CITY OF GORDON, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Gordon, 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 Gordon, Georgia, as of and for the year ended September 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, based on our audit, 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 Gordon, Georgia, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 Schedule of Contributions, the Schedule of Changes in the Net Pension Liability and Related Ratios and the budgetary comparison information on pages 30 through 33 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 of Gordon, Georgia has not presented management's discussion and analysis that governmental 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 financials 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 Gordon, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is also not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents is the responsibility of management and were derived from and relates 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 27, 2021 on our consideration of the City of Gordon, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gordon, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

Sandersville, Georgia
January 27, 2021

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF GORDON, GEORGIA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	$ 223,789	$ 132,354	$ 356,143
Investments	222,651	-	222,651
Accounts receivable, net	28,384	60,135	88,519
Receivable from other governments	83,986	-	83,986
Prepaids	52,052	5,692	57,744
Internal balances	(76,444)	76,444	-
Total current assets	534,418	274,625	809,043
Noncurrent assets:			
Nondepreciable capital assets	409,277	479,296	888,573
Depreciable capital assets, net of accumulated depreciation	1,349,833	4,166,212	5,516,045
Total noncurrent assets	1,759,110	4,645,508	6,404,618
Deferred outflows of resources:			
Pension changes of assumptions	94,507	1,596	96,103
Total assets and deferred outflows of resources	2,388,035	4,921,729	7,309,764
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	94,458	21,805	116,263
Current portion of long-term debt	-	-	-
Meter deposits held	-	48,750	48,750
Other accrued liabilities	22,176	5,173	27,349
Noncurrent liabilities:			
Net pension liability	313,939	16,523	330,462
Notes and revenue bonds payable, less current portion	-	-	-
Total liabilities	430,573	92,251	522,824
Deferred inflows of resources:			
Deferred charges on pension obligations	12,338	650	12,988
Total liabilities and deferred inflows of resources	442,911	92,901	535,812
NET POSITION:			
Net investment in capital assets	1,759,110	4,645,508	6,404,618
Restricted for:			
Transportation improvements	43,750	-	43,750
Capital projects	22,303	-	22,303
Public safety	590	-	590
Unrestricted	119,371	183,320	302,691
	$ 1,945,124	$ 4,828,828	$ 6,773,952

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 273,475	$ 12,103	$ -	$ -	$ (261,372)	$ -	$ (261,372)
Public safety	835,733	16,067	103,449	-	(716,217)	-	(716,217)
Public works	580,865	83,872	43,750	139,611	(313,632)	-	(313,632)
Culture and recreation	21,831	89	12,400	-	(9,342)	-	(9,342)
Health and welfare	66,317	-	-	-	(66,317)	-	(66,317)
Interest on long-term debt	700	-	-	-	(700)	-	(700)
Total governmental activities	1,778,921	112,131	159,599	139,611	(1,367,580)	-	(1,367,580)
Business-type activities:							
Water and sewer	708,596	526,856	-	374,206	-	192,466	192,466
Total business-type activities	708,596	526,856	-	374,206	-	192,466	192,466
Total primary government	$ 2,487,517	$ 638,987	$ 159,599	$ 513,817	(1,367,580)	192,466	(1,175,114)
General revenues:							
Taxes:							
Property taxes					362,400	-	362,400
General sales and use tax					245,398	-	245,398
Franchise tax					316,119	-	316,119
Insurance company premium tax					153,564	-	153,564
Other taxes					282,250	-	282,250
Grants and contributions					-	-	-
Interest and dividend earnings					-	142	142
Miscellaneous					9,792	-	9,792
Transfers					(531,372)	531,372	-
Total general revenues and transfers					838,151	531,514	1,369,665
Change in net position					(529,429)	723,980	194,551
Net position, beginning					2,474,553	4,104,848	6,579,401
Net position, ending					$ 1,945,124	$ 4,828,828	$ 6,773,952

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	2007 & Prior SPLOST	2014 SPLOST	2019 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 88,768	$ -	$ 11,660	$ 53,667	$ 69,694	$ 223,789
Investments	222,651					222,651
Accounts receivable, net	28,384	-	-	-	-	28,384
Receivable from other governments	69,801	-	-	14,185	-	83,986
Receivable from other funds	78,318	-	-	-	-	78,318
Prepaid insurance	52,052	-	-	-	-	52,052
Total assets	$ 539,974	$ -	$ 11,660	$ 67,852	$ 69,694	$ 689,180
LIABILITIES:						
Accounts payable	$ 17,729	$ -	$ 9,475	$ 66,432	$ 822	$ 94,458
Other liabilities	910	-	-	-	-	910
Payable to other funds	-	-	-	154,762	-	154,762
Total liabilties	18,639	-	9,475	221,194	822	250,130
DEFERRED INFLOWS OF RESOURCES:						
Property taxes	22,268	-	-	-	-	22,268
FUND BALANCES:						
Non-spendable fund balance	52,052	-	-	-	-	52,052
Restricted fund balance:						
Capital projects	-	-	2,185	-	63,868	66,053
Law enforcement	-	-	-	-	590	590
Committed fund balance	-	-	-	-	-	-
Assigned fund balance:						
Library	-	-	-	-	4,414	4,414
Unassigned fund balance	447,015	-	-	(153,342)	-	293,673
Total fund balances	499,067	-	2,185	(153,342)	68,872	416,782
Total liabilities, deferred inflows of resources and fund balances	$ 539,974	$ -	$ 11,660	$ 67,852	$ 69,694	$ 689,180

(Continued)

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

Fund balances - total governmental funds	$	416,782
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $2,786,382		1,759,110
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Accounts receivable, net of allowance for doubtful accounts of $0		22,268
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(313,939)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions		94,507
Deferred inflows of resources related to pensions		(12,338)
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(21,266)
Notes payable		-
Net position of governmental activities	$	1,945,124

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	2007 & Prior SPLOST	2014 SPLOST	2019 SPLOST	Nonmajor Governmental Funds	Total Govern-mental Funds
REVENUES:						
Taxes	$ 1,356,367	$ -	$ -	$ -	$ -	$ 1,356,367
Licenses and permits	11,978	-	-	-	-	11,978
Intergovernmental	103,449	-	71,621	67,852	56,150	299,072
Charges for services	99,439	-	-	-	-	99,439
Other	9,767	-	138	-	739	10,644
Total revenues	1,581,000	-	71,759	67,852	56,889	1,777,500
EXPENDITURES:						
Current operating:						
General government	263,507	-	-	-	-	263,507
Public works	427,048	621	6,611	55,056	-	489,336
Public safety	875,611	-	3,715	-	50	879,376
Health and welfare	508	-	-	-	-	508
Culture and recreation	17,233	-	4,620	-	44,464	66,317
Debt service:						
Principal	17,768	-	-	-	-	17,768
Interest and other charges	700	-	-	-	-	700
Capital outlays	-	-	309,433	150,363	-	459,796
Total expenditures	1,602,375	621	324,379	205,419	44,514	2,177,308
Excess (deficiency) of revenues over expenditures	(21,375)	(621)	(252,620)	(137,567)	12,375	(399,808)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in (out)	(110,000)	-	15,775	(15,775)	35,000	(75,000)
Total other financing sources and uses	(110,000)	-	15,775	(15,775)	35,000	(75,000)
Net change in fund balance	(131,375)	(621)	(236,845)	(153,342)	47,375	(474,808)
FUND BALANCE, beginning of year	630,442	621	239,030	-	21,497	891,590
FUND BALANCE, end of year	$ 499,067	$ -	$ 2,185	$ (153,342)	$ 68,872	$ 416,782

(Continued)

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds	$ (474,808)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlays	116,002
Depreciation	(180,493)
	(64,491)
The effect of various capital asset disposals and sales, net of accumulated depreciation	-
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Receivables, net of deferred revenue	3,364
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(2,272)
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:	
Cost of benefits earned net of employee contributions	(8,990)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:	
Issuance of long-term debt	-
Repayment of long-term debt	17,768
	17,768
	$ (529,429)

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Water and Sewer Fund
ASSETS & DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash in bank	$ 132,354
Accounts receivable, net of allowance	60,135
Due from 2019 SPLOST	83,931
Prepaid insurance	5,692
Total current assets	282,112
NONCURRENT ASSETS:	
Capital Assets:	
Land	50,847
Construction in progress	428,449
Depreciable capital assets	8,081,571
	8,560,867
Less accumulated depreciation	(3,915,359)
Total capital assets	4,645,508
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charges on pension obligations	1,596
Total assets & deferred outflows of resources	4,929,216
LIABILITIES & DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES:	
Accounts payable	21,805
Accrued absences	5,173
Due to General Fund	7,487
Meter deposits held	48,750
Total current liabilities	83,215
NONCURRENT LIABILITIES:	
Net pension liability	16,523
Total noncurrent liabilities	16,523
DEFERRED INFLOWS OF RESOURCES:	
Deferred charges on pension obligations	650
Total liabilities & deferred inflows of resources	100,388
NET POSITION	
INVESTMENT IN CAPITAL ASSETS	4,645,508
RESTRICTED	-
UNRESTRICTED	183,320
Total net position	$ 4,828,828

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds
	Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	$ 526,236
Other revenue	620
Total operating revenue	526,856
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	66,680
Payroll taxes	5,239
Employee benefits	39,250
Purchased/contracted services:	
Insurance	12,539
Repairs and replacement	116,132
Dues	965
Testing	54,334
Supplies:	
Chemicals and supplies	104,976
Office supplies	10,392
Utilities and communication	100,099
Depreciation	190,716
Miscellaneous	7,274
Total operating expenses	708,596
OPERATING INCOME (LOSS)	(181,740)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	142
Interest expense	-
Total non-operating revenues (expenses)	142
NET INCOME BEFORE CAPITAL CONTRIBUTIONS & TRANSFERS	(181,598)
CAPITAL CONTRIBUTIONS:	
Contribution from Wilkinson County Development Authority	374,206
Contribution from Capital Projects Funds	456,372
NET INCOME (LOSS) BEFORE TRANSFERS	648,980
TRANSFERS FROM (TO) OTHER FUNDS	75,000
NET INCOME (LOSS)	723,980
NET POSITION, beginning of year	4,104,848
NET POSITION, end of year	$ 4,828,828

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 525,990
Cash paid to suppliers for goods and services	(476,161)
Cash paid to employees	(111,362)
Other receipts (payments)	-
Net cash provided by (used for) operating activities	(61,533)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	75,000
Net cash provided by (used for) noncapital financing activities	75,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	-
Principal paid on capital debt	-
Interest paid on capital debt	-
Net cash provided by (used for) capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	142
Net cash provided by (used for) investing activities	142
NET INCREASE (DECREASE) IN CASH	13,609
CASH AND CASH EQUIVALENTS, beginning of year	118,745
CASH AND CASH EQUIVALENTS, end of year	$ 132,354
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (181,740)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	190,716
Changes in assets and liabilities:	
Accounts receivable	(866)
Due from 2019 SPLOST	(83,931)
Prepaid insurance	(219)
Net pension liability	1,302
Accounts payable	10,489
Due to General Fund	(130)
Compensated absences	(193)
Meter deposits held	3,039
Net cash provided by (used for) operating activities	$ (61,533)

NONCASH CAPITAL FINANCING ACTIVITIES:

Capital purchases of $456,372 were made through contributions from the Capital Projects Funds and capital purchases of $374,206 were made through contributions from the Wilkinson County Development Authority

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Gordon (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government 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. No component units were identified which should be included in the reporting entity.

As of September 30, 2020, the City has not activated its Downtown Development Authority. If in the future the City does decide to take the necessary steps to activate it, the Downtown Development Authority would then be a discretely presented component unit that would be reported in a separate column in the combined financial statements.

The Development Authority of the City of Gordon, Georgia is considered a related organization based upon the criteria of GASB Statement 61. The Authority is a legally separate entity having a board composed of seven members appointed by the City of Gordon, Georgia. The City of Gordon, Georgia is not able to impose its will upon the Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Development Authority of the City of Gordon, Georgia is a related organization.

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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues 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 2007 and Prior Special Local Option Sales Tax Fund accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in approved by voters of the City of Gordon.

The 2014 Special Local Option Sales Tax Fund accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in approved by voters of the City of Gordon.

The 2019 Special Local Option Sales Tax Fund accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in approved by voters of the City of Gordon.

The City reports the following major proprietary fund:

The Water and Sewer Fund is used to account for the provision of water and sewer services to businesses and residents 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 City complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

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 nonoperating 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fundbalance classifications could be used, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Retained Earnings.

E. Inventory

Materials purchased in the proprietary fund are expensed as purchased and are not inventoried at year end due to lack of materiality.

F. Restricted Assets

As of September 30, 2020, the City had no resources that were classified as restricted assets on the balance sheet.

G. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems 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 and an original cost of $5,000. 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.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. Infrastructure assets totaling $0 were completed during the year ended September 30, 2020. At September 30, 2020 $0 of construction-in-progress was related to infrastructure assets.

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30-40 years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	40 – 50 years

I. Compensated Absences

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

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.

K. Equity Classifications

The City has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance

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

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

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

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. 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 has authorized the City's finance committee to assign fund balances.

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

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The City does not have a formal minimum fund balance policy; however, the City Council addresses various target reserve positions which are reviewed periodically.

Net Position

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.

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.

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

L. 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, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

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

1. Prior to year end the City Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of the City of Gordon.
3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.
4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.
5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with GAAP.
7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended September 30, 2020:

Public safety	$ 37,069
Public works	59,648
Public safery - capital outlays	112,578
Debt service	18,468

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Investments

As of September 30, 2020, the City had the following investments:

Investment Type	Credit Rating	Investment Value	Weighted Average Maturity
Office of State Treasurer (Georgia Fund 1)	AAAf	$ 222,651	54 days

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Credit Risk - Statutes authorize the City to invest in obligations of the State of Georgia, other states, or the United States Government; obligations fully insured or guaranteed by the United Sates Government or an agency or corporation of the United Sates Government; and/or repurchase agreements and certificates of deposit which are secured by direct obligations of Georgia or the investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard and Poor's and AAA by Moody's Investors Service. The City has no investment policy that would further limit its investment choices.

Fair Value Measurements

During 2016, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. This statement establishes a hierarchy of inputs to the valuation techniques of certain assets and liabilities at fair value. This hierarchy consists of three broad levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted market prices for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable. Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

As of September 30, 2020, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

4. PROPERTY TAXES

The value of all real and business personal property located in the City is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal valueless applicable exemptions authorized by the City Council. Appraised values are established by the Wilkinson County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the milleage rate was set on or about August 15. Taxes were billed on or about November 1, 2019 and were due December 21, 2019 after which date penalties and interest were assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the City.

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, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

5. ACCOUNTS RECEIVABLE

At September 30, 2020, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 23,053	$ -	$ 23,053
Local option sales tax	25,849	-	25,849
Energy excise tax receivable	38,731	-	38,731
Garbage fees receivable	10,716	-	10,716
Miscellaneous receivable	7,951	-	7,951
2019 SPLOST Fund:			
Special local option sales tax	14,185	-	14,185
Water and Sewer Fund:			
Water and sewer fees	-	73,430	73,430
	120,485	73,430	193,915
Allowance for doubtful accounts	(8,115)	(13,295)	(21,410)
	$ 112,370	$ 60,135	$ 172,505

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 409,277	$ -	$ -	$ 409,277
Construction-in-progress	-	-	-	-
Subtotal	409,277	-	-	409,277
Other capital assets:				
Buildings	1,398,843	-		1,398,843
Equipment	1,276,749	116,002		1,392,751
Infrastructure	1,344,621	456,372	(456,372)	1,344,621
Subtotal	4,429,490	572,374	(456,372)	4,545,492
Accumulated depreciation:				
Buildings	916,190	34,940	-	951,130
Equipment	1,056,286	66,151	-	1,122,437
Infrastructure	633,413	79,402	-	712,815
Subtotal	2,605,889	180,493	-	2,786,382
Net capital assets	$ 1,823,601	$ 391,881	$ (456,372)	$ 1,759,110

Governmental activities depreciation expense:

General government	$ 6,214
Public safety	65,181
Public works	87,775
Culture and recreation	21,323
	$ 180,493

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 50,847	$ -	$ -	$ 50,847
Construction-in-progress	197,174	231,275	-	428,449
Subtotal	248,021	231,275	-	479,296
Other capital assets:				
Buildings	49,244	-	-	49,244
Equipment	186,369	1,407	-	187,776
Infrastructure	7,246,655	597,896	-	7,844,551
Subtotal	7,730,289	830,578	-	8,560,867
Accumulated depreciation:				
Buildings	21,934	2,407	-	24,341
Equipment	158,160	5,983	-	164,143
Infrastructure	3,544,549	182,326	-	3,726,875
Subtotal	3,724,643	190,716	-	3,915,359
Net capital assets	$ 4,005,646	$ 639,862	$ -	$ 4,645,508

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 18,994	$ 2,272	$ -	$ 21,266	$ 21,266
Notes payable	17,768	-	(17,768)	-	-
	$ 36,762	$ 2,272	$ (17,768)	$ 21,266	$ 21,266
Business-type activities:					
Notes payable	$ -	$ -	$ -	$ -	$ -
Net pension liability	12,564	3,959	-	16,523	-
Compensated absences	5,366		(193)	5,173	5,173
	$ 17,930	$ 3,959	$ (193)	$ 21,696	$ 5,173

For the governmental activities, compensated absences are generally liquidated by the General Fund.

8. FUND DEFICITS

At September 30, 2020, no fund had a deficit fund balance.

9. INTERFUND TRANSACTIONS AND BALANCES

At September 30, 2020, the Water Fund owed the General Fund $7,487 for garbage fees collected by the Water Fund but not remitted to the General Fund. This balance will be repaid during the year ended September 30, 2021. The 2019 SPLOST Fund owed the General Fund $70,831 and the Water Fund $83,931 at September 30, 2020 for capital asset purchases.

Interfund transfers:

	Transfer From:		
Transfer To:	General Fund	2019 SPLOST	Total
Water & Sewer Fund	$ 75,000	$ -	$ 75,000
2014 SPLOST Fund	-	15,775	15,775
	$ 75,000	$ 15,775	$ 90,775

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

10. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from federal grantor agencies are subject to audit and adjustment by the applicable agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the City's financial position.

11. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City has a non-contributory plan covering all full time employees and elected officials. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a -statewide agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the plan. The benefit provisions and contribution requirements are established by GMEBS and the Adoption Agreement executed by the City.

As of January 1, 2020, the date of the latest actuarial valuation study, employee membership data related to the current plan membership was as follows:

Retirees and beneficiaries currently receiving benefits	19
Terminated employees entitled to benefits but not yet receiving them	13
Current active employees and elected officials:	
Vested	15
Nonvested	8
Total membership in the plan	55

B. Summary of Significant Accounting Policies

Financial statements of the plan are prepared on the accrual basis of accounting. Contributions from the City are recognized as revenue as billed by GMEBS. Investment income is recognized as earned by the plan.

The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as the valuation of investments at the end of each month during the period.

There are no investments in, loans to, or leases with parties related to the pension plan.

The Net investment return is 7.375% on an on-going basis, based on long-term expected rate of return on pension plan investment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 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%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Cash	0%	
	100%	

Plan termination basis: 2.12% (30-year Treasury Securities Rate as of August 2019, published in September, 2019; 3.04% last year)

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
$ 606,940	$ 330,462	$ 98,796

D. Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	$ 2,052,946	$ 1,801,658	$ 251,288
Changes for the year:			
Service cost	29,846	-	29,846
Interest	152,252	-	152,252
Differences between expected and actual experience	(16,576)	-	(16,576)
Contributions - employer	-	44,414	(44,414)
Contributions - employee	-	-	-
Net investment income	-	50,868	(50,868)
Benefit payments, including refunds of employee contributions	(105,530)	(105,530)	-
Administrative expense	-	(10,475)	10,475
Other	(1,541)	-	(1,541)
Net changes	58,451	(20,723)	79,174
Balances at September 30, 2019	$ 2,111,397	$ 1,780,935	$ 330,462

E. Pension Expense for the Year Ended September 30, 2020

Service cost	$ 29,846
Interest on TPL	152,252
Employee contribution	-
Administrative expenses	10,475
Expected return on assets	(132,440)
Expensed portion of current year period differences between expected and actual experience in TPL	(5,526)
Expensed portion of cuurent year period assumption changes	(513)
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	16,316
Current year recognition of deferred inflows and outflows established in prior years	26
Total expense	$ 70,436

F. Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,012	$ -
Changes of assumptions	5,909	(1,028)
Net difference between projected and actual earnings on pension plan investments	-	(11,960)
Employer contributions	64,182	-
Total	$ 96,103	$ (12,988)

City contributions subsequent to the measurement date of $64,182 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$ 56,723
2022	1,960
2023	8,118
2024	16,314
	$ 83,115

G. Actuarial Methods and Assumptions

Inflation	2.25%
Salary increase	2.25% plus service based merit increases
Investment rate of return	7.375%, On-going basis, based on long-term expected rate of return of pension plan investments
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Cost of living adjustments	0.00%

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

The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2019.

The actuarial determined contribution was determined as of January 1, 2020, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ended September 30, 2021.

To obtain a copy of the financial report for the GMEBS pension plan, write to the following address:

Georgia Municipal Employees Benefit System
201 Pryor Street, SW
Atlanta, GA 30303

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation.

There were no significant reductions of insurance coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pool

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF) and Georgia Interlocal Risk Management Agency (GIRMA), risk management agencies created under Georgia law. As a participant in the GMAWCSIF and GIRMA, the City has no legal obligation to pay its own workers' compensation claims or general liability claims. The City is required to make an annual contribution to the funds in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims and general liability claims. However, the enabling statute creating the GMAWCSIF and GIRMA permits the funds to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GMASCSIF and GIRMA to protect the funds from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Self Insurance

The City is self-insured with regard to unemployment compensation claims. The City accounts for claims with expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The City has not experienced any claims related to unemployment compensation in the past three years.

13. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the fourteen City east central Georgia area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended September 30, 2020, the City paid $2,516 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Central Savannah River Area Regional Commission
2123 Wrightsboro Road, PO Box 2800
Augusta, Georgia 30914-2800

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 27, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions
- Budgetary Comparison Schedules – General Fund

CITY OF GORDON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2020	2019	2018	2017	2016	2015
Total Pension Liability:						
Service cost	$ 29,846	$ 23,037	$ 24,752	$ 26,683	$ 29,189	$ 27,516
Interest	152,252	140,582	138,172	139,871	133,406	127,410
Difference between expected & actual experience	(16,576)	86,253	(24,256)	(102,356)	3,820	26,038
Changes of assumptions	(1,541)	-	-	-	-	(20,625)
Benefit payments, including refunds	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Other	-	-	23,637	-	-	-
Net change in total pension liability	58,451	153,242	71,366	(17,093)	81,719	79,075
Total pension liability, beginning	2,052,946	1,899,704	1,828,338	1,845,431	1,763,712	1,684,637
Total pension liability, ending (a)	2,111,397	2,052,946	1,899,704	1,828,338	1,845,431	1,763,712
Plan Fiduciary Net Position:						
Contributions - employer	44,414	56,069	73,341	77,885	78,018	66,830
Net investment income	50,868	165,617	223,067	150,826	15,449	140,392
Benefit payments, including refunds of employee contributions	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Administrative expense	(10,475)	(11,052)	(12,131)	(6,530)	(7,667)	(6,268)
Other	-	-	-	-	-	-
Net change in fiduciary net position	(20,723)	114,004	193,338	140,890	1,104	119,690
Plan fiduciary net position, beginning	1,801,658	1,687,654	1,494,316	1,353,426	1,352,322	1,232,632
Plan fiduciary net position, ending (b)	1,780,935	1,801,658	1,687,654	1,494,316	1,353,426	1,352,322
Net pension liability, ending (a) - (b)	$ 330,462	$ 251,288	$ 212,050	$ 334,022	$ 492,005	$ 411,390
Plan's fiduciary net position as a % of the total pension liability	84.35%	87.76%	88.84%	81.73%	73.34%	76.67%
Covered-employee payroll	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Net pension liability as a % of covered payroll	49.49%	37.00%	35.32%	58.34%	82.41%	67.38%

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

CITY OF GORDON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 64,182	$ 48,452	$ 56,069	$ 73,341	$ 71,891	$ 71,932
Contributions in relation to the actuarially determined contribution	64,182	48,452	56,069	73,341	71,891	71,932
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's covered empoyee payroll	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Contributions as a percentage of covered-employee payroll	9.61%	7.13%	9.34%	12.81%	12.04%	11.78%

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

CITY OF GORDON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 355,000	$ 355,000	$ 359,036	$ 4,036
Vehicle	58,500	58,500	52,775	(5,725)
Franchise tax	308,000	308,000	316,119	8,119
Alcoholic beverage excise	20,000	20,000	24,211	4,211
Local option sales tax	290,000	290,000	245,398	(44,602)
Excise energy tax	180,000	180,000	179,116	(884)
Insurance company premium	145,000	145,000	153,564	8,564
Intangible	3,000	3,000	7,021	4,021
Other	31,150	31,150	19,127	(12,023)
	1,390,650	1,390,650	1,356,367	(34,283)
Licenses and Permits:				
Business licenses and permits	10,800	10,800	11,082	282
Alcoholic beverage licenses	1,700	1,700	896	(804)
	12,500	12,500	11,978	(522)
Intergovernmental:				
State grants	-	-	-	-
Federal grants	-	-	103,449	103,449
	-	-	103,449	103,449
Charges for services:				
Garbage fees	90,000	90,000	83,872	(6,128)
Court fines	31,100	31,100	15,567	(15,533)
	121,100	121,100	99,439	(21,661)
Miscellaneous:				
Rent	1,000	1,000	125	(875)
Interest income	500	500	3,016	2,516
Other	8,000	8,000	6,626	(1,374)
	9,500	9,500	9,767	267
Total revenues	1,533,750	1,533,750	1,581,000	47,250

CITY OF GORDON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 299,010	$ 299,010	$ 263,507	$ 35,503
Public safety	725,964	725,964	763,033	(37,069)
Public works	367,400	367,400	427,048	(59,648)
Health and welfare	16,234	16,234	508	15,726
Culture and Recreation	24,614	24,614	17,233	7,381
Total operating expenditures	1,433,222	1,433,222	1,471,329	(38,107)
Capital Outlays:				
General government	700	700	-	700
Public safety	-	-	112,578	(112,578)
Public works	-	-	-	-
Health and welfare	12,000	12,000	-	12,000
Culture and Recreation	-	-	-	-
Total capital expenditures	12,700	12,700	112,578	(99,878)
Debt Service:				
Principal	-	-	17,768	(17,768)
Interest	-	-	700	(700)
Total debt service	-	-	18,468	(18,468)
Total expenditures	1,445,922	1,445,922	1,602,375	(156,453)
Excess (deficiency) of revenues over expenditures	87,828	87,828	(21,375)	(109,203)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	(57,227)	(57,227)	(110,000)	(52,773)
	(57,227)	(57,227)	(110,000)	(52,773)
Excess (deficiency) of revenues over expenditures and other financing sources	30,601	30,601	(131,375)	(161,976)
FUND BALANCE, beginning of year	630,442	630,442	630,442	-
FUND BALANCE, end of year	$ 661,043	$ 661,043	$ 499,067	$ (161,976)

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- Combining Statements - Nonmajor governmental funds
- Library Special Revenue Fund Statement of Expenditures (Final Budget to Actual)
- Law Enforcement Confiscation Special Revenue Fund Statement of Expenditures (Final Budget to Actual)
- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Schedule of Findings and Questioned Costs

CITY OF GORDON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
ASSETS:					
Cash and cash equivalents	$ 5,236	$ 590	$ 20,118	$ 43,750	$ 69,694
Other assets	-	-	-	-	-
Total assets	$ 5,236	$ 590	$ 20,118	$ 43,750	$ 69,694
LIABILITIES:					
Accounts payable	$ 822	$ -	$ -	$ -	$ 822
Other liabilities	-	-	-	-	-
Total liabilities	822	-	-	-	822
FUND BALANCES:					
Non-spendable fund balance	-	-	-	-	-
Restricted fund balance:	-	-	-	-	-
Law enforcement	-	590	-	-	590
Capital projects	-	-	20,118	-	20,118
Transportation improvements	-	-	-	43,750	43,750
Committed fund balance	-	-	-	-	-
Assigned fund balance:					-
Library	4,414	-	-	-	4,414
Unassigned fund balance	-	-	-	-	-
Total fund balances	4,414	590	20,118	43,750	68,872
Total liabilities and fund balances	$ 5,236	$ 590	$ 20,118	$ 43,750	$ 69,694

CITY OF GORDON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
REVENUES:					
Intergovernmental	$ 12,400	$ -	$ -	$ 43,750	$ 56,150
Other	89	500	150	-	739
Total revenues	12,489	500	150	43,750	56,889
EXPENDITURES:					
Current operating:					
Culture and recreation	44,459	-	5	-	44,464
Public safety	-	50	-	-	50
Public works	-	-	-	-	-
Capital outlays	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	44,459	50	5	-	44,514
Excess (deficiency) of revenues over expenditures	(31,970)	450	145	43,750	12,375
OTHER FINANCING SOURCES (USES):					
Transfers in (out)	35,000	-	-	-	35,000
Total other financing sources and uses	35,000	-	-	-	35,000
Net change in fund balance	3,030	450	145	43,750	47,375
FUND BALANCE, beginning	1,384	140	19,973	-	21,497
FUND BALANCE, ending	$ 4,414	$ 590	$ 20,118	$ 43,750	$ 68,872

CITY OF GORDON, GEORGIA
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 5,000	$ 5,000	$ 12,400	$ 7,400
Other	250	250	89	(161)
	5,250	5,250	12,489	7,239
EXPENDITURES:				
Current operating:				
Culture and recreation	60,196	60,196	44,459	15,737
Capital outlays	-	-	-	-
Total expenditures	60,196	60,196	44,459	15,737
Excess revenues over (under) expenditures	(54,946)	(54,946)	(31,970)	22,976
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	57,227	57,227	35,000	(22,227)
Excess revenues and other financing sources (uses) over (under) expenditures	2,281	2,281	3,030	749
FUND BALANCE, beginning of year	1,384	1,384	1,384	-
FUND BALANCE, end of year	$ 3,665	$ 3,665	$ 4,414	$ 749

CITY OF GORDON, GEORGIA
LAW ENFORCEMENT CONFISCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 3,000	$ 3,000	$ 500	$ (2,500)
Other	-	-	-	-
	3,000	3,000	500	(2,500)
EXPENDITURES:				
Current operating:				
Public safety	2,000	2,000	50	1,950
Capital outlays	1,000	1,000	-	1,000
Total expenditures	3,000	3,000	50	2,950
Excess revenues over (under) expenditures	-	-	450	450
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	450	450
FUND BALANCE, beginning of year	140	140	140	-
FUND BALANCE, end of year	$ 140	$ 140	$ 590	$ 450

CITY OF GORDON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 105,300	$ 105,300	$ 107,830	$ (2,530)
Payroll taxes	7,374	7,374	8,098	(724)
Employee benefits	36,511	36,511	19,313	17,198
Purchased/contracted services:				
Accounting and legal	35,000	35,000	29,398	5,602
Insurance	58,800	58,800	48,994	9,806
Utilities and communication	17,100	17,100	14,306	2,794
Repairs and maintenance	6,500	6,500	7,950	(1,450)
Dues	4,700	4,700	6,284	(1,584)
Advertising	1,000	1,000	322	678
Supplies:				
Office supplies	8,750	8,750	6,842	1,908
Other costs:				
Travel and training	6,675	6,675	1,744	4,931
Election	1,100	1,100	-	1,100
Tax collection fee	1,500	1,500	1,423	77
Rental expense	7,700	7,700	6,839	861
Miscellaneous	1,000	1,000	4,164	(3,164)
Total General Government	$ 299,010	$ 299,010	$ 263,507	$ 35,503
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 452,267	$ 452,267	$ 473,819	$ (21,552)
Payroll taxes	31,998	31,998	36,060	(4,062)
Employee benefits	154,650	154,650	156,150	(1,500)
Purchased/contracted services:				
Uniforms	5,500	5,500	4,814	686
Vehicle costs	16,000	16,000	17,432	(1,432)
Repairs and maintenance	9,150	9,150	10,808	(1,658)
Utilities and communication	14,750	14,750	15,371	(621)
Supplies	5,800	5,800	5,589	211
Other costs:				
Peace officers' retirement and other fees	13,000	13,000	4,143	8,857
Miscellaneous	5,000	5,000	3,413	1,587
Total police	708,115	708,115	727,599	(19,484)
Court Salary and benefits	10,449	10,449	8,061	2,388

CITY OF GORDON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fire:				
Supplies	850	850	3,775	(2,925)
Purchased/contracted services:				
Insurance	1,150	1,150	1,265	(115)
Training	-	-	10,954	(10,954)
Utilities	3,000	3,000	3,821	(821)
Vehicle costs	2,400	2,400	7,558	(5,158)
Total Fire	7,400	7,400	27,373	(19,973)
Total Public Safety	$ 725,964	$ 725,964	$ 763,033	$ (37,069)
Public Works:				
Personal services and employee benefits:				
Salaries	$ 96,000	$ 96,000	$ 150,561	$ (54,561)
Payroll taxes	9,400	9,400	11,496	(2,096)
Employee benefits	61,500	61,500	68,415	(6,915)
Purchased/contracted services:				
Utilities and communication	58,600	58,600	53,397	5,203
Repairs and maintenance	17,000	17,000	20,037	(3,037)
Garbage contract	96,000	96,000	95,794	206
Materials and supplies	26,600	26,600	26,516	84
Other costs	2,300	2,300	832	1,468
Total Street Department	$ 367,400	$ 367,400	$ 427,048	$ (59,648)
Health and Welfare:				
Salaries	$ 8,563	$ 8,563	$ -	$ 8,563
Payroll taxes	721	721	-	721
Employee benefits	900	900	-	900
Purchased/contracted services:				
Repairs and maintenance	850	850	-	850
Materials and supplies	4,500	4,500	-	4,500
Other costs	700	700	508	192
Total Health and Welfare	$ 16,234	$ 16,234	$ 508	$ 15,726
Culture and Recreation:				
Personal services and employee benefits:				
Salaries	$ 1,376	$ 1,376	$ -	$ 1,376
Payroll taxes	-	-	-	-
Employee benefits	138	138	-	138
Purchased/contracted services:				
Utilities and communication	10,800	10,800	10,597	203
Repairs and maintenance	1,500	1,500	-	1,500
Special events	4,500	4,500	3,229	1,271
Materials and supplies	4,200	4,200	19	4,181
Other costs	2,100	2,100	3,388	(1,288)
Total Culture and Recreation	$ 24,614	$ 24,614	$ 17,233	$ 7,381

CITY OF GORDON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2020

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2007 and Prior Tax:						
Transportation improvements	$ 666,709	$1,635,568	$ 1,634,947	$ 621	$ 1,635,568	100.0%
Capital outlays:						
Train depot renovation project	21,669	56,885	56,885	-	56,885	100.0%
General government equipment	-	72,228	72,228	-	72,228	100.0%
Police equipment	-	259,552	259,552	-	259,552	100.0%
Fire equipment	-	58,368	58,368	-	58,368	100.0%
Water Fund equipment	-	1,832,802	1,832,802	-	1,832,802	100.0%
Recreation	67,720	275,252	275,252	-	275,252	100.0%
2014 Tax:						
Transportation improvements	$ 150,000	$ 200,000	$ 184,572	$ 6,611	$ 191,183	95.6%
Capital outlays:						
Recreation	100,000	100,000	32,043		32,043	32.0%
Public safety	150,000	150,000	69,231	4,164	73,395	48.9%
Public works	75,000	75,000	50,404	2,975	53,379	71.2%
Economic development	400,000	400,000	-	4,620	4,620	1.2%
Public buildings	150,000	100,000	-	-	-	-
Solid waste	50,000	50,000	-	-	-	-
Water and sewer projects	600,000	650,000	325,359	306,009	631,368	97.1%
Storm water	90,601	90,601	-	-	-	-
2019 Tax:						
Transportation improvements	$ 100,000	$ 100,000	$ -	$ 55,056	$ 55,056	55.1%
Capital outlays:						
Recreation	50,000	50,000	-			0.0%
Public safety	100,000	100,000	-			0.0%
Public works	50,000	50,000	-			0.0%
Public buildings	100,000	100,000	-			0.0%
Water and sewer projects	600,000	600,000	-	150,363	150,363	25.1%

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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*

To the Mayor and Council
City of Gordon, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Gordon, Georgia as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Gordon's basic financial statements and have issued our report thereon dated January 27, 2021.

Internal Control Over Financial Reporting

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

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

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

certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting noted as item 20-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gordon Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as noted as item 20-2.

City of Gordon, Georgia's Response to Findings

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

Wright & Wright, P.C.

Sandersville, Georgia
January 27, 2021

CITY OF GORDON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

20-1 Controls Over Financial Statement Presentation

Condition

City personnel do not currently possess the professional skills necessary to prepare the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the City's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The City should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

COMPLIANCE AND OTHER MATTERS

20-2 Budgetary

Condition

In the City's General Fund, actual expenditures exceeded budget appropriations in several departments. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The City should monitor the budget and amend it when appropriate.

Views of Responsible Officials

Our City Council will analyze budgetary financial data periodically and amend the budget when appropriate.