CITY OF GORDON, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

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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, 2023, 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, 2023, 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 31-36) 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.

Supplementary 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 purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated May 31, 2024 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.

Wright & Wright, P.C.

Sandersville, Georgia
May 31, 2024

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	$ 809,918	$ 435,623	$ 1,245,541
Investments	234,776	-	234,776
Accounts receivable, net	121,142	58,178	179,320
Receivable from other governments	115,575	-	115,575
Prepaids	44,012	4,792	48,804
Internal balances	(83,931)	83,931	-
Total current assets	1,241,492	582,524	1,824,016
Noncurrent assets:			
Nondepreciable capital assets	424,806	160,256	585,062
Depreciable capital assets, net of accumulated depreciation	972,617	4,831,343	5,803,960
Total noncurrent assets	1,397,423	4,991,599	6,389,022
Deferred outflows of resources:			
Deferred outflows related to pensions	306,294	16,121	322,415
Total assets and deferred outflows of resources	2,945,209	5,590,244	8,535,453
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	36,534	21,141	57,675
Meter deposits held	-	54,006	54,006
Other accrued liabilities	23,280	2,208	25,488
Unearned revenues	82,402	-	82,402
Noncurrent liabilities:			
Net pension liability	463,556	24,398	487,954
Total liabilities	605,772	101,753	707,525
Deferred inflows of resources:			
Deferred inflows related to pensions	26,607	1,400	28,007
Total liabilities and deferred inflows of resources	632,379	103,153	735,532
NET POSITION:			
Investment in capital assets	1,397,423	4,991,599	6,389,022
Restricted for:			
Transportation improvements	123,313	-	123,313
Capital projects	137,782	-	137,782
Public safety	590	-	590
Unrestricted	653,722	495,492	1,149,214
	$ 2,312,830	$ 5,487,091	$ 7,799,921

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	$ 336,575	$ 7,269	$ 445,498	$ -	$ 116,192	$ -	$ 116,192
Public safety	912,259	10,128	23,000	-	(879,131)	-	(879,131)
Public works	474,622	106,474	42,597	217,641	(107,910)	-	(107,910)
Culture and recreation	19,384	138	19,600	-	354	-	354
Health and welfare	94,203	-	-	-	(94,203)	-	(94,203)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	1,837,043	124,009	530,695	217,641	(964,698)	-	(964,698)
Business-type activities:							
Water and sewer	993,912	505,691	-	-	-	(488,221)	(488,221)
Total business-type activities	993,912	505,691	-	-	-	(488,221)	(488,221)
Total primary government	$ 2,830,955	$ 629,700	$ 530,695	$ 217,641	(964,698)	(488,221)	(1,452,919)
General revenues:							
Taxes:							
Property taxes					535,588	-	535,588
General sales and use tax					266,962	-	266,962
Franchise tax					309,971	-	309,971
Insurance company premium tax					144,957	-	144,957
Other taxes					259,504	-	259,504
Grants and contributions					9,560	-	9,560
Interest and dividend earnings					-	555	555
Miscellaneous					21,502	-	21,502
Transfers					(468,731)	468,731	-
Total general revenues and transfers					1,079,313	469,286	1,548,599
Change in net position					114,615	(18,935)	95,680
Net position, beginning					2,198,215	5,506,026	7,704,241
Net position, ending					$ 2,312,830	$ 5,487,091	$ 7,799,921

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	ARPA Fund	2019 SPLOST	2021 CDBG	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 361,151	$ 82,402	$ 219,417	$ -	$ 146,948	$ 809,918
Investments	234,776	-	-	-	-	234,776
Accounts receivable, net	121,142	-	-	-	-	121,142
Receivable from other governments	63,016	-	52,559	-	-	115,575
Receivable from other funds	70,831	-	-	-	-	70,831
Prepaid insurance	44,012	-	-	-	-	44,012
Total assets	$ 894,928	$ 82,402	$ 271,976	$ -	$ 146,948	$ 1,396,254
LIABILITIES:						
Accounts payable	$ 35,712	$ -	$ -	$ -	$ 822	$ 36,534
Other liabilities	410	-	-	-	-	410
Unearned revenues	-	82,402	-	-	-	82,402
Payable to other funds	-	-	154,762	-	-	154,762
Total liabilties	36,122	82,402	154,762	-	822	274,108
DEFERRED INFLOWS RESOURCES:						
Property taxes	109,657	-	-	-	-	109,657
FUND BALANCES:						
Non-spendable fund balance	44,012	-	-	-	-	44,012
Restricted fund balance:						
Capital projects	-	-	117,214	-	20,568	137,782
Transporation improvements	-	-	-	-	123,313	123,313
Law enforcement	-	-	-	-	590	590
Committed fund balance	-	-	-	-	-	-
Assigned fund balance:						
Library	-	-	-	-	1,655	1,655
Unassigned fund balance	705,137	-	-	-	-	705,137
Total fund balances	749,149	-	117,214	-	146,126	1,012,489
Total liabilities, deferred inflows of resources and fund balances	$ 894,928	$ 82,402	$ 271,976	$ -	$ 146,948	$ 1,396,254

(Continued)

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

Fund balances - total governmental funds	$	1,012,489
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 $3,269,067		1,397,423
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		109,657
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		(463,556)
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		306,294
Deferred inflows of resources related to pensions		(26,607)
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(22,870)
Notes payable		-
Net position of governmental activities	$	2,312,830

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, 2023

	General Fund	ARPA Fund	2019 SPLOST	2021 CDBG	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 1,466,190	$ -	$ -	$ -	$ -	$ 1,466,190
Licenses and permits	7,269	-	-	-	-	7,269
Intergovernmental	23,000	445,498	215,803	9,560	62,197	756,058
Charges for services	116,602	-	-	-	-	116,602
Other	21,352	1,264	574	-	288	23,478
Total revenues	1,634,413	446,762	216,377	9,560	62,485	2,369,597
EXPENDITURES:						
Current operating:						
General government	324,486	-	-	-	-	324,486
Public works	391,718	-	-	-	-	391,718
Public safety	866,162	-	-	-	-	866,162
Health and welfare	549	-	-	-	-	549
Culture and recreation	26,441	-	-	-	67,762	94,203
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlays	-	81,628	27,347	9,560	-	118,535
Total expenditures	1,609,356	81,628	27,347	9,560	67,762	1,795,653
Excess (deficiency) of revenues over expenditures	25,057	365,134	189,030	-	(5,277)	573,944
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in (out)	(45,000)	(365,134)	-	-	45,000	(365,134)
Total other financing sources and uses	(45,000)	(365,134)	-	-	45,000	(365,134)
Net change in fund balance	(19,943)	-	189,030	-	39,723	208,810
FUND BALANCE, beginning of year	769,092	-	(71,816)	-	106,403	803,679
FUND BALANCE, end of year	$ 749,149	$ -	$ 117,214	$ -	$ 146,126	$ 1,012,489

(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, 2023

Net change in fund balances - total governmental funds	$ 208,810
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	19,938
Depreciation	(146,897)
	(126,959)
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	50,792
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	(3,005)
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	(15,023)
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	-
	-
	$ 114,615

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Water and Sewer Fund
ASSETS & DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash in bank	$ 435,623
Accounts receivable, net of allowance	58,178
Due from 2019 SPLOST	83,931
Prepaid insurance	4,792
Total current assets	582,524
NONCURRENT ASSETS:	
Capital Assets:	
Land	50,847
Construction in progress	109,409
Depreciable capital assets	9,470,804
	9,631,060
Less accumulated depreciation	(4,639,461)
Total capital assets	4,991,599
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charges on pension obligations	16,121
Total assets & deferred outflows of resources	5,590,244
LIABILITIES & DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES:	
Accounts payable	21,141
Accrued absences	2,208
Meter deposits held	54,006
Total current liabilities	77,355
NONCURRENT LIABILITIES:	
Net pension liability	24,398
Total noncurrent liabilities	24,398
DEFERRED INFLOWS OF RESOURCES:	
Deferred charges on pension obligations	1,400
Total liabilities & deferred inflows of resources	103,153
NET POSITION	
INVESTMENT IN CAPITAL ASSETS	4,991,599
RESTRICTED	-
UNRESTRICTED	495,492
Total net position	$ 5,487,091

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, 2023

	Business-Type Activities Enterprise Funds Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	$ 505,691
Other revenue	-
Total operating revenue	505,691
OPERATING EXPENSES:	
Personal services and employee benefits:	
Salaries	48,203
Payroll taxes	4,313
Employee benefits	26,492
Purchased/contracted services:	
Insurance	14,129
Repairs and replacement	376,466
Dues	1,850
Testing	50,593
Supplies:	
Chemicals and supplies	79,576
Office supplies	9,308
Utilities and communication	105,765
Depreciation	253,565
Miscellaneous	23,652
Total operating expenses	993,912
OPERATING INCOME (LOSS)	(488,221)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	555
Interest expense	-
Total non-operating revenues (expenses)	555
NET INCOME BEFORE CAPITAL CONTRIBUTIONS & TRANSFERS	(487,666)
CAPITAL CONTRIBUTIONS:	
Contribution from ARPA Grant Fund	70,028
Contribution from CDBG Fund	9,560
Contribution from Capital Projects Funds	24,009
NET INCOME (LOSS) BEFORE TRANSFERS	(384,069)
TRANSFERS FROM (TO) OTHER FUNDS	365,134
NET INCOME (LOSS)	(18,935)
NET POSITION, beginning of year	5,506,026
NET POSITION, end of year	$ 5,487,091

See accompanying notes to the basic financial statements

CITY OF GORDON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 512,195
Cash paid to suppliers for goods and services	(657,933)
Cash paid to employees	(79,008)
Other receipts (payments)	-
Net cash provided by (used for) operating activities	(224,746)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) other funds	365,134
Net cash provided by (used for) noncapital financing activities	365,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(9,069)
Principal paid on capital debt	-
Interest paid on capital debt	-
Net cash provided by (used for) capital and related financing activities	(9,069)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	555
Net cash provided by (used for) investing activities	555
NET INCREASE (DECREASE) IN CASH	131,874
CASH AND CASH EQUIVALENTS, beginning of year	303,749
CASH AND CASH EQUIVALENTS, end of year	$ 435,623
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Net operating income (loss)	$ (488,221)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	253,565
Changes in assets and liabilities:	
Accounts receivable	6,504
Prepaid insurance	91
Compensated absences	(480)
Net pension liability	(2,663)
Accounts payable	4,820
Meter deposits held	1,638
Net cash provided by (used for) operating activities	$ (224,746)

NONCASH CAPITAL FINANCING ACTIVITIES:

Capital purchases of $24,009 were made through contributions from the Capital Projects Fund, capital purchases of $70,028 were made through contributions from the ARPA Fund, and capital purchases of $9,560 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, 2023, 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 Community Development Block Grant (CDBG) 2021 Fund accounts for a $750,000 grant to upgrade the City's water system.

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, 2023, 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, 2023. At September 30, 2023 $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.

During the current fiscal year, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance for accounting and financial reporting for subscription-based information technology arrangements (SBITAs) of the County. The standard requires these arrangements to be recognized as an intangible asset and amortized over the subscription term, among other provisions. 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

No fund or department had expenditures in excess of appropriations for the year ended September 30, 2023.

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, 2023, the City had the following investments:

Investment Type	Credit Rating	Investment Value	Weighted Average Maturity
Office of State Treasurer (Georgia Fund 1)	AAAf	$ 234,776	30 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, 2023, 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, 2022 and were due December 21, 2022 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, 2023, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 118,602	$ -	$ 118,602
Local option sales tax	21,396	-	21,396
Energy excise tax receivable	32,630	-	32,630
Garbage fees receivable	9,256	-	9,256
Miscellaneous receivable	10,389	-	10,389
2019 SPLOST Fund:			
Special local option sales tax	52,559	-	52,559
Water and Sewer Fund:			
Water and sewer fees	-	74,310	74,310
	244,832	74,310	319,142
Allowance for doubtful accounts	(8,115)	(16,132)	(24,247)
	$ 236,717	$ 58,178	$ 294,895

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 409,277	$ -	$ -	$ 409,277
Construction-in-progress	15,529	33,569	(33,569)	15,529
Subtotal	424,806	33,569	(33,569)	424,806
Other capital assets:				
Buildings	1,440,905	19,938	-	1,460,843
Equipment	1,436,220	70,028	(70,028)	1,436,220
Infrastructure	1,344,621	-	-	1,344,621
Subtotal	4,646,552	123,535	(103,597)	4,666,490
Accumulated depreciation:				
Buildings	1,020,916	34,754	-	1,055,670
Equipment	1,229,637	42,914	-	1,272,551
Infrastructure	871,617	69,229	-	940,846
Subtotal	3,122,170	146,897	-	3,269,067
Net capital assets	$ 1,524,382	$ (23,362)	$ (103,597)	$ 1,397,423

Governmental activities depreciation expense:

General government	$ 6,079
Public safety	45,089
Public works	76,894
Culture and recreation	18,835
	$ 146,897

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 50,847	$ -	$ -	$ 50,847
Construction-in-progress	66,771	42,638	-	109,409
Subtotal	117,618	42,638	-	160,256
Other capital assets:				
Buildings	49,244	3,000	-	52,244
Equipment	197,176	67,028	-	264,204
Infrastructure	9,154,356	-	-	9,154,356
Subtotal	9,518,394	112,666	-	9,631,060
Accumulated depreciation:				
Buildings	29,158	2,533	-	31,691
Equipment	179,297	10,569	-	189,866
Infrastructure	4,177,441	240,463	-	4,417,904
Subtotal	4,385,896	253,565	-	4,639,461
Net capital assets	$ 5,132,498	$ (140,899)	$ -	$ 4,991,599

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended September 30, 2023:

	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 19,865	$ 3,005	$ -	$ 22,870	$ 22,870
Notes payable	-	-	-	-	-
	$ 19,865	$ 3,005	$ -	$ 22,870	$ 22,870
Business-type activities:					
Notes payable	$ -	$ -	$ -	$ -	$ -
Net pension liability	1,942	22,456	-	24,398	-
Compensated absences	2,688	-	(480)	2,208	2,208
	$ 17,690	$ 22,456	$ (480)	$ 26,606	$ 2,688

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

8. FUND DEFICITS

No fund had a deficit fund balance at September 30, 2023.

9. INTERFUND TRANSACTIONS AND BALANCES

At September 30, 2023, the 2019 SPLOST Fund owed the General Fund $70,831 and the Water Fund $83,931 at September 30, 2023 for capital asset purchases.

Interfund transfers:

	Transfer From		
Transfer To:	General Fund	ARPA Fund	Total
Water & Sewer Fund	$ -	$ 365,134	$ 365,134
Library Fund	45,000	-	45,000
	$ 45,000	$ 365,134	$ 410,134

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, 2023, 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	14
Terminated employees entitled to benefits but not yet receiving them	18
Current active employees and elected officials:	
Vested	15
Nonvested	7
Total membership in the plan	54

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, 2023 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%	6.80%
Real estate	10%	3.90%
Global fixed income	5%	46.00%
Domestic fixed income	20%	40.00%
Cash	0%	
	100%	

Plan termination basis: 3.13% (30-year Treasury Securities Rate as of August 2022, published in September 2022; 1.92% 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%)
$ 781,141	$ 487,954	$ 241,102

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, 2021	$ 2,377,654	$ 2,338,821	$ 38,833
Changes for the year:			
Service cost	31,425	-	31,425
Interest	173,438	-	173,438
Differences between expected and actual experience	(77,227)	-	(77,227)
Contributions - employer	-	65,183	(65,183)
Contributions - employee	-	-	-
Net investment income	-	(376,086)	376,086
Benefit payments, including refunds of employee contributions	(114,762)	(114,762)	-
Administrative expense	-	(10,582)	10,582
Other	-	-	-
Net changes	12,874	(436,247)	449,121
Balances at September 30, 2022	$ 2,390,528	$ 1,902,574	$ 487,954

E. Pension Expense for the Year Ended September 30, 2023

Service cost	$ 31,425
Interest on TPL	173,438
Employee contribution	-
Administrative expenses	10,582
Expected return on assets	(170,270)
Expensed portion of current year period differences between expected and actual experience in TPL	(25,743)
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	109,272
Current year recognition of deferred inflows and outflows established in prior years	(38,071)
Total expense	$ 90,633

F. Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (28,007)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	243,721	-
Employer contributions	78,694	-
Total	$ 322,415	$ (28,007)

City contributions subsequent to the measurement date of $78,694 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 129,418
2025	10,933
2026	44,786
2027	109,271
	$ 294,408

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, 2023 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, 2023, 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, 2023.

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, 2023, 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 May 31, 2024, 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 (2021) 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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost	$ 31,425	$ 29,761	$ 28,835	$ 29,846	$ 23,037	$ 24,752	$ 26,683	$ 29,189	$ 27,516
Interest	173,438	161,632	154,322	152,252	140,582	138,172	139,871	133,406	127,410
Difference between expected & actual experience	(77,227)	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	(114,762)	(92,061)	(95,452)	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Net change in total pension liability	12,874	169,762	96,495	58,451	153,242	47,729	(17,093)	81,719	79,075
Total pension liability, beginning	2,377,654	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)	2,390,528	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	65,183	72,802	62,872	44,414	56,069	73,341	77,885	78,018	66,830
Net investment income	(376,086)	461,985	170,298	50,868	165,617	223,067	150,826	15,449	140,392
Benefit payments, including refunds of employee contributions	(114,762)	(92,061)	(95,452)	(105,530)	(96,630)	(90,939)	(81,291)	(84,696)	(81,264)
Administrative expense	(10,582)	(11,750)	(10,808)	(10,475)	(11,052)	(12,131)	(6,530)	(7,667)	(6,268)
Other	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	(436,247)	430,976	126,910	(20,723)	114,004	193,338	140,890	1,104	119,690
Plan fiduciary net position, beginning	2,338,821	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)	1,902,574	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)	$ 487,954	$ 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	79.59%	98.37%	86.41%	84.35%	87.76%	88.84%	81.73%	73.34%	76.67%
Covered-employee payroll	$ 615,792	$ 738,627	$ 702,342	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Net pension liability as a % of covered payroll	79.24%	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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 78,694	$ 72,802	$ 67,453	$ 64,182	$ 48,452	$ 56,069	$ 73,341	$ 71,891	$ 71,932
Contributions in relation to the actuarially determined contribution	78,694	72,802	67,453	64,182	48,452	56,069	73,341	71,891	71,932
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered empoyee payroll	$ 615,792	$ 738,627	$ 702,342	$ 667,701	$ 679,131	$ 600,355	$ 572,503	$ 597,039	$ 610,554
Contributions as a percentage of covered-employee payroll	12.78%	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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 507,225	$ 507,225	$ 484,796	$ (22,429)
Vehicle	89,000	89,000	75,967	(13,033)
Franchise tax	314,000	314,000	309,971	(4,029)
Alcoholic beverage excise	20,000	20,000	14,671	(5,329)
Local option sales tax	320,000	320,000	266,962	(53,038)
Excise energy tax	180,000	180,000	145,480	(34,520)
Insurance company premium	170,000	170,000	144,957	(25,043)
Intangible	8,000	8,000	1,610	(6,390)
Other	27,550	27,550	21,776	(5,774)
	1,635,775	1,635,775	1,466,190	(169,585)
Licenses and Permits:				
Business licenses and permits	9,300	9,300	4,936	(4,364)
Alcoholic beverage licenses	2,000	2,000	2,333	333
	11,300	11,300	7,269	(4,031)
Intergovernmental:				
State grants	8,000	8,000	-	(8,000)
Federal grants	-	-	-	-
Local government	23,000	23,000	23,000	-
	31,000	31,000	23,000	(8,000)
Charges for services:				
Garbage fees	139,600	139,600	106,474	(33,126)
Court fines	12,000	12,000	10,128	(1,872)
	151,600	151,600	116,602	(34,998)
Miscellaneous:				
Rent	1,000	1,000	-	(1,000)
Interest income	600	600	10,487	9,887
Other	14,700	14,700	10,865	(3,835)
	16,300	16,300	21,352	5,052
Total revenues	1,845,975	1,845,975	1,634,413	(211,562)

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 365,067	$ 365,067	$ 324,486	$ 40,581
Public safety	915,145	915,145	861,162	53,983
Public works	466,461	466,461	391,718	74,743
Health and welfare	7,525	7,525	549	6,976
Culture and Recreation	39,408	39,408	26,441	12,967
Total operating expenditures	1,793,606	1,793,606	1,604,356	189,250
Capital Outlays:				
General government	-	-	-	-
Public safety	5,068	5,068	5,000	68
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Total capital expenditures	5,068	5,068	5,000	68
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	1,798,674	1,798,674	1,609,356	189,318
Excess (deficiency) of revenues over expenditures	47,301	47,301	25,057	(22,244)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	(47,301)	(47,301)	(45,000)	2,301
	(47,301)	(47,301)	(45,000)	2,301
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	(19,943)	(19,943)
FUND BALANCE, beginning of year	769,092	769,092	769,092	-
FUND BALANCE, end of year	$ 769,092	$ 769,092	$ 749,149	$ (19,943)

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 445,498	$ 445,498	$ 445,498	$ -
Other	1,264	1,264	1,264	-
	446,762	446,762	446,762	-
EXPENDITURES:				
Current operating	-	-	-	-
Capital outlays	81,628	81,628	81,628	-
Total expenditures	81,628	81,628	81,628	-
Excess revenues over (under) expenditures	365,134	365,134	365,134	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(365,134)	(365,134)	(365,134)	-
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 (2021) SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 9,560	$ 9,560	$ 9,560	$ -
Other	-	-	-	-
	9,560	9,560	9,560	-
EXPENDITURES:				
Current operating:				
Miscellaneous	-	-	-	-
Water system improvements	9,560	9,560	9,560	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	9,560	9,560	9,560	-
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)
- Community Development Block Grant Statement of Source and Application of Funds
- Community Development Block Grant Schedule of Project Cost - Budget to Actual
- Schedule of Projects Constructed with Special Sales Tax Proceeds

CITY OF GORDON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
ASSETS:					
Cash and cash equivalents	$ 2,477	$ 590	$ 20,568	$ 123,313	$ 146,948
Other assets	-	-	-	-	-
Total assets	$ 2,477	$ 590	$ 20,568	$ 123,313	$ 146,948
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	-	-	20,568	-	20,568
Transportation improvements	-	-	-	123,313	123,313
Committed fund balance	-	-	-	-	-
Assigned fund balance:					-
Library	1,655	-	-	-	1,655
Unassigned fund balance	-	-	-	-	-
Total fund balances	1,655	590	20,568	123,313	146,126
Total liabilities and fund balances	$ 2,477	$ 590	$ 20,568	$ 123,313	$ 146,948

CITY OF GORDON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Confiscation	Depot Renovation	LMIG	
REVENUES:					
Intergovernmental	$ 19,600	$ -	$ -	$ 42,597	$ 62,197
Other	138	-	150	-	288
Total revenues	19,738	-	150	42,597	62,485
EXPENDITURES:					
Current operating:					
Culture and recreation	67,762	-	-	-	67,762
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlays	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	67,762	-	-	-	67,762
Excess (deficiency) of revenues over expenditures	(48,024)	-	150	42,597	(5,277)
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	(3,024)	-	150	42,597	39,723
FUND BALANCE, beginning	4,679	590	20,418	80,716	106,403
FUND BALANCE, ending	$ 1,655	$ 590	$ 20,568	$ 123,313	$ 146,126

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 14,400	$ 14,400	$ 19,600	$ 5,200
Other	250	250	138	(112)
	14,650	14,650	19,738	5,088
EXPENDITURES:				
Current operating:				
Culture and recreation	75,000	75,000	67,762	7,238
Capital outlays	-	-	-	-
Total expenditures	75,000	75,000	67,762	7,238
Excess revenues over (under) expenditures	(60,350)	(60,350)	(48,024)	12,326
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	60,350	60,350	45,000	(15,350)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(3,024)	(3,024)
FUND BALANCE, beginning of year	4,679	4,679	4,679	-
FUND BALANCE, end of year	$ 4,679	$ 4,679	$ 1,655	$ (3,024)

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, 2023

	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
COMMUNITY DEVELOPMENT BLOCK GRANT (2021) SPECIAL REVENUE FUND
CDBG No. 21p-x-158-2-6216
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SOURCE OF FUNDS:		
CDBG Funds drawn down by recipient during the year ended September 30, 2023		$ 9,560
APPLICATION OF FUNDS:		
Acquisition and construction costs for water improvements	$ 727,075	
Engineering	22,925	750,000
SOURCE OF FUNDS IN EXCESS OF (LESS THAN) APPLICATION		$ (740,440)

CITY OF GORDON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (2021) SPECIAL REVENUE FUND
CDBG No. 21p-x-158-2-6216
SCHEDULE OF PROJECT COST - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Total Budgeted Costs (Revised) For CDBG	Costs Prior to Year Ended 9/30/23	Actual Current Year Costs	Total Project Costs To Date	(Over) Under Budget
Construction cost for water facilities	$ 727,075	$ -	$ -	$ -	$ 727,075
Engineering	22,925	-	9,560	9,560	13,365
Total	$ 750,000	$ -	$ 9,560	$ 9,560	$ 740,440

CITY OF GORDON, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2023

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	$ 130,704	$ -	$ 130,704	65.4%
Capital outlays:						
Recreation	50,000	50,000	-	-	-	0.0%
Public safety	100,000	100,000	43,369	3,338	46,707	46.7%
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	317,602	24,009	341,611	56.9%

COMPLIANCE SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
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Facsimile (478) 552-6158

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, 2023, 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 May 31, 2024.

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 items 23-1 and 23-2 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Wyatt & Wyatt, P.C.

Sandersville, Georgia
May 31, 2024

CITY OF GORDON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

23-1 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.

23-2 Controls Over Credit Card Expenditures and Council Approvals

Condition

The City Council voted to appropriate funds and pay an outstanding credit card bill which included expenditures from the Christmas period. Despite the affirmative vote meeting the required quorum of four votes, the legality of this vote is under scrutiny. Concerns have been raised regarding the potential conflict of interest of one of the Council members whose involvement in the issuance of the credit card may have compromised the vote's integrity. Issues also surround the purchases made on this credit card and whether they were in violation of the City's purchasing policy.

Effect

The deficiency identified above could result in affirmative votes that are not legal, and in purchases being made that were not properly approved.

Recommendation

The City should consider additional policies and review of the current policy regarding the issuance and use of City credit cards that would prevent future expenditures being made without questions of approval. Additionally, training should be explored that would further educate the Council regarding voting protocol.

Views of Responsible Officials

We concur. We will work with our legal counsel to formulate policies that will increase the oversight of City purchases, as well as investigate training that will improve our voting protocol.