CITY OF COCHRAN, GEORGIA
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
AND
INDEPENDENT AUDITOR'S REPORT

CITY OF COCHRAN, GEORGIA

CITY OF COCHRAN, GEORGIA
Financial Statements
For the Fiscal Year Ended June 30, 2020

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Financial Section

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
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 (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cochran, Georgia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The City 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, and other grant schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedules of special purpose local option sales tax expenditures, other grant schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of special purpose local option sales tax expenditures, other grant schedules, and the 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 January 15, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cochran, Georgia's internal control over financial reporting and compliance.

H. M. Vickers & Associates, P.C.

January 15, 2021

Basic Financial Statements

CITY OF COCHRAN, GEORGIA
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash	$ 1,280,849	$ 2,529,895	$ 3,810,744
Restricted investments, current	-	41,450	41,450
Receivables, net:			
Taxes	123,684	-	123,684
Fines and forfeitures	28,841	-	28,841
Customers	-	529,410	529,410
Intergovernmental	248,552	29,399	277,951
Others	35,781	-	35,781
Internal balances	(590,260)	590,260	-
Prepaid items	89,001	19,291	108,292
Inventory, at cost	1,163	3,054	4,217
Investment in joint venture	-	835,745	835,745
Capital assets not being depreciated	1,204,927	3,452,639	4,657,566
Capital assets being depreciated, net	7,821,527	8,195,576	16,017,103
TOTAL ASSETS	10,244,065	16,226,719	26,470,784
DEFERRED OUTFLOWS OF RESOURCES-			
Pensions	649,160	102,296	751,456
LIABILITIES:			
Accounts payable	246,662	261,039	507,701
Deposits payable	-	62,569	62,569
Salaries and benefits payable	50,838	6,909	57,747
Accrued liabilities	2,908	-	2,908
Accrued interest	-	25,308	25,308
Compensated absences, payable within one year	82,278	16,979	99,257
Compensated absences, payable after one year	44,303	9,143	53,446
Capital leases and notes, payable within one year	70,075	29,581	99,656
Bonds payable due within one year-(payable from restricted assets)	-	99,026	99,026
Bonds and leases payable due after one year	84,035	3,272,840	3,356,875
Notes payable due after one year	-	3,823,856	3,823,856
Net pension liability	869,643	137,703	1,007,346
TOTAL LIABILITIES	1,450,742	7,744,953	9,195,695
DEFERRED INFLOWS OF RESOURCES-			
Pensions	146,338	23,060	169,398
NET POSITION:			
Net investment in capital assets	$ 8,872,344	$ 4,422,912	$ 13,295,256
Restricted for capital projects	1,089,545	-	1,089,545
Restricted for transportation projects	24,644	-	24,644
Restricted for confiscated assets - police	34,292	-	34,292
Restricted for debt service	-	41,450	41,450
Restricted for military flags	31,598	-	31,598
Unrestricted	(756,278)	4,096,640	3,340,362
TOTAL NET POSITION	$ 9,296,145	$ 8,561,002	$ 17,857,147

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, 2020

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	$ 1,277,867	$ 458,987	$ 823,549	$ -	$ 4,669	$ -	$ 4,669
Public safety	1,840,373	102,288	-	1,279	(1,736,806)	-	(1,736,806)
Public works	1,238,839	-	-	619,196	(619,643)	-	(619,643)
Airport	208,949	-	2,328	462,540	255,919	-	255,919
Community development	51,268	-	-	-	(51,268)	-	(51,268)
Interest on long-term debt	6,727	-	-	-	(6,727)	-	(6,727)
Total governmental activities	4,624,023	561,275	825,877	1,083,015	(2,153,856)	-	(2,153,856)
Business-type activities:							
Water and sewer	1,916,164	1,751,989	-	115,139	-	(49,036)	(49,036)
Natural gas	2,182,190	2,286,174	-	-	-	103,984	103,984
Solid waste	747,639	795,433	-	-	-	47,794	47,794
Total business-type activities	4,845,993	4,833,596	-	115,139	-	102,742	102,742
Total	$ 9,470,016	$ 5,394,871	$ 825,877	$ 1,198,154	(2,153,856)	102,742	(2,051,114)
	General revenues:						
	Property taxes				852,880	-	852,880
	General sales tax				545,545	-	545,545
	Hotel/Motel tax				18,915		18,915
	Other taxes				725,191	-	725,191
	Interest earnings				4,027	18,038	22,065
	Miscellaneous				38,169	-	38,169
	Gain on sale of capital assets				12,704	-	12,704
	Total general revenues				2,197,431	18,038	2,215,469
	Changes in net position				43,575	120,780	164,355
	Net position-beginning				9,252,570	8,440,222	17,692,792
	Net position - ending				$ 9,296,145	$ 8,561,002	$ 17,857,147

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

CITY OF COCHRAN, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Projects-Airport	Capital Projects-Special Sales Tax - 2013	Capital Projects-Special Sales Tax - 2018	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash	$380,696	$ -	$ 458,476	$ 382,351	$ 59,326	$ 1,280,849
Receivables, net:						
Taxes	121,472	-	-	-	2,212	123,684
Fines and forfeitures	28,841	-	-	-	-	28,841
Intergovernmental	126,604	-	-	76,205	45,743	248,552
Others	35,781	-	-	-	-	35,781
Due from other funds	2,212	-	-	64	-	2,276
Prepaid items	89,001	-	-	-	-	89,001
Inventory	1,163	-	-	-	-	1,163
TOTAL ASSETS	$785,770	$ -	$ 458,476	$ 458,620	$ 107,281	$ 1,810,147
LIABILITIES:						
Accounts payable	$162,944	$ -	$ 37,685	$ -	$ 46,033	$ 246,662
Salaries and benefits payable	50,838	-	-	-	-	50,838
Accrued liabilities	2,908	-	-	-	-	2,908
Due to other funds	590,324	-	-	-	2,212	592,536
TOTAL LIABILITIES	807,014	-	37,685	-	48,245	892,944
DEFERRED INFLOWS OF RESOURCES-						
Unavailable revenue-property taxes	106,654	-	-	-	-	106,654
TOTAL DEFERRED INFLOWS OF RESOURCES	106,654	-	-	-	-	106,654
FUND BALANCE (DEFICIT):						
Nonspendable:						
Prepaid items	89,001	-	-	-	-	89,001
Inventory	1,163	-	-	-	-	1,163
Restricted:						
Capital projects	210,034	-	420,791	458,620	100	1,089,545
Transportation projects	-	-	-	-	24,644	24,644
Confiscated assets-police	-	-	-	-	34,292	34,292
Military flags	31,598	-	-	-	-	31,598
Unassigned (Deficit)-General Fund	(459,694)	-	-	-	-	(459,694)
TOTAL FUND BALANCE (DEFICIT)	(127,898)	-	420,791	458,620	59,036	810,549
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$785,770	$ -	$ 458,476	$ 458,620	$ 107,281	$ 1,810,147

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, 2020

Differences in amounts reported for governmental activities in the statement of net position:	
Fund balances - total governmental funds	$ 810,549
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds	9,026,454
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Liability for compensated absences	(126,581)
Net pension liability	(869,643)
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	649,160
Deferred inflows	(146,338)
Long-term payables are not due and payable in the current period and, therefore, are not reported in the governmental funds	(154,110)
Some governmental revenues will not be collected for several months after the year end and, therefore, are deferred in the governmental funds	106,654
Net position of governmental activities	$ 9,296,145

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, 2020

	General Fund	Capital Projects-Airport	Capital Projects-Special Sales Tax - 2013	Capital Projects-Special Sales Tax - 2018	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$2,057,044	$ -	$ -	$ -	$ 82,231	$ 2,139,275
Licenses and permits	54,153	-	-	-	-	54,153
Intergovernmental	1,028,426	462,540	-	396,826	131,760	2,019,552
Charges for services	269,799	-	-	-	-	269,799
Fines and forfeitures	237,323	-	-	-	-	237,323
Miscellaneous	17,804	-	899	243	23,250	42,196
Total Revenues	3,664,549	462,540	899	397,069	237,241	4,762,298
EXPENDITURES:						
Current:						
General government	1,021,717	-	-	-	-	1,021,717
Public safety	1,737,196	-	-	-	1,854	1,739,050
Public works	956,299	-	-	-	74,125	1,030,424
Airport	26,567	-	-	-	-	26,567
Community development	32,353	-	-	-	18,915	51,268
Capital outlay	-	487,333	245,208	66,396	145,770	944,707
Debt service:						
Principal	69,446	-	-	-	-	69,446
Interest	6,727	-	-	-	-	6,727
Total Expenditures	3,850,305	487,333	245,208	66,396	240,664	4,889,906
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(185,756)	(24,793)	(244,309)	330,673	(3,423)	(127,608)
OTHER FINANCING SOURCES (USES):						
Transfers	(24,859)	24,793	-	66	-	-
Issuance of debt	58,849	-	-	-	-	58,849
Sale of capital assets	25,489	-	-	-	-	25,489
Total Other Financing Sources (Uses)	59,479	24,793	-	66	-	84,338
NET CHANGE IN FUND BALANCE	(126,277)	-	(244,309)	330,739	(3,423)	(43,270)
FUND BALANCE (DEFICIT)-BEGINNING	(1,621)	-	665,100	127,881	62,459	853,819
FUND BALANCE (DEFICIT)- ENDING	$ (127,898)	$ -	$ 420,791	$ 458,620	$ 59,036	$ 810,549

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, 2020

Differences in amounts reported for governmental activities in the statement of activities:	
Net change in fund balances - total governmental funds	$ (43,270)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position	
Expenditures for capital assets	902,105
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities	(556,918)
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	(47,334)
Accumulated Depreciation	34,549
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	(58,849)
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	69,446
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	(126,581)
Liability balance at prior fiscal year end	112,664
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	(869,643)
Net pension liability at prior year end	236,716
Deferred outflows balance at current fiscal year end	649,160
Deferred outflows balance at prior fiscal year end	(164,128)
Deferred inflows balance at current fiscal year end	(146,338)
Deferred inflows balance at prior fiscal year end	159,400
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	106,654
Unavailable revenue balance at prior fiscal year end	(214,058)
Change in net position of governmental activities	$ 43,575

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, 2020

	Water and Sewer	Natural Gas	Solid Waste	Total
ASSETS:				
Current Assets:				
Cash	$ 2,080,211	$ 31,274	$ 418,410	$ 2,529,895
Restricted investments	41,450	-	-	41,450
Receivables, net	307,000	134,672	87,738	529,410
Intergovernmental	29,399	-	-	29,399
Due from other funds	-	590,260	-	590,260
Prepaid items	13,667	-	5,624	19,291
Inventory, at cost	3,054	-	-	3,054
Total Current Assets	2,474,781	756,206	511,772	3,742,759
Noncurrent Assets:				
Investment in joint venture	-	835,745	-	835,745
Capital assets:				
Land	9,700	515	-	10,215
Construction in progress	3,442,424	-	-	3,442,424
Buildings, net	9,513	-	-	9,513
Machinery and equipment, net	244,983	291	-	245,274
Water and sewer system, net	7,709,370	-	-	7,709,370
Gas system, net	-	141,806	-	141,806
Transmission line, net	-	89,613	-	89,613
Total Noncurrent Assets	11,415,990	1,067,970	-	12,483,960
TOTAL ASSETS	13,890,771	1,824,176	511,772	16,226,719
DEFERRED OUTFLOWS OF RESOURCES-				
Pensions	102,296	-	-	102,296
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	13,993,067	1,824,176	511,772	16,329,015

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, 2020

	Water and Sewer	Natural Gas	Solid Waste	Total
LIABILITIES:				
Current Liabilities:				
Accounts payable	76,333	124,402	60,304	261,039
Deposits payable	45,214	17,355	-	62,569
Salaries and benefits payable	6,909	-	-	6,909
Accrued interest	25,308	-	-	25,308
Compensated absences	16,979	-	-	16,979
Total	170,743	141,757	60,304	372,804
Current Liabilities (payable from restricted assets) -				
Revenue bonds payable	99,026	-	-	99,026
Notes payable	29,581	-	-	29,581
Total Current Liabilities (payable from restricted assets)	128,607	-	-	128,607
Total Current Liabilities	299,350	141,757	60,304	501,411
Noncurrent Liabilities:				
Revenue bonds payable	3,272,840	-	-	3,272,840
Notes payable	3,823,856	-	-	3,823,856
Compensated absences	9,143	-	-	9,143
Net pension liability	137,703	-	-	137,703
Total Noncurrent Liabilities	7,243,542	-	-	7,243,542
TOTAL LIABILITIES	7,542,892	141,757	60,304	7,744,953
DEFERRED INFLOWS OF RESOURCES-				
Pensions	23,060	-	-	23,060
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,565,952	141,757	60,304	7,768,013
NET POSITION:				
Net investment in capital assets	4,190,687	232,225	-	4,422,912
Restricted for debt service	41,450	-	-	41,450
Unrestricted	2,194,978	1,450,194	451,468	4,096,640
TOTAL NET POSITION	$ 6,427,115	$ 1,682,419	$ 451,468	$ 8,561,002

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, 2020

	Water and Sewer	Natural Gas	Solid Waste	Total
OPERATING REVENUES:				
Water and Sewer charges pledged as security for revenue bonds	$ 1,751,989	$ -	$ -	$ 1,751,989
Charges for services	-	2,286,174	795,433	3,081,607
Total Operating Revenues	1,751,989	2,286,174	795,433	4,833,596
OPERATING EXPENSES:				
Salaries and benefits	357,575	-	-	357,575
Administrative overhead	423,250	300,478	35,200	758,928
Services and fees	219,829	1,828,113	703,251	2,751,193
Supplies	70,451	-	56	70,507
Repairs and maintenance	136,693	2,754	1,500	140,947
Utilities	179,606	6,406	-	186,012
Insurance premiums	10,659	2,516	7,632	20,807
Depreciation	401,514	10,092	-	411,606
Miscellaneous	270	-	-	270
Total Operating Expenses	1,799,847	2,150,359	747,639	4,697,845
OPERATING INCOME	(47,858)	135,815	47,794	135,751
NON-OPERATING REVENUES (EXPENSES):				
Interest income	18,038	-	-	18,038
Income (loss) from joint venture	-	(31,831)	-	(31,831)
Intergovernmental	115,139	-	-	115,139
Interest expense	(116,317)	-	-	(116,317)
Total Non-Operating Revenues (Expenses)	16,860	(31,831)	-	(14,971)
CHANGES IN NET POSITION	(30,998)	103,984	47,794	120,780
NET POSITION- BEGINNING	6,458,113	1,578,435	403,674	8,440,222
NET POSITION- ENDING	$ 6,427,115	$ 1,682,419	$ 451,468	$ 8,561,002

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, 2020

	Water and Sewer	Natural Gas	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	$ 1,813,897	$ 2,350,535	$ 779,109	$ 4,943,541
Cash paid to suppliers	(1,069,246)	(2,123,776)	(740,788)	(3,933,810)
Cash paid to employees	(341,441)	-	-	(341,441)
NET CASH PROVIDED BY OPERATING ACTIVITIES	403,210	226,759	38,321	668,290
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances to other funds	-	(590,260)		(590,260)
Repayment of amounts due to other funds	(60,866)	-	-	(60,866)
NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(60,866)	(590,260)	-	(651,126)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(650,045)	(12,792)	-	(662,837)
Capital grants and contributions	114,313	-	-	114,313
Proceeds from issuance of notes payable	469,765	-	-	469,765
Principal payments on bonds and notes	(158,707)	-	-	(158,707)
Interest paid on bonds and notes	(117,796)	-	-	(117,796)
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(342,470)	(12,792)	-	(355,262)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned	5,088	-	-	5,088
Decrease (increase) in restricted assets	588	-	-	588
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	5,676	-	-	5,676
NET INCREASE (DECREASE) IN CASH	5,550	(376,293)	38,321	(332,422)
CASH, BEGINNING	2,074,661	407,567	380,089	2,862,317
CASH, ENDING	$ 2,080,211	$ 31,274	$ 418,410	$ 2,529,895
CASH ENDING - UNRESTRICTED	$ 2,080,211	$ 31,274	$ 418,410	$ 2,529,895

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, 2020

	Water and Sewer	Natural Gas	Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ (47,858)	$ 135,815	$ 47,794	$ 135,751
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	401,514	10,092	-	411,606
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	34,683	65,036	(16,324)	83,395
Prepaid items	(902)	2,516	883	2,497
Inventory, at cost	1,051	-	-	1,051
Deferred outflows of resources - pensions	(76,487)	-	-	(76,487)
Increase (decrease) in:				
Accounts payable	(2,737)	13,975	5,968	17,206
Deposits payable	1,325	(675)	-	650
Salaries and benefits payable	(1,100)	-	-	(1,100)
Deferred inflows of resources - pensions	(2,005)	-	-	(2,005)
Compensated absences	(4,011)			(4,011)
Net pension liability	99,737	-	-	99,737
Total adjustments	451,068	90,944	(9,473)	532,539
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 403,210	$ 226,759	$ 38,321	$ 668,290
NON-CASH TRANSACTIONS AFFECTING FINANCIAL POSITION-				
Net income (loss) from joint venture	$ -	$ (31,831)	$ -	$ (31,831)
NET-EFFECT-NON-CASH TRANSACTIONS	$ -	$ (31,831)	$ -	$ (31,831)

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 **Airport Capital Projects Fund** accounts for capital outlay projects funded with an Airport Improvement Grant.

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 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, 2020:

	General Fund	Capital Projects Airport	Capital Projects Special Sales Tax - 2013	Capital Projects Special Sales Tax - 2018	Other Governmental Funds	Total
Fund Balances:						
Nonspendable						
Prepaids	$ 89,001	$ -	$ -	$ -	$ -	$ 89,001
Inventory	1,163	-	-	-	-	1,163
Restricted for:						
Capital projects	210,034	-	420,791	458,620	100	1,089,545
Transportation projects	-	-	-	-	24,644	24,644
Confiscated assets-police	-	-	-	-	34,292	34,292
Military flags	31,598	-	-	-	-	31,598
Unassigned (Deficit)	(459,694)	-	-	-	-	(459,694)
Total fund balances	$ (127,898)	$ -	$ 420,791	$ 458,620	$ 59,036	$ 810,549

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 of 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, 2020, 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 and the carrying amount for these deposits was $3,899,767. As of June 30, 2020, 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	$ 3,810,124
Restricted Investments, Current	41,450
Carrying Amount	3,851,574
Cash on hand	620
Totals	$ 3,852,194

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, 2020, were assessed at the net rate of 11.267 mills on the dollar on a total assessed valuation of $71,847,753.

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	$ 307,046	$ -	$ -	$ 2,212	$ 309,258
Less allowance for uncollectibles	(185,574)	-	-	-	(185,574)
Net taxes	$ 121,472	$ -	$ -	$ 2,212	$ 123,684
Fines	$ 227,171	$ -	$ -	$ -	$ 227,171
Less allowance for uncollectibles	(198,330)	-	-	-	(198,330)
Net fines	$ 28,841	$ -	$ -	$ -	$ 28,841
Intergovernmental	$ 126,604	$ -	$ 76,205	$ 45,743	$ 248,552
Less allowance for uncollectibles	-	-	-	-	-
Net intergovernmental	$ 126,604	$ -	$ 76,205	$ 45,743	$ 248,552
Others	$ 133,034	$ -	$ -	$ -	$ 133,034
Less allowance for uncollectibles	(97,253)	-	-	-	(97,253)
Net others	$ 35,781	$ -	$ -	$ -	$ 35,781

Proprietary Funds	Water and Sewer Fund	Natural Gas Fund	Solid Waste Fund	Total Proprietary Funds
Customer receivables	$ 756,608	$ 385,341	$ 314,704	$ 1,456,653
Less allowance for uncollectibles	(462,558)	(250,669)	(226,966)	(940,193)
Net customer receivables	294,050	134,672	87,738	516,460
Interest receivable	12,950	-	-	12,950
Net receivables	$ 307,000	$ 134,672	$ 87,738	$ 529,410
Intergovernmental	$ 29,399	$ -	$ -	$ 29,399
Less allowance for uncollectibles	-	-	-	-
Net intergovernmental	$ 29,399	$ -	$ -	$ 29,399

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, 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	38,190	266,463	-	-	304,653
Total capital assets, not being depreciated	938,464	266,463	-	-	1,204,927
Capital assets, being depreciated:					
Infrastructure	6,473,733	-	-	-	6,473,733
Buildings and improvements	1,862,237	463,328	-	-	2,325,565
Improvements other than buildings	622,327	-	-	-	622,327
Machinery and equipment	3,484,496	172,314	47,334	-	3,609,476
Total capital assets, being depreciated	12,442,793	635,642	47,334	-	13,031,101
Less accumulated depreciation for:					
Infrastructure	1,464,222	168,539	-	-	1,632,761
Buildings and improvements	837,766	41,291	-	-	879,057
Improvements other than buildings	106,355	27,725	-	-	134,080
Machinery and equipment	2,278,862	319,363	34,549	-	2,563,676
Total accumulated depreciation	4,687,205	556,918	34,549	-	5,209,574
Governmental activities capital assets, net of accumulated depreciation:					
Capital assets, not being depreciated:					
Land	900,274	-	-	-	900,274
Construction in progress	38,190	266,463	-	-	304,653
Total capital assets, not being depreciated	938,464	266,463	-	-	1,204,927
Capital assets being depreciated, net of accumulated depreciation:					
Infrastructure	5,009,511	(168,539)	-	-	4,840,972
Buildings and improvements	1,024,471	422,037	-	-	1,446,508
Improvements other than buildings	515,972	(27,725)	-	-	488,247
Machinery and equipment	1,205,634	(147,049)	12,785	-	1,045,800
Total capital assets being depreciated, net of accumulated depreciation	7,755,588	78,724	12,785	-	7,821,527
Total governmental activities capital assets, net of accumulated depreciation	$ 8,694,052	$ 345,187	$ 12,785	$ -	9,026,454
Less: related long term debt outstanding					(154,110)
Net investment in capital assets					$ 8,872,344

Description	Balance Beginning	Additions	Transfers/ Retirements	Balance Ending
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 10,215	$ -	$ -	$ 10,215
Construction in progress	2,828,737	613,687	-	3,442,424
Total capital assets, not being depreciated	2,838,952	613,687	-	3,452,639
Capital assets, being depreciated:				
Buildings and improvements	35,512	-	-	35,512
Machinery and equipment	931,858	36,358	-	968,216
Water and sewerage system	13,532,865	-	-	13,532,865
Gas system	621,035	12,792	-	633,827
Transmission line	667,584	-	-	667,584
Total capital assets, being depreciated	15,788,854	49,150	-	15,838,004
Less accumulated depreciation for:				
Buildings and improvements	25,372	627	-	25,999
Machinery and equipment	654,987	67,955	-	722,942
Water and sewerage system	5,490,126	333,369	-	5,823,495
Gas system	485,930	6,091	-	492,021
Transmission line	574,407	3,564	-	577,971
Total accumulated depreciation	7,230,822	411,606	-	7,642,428
Business-type activities capital assets, net of accumulated depreciation:				
Capital assets not being depreciated:				
Land	10,215	-	-	10,215
Construction in progress	2,828,737	613,687	-	3,442,424
Total capital assets, not being depreciated	2,838,952	613,687	-	3,452,639
Capital assets being depreciated, net of accumulated depreciation:				
Buildings and improvements	10,140	(627)	-	9,513
Machinery and equipment	276,871	(31,597)	-	245,274
Water and sewerage system	8,042,739	(333,369)	-	7,709,370
Gas system	135,105	6,701	-	141,806
Transmission line	93,177	(3,564)	-	89,613
Total capital assets being depreciated, net of accumulated depreciation	8,558,032	(362,456)	-	8,195,576
Total business-type activities capital assets, net of accumulated depreciation	$ 11,396,984	$ 251,231	$ -	11,648,215
Less: related long term debt outstanding				(7,225,303)
Net investment in capital assets				$ 4,422,912

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

Governmental activities:	
General government	$ 48,179
Public safety	219,964
Public works	106,392
Airport	182,383
Total depreciation expense-governmental activities	$ 556,918
Business-type activities	
Water and sewer system	$ 401,514
Gas system	10,092
Solid waste system	-
Total depreciation expense- business-type activities	$ 411,606

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, 2019 and 2018 allocated to the City of Cochran are reported in the Natural Gas Enterprise Fund as of and for the years ended June 30, 2020 and 2019.

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, 2019 and 2018 are as follows:

	2019	2018
Retained earnings, beginning	$867,576	$858,458
Net income (loss) for the year	(31,831)	9,118
Retained earnings, ending	$ 835,745	$ 867,576

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, 2020 and 2019, are as follows:

	2020	2019
Investment in joint venture	$835,745	$867,576
Net income (loss) from joint venture	$ (31,831)	$ 9,118

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, 2020. 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	$ 18,915
Total Hotel/Motel tax receipts	$ 18,915
Percentage of expenditures to tax receipts	100 %

Deficit Fund Balance/Net Position:

The general fund had deficit fund balance of $127,898 as of the end of the current year.

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

The following department had expenditures in excess of appropriations in the current year-

Special Revenue Fund-	
TIA Sales Tax-Public Works	$ 2,125

8. LONG-TERM LIABILITIES

The following is a summary of debt transactions of the City of Cochran for the year ended June 30, 2020:

	Balance Beginning	Increases	Decreases	Balance Ending	Amounts Due Within One Year	Long-term Portion
Governmental Activities:						
Compensated absences	$ 112,664	$ 13,917	$ -	126,581	$ 82,278	$ 44,303
Capital leases	164,707	58,849	69,446	154,110	70,075	84,035
Net pension liability	236,716	632,927	-	869,643	-	869,643
Total Governmental Activities	$ 514,087	$ 705,693	$ 69,446	$ 1,150,334	$ 152,353	$ 997,981

	Balance Beginning	Increases	Decreases	Balance Ending	Amounts Due Within One Year	Long-Term Portion
Business-Type Activities:						
Compensated Absences	$ 30,133	$ -	$ 4,011	$ 26,122	$ 16,979	$ 9,143
Revenue Bonds Payable-						
Series 2014	3,495,000	-	100,000	3,395,000	100,000	3,295,000
Less: discount	(24,108)	974	-	(23,134)	(974)	(22,160)
Total Revenue Bonds	3,470,892	974	100,000	3,371,866	99,026	3,272,840
Notes Payable	3,442,379	469,765	58,707	3,853,437	29,581	3,823,856
Net Pension Liability	37,966	99,737	-	137,703	-	137,703
Total Business-Type Activities	$ 6,981,370	$ 570,476	$ 162,718	$ 7,389,128	$ 145,586	$ 7,243,542

Details of capital leases and notes payable are as follows:

	Balance Beginning	Additions	Retirements	Balance Ending
Governmental Activities:				
Capital Leases:				
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	$ 81,288	$ -	$ 45,666	$ 35,622
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	-	19,491	63,928
4.62% Capital lease payable, with quarterly payments of $1,699 including interest, original principal of $24,685, made on July 18, 2019, incurred to purchase a code enforcement vehicle	-	24,685	4,289	20,396
3.49% Capital lease payable, with quarterly payments of $2,297 including interest, original principal of $34,164, made on April 17, 2020, incurred to purchase the fire chief's vehicle	-	34,164	-	34,164
Total Capital Leases Payable-Governmental Activities	$ 164,707	$ 58,849	$ 69,446	$ 154,110

	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	$ 3,470,892	$ -	$ 99,026	$ 3,371,866
Total Revenue Bonds Payable-Business-Type Activities	$ 3,470,892	$ -	$ 99,026	$ 3,371,866
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 for the purpose of rehabilitating sewers within the City's wastewater collection system. An "Interest-Free Period" began June 1, 2020 and will end on December 31, 2020 with payments to recommence on January 1, 2021	$ 1,178,488	$ -	$ 58,707	$ 1,119,781
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 for the purpose of rehabilitating the City's drinking water distribution system. An "Interest-Free Period" began June 1, 2020 and will end on December 31, 2020 with payments to recommence on January 1, 2021	1,518,368	239,093	-	1,757,461
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 for the purpose of rehabilitating sewers within the City's wastewater collection system. An "Interest-Free Period" began June 1, 2020 and will end on December 31, 2020 with payments to recommence on January 1, 2021	745,523	230,672	-	976,195
Total Notes Payable-Business-Type Activities	$ 3,442,379	$ 469,765	$ 58,707	$ 3,853,437

The total assets recorded in the governmental activities statement of net position under capital leases outstanding at June 30, 2020, is $324,443 with accumulated amortization of $150,544. Accumulated amortization on assets recorded under capital leases is included in accumulated depreciation. This year, $59,330 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
2021	$ -	$ -	$ -	$ 70,075	$ 5,023	$ 75,098	$ 70,075	$ 5,023	$ 75,098
2022	-	-	-	35,899	2,883	38,782	35,899	2,883	38,782
2023	-	-	-	37,466	1,368	38,834	37,466	1,368	38,834
2024	-	-	-	10,670	215	10,885	10,670	215	10,885
Totals	$ -	$ -	$ -	$ 154,110	$ 9,489	$ 163,599	$ 154,110	$ 9,489	$ 163,599

	Business-Type Activities								
Year ending	Revenue Bonds			Notes Payable			Totals		
June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 99,026	$ 104,205	$ 203,231	$ 29,581	$ 23,609	$ 53,190	$ 128,607	$ 127,814	$ 256,421
2022	104,026	102,205	206,231	140,199	46,452	186,651	244,225	148,657	392,882
2023	104,026	100,205	204,231	182,431	44,355	226,786	286,457	144,560	431,017
2024	109,026	97,580	206,606	184,665	42,121	226,786	293,691	139,701	433,392
2025	109,026	94,955	203,981	186,927	39,860	226,787	295,953	134,815	430,768
2026-2030	600,130	430,614	1,030,744	969,548	164,382	1,133,930	1,569,678	594,996	2,164,674
2031-2035	695,130	339,302	1,034,432	1,030,440	103,490	1,133,930	1,725,570	442,792	2,168,362
2036-2040	805,130	229,683	1,034,813	940,652	40,378	981,030	1,745,782	270,061	2,015,843
2041-2045	746,346	95,466	841,812	188,994	1,860	190,854	935,340	97,326	1,032,666
Totals	$ 3,371,866	$ 1,594,215	$ 4,966,081	$ 3,853,437	$ 506,507	$ 4,359,944	$ 7,225,303	$ 2,100,722	$ 9,326,025

Total interest paid on long-term debt was $147,155 during the year ended June 30, 2020.

Governmental Activities			Business Type Activities		
Total Interest	Less Direct Interest	Net Interest	Total Interest	Less Capitalized Interest	Net Interest
$ 6,727	$ -	$ 6,727	$ 142,799	$ 26,482	$ 116,317

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 $12,036.

The City has three GEFA notes payable, with a total outstanding principal balance of $3,853,437 as of June 30, 2020, which were placed on an “interest-free period” commencing on June 1, 2020 and extending through December 31, 2020.

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, 2020.

11. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers as of and for the year ended June 30, 2020, 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, 2020.

Interfund balances of amounts due to/from other funds and transfers by fund as of and for the year ended June 30, 2020, are as follows:

	Due To:			
Due From:	General Fund	Natural Gas Fund	SPLOST18 Fund	Totals
Genral Fund	$ -	$ 590,260	$ 64	$ 590,324
Hotel/Motel Tax	2,212	-	-	2,212
Totals	$ 2,212	$ 590,260	$ 64	$ 592,536

	Transfers Out
Transfers In:	General Fund
Capital Projects:	
Airport	$ 24,793
Special Sales Tax 2018	66
Totals	$ 24,859

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 $199,572.

14. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

There are no lawsuits currently pending against the City.

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, 2020, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	21
Vested terminated employees	24
Active employees	43
Active elected officials	6
Total membership in the plan	104

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 $143,712 for the year ended June 30, 2020.

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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial assumptions - The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2020 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

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%	6.41%
International equity	20%	6.96%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Cash	0%	0%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that 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, 2020, 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	$ 4,287,797	$ 4,013,115	$ 274,682
Changes for the year:			
Service cost	78,987	-	78,987
Interest	318,045	-	318,045
Differences between expected and actual experience	(69,937)	-	(69,937)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Other	267,924	-	267,924
Contributions-employer	-	149,464	(149,464)
Contributions-employee	-	-	-
Net investment income (loss)	-	(271,338)	271,338
Benefit payments, including refunds	(252,361)	(252,361)	-
Administrative expense	-	(15,771)	15,771
Net changes	342,658	(390,006)	732,664
Balance, end of year	$ 4,630,455	$ 3,623,109	$ 1,007,346

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.375%	7.375%	8.375%
City's Net Pension Liability	$ 1,569,745	$ 1,007,346	$ 536,625

Changes of assumptions:

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

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted healthy Retiree Mortality Table with rates multiplied by 1.25.

The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.

The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.

The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.

Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.

Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.

Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.

The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

The disability rates were changed to 50% of the rates in the prior age-based table.

The inflation assumption was decreased from 2.75% to 2.25%.

The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

The investment return assumption was decreased from 7.50% to 7.375%.

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, 2020 and the current sharing pattern of costs between employer and employee.

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

Pension Expense:	
Service cost	$ 78,987
Interest on TPL	318,045
Employee contributions	-
Administrative expense	15,771
Expected return on assets	(296,534)
Expensed portion of current year period differences between expected and actual experience in TPL	(17,485)
Expensed portion of current year period assumption changes	66,981
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	113,576
Current year recognition of deferred inflows and outflows established in prior years	20,449
Total expense	$ 299,790

For the year ended June 30, 2020, the City recognized pension expense of $299,790. As of June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 52,332	$ (169,398)
Contributions made subsequent to measurement date	33,052	-
Changes of assumptions	221,310	-
Net difference between projected and actual earnings on pension plan investments	444,762	-
Total	$ 751,456	$ (169,398)

City contributions subsequent to the measurement date of $33,052 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2021	173,950
2022	100,637
2023	193,897
2024	113,574

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	$ 45,208	$ 7,124	$ 7,124	$ -	$ -
City contributions subsequent to measurement date	28,553	4,499	4,499	-	-
Net differences between projected and actual earnings on pension plan investments	384,216	60,546	60,546	-	-
Changes of assumptions	191,183	30,127	30,127	-	-
Total deferred outflows	$ 649,160	$ 102,296	$ 102,296	$ -	$ -
Deferred Inflows-					
Pensions:					
Differences between expected and actual experience	$ (146,338)	$ (23,060)	$ (23,060)	$ -	$ -
Changes of assumptions	-	-	-	-	-
Net Difference between projected and actual earnings on investments	-	-	-	-	-
Total deferred inflows	$ (146,338)	$ (23,060)	$ (23,060)	$ -	$ -

17. EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 15, 2021, 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	$ 1,089,545	$ -	$ 1,089,545
Transportation projects	24,644	-	24,644
Confiscated assets-police	34,292	-	34,292
Debt service	41,450	-	41,450
Military flags	-	31,598	31,598
Balance, end of year	$ 1,189,931	$ 31,598	$ 1,221,529

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, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES:				
Taxes	$2,088,100	$2,088,100	$2,057,044	$ (31,056)
Licenses and permits	65,720	65,720	54,153	(11,567)
Intergovernmental	1,011,105	957,855	1,028,426	70,571
Charges for services	350,000	350,000	269,799	(80,201)
Fines and forfeitures	327,000	327,000	237,323	(89,677)
Miscellaneous	15,500	15,500	17,804	2,304
Total Revenues	3,857,425	3,804,175	3,664,549	(139,626)
EXPENDITURES:				
Current:				
General government	1,165,210	1,025,000	1,021,717	3,283
Public safety	1,815,200	1,750,000	1,737,196	12,804
Public works	712,170	960,000	956,299	3,701
Airport	33,075	33,075	26,567	6,508
Community development	54,670	40,000	32,353	7,647
Debt service:				
Principal	79,550	75,000	69,446	5,554
Interest	7,050	7,000	6,727	273
Total Expenditures	3,866,925	3,890,075	3,850,305	39,770
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,500)	(85,900)	(185,756)	(99,856)
OTHER FINANCING SOURCES:				
Transfers	-	(100)	(24,859)	(24,759)
Issuance of capital lease	-	60,000	58,849	(1,151)
Sale of capital assets	9,500	26,000	25,489	(511)
Total Other Financing Sources (Uses)	9,500	85,900	59,479	(26,421)
NET CHANGE IN FUND BALANCE	-	-	(126,277)	(126,277)
FUND BALANCE-BEGINNING	(1,621)	(1,621)	(1,621)	-
FUND BALANCE (DEFICIT)-ENDING	$ (1,621)	$ (1,621)	$ (127,898)	$(126,277)

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, 2020

	Fiscal Year End June 30					
	2020	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarially determined contribution	$ 132,209	$ 155,216	$ 123,276	$ 110,784	$ 136,669	$ 161,178
Contributions in relation to the actuarially determined contribution	132,209	155,216	123,276	110,784	136,669	161,178
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 1,628,438	$ 1,803,294	$ 1,850,173	$ 1,599,499	$ 1,486,855	$ 1,413,489
Contributions as a percentage of covered-employee payroll	8.12%	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, 2020

	Fiscal Year Ended June 30					
	2020	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability						
Service cost	$ 78,987	$ 80,994	$ 71,745	$ 71,193	$ 88,539	$ 79,124
Interest	318,045	324,443	297,486	291,591	284,759	287,625
Differences between expected and actual experience	(69,937)	(233,891)	209,328	(36,184)	(32,077)	(107,126)
Changes in assumptions	-	-	81,466	-	-	(55,781)
Changes in benefit terms	-	-	-	-	-	-
Other	267,924	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(252,361)	(257,325)	(249,967)	(251,103)	(255,015)	(226,634)
Net change in total pension liability	342,658	(85,779)	410,058	75,497	86,206	(22,792)
Total pension liability-beginning	4,287,797	4,373,576	3,963,518	3,888,021	3,801,815	3,824,607
Total pension liability-ending	$ 4,630,455	$ 4,287,797	$ 4,373,576	$ 3,963,518	$ 3,888,021	$ 3,801,815
Plan Fiduciary Net Position						
Contributions-employer	$ 149,464	$ 121,892	$ 120,153	$ 133,321	$ 155,051	$ 185,951
Contributions-employee	-	-	-	-	-	-
Net investment income	(271,338)	141,848	455,860	422,124	10,212	314,321
Benefit payments, including refunds of employee contributions	(252,361)	(257,325)	(249,967)	(251,103)	(255,015)	(226,634)
Administrative expense	(15,771)	(14,748)	(14,445)	(14,786)	(10,307)	(9,572)
Other	-	-	-	-	-	-
Net change in fiduciary net position	(390,006)	(8,333)	311,601	289,556	(100,059)	264,066
Plan fiduciary net position-beginning	4,013,115	4,021,448	3,709,847	3,420,291	3,520,350	3,256,284
Plan fiduciary net position-ending	$ 3,623,109	$ 4,013,115	$ 4,021,448	$ 3,709,847	$ 3,420,291	$ 3,520,350
Net Pension Liability						
Net pension liability-ending	$ 1,007,346	$ 274,682	$ 352,128	$ 253,671	$ 467,730	$ 281,465
Plan's fiduciary net position as a percentage of the total pension liability	78.25%	93.59%	91.95%	93.60%	87.97%	92.60%
Covered-employee payroll	1,628,438	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	61.86%	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 department had expenditures in excess of appropriations in the current year-

Special Revenue Fund-	
TIA Sales Tax-Public Works	$ 2,125

Georgia Municipal Employees Benefit System

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

***Changes of assumptions*:**

This information is provided in Note 15 in the Notes to the Financial Statements.

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, 2020, 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	7.375%
Projected Salary Increases	2.25% 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%, age 65 rate of 50%, ages 66-71 of 25%, and over 72 a rate of 100%.
Mortality	*Healthy retirees and beneficiaries:* Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 *Disabled participants:* Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 *Active participants, terminated vested participants, and deferred beneficiaries:* Sex-distinct Pri-2012 head-count weighted Employee Mortality Table *Plan termination basis (all lives):* 1994 Group Annuity Reserving Unisex Table

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

Supplementary Information

CITY OF COCHRAN, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	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	$ -	$ 100	$ 34,292	$ -	$ 24,934	$ 59,326
Receivables, net:						
Taxes	-	-	-	2,212	-	2,212
Intergovernmental	-	39,960	-	-	5,783	45,743
TOTAL ASSETS	$ -	$ 40,060	$ 34,292	$ 2,212	$ 30,717	$ 107,281
LIABILITIES:						
Accounts payable	$ -	$ 39,960	$ -	$ -	$ 6,073	$ 46,033
Due to other funds	-	-	-	2,212	-	2,212
Total Liabilities	-	39,960	-	2,212	6,073	48,245
FUND BALANCE:						
Restricted:						
Capital projects	-	100	-	-	-	100
Transportation projects	-	-	-	-	24,644	24,644
Confiscated assets-police	-	-	34,292	-	-	34,292
Total Fund Balance (Deficit)	-	100	34,292	-	24,644	59,036
TOTAL LIABILITIES AND FUND BALANCE	$ -	$ 40,060	$ 34,292	$ 2,212	$ 30,717	$ 107,281

CITY OF COCHRAN, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	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	$ -	$ -	$ -	$ 18,915	$ 63,316	$ 82,231
Intergovernmental	-	131,760	-	-	-	131,760
Miscellaneous	29	-	23,167	-	54	23,250
Total Revenues	29	131,760	23,167	18,915	63,370	237,241
EXPENDITURES:						
Current:						
Public safety	-	-	1,854	-	-	1,854
Public works	-	-	-	-	74,125	74,125
Community development	-	-	-	18,915	-	18,915
Capital Outlay	14,010	131,760	-	-	-	145,770
Total Expenditures	14,010	131,760	1,854	18,915	74,125	240,664
NET CHANGE IN FUND BALANCE	(13,981)	-	21,313	-	(10,755)	(3,423)
FUND BALANCE, BEGINNING	13,981	100	12,979	-	35,399	62,459
FUND BALANCE, ENDING	$ -	$ 100	$ 34,292	$ -	$ 24,644	$ 59,036

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, 2020

	Final Budget	Actual	Variance With Final Budget
REVENUES -			
Miscellaneous	$ 1,900	$ 23,167	$ 21,267
Total Revenues	1,900	23,167	21,267
EXPENDITURES -			
Current -			
Public safety	1,900	1,854	46
Total Expenditures	1,900	1,854	46
EXCESS OF REVENUES OVER EXPENDITURES	-	21,313	21,313
NET CHANGE IN FUND BALANCE	-	21,313	21,313
FUND BALANCE-BEGINNING	12,979	12,979	-
FUND BALANCE-ENDING	$ 12,979	$ 34,292	$ 21,313

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, 2020

	Final Budget	Actual	Variance With Final Budget
REVENUES -			
Taxes	$ 19,000	$ 18,915	$ (85)
Total Revenues	19,000	18,915	(85)
EXPENDITURES -			
Current -			
Community development	19,000	18,915	85
Total Expenditures	19,000	18,915	85
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, 2020

	Final Budget	Actual	Variance With Final Budget
REVENUES:			
Taxes	$ 72,000	$ 63,316	$ (8,684)
Interest	-	54	54
Total Revenues	72,000	63,370	(8,630)
EXPENDITURES -			
Current -			
Public works	72,000	74,125	(2,125)
Total Expenditures	72,000	74,125	(2,125)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(10,755)	(10,755)
NET CHANGE IN FUND BALANCE	-	(10,755)	(10,755)
FUND BALANCE, BEGINNING	35,399	35,399	-
FUND BALANCE, ENDING	$ 35,399	$ 24,644	$ (10,755)

CITY OF COCHRAN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Period Ended June 30, 2020

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total
Beginning 2007:					
Roads and Streets	$ 700,000	$ 700,000	$ 748,707	$ 14,010	$ 762,717
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 Agency	25,000	25,000	26,943	-	26,943
Total 2007 SPLOST	$ 2,205,000	$ 2,205,000	$ 2,362,902	$ 14,010	$ 2,376,912

CITY OF COCHRAN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Period Ended June 30, 2020

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total
Beginning 2013:					
Roads and Streets	$ 530,600	$ 530,600	$ 222,080	$ 107,997	$ 330,077
Fire Department	100,000	100,000	77,171	-	77,171
Sewer System	625,000	625,000	413,929	42,373	456,302
Water System	330,000	330,000	219,955	52,048	272,003
Police Department	200,000	200,000	165,724	42,790	208,514
Public Library	15,000	15,000	4,969	-	4,969
Recreation Department	175,200	175,200	207,930		207,930
Emergency Management Agency	24,000	24,000	9,987	-	9,987
Total 2013 SPLOST	$ 1,999,800	$ 1,999,800	$ 1,321,745	$ 245,208	$ 1,566,953

CITY OF COCHRAN, GEORGIA
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Period Ended June 30, 2020

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	-	259	259
Fire Department Equipment	150,000	150,000	-	-	-
Police Department Equipment	200,000	200,000	-	9,029	9,029
City Hall Improvements	250,000	250,000	-	57,108	57,108
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	$ 66,396	$ 122,128

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, 2020

I. Total Fiscal Year 2016 CDBG Funds Awarded to Recipient	$	500,000
II. Total Amount Drawn Down by Recipient from CDBG	$	158,760
III. Less:CDBG Funds Expended by Recipient		158,760
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, 2020

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	131,760	107,055	238,815	-
Flood and Drainage Construction	03K-02	63,720	-	-	-	-
Street Improvements	03K-01	237,335	-	41,465	41,465	-
Administration	21A-00	30,000	27,000	-	27,000	-
Totals		$ 500,000	$ 158,760	$ 148,520	$ 307,280	$ -

Single Audit Section

CITY OF COCHRAN, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	$ -	$ 290,060
Subtotal CWSRF Cluster CFDA 66.458			-	290,060
Drinking Water State Revolving Funds	66.468	DWSRF 15-019	-	296,974
Subtotal DWSRF Cluster CFDA 66.468				296,974
Total Environmental Protection Agency			-	587,034
U. S Department of Homeland Security				
Passed through Georgia Emergency Management Agency:				
Disaster Relief - Hurricane Michael	97.036	FEMA-4400-DR-GA	$ -	$ 110,660
Total U. S. Department of Homeland Security			-	110,660
Department of Housing and Urban Development				
Passed through Georgia Department of Community Affairs				
CDBG - Sewer Block Grant	14.228	16p-x-012-2-5842	-	131,760
Total Department of Housing and Urban Development			-	131,760
Department of Transportation-FAA				
Passed through Georgia Department of Transportation				
Airport Improvement	20.106	AP020-9041-28(023)	-	487,334
Total Department of Transportation - FAA			-	487,334
U. S. Department of Justice				
Direct-				
Bulletproof Vest Partnership Program	16.607		-	1,279
Total U. S. Department of Justice			-	1,279
Total Expenditures of Federal Awards			$ -	$ 1,318,067

See accompanying notes to schedule of expenditures of federal awards.

CITY OF COCHRAN, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. 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% deminimis 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, 2020

FINANCIAL STATEMENT FINDINGS

2019-001 Accounting Internal Control and Timely Financial Reporting

Status: Resolved.

2019-002 Receivables and Revenue

Status: Unresolved. See current year finding 2020-002

2019-003 Capital Assets

Status: Resolved.

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

Status: Resolved.

COMPLIANCE FINDINGS

2019-005 Violation of Georgia Law – 2013 SPLOST Fund

Status: Resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

112 W. Dykes Street
Cochran, GA 31014

City of Cochran

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CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENT FINDINGS

2020-001 Segregation of Duties

Name of Contact Person: Richard Newbern, City Manager

Recommendation: The duties of initiation, authorization, recording, processing, and reconciliation of transactions and the custody of related assets should be segregated between employees.

Corrective Action: The City concurs with the finding. We realize that with a limited number of personnel that strict segregation of duties is not possible. To mitigate this, we will re-evaluate assigned duties of all personnel to implement segregation of duties and to implement compensating controls where possible.

Anticipated Completion Date: June 30, 2021.

2020-002 Grants Received

Name of Contact Person: Richard Newbern, City Manager

Recommendation: Accounting staff should become familiar with all fund/account requirements detailed in the Georgia UCOA and account for grants in accordance with the UCOA. Individual funds should be established for grants that meet UCOA criteria.

Corrective Action: The City concurs with the finding. We will review the Uniform Chart of Accounts for Local Governments and will modify our chart of accounts as necessary to facilitate financial reporting and compliance with grant requirements.

Anticipated Completion Date: June 30, 2021.

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*

D. M. Vickers & Assoc., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cochran, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Cochran, Georgia's basic financial statements and have issued our report thereon dated January 15, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Cochran, Georgia's Response to Findings

The City of Cochran, Georgia's response to the findings in our audit is 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.

H. M. Vickers & Associates, P.C.

January 15, 2021

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

D. M. Vickers & Assoc., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members of City Council
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, 2020. 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's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2020.

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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

H. M. Vickers & Associates, P.C.

January 15, 2021

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?	None Reported
Significant deficiency(ies) identified?	Yes
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
66.468	Drinking 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

2020-001 Segregation of Duties

Condition: There is not appropriate segregation of duties between initiation, authorization, recording, processing, and reconciliation of transactions and other operational functions and the custody of related assets in the various funds possessed by the City.

Cause: The City of Cochran, Georgia does not have enough employees in the accounting department to achieve adequate segregation of duties.

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate assets without such actions being detected during the normal course of business.

Effect: Failure to properly segregate duties between initiation, authorization, recording, processing, and reconciliation of transactions and the custody of related assets can lead to misappropriation of assets that is not detected during the normal course of business.

Recommendation: The duties of initiation, authorization, recording, processing, and reconciliation of transactions and the custody of related assets should be segregated between employees.

View of Responsible Officials: The City concurs with the finding and will re-evaluate assigned duties of all personnel to implement segregation of duties.

2020-002 Grants Received

Condition: The City did not follow the Georgia Uniform Chart of Accounts (UCOA) in relation to grant funds received.

Cause: The City used Fund 340 to account for a major grant that was then consolidated with the General Fund.

Criteria: The City should evaluate each grant that is received and set up either a special revenue fund or capital projects fund as described in the Georgia UCOA. Grants with projected expenditures exceeding 2% of the general fund's budgeted total operating expenditures must be accounted for in fund 220 series. Fund 340 series must be used for all capital grants used to finance major capital projects.

Effect: Failure to account for grant funds correctly can lead to errors in the calculation of major funds and grant revenues and expenditures not being properly recorded in the correct period and disclosed correctly in the financial statements.

Context: During the current year, client accounted for multiple grants in one fund that was considered part of the General Fund. One of these grants was determined to be a capital project grant and should have been recorded in a capital projects fund. This capital projects fund was determined to be a major fund for financial statement purposes, which required an adjustment to reclassify revenues, expenditures, and budget items related to those revenues and expenditures.

Recommendation: Accounting staff should become familiar with all fund/account requirements detailed in the Georgia UCOA and account for grants in accordance with the UCOA. Individual funds should be established for grants that meet UCOA criteria.

Views of Responsible Officials: The City concurs with the finding and will review the Uniform Chart of Accounts and will modify their chart of accounts as necessary.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.