urban Development				
Passed through Georgia Department of Community Affairs				
CDBG - Sewer Block Grant	14.228	16p-x-012-2-5842	-	5,000
Total Department of Housing and Urban Development			-	5,000
Department of Transportation - FAA				
Passed through Georgia Department of Transportation				
Airport Improvement	20.106	AP017-9031-25(023)	-	110,699
Airport Improvement	20.106	AP019-9033-27(023)	-	30,697
Total Department of Transportation - FAA			-	141,396
U.S. Department of Justice				
Direct:				
Bulletproof Vest Partnership Program	16.607		-	426
Total U.S. Department of Justice			-	426
Total Expenditures of Federal Awards			$ -	$ 856,839

See accompanying notes to schedule of expenditures of federal awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Cochran, Georgia under programs of the federal government for the fiscal year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Cochran, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Cochran, Georgia.

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 shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The City of Cochran, Georgia has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Cochran
P. O. Box 8
Cochran, GA 31014

(478) 934-6346 Fax (478) 934-3230

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

2018-001 Accounting Internal Control and Timely Financial Reporting

Status: Unresolved. See current year finding 2019-001.

2018-002 Receivables and Revenue

Status: Unresolved. See current year finding 2019-002

2018-003 Restatement

Status: Resolved.

COMPLIANCE FINDINGS

2018-004 Property Taxes – House Bill 960

Status: Resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE REPORTED

112 W. Dykes Street
Cochran, GA 31014

City of Cochran

P. O. Box 8
Cochran, GA 31014

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CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

2019-001 Accounting Internal Control and Timely Financial Reporting

Name of Contact Person: Richard Newbern, City Manager

Recommendation: We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of June 30th.

Corrective Action: The City concurs with the finding. The City will continue to work with our accounting software provider to include training in accounting software applications. In addition, the City staff has been utilizing its consultants on an interim basis since June 30, 2019 to facilitate a timely and efficient accounting function in subsequent years.

Anticipated Completion Date: September 15, 2020.

2019-002 Receivables/Revenue

Name of Contact Person: Richard Newbern, City Manager

Recommendation: We recommend that the City consider either closing the Grant Fund or establish the fund as a Special Revenue Fund for financial statement reporting purposes. In addition, the City should modify the chart of accounts to maintain separate accounts for each grant revenue source and each grant expenditure project. Monthly reconciliation procedures should also be established to track the restricted fund balances.

Corrective Action: The City concurs with the finding. The Grant Fund will be established as a Special Revenue Fund for financial statement reporting and budgeting purposes. The chart of accounts will be modified accordingly in order to maintain separate accounts for each grant revenue source and each grant expenditure project and to allow for adequate reconciliation and tracking of restricted fund balances.

Anticipated Completion Date: September 15, 2020

112 W. Dykes Street
Cochran, GA 31014

City of Cochran

P. O. Box 8
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(478) 934-6346 Fax (478) 934-3230

2019-003 Capital Assets

Name of Contact Person: Richard Newbern, City Manager

Recommendation: The City should ensure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

Corrective Action: The City concurs with the finding. The City will begin updating and reconciling capital assets records on a monthly basis.

Anticipated Completion Date: September 15, 2020

2019-004 Control Procedures over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Name of Contact Person: Richard Newbern, City Manager

Recommendation: We recommend that the City review the controls in place over the preparation of the SEFA. Additionally, individuals responsible for the preparation of the SEFA should have adequate training to insure compliance with grant provisions.

Corrective Action: The City concurs with the finding. The City will evaluate and modify current grant administration procedures to establish more effective controls over the preparation of the SEFA and to facilitate compliance with grant provisions.

Anticipated Completion Date: September 15, 2020

COMPLIANCE FINDINGS

2019-005 Violation of Georgia Law – 2013 SPLOST Fund

Name of Contact Person: Richard Newbern, City Manager

Recommendation: The City should implement procedures to ensure restricted funds are not borrowed.

Corrective Action: The City concurs with the finding. The City will evaluate and modify current procedures related to the handling of SPLOST funds to insure compliance with legal requirements.

Anticipated Completion Date: September 15, 2020

112 W. Dykes Street
Cochran, GA 31014

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cochran, Georgia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Cochran, Georgia's basic financial statements, and have issued our report thereon dated June 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cochran, Georgia'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 of Cochran, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cochran, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003 and 2019-004 that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cochran, Georgia'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-005.

City of Cochran, Georgia's Response to Findings

The City of Cochran, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Cochran, Georgia'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.



Macon, Georgia
June 1, 2020

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

Honorable Mayor and Members of City Council
The City of Cochran, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Cochran, Georgia's 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 of Cochran, Georgia's major federal programs for the year ended June 30, 2019. The City of Cochran, Georgia'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 of Cochran, Georgia'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 of Cochran, Georgia'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 of Cochran, Georgia' compliance.

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Opinion on Each Major Federal Program

In our opinion, the City of Cochran, Georgia 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, 2019.

Report on Internal Control Over Compliance

Management of the City of Cochran, Georgia 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 of Cochran, Georgia'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 of Cochran, Georgia'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 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.

Macon, Georgia
June 1, 2020

CITY OF COCHRAN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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)?	No

Identification of Major Federal Programs:

CFDA Numbers	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2019-001 Accounting Internal Control and Timely Financial Reporting

CRITERIA
Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements. Georgia code establishes requirements of audits for local governments. Each annual audit report of a local unit of government shall be completed and a copy of the report forwarded to the state auditor within 180 days after the close of the unit's fiscal year. The State Auditor may grant a waiver for the completion of the audit within the 180 days for good cause. No such waiver shall be granted for more than two successive years to the same local government.

CONDITION
The City's internal control structure over accounting and financial reporting requires the utilization of a governmental consultant to provide significant supervision of the City's accounting staff. Some of the monthly accounting and reconciliation procedures are not being performed on a timely basis during the fiscal year. Material adjustments are required to be made by the City's consultant several months after year end to correct financial activity. For FY2019, these material adjustments were not made to the City's accounting system until December 2019. For FY2019, the City was not ready for the annual audit in a timely manner to comply with audit submission due date requirements.

CONTEXT
Material adjustments were made by the City's consultant for the following:

- To reclassify Hotel/Motel taxes to the correct fund.
- To correct property tax revenue, receivables, allowance and deferral.
- To correct fines and forfeitures revenue, receivables and allowance.
- To record prepaid insurance.
- To reverse prior year and record current year accrued salaries.
- To reverse prior year and record current year accounts payable.
- To reverse prior year and record current year accounts receivable.
- To reverse prior year and record current year accrued interest.
- To allocate retirement costs to the correct fund.
- To record capital asset additions and depreciation for the fiscal year in the Enterprise Funds.
- To correct utility revenue, receivables and allowance.
- To reclassify customer deposits.
- To record contributed capital.
- To reverse prior year and record current year compensated absences.
- To reclassify principal payments on debt.

- To adjust net pension liability, deferred outflows of resources and deferred inflows of resources.
- To record loan proceeds.
- To record the current year JONG activity.

EFFECT
During the fiscal year, certain financial activity contained material errors that required adjustments to record revenues and expenditures in the proper fiscal period. Material adjustments were made by the City's consultant in December 2019 to close out the financial activity for the year ended June 30, 2019. The City was not prepared and ready for the annual audit in a timely manner to meet the State of Georgia's audit submission due date of December 31, 2019.

CAUSE
Financial personnel may have lacked the appropriate training on the accounting software and governmental accounting.

RECOMMENDATION
We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of June 30th.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The City will continue to work with our accounting software provider to include training in accounting software applications. In addition, the City staff has been utilizing its consultants on an interim basis since June 30, 2019 to facilitate a timely and efficient accounting function in subsequent years.

2019-002 Receivables/Revenue

CRITERIA
Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

CONDITION
Grant funds were not recorded properly. In addition, the City records certain grant activity separately from the General Fund, which complicates the overall management of fund accounting and financial reporting.

CONTEXT
The following material audit adjustments were necessary:

- Adjustment of $110,660 to record a grant reimbursement for fiscal year 2019 expenditures and related deferred outflows of resources.
- Adjustment of $52,918 to remove duplicated grant revenue and expenditures.

EFFECT
Activity related to grants was misstated prior to audit adjustments.

CAUSE
The City does not have adequate accounting procedures in place to match grant revenues with grant expenditures.

RECOMMENDATION
We recommend that the City consider either closing the Grant Fund or establish the fund as a Special Revenue Fund for financial statement reporting purposes. In addition, the City should modify the chart of accounts to maintain separate accounts for each grant revenue source and each grant expenditure project. Monthly reconciliation procedures should also be established to track the restricted fund balances.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The Grant Fund will be established as a Special Revenue Fund for financial statement reporting and budgeting purposes. The chart of accounts will be modified accordingly in order to maintain separate accounts for each grant revenue source and each grant expenditure project and to allow for adequate reconciliation and tracking of restricted fund balances.

2019-003 Capital Assets

CRITERIA
Accounting and control procedures should be designed to ensure that capital asset activity is recorded and reported. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

CONDITION
The City did not properly record all capital asset activity.

CONTEXT
Audit procedures identified the following adjustments necessary to correct capital assets:

Governmental capital assets:

- Adjustment of $109,619 to remove street resurfacing.
- Adjustment of $221,211 to remove Airport fencing previously added in a prior year.
- Adjustment of $101,026 to remove an Airport non-capital outlay item.
- Adjustment of $12,130 to add additional construction in progress.
- Adjustment of $40,667 to remove a Water and Sewer Fund capital asset addition.
- Adjustment of $8,751 to add a vehicle.

Water and Sewer capital assets:

- Adjustment of $58,652 to remove governmental fund capital asset additions.
- Adjustment of $106,877 to correct an equipment purchase that was recorded as construction in progress.

EFFECT
The City's accounting records for capital assets contained material errors which were identified and corrected during the annual audit.

CAUSE
The City does not have adequate internal control procedures in place to ensure that capital asset activity is properly recorded. Additionally, the City allocated equipment purchases among funds.

RECOMMENDATION
The City should ensure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The City will begin updating and reconciling capital assets records on a monthly basis.

2019-004 Control Procedures over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

CRITERIA
Uniform Guidance requires the auditee to prepare a SEFA that includes certain required elements, including total federal expenditures for each individual federal program for the period covered by its financial statements.

CONDITION
The SEFA prepared by the City was not complete and required modifications to report the federal expenditures for the year.

CONTEXT
The City failed to accumulate accurate information to correctly monitor and report the federal expenditures of the federal programs.

EFFECT
The SEFA was understated by $158,100.

CAUSE
Employees responsible for grant administration lacked adequate training in the preparation of the SEFA. In addition, grant documentation received from FEMA was not taken into consideration in the preparation of the SEFA.

RECOMMENDATION
We recommend that the City review the controls in place over the preparation of the SEFA. Additionally, individuals responsible for the preparation of the SEFA should have adequate training to insure compliance with grant provisions.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The City will evaluate and modify current grant administration procedures to establish more effective controls over the preparation of the SEFA and to facilitate compliance with grant provisions.

COMPLIANCE FINDINGS

2019-005 Violation of Georgia Law – 2013 SPLOST Fund

CRITERIA
The Official Code of Georgia (OCGA) Section 48-8-121(a)(1) requires that SPLOST proceeds cannot in any manner be commingled with other City funds prior to their expenditure. State law prohibits the expenditure of SPLOST monies for any purposes that were not approved in the SPLOST referendum.

CONDITION
The City borrowed SPLOST funds to pay a General Fund obligation.

CONTEXT
The City recorded expenditures of $21,870 in the SPLOST 2013 Fund for a vehicle that was purchased with lease proceeds deposited into the General Fund.

EFFECT
The City is in violation of OCGA Section 48-8-121(a)(1).

CAUSE
The City lacked accounting procedures to ensure the recording and proper classification of incurred expenditures at the end of the fiscal period.

RECOMMENDATION
The City should implement procedures to ensure restricted funds are not borrowed.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City concurs with the finding. The City will evaluate and modify current procedures related to the handling of SPLOST funds to insure compliance with legal requirements.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.