

CITY OF CORDELE, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Prepared by:

Department of Finance

CITY OF CORDELE, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The City Commission
of the City of Cordele, Georgia
Cordele, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Cordele, Georgia** (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Cordele, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Economic Development Fund - Main Street District, and Hotel Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 12, the Schedule of Changes in the City's Net Pension Liability and Related Ratios on page 57, and the Schedule of City Contributions on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds 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 also issued our report dated December 11, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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'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 Cordele, Georgia's internal control over financial reporting and compliance.



Macon, Georgia
December 11, 2020

CITY OF CORDELE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

As management of the City of Cordele, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. The information presented here should be used in conjunction with the additional information provided in this financial report, which follows this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$27,483,180 (*net position*). Of this amount, \$820,720 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$7,867.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,750,501, a decrease of \$451,744 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$841,195, a decrease of \$224,110 in comparison with the prior year.
- The City's total long-term debt (excluding compensated absences and the net pension liability) decreased by \$686,453 during the current fiscal year. This change consisted of scheduled repayments of \$686,453 of bonds, notes payable, and capital leases. There were no additions of capital leases for this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report for the fiscal year ended June 30, 2020, includes Government-wide statements along with Fund based financial statements. The primary role of the Statement of Net position and the Statement of Activities in the government-wide financial statements is to demonstrate operational accountability, while the primary role of the Fund financial statements is to demonstrate fiscal accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so. Fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short-term (usually one budgetary cycle or one year).

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) notes to the financial statements. Comparative information between the current year and the prior year is included. This report also contains other supplementary information in addition to the basic financial statements themselves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements. The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net position* presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these components reported as *net position*. This statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water and sewer, natural gas, and sanitation.

The government-wide financial statements include not only the City of Cordele itself (known as the *primary government*), but also a legally separate Downtown Development Authority and Cordele Office Building Authority, for which the City has some degree of financial accountability. The Cordele Office Building Authority is blended as a fund of the City's financial statements. The Downtown Development Authority is discretely presented, and information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Economic Development Main Street, and Hotel Tax funds only, because they are considered to be major funds. Data from the other ten (10) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 – 21 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, the Natural Gas Fund, and the Sanitation Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Gas Revenue Fund, and the Sanitation Fund, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 22 – 25 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 56 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and Individual Fund Statements and Schedules can be found on pages 57 – 69 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,483,180 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (87.78%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Cordele's Net Position Fiscal Year Ended June 30 (Comparative)

	Governmental Activities		Business-type Activities		Total	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Current and other assets	\$ 6,181,429	\$ 6,535,334	\$ 1,094,145	\$ 2,070,064	\$ 7,275,574	\$ 8,605,398
Capital assets	16,138,882	16,210,159	11,580,059	10,801,620	27,718,941	27,011,779
Total assets	<u>22,320,311</u>	<u>22,745,493</u>	<u>12,674,204</u>	<u>12,871,684</u>	<u>34,994,515</u>	<u>35,617,177</u>
Deferred outflows of resources	<u>819,034</u>	853,754	<u>221,205</u>	230,998	<u>1,040,239</u>	1,084,752
Current liabilities	1,881,497	2,058,021	626,122	638,749	2,507,619	2,696,770
Long-term liabilities	5,288,305	5,343,758	617,499	437,695	5,905,804	5,781,453
Total liabilities	<u>7,169,802</u>	<u>7,401,779</u>	<u>1,243,621</u>	<u>1,076,444</u>	<u>8,413,423</u>	<u>8,478,223</u>
Deferred inflows of resources	<u>107,942</u>	583,931	<u>30,209</u>	164,462	<u>138,151</u>	748,393
Net position:						
Net investment in capital assets	12,545,300	11,930,124	11,580,059	10,801,620	24,125,359	22,731,744
Restricted	2,537,101	2,724,284	-	-	2,537,101	2,724,284
Unrestricted	779,200	959,129	41,520	1,060,156	820,720	2,019,285
Total net position	<u>\$ 15,861,601</u>	<u>\$ 15,613,537</u>	<u>\$ 11,621,579</u>	<u>\$ 11,861,776</u>	<u>\$ 27,483,180</u>	<u>\$ 27,475,313</u>

The City of Cordele's combined net position for the year ended June 30, 2020, was \$27,483,180, an increase of \$7,867 from June 30, 2019. Of total net position, \$15,861,601 came from governmental activities and \$11,621,579 came from business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A significant portion (or 87.78%) of the City's net position is invested in capital assets, net of related debt. A portion of the City's net position (9.23%) or \$2,537,101, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (amounting to \$820,720 or 2.99%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities

Governmental Activities. Governmental activities during the fiscal year ended June 30, 2020, increased the City of Cordele's net position by \$248,064. Business-type activities during the same period decreased net position by \$240,197 for a total increase in net position of \$7,867. The following analysis shows the revenue and expenses by activity for the total primary government.

City of Cordele's Net Position Fiscal Year Ended June 30 (Comparative)

	Governmental Activities		Business-type Activities		Total	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Revenues						
Program revenues:						
Charges for services	\$ 544,502	\$ 638,613	\$ 6,519,980	\$ 6,756,253	\$ 7,064,482	\$ 7,394,866
Operating grants and contributions	139,251	126,590	-	-	139,251	126,590
Capital grants and contributions	2,275,593	2,047,003	-	-	2,275,593	2,047,003
General revenues:					-	-
Property taxes	4,536,291	4,218,470	-	-	4,536,291	4,218,470
Sales taxes	1,986,843	1,955,042	-	-	1,986,843	1,955,042
Alcoholic beverages taxes	303,015	298,199	-	-	303,015	298,199
Other taxes	1,503,911	1,638,978	-	-	1,503,911	1,638,978
Franchise fees	1,302,496	1,324,747	-	-	1,302,496	1,324,747
Unrestricted investment earnings	177,257	217,557	8,428	14,622	185,685	232,179
Total revenues	<u>12,769,159</u>	<u>12,465,199</u>	<u>6,528,408</u>	<u>6,770,875</u>	<u>19,297,567</u>	<u>19,236,074</u>
Expenses						
General government	2,336,573	2,636,254	-	-	2,336,573	2,636,254
Public works	2,884,607	3,468,115	-	-	2,884,607	3,468,115
Public safety	5,153,784	4,790,421	-	-	5,153,784	4,790,421
Community development	1,074,138	659,420	-	-	1,074,138	659,420
Culture and recreation	483,655	802,950	-	-	483,655	802,950
Interest on long-term debt	126,478	140,986	-	-	126,478	140,986
Water and sewer	-	-	4,194,644	3,981,053	4,194,644	3,981,053
Natural gas	-	-	2,176,594	2,526,848	2,176,594	2,526,848
Sanitation	-	-	859,227	854,536	859,227	854,536
Total expenses	<u>12,059,235</u>	<u>12,498,146</u>	<u>7,230,465</u>	<u>7,362,437</u>	<u>19,289,700</u>	<u>19,860,583</u>
Increase (decrease) in net position before transfers	709,924	(32,947)	(702,057)	(591,562)	7,867	(624,509)
Transfers	(461,860)	814,550	461,860	(814,550)	-	-
Increase (decrease) in net position	248,064	781,603	(240,197)	(1,406,112)	7,867	(624,509)
Net position, beginning of year	15,613,537	14,831,934	11,861,776	13,267,888	27,475,313	28,099,822
Net position, end of year	<u>\$ 15,861,601</u>	<u>\$ 15,613,537</u>	<u>\$ 11,621,579</u>	<u>\$ 11,861,776</u>	<u>\$ 27,483,180</u>	<u>\$ 27,475,313</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities. The preceding analysis shows total revenues from governmental activities of \$12,769,159 for 2020 and \$12,465,199 for 2019 while expenses were \$12,059,235 for 2020 and \$12,498,146 for 2019. The largest revenue source for governmental activities comes from property taxes at \$4,536,291, or 35.3%, for 2020 and from property taxes at \$4,218,470, or 33.9%, of revenues for 2019. The City spent the greatest amount of its available funding on public safety at \$5,153,784 (42.7%) for 2020 and at 4,790,421 (38.3%) for 2019.

Business-Type Activities. Business-type activities total revenues amounted to \$6,528,408 for 2020 and \$6,770,875 for 2019 while expenses were \$7,230,465 for 2020 and \$7,362,437 for 2019. The business-type activities largest revenue source is the Water and Sewer Fund in 2020 of \$4,110,847 (63.0%) and the Water and Sewer Fund in 2019 of \$4,134,975 (61.2%). The Water and Sewer Fund had the largest amount of expenses at \$4,194,644 (58.0%) for 2020 and \$3,981,053 (54.1%) for 2019.

Analysis of Balances

Governmental Activities Funds. The City has three (3) major governmental funds which are the General Fund, the Economic Development Main Street Fund, and the Hotel Tax Fund. At the end of FY2020, these three (3) funds had fund balances of \$1,148,809, \$189,002, and \$1,137,729, respectively. This is an aggregate decrease for the three funds of \$237,759 to the beginning fund balances.

The fund balances for the other governmental funds decreased by \$213,985. The final fund balance for these funds decreased from \$1,488,946 at the beginning of the year to \$1,274,961 at the end of the year.

Business-Type Activities Funds. The enterprise funds, which include the City's Water and Sewer Fund, Natural Gas Fund, and the Sanitation Fund showed combined cash and cash equivalents and investments of \$1,080,081 as of June 30, 2020, as compared to \$2,528,627 at the end of the previous year ended June 30, 2019. This is a decrease of \$1,448,546 from the previous year.

The Water and Sewer Fund had ending cash and cash equivalents and investments of \$444,296 as of June 30, 2020. This is a decrease of \$1,472,249 from the previous year.

The Gas Fund had ending cash and cash equivalents and investments of \$628,822 as of June 30, 2020. This is an increase of \$23,703 from the previous year.

The Sanitation Fund had ending cash and cash equivalents and investments of \$6,963 as of June 30, 2020. This is no change from the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year ended June 30, 2020, governmental activities and business-type activities had capital assets of \$27,718,941 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment, and infrastructure.

**City of Cordele's Capital Assets
Fiscal Year Ended June 30 (Comparative)**

	Governmental Activities		Business-type Activities		Total	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Land	\$ 4,889,257	\$ 4,889,257	\$ 326,299	\$ 326,299	\$ 5,215,556	\$ 5,215,556
Construction in progress	815,023	1,055,418	-	21,000	815,023	1,076,418
Buildings	4,570,112	4,570,112	2,177,816	2,169,316	6,747,928	6,739,428
Improvements other than buildings	2,986,534	2,986,534	35,420,189	34,122,195	38,406,723	37,108,729
Infrastructure	11,725,032	10,866,527	-	-	11,725,032	10,866,527
Machinery and equipment	10,034,075	9,945,980	4,971,973	4,520,685	15,006,048	14,466,665
Total capital assets	<u>35,020,033</u>	<u>34,313,828</u>	<u>42,896,277</u>	<u>41,159,495</u>	<u>77,916,310</u>	<u>75,473,323</u>
Accumulated depreciation	<u>18,881,151</u>	<u>18,103,669</u>	<u>31,316,218</u>	<u>30,357,875</u>	<u>50,197,369</u>	<u>48,461,544</u>
Capital assets, net	<u>\$ 16,138,882</u>	<u>\$ 16,210,159</u>	<u>\$ 11,580,059</u>	<u>\$ 10,801,620</u>	<u>\$ 27,718,941</u>	<u>\$ 27,011,779</u>

Additional information on the City's capital assets can be found in Note 6 of this report.

Debt Administration. The City's total long-term debt consists of revenue bonds, long-term notes payable, capital leases, compensated absences and net pension liability.

At June 30, 2020, the City had \$6,199,098 of outstanding long-term debt related to the governmental activities and \$654,063 of long-term debt related to business-type activities for a total \$6,853,161 compared to the previous year's total of \$6,700,516. This is an increase of \$152,645 primarily attributable to the increase in the City's net pension liability of \$817,274.

The City, through its blended component unit, the Cordele Office Building Authority ("COBA"), issued bonds in 2012 to refund older bonds and a note payable in the Water and Sewer Fund. The present value of the interest savings was built into the bond issue and this issue totaled \$5,305,000. The governmental activities reflect this debt as payable in the governmental activities as the full faith and credit of the City is pledged to make these payments on behalf of the COBA fund.

Additional information on the City's debt can be found in Note 7 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Conditions Affecting Future Operations

The City Commission is committed to providing the best services to its citizens while also trying to keep costs at a minimum. The City will continue to closely watch economic indicators and trends in the community and forecast accordingly.

Factors Affecting the FY2021 Budget

The Cordele City Commission considered many factors when approving the City's 2021 budget and are very aware of current economic conditions and their effect on its citizens. There are proposed increases to the rates of the business-type activities to cover state and federal mandates which continue to increase costs within these funds, without a viable revenue stream from which to fund these activities. The City will closely monitor these activities to keep the rate increases as minimal as possible.

Annually, the City Manager submits to the Commission a proposed operating budget for the coming fiscal year which is required to be approved prior to June 30. Public hearings are held prior to adoption to allow citizens the opportunity to comment on the proposed budget. The FY2021 Budget was approved by the Commission on June 16, 2020.

Budgets are adopted for the General Fund, all special revenue funds, all capital projects funds, and the City's enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Cordele's finances for citizens, taxpayers, customers, investors and creditors and all others with an interest in the City. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department at the City of Cordele, P.O. Box 569, Cordele, Georgia 31010-0569.

CITY OF CORDELE, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 2,798,160	\$ 134,421	\$ 2,932,581	\$ 28,566
Investments	448,929	741,380	1,190,309	-
Taxes receivable	525,392	-	525,392	-
Accounts receivable, net of allowances	55,382	737,968	793,350	-
Due from other governments	761,546	-	761,546	-
Internal balances	868,944	(868,944)	-	-
Inventories	15,963	106,762	122,725	-
Prepaid expenses	197,151	38,278	235,429	-
Restricted assets:				
Cash and cash equivalents	-	204,280	204,280	-
Mortgages receivable	509,962	-	509,962	-
Capital assets:				
Nondepreciable	5,704,280	326,299	6,030,579	-
Depreciable, net of accumulated depreciation	10,434,602	11,253,760	21,688,362	-
Total assets	22,320,311	12,674,204	34,994,515	28,566
DEFERRED OUTFLOWS OF RESOURCES				
Pension	819,034	221,205	1,040,239	-
LIABILITIES				
Accounts payable	323,766	319,059	642,825	-
Accrued liabilities	234,811	66,219	301,030	-
Unearned revenues	412,127	-	412,127	-
Liabilities payable from restricted assets:				
Deposits payable	-	204,280	204,280	-
Compensated absences due within one year	217,052	36,564	253,616	-
Capital leases due within one year	153,741	-	153,741	-
Capital leases due in more than one year	443,241	-	443,241	-
Note payable due within one year	25,000	-	25,000	-
Note payable due in more than one year	246,600	-	246,600	-
Bonds payable due within one year	515,000	-	515,000	-
Bonds payable due in more than one year	2,210,000	-	2,210,000	-
Net pension liability	2,388,464	617,499	3,005,963	-
Total liabilities	7,169,802	1,243,621	8,413,423	-
DEFERRED INFLOWS OF RESOURCES				
Pension	107,942	30,209	138,151	-
NET POSITION				
Net investment in capital assets	12,545,300	11,580,059	24,125,359	-
Restricted				
Clubhouse expenses	172,058	-	172,058	-
Federal programs	272,962	-	272,962	-
Promotion of tourism	1,161,475	-	1,161,475	-
Law enforcement purposes	19,951	-	19,951	-
Capital projects	860,419	-	860,419	-
Endowment - Community clubhouse	50,236	-	50,236	-
Unrestricted	779,200	41,520	820,720	28,566
Total net position	\$ 15,861,601	\$ 11,621,579	\$ 27,483,180	\$ 28,566

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position							Component Unit Downtown Development Authority
	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Primary government								
Governmental activities:								
General government	\$ 2,336,573	\$ 265,292	\$ -	\$ -	\$ (2,071,281)	\$ -	\$ (2,071,281)	\$ -
Public works	2,884,607	-	-	2,275,285	(609,322)	-	(609,322)	-
Public safety	5,153,784	250,021	20,503	308	(4,882,952)	-	(4,882,952)	-
Community development	1,074,138	19,389	118,748	-	(936,001)	-	(936,001)	-
Culture and recreation	483,655	9,800	-	-	(473,855)	-	(473,855)	-
Interest on long-term debt	126,478	-	-	-	(126,478)	-	(126,478)	-
Total governmental activities	<u>12,059,235</u>	<u>544,502</u>	<u>139,251</u>	<u>2,275,593</u>	<u>(9,099,889)</u>	<u>-</u>	<u>(9,099,889)</u>	<u>-</u>
Business-type activities:								
Water and sewer	4,194,644	4,110,847	-	-	-	(83,797)	(83,797)	-
Natural gas	2,176,594	1,627,997	-	-	-	(548,597)	(548,597)	-
Sanitation	859,227	781,136	-	-	-	(78,091)	(78,091)	-
Total business-type activities	<u>7,230,465</u>	<u>6,519,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(710,485)</u>	<u>(710,485)</u>	<u>-</u>
Total primary government	<u>\$ 19,289,700</u>	<u>\$ 7,064,482</u>	<u>\$ 139,251</u>	<u>\$ 2,275,593</u>	<u>(9,099,889)</u>	<u>(710,485)</u>	<u>(9,810,374)</u>	<u>-</u>
Component unit:								
Downtown Development Authority	\$ 12,678	\$ -	\$ -	\$ -	-	-	-	(12,678)
Total component unit	<u>\$ 12,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,678)</u>
General revenues:								
Property taxes					4,536,291	-	4,536,291	-
Sales taxes					1,986,843	-	1,986,843	-
Alcoholic beverage taxes					303,015	-	303,015	-
Franchise taxes					1,302,496	-	1,302,496	-
Hotel taxes					635,285	-	635,285	-
Other taxes					868,626	-	868,626	-
Unrestricted investment earnings					177,257	8,428	185,685	8,240
Transfers					(461,860)	461,860	-	-
Total general revenues and transfers					<u>9,347,953</u>	<u>470,288</u>	<u>9,818,241</u>	<u>8,240</u>
Change in net position					248,064	(240,197)	7,867	(4,438)
Net position, beginning of year					15,613,537	11,861,776	27,475,313	33,004
Net position, end of year					<u>\$ 15,861,601</u>	<u>\$ 11,621,579</u>	<u>\$ 27,483,180</u>	<u>\$ 28,566</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

	General	Economic Development Fund Main Street District	Hotel Tax Fund	Nonmajor Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 412,160	\$ 189,002	\$ 1,126,850	\$ 1,014,747	\$ 2,742,759
Investments	300,101	-	-	148,828	448,929
Taxes receivable	476,350	-	49,042	-	525,392
Accounts receivable	55,382	-	-	-	55,382
Due from other governments	440,006	-	-	321,540	761,546
Due from other funds	260	-	-	-	260
Inventories	15,963	-	-	-	15,963
Prepaid expenditures	197,151	-	-	-	197,151
Mortgages and notes receivable	94,500	348,033	-	67,429	509,962
Total assets	<u>\$ 1,991,873</u>	<u>\$ 537,035</u>	<u>\$ 1,175,892</u>	<u>\$ 1,552,544</u>	<u>\$ 5,257,344</u>
LIABILITIES					
Accounts payable	\$ 156,045	\$ -	\$ 38,163	\$ 111,559	\$ 305,767
Accrued liabilities	219,898	-	-	-	219,898
Unearned revenues	-	348,033	-	64,094	412,127
Due to other funds	-	-	-	260	260
Total liabilities	<u>375,943</u>	<u>348,033</u>	<u>38,163</u>	<u>175,913</u>	<u>938,052</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	270,670	-	-	-	270,670
Unavailable revenue - sales tax	196,451	-	-	101,670	298,121
Total deferred inflows of resources	<u>467,121</u>	<u>-</u>	<u>-</u>	<u>101,670</u>	<u>568,791</u>
FUND BALANCES					
Fund balances:					
Nonspendable:					
Inventories	15,963	-	-	-	15,963
Prepaid expenditures	197,151	-	-	-	197,151
Mortgages and notes receivable	94,500	-	-	67,429	161,929
Endowment - Community clubhouse	-	-	-	50,236	50,236
Restricted for:					
Clubhouse expenses	-	-	-	172,058	172,058
Federal programs	-	189,002	-	83,960	272,962
Promotion of tourism	-	-	1,137,729	23,746	1,161,475
Law enforcement purposes	-	-	-	19,951	19,951
Capital projects	-	-	-	860,419	860,419
Unassigned	841,195	-	-	(2,838)	838,357
Total fund balances	<u>1,148,809</u>	<u>189,002</u>	<u>1,137,729</u>	<u>1,274,961</u>	<u>3,750,501</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,991,873</u>	<u>\$ 537,035</u>	<u>\$ 1,175,892</u>	<u>\$ 1,552,544</u>	

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.	16,138,882
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	568,791
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
These deferred outflows of resources consist of contributions made subsequent to the measurement date, differences between projected and actual earnings on plan investments, and experience differences.	819,034
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,214,011)
Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related assumption changes and experience differences.	(107,942)
Internal service funds are used by management to charge the costs of various benefits and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	906,346
Net position of governmental activities	<u>\$ 15,861,601</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	Economic Development Fund Main Street District	Hotel Tax Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Revenues					
Taxes	\$ 6,459,807	\$ -	\$ 635,285	\$ -	\$ 7,095,092
Intergovernmental	469,925	-	-	1,825,556	2,295,481
Charges for services	71,671	-	-	-	71,671
Fines and forfeitures	227,145	-	-	-	227,145
Interest and penalties	161,848	186	-	15,636	177,670
Franchise and leases	1,302,496	-	-	-	1,302,496
Payments in lieu of taxes	899,059	-	-	-	899,059
Codes	19,389	-	-	-	19,389
Other revenues	214,731	11,566	-	118,748	345,045
Total revenues	<u>9,826,071</u>	<u>11,752</u>	<u>635,285</u>	<u>1,959,940</u>	<u>12,433,048</u>
Expenditures					
Current:					
General government	1,843,869	-	-	-	1,843,869
Public works	3,079,805	-	-	-	3,079,805
Public safety	4,703,300	-	-	9,297	4,712,597
Culture and recreation	377,459	-	-	106,196	483,655
Community development	420,860	-	460,153	119,494	1,000,507
Debt service:					
Principal retirement	127,613	-	-	558,840	686,453
Interest and fiscal charges	35,544	-	-	93,789	129,333
Capital outlay	-	-	-	1,882,050	1,882,050
Total expenditures	<u>10,588,450</u>	<u>-</u>	<u>460,153</u>	<u>2,769,666</u>	<u>13,818,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(762,379)</u>	<u>11,752</u>	<u>175,132</u>	<u>(809,726)</u>	<u>(1,385,221)</u>
Other financing sources (uses)					
Transfers in	2,081,731	-	-	604,082	2,685,813
Transfers out	(1,575,145)	-	(168,850)	(8,341)	(1,752,336)
Total other financing sources (uses), net	<u>506,586</u>	<u>-</u>	<u>(168,850)</u>	<u>595,741</u>	<u>933,477</u>
Net change in fund balances	(255,793)	11,752	6,282	(213,985)	(451,744)
Fund balances, beginning of year	<u>1,404,602</u>	<u>177,250</u>	<u>1,131,447</u>	<u>1,488,946</u>	<u>4,202,245</u>
Fund balances, end of year	<u>\$ 1,148,809</u>	<u>\$ 189,002</u>	<u>\$ 1,137,729</u>	<u>\$ 1,274,961</u>	<u>\$ 3,750,501</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (451,744)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays differed from depreciation in the current period. 1,142,102

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position. (1,213,379)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Prior year long-term assets not available for current period expenditures	\$ (232,882)	
Current year long-term assets not available for current period expenditures	568,791	335,909

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. 686,453

Some expenses 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. (212,353)

Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenues (expenses) of certain activities of internal service funds are reported with governmental activities.

Current year change in net position of the Health Benefit Internal Service Fund	\$ (103,831)	
Adjustment to reflect the consolidation of internal service fund activities enterprise funds	64,907	(38,924)
		\$ 248,064

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 6,251,000	\$ 6,251,000	\$ 6,459,807	\$ 208,807
Intergovernmental	192,000	192,000	469,925	277,925
Charges for services	60,000	60,000	71,671	11,671
Fines and forfeitures	303,000	303,000	227,145	(75,855)
Interest and penalties	220,000	220,000	161,848	(58,152)
Franchise and leases	1,310,000	1,310,000	1,302,496	(7,504)
Payments in lieu of taxes	951,000	951,000	899,059	(51,941)
Codes	25,000	25,000	19,389	(5,611)
Other revenues	161,000	161,000	214,731	53,731
Total revenues	<u>9,473,000</u>	<u>9,473,000</u>	<u>9,826,071</u>	<u>353,071</u>
Expenditures				
Current:				
General government:				
Legislative	448,110	383,110	370,728	12,382
Executive	620,105	580,105	579,217	888
Judicial	115,334	140,334	113,895	26,439
Finance	750,483	775,483	780,029	(4,546)
Total general government	<u>1,934,032</u>	<u>1,879,032</u>	<u>1,843,869</u>	<u>35,163</u>
Public works:				
Highways and streets	2,912,582	3,162,582	3,079,805	82,777
Total public works	<u>2,912,582</u>	<u>3,162,582</u>	<u>3,079,805</u>	<u>82,777</u>
Public safety:				
Police	3,076,026	2,926,026	2,925,107	919
Fire	1,546,001	1,521,001	1,516,213	4,788
E-911	261,980	261,980	261,980	-
Total public safety	<u>4,884,007</u>	<u>4,709,007</u>	<u>4,703,300</u>	<u>5,707</u>
Community development	<u>448,716</u>	<u>428,716</u>	<u>420,860</u>	<u>7,856</u>
Culture and recreation	<u>387,000</u>	<u>392,000</u>	<u>377,459</u>	<u>14,541</u>
Debt service:				
Principal retirement	145,000	140,000	127,613	12,387
Interest and fiscal charges	36,000	36,000	35,544	456
Total debt service	<u>181,000</u>	<u>176,000</u>	<u>163,157</u>	<u>12,843</u>
Total expenditures	<u>10,747,337</u>	<u>10,747,337</u>	<u>10,588,450</u>	<u>158,887</u>
Deficiency of revenues under expenditures	<u>(1,274,337)</u>	<u>(1,274,337)</u>	<u>(762,379)</u>	<u>194,184</u>

(Continued)

CITY OF CORDELE, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses)				
Transfers in	\$ 579,837	\$ 579,837	\$ 2,081,731	\$ 1,501,894
Transfers out	-	-	(1,575,145)	(1,575,145)
Other financing sources	694,500	694,500	-	(694,500)
Total other financing sources, net	<u>1,274,337</u>	<u>1,274,337</u>	<u>506,586</u>	<u>(767,751)</u>
Net change in fund balances	-	-	(255,793)	(573,567)
Fund balance, beginning of year	<u>1,404,602</u>	<u>1,404,602</u>	<u>1,404,602</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,404,602</u>	<u>\$ 1,404,602</u>	<u>\$ 1,148,809</u>	<u>\$ (573,567)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA
ECONOMIC DEVELOPMENT FUND
MAIN STREET DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance
Revenues			
Interest earned	\$ 200	\$ 186	\$ (14)
Program income	12,617	11,566	(1,051)
Total revenues	<u>12,817</u>	<u>11,752</u>	<u>(1,065)</u>
Expenditures			
Culture and recreation	12,817	-	12,817
Total expenditures	<u>12,817</u>	<u>-</u>	<u>12,817</u>
Excess of revenues over expenditures	<u>-</u>	<u>11,752</u>	<u>11,752</u>
Net change in fund balance	-	11,752	11,752
Fund balance, beginning of year	<u>177,250</u>	<u>177,250</u>	<u>-</u>
Fund balance, end of year	<u>\$ 177,250</u>	<u>\$ 189,002</u>	<u>\$ 11,752</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

**HOTEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance
Revenues			
Tax revenue	\$ 750,000	\$ 635,285	\$ (114,715)
Total revenues	<u>750,000</u>	<u>635,285</u>	<u>(114,715)</u>
Expenditures			
Community development	<u>641,667</u>	<u>460,153</u>	<u>181,514</u>
Total expenditures	<u>641,667</u>	<u>460,153</u>	<u>181,514</u>
Excess of revenues over expenditures	<u>108,333</u>	<u>175,132</u>	<u>66,799</u>
Other financing uses			
Transfers out	<u>(108,333)</u>	<u>(168,850)</u>	<u>60,517</u>
Net change in fund balance	-	6,282	6,282
Fund balance, beginning of year	<u>1,131,447</u>	<u>1,131,447</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,131,447</u></u>	<u><u>\$ 1,137,729</u></u>	<u><u>\$ 6,282</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
CURRENT ASSETS					
Cash	\$ 7,777	\$ 119,681	\$ 6,963	\$ 134,421	\$ 55,401
Investments	270,637	470,743	-	741,380	-
Accounts receivable (net of allowance for uncollectibles)	503,936	138,953	95,079	737,968	-
Inventory	-	106,762	-	106,762	-
Prepaid expenses	31,165	7,113	-	38,278	-
Restricted assets:					
Cash - customer deposits	165,882	38,398	-	204,280	-
Total current assets	979,397	881,650	102,042	1,963,089	55,401
NON-CURRENT ASSETS					
Capital assets, at cost					
Land	317,299	9,000	-	326,299	-
Buildings	1,924,349	253,467	-	2,177,816	-
Improvements other than buildings	31,815,062	3,605,127	-	35,420,189	-
Machinery and equipment	4,164,075	807,898	-	4,971,973	-
	38,220,785	4,675,492	-	42,896,277	-
Less accumulated depreciation	27,906,884	3,409,334	-	31,316,218	-
Total capital assets	10,313,901	1,266,158	-	11,580,059	-
Total non-current assets	10,313,901	1,266,158	-	11,580,059	-
Total assets	11,293,298	2,147,808	102,042	13,543,148	55,401
DEFERRED OUTFLOWS OF RESOURCES					
Pension	174,580	46,625	-	221,205	-
CURRENT LIABILITIES					
Payable from current assets:					
Vouchers payable	79,312	170,509	69,238	319,059	17,999
Accrued other expenses	-	8,236	-	8,236	-
Accrued payroll and vacation	69,530	25,017	-	94,547	-
Total	148,842	203,762	69,238	421,842	17,999
Payable from restricted assets:					
Customer deposits	165,882	38,398	-	204,280	-
Total	165,882	38,398	-	204,280	-
Total current liabilities	314,724	242,160	69,238	626,122	17,999
NON-CURRENT LIABILITIES					
Net pension liability	494,232	123,267	-	617,499	-
Total liabilities	808,956	365,427	69,238	1,243,621	17,999
DEFERRED INFLOWS OF RESOURCES					
Pension	20,487	9,722	-	30,209	-
NET POSITION					
Investment in capital assets	10,313,901	1,266,158	-	11,580,059	-
Unrestricted	324,534	553,126	32,804	910,464	37,402
Total net position	\$ 10,638,435	\$ 1,819,284	\$ 32,804	12,490,523	\$ 37,402
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(868,944)	
Net position of business-type activities				\$ 11,621,579	

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
Operating revenues					
Charges for services	\$ 4,092,704	\$ 1,627,997	\$ 781,136	\$ 6,501,837	\$ -
Employee and employer contributions	-	-	-	-	1,675,796
Miscellaneous income	18,143	-	-	18,143	-
Total operating revenues	<u>4,110,847</u>	<u>1,627,997</u>	<u>781,136</u>	<u>6,519,980</u>	<u>1,675,796</u>
Operating expenses					
Natural gas purchases	-	1,047,062	-	1,047,062	-
Production	1,559,810	-	-	1,559,810	-
Distribution	1,680,291	1,039,825	-	2,720,116	-
Collection	-	-	859,227	859,227	-
Health benefit costs	-	-	-	-	1,778,181
Miscellaneous expenses	-	-	-	-	236,555
Total operating expenses	<u>3,240,101</u>	<u>2,086,887</u>	<u>859,227</u>	<u>6,186,215</u>	<u>2,014,736</u>
Operating income (loss) before depreciation	870,746	(458,890)	(78,091)	333,765	(338,940)
Depreciation expense	<u>900,313</u>	<u>58,030</u>	<u>-</u>	<u>958,343</u>	<u>-</u>
Operating loss	<u>(29,567)</u>	<u>(516,920)</u>	<u>(78,091)</u>	<u>(624,578)</u>	<u>(338,940)</u>
Non-operating revenues (expenses)					
Interest revenue	3,544	4,884	-	8,428	202
Loss from disposal of fixed asset	-	(21,000)	-	(21,000)	-
Total non-operating revenues (expenses)	<u>3,544</u>	<u>(16,116)</u>	<u>-</u>	<u>(12,572)</u>	<u>202</u>
Loss before transfers and contributions	(26,023)	(533,036)	(78,091)	(637,150)	(338,738)
Capital contributions	1,621,744	8,500	-	1,630,244	-
Transfers in	201,265	1,040,040	81,802	1,323,107	234,907
Transfers out	<u>(2,490,951)</u>	<u>(540)</u>	<u>-</u>	<u>(2,491,491)</u>	<u>-</u>
Change in net position	(693,965)	514,964	3,711	(175,290)	(103,831)
Net position beginning of year	<u>11,332,400</u>	<u>1,304,320</u>	<u>29,093</u>		<u>141,233</u>
Net position, end of year	<u>\$ 10,638,435</u>	<u>\$ 1,819,284</u>	<u>\$ 32,804</u>		<u>\$ 37,402</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(64,907)	
Change in net position of business-type activities				<u>\$ (240,197)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers, including deposits	\$ 4,147,526	\$ 1,655,733	\$ 779,213	\$ 6,582,472	\$ -
Cash received from employer and employee contributions	-	-	-	-	1,675,796
Cash payments to:					
Suppliers and vendors	(1,422,694)	(2,011,424)	(861,015)	(4,295,133)	-
Medical providers and/or employees	-	-	-	-	(2,309,224)
Employees	(1,400,401)	(391,990)	-	(1,792,391)	-
City in lieu of taxes	(383,000)	(273,000)	-	(656,000)	-
Net cash provided by (used in) operating activities	<u>941,431</u>	<u>(1,020,681)</u>	<u>(81,802)</u>	<u>(161,052)</u>	<u>(633,428)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	201,265	1,040,040	81,802	1,323,107	234,907
Transfers to other funds	(2,490,951)	(540)	-	(2,491,491)	-
Net cash provided by (used in) non-capital financing activities	<u>(2,289,686)</u>	<u>1,039,500</u>	<u>81,802</u>	<u>(1,168,384)</u>	<u>234,907</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(127,538)	-	-	(127,538)	-
Net cash used in capital and related financing activities	<u>(127,538)</u>	<u>-</u>	<u>-</u>	<u>(127,538)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from investment sales	1,114,277	465,860	-	1,580,137	-
Purchase of investments	(270,637)	(470,743)	-	(741,380)	-
Interest received	3,544	4,884	-	8,428	202
Net cash provided by investing activities	<u>847,184</u>	<u>1</u>	<u>-</u>	<u>847,185</u>	<u>202</u>
Net increase (decrease) in cash	(628,609)	18,820	-	(609,789)	(398,319)
Cash and cash equivalents, July 1	802,268	139,259	6,963	948,490	453,720
Cash and cash equivalents, June 30	<u>\$ 173,659</u>	<u>\$ 158,079</u>	<u>\$ 6,963</u>	<u>\$ 338,701</u>	<u>\$ 55,401</u>
Classified as:					
Cash	\$ 7,777	\$ 119,681	\$ 6,963	\$ 134,421	\$ 55,401
Restricted assets:					
Cash - customer deposits	165,882	38,398	-	204,280	-
	<u>\$ 173,659</u>	<u>\$ 158,079</u>	<u>\$ 6,963</u>	<u>\$ 338,701</u>	<u>\$ 55,401</u>

(Continued)

CITY OF CORDELE, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities - Health Benefit Internal Service Fund
	Water and Sewer	Natural Gas	Sanitation	Totals	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	\$ (29,567)	\$ (516,920)	\$ (78,091)	\$ (624,578)	\$ (338,940)
Depreciation	900,313	58,030	-	958,343	-
Changes in assets and liabilities:					
(Increase) decrease in					
accounts receivable	36,679	28,458	(1,923)	63,214	-
Increase in inventory	-	(34,429)	-	(34,429)	-
Increase in prepaid expenses	(2,328)	(548)	-	(2,876)	-
Decrease in deferred outflows of resources	7,567	2,226	-	9,793	-
Increase (decrease) in vouchers payable	(23,314)	(5,168)	(1,788)	(30,270)	178
Decrease in unpaid claims and accrued estimated liability	-	-	-	-	(294,666)
Increase (decrease) in customer deposits	7,265	(722)	-	6,543	-
Increase in accrued expenses	9,620	1,480	-	11,100	-
Decrease in due to other funds	-	(563,443)	-	(563,443)	-
Increase in net pension liability	138,937	40,867	-	179,804	-
Decrease in deferred inflows of resources	(103,741)	(30,512)	-	(134,253)	-
Net cash provided by (used in) operating activities	<u>\$ 941,431</u>	<u>\$ (1,020,681)</u>	<u>\$ (81,802)</u>	<u>\$ (161,052)</u>	<u>\$ (633,428)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets transferred from other funds	\$ 1,170,456	\$ -	\$ -	\$ 1,170,456	\$ -
Capital contributions	451,288	8,500	-	459,788	-
Net noncash investing, capital and financing activities	<u>\$ 1,621,744</u>	<u>\$ 8,500</u>	<u>\$ -</u>	<u>\$ 1,630,244</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORDELE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cordele, Georgia (the “City”) have been prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”), is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Reporting Entity

The City was incorporated December 22, 1888, and reincorporated April 18, 1969, under the provisions of Act No. 623 (House Bill 748). The City operates under a commission-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, community development, culture-recreation, public improvements, codes and engineering, water and sewer, and natural gas.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The **Downtown Development Authority (the “Authority”)** has been included as a discretely presented component unit in the accompanying financial statements. The Authority plans and develops the downtown area of the City in order to attract new business and residences. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Authority is appointed by the City Commissioners. The Authority maintains a general fund with limited activity. Separate financial statements for the Authority are not available.

The **Cordele Office Building Authority (“COBA”)** has been included as a blended component unit in the accompanying financial statements. COBA oversees the acquisition, construction and improvements to buildings for the benefit of the City in order to attract new businesses and residences. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of COBA is appointed by the City Commissioners. COBA maintains a general fund with limited activity. Separate financial statements for COBA are not available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally 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. Likewise, the primary government is reported separately from the discretely presented component unit. The statement of net position will include non-current assets which were previously reported in the General Capital Assets Account Group and non-current liabilities previously reported in the General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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. 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 considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 resource 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*.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activity.

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 **Economic Development Fund – Main Street District** is a special revenue fund which accounts for the repayment of a loan made with proceeds from 1993 and 1989 federal grants. Under the terms of the grants, all repayments are required to be accounted for in a separate account.

The **Hotel Tax Fund** is used to account for the City's revenues and expenditures related to the hotel lodging tax levied during the year. The City collects lodging fees for the promotion of tourism, conventions, or trade shows.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the provision of water and sewer services to the residents of the City and some residents of Crisp County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The **Natural Gas Fund** accounts for the provision of natural gas to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The **Sanitation Fund** accounts for the provision of garbage collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection. This fund is being presented as a major fund in order to be consistent with its prior year presentations. It did not otherwise meet the criteria to qualify as a major fund within the current fiscal year.

The City also reports the following fund type:

The **Health Benefit Internal Service Fund** accounts for employer-employee contributions to health benefits and related cost distributions from the City's self-funded Employee Health Benefit Fund.

Amounts reported as program revenues include: 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund and the Proprietary Funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, Special Revenue Funds, Capital Project Funds, and Proprietary Funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principle basis. The City Commission must approve any amendments to the budget which are interdepartmental. The budget officer (Finance Director) can approve amendments within a department, except an increase in the salary budget, which also requires City Commission approval.

All unencumbered budget appropriations lapse at the end of each year.

E. 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. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the primary government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1 was created under the Official Code of Georgia Annotated ("O.C.G.A.") § 36-83-8 and is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values. Increases or decreases in the fair value during the year are recognized as a component of interest income.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

G. Inventories and Prepaid Items

Inventories consist of expendable supplies and items acquired for infrastructure repair and maintenance or for possible future expansion. Inventories in governmental funds are stated at average cost. Proprietary funds' inventories are stated at lower of average cost or market. The consumption method is used to account for inventories. Under the consumption method, budgetary authority is slated and expenditures are recorded in terms of authority to use or consume inventory items. Reported inventories are equally offset by a fund balance reserve in the fund financial statements.

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items in both the government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Assets

Other assets held are recorded and accounted for at cost.

I. Restricted Assets

Proprietary funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. Customer deposits that must be refunded upon the termination of service are also restricted.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

During the fiscal year ended June 30, 2007, the City retroactively reported major general infrastructure assets. In this case, the City chose to include all items with an acquisition date of January 1, 1980 or later, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended and interpreted.

The City was able to determine the historical cost for the initial reporting of these assets via vendor invoices stored in the City's vault. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	2 – 60
Improvements other than buildings	5 – 60
Infrastructure	20 – 40
Buildings	5 – 60

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

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

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable discount or premium. Any proprietary fund type loans payable are reported as liabilities at their outstanding value.

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 issued 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. These items relate to the City's Retirement Plan and are reported in the government-wide and proprietary fund statements of net position. Contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and sales taxes, utilities, and miscellaneous items and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other items relate to the City's Retirement Plan and are reported in the government-wide and proprietary statements of net position. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The net difference between projected and actual earnings on pension plan investments is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Cordele Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Fund Equity

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 Commission through the adoption of a resolution. Only the City Commission 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. The City has not adopted a policy giving specific parties the power to assign fund balance. The only assigned fund balances are those mandated by GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Fund Balance – (Continued)

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Capital leases payable	\$ (596,982)
Notes payable	(271,600)
Bonds payable	(2,725,000)
Accrued interest	(14,913)
Compensated absences	(217,052)
Net pension liability	<u>(2,388,464)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (6,214,011)</u></u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 2,005,167
Depreciation expense	<u>(863,065)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 1,142,102</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to government 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.” The details of this difference are as follows:

Principal repayments	\$ 686,453
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>686,453</u>
	<u>\$ 686,453</u>

Another element of that reconciliation explains that “Some expenses 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.” The details of this difference are as follows:

Compensated absences	\$ (19,007)
Pension expense	(196,201)
Accrued interest	<u>2,855</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (212,353)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to June 1, the City Manager submits to the Chairman and Commission a proposed operating and capital improvements budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the June City Commission meeting in Cordele City Hall to obtain citizen comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. The City department heads are authorized to transfer budgeted amounts between line items within a department with the approval of the budget officer (Finance Director); however, any revisions that increase salaries must be approved by the City Commission. All appropriations at year-end lapse. Legally-adopted budgets are prepared, as described above, on a departmental basis for General and Special Revenue Funds. Individual amendments were not material in relation to the appropriation resolution as originally approved.

To ensure sound financial administration, the City Commission also adopts annual operating budgets for the City's Proprietary Funds. Formal budgetary integration is employed as a management control device during the year for the General, Enterprise, and Special Revenue Funds.

5. Budgets for the General, Enterprise, and Special Revenue Funds are adopted on a basis consistent with GAAP in the United States of America, and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

6. For the year ended June 30, 2020, expenditures exceeded budgeted appropriations, as follows:

<u>Fund or Department</u>	<u>Excess</u>
General Fund:	
General Government:	
Finance	\$ 4,546
Downtown Revitalization Fund:	
Community Development	11,494
A.B. Branan Community Clubhouse Fund:	
Program Services	96,196

These over-expenditures were funded by under-expenditures in other departments.

Deficit Fund Equity

For the year ended June 30, 2020, the Community HOME Investment Program ("CHIP") Grant Fund reported a deficit fund balance of \$2,838. This deficit will be eliminated through future revenues and/or transfers from other funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2020, are summarized as follows:

As reported in the Statement of Net Position:

Primary government:

Cash and cash equivalents	\$ 2,932,581
Restricted cash and cash equivalents	204,280
Investments	1,190,309
	\$ 4,327,170

Cash deposited with financial institutions	\$ 4,178,342
Investments in Corporate Stock	148,828
	\$ 4,327,170

Component unit:

Cash and cash equivalents	\$ 28,566
Cash deposited with financial institutions	\$ 28,566

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At June 30, 2020, the City had the following investments:

Investments	Maturities	Fair Value
Certificates of Deposit	145-day weighted average	\$ 1,041,481
Corporate Stock - Exxon	Not applicable	148,828
Total		\$ 1,190,309

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 increasing interest rates.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2020, the City did not have any balances exposed to custodial credit risk as uninsured and uncollateralized.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2020:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equity securities	\$ 148,828	\$ -	\$ -	\$ 148,828
Total investments measured at fair value	<u>\$ 148,828</u>	<u>\$ -</u>	<u>\$ -</u>	148,828
Investments not subject to level disclosure				
Certificates of deposit				<u>1,041,481</u>
Total investments				<u>\$ 1,190,309</u>

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes are levied by the City based on the assessed value of property as listed on the digest furnished by the county. Assessed values are 40% of market value and are based on current property value. Property taxes attach as an enforceable lien on property as of February 21. Taxes are levied on October 20 and payable on or before December 20. Property taxes not collected by December 20 are considered and reported as delinquent taxes receivable. Property taxes levied for the year ended June 30, 2020, are recorded as receivables, net of estimated uncollectibles. In the governmental funds, the net receivables collected during the year ended June 30, 2020, and expected to be collected by August 31, 2020, are recognized as revenues for the year ended June 30, 2020, whereas, net receivables estimated to be collectible subsequent to August 31, 2020, are recorded as revenue when received. Receivables at June 30, 2020, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Economic Development Main Street	Hotel Tax	Water and Sewer	Natural Gas	Sanitation	Nonmajor Governmental Funds
Receivables:							
Taxes	\$ 1,107,891	\$ -	\$ 49,042	\$ -	\$ -	\$ -	\$ -
Accounts	58,441	-	-	512,884	143,222	97,913	-
Mortgages and notes	94,500	348,033	-	-	-	-	125,648
Due from other governments	440,006	-	-	-	-	-	321,540
Gross receivables	1,700,838	348,033	49,042	512,884	143,222	97,913	447,188
Less allowance for uncollectible	(634,600)	-	-	(8,948)	(4,269)	(2,834)	(58,219)
Net total receivables	<u>\$ 1,066,238</u>	<u>\$ 348,033</u>	<u>\$ 49,042</u>	<u>\$ 503,936</u>	<u>\$ 138,953</u>	<u>\$ 95,079</u>	<u>\$ 388,969</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 4,889,257	\$ -	\$ -	\$ -	\$ 4,889,257
Construction in progress	1,055,418	1,831,489	(42,923)	(2,028,961)	815,023
Total	<u>5,944,675</u>	<u>1,831,489</u>	<u>(42,923)</u>	<u>(2,028,961)</u>	<u>5,704,280</u>
Capital assets, being depreciated:					
Buildings	4,570,112	-	-	-	4,570,112
Improvements other than buildings	2,986,534	-	-	-	2,986,534
Infrastructure	10,866,527	-	-	858,505	11,725,032
Machinery and equipment	9,945,980	173,678	(85,583)	-	10,034,075
Total	<u>28,369,153</u>	<u>173,678</u>	<u>(85,583)</u>	<u>858,505</u>	<u>29,315,753</u>
Less accumulated depreciation for:					
Buildings	2,829,234	105,891	-	-	2,935,125
Improvements other than buildings	3,469,752	187,797	-	-	3,657,549
Infrastructure	4,001,136	145,741	-	-	4,146,877
Machinery and equipment	7,803,547	423,636	(85,583)	-	8,141,600
Total	<u>18,103,669</u>	<u>863,065</u>	<u>(85,583)</u>	<u>-</u>	<u>18,881,151</u>
Total capital assets, being depreciated, net	<u>10,265,484</u>	<u>(689,387)</u>	<u>-</u>	<u>858,505</u>	<u>10,434,602</u>
Governmental activities capital assets, net	<u>\$ 16,210,159</u>	<u>\$ 1,142,102</u>	<u>\$ (42,923)</u>	<u>\$ (1,170,456)</u>	<u>\$ 16,138,882</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 326,299	\$ -	\$ -	\$ -	\$ 326,299
Construction in progress	21,000	-	21,000	-	-
Total	<u>347,299</u>	<u>-</u>	<u>21,000</u>	<u>-</u>	<u>326,299</u>
Capital assets, being depreciated:					
Buildings	2,169,316	8,500	-	-	2,177,816
Improvements other than buildings	34,122,195	127,538	-	1,170,456	35,420,189
Machinery and equipment	4,520,685	451,288	-	-	4,971,973
Total	<u>40,812,196</u>	<u>587,326</u>	<u>-</u>	<u>1,170,456</u>	<u>42,569,978</u>
Less accumulated depreciation for:					
Buildings	1,670,612	46,418	-	-	1,717,030
Improvements other than buildings	25,513,340	707,933	-	-	26,221,273
Machinery and equipment	3,173,923	203,992	-	-	3,377,915
Total	<u>30,357,875</u>	<u>958,343</u>	<u>-</u>	<u>-</u>	<u>31,316,218</u>
Total capital assets, being depreciated, net	<u>10,454,321</u>	<u>(371,017)</u>	<u>-</u>	<u>1,170,456</u>	<u>11,253,760</u>
Business-type activities capital assets, net	<u>\$ 10,801,620</u>	<u>\$ (371,017)</u>	<u>\$ 21,000</u>	<u>\$ 1,170,456</u>	<u>\$ 11,580,059</u>

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

Governmental activities:	
General government	\$ 143,561
Public safety	230,647
Public works	421,324
Community development	67,533
Total depreciation expense - governmental activities	<u>\$ 863,065</u>
Business-type activities:	
Water and sewer	\$ 900,313
Natural gas	58,030
Total depreciation expense - business-type activities	<u>\$ 958,343</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 753,435	\$ -	\$ 156,453	\$ 596,982	\$ 153,741
Note payable from direct borrowing	296,600	-	25,000	271,600	25,000
Bonds payable - COBA	3,230,000	-	505,000	2,725,000	515,000
Compensated absences	198,045	195,694	176,687	217,052	217,052
Net pension liability	1,750,994	1,097,965	460,495	2,388,464	-
Governmental activity Long-term liabilities	<u>\$ 6,229,074</u>	<u>\$ 1,293,659</u>	<u>\$ 1,323,635</u>	<u>\$ 6,199,098</u>	<u>\$ 910,793</u>
Business-type activities:					
Compensated absences	\$ 33,747	\$ 47,655	\$ 44,838	\$ 36,564	\$ 36,564
Net pension liability	437,695	309,685	129,881	617,499	-
Business-type activity Long-term liabilities	<u>\$ 471,442</u>	<u>\$ 357,340</u>	<u>\$ 174,719</u>	<u>\$ 654,063</u>	<u>\$ 36,564</u>

For the governmental activities, capital leases, compensated absences, and net pension liability are generally liquidated by the General Fund.

For the business-type activities, compensated absences and net pension liability are generally liquidated by the respective proprietary funds.

Capital Leases – Equipment. The City has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

The following is an analysis of leased assets under capital leases as of June 30, 2020:

	Governmental Activities
Machinery and equipment	\$ 645,764
Less: Accumulated depreciation	(453,172)
	\$ 192,592

Depreciation expense for the year ended June 30, 2020, for assets under capital lease is \$117,386.

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the future minimum lease payments at June 30, 2020:

Fiscal year ending June 30,	Governmental Activities
2021	\$ 199,024
2022	184,589
2023	144,525
2024	64,397
2025	64,397
Thereafter through 2026	65,359
Total minimum lease payments	722,291
Less amount representing interest	125,309
Present value of future minimum lease payments	\$ 596,982

Note Payable from Direct Borrowing. During the year ended June 30, 2011, the City entered into an agreement with the One Georgia Authority to provide funding for street improvements near a new commercial development. The note is secured by two parcels of City-owned land appraised at a value of \$600,000. The note is as follows at June 30, 2020:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
0.00%	20 years	2031	\$ 496,600	\$ 271,600

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to pay the outstanding note are as follows:

Fiscal Year Ending June 30,	Principal
2021	\$ 25,000
2022	25,000
2023	25,000
2024	25,000
2025	25,000
2026 – 2030	125,000
Thereafter through 2031	21,600
Total	\$ 271,600

Revenue Bonds

Revenue bonds outstanding at June 30, 2020, are as follows:

Series	Purpose	Interest Rate	Term	Due Date	Original Amount	Balance at June 30, 2020
2005 Series	Cordele Industrial Park	3.67%	20 years	April 2025	\$ 3,145,000	\$ 585,000
2012A Series	Provide Funds to City to Retire Water/Sewer Debts	2.42%	13 years	Nov 2024	5,000,000	2,140,000
						\$ 2,725,000

During the year ended June 30, 2012, COBA issued revenue refunding bonds to pay off the 1998 series Water and Sewer Fund revenue bonds and the Water and Sewer Fund loan payable to the Georgia Environmental Finance Authority ("GEFA"). COBA and the City entered into an intergovernmental agreement whereby the City absolutely and unconditionally agreed to repay the entire debt obligation. The City recorded a note payable (less undisbursed proceeds) on the government-wide financial statements to reflect its obligation for COBA revenue bond debt service payments.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30,</u>	Total Amount of Bonds Payable		
	Principal	Interest	Total
2021	\$ 515,000	\$ 68,357	\$ 583,357
2022	535,000	54,338	589,338
2023	540,000	39,892	579,892
2024	560,000	25,205	585,205
2025	575,000	10,033	585,033
	\$ 2,725,000	\$ 197,825	\$ 2,922,825

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City's interfund receivables and payables at June 30, 2020 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The composition of interfund balances as of June 30, 2020, is as follows:

	Payable Fund	
	Nonmajor Governmental Funds	Total
<u>Receivable Fund:</u>		
General Fund	\$ 260	\$ 260
Total	\$ 260	\$ 260

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers recorded and transacted during the year ended June 30, 2020, are as follows:

Transfers in	Transfers Out					Total
	General Fund	Hotel Tax Fund	Water and Sewer Fund	Natural Gas Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 168,850	\$ 1,904,000	\$ 540	\$ 8,341	\$ 2,081,731
Water and Sewer Fund	201,265	-	-	-	-	201,265
Natural Gas Fund	1,040,040	-	-	-	-	1,040,040
Sanitation Fund	81,802	-	-	-	-	81,802
Health Benefit Internal Service Fund	234,907	-	-	-	-	234,907
Nonmajor Governmental Funds	17,131	-	586,951	-	-	604,082
Total	<u>\$ 1,575,145</u>	<u>\$ 168,850</u>	<u>\$ 2,490,951</u>	<u>\$ 540</u>	<u>\$ 8,341</u>	<u>\$ 4,243,827</u>

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. PENSION PLAN

A. Plan Description

The City, as authorized by the City Commission, has established a non-contributory defined benefit pension plan, The City of Cordele Retirement Plan, (the "Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Commission, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

Plan Membership. As of January 1, 2020, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	119
Inactive plan members entitled to, but not receiving benefits	31
Active plan members	127
Total	<u>277</u>

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Commission. City contributions to the Plan were \$351,028 for the year ended June 30, 2020.

B. Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2019.

Actuarial Assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the gender-district Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.41%
International equity	20%	6.96
Global fixed income	5%	3.06
Domestic fixed income	20%	1.96
Real estate	10%	4.76
Cash	-	%
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance	\$ 14,125,231	\$ 11,936,542	\$ 2,188,689
Changes for the year:			
Service cost	145,318	-	145,318
Interest	1,036,550	-	1,036,550
Differences between expected and actual experience	105,409	-	105,409
Contributions - employer	-	257,011	(257,011)
Net investment income	-	333,362	(333,362)
Benefit payments, including refunds of employee contributions	(899,761)	(899,761)	-
Administrative expense	-	(38,473)	38,473
Other changes	81,897	-	81,897
Net changes	469,413	(347,861)	817,274
Ending Balance	\$ 14,594,644	\$ 11,588,681	\$ 3,005,963

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

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	\$ 4,606,735	\$ 3,005,963	\$ 1,648,592

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2019, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2020, the City recognized pension expense of \$602,575. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 99,838
Differences between expected and actual experience	550,973	38,313
Changes in actuarial assumptions	138,238	-
City contributions subsequent to the measurement date	351,028	-
Total	\$ 1,040,239	\$ 138,151

City contributions subsequent to the measurement date of \$351,028 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,			
2021		\$	43,855
2022			147,621
2023			252,317
2024			107,267
Total		\$	551,060

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONTINGENCIES

Grant Contingencies

The City participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At June 30, 2020, there were no known amounts questioned or earmarked for disallowance. Based upon prior experience, management of the City believes such disallowances, if any, will not have a material effect on any individual governmental fund or the overall financial position of the City.

Litigation

As is the ordinary course of city government, the City is the defendant in several lawsuits in the nature of civil violations, claims for damages to persons and property and other similar types of suits. Liability, if any, which might result from these proceedings, would not, in the opinion of the management and the City Commission, have a material adverse effect on the financial position of the City.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As a participant of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City carries commercial insurance for other risks of losses such as general property and liability insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

During the fiscal year ended June 30, 2020, the City discontinued their self-insured/funded employee health benefit plan. As of February 1, 2020, the City converted to a private/third party insured employee health benefit plan. As of June 30, 2020, all incurred self-insured claims related to periods prior to February 1, 2020 have been paid resulting in no claims liability at year-end.

NOTE 12. RELATED ORGANIZATIONS

The City's governing commission is responsible for all of the board appointments of the Cordele Housing Authority. However, the City has no further accountability for this organization. In the year ended June 30, 2020, the City did not provide any contributions to the Cordele Housing Authority.

NOTE 13. JOINT VENTURES

Under Georgia Law, the City, in conjunction with other cities and counties in the eight-county west central Georgia area, is a member of the River Valley Regional Commission and is required to pay annual dues thereto. During the year ended June 30, 2020, the City paid \$10,726 in such dues. Membership in the Commission is required by the O.C.G.A. §50-8-34 which provides for the organizational structure of Regional Commissions ("RCs") in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the River Valley Regional Commission, 228 West Lamar Street, Americus, Georgia 31709.

NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 6% lodging tax, which is composed of a 3% original base tax, a 2% additional tax added in 2010, and a 1% Quiet Community tax added in 2014. Revenues collected during the fiscal year ended June 30, 2020, were \$635,285. Management represents that 100% of the lodging tax received during the year ended June 30, 2020, was used for the promotion of tourism, conventions, or trade shows.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORDELE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30,

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 145,318	\$ 158,094	\$ 124,398	\$ 140,373	\$ 140,909	\$ 128,917
Interest on total pension liability	1,036,550	962,707	947,402	937,164	882,832	869,112
Differences between expected and actual experience	105,409	768,274	27,379	(191,564)	407,346	(26,823)
Changes of assumptions	-	-	192,038	-	-	(97,744)
Benefit payments, including refunds of employee contributions	(899,761)	(883,686)	(791,842)	(715,902)	(744,143)	(648,712)
Other	81,897	-	-	-	-	-
Net change in total pension liability	469,413	1,005,389	499,375	170,071	686,944	224,750
Total pension liability - beginning	14,125,231	13,119,842	12,620,467	12,450,396	11,763,452	11,538,702
Total pension liability - ending (a)	14,594,644	14,125,231	13,119,842	12,620,467	12,450,396	11,763,452
Plan fiduciary net position						
Contributions - employer	257,011	323,516	336,062	298,465	297,030	289,550
Contributions - employee	-	-	-	-	-	-
Net investment income	333,362	1,111,193	1,528,110	1,065,728	130,426	1,061,925
Benefit payments, including refunds of member contributions	(899,761)	(883,686)	(791,842)	(715,902)	(744,143)	(648,712)
Administrative expenses	(38,473)	(30,133)	(32,560)	(19,396)	(21,572)	(17,308)
Net change in plan fiduciary net position	(347,861)	520,890	1,039,770	628,895	(338,259)	685,455
Plan fiduciary net position - beginning	11,936,542	11,415,652	10,375,882	9,746,987	10,085,246	9,399,791
Plan fiduciary net position - ending (b)	11,588,681	11,936,542	11,415,652	10,375,882	9,746,987	10,085,246
City's net pension liability (asset) - ending (a) - (b)	\$ 3,005,963	\$ 2,188,689	\$ 1,704,190	\$ 2,244,585	\$ 2,703,409	\$ 1,678,206
Plan fiduciary net position as a percentage of the total pension liability	84.51%	84.51%	87.01%	82.21%	78.29%	85.73%
Covered-employee payroll	\$ 5,003,449	\$ 5,037,940	\$ 4,749,625	\$ 4,293,794	\$ 4,746,408	\$ 4,509,741
Net pension liability as a percentage of covered-employee payroll	60.08%	43.44%	35.88%	52.28%	56.96%	37.21%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CORDELE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 429,844	\$ 342,681	\$ 317,128	\$ 342,373	\$ 283,829	\$ 301,431
Contributions in relation to the actuarially determined contribution	<u>429,844</u>	<u>342,681</u>	<u>317,128</u>	<u>342,373</u>	<u>283,829</u>	<u>301,431</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 5,003,449	\$ 5,037,940	\$ 4,749,625	\$ 4,293,794	\$ 4,746,408	\$ 4,509,741
Contributions as a percentage of covered-employee payroll	8.59%	6.80%	6.68%	7.97%	5.98%	6.68%

Notes to the Schedule:

Valuation Date	January 1, 2020
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on investments	7.375%
Projected Salary Increases	2.25%, plus service based merit increases
Cost-of-living Adjustment	Closed level dollar for remaining unfunded liability
Amortization Method	Varies for the bases, with a net effective amortization period of 13 years
Remaining Amortization Period	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

COMBINING AND INDIVIDUAL FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Economic Development Fund – This fund is used to account for 1984 and 1989 federal grants to the City relative to economic development assistance to private or for-profit entities. The proceeds of this grant were loaned to local businesses as an employment incentive. Under the terms of this grant, all funds recaptured through repayment of economic development loans are required to be deposited in a Special Economic Development account bearing the highest possible legal rate of interest. The City Commission may, by vote, designate expenditures from this account for economic development in the City of Cordele on a case by case basis, but will require recapture of any principal in full with a negotiated interest rate based on projection and forecast.

Condemnation Proceeds Fund – This fund is used to account for proceeds of property seized or forfeited pursuant to federal law regarding controlled substances, marijuana or dangerous drugs. Georgia law (Code 1981 16-13-49-F (2) A) provides that said funds may be used to defray the cost of complex investigations, to purchase equipment, to provide matching funds to obtain federal grants and for such other law enforcement purposes as the governing authority of the municipality deems appropriate except that none of the monies shall be used to pay all or part of salaries of law enforcement personnel. The governing authority may, in its discretion, limit the amount of such money expended for such law enforcement purposes during the calendar year to \$200,000. The remainder of such money, if any, received by the governing authority during the fiscal year may be expended for other public purposes.

Downtown Revitalization Fund – This fund is used to account for proceeds from a special tax earmarked for the downtown revitalization, and equal amounts contributed by the City of Cordele, the Crisp County Commissioners and the Crisp County Power Commission. The Main Street Director is appointed by the Downtown Revitalization Committee. The director is responsible for coordinating all activities for the Main Street programs.

Cordele Office Building Authority (“COBA”) – This is the general fund of a blended component unit used to oversee the acquisition, construction and improvements to buildings for the benefit of the City in order to attract new businesses and residences.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

The **SPLOST 2012 – 2017 Fund** – This fund is used to account for financing and construction of facilities and improvements in accordance with a sales tax referendum associated with the years 2012 through 2017.

The **SPLOST 2018 Fund** – This fund is used to account for financing and construction of facilities and improvements in accordance with a sales tax referendum associated with the years 2018 through 2023.

The **T-SPLOST Fund** – This fund is used to account for financing and construction of transportation improvements in accordance with a sales tax referendum beginning January 2013 through December 2022.

CDBG Rehabilitation Fund – This fund is used to account for financing and construction of low income housing authorized by Community Development Block Grants provided through the federal government.

CHIP Grant Fund – This fund is to be used in conjunction with the Community HOME Investment Program (“CHIP”) to provide low-interest loan funds to low/moderate income, and elderly/handicapped homeowners for rehabilitation of their substandard homes.

PERMANENT FUND

A.B. Branan Community Clubhouse Trust Fund (a Non-expendable Trust Fund) – This fund is used to account for the trust of 3,328 shares of Exxon Corporate stock donated November 19, 1991. The corpus of the trust shall exist in perpetuity under statutory authority provided by O.C.G.A. §36-37-1. The income from the corpus is exclusively dedicated to the maintenance, care and beautification of the Cordele Community Clubhouse.

CITY OF CORDELE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Economic Development Fund	Condemnation Proceeds Fund	Downtown Revitalization Fund	COBA Fund
ASSETS				
Cash	\$ 83,960	\$ 19,951	\$ 23,746	\$ -
Investments	-	-	-	-
Mortgages receivable	67,429	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 151,389</u>	<u>\$ 19,951</u>	<u>\$ 23,746</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Unearned revenue	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - sales tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)				
Nonspendable:				
Mortgages receivable - long-term	67,429	-	-	-
Endowment - Community clubhouse	-	-	-	-
Restricted for:				
Clubhouse expenses	-	-	-	-
Federal programs	83,960	-	-	-
Promotion of tourism	-	-	23,746	-
Law enforcement purposes	-	19,951	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>151,389</u>	<u>19,951</u>	<u>23,746</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 151,389</u>	<u>\$ 19,951</u>	<u>\$ 23,746</u>	<u>\$ -</u>

Capital Projects Fund					Permanent Fund	Total Nonmajor Governmental Funds
SPLOST 2012-2017 Fund	SPLOST 2018 Fund	T-SPLOST Fund	CDBG Rehabilitation Fund	CHIP Grant Fund	A.B. Branan Community Clubhouse Fund	
\$ 65,680	\$ 608,760	\$ 77,668	\$ 150	\$ 61,366	\$ 73,466	\$ 1,014,747
-	-	-	-	-	148,828	148,828
-	-	-	-	-	-	67,429
-	296,308	25,232	-	-	-	321,540
<u>\$ 65,680</u>	<u>\$ 905,068</u>	<u>\$ 102,900</u>	<u>\$ 150</u>	<u>\$ 61,366</u>	<u>\$ 222,294</u>	<u>\$ 1,552,544</u>
\$ -	\$ -	\$ -	\$ -	\$ 64,094	\$ -	\$ 64,094
-	111,559	-	-	-	-	111,559
-	-	-	150	110	-	260
-	111,559	-	150	64,204	-	175,913
-	101,670	-	-	-	-	101,670
-	101,670	-	-	-	-	101,670
-	-	-	-	-	-	67,429
-	-	-	-	-	50,236	50,236
-	-	-	-	-	172,058	172,058
-	-	-	-	-	-	83,960
-	-	-	-	-	-	23,746
-	-	-	-	-	-	19,951
65,680	691,839	102,900	-	-	-	860,419
-	-	-	-	(2,838)	-	(2,838)
65,680	691,839	102,900	-	(2,838)	222,294	1,274,961
<u>\$ 65,680</u>	<u>\$ 905,068</u>	<u>\$ 102,900</u>	<u>\$ 150</u>	<u>\$ 61,366</u>	<u>\$ 222,294</u>	<u>\$ 1,552,544</u>

CITY OF CORDELE, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds			
	Economic Development Fund	Condemnation Proceeds Fund	Downtown Revitalization Fund	COBA Fund
Revenues				
Intergovernmental	\$ -	\$ 20,503	\$ -	\$ -
Donations	-	-	118,748	-
Interest and dividend income	3,360	-	-	-
Total revenues	<u>3,360</u>	<u>20,503</u>	<u>118,748</u>	<u>-</u>
Expenditures				
Current:				
Public safety	-	9,297	-	-
Culture and recreation	-	-	-	-
Community development	-	-	119,494	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	505,000
Interest and fiscal charges	-	-	-	81,951
Total expenditures	<u>-</u>	<u>9,297</u>	<u>119,494</u>	<u>586,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,360</u>	<u>11,206</u>	<u>(746)</u>	<u>(586,951)</u>
Other financing sources (uses)				
Transfers in	-	-	15,264	586,951
Transfers out	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>15,264</u>	<u>586,951</u>
Net change in fund balances	3,360	11,206	14,518	-
Fund balances (deficits), beginning of year	<u>148,029</u>	<u>8,745</u>	<u>9,228</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 151,389</u>	<u>\$ 19,951</u>	<u>\$ 23,746</u>	<u>\$ -</u>

Capital Projects Fund					Permanent Fund	Total Nonmajor Governmental Funds
SPLOST 2012-2017 Fund	SPLOST 2018 Fund	T-SPLOST Fund	CDBG Rehabilitation Fund	CHIP Grant Fund	A.B. Branan Community Clubhouse Fund	
\$ -	\$ 1,042,115	\$ 278,373	\$ 484,565	\$ -	\$ -	\$ 1,825,556
-	-	-	-	-	-	118,748
72	460	83	-	12	11,649	15,636
<u>72</u>	<u>1,042,575</u>	<u>278,456</u>	<u>484,565</u>	<u>12</u>	<u>11,649</u>	<u>1,959,940</u>
-	-	-	-	-	-	9,297
-	-	-	-	-	106,196	106,196
-	-	-	-	-	-	119,494
1,825	1,152,893	249,241	478,091	-	-	1,882,050
53,840	-	-	-	-	-	558,840
11,838	-	-	-	-	-	93,789
<u>67,503</u>	<u>1,152,893</u>	<u>249,241</u>	<u>478,091</u>	<u>-</u>	<u>106,196</u>	<u>2,769,666</u>
(67,431)	(110,318)	29,215	6,474	12	(94,547)	(809,726)
-	-	-	1,867	-	-	604,082
-	-	-	(8,341)	-	-	(8,341)
-	-	-	(6,474)	-	-	595,741
(67,431)	(110,318)	29,215	-	12	(94,547)	(213,985)
133,111	802,157	73,685	-	(2,850)	316,841	1,488,946
<u>\$ 65,680</u>	<u>\$ 691,839</u>	<u>\$ 102,900</u>	<u>\$ -</u>	<u>\$ (2,838)</u>	<u>\$ 222,294</u>	<u>\$ 1,274,961</u>

CITY OF CORDELE, GEORGIA

**ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance
Revenues			
Interest earned	\$ 4,000	\$ 3,360	\$ (640)
Total revenues	<u>4,000</u>	<u>3,360</u>	<u>(640)</u>
Expenditures			
Community development	4,000	-	4,000
Total expenditures	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Net change in fund balance	-	3,360	3,360
Fund balance, beginning of year	<u>148,029</u>	<u>148,029</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 148,029</u></u>	<u><u>\$ 151,389</u></u>	<u><u>\$ 3,360</u></u>

CITY OF CORDELE, GEORGIA

**CONDEMNATION PROCEEDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance
Revenues			
Intergovernmental revenue	\$ 10,000	\$ 20,503	\$ 10,503
Total revenues	<u>10,000</u>	<u>20,503</u>	<u>10,503</u>
Expenditures			
Public safety	10,000	9,297	703
Total expenditures	<u>10,000</u>	<u>9,297</u>	<u>703</u>
Net change in fund balance	-	11,206	11,206
Fund balance, beginning of year	<u>8,745</u>	<u>8,745</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 8,745</u></u>	<u><u>\$ 19,951</u></u>	<u><u>\$ 11,206</u></u>

CITY OF CORDELE, GEORGIA

**DOWNTOWN REVITALIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance
Revenues			
Donations	\$ 108,000	\$ 118,748	\$ 10,748
Total revenues	<u>108,000</u>	<u>118,748</u>	<u>10,748</u>
Expenditures			
Community development	108,000	119,494	(11,494)
Total expenditures	<u>108,000</u>	<u>119,494</u>	<u>(11,494)</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(746)</u>	<u>(746)</u>
Other financing sources			
Transfers in	<u>-</u>	<u>15,264</u>	<u>(15,264)</u>
Net change in fund balance	-	14,518	14,518
Fund balance, beginning of year	<u>9,228</u>	<u>9,228</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,228</u>	<u>\$ 23,746</u>	<u>\$ 14,518</u>

CITY OF CORDELE, GEORGIA

**COBA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance
Revenues			
Interest and dividends earned	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Debt service	588,000	586,951	1,049
Total expenditures	<u>588,000</u>	<u>586,951</u>	<u>1,049</u>
Deficiency of revenues under expenditures	<u>(588,000)</u>	<u>(586,951)</u>	<u>1,049</u>
Other financing sources			
Transfers in	588,000	586,951	1,049
Total other financing sources	<u>588,000</u>	<u>586,951</u>	<u>1,049</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CORDELE, GEORGIA

**A.B. BRANAN COMMUNITY CLUBHOUSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest earned	\$ -	\$ 68	\$ 68
Dividends earned	10,000	11,581	1,581
Total revenues	<u>10,000</u>	<u>11,649</u>	<u>1,649</u>
Expenditures			
Culture and recreation	10,000	106,196	(96,196)
Total expenditures	<u>10,000</u>	<u>106,196</u>	<u>(96,196)</u>
Net change in fund balance	-	(94,547)	(94,547)
Fund balance, beginning of year	<u>316,841</u>	<u>316,841</u>	<u>-</u>
Fund balance, end of year	<u>\$ 316,841</u>	<u>\$ 222,294</u>	<u>\$ (94,547)</u>

CITY OF CORDELE, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>No.</u>	<u>Project</u>	<u>Original and Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2012 Referendum					
1	Gum Creek Facility	\$ 600,000	\$ 400,577	\$ -	\$ 400,577
2	City Roads	600,000	110,463	-	110,463
3	Water and Sewer Utilities	1,000,000	1,133,429	-	1,133,429
4	Inland Port Utilities	500,000	498,242	-	498,242
5	City Hall/Fire Station 1 and 2	500,000	207,289	-	207,289
6	Police Cars	450,000	666,801	1,825	668,626
7	Fire Department	275,000	830,775	65,678	896,453
8	Public Works Vehicles	100,000	296,358	-	296,358
		<u>\$ 4,025,000</u>	<u>\$ 4,143,934</u>	<u>\$ 67,503</u>	<u>\$ 4,211,437</u>

(Continued)

CITY OF CORDELE, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>No.</u>	<u>Project</u>	<u>Original and Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2018 Referendum</u>					
1	Tourism	\$ 500,000	\$ -	\$ -	\$ -
2	Buildings	400,000	111,400	8,500	119,900
3	Software/Hardware Upgrades	150,000	-	49,588	49,588
4	Police Department	968,955	167,370	116,420	283,790
5	Fire Department	625,000	-	-	-
6	Public Works	425,000	422,707	236,820	659,527
7	Water/Sewer	1,000,000	-	98,973	98,973
8	Streets	750,000	-	386,105	386,105
9	Wastewater Treatment	350,000	14,064	256,487	270,551
		<u>\$ 5,168,955</u>	<u>\$ 715,541</u>	<u>\$ 1,152,893</u>	<u>\$ 1,868,434</u>

COMPONENT UNIT

CITY OF CORDELE, GEORGIA

**BALANCE SHEET
COMPONENT UNIT
JUNE 30, 2020**

	Downtown Development Authority
ASSETS	
Cash	\$ 28,566
Total assets	<u>\$ 28,566</u>
FUND BALANCE	
Assigned to downtown planning and development	<u>\$ 28,566</u>
Total fund balance	<u>\$ 28,566</u>

CITY OF CORDELE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Downtown Development Authority
Revenues	
Unrestricted investment earnings	\$ 8,240
Total revenues	<u>8,240</u>
Expenditures	
Professional services	12,678
Total expenditures	<u>12,678</u>
Net change in fund balances	(4,438)
Fund balance, beginning of year	<u>33,004</u>
Fund balance, end of year	<u><u>\$ 28,566</u></u>

COMPLIANCE SECTION



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*

**The City Commission
of the City of Cordele, Georgia
Cordele, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cordele, Georgia (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Cordele, Georgia's basic financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

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 City'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.

The image shows a handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
December 11, 2020

CITY OF CORDELE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting: Material weaknesses identified?	_____ Yes <u> X </u> None Reported
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

There was not an audit of major federal award programs due to the total amount expended on federal programs being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

CITY OF CORDELE, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

None reported.