CITY OF GORDON, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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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, the aggregate remaining fund information and each major fund of the City of Gordon, Georgia, as of and for the year ended September 30, 2021, 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, the aggregate remaining fund information and each major fund of the City of Gordon, Georgia, as of September 30, 2021, 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 budgetary comparison information, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of Employer Contributions (on pages 30-35) 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 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, are presented for the purpose 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* (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds, the schedule of expenditures of federal awards, and the other schedules included in other supplementary information as described in the accompanying table of contents are the responsibility of management and were derived from and relate 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 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 December 10, 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
December 10, 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	$ 615,665	$ 249,423	$ 865,088
Investments	222,769	-	222,769
Accounts receivable, net	70,795	43,570	114,365
Receivable from other governments	221,005	-	221,005
Prepaids	53,869	5,814	59,683
Internal balances	(83,931)	83,931	-
Total current assets	1,100,172	382,738	1,482,910
Noncurrent assets:			
Nondepreciable capital assets	409,277	83,981	493,258
Depreciable capital assets, net of accumulated depreciation	1,199,975	5,213,073	6,413,048
Total noncurrent assets	1,609,252	5,297,054	6,906,306
Deferred outflows of resources:			
Deferred outflows related to pensions	73,368	3,861	77,229
Total assets and deferred outflows of resources	2,782,792	5,683,653	8,466,445
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	196,886	19,837	216,723
Current portion of long-term debt	-	-	-
Meter deposits held	-	50,238	50,238
Other accrued liabilities	20,136	2,688	22,824
Unearned revenues	346,736	-	346,736
Noncurrent liabilities:			
Net pension liability	285,045	15,002	300,047
Notes and revenue bonds payable, less current portion	-	-	-
Total liabilities	848,803	87,765	936,568
Deferred inflows of resources:			
Deferred inflows related to pensions	20,985	1,105	22,090
Total liabilities and deferred inflows of resources	869,788	88,870	958,658
NET POSITION:			
Net investment in capital assets	1,609,252	5,297,054	6,906,306
Restricted for:			
Transportation improvements	81,560	-	81,560
Capital projects	20,268	-	20,268
Public safety	590	-	590
Unrestricted	201,334	297,729	499,063
	$ 1,913,004	$ 5,594,783	$ 7,507,787

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	$ 310,667	$ 12,041	$ -	$ -	$ (298,626)	$ -	$ (298,626)
Public safety	814,883	12,126	-	-	(802,757)	-	(802,757)
Public works	505,222	86,204	37,810	174,946	(206,262)	-	(206,262)
Culture and recreation	22,554	343	12,400	-	(9,811)	-	(9,811)
Health and welfare	73,906	-	-	-	(73,906)	-	(73,906)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	1,727,232	110,714	50,210	174,946	(1,391,362)	-	(1,391,362)
Business-type activities:							
Water and sewer	615,111	487,192	-	-	-	(127,919)	(127,919)
Total business-type activities	615,111	487,192	-	-	-	(127,919)	(127,919)
Total primary government	$ 2,342,343	$ 597,906	$ 50,210	$ 174,946	(1,391,362)	(127,919)	(1,519,281)
General revenues:							
Taxes:							
Property taxes					411,447	-	411,447
General sales and use tax					321,672	-	321,672
Franchise tax					287,080	-	287,080
Insurance company premium tax					162,309	-	162,309
Other taxes					299,487	-	299,487
Grants and contributions					750,000	-	750,000
Interest and dividend earnings					-	185	185
Miscellaneous					20,936	-	20,936
Transfers					(893,689)	893,689	-
Total general revenues and transfers					1,359,242	893,874	2,253,116
Change in net position					(32,120)	765,955	733,835
Net position, beginning					1,945,124	4,828,828	6,773,952
Net position, ending					$ 1,913,004	$ 5,594,783	$ 7,507,787

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	ARPA Fund	CDBG Fund	2014 SPLOST	2019 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	$ 94,917	$ 346,736	$ -	$ -	$ 67,037	$ 106,975	$ 615,665
Investments	222,769	-	-	-	-	-	222,769
Accounts receivable, net	70,795	-	-	-	-	-	70,795
Receivable from other governments	68,590	-	119,555	-	32,860	-	221,005
Receivable from other funds	70,831	-	-	-	-	-	70,831
Prepaid insurance	53,869	-	-	-	-	-	53,869
Total assets	$ 581,771	$ 346,736	$ 119,555	$ -	$ 99,897	$ 106,975	$ 1,254,934
LIABILITIES:							
Accounts payable	$ 22,289	$ -	$ 119,555	$ -	$ 54,220	$ 822	$ 196,886
Other liabilities	271	-	-	-	-	-	271
Unearned revenues	-	346,736	-	-	-	-	346,736
Payable to other funds	-	-	-	-	154,762	-	154,762
Total liabilties	22,560	346,736	119,555	-	208,982	822	698,655
DEFERRED INFLOWS RESOURCES:							
Property taxes	62,946	-	-	-	-	-	62,946
FUND BALANCES:							
Non-spendable fund balance	53,869	-	-	-	-	-	53,869
Restricted fund balance:							
Capital projects	-	-	-	-	-	101,828	101,828
Law enforcement	-	-	-	-	-	590	590
Committed fund balance	-	-	-	-	-	-	-
Assigned fund balance:							
Library	-	-	-	-	-	3,735	3,735
Unassigned fund balance	442,396	-	-	-	(109,085)	-	333,311
Total fund balances	496,265	-	-	-	(109,085)	106,153	493,333
Total liabilities, deferred inflows of resources and fund balances	$ 581,771	$ 346,736	$ 119,555	$ -	$ 99,897	$ 106,975	$ 1,254,934

(Continued)

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

Fund balances - total governmental funds	$	493,333
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 $2,959,568		1,609,252
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		62,946
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		(285,045)
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		73,368
Deferred inflows of resources related to pensions		(20,985)
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(19,865)
Notes payable		-
Net position of governmental activities	$	1,913,004

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, 2021

	General Fund	ARPA Fund	CDBG Fund	2014 SPLOST	2019 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	$ 1,441,317	$ -	$ -	$ -	$ -	$ -	$ 1,441,317
Licenses and permits	12,041	-	-	-	-	-	12,041
Intergovernmental	-	-	750,000	-	174,925	50,210	975,135
Charges for services	98,330	-	-	-	-	-	98,330
Other	20,786	-	-	-	21	493	21,300
Total revenues	1,572,474	-	750,000	-	174,946	50,703	2,548,123
EXPENDITURES:							
Current operating:							
General government	315,289	-	-	-	58	-	315,347
Public works	417,370	-	-	-	-	-	417,370
Public safety	762,530	-	-	-	-	-	762,530
Health and welfare	2,302	-	-	-	-	-	2,302
Culture and recreation	15,484	-	-	-	-	58,422	73,906
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlays	-	-	750,000	2,185	130,631	-	882,816
Total expenditures	1,512,975	-	750,000	2,185	130,689	58,422	2,454,271
Excess (deficiency) of revenues over expenditures	59,499	-	-	(2,185)	44,257	(7,719)	93,852
OTHER FINANCING SOURCES (USES):							
Loan proceeds	-	-	-	-	-	-	-
Transfers in (out)	(62,301)	-	-	-	-	45,000	(17,301)
Total other financing sources and uses	(62,301)	-	-	-	-	45,000	(17,301)
Net change in fund balance	(2,802)	-	-	(2,185)	44,257	37,281	76,551
FUND BALANCE, beginning of year	499,067	-	-	2,185	(153,342)	68,872	416,782
FUND BALANCE, end of year	$ 496,265	$ -	$ -	$ -	$ (109,085)	$ 106,153	$ 493,333

(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, 2021

Net change in fund balances - total governmental funds	$ 76,551
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	23,328
Depreciation	(173,186)
	(149,858)
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	40,678
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	1,401
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	(892)
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	-
	-
	$ (32,120)

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Water and Sewer Fund
ASSETS & DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash in bank	$ 249,423
Accounts receivable, net of allowance	43,570
Due from 2019 SPLOST	83,931
Prepaid insurance	5,814
Total current assets	382,738
NONCURRENT ASSETS:	
Capital Assets:	
Land	50,847
Construction in progress	33,134
Depreciable capital assets	9,353,274
	9,437,255
Less accumulated depreciation	(4,140,201)
Total capital assets	5,297,054
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charges on pension obligations	3,861
Total assets & deferred outflows of resources	5,683,653
LIABILITIES & DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES:	
Accounts payable	19,837
Accrued absences	2,688
Meter deposits held	50,238
Total current liabilities	72,763
NONCURRENT LIABILITIES:	
Net pension liability	15,002
Total noncurrent liabilities	15,002
DEFERRED INFLOWS OF RESOURCES:	
Deferred charges on pension obligations	1,105
Total liabilities & deferred inflows of resources	88,870
NET POSITION	
INVESTMENT IN CAPITAL ASSETS	5,297,054
RESTRICTED	-
UNRESTRICTED	297,729
Total net position	$ 5,594,783

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, 2021

	Business-Type Activities Enterprise Funds Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	$ 483,832
Other revenue	3,360
Total operating revenue	487,192
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	34,294
Payroll taxes	2,925
Employee benefits	27,192
Purchased/contracted services:	
Insurance	13,432
Repairs and replacement	81,625
Dues	1,048
Testing	57,701
Supplies:	
Chemicals and supplies	78,682
Office supplies	9,206
Utilities and communication	79,214
Depreciation	224,842
Miscellaneous	4,950
Total operating expenses	615,111
OPERATING INCOME (LOSS)	(127,919)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	185
Interest expense	-
Total non-operating revenues (expenses)	185
NET INCOME BEFORE CAPITAL CONTRIBUTIONS & TRANSFERS	(127,734)
CAPITAL CONTRIBUTIONS:	
Contribution from CDBG	750,000
Contribution from Capital Projects Funds	126,388
NET INCOME (LOSS) BEFORE TRANSFERS	748,654
TRANSFERS FROM (TO) OTHER FUNDS	17,301
NET INCOME (LOSS)	765,955
NET POSITION, beginning of year	4,828,828
NET POSITION, end of year	$ 5,594,783

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities Enterprise Funds
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 503,757
Cash paid to suppliers for goods and services	(337,278)
Cash paid to employees	(66,896)
Other receipts (payments)	-
Net cash provided by (used for) operating activities	99,583
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	17,301
Net cash provided by (used for) noncapital financing activities	17,301
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	185
Net cash provided by (used for) investing activities	185
NET INCREASE (DECREASE) IN CASH	117,069
CASH AND CASH EQUIVALENTS, beginning of year	132,354
CASH AND CASH EQUIVALENTS, end of year	$ 249,423
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (127,919)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	224,842
Changes in assets and liabilities:	
Accounts receivable	16,565
Prepaid insurance	(122)
Net pension liability	(3,331)
Accounts payable	(1,968)
Due to General Fund	(7,487)
Compensated absences	(2,485)
Meter deposits held	1,488
Net cash provided by (used for) operating activities	$ 99,583

NONCASH CAPITAL FINANCING ACTIVITIES:

Capital purchases of $126,388 were made through contributions from the Capital Projects Funds and capital purchases of $750,000 were made through contributions from the CDBG Fund

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, 2021, 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 American Rescue Plan Act (ARPA) Grant Fund accounts for the receipt of funds to assist with recovery efforts as a result of the COVID-19 pandemic. The City received $346,736 in Coronavirus State and Local Fiscal Recovery Funds during the year ended September 30, 2021 with 100% of the funds being reported as unearned revenues.

The Community Development Block Grant (CDBG) Fund accounts for a $750,000 grant to upgrade the City's water system.

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, 2021, 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, 2021. At September 30, 2021 $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, 2021:

Public safety	$ 4,885
General government - capital outlays	6,000
Public safety - capital outlays	5,200

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, 2021, the City had the following investments:

Investment Type	Credit Rating	Investment Value	Weighted Average Maturity
Office of State Treasurer (Georgia Fund 1)	AAAf	$ 222,769	40 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, 2021, 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, 2020 and were due December 21, 2020 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, 2021, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 64,974	$ -	$ 64,974
Local option sales tax	37,855	-	37,855
Energy excise tax receivable	25,067	-	25,067
Garbage fees receivable	11,505	-	11,505
Miscellaneous receivable	8,099	-	8,099
CDBG Fund:			
Grant receivable	119,555	-	119,555
2019 SPLOST Fund:			
Special local option sales tax	32,860	-	32,860
Water and Sewer Fund:			
Water and sewer fees	-	56,865	56,865
	299,915	56,865	356,780
Allowance for doubtful accounts	(8,115)	(13,295)	(21,410)
	$ 291,800	$ 43,570	$ 335,370

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2021 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	16,900	-	1,415,743
Equipment	1,392,751	6,428	-	1,399,179
Infrastructure	1,344,621	876,388	(876,388)	1,344,621
Subtotal	4,545,492	899,716	(876,388)	4,568,820
Accumulated depreciation:				
Buildings	951,130	35,159	-	986,289
Equipment	1,122,437	58,625	-	1,181,062
Infrastructure	712,815	79,402	-	792,217
Subtotal	2,786,382	173,186	-	2,959,568
Net capital assets	$ 1,759,110	$ 726,530	$ (876,388)	$ 1,609,252

Governmental activities depreciation expense:

General government	$ 7,189
Public safety	57,723
Public works	88,022
Culture and recreation	20,252
	$ 173,186

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 50,847	$ -	$ -	$ 50,847
Construction-in-progress	428,449	847,586	(1,242,901)	33,134
Subtotal	479,296	847,586	(1,242,901)	83,981
Other capital assets:				
Buildings	49,244	-	-	49,244
Equipment	187,776		-	187,776
Infrastructure	7,844,551	1,271,703	-	9,116,254
Subtotal	8,560,867	2,119,289	(1,242,901)	9,437,255
Accumulated depreciation:				
Buildings	24,341	2,410	-	26,751
Equipment	164,143	8,014	-	172,157
Infrastructure	3,726,875	214,418	-	3,941,293
Subtotal	3,915,359	224,842	-	4,140,201
Net capital assets	$ 4,645,508	$ 1,894,447	$ (1,242,901)	$ 5,297,054

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended September 30, 2021:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2021	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 21,266	$ -	$ (1,401)	$ 19,865	$ 19,865
Notes payable	-	-	-	-	-
	$ 21,266	$ -	$ (1,401)	$ 19,865	$ 19,865
Business-type activities:					
Notes payable	$ -	$ -	$ -	$ -	$ -
Net pension liability	16,523	-	(1,521)	15,002	-
Compensated absences	5,173		(2,485)	2,688	2,688
	$ 21,696	$ -	$ (4,006)	$ 17,690	$ 2,688

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

8. FUND DEFICITS

At September 30, 2021, no fund had a deficit fund balance.

9. INTERFUND TRANSACTIONS AND BALANCES

At September 30, 2021, the 2019 SPLOST Fund owed the General Fund $70,831 and the Water Fund $83,931 at September 30, 2021 for capital asset purchases.

Interfund transfers:

Transfer To:	Transfer From General Fund	Total
Water & Sewer Fund	$ 17,301	$ 17,301
Library Fund	45,000	45,000
	$ 62,301	$ 62,301

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, 2021, 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	16
Nonvested	8
Total membership in the plan	56

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.05%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
Domestic fixed income	20%	1.15%
Cash	0%	
	100%	

Plan termination basis: 1.36% (30-year Treasury Securities Rate as of August 2020, published in September 2020; 2.12% 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%)
$ 585,988	$ 300,047	$ 60,075

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, 2019	$ 2,111,397	$ 1,780,935	$ 330,462
Changes for the year:			
Service cost	28,835	-	28,835
Interest	154,322	-	154,322
Differences between expected and actual experience	8,790	-	8,790
Contributions - employer	-	62,872	(62,872)
Contributions - employee	-	-	-
Net investment income	-	170,298	(170,298)
Benefit payments, including refunds of employee contributions	(95,452)	(95,452)	-
Administrative expense	-	(10,808)	10,808
Other	-	-	-
Net changes	96,495	126,910	(30,415)
Balances at September 30, 2020	$ 2,207,892	$ 1,907,845	$ 300,047

E. Pension Expense for the Year Ended September 30, 2021

Service cost	$ 28,835
Interest on TPL	154,322
Employee contribution	-
Administrative expenses	10,808
Expected return on assets	(129,744)
Expensed portion of current year period differences between expected and actual experience in TPL	2,930
Expensed portion of cuurent year period assumption changes	-
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(8,110)
Current year recognition of deferred inflows and outflows established in prior years	(7,459)
Total expense	$ 51,582

F. Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,898	$ -
Changes of assumptions	-	(514)
Net difference between projected and actual earnings on pension plan investments	-	(21,576)
Employer contributions	55,331	-
Total	$ 77,229	$ (22,090)

City contributions subsequent to the measurement date of $55,331 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, 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:

2022	$ 52,110
2023	2,937
2024	8,203
2025	(8,111)
	$ 55,139

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, 2021 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, 2021, 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, 2021, 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 December 10, 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, American Rescue Plan Act (ARPA) Grant Fund, Community Development Block Grant (2019) Special Revenue 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, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service cost	$ 28,835	$ 29,846	$ 23,037	$ 24,752	$ 26,683	$ 29,189	$ 27,516
Interest	154,322	152,252	140,582	138,172	139,871	133,406	127,410
Difference between expected & actual experience	8,790	(16,576)	86,253	(24,256)	(102,356)	3,820	26,038
Changes of assumptions	-	(1,541)	-	-	-	-	(20,625)
Benefit payments, including refunds	(95,452)	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Other	-	-	-	23,637	-	-	-
Net change in total pension liability	96,495	58,451	153,242	71,366	(17,093)	81,719	79,075
Total pension liability, beginning	2,111,397	2,052,946	1,899,704	1,828,338	1,845,431	1,763,712	1,684,637
Total pension liability, ending (a)	2,207,892	2,111,397	2,052,946	1,899,704	1,828,338	1,845,431	1,763,712
Plan Fiduciary Net Position:							
Contributions - employer	62,872	44,414	56,069	73,341	77,885	78,018	66,830
Net investment income	170,298	50,868	165,617	223,067	150,826	15,449	140,392
Benefit payments, including refunds of employee contributions	(95,452)	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Administrative expense	(10,808)	(10,475)	(11,052)	(12,131)	(6,530)	(7,667)	(6,268)
Other	-	-	-	-	-	-	-
Net change in fiduciary net position	126,910	(20,723)	114,004	193,338	140,890	1,104	119,690
Plan fiduciary net position, beginning	1,780,935	1,801,658	1,687,654	1,494,316	1,353,426	1,352,322	1,232,632
Plan fiduciary net position, ending (b)	1,907,845	1,780,935	1,801,658	1,687,654	1,494,316	1,353,426	1,352,322
Net pension liability, ending (a) - (b)	$ 300,047	$ 330,462	$ 251,288	$ 212,050	$ 334,022	$ 492,005	$ 411,390
Plan's fiduciary net position as a % of the total pension liability	86.41%	84.35%	87.76%	88.84%	81.73%	73.34%	76.67%
Covered-employee payroll	$ 702,342	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Net pension liability as a % of covered payroll	42.72%	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, 2021

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 67,453	$ 64,182	$ 48,452	$ 56,069	$ 73,341	$ 71,891	$ 71,932
Contributions in relation to the actuarially determined contribution	67,453	64,182	48,452	56,069	73,341	71,891	71,932
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered empoyee payroll	$ 702,342	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Contributions as a percentage of covered-employee payroll	9.60%	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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 385,000	$ 385,000	$ 370,769	$ (14,231)
Vehicle	68,000	68,000	72,837	4,837
Franchise tax	325,000	325,000	287,080	(37,920)
Alcoholic beverage excise	20,000	20,000	19,520	(480)
Local option sales tax	280,000	280,000	321,672	41,672
Excise energy tax	180,000	180,000	185,429	5,429
Insurance company premium	160,000	160,000	162,309	2,309
Intangible	8,000	8,000	1,784	(6,216)
Other	24,550	24,550	19,917	(4,633)
	1,450,550	1,450,550	1,441,317	(9,233)
Licenses and Permits:				
Business licenses and permits	12,300	12,300	9,973	(2,327)
Alcoholic beverage licenses	2,000	2,000	2,068	68
	14,300	14,300	12,041	(2,259)
Intergovernmental:				
State grants	-	-	-	-
Federal grants	4,000	4,000	-	(4,000)
	4,000	4,000	-	(4,000)
Charges for services:				
Garbage fees	90,000	90,000	86,204	(3,796)
Court fines	20,000	20,000	12,126	(7,874)
	110,000	110,000	98,330	(11,670)
Miscellaneous:				
Rent	1,000	1,000	-	(1,000)
Interest income	550	550	125	(425)
Other	24,100	24,100	20,661	(3,439)
	25,650	25,650	20,786	(4,864)
Total revenues	1,604,500	1,604,500	1,572,474	(32,026)

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 313,186	$ 313,186	$ 303,589	$ 9,597
Public safety	752,445	752,445	757,330	(4,885)
Public works	454,665	454,665	417,370	37,295
Health and welfare	8,684	8,684	2,302	6,382
Culture and Recreation	21,514	21,514	15,484	6,030
Total operating expenditures	1,550,494	1,550,494	1,496,075	54,419
Capital Outlays:				
General government	5,700	5,700	11,700	(6,000)
Public safety	-	-	5,200	(5,200)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Total capital expenditures	5,700	5,700	16,900	(11,200)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	1,556,194	1,556,194	1,512,975	43,219
Excess (deficiency) of revenues over expenditures	48,306	48,306	59,499	11,193
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	(48,306)	(48,306)	(62,301)	(13,995)
	(48,306)	(48,306)	(62,301)	(13,995)
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	(2,802)	(2,802)
FUND BALANCE, beginning of year	499,067	499,067	499,067	-
FUND BALANCE, end of year	$ 499,067	$ 499,067	$ 496,265	$ (2,802)

CITY OF GORDON, GEORGIA
AMERICAN RESCUE PLAN ACT (ARPA) GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ -	$ -	$ -	$ -
Other	-	-	-	-
	-	-	-	-
EXPENDITURES:				
Current operating:				
Grant projects	-	-	-	-
Water system improvements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

CITY OF GORDON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (2019) SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 750,000	$ 750,000	$ 750,000	$ -
Other	-	-	-	-
	750,000	750,000	750,000	-
EXPENDITURES:				
Current operating:				
Miscellaneous	-	-	-	-
Water system improvements	750,000	750,000	750,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	750,000	750,000	750,000	-
Excess revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

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

CITY OF GORDON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
ASSETS:					
Cash and cash equivalents	$ 4,557	$ 590	$ 20,268	$ 81,560	$ 106,975
Other assets	-	-	-	-	-
Total assets	$ 4,557	$ 590	$ 20,268	$ 81,560	$ 106,975
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	-	-	20,268	-	20,268
Transportation improvements	-	-	-	81,560	81,560
Committed fund balance	-	-	-	-	-
Assigned fund balance:					-
Library	3,735	-	-	-	3,735
Unassigned fund balance	-	-	-	-	-
Total fund balances	3,735	590	20,268	81,560	106,153
Total liabilities and fund balances	$ 4,557	$ 590	$ 20,268	$ 81,560	$ 106,975

CITY OF GORDON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
REVENUES:					
Intergovernmental	$ 12,400	$ -	$ -	$ 37,810	$ 50,210
Other	343	-	150	-	493
Total revenues	12,743	-	150	37,810	50,703
EXPENDITURES:					
Current operating:					
Culture and recreation	58,422	-	-	-	58,422
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlays	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	58,422	-	-	-	58,422
Excess (deficiency) of revenues over expenditures	(45,679)	-	150	37,810	(7,719)
OTHER FINANCING SOURCES (USES):					
Transfers in (out)	45,000	-	-	-	45,000
Total other financing sources and uses	45,000	-	-	-	45,000
Net change in fund balance	(679)	-	150	37,810	37,281
FUND BALANCE, beginning	4,414	590	20,118	43,750	68,872
FUND BALANCE, ending	$ 3,735	$ 590	$ 20,268	$ 81,560	$ 106,153

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 12,400	$ 12,400	$ 12,400	$ -
Other	250	250	343	93
	12,650	12,650	12,743	93
EXPENDITURES:				
Current operating:				
Culture and recreation	60,956	60,956	58,422	2,534
Capital outlays	-	-	-	-
Total expenditures	60,956	60,956	58,422	2,534
Excess revenues over (under) expenditures	(48,306)	(48,306)	(45,679)	2,627
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	48,306	48,306	45,000	(3,306)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(679)	(679)
FUND BALANCE, beginning of year	4,414	4,414	4,414	-
FUND BALANCE, end of year	$ 4,414	$ 4,414	$ 3,735	$ (679)

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, 2021

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

CITY OF GORDON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 139,626	$ 139,626	$ 112,617	$ 27,009
Payroll taxes	7,974	7,974	8,327	(353)
Employee benefits	22,261	22,261	18,076	4,185
Purchased/contracted services:				
Accounting and legal	30,000	30,000	35,578	(5,578)
Insurance	57,500	57,500	52,402	5,098
Utilities and communication	17,100	17,100	14,695	2,405
Repairs and maintenance	6,500	6,500	22,606	(16,106)
Dues	4,700	4,700	4,867	(167)
Advertising	1,000	1,000	2,039	(1,039)
Supplies:				
Office supplies	7,750	7,750	8,145	(395)
Other costs:				
Travel and training	6,675	6,675	4,653	2,022
Election	1,100	1,100	3,773	(2,673)
Tax collection fee	1,500	1,500	1,423	77
Rental expense	7,700	7,700	6,133	1,567
Miscellaneous	1,800	1,800	8,255	(6,455)
Total General Government	$ 313,186	$ 313,186	$ 303,589	$ 9,597
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 454,939	$ 454,939	$ 486,839	$ (31,900)
Payroll taxes	31,998	31,998	37,056	(5,058)
Employee benefits	156,650	156,650	147,316	9,334
Purchased/contracted services:				
Uniforms	5,500	5,500	2,913	2,587
Vehicle costs	16,000	16,000	21,936	(5,936)
Repairs and maintenance	9,150	9,150	9,390	(240)
Utilities and communication	14,750	14,750	17,509	(2,759)
Supplies	5,875	5,875	6,227	(352)
Other costs:				
Peace officers' retirement and other fees	13,000	13,000	4,418	8,582
Miscellaneous	24,019	24,019	6,026	17,993
Total police	731,881	731,881	739,630	(7,749)
Court Salary and benefits	8,114	8,114	7,791	323

CITY OF GORDON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fire:				
Supplies	3,800	3,800	4,817	(1,017)
Purchased/contracted services:				
Insurance	1,150	1,150	279	871
Training	-	-	-	-
Utilities	4,000	4,000	4,724	(724)
Vehicle costs	3,500	3,500	89	3,411
Total Fire	12,450	12,450	9,909	2,541
Total Public Safety	$ 752,445	$ 752,445	$ 757,330	$ (4,885)
Public Works:				
Personal services and employee benefits:				
Salaries	$ 159,565	$ 159,565	$ 160,456	$ (891)
Payroll taxes	12,000	12,000	12,228	(228)
Employee benefits	74,900	74,900	62,161	12,739
Purchased/contracted services:				
Utilities and communication	58,600	58,600	58,448	152
Repairs and maintenance	17,000	17,000	18,744	(1,744)
Garbage contract	96,000	96,000	95,794	206
Materials and supplies	33,600	33,600	9,539	24,061
Other costs	3,000	3,000	-	3,000
Total Street Department	$ 454,665	$ 454,665	$ 417,370	$ 37,295
Health and Welfare:				
Salaries	$ 2,563	$ 2,563	$ -	$ 2,563
Payroll taxes	196	196	-	196
Employee benefits	375	375	-	375
Purchased/contracted services:				
Repairs and maintenance	850	850	175	675
Materials and supplies	4,500	4,500	1,974	2,526
Other costs	200	200	153	47
Total Health and Welfare	$ 8,684	$ 8,684	$ 2,302	$ 6,382
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	10,498	302
Repairs and maintenance	1,500	1,500	54	1,446
Special events	3,500	3,500	2,625	875
Materials and supplies	2,300	2,300	95	2,205
Other costs	1,900	1,900	2,212	(312)
Total Culture and Recreation	$ 21,514	$ 21,514	$ 15,484	$ 6,030

CITY OF GORDON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2021

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2014 Tax:						
Transportation improvements	$ 150,000	$ 191,183	$ 191,183	$ -	$ 191,183	100.0%%
Capital outlays:						
Recreation	100,000	32,043	32,043	-	32,043	100.0%
Public safety	150,000	73,395	73,395	-	73,395	100.0%
Public works	75,000	53,379	53,379	-	53,379	100.0%
Economic development	400,000	4,620	4,620	-	4,620	100.0%
Public buildings	150,000	-	-	-	-	-
Solid waste	50,000	-	-	-	-	-
Water and sewer projects	600,000	633,553	631,368	2,185	633,553	100.0%
Storm water	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	-	6,428	6,428	6.4%
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	124,203	274,566	45.8%

SINGLE AUDIT SECTION

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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 and each major fund of the City of Gordon, Georgia as of and for the year ended September 30, 2021, 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 December 10, 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, 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 were considered to be material weaknesses. However, material weaknesses or significant deficiencies 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 items 21-1 through 21-2.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 21-3.

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
December 10, 2021

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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

To the Mayor and Council
City of Gordon, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Gordon, 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 Gordon, Georgia's major federal programs for the year ended September 30, 2021. City of Gordon, 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 Gordon, 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 Gordon, 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

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Gordon, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Gordon, 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 September 30, 2021.

Report on Internal Control over Compliance

Management of the City of Gordon, 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 Gordon, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gordon, 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.

Wright & Wright, P.C.

Sandersville, Georgia
December 10, 2021

CITY OF GORDON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/ Pass-Through Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed-Through Georgia Department of Community Affairs			
Community Development Block Grant	14.218	19p-x-158-2-6065	$ 750,000
Total Expenditures of Federal Awards			$ 750,000

CITY OF GORDON, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 1 - Basis of Presentation

The Schedule of expenditures of expenditures of federal awards includes the federal grant activity of the City of Gordon, Georgia (the "City") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of the financial statements.

Note 2 - Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Note 3 - De Minimis Indirect Cost Rate

The City chose not to use the 10% de minimis cost rate for the year ended September 30, 2021.

Note 4 - Payments to Subrecipients

For the current year, the City did not pass federal funds through to subrecipients.

CITY OF GORDON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. *Summary of Auditor's Results*

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material Weakness Identified?	X Yes ___ No
Signficant deficiencies identified	___ Yes X None Reported
Noncompliance material to financial statements noted?	___ Yes X No

Federal Awards

Internal controls over major programs:	
Material weaknesses identified?	___ Yes X No
Signficant deficiencies identified	___ Yes X None Reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are to be reported in accordance with the 2 CFR 200.516(a)?	___ Yes X No

Identification of major programs:

66.458 Capitalization Grant for Clean Water State Revolving Fund

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

CITY OF GORDON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

2. *Financial Statement Findings and Questioned Costs*

Current Year Audit Findings

21-1 Segregation of Duties

Condition: Due to the small size of the City's staff, controls are not pratical to provide adequate segregation of duties in the cash receipts and disbursements functions.

Effect: Errors or fraud might avoid detection because of the failure to separate control over cash.

Recommendations: The City Council should implement other controls in areas where segregation of duties is not practical

Management Response: Our City Council will continue to require dual sginatures and council approval for non-recurring expenditures

21-2 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 financials and related footnotes.

Effect: Material misstatement to the City's financial statements might not be prevented.

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

Management Response: The City will evaluate the cost effectiveness of implementing the control and act accordingly.

21-3 Budgetary

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

Effect: Fiscal control and accountability over departmental expenditures may be jeopardized.

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

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

Prior Year Audit Findings Follow-Ups

None reported.

3. *Federal Award Findings and Questioned Costs*

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*