

Wilkins & Wilkins, P.C.
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CITY OF GORDON, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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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, 2022, and the related notes to the financial statements, which collectively comprise the City of Gordon, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate remaining fund information and each major fund of the City of Gordon, Georgia, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gordon, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gordon, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Gordon, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gordon, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 30-34) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 30, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gordon, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gordon, Georgia's internal control over financial reporting and compliance.

Wyatt & Wyatt, P.C.

Sandersville, Georgia
December 30, 2022

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	$ 1,017,020	$ 303,749	$ 1,320,769
Investments	224,382	-	224,382
Accounts receivable, net	63,163	64,682	127,845
Receivable from other governments	143,447	-	143,447
Prepaids	44,565	4,883	49,448
Internal balances	(83,931)	83,931	-
Total current assets	1,408,646	457,245	1,865,891
Noncurrent assets:			
Nondepreciable capital assets	424,806	117,618	542,424
Depreciable capital assets, net of accumulated depreciation	1,099,576	5,014,880	6,114,456
Total noncurrent assets	1,524,382	5,132,498	6,656,880
Deferred outflows of resources:			
Deferred outflows related to pensions	112,994	2,494	115,488
Total assets and deferred outflows of resources	3,046,022	5,592,237	8,638,259
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	17,930	16,321	34,251
Current portion of long-term debt	-	-	-
Meter deposits held	-	52,368	52,368
Other accrued liabilities	20,136	2,688	22,824
Unearned revenues	527,901	-	527,901
Noncurrent liabilities:			
Net pension liability	36,891	1,942	38,833
Notes and revenue bonds payable, less current portion	-	-	-
Total liabilities	602,858	73,319	676,177
Deferred inflows of resources:			
Deferred inflows related to pensions	244,949	12,892	257,841
Total liabilities and deferred inflows of resources	847,807	86,211	934,018
NET POSITION:			
Investment in capital assets	1,524,382	5,132,498	6,656,880
Restricted for:			
Transportation improvements	80,716	-	80,716
Capital projects	20,418	-	20,418
Public safety	590	-	590
Unrestricted	572,109	373,528	945,637
	$ 2,198,215	$ 5,506,026	$ 7,704,241

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	$ 367,103	$ 6,961	$ 165,570	$ -	$ (194,572)	$ -	$ (194,572)
Public safety	807,260	11,681	57,612	-	(737,967)	-	(737,967)
Public works	462,231	87,266	11,842	199,863	(163,260)	-	(163,260)
Culture and recreation	19,563	71	14,400	-	(5,092)	-	(5,092)
Health and welfare	102,822	-	-	-	(102,822)	-	(102,822)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	1,758,979	105,979	249,424	199,863	(1,203,713)	-	(1,203,713)
Business-type activities:							
Water and sewer	805,931	507,970	-	-	-	(297,961)	(297,961)
Total business-type activities	805,931	507,970	-	-	-	(297,961)	(297,961)
Total primary government	$ 2,564,910	$ 613,949	$ 249,424	$ 199,863	(1,203,713)	(297,961)	(1,501,674)
General revenues:							
Taxes:							
Property taxes					479,337	-	479,337
General sales and use tax					344,558	-	344,558
Franchise tax					289,696	-	289,696
Insurance company premium tax					167,375	-	167,375
Other taxes					385,213	-	385,213
Grants and contributions					-	-	-
Interest and dividend earnings					-	90	90
Miscellaneous					31,859	-	31,859
Transfers					(209,114)	209,114	-
Total general revenues and transfers					1,488,924	209,204	1,698,128
Change in net position					285,211	(88,757)	196,454
Net position, beginning					1,913,004	5,594,783	7,507,787
Net position, ending					$ 2,198,215	$ 5,506,026	$ 7,704,241

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	ARPA Fund	2019 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 333,595	$ 527,901	$ 48,299	$ 107,225	$ 1,017,020
Investments	224,382	-	-	-	224,382
Accounts receivable, net	63,163	-	-	-	63,163
Receivable from other governments	108,800	-	34,647	-	143,447
Receivable from other funds	70,831	-	-	-	70,831
Prepaid insurance	44,565	-	-	-	44,565
Total assets	$ 845,336	$ 527,901	$ 82,946	$ 107,225	$ 1,563,408
LIABILITIES:					
Accounts payable	$ 17,108	$ -	$ -	$ 822	$ 17,930
Other liabilities	271	-	-	-	271
Unearned revenues	-	527,901	-	-	527,901
Payable to other funds	-	-	154,762	-	154,762
Total liabilties	17,379	527,901	154,762	822	700,864
DEFERRED INFLOWS RESOURCES:					
Property taxes	58,865	-	-	-	58,865
FUND BALANCES:					
Non-spendable fund balance	44,565	-	-	-	44,565
Restricted fund balance:					
Capital projects	-	-	-	20,418	20,418
Transporation improvements	-	-	-	80,716	80,716
Law enforcement	-	-	-	590	590
Committed fund balance	-	-	-	-	-
Assigned fund balance:					
Library	-	-	-	4,679	4,679
Unassigned fund balance	724,527	-	(71,816)	-	652,711
Total fund balances	769,092	-	(71,816)	106,403	803,679
Total liabilities, deferred inflows of resources and fund balances	$ 845,336	$ 527,901	$ 82,946	$ 107,225	$ 1,563,408

(Continued)

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

Fund balances - total governmental funds	$	803,679
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 $3,122,170		1,524,382
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		58,865
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		(36,891)
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		112,994
Deferred inflows of resources related to pensions		(244,949)
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	$	2,198,215

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, 2022

	General Fund	ARPA Fund	2019 SPLOST	Nonmajor Governmental Funds	Total Govern-mental Funds
REVENUES:					
Taxes	$ 1,670,260	$ -	$ -	$ -	$ 1,670,260
Licenses and permits	6,961	-	-	-	6,961
Intergovernmental	69,454	165,570	199,335	14,400	448,759
Charges for services	98,947	-	-	-	98,947
Other	31,709	507	21	221	32,458
Total revenues	1,877,331	166,077	199,356	14,621	2,257,385
EXPENDITURES:					
Current operating:					
General government	381,431	-	-	-	381,431
Public works	318,989	-	75,648	844	395,481
Public safety	814,283	-	-	-	814,283
Health and welfare	506	-	-	-	506
Culture and recreation	29,295	-	-	73,527	102,822
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlays	-	38,102	86,439	-	124,541
Total expenditures	1,544,504	38,102	162,087	74,371	1,819,064
Excess (deficiency) of revenues over expenditures	332,827	127,975	37,269	(59,750)	438,321
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	-	-
Transfers in (out)	(60,000)	(127,975)	-	60,000	(127,975)
Total other financing sources and uses	(60,000)	(127,975)	-	60,000	(127,975)
Net change in fund balance	272,827	-	37,269	250	310,346
FUND BALANCE, beginning of year	496,265	-	(109,085)	106,153	493,333
FUND BALANCE, end of year	$ 769,092	$ -	$ (71,816)	$ 106,403	$ 803,679

(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, 2022

Net change in fund balances - total governmental funds	$ 310,346
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	77,732
Depreciation	(162,602)
	(84,870)
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	(4,081)
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	-
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	63,816
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	-
	-
	$ 285,211

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Water and Sewer Fund
ASSETS & DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash in bank	$ 303,749
Accounts receivable, net of allowance	64,682
Due from 2019 SPLOST	83,931
Prepaid insurance	4,883
Total current assets	457,245
NONCURRENT ASSETS:	
Capital Assets:	
Land	50,847
Construction in progress	66,771
Depreciable capital assets	9,400,776
	9,518,394
Less accumulated depreciation	(4,385,896)
Total capital assets	5,132,498
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charges on pension obligations	2,494
Total assets & deferred outflows of resources	5,592,237
LIABILITIES & DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES:	
Accounts payable	16,321
Accrued absences	2,688
Meter deposits held	52,368
Total current liabilities	71,377
NONCURRENT LIABILITIES:	
Net pension liability	1,942
Total noncurrent liabilities	1,942
DEFERRED INFLOWS OF RESOURCES:	
Deferred charges on pension obligations	12,892
Total liabilities & deferred inflows of resources	86,211
NET POSITION	
INVESTMENT IN CAPITAL ASSETS	5,132,498
RESTRICTED	-
UNRESTRICTED	373,528
Total net position	$ 5,506,026

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, 2022

	Business-Type Activities Enterprise Funds
	Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	$ 507,920
Other revenue	50
Total operating revenue	507,970
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	35,379
Payroll taxes	2,707
Employee benefits	22,848
Purchased/contracted services:	
Insurance	14,915
Repairs and replacement	225,395
Dues	360
Testing	69,621
Supplies:	
Chemicals and supplies	77,259
Office supplies	8,042
Utilities and communication	93,183
Depreciation	245,695
Miscellaneous	10,527
Total operating expenses	805,931
OPERATING INCOME (LOSS)	(297,961)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	90
Interest expense	-
Total non-operating revenues (expenses)	90
NET INCOME BEFORE CAPITAL CONTRIBUTIONS & TRANSFERS	(297,871)
CAPITAL CONTRIBUTIONS:	
Contribution from ARPA Grant Fund	38,102
Contribution from Capital Projects Funds	43,037
NET INCOME (LOSS) BEFORE TRANSFERS	(216,732)
TRANSFERS FROM (TO) OTHER FUNDS	127,975
NET INCOME (LOSS)	(88,757)
NET POSITION, beginning of year	5,594,783
NET POSITION, end of year	$ 5,506,026

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 486,808
Cash paid to suppliers for goods and services	(499,613)
Cash paid to employees	(60,934)
Other receipts (payments)	-
Net cash provided by (used for) operating activities	(73,739)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	127,975
Net cash provided by (used for) noncapital financing activities	127,975
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	90
Net cash provided by (used for) investing activities	90
NET INCREASE (DECREASE) IN CASH	54,326
CASH AND CASH EQUIVALENTS, beginning of year	249,423
CASH AND CASH EQUIVALENTS, end of year	$ 303,749
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (297,961)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	245,695
Changes in assets and liabilities:	
Accounts receivable	(21,112)
Prepaid insurance	931
Net pension liability	94
Accounts payable	(3,516)
Meter deposits held	2,130
Net cash provided by (used for) operating activities	$ (73,739)

NONCASH CAPITAL FINANCING ACTIVITIES:

Capital purchases of $43,037 were made through contributions from the Capital Projects Funds and capital purchases of $38,102 were made through contributions from the ARPA 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, 2022, 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 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 fund balance 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, 2022, 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, 2022. At September 30, 2022 $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.

M. Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87 – Leases, effective for financial statement periods beginning after December 15, 2019. In May 2020, the GASB issued Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance which postponed the effective date of GASB No. 87 for financial statements for periods beginning after June 15, 2021. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There was no material impact on the current financial statements from the implementation of this Statement.

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, 2022:

General government	$ 97,470
Culture and recreation	8,157
Public safety – capital outlays	34,330

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, 2022, the City had the following investments:

Investment Type	Credit Rating	Investment Value	Weighted Average Maturity
Office of State Treasurer (Georgia Fund 1)	AAAf	$ 224,382	33 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, 2022, 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 millage rate was set on or about August 15. Taxes were billed on or about November 1, 2021 and were due December 21, 2021 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, 2022, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 60,136	$ -	$ 60,136
Local option sales tax	29,146	-	29,146
Energy excise tax receivable	72,046	-	72,046
Garbage fees receivable	9,006	-	9,006
Miscellaneous receivable	9,744	-	9,744
2019 SPLOST Fund:			
Special local option sales tax	34,647	-	34,647
Water and Sewer Fund:			
Water and sewer fees	-	79,044	79,044
	214,725	79,044	293,769
Allowance for doubtful accounts	(8,115)	(16,132)	(24,247)
	$ 206,610	$ 62,912	$ 269,522

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 409,277	$ -	$ -	$ 409,277
Construction-in-progress	-	15,529	-	15,529
Subtotal	409,277	15,529	-	424,806
Other capital assets:				
Buildings	1,415,743	25,162	-	1,440,905
Equipment	1,399,179	46,441	(9,400)	1,436,220
Infrastructure	1,344,621	71,739	(71,739)	1,344,621
Subtotal	4,568,820	158,871	(81,139)	4,646,552
Accumulated depreciation:				
Buildings	986,289	34,627	-	1,020,916
Equipment	1,181,062	48,575	-	1,229,637
Infrastructure	792,217	79,400	-	871,617
Subtotal	2,959,568	162,602	-	3,122,170
Net capital assets	$ 1,609,252	$ (3,731)	$ (81,139)	$ 1,524,382

Governmental activities depreciation expense:

General government	$ 6,944
Public safety	48,579
Public works	88,022
Culture and recreation	19,057
	$ 162,602

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 50,847	$ -	$ -	$ 50,847
Construction-in-progress	33,134	33,637	-	66,771
Subtotal	83,981	33,637	-	117,618
Other capital assets:				
Buildings	49,244	-	-	49,244
Equipment	187,776	9,400	-	197,176
Infrastructure	9,116,254	38,102	-	9,154,356
Subtotal	9,437,255	81,139	-	9,518,394
Accumulated depreciation:				
Buildings	26,751	2,407	-	29,158
Equipment	172,157	7,140	-	179,297
Infrastructure	3,941,293	236,148	-	4,177,441
Subtotal	4,140,201	245,695	-	4,385,896
Net capital assets	$ 5,297,054	$ (164,556)	$ -	$ 5,132,498

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended September 30, 2022:

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 19,865	$ -	$ -	$ 19,865	$ 19,865
Notes payable	-	-	-	-	-
	$ 19,865	$ -	$ -	$ 19,865	$ 19,865
Business-type activities:					
Notes payable	$ -	$ -	$ -	$ -	$ -
Net pension liability	15,002	-	(13,060)	1,942	-
Compensated absences	2,688		-	2,688	2,688
	$ 17,690	$ -	$ (13,060)	$ 4,630	$ 2,688

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

8. FUND DEFICITS

At September 30, 2022, the 2019 SPLOST Fund had a deficit fund balance of $71,816.

9. INTERFUND TRANSACTIONS AND BALANCES

At September 30, 2022, the 2019 SPLOST Fund owed the General Fund $70,831 and the Water Fund $83,931 at September 30, 2022 for capital asset purchases.

Interfund transfers:

	Transfer From		
Transfer To:	General Fund	ARPA Fund	Total
Water & Sewer Fund	$ -	$ 127,975	$ 127,975
Library Fund	60,000	-	60,000
	$ 60,000	$ 127,975	$ 187,975

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 affect 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, 2022, 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	15
Current active employees and elected officials:	
Vested	16
Nonvested	6
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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.55%
International equity	20%	7.30%
Real estate	10%	365.00%
Global fixed income	5%	0.50%
Domestic fixed income	20%	0.40%
Cash	0%	
	100%	

Plan termination basis: 1.92% (30-year Treasury Securities Rate as of August 2021, published in September 2021; 1.36% 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%)
$ 344,410	$ 38,833	$ 218,204

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, 2020	$ 2,207,892	$ 1,907,845	$ 300,047
Changes for the year:			
Service cost	29,761	-	29,761
Interest	161,632	-	161,632
Differences between expected and actual experience	70,430	-	70,430
Contributions - employer	-	72,802	(72,802)
Contributions - employee	-	-	-
Net investment income	-	461,985	(461,985)
Benefit payments, including refunds of employee contributions	(92,061)	(92,061)	-
Administrative expense	-	(11,750)	11,750
Other	-	-	-
Net changes	169,762	430,976	(261,214)
Balances at September 30, 2021	$ 2,377,654	$ 2,338,821	$ 38,833

E. Pension Expense for the Year Ended September 30, 2022

Service cost	$ 29,761
Interest on TPL	161,632
Employee contribution	-
Administrative expenses	11,750
Expected return on assets	(139,560)
Expensed portion of current year period differences between expected and actual experience in TPL	23,476
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	(64,485)
Current year recognition of deferred inflows and outflows established in prior years	(3,221)
Total expense	$ 19,353

F. Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 49,884	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(257,841)
Employer contributions	65,604	-
Total	$ 115,488	$ (257,841)

City contributions subsequent to the measurement date of $65,604 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	$ 27,533
2024	(32,805)
2025	(72,596)
2026	(64,485)
	$ (142,353)

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, 2022 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, 2022, 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, 2022.

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, 2022, 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 30, 2022, 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,

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost	$ 29,761	$ 28,835	$ 29,846	$ 23,037	$ 24,752	$ 26,683	$ 29,189	$ 27,516
Interest	161,632	154,322	152,252	140,582	138,172	139,871	133,406	127,410
Difference between expected & actual experience	70,430	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	(92,061)	(95,452)	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Net change in total pension liability	169,762	96,495	58,451	153,242	47,729	(17,093)	81,719	79,075
Total pension liability, beginning	2,207,892	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)	2,377,654	2,207,892	2,111,397	2,052,946	1,876,067	1,828,338	1,845,431	1,763,712
Plan Fiduciary Net Position:								
Contributions - employer	72,802	62,872	44,414	56,069	73,341	77,885	78,018	66,830
Net investment income	461,985	170,298	50,868	165,617	223,067	150,826	15,449	140,392
Benefit payments, including refunds of employee contributions	(92,061)	(95,452)	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Administrative expense	(11,750)	(10,808)	(10,475)	(11,052)	(12,131)	(6,530)	(7,667)	(6,268)
Other	-	-	-	-	-	-	-	-
Net change in fiduciary net position	430,976	126,910	(20,723)	114,004	193,338	140,890	1,104	119,690
Plan fiduciary net position, beginning	1,907,845	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)	2,338,821	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)	$ 38,833	$ 300,047	$ 330,462	$ 251,288	$ 188,413	$ 334,022	$ 492,005	$ 411,390
Plan's fiduciary net position as a % of the total pension liability	98.37%	86.41%	84.35%	87.76%	88.84%	81.73%	73.34%	76.67%
Covered-employee payroll	$ 738,627	$ 702,342	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Net pension liability as a % of covered payroll	5.26%	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,

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 72,802	$ 67,453	$ 64,182	$ 48,452	$ 56,069	$ 73,341	$ 71,891	$ 71,932
Contributions in relation to the actuarially determined contribution	72,802	67,453	64,182	48,452	56,069	73,341	71,891	71,932
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered empoyee payroll	$ 738,627	$ 702,342	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Contributions as a percentage of covered-employee payroll	9.86%	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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 395,000	$ 395,000	$ 483,418	$ 88,418
Vehicle	69,000	69,000	103,385	34,385
Franchise tax	314,000	314,000	289,696	(24,304)
Alcoholic beverage excise	20,000	20,000	20,201	201
Local option sales tax	315,000	315,000	344,558	29,558
Excise energy tax	180,000	180,000	227,700	47,700
Insurance company premium	170,000	170,000	167,375	(2,625)
Intangible	8,000	8,000	3,738	(4,262)
Other	28,550	28,550	30,189	1,639
	1,499,550	1,499,550	1,670,260	170,710
Licenses and Permits:				
Business licenses and permits	13,300	13,300	5,702	(7,598)
Alcoholic beverage licenses	2,000	2,000	1,259	(741)
	15,300	15,300	6,961	(8,339)
Intergovernmental:				
State grants	8,000	8,000	11,842	3,842
Federal grants	-	-	32,695	32,695
Local government	23,000	23,000	24,917	1,917
	31,000	31,000	69,454	38,454
Charges for services:				
Garbage fees	100,000	100,000	87,266	(12,734)
Court fines	20,000	20,000	11,681	(8,319)
	120,000	120,000	98,947	(21,053)
Miscellaneous:				
Rent	1,000	1,000	-	(1,000)
Interest income	600	600	615	15
Other	22,700	22,700	31,094	8,394
	24,300	24,300	31,709	7,409
Total revenues	1,690,150	1,690,150	1,877,331	187,181

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 280,021	$ 283,961	$ 381,431	$ (97,470)
Public safety	865,625	865,625	779,953	85,672
Public works	478,765	474,825	318,989	155,836
Health and welfare	8,025	8,025	506	7,519
Culture and Recreation	21,138	21,138	29,295	(8,157)
Total operating expenditures	1,653,574	1,653,574	1,510,174	143,400
Capital Outlays:				
General government	2,000	2,000	-	2,000
Public safety	-	-	34,330	(34,330)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Total capital expenditures	2,000	2,000	34,330	(32,330)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	1,655,574	1,655,574	1,544,504	111,070
Excess (deficiency) of revenues over expenditures	34,576	34,576	332,827	298,251
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	(34,576)	(34,576)	(60,000)	(25,424)
	(34,576)	(34,576)	(60,000)	(25,424)
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	272,827	272,827
FUND BALANCE, beginning of year	496,265	496,265	496,265	-
FUND BALANCE, end of year	$ 496,265	$ 496,265	$ 769,092	$ 272,827

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 165,570	$ 165,570	$ 165,570	$ -
Other	507	507	507	-
	166,077	166,077	166,077	-
EXPENDITURES:				
Current operating	-	-	-	-
Capital outlays	38,102	38,102	38,102	-
Total expenditures	38,102	38,102	38,102	-
Excess revenues over (under) expenditures	127,975	127,975	127,975	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(127,975)	(127,975)	(127,975)	-
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, 2022

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
ASSETS:					
Cash and cash equivalents	$ 5,501	$ 590	$ 20,418	$ 80,716	$ 107,225
Other assets	-	-	-	-	-
Total assets	$ 5,501	$ 590	$ 20,418	$ 80,716	$ 107,225
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	-	-	20,418	-	20,418
Transportation improvements	-	-	-	80,716	80,716
Committed fund balance	-	-	-	-	-
Assigned fund balance:					-
Library	4,679	-	-	-	4,679
Unassigned fund balance	-	-	-	-	-
Total fund balances	4,679	590	20,418	80,716	106,403
Total liabilities and fund balances	$ 5,501	$ 590	$ 20,418	$ 80,716	$ 107,225

CITY OF GORDON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
REVENUES:					
Intergovernmental	$ 14,400	$ -	$ -	$ -	$ 14,400
Other	71	-	150	-	221
Total revenues	14,471	-	150	-	14,621
EXPENDITURES:					
Current operating:					
Culture and recreation	73,527	-	-	-	73,527
Public safety	-	-	-	-	-
Public works	-	-	-	844	844
Capital outlays	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	73,527	-	-	844	74,371
Excess (deficiency) of revenues over expenditures	(59,056)	-	150	(844)	(59,750)
OTHER FINANCING SOURCES (USES):					
Transfers in (out)	60,000	-	-	-	60,000
Total other financing sources and uses	60,000	-	-	-	60,000
Net change in fund balance	944	-	150	(844)	250
FUND BALANCE, beginning	3,735	590	20,268	81,560	106,153
FUND BALANCE, ending	$ 4,679	$ 590	$ 20,418	$ 80,716	$ 106,403

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 14,400	$ 14,400	$ 14,400	$ -
Other	250	250	71	(179)
	14,650	14,650	14,471	(179)
EXPENDITURES:				
Current operating:				
Culture and recreation	75,000	75,000	73,527	1,473
Capital outlays	-	-	-	-
Total expenditures	75,000	75,000	73,527	1,473
Excess revenues over (under) expenditures	(60,350)	(60,350)	(59,056)	1,294
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	60,350	60,350	60,000	(350)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	944	944
FUND BALANCE, beginning of year	3,735	3,735	3,735	-
FUND BALANCE, end of year	$ 3,735	$ 3,735	$ 4,679	$ 944

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, 2022

	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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 108,000	$ 108,000	$ 161,403	$ (53,403)
Payroll taxes	8,012	8,012	12,605	(4,593)
Employee benefits	16,640	16,640	17,076	(436)
Purchased/contracted services:				
Accounting and legal	30,000	30,000	44,199	(14,199)
Insurance	58,000	58,000	66,241	(8,241)
Utilities and communication	15,000	15,000	14,299	701
Repairs and maintenance	5,700	5,700	16,827	(11,127)
Dues	4,300	4,300	4,781	(481)
Advertising	1,000	1,000	476	524
Supplies:				
Office supplies	7,150	7,150	10,628	(3,478)
Other costs:				
Travel and training	8,200	12,140	12,938	(798)
Election	6,000	6,000	-	6,000
Tax collection fee	1,500	1,500	1,423	77
Rental expense	6,700	6,700	6,874	(174)
Miscellaneous	3,819	3,819	11,661	(7,842)
Total General Government	$ 280,021	$ 283,961	$ 381,431	$ (97,470)
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 480,900	$ 480,900	$ 502,732	$ (21,832)
Payroll taxes	32,000	32,000	38,369	(6,369)
Employee benefits	158,600	158,600	144,398	14,202
Purchased/contracted services:				
Uniforms	4,000	4,000	4,296	(296)
Vehicle costs	14,000	14,000	23,700	(9,700)
Repairs and maintenance	9,400	9,400	12,189	(2,789)
Utilities and communication	14,000	14,000	13,795	205
Supplies	5,200	5,200	6,920	(1,720)
Other costs:				
Peace officers' retirement and other fees	15,000	15,000	3,251	11,749
Miscellaneous	4,450	4,450	6,028	(1,578)
Total police	737,550	737,550	755,678	(18,128)
Court Salary and benefits	10,625	10,625	7,989	2,636

CITY OF GORDON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fire:				
Salaries	$ 104,000	$ 104,000	$ -	$ 104,000
Supplies	3,900	3,900	7,595	(3,695)
Purchased/contracted services:				
Insurance	1,150	1,150	220	930
Training	1,000	1,000	-	1,000
Utilities	4,000	4,000	7,946	(3,946)
Vehicle costs	3,400	3,400	525	2,875
Total Fire	117,450	117,450	16,286	101,164
Total Public Safety	$ 865,625	$ 865,625	$ 779,953	$ 85,672
Public Works:				
Personal services and employee benefits:				
Salaries	$ 169,265	$ 165,325	$ 90,844	$ 74,481
Payroll taxes	11,600	11,600	6,591	5,009
Employee benefits	66,610	66,610	46,983	19,627
Purchased/contracted services:				
Utilities and communication	55,000	55,000	55,968	(968)
Repairs and maintenance	35,000	35,000	16,567	18,433
Garbage contract	105,600	105,600	92,107	13,493
Materials and supplies	32,490	32,490	8,679	23,811
Other costs	3,200	3,200	1,250	1,950
Total Street Department	$ 478,765	$ 474,825	$ 318,989	$ 155,836
Health and Welfare:				
Salaries	$ 2,500	$ 2,500	$ -	$ 2,500
Payroll taxes	175	175	-	175
Employee benefits	300	300	-	300
Purchased/contracted services:				
Repairs and maintenance	850	850	-	850
Materials and supplies	3,500	3,500	312	3,188
Other costs	700	700	194	506
Total Health and Welfare	$ 8,025	$ 8,025	$ 506	$ 7,519
Culture and Recreation:				
Personal services and employee benefits:				
Salaries	$ 1,000	$ 1,000	$ 2,400	$ (1,400)
Payroll taxes	-	-	-	-
Employee benefits	138	138	-	138
Purchased/contracted services:				
Utilities and communication	10,800	10,800	10,624	176
Repairs and maintenance	-	-	350	(350)
Special events	3,500	3,500	-	3,500
Materials and supplies	4,000	4,000	13,425	(9,425)
Other costs	1,700	1,700	2,496	(796)
Total Culture and Recreation	$ 21,138	$ 21,138	$ 29,295	$ (8,157)

CITY OF GORDON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2022

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2019 Tax:						
Transportation improvements	$ 100,000	$ 200,000	$ 55,056	$ 75,648	$ 130,704	65.4%
Capital outlays:						
Recreation	50,000	50,000	-	-	-	0.0%
Public safety	100,000	100,000	6,428	36,941	43,369	43.4%
Public works	50,000	50,000	-	-	-	0.0%
Public buildings	100,000	100,000	-	6,462	6,462	6.5%
Water and sewer projects	600,000	600,000	274,566	43,036	317,602	52.9%

COMPLIANCE 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, the aggregate remaining fund information and each major fund of the City of Gordon, Georgia as of and for the year ended September 30, 2022, 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 30, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 22-1 that we consider to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 22-2.

City of Gordon, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Gordon, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Gordon, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 30, 2022

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

22-1 Controls Over Financial Statement Presentation

Condition

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

COMPLIANCE AND OTHER MATTERS

22-2 Budgetary

Condition

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

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

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

Views of Responsible Officials

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