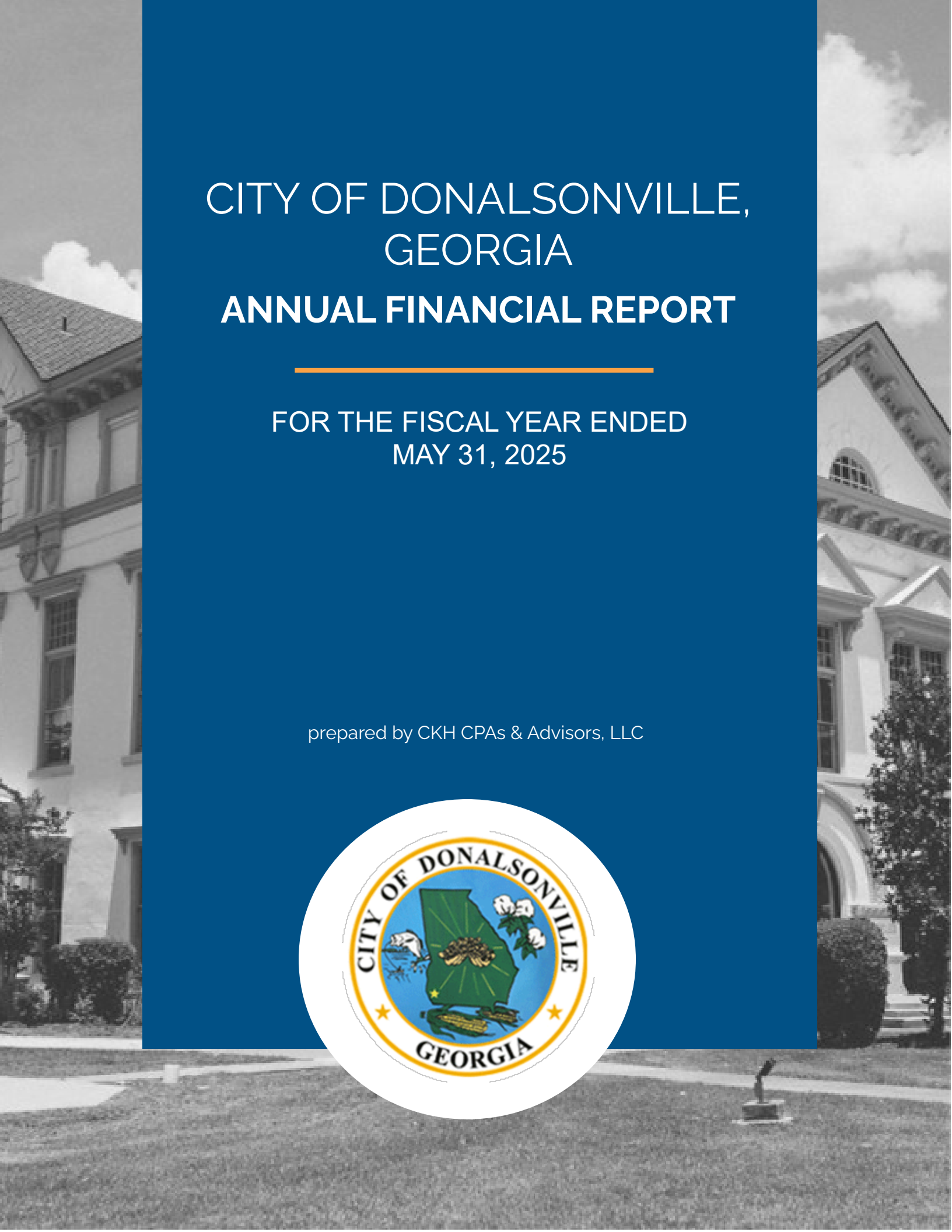


CITY OF DONALSONVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
MAY 31, 2025

prepared by CKH CPAs & Advisors, LLC

CITY OF DONALSONVILLE, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
MAY 31, 2025

CITY OF DONALSONVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 2025

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to the Financial Statements	22 - 40
Required Supplementary Information:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	41
Schedule of City Contributions	42
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	43
American Rescue Plan Act Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	44
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	46
Hotel/Motel Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	47
Schedule of Projects Constructed with Proceeds from Special Purpose Local Option Sales Tax (SPLOST)	48
Schedule of Projects Constructed with Proceeds from Transportation Special Purpose Local Option Sales Tax (TSPLOST)	49
Comparative statements	50 - 69
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*	70 - 71
City's Response to Findings and Corrective Action Plan	72
Schedule of Prior Year findings	73

CKH
CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Donalsonville, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Donalsonville, Georgia (the "City"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Donalsonville, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City as of May 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of projects constructed with proceeds from Special Purpose Local Option Sales Tax, schedule of projects constructed with proceeds from Transportation Special Purpose Local Option Sales Tax, as well as the nonmajor statements and schedules, and comparative statements, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects constructed with proceeds from Special Purpose Local Option Sales Tax, schedule of projects constructed with proceeds from Transportation Special Purpose Local Option Sales Tax, as well as the nonmajor statements and schedules, and comparative statements, 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 2, 2025 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's internal control over financial reporting and compliance.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
December 2, 2025

Management's Discussion and Analysis

As management of City of Donalsonville, 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 year ended May 31, 2025. This discussion is intended to:

- assist the reader in understanding significant financial issues;
- provide an overview of the City's financial activities;
- identify changes in the City's financial position;
- identify material deviations from the original budget; and
- identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Overview of the Financial Statements

This Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and under the guiding principles of the Governmental Accounting Standards Board (GASB).

The Management's Discussion and Analysis document is intended to serve as an introduction to the City's basic financial statements. The basic financial statements include:

- government-wide financial statements;
- fund financial statements; and
- notes to the basic financial statements.

Government-wide Financial Statements

The City's basic financial statements include two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business reporting. All governmental and business-type activities are combined to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the City's assets, deferred outflow of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the tax base or the condition of City infrastructure, in addition to the financial information provided in this report.

The Statement of Activities, reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental activities** – Most of the basic services are reported here, including the police, fire, community development, transportation, information services, environmental and general administration. Property taxes, sales taxes, insurance premium taxes and franchise fees finance the majority of these activities.
- **Business-type activities** – A fee is charged to customers to help it cover all or most of the cost of certain services it provides. The water system, waste systems, natural gas and broadband activities are reported here.

The government-wide financial statements are presented on pages 13 - 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City has two kinds of funds:

Fund Financial Statements (Continued)

- Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City maintains 5 major and 3 non-major governmental funds. The City's major governmental funds are:
  - General
  - SPLOST VI
  - T-SPLOST
  - T-SPLOST II
  - ARPA Grant

The City's non-major governmental funds are:
- Hotel/Motel Taxes
- Chip Grant
- CDBG-DR

The basic governmental fund financial statements are presented on pages 15 - 18 of this report.

- Proprietary funds – The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as cash flows. These are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City maintains 4 enterprise funds:
  - Water and Sewer Fund
  - Gas Fund
  - Solid Waste Fund
  - E-Donalsonville

The proprietary fund financial statements are presented on pages 19 - 21 of this report.

Notes to the Basic Financial Statements

The financial statement includes notes that explain some of the information in the financial statements and provides information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Budgetary Presentations

Budgetary comparison statements are included as "required supplementary information" for the general Fund and ARPA Grant Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Beginning on page 44, combining and individual statements and schedules for non-major funds are presented as supplementary financial information.

Within this section of the City's annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the year ended May 31, 2025. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The assets of the City of Donalsonville exceeded its liabilities at the close of the most recent fiscal year by $14,976,873. Of this amount, $430,613 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of $293,769 from the prior year.
- The City's governmental activities net position increased by $295,383 and the business-type activities increased by $325,287, for a total increase in net position of $620,670.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was $234,067, or 6% percent of total general fund expenditures. In the prior year, unrestricted fund balance was 10% percent of total general fund expenditures.
- The City's total debt decreased by 8.67% during the current fiscal year.
- In the general fund, revenues and other financing sources were $83,936 less than budget, and the actual expenditures were $45,624 less than budgeted.
- The City's financial statements also include a discretely presented component unit, namely, the Downtown Development Authority of Donalsonville (the "Authority"). The Authority assists local merchants with low interest loans for renovations of downtown properties.

CITY OF DONALSONVILLE'S SUMMARY OF NET POSITION (Table1)

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Assets:								
Current and other assets	$ 2,110,674	$ 1,848,634	$ 1,196,020	$ 777,860	$ 3,306,694	$ 2,626,494	14.64%	11.61%
Capital assets	5,371,653	5,758,309	13,914,483	14,235,199	19,286,136	19,993,508	85.36%	88.39%
Total assets	7,482,327	7,606,943	15,110,503	15,013,059	22,592,830	22,620,002	100.00%	100.00%
Deferred outflows of resources	26,121	416,065	1,667	26,557	27,788	442,622	100.00%	100.00%
Liabilities:								
Current liabilities	289,962	605,868	340,118	617,986	630,080	1,223,854	8.32%	14.88%
Long-term liabilities	1,364,552	1,474,812	5,574,441	5,524,809	6,938,993	6,999,621	91.68%	85.12%
Total liabilities	1,654,514	2,080,680	5,914,559	6,142,795	7,569,073	8,223,475	100.00%	100.00%
Deferred inflows of resources	70,192	453,969	4,480	28,977	74,672	482,946	100.00%	100.00%
Net position:								
Net investment in capital assets	4,752,577	4,903,214	8,389,715	8,409,342	13,142,292	13,312,556	87.75%	92.73%
Restricted	1,403,968	906,803	-	-	1,403,968	906,803	9.37%	6.32%
Unrestricted	(372,803)	(321,658)	803,416	458,502	430,613	136,844	2.88%	0.95%
Total net position	$ 5,783,742	$ 5,488,359	$ 9,193,131	$ 8,867,844	$ 14,976,873	$ 14,356,203	100.00%	100.00%

Financial Analysis of the City as a Whole

An amount of $1,403,968 of the City's net position is restricted. The unrestricted net position of $430,613 may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position for the year ended May 31, 2025 increased by 4.32% from $14,356,203 at May 31, 2024 to $14,976,873 at May 31, 2025.

The largest portion of the City's net position (87.89%) at May 31, 2025, reflects its net investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. 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 are not planned to be used to liquidate these liabilities.

At the end of the current fiscal year, the City has positive balances in both categories of net position, both for the governmental and business-type activities. Unrestricted net position for governmental activities has a deficit balance at year-end. This position is primarily the result of long-term obligations that do not require current financial resources, including net pension liabilities, as well as outstanding long-term debt issued. Management does not consider the negative unrestricted balance to indicate a lack of ability to meet current obligations, as the City continues to maintain adequate cash flows and budgetary controls.

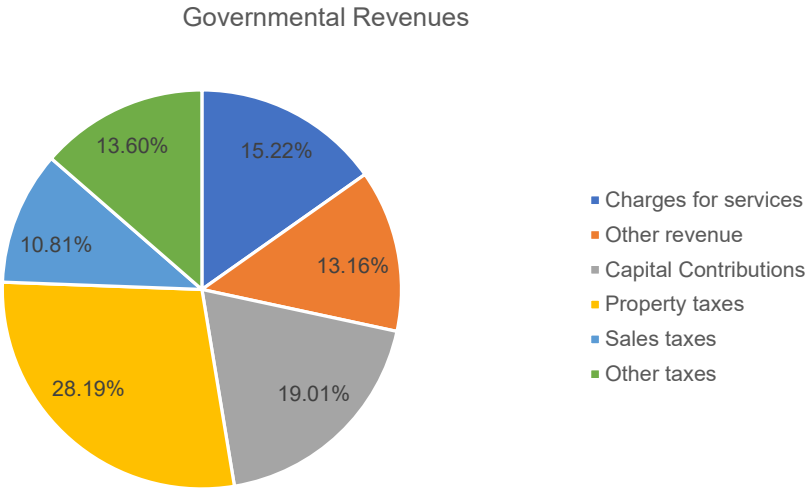
CITY OF DONALSONVILLE'S CHANGES IN NET POSITION (Table 2)

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Revenues:								
Program:								
Charges for services	$ 767,958	$ 749,978	$ 1,975,134	$ 1,657,577	$ 2,743,092	$ 2,407,555	39.06%	38.90%
Operating grants	611,181	152,349	-	215,000	611,181	367,349	8.70%	5.94%
Capital Contributions	959,567	843,411	-	-	959,567	843,411	13.66%	13.63%
General:								
Property taxes	1,422,698	1,304,823	-	-	1,422,698	1,304,823	20.26%	21.08%
Sales taxes	545,644	553,904	-	-	545,644	553,904	7.77%	8.95%
Other taxes	686,511	643,547	-	-	686,511	643,547	9.78%	10.40%
Investment Earnings	8,939	1,916	1,265	-	10,204	1,916	0.15%	0.03%
Other	43,886	66,482	-	385	43,886	66,867	0.62%	1.08%
Total revenues	5,046,384	4,316,410	1,976,399	1,872,962	7,022,783	6,189,372	100.00%	100.00%
Program Expenses:								
General government	1,011,342	999,019	-	-	1,011,342	999,019	15.95%	15.68%
Judicial	38,389	-	-	-	38,389	-	0.61%	0.00%
Public safety	2,562,619	2,672,180	-	-	2,562,619	2,672,180	40.42%	41.95%
Streets and sanitation	548,747	512,257	-	-	548,747	512,257	8.66%	8.04%
Public works	593,046	584,966	-	-	593,046	584,966	9.35%	9.18%
Culture and recreation	48,790	53,937	-	-	48,790	53,937	0.77%	0.85%
Interest	35,348	54,831	-	-	35,348	54,831	0.56%	0.86%
Water and sewer	-	-	909,595	968,330	909,595	968,330	14.35%	15.20%
Gas	-	-	517,108	461,310	517,108	461,310	8.16%	7.24%
Solid waste	-	-	21,804	-	21,804	-	0.34%	0.00%
E-Donalsonville	-	-	52,605	63,326	52,605	63,326	0.83%	0.99%
Total expenses	4,838,281	4,877,190	1,501,112	1,492,966	6,339,393	6,370,156	100.00%	100.00%
Excess (deficiency)	208,103	(560,780)	475,287	379,996	683,390	(180,784)		
Transfers	150,000	548,820	(150,000)	(548,820)	-	-		
Change in net position	358,103	(11,960)	325,287	(168,824)	683,390	(180,784)		
Beginning net position	5,488,359	5,868,642	8,867,844	9,036,668	14,356,203	14,905,310		
Prior period adjustment	-	(368,323)	-	-	-	-		
Ending net position	$ 5,846,462	$ 5,488,359	$ 9,193,131	$ 8,867,844	$15,039,593	$14,724,526		

GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on property taxes and program revenues to support governmental operations. Property taxes provided 28.19% and program revenues provided 46.34% of the City's total governmental revenues. Also, note that sales taxes cover 10.81% of governmental expenses. This means that the government's taxpayers and the City's other general revenues fund 85.35% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

Other taxes include insurance premium taxes of $270,577, franchise taxes of $252,352, Alcoholic beverage and other taxes of $128,912 and business taxes of $80,931.



GOVERNMENTAL ACTIVITIES EXPENSES

CITY OF DONALSONVILLE'S GOVERNMENTAL ACTIVITIES (TABLE 3)

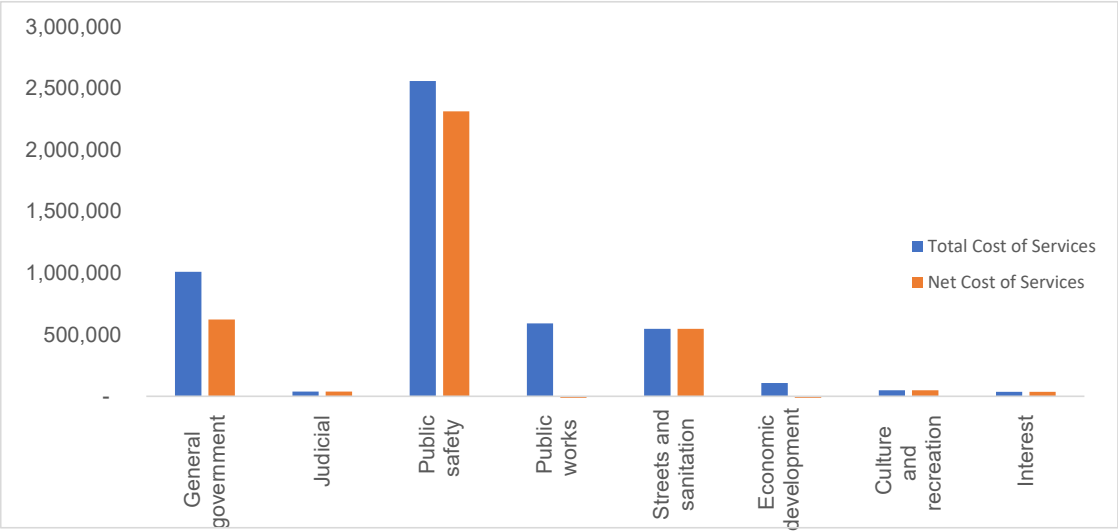
	Total Cost of Services		Percentage of Total		Net Cost of Services		Percentage of Total	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
General government	$ 1,011,342	$ 999,019	20.44%	20.48%	$ 624,821	$ 324,329	23.95%	10.36%
Judicial	38,389	-	0.78%	0.00%	38,389	-	1.47%	0.00%
Public safety	2,562,619	2,672,180	51.80%	54.79%	2,315,535	2,616,571	88.77%	83.56%
Public works	593,046	584,966	11.99%	11.99%	(964,058)	137,371	-36.96%	4.39%
Streets and sanitation	548,747	512,257	11.09%	10.50%	548,747	(55,587)	21.04%	-1.78%
Economic development	108,981	53,937	2.20%	1.11%	(39,016)	53,937	-1.50%	1.72%
Culture and recreation	48,790	-	0.99%	0.00%	48,790	-	1.87%	0.00%
Interest	35,348	54,831	0.71%	1.12%	35,348	54,831	1.36%	1.75%
Total	$ 4,947,262	$ 4,877,190	100.00%	100.00%	$ 2,608,556	$ 3,131,452	100.00%	100.00%

Table 3 presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

The most significant governmental expense for the City is providing public safety services. This comprises 52.97% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses. General government is the second largest City cost for government at 20.90%.

The cost of all governmental activities for the year ended May 31, 2025 was $4,947,262 compared to $4,877,190 in the year ended May 31, 2024.

The revenue amount that paid for most of these activities came from general revenues of the City such as property taxes ($1,422,698) and sales taxes ($545,644).

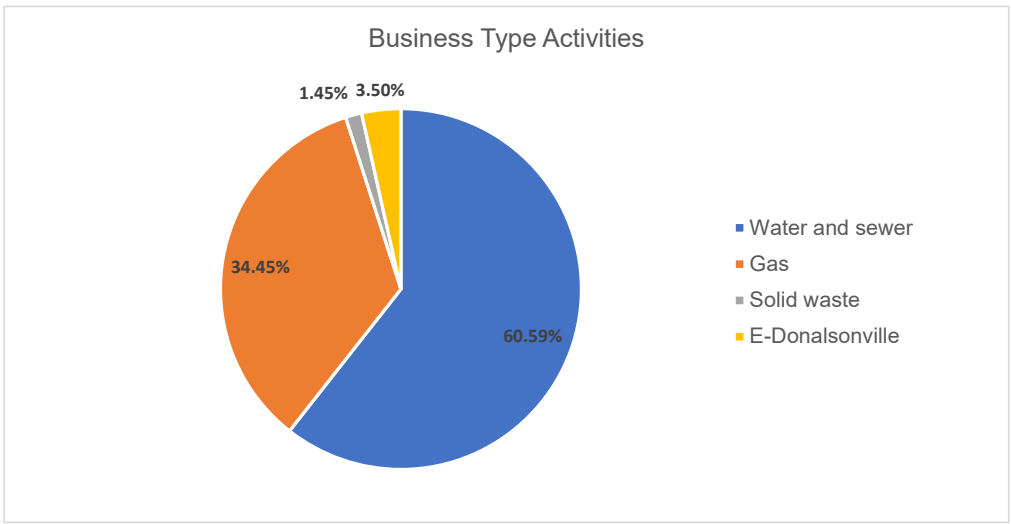


BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The cost of all Proprietary (Business-type) activities for the year ended May 31, 2025 was $1,501,112 as shown in Table 2 (Summary of Changes in Net Position). Within the total business-type activities of the City, these activities reported an increase in net position of $325,287.

The most significant business-type expense for the City is providing water and sewer services. This comprises 60.59% of the total business-type expenses. Natural gas is the second largest City cost for business-type activities at 34.45%.



Financial Analysis of the City's Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

There were changes between the original budget and the final amended budget in revenues and appropriations.

City of Donalsonville's Capital Assets (Table 4)

	Governmental Activities		Business-type Activities		Total	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Non-depreciable assets:						
Land and improvements	$ 434,401	$ 434,401	$ 33,646	$ 33,646	$ 468,047	$ 468,047
Construction in progress	224,497	-	60,735	-	285,232	-
Total non-depreciable assets	658,898	434,401	94,381	33,646	753,279	468,047
Depreciable assets:						
Buildings	2,244,133	2,244,133	24,924	24,924	2,269,057	2,269,057
Improvements other than buildings	317,429	317,429	8,883	8,883	326,312	326,312
Machinery and equipment	3,961,647	4,223,397	556,517	537,549	4,518,164	4,760,946
Infrastructure	4,045,636	4,038,136	20,599,106	20,599,106	24,644,742	24,637,242
Right to use leased assets	503,679	503,679	-	-	503,679	503,679
Total depreciable assets	11,072,524	11,326,774	21,189,430	21,170,462	32,261,954	32,497,236
Less accumulated depreciation:	(6,359,769)	(6,002,866)	(7,369,328)	(6,968,909)	(13,729,097)	(12,971,775)
Net book value-depreciated assets	$ 4,712,755	$ 5,323,908	$ 13,820,102	$ 14,201,553	$ 18,532,857	$ 19,525,461
Percentage depreciated	57.44%	53.00%	34.78%	32.92%	42.56%	39.92%

The City's net investment in capital assets for its governmental and business type activities as of May 31, 2025, amounts to $18,532,857 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvement, machinery and equipment, park facilities, roads, and highways. The total decrease in the City's investment in capital assets, net of depreciation, for the current fiscal year was $992,604.

Additional information on the City's capital assets can be found in Note 6 on pages 31 - 32 of this report.

Long-term Debt

City of Donalsonville Long-Term Debt as of May 31, 2025 and May 31, 2024

	Governmental Activities		Business-type Activities		Totals	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Bonds	$ -	$ -	$ 5,420,000	$ 5,645,000	$ 5,420,000	$ 5,645,000
Compensated absences	49,395	69,380	7,602	9,708	56,997	79,088
Net pension liability	659,105	775,367	42,071	49,492	701,176	824,859
Notes payable	60,000	90,000	104,768	180,857	164,768	270,857
Lease liabilities	559,076	765,095	-	-	559,076	765,095
Post closure costs	36,976	12,800	-	-	36,976	12,800
Total	$ 1,364,552	$ 1,712,642	$ 5,574,441	$ 5,885,057	$ 6,938,993	$ 7,597,699

For more information on long-term obligations, see Note 7 to the financial statements.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information should be addressed to the City Manager, P.O. Box 308, Donalsonville, GA 39845.

BASIC FINANCIAL STATEMENTS

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
MAY 31, 2025

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 136,806	$ 937,903	$ 1,074,709	$ 21,733
Restricted cash	1,424,932	-	1,424,932	-
Receivables (net of allowance for uncollectibles)	77,523	173,922	251,445	-
Taxes receivable	186,193	-	186,193	-
Intergovernmental	33,587	35,394	68,981	
Due from other funds	27,851	-	27,851	-
Due from other governments	37,559	-	37,559	-
Prepaid items	186,223	48,801	235,024	-
Noncurrent assets				
Capital assets, nondepreciable	658,898	94,381	753,279	-
Capital assets, depreciable, net of accumulated depreciation	4,712,755	13,820,102	18,532,857	564,169
Total assets	7,482,327	15,110,503	22,592,830	585,902
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	26,121	1,667	27,788	-
Total deferred outflows of resources	26,121	1,667	27,788	-
LIABILITIES				
Accounts payable	186,216	104,578	290,794	-
Accrued expenses	103,746	25,767	129,513	-
Due to other funds	-	27,851	27,851	-
Customer deposits payable	-	181,922	181,922	-
Noncurrent liabilities due within one year				-
Compensated absences	30,625	4,714	35,339	-
Lease liabilities	247,758	-	247,758	-
Notes payable	30,000	41,641	71,641	7,417
Bonds payable	-	230,000	230,000	-
Noncurrent liabilities due in more than one year				
Compensated absences payable	18,770	2,888	21,658	-
Lease liabilities	311,318	-	311,318	-
Notes payable	30,000	63,127	93,127	163,992
Bonds payable	-	5,190,000	5,190,000	-
Post closure costs	36,976	-	36,976	-
Net pension liability	659,105	42,071	701,176	-
Total liabilities	1,654,514	5,914,559	7,569,073	171,409
DEFERRED INFLOWS OF RESOURCES				
Pension related items	70,192	4,480	74,672	-
Total deferred inflows of resources	70,192	4,480	74,672	-
NET POSITION				
Net investment in capital assets	4,752,577	8,389,715	13,142,292	392,760
Restricted for:				
Economic development	38,524	-	38,524	-
Transportation	1,047,276	-	1,047,276	-
Capital projects	318,168	-	318,168	-
Unrestricted	(372,803)	803,416	430,613	21,733
Total net position	$ 5,783,742	$ 9,193,131	$ 14,976,873	$ 414,493

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Downtown Development Authority
Primary government:								
Governmental activities								
General government	$ 1,011,342	$ 93,906	$ 292,615	$ -	$ (624,821)	$ -	$ (624,821)	$ -
Judicial	38,389	-	-	-	(38,389)	-	(38,389)	-
Public safety	2,562,619	76,515	170,569	-	(2,315,535)	-	(2,315,535)	-
Public works	593,046	597,537	-	959,567	964,058	-	964,058	-
Culture and recreation	48,790	-	-	-	(48,790)	-	(48,790)	-
Economic development	108,981	-	147,997	-	39,016	-	39,016	-
Streets and sanitation	548,747	-	-	-	(548,747)	-	(548,747)	-
Interest on long-term debt	35,348	-	-	-	(35,348)	-	(35,348)	-
Total governmental activities	4,947,262	767,958	611,181	959,567	(2,608,556)	-	(2,608,556)	-
Business-type activities								
Water and sewer	909,595	1,294,240	-	-	-	384,645	384,645	-
Gas	517,108	639,480	-	-	-	122,372	122,372	-
Solid Waste	21,804	-	-	-	-	(21,804)	(21,804)	-
E-Donalsonville	52,605	41,414	-	-	-	(11,191)	(11,191)	-
Total business-type activities	1,501,112	1,975,134	-	-	-	474,022	474,022	-
Total primary government	6,448,374	2,743,092	611,181	959,567	(2,608,556)	474,022	(2,134,534)	-
Component units:								
Downtown Development Authority	159,951	166,207	-	-	-	-	-	6,256
Total component units	$ 159,951	$ 166,207	$ -	$ -	-	-	-	6,256
General revenues:								
Property taxes					1,422,698	-	1,422,698	-
Sales and other taxes					545,644	-	545,644	-
Insurance premium taxes					270,577	-	270,577	-
Franchise taxes					252,352	-	252,352	-
Alcoholic beverage and other taxes					82,651	-	82,651	-
Hotel/Motel taxes					46,261	-	46,261	-
Business taxes					80,931	-	80,931	-
Unrestricted investment earnings (loss)					8,939	1,265	10,204	-
Gain on sale of capital assets					12,509	-	12,509	-
Miscellaneous Revenues					31,377	-	31,377	-
Transfers					150,000	(150,000)	-	-
Total general revenues and transfers					2,903,939	(148,735)	2,755,204	-
Change in net position					295,383	325,287	620,670	6,256
Net position, beginning of year					5,488,359	8,867,844	14,356,203	408,237
Net position, end of year					$ 5,783,742	$ 9,193,131	$ 14,976,873	$ 414,493

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

CITY OF DONALSONVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2025

ASSETS	General Fund	ARPA Fund	T-SPLOST	T-SPLOST II	SPLOST VI	Nonmajor Governmental Funds	Total
Cash and cash equivalents	$ 98,282	$ -	$ -	$ -	$ -	$ 38,524	$ 136,806
Restricted cash	116	-	383,783	671,795	369,238	-	1,424,932
Receivables (net of allowance for uncollectibles)	70,770	-	-	-	-	6,753	77,523
Taxes receivable	186,193	-	-	-	-	-	186,193
Intergovernmental	-	-	-	33,587	-	-	33,587
Due from other funds	124,146	-	-	-	-	-	124,146
Due from other governments	-	-	-	-	37,559	-	37,559
Prepaid items	181,289	-	-	-	-	4,934	186,223
Total assets	660,796	-	383,783	705,382	406,797	50,211	2,206,969
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	110,967	-	8,302	33,587	-	33,360	186,216
Accrued expenses	102,720	-	-	-	-	1,026	103,746
Due to other funds	-	-	-	-	88,629	7,666	96,295
Total liabilities	213,687	-	8,302	33,587	88,629	42,052	386,257
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - taxes	31,753	-	-	-	-	-	31,753
Total deferred inflows of resources	31,753	-	-	-	-	-	31,753
FUND BALANCES							
Nonspendable:							
Prepaid items	181,289	-	-	-	-	4,934	186,223
Restricted:							
Economic development	-	-	-	-	-	38,524	38,524
Transportation	-	-	375,481	671,795	-	-	1,047,276
Capital projects	-	-	-	-	318,168	-	318,168
Unassigned	234,067	-	-	-	-	(35,299)	198,768
Total fund balances	415,356	-	375,481	671,795	318,168	8,159	1,788,959
Total liabilities, deferred inflows of resources, and fund balances	$ 660,796	$ -	$ 383,783	$ 705,382	$ 406,797	$ 50,211	$ 2,206,969

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

CITY OF DONALSONVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED MAY 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances - Governmental funds	$	1,788,959
Capital assets, including leased assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
- Capital assets, not being depreciated		658,898
- Capital assets, being depreciated, net of accumulated depreciation		4,712,755
Deferred inflows for property taxes are considered unavailable revenues and are not recognized as current year revenues and, therefore, are classified as deferred inflows in the governmental funds		31,753
Long-term liabilities, including financed purchases and leases, are not due and payable in the current period and therefore are not reported in governmental funds.		
- Compensated absences		(49,395)
- Lease liabilities		(559,076)
- Note payable		(60,000)
- Postclosure care costs		(36,976)
The deferred outflows of resources, deferred inflows of resources, and net pension liability related to the City's the pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.		
- Pension related		(703,176)
Net position of governmental activities	$	5,783,742

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2025

	General Fund	ARPA Fund	T-SPLOST	T-SPLOST II	SPLOST VI	Nonmajor Governmental Funds	Total
REVENUES:							
Property taxes	$ 1,410,680	$ -	$ -	$ -	$ -	$ -	$ 1,410,680
Sales and other taxes	545,644	-	-	-	-	-	545,644
Insurance premium taxes	270,577	-	-	-	-	-	270,577
Franchise taxes	252,352	-	-	-	-	-	252,352
Alcoholic beverage and other taxes	82,651	-	-	-	-	-	82,651
Hotel/Motel tax	-	-	-	-	-	46,261	46,261
Business taxes	80,931	-	-	-	-	-	80,931
Licenses and permits	21,262	-	-	-	-	-	21,262
Intergovernmental revenues	140,635	254,325	20,000	377,923	443,630	295,502	1,532,015
Fines and forfeitures	75,271	-	-	-	-	-	75,271
Charges for services	600,786	-	-	-	-	-	600,786
Investment earnings (loss)	528	8,411	15,173	14,768	6,787	-	45,667
Rental income	61,083	-	-	-	-	11,561	72,644
Miscellaneous	31,377	-	-	-	-	-	31,377
Total revenues	3,573,777	262,736	35,173	392,691	450,417	353,324	5,068,118
EXPENDITURES:							
Current:							
General government	968,226	-	-	-	-	-	968,226
Judicial	38,389	-	-	-	-	-	38,389
Public safety	2,229,193	-	-	-	-	-	2,229,193
Public works	361,689	-	29,302	-	12,068	31,315	434,374
Streets and sanitation	534,314	-	-	-	-	-	534,314
Culture and recreation	-	-	-	-	-	48,820	48,820
Economic development	-	-	-	-	-	108,981	108,981
Capital outlay - Public safety	24,567	-	-	-	-	-	24,567
Capital outlay - Public works	-	12,300	84,000	-	5	147,997	244,302
Debt service:							
Principal repayments	-	-	-	-	236,016	-	236,016
Interest and fiscal charges	-	-	-	-	50,639	-	50,639
Total expenditures	4,156,378	12,300	113,302	-	298,728	337,113	4,917,821
Excess (deficiency) of revenues over expenditures	(582,601)	250,436	(78,129)	392,691	151,689	16,211	150,297
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets	12,509	-	-	-	-	-	12,509
Transfers in	408,045	-	-	-	-	-	408,045
Transfers out	-	(258,045)	-	-	-	-	(258,045)
Total other financing sources (uses)	420,554	(258,045)	-	-	-	-	162,509
Net change in fund balances	(162,047)	(7,609)	(78,129)	392,691	151,689	16,211	312,806
FUND BALANCES, AS AT MAY 31, 2024, AS PREVIOUSLY STATED	577,403	7,609	453,610	-	166,479	271,052	1,476,153
CHANGE IN FINANCIAL REPORTING ENTITY	-	-	-	279,104	-	(279,104)	-
FUND BALANCES, AS AT MAY 31, 2024, RESTATED	577,403	7,609	453,610	279,104	166,479	(8,052)	1,476,153
FUND BALANCES, END OF YEAR	$ 415,356	$ -	$ 375,481	$ 671,795	$ 318,168	$ 8,159	$ 1,788,959

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

CITY OF DONALSONVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	312,806
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 exceeded depreciation in the current period.		
- Capital outlays		268,866
- Depreciation expense		(655,522)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		12,019
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		236,020
Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
- Change in accrued interest liability		15,291
- Change in post closure care cost		(24,176)
Change in pension related items		110,094
Changes in compensated absences		19,985
Change in net position - governmental activities	$	295,383

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2025

ASSETS	Water Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville	Total
Current assets:					
Cash and cash equivalents	$ 756,947	$ 174,646	$ -	$ 6,310	$ 937,903
Receivables (net of allowance for uncollectibles)	141,691	15,325	12,855	4,051	173,922
Due from other funds	-	114,325	-	-	114,325
Intergovernmental	-	-	35,394	-	35,394
Prepaid items	40,056	7,410	-	1,335	48,801
Total current assets	938,694	311,706	48,249	11,696	1,310,345
Noncurrent assets					
Capital assets, not being depreciated	94,381	-	-	-	94,381
Capital assets, being depreciated	12,335,348	1,195,178	-	289,576	13,820,102
Total noncurrent assets	12,429,729	1,195,178	-	289,576	13,914,483
Total assets	13,368,423	1,506,884	48,249	301,272	15,224,828
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	1,667	-	-	-	1,667
Total deferred outflows of resources	1,667	-	-	-	1,667
LIABILITIES					
Current liabilities:					
Accounts payable	21,174	44,271	36,976	2,157	104,578
Accrued expenses	22,009	2,675	-	1,083	25,767
Due to other funds	1,813	-	26,038	114,325	142,176
Customer deposits payable	157,657	24,265	-	-	181,922
Notes payable	23,581	18,060	-	-	41,641
Bonds payable	230,000	-	-	-	230,000
Compensated absences	2,357	2,357	-	-	4,714
Total current liabilities	458,591	91,628	63,014	117,565	730,798
Long-term liabilities:					
Notes payable	63,127	-	-	-	63,127
Bonds payable	5,190,000	-	-	-	5,190,000
Compensated absences	1,444	1,444	-	-	2,888
Net pension liability	42,071	-	-	-	42,071
Total long-term liabilities	5,296,642	1,444	-	-	5,298,086
Total liabilities	5,755,233	93,072	63,014	117,565	6,028,884
DEFERRED INFLOWS OF RESOURCES					
Pension related items	4,480	-	-	-	4,480
Total deferred inflows of resources	4,480	-	-	-	4,480
NET POSITION					
Net investment in capital assets	6,923,021	1,177,118	-	289,576	8,389,715
Restricted	-	-	-	-	-
Unrestricted	687,356	236,694	(14,765)	(105,869)	803,416
Total net position	$ 7,610,377	$ 1,413,812	$ (14,765)	$ 183,707	$ 9,193,131

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2025

	Water Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville	Total
OPERATING REVENUES					
Charges for services	$ 1,175,016	$ 618,845	$ -	$ 41,414	$ 1,835,275
Other fees	119,224	20,635	32,939	-	172,798
Total operating revenues	1,294,240	639,480	32,939	41,414	2,008,073
OPERATING EXPENSES					
Personnel services and benefits	121,145	124,739	-	1,083	246,967
Purchased contract services	59,563	339,407	54,743	30,055	483,768
Supplies and maintenance	77,525	8,631	-	69	86,225
Repairs and maintenance	73,327	8,517	-	7,936	89,780
Utilities	96,801	3,859	-	550	101,210
Depreciation	380,440	30,313	-	12,912	423,665
Total operating expenses	808,801	515,466	54,743	52,605	1,431,615
Operating income (loss)	485,439	124,014	(21,804)	(11,191)	576,458
NONOPERATING REVENUES (EXPENSES)					
Investment earnings (loss)	1,265	-	-	-	1,265
Interest and fiscal charges	(161,529)	(1,642)	-	-	(163,171)
Total nonoperating revenues (expenses)	(160,264)	(1,642)	-	-	(161,906)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	325,175	122,372	(21,804)	(11,191)	414,552
Capital contributions	60,735	-	-	-	60,735
Transfers out	(150,000)	-	-	-	(150,000)
Total transfers	(89,265)	-	-	-	(89,265)
Change in net position	235,910	122,372	(21,804)	(11,191)	325,287
NET POSITION, BEGINNING OF YEAR	7,374,467	1,291,440	7,039	194,898	8,867,844
NET POSITION, END OF YEAR	$ 7,610,377	$ 1,413,812	$ (14,765)	$ 183,707	$ 9,193,131

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2025

	Water Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 1,241,497	$ 648,369	$ 25,607	$ 41,914	$ 1,957,387
Payments to suppliers and service providers	(280,571)	(330,659)	4,393	(36,400)	(643,237)
Payments to employees	(136,670)	(123,853)	(30,000)	-	(290,523)
Net cash provided by operating activities	824,256	193,857	-	5,514	1,023,627
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	1,265	-	-	-	1,265
Net cash provided by investing activities	1,265	-	-	-	1,265
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(102,949)	-	-	-	(102,949)
Principal payments on long-term debt	(248,156)	(52,934)	-	-	(301,090)
Capital contributions	60,735	-	-	-	60,735
Interest and fiscal charges paid	(161,529)	(1,642)	-	-	(163,171)
Net cash used in capital and related financing activities	(451,899)	(54,576)	-	-	(506,475)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(150,000)	-	-	-	(150,000)
Net cash provided by (used in) noncapital financing activities	(150,000)	-	-	-	(150,000)
Increase (decrease) in cash	223,622	139,281	-	5,514	368,417
Cash:					
Beginning of year	533,325	35,365	-	796	569,486
End of year	$ 756,947	$ 174,646	$ -	$ 6,310	$ 937,903
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 485,439	$ 124,014	$ (21,804)	$ (11,191)	$ 576,458
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	380,440	30,313	-	12,912	423,665
(Increase) decrease in accounts receivable	(52,743)	8,889	(7,332)	500	(50,686)
(Increase) decrease in prepaid expenses	2,299	(1,620)	-	265	944
(Increase) decrease in pension related deferred outflows of resources	24,890	-	-	-	24,890
Increase (decrease) in accounts payable	11,817	30,725	33,098	1,945	77,585
Increase (decrease) in accrued expenses	(7,444)	1,939	(30,000)	1,083	(34,422)
Increase (decrease) in customer deposits payable	12,529	650	-	-	13,179
Increase (decrease) in pension related deferred inflows of resources	(24,497)	-	-	-	(24,497)
(Increase) decrease in interfund balances	-	-	26,038	-	26,038
Increase (decrease) in compensated absences	(1,053)	(1,053)	-	-	(2,106)
Increase (decrease) in net pension liability	(7,421)	-	-	-	(7,421)
Net cash provided by operating activities	$ 824,256	$ 193,857	$ -	$ 5,514	$ 1,023,627

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Donalsonville, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted 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 of Donalsonville is governed by an elected mayor and six-member council and provides the following services: public safety, judicial, streets and sanitation, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities (water, sewer, natural gas and broadband).

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component unit. The component unit discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City. 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 government.

Discretely Presented Component Units

The Downtown Development Authority of Donalsonville assists local merchants with low interest loans for renovations of downtown properties. The authority consists of a board of seven directors appointed by the City Council. The authority is dependent upon the City at this time for revenue, and the City contributes one-half of the hotel and motel tax collected. The authority is presented as a governmental fund type.

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 activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of net position will include non-current assets and non-current liabilities. Neither fiduciary funds nor fiduciary component units are included. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 properly included among program revenues are reported instead as *general revenues*.

The City does not allocate indirect costs.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, charges for services, 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 corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 ***SPLOST VI Fund*** accounts for financial resources which are used exclusively for capital projects per the terms of the SPLOST agreement.

The ***Transportation SPLOST (T-SPLOST) Fund*** accounts for financial resources which are used exclusively for transportation projects per the terms of the T-SPLOST agreement.

The ***Transportation SPLOST II (T-SPLOST II) Fund*** accounts for financial resources which are used exclusively for transportation projects per the terms of the T-SPLOST agreement.

The ***ARPA Grant Fund*** is the government's special revenue fund which accounts for the American Rescue Plan Act grant activity of the City.

The City reports the following major proprietary funds:

The ***Water and Sewer Fund*** accounts for the activities of the City's water distribution system, the sewer treatment plant, sewage pumping stations and collection systems, and the sanitation collection as it applies to City residents, which renders those services to the residents and businesses located within the City.

The ***Gas Fund*** operates the distribution of natural gas to the City residents

The ***Solid Waste Fund*** accounts for the expenses associated with the closure of a landfill and the revenues received from the City and County for these expenses per their agreement.

The ***E-Donalsonville*** accounts for the expenses associated with the city's wireless internet service.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following nonmajor governmental funds:

The ***Hotel/Motel Tax Fund*** is the government's special revenue fund. It accounts for all hotel/motel tax revenue received and the accompanying expenditures.

The ***CHIP fund*** is a nonmajor capital project fund. The Community HOME Investment Program ("CHIP") is a Georgia Department of Community Affairs grant funded through HUD's HOME program to support housing rehabilitation and homebuyer assistance for low- and moderate-income households.

The ***CDBG-DR*** fund is a nonmajor capital project fund. This fund accounts for all CDBG-DR revenue and the accompanying expenditures.

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are restricted or committed to expenditure for specific purposes.

The ***Capital Project Funds*** account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of facilities and other capital assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used have not been eliminated in this process. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function, gas function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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 revenue of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City is authorized to invest its funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks within the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank and Federal Bank for Cooperatives; and (4) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Government, or project notes secured by a payment agreement with the United States Government. All investments are stated at market value.

E. Restricted Cash

The City of Donalsonville's restricted cash includes customer deposits and confiscated funds held for the use of the Police Department.

F. Receivables and Payables

Receivables are recorded for amounts due to the City for taxes, utility services, intergovernmental revenues, court fines, and other sources. Receivables are reported net of any estimated uncollectible amounts based on historical collection trends and management's assessment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables (Continued)

Payables are recognized for goods and services received prior to year-end that remain unpaid. These include vendor invoices, payroll, benefits, and amounts due to other governments. Payables are recorded when incurred, regardless of when payment is made.

G. Inventories and Prepaid Items

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

Prepaid expenses of the City consist of insurance expenses. The City had prepaid insurance expenses totaling $235,024.

H. Capital Assets

Capital assets, which include buildings, infrastructure, vehicles, machinery and equipment (e.g., roads, bridges, sidewalks, and similar items), and leased assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The City has elected to capitalize all general infrastructure assets regardless of the acquisition date and has used the estimated historical cost to value these assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets and leased assets of the primary government are depreciated or amortized using the straight-line method over the following useful lives:

Asset Category	Years
Buildings	40
Building improvements	20
Improvements other than buildings	20 - 50
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	3 - 20
Trucks and tractors	4 - 10
Office equipment	5 - 15

I. Leases

The City is a lessee for noncancelable vehicle and equipment leases. The City recognizes a lease liability and an right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $1,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

1) The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

2) The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

3) The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

J. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and pension plan as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available.

Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property tax revenues to be available if they are collected within 60 days after year-end. Property tax receivables not collected within 60 days after year-end are reported as deferred inflows of resources in the governmental fund financial statements, as they do not meet the availability criterion.

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. 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 or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any 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.

K. Compensated Absences

The City accrues a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. Compensated absences include vacation leave, sick leave, and other forms of paid time off, and are recognized as a liability when earned by employees if the leave is attributable to services already rendered and it is more likely than not that the leave will be used or paid.

The liability includes leave that is conditioned on an employee’s future service, provided it is more likely than not that the employee will meet the requirement, as well as leave that is dependent on the occurrence of a specific event outside the control of the employer and the employee. The amount of the liability is calculated using pay rates in effect at the financial reporting date, and includes applicable salary-related payments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accrued and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

M. 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 and deferred inflows of resources under the current financial resources management 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 purpose 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 they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Unrestricted – Fund balances are reported as unrestricted when they do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – Fund balances are reported as unassigned as the residual classification for the City’s general fund and includes all spendable amounts not contained in the other classifications. 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: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 or 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.

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 Donalsonville 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. Management Estimates

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

P. New GASB pronouncements

GASB Standards Issued (April 2024 - September 2024)

1. GASB Statement No. 103 – Financial Reporting Model Improvements

Issued: April 2024
Summary: GASB Statement No. 103 introduces significant updates to the financial reporting model for state and local governments. Its primary goal is to enhance the usefulness of financial reports by addressing identified application issues and refining the structure and content of key components such as Management's Discussion and Analysis (MD&A) and certain financial statement presentations.

Effective Date: Periods beginning after June 15, 2025 (earlier application encouraged).

2. GASB Statement No. 104 – Disclosure of Certain Capital Assets

Issued: September 2024
Summary: GASB Statement No. 104 introduces new disclosure requirements for specific categories of capital assets in governmental financial statements, aiming to enhance transparency and facilitate better decision-making.
Effective Date: Periods beginning after June 15, 2025 (earlier application encouraged).

NOTE 2. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds. The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipations, generally conservative, are designed to help ensure fiscal responsibility and maintain a balanced budget. Sums sufficient to provide for debt service may not be diverted to any other purpose by the Mayor and the Council. The budget is prepared by fund and department. The legal level of budgetary control is the department level. Transfers between departments require approval of governing council.

According to the Charter and Code of the City, the City Manager has the responsibility for developing both the annual budget and capital budget for the city, which is done in conjunction with input and assistance from the City Clerk. These two budgets are developed separately, and then combined into one budget document, with the budgets for capital expenditures being incorporated as line items in the budget for each general government department.

The budget process begins shortly after the results for the third quarter of the fiscal year are determined, usually in early March. Budget proposals or development forms are issued to department heads for those departments where the budget is developed outside City Hall, along with budget results for the department for the first three quarters of the year. The department heads then compare the performance numbers for their respective departments for the current fiscal year, along with the results of the last quarter of the previous fiscal year to their annual budget expenditures, and from that comparison they structure their budgets and make projections of budget and capital needs for the next fiscal year. When they have completed their projections, they return the budget development forms to the City Manager's office at City Hall.

The City Manager is, during this same period of time, completing the budget development forms for those sections of the budget that are developed within City Hall, such as revenues and general government expenditures, using comparative numbers and information from a budget development file maintained in City Hall where pertinent data is filed as it is gathered throughout the year. The City Manager must also compute the requirements for all sections of the budget dealing with lease/purchase and capital outlays or expenditures.

When the budget development forms for all departments have been turned in to, or completed by City Hall, they are combined into a draft budget document. At this point in the process, usually in early April, budget meetings are held with each department head to discuss their projected budget needs. This step is often completed when the budget development forms are returned. If it is determined during these meetings that adjustments need to be made to any line item in the budget, those adjustments are made and total projected budget expenditures are recalculated and compared with projected revenues to determine the projected ad valorem tax requirements. The projected ad valorem tax requirement is entered as a line item in the revenue section of the general fund budget. The completed document becomes the first draft of a proposed City budget for the next fiscal year.

When the proposed budget for the next fiscal year is completed, it is reproduced in quantity and distributed to the Mayor and Council for their review and study. Next, the first public hearing for the proposed budget is scheduled to review the budget and receive public input into the budgeting process. This is usually done in mid-to-late April. After this hearing is held, and input is received from both the public and the Mayor and Council, further refinements and helpful suggestions are incorporated and the second draft budget document is produced and distributed to the Mayor and Council. Of course, copies of the budget at each stage of the budget process are available for public review at City Hall at all times. Next, a final budget hearing is scheduled and advertised. When possible, this hearing is held in conjunction with the regularly scheduled meeting of the Mayor and Council in May. At this hearing, any final public input is received, and final refinements or changes to the budget are made by the Mayor and Council, after which the budget is adopted as the official budget for the City for the upcoming fiscal year which begins on June 1st of each year. Any changes to the budget thereafter must be adopted as amendments to the official city budget.

For the year ended May 31, 2025, actual amounts exceeded expenditures as follows:

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
ARPA Grant Fund				
Transfers out	$ -	$ (257,385)	$ (258,045)	$ (660)
Hotel/Motel Tax Fund				
Culture and recreation	47,350	48,000	48,790	(790)

NOTE 3. DEPOSITS AND INVESTMENTS

Primary Government

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.

Custodial credit risk:

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 and the Georgia Fund 1) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of May 31, 2025, the financial institutions holding all of the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of May 31, 2025, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

Interest rate risk:

Interest rate risk is the risk that a government may face if changes in interest rates affect the fair value of its investments. To reduce interest rate risk, the City limits the maturity of any investment to five years. An investment held to maturity will be paid at par value. The City intends to hold all investments to maturity.

NOTE 4. RECEIVABLES

Primary Government

Receivables at May 31, 2025, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	T-SPLOST II	Nonmajor Governmental Funds
Receivables:			
Taxes	$ 186,193	$ -	$ -
Intergovernmental	-	33,587	-
Accounts	72,281	-	6,753
Gross receivables	258,474	33,587	6,753
Less allowance for uncollectibles	(1,511)	-	-
Net receivables	$ 256,963	$ 33,587	$ 6,753

	Water Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville
Receivables:				
Accounts	$ 144,994	$ 36,047	$ 12,855	$ 4,776
Intergovernmental	-	-	35,394	-
Gross receivables	144,994	36,047	48,249	4,776
Less allowance for uncollectibles	(3,303)	(20,722)	-	(725)
Net receivables	$ 141,691	$ 15,325	$ 48,249	$ 4,051

Property taxes for the 2025 fiscal year were levied in October 2024, with property values assessed as of January 1, 2024. Bills are payable on or before December 20, 2024 after which the applicable property is subject to lien and penalties and interest as assessed. Property taxes attached as an enforceable lien on property as of January 1, 2025.

NOTE 5. CAPITAL ASSETS

Primary Government

Capital asset activity of governmental activities for the year ended May 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 434,401	$ -	$ -	$ 434,401
Construction in progress	-	224,497	-	224,497
Total capital assets, not being depreciated	434,401	224,497	-	658,898
Capital assets, being depreciated:				
Buildings and improvements	2,244,133	-	-	2,244,133
Improvements other than buildings	317,429	-	-	317,429
Vehicles, machinery and equipment	4,223,397	36,869	(298,619)	3,961,647
Infrastructure	4,038,136	7,500	-	4,045,636
Right to use leased assets	503,679	-	-	503,679
Total capital assets, being depreciated	11,326,774	44,369	(298,619)	11,072,524
Less accumulated depreciation for:				
Buildings and improvements	(738,250)	(52,523)	-	(790,773)
Improvements other than buildings	(204,942)	(9,725)	-	(214,667)
Vehicles, machinery and equipment	(3,066,331)	(356,692)	298,619	(3,124,404)
Infrastructure	(1,882,447)	(135,846)	-	(2,018,293)
Right to use leased assets	(110,896)	(100,736)	-	(211,632)
Total accumulated depreciation	(6,002,866)	(655,522)	298,619	(6,359,769)
Total capital assets, being depreciated, net	5,323,908	(611,153)	-	4,712,755
Governmental activities capital assets, net	$ 5,758,309	$ (386,656)	$ -	$ 5,371,653

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Capital asset activity of business-type activities for the year ended May 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated				
Land	$ 33,646	$ -	$ -	$ 33,646
Construction in progress	-	60,735	-	60,735
Total capital assets, not being depreciated	33,646	60,735	-	94,381
Capital assets, being depreciated:				
Buildings and improvements	24,924	-	-	24,924
Improvements other than buildings	8,883	-	-	8,883
Vehicles, machinery and equipment	537,549	42,214	(23,246)	556,517
Infrastructure	20,599,106	-	-	20,599,106
Total capital assets, being depreciated	21,170,462	42,214	(23,246)	21,189,430
Less accumulated depreciation for:				
Buildings and improvements	(24,863)	(25)	-	(24,888)
Improvements other than buildings	(8,790)	(91)	-	(8,881)
Vehicles, machinery and equipment	(499,906)	(7,617)	23,246	(484,277)
Infrastructure	(6,435,350)	(415,932)	-	(6,851,282)
Total accumulated depreciation	(6,968,909)	(423,665)	23,246	(7,369,328)
Total capital assets, being depreciated, net	14,201,553	465,879	(46,492)	13,820,102
Business-type activities capital assets, net	$ 14,235,199	$ 526,614	$ (46,492)	$ 13,914,483

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

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

Governmental activities:	
General government	$ 44,164
Public safety	324,255
Public works	270,440
Culture and recreation	16,663
Total depreciation expense - governmental activities	$ 655,522
Business-type activities:	
Water and Sewer Fund	$ 380,440
Gas Fund	30,313
E-Donalsonville	12,912
Total depreciation expense - business-type activities	$ 423,665

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of May 31, 2025, is as follows:

Receivable fund	Payable fund	Amount
Gas Fund	E Donalsonville	$ 114,325
General Fund	Nonmajor governmental funds	7,666
General Fund	Solid waste fund	26,038
General Fund	SPLOST VI	88,629
General Fund	Water Sewer Fund	1,813
		$ 238,471

These 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.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended May 31, 2025 were as follows:

Transfers In	Transfers Out	Amount
General Fund	ARPA Fund	$ 258,045
General Fund	Water and Sewer Fund	150,000
		$ 408,045

Transfers between funds are for the use of unrestricted revenue to finance various capital improvement projects accounted for in other funds. Transfers between funds are also used to 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, and to reimburse the General Fund for certain shared costs.

NOTE 7. LONG-TERM DEBT

Primary Government

The following is a summary of long-term debt activity for the year ended May 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences*	$ 69,380	$ -	$ (19,985)	$ 49,395	$ 30,625
Lease liabilities and financed purchases	765,095	-	(206,019)	559,076	247,758
Notes payable	90,000	-	(30,000)	60,000	30,000
Net pension liability	775,367	-	(116,262)	659,105	-
Post closure costs	12,800	36,976	(12,800)	36,976	-
Governmental activities long-term	$ 1,712,642	$ 36,976	$ (385,066)	$ 1,364,552	$ 308,383
Business-type Activities:					
Compensated absences*	$ 9,708	$ -	$ (2,106)	$ 7,602	$ 4,714
Bonds payable	5,645,000	-	(225,000)	5,420,000	230,000
Notes payable	180,857	-	(76,089)	104,768	41,641
Net pension liability	49,492	-	(7,421)	42,071	-
Business-type activities long-term	$ 5,885,057	$ -	$ (310,616)	$ 5,574,441	$ 276,355

*Compensated absences and post closure costs of the City's governmental funds will generally be liquidated by the general fund. Long-term liabilities of the business-type activities will generally be paid from the fund that incurred the liability.

Lease Liabilities. The financial statements reflect the application of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize both a lease liability and an intangible right-to-use lease asset, while a lessor must recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City of Donalsonville has a lease agreement for ten vehicles with Enterprise Fleet Management dated November 7, 2022 with the principal amount of $390,477. The lease is payable in monthly installments of $8,413. The final installment, if not sooner paid, shall be due and payable on March 1, 2028. As of May 31, 2025, the principal balance was $246,305. This lease has been recorded at the present value of the future minimum lease payments as of the inception date on the Statement of Net Position.

Debt service to maturity on the City's outstanding leases is as follows:

Year ending May 31	Principal	Interest	Total
2026	$ 78,564	$ 22,390	$ 2,026
2027	87,309	13,645	2,027
2028	80,432	3,698	2,028
Total	$ 246,305	$ 39,733	$ 6,081

The City of Donalsonville has a lease agreement for body cameras with Axon Enterprise, Inc. dated September 12, 2023 with the principal amount of $75,961. The lease is payable in yearly installments of $17,314. The final installment, if not sooner paid, shall be due and payable on November 30, 2027. As of May 31, 2025, the principal balance was $58,660. This lease has been recorded at the present value of the future minimum lease payments as of the inception date on the Statement of Net Position. They City has not paid their 2025 instalment on the body cameras as at May 31, 2025.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Debt service to maturity on the 's outstanding leases is as follows:

Year ending May 31	Principal	Interest	Total
2026	$ 27,339	$ 7,289	$ 34,628
2027	15,122	2,192	17,314
2028	16,199	1,115	17,314
Total	$ 58,660	$ 10,596	$ 69,256

The right to use lease assets are amortized over the terms of the leases. The assets acquired through leases are as follows:

Asset:	Governmental
Machinery and equipment	$ 503,679
Less: accumulated amortization	(204,036)
Total	299,643
Amortization charged for the year ended May 31, 2025	$ 93,140

Financed purchase agreements. Financed purchase agreements are those that transfer ownership of the asset by the end of the contract.

The City of Donalsonville has a financed purchase agreement as lessee for financing the acquisition of radio equipment with Motorola Solutions dated May 27, 2022 with the principal amount of $254,736. The lease bears an interest rate at 3.96%. The lease is payable at equal annual installments of $91,850. The final installment, if not sooner paid, shall be due and payable on July 1, 2025. As of May 31, 2025, the principal balance was $88,290.

Year ending May 31	Principal	Interest	Total
2026	$ 88,290	$ 3,560	$ 91,850
Total	$ 88,290	$ 3,560	$ 91,850

The City of Donalsonville has a financed purchase agreement as lessee for financing the acquisition of a street sweeper with Republic First National dated April 20, 2023 with the principal amount of $276,800. The lease bears an interest rate at 6.09%. The lease is payable at equal annual installments of $63,664. The final installment, if not sooner paid, shall be due and payable on September 30, 2027. As of May 31, 2025, the principal balance was $165,821.

Debt service to maturity on the City's outstanding financed purchases is as follows:

Year ending May 31	Principal	Interest	Total
2026	$ 53,565	$ 10,099	$ 63,664
2027	56,827	6,837	63,664
2028	55,429	8,236	63,665
Total	$ 165,821	$ 25,172	$ 190,993

The assets acquired through financed purchase agreements for various funds are as follows:

Asset:	Governmental	Water/Sewer	Gas Fund
Machinery and equipment	$ 1,494,074	$ 108,046	$ 25,517
Less: accumulated amortization	(1,166,968)	(108,046)	(25,517)
Total	327,106	-	-
Amortization charged for the year ended May 31, 2025	$ 162,896	$ -	$ -

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Bonds payable. On May 13, 2022, the Downtown Development Authority of Donalsonville issued Series 2022 Revenue Bonds for the purpose of prepaying the outstanding Series 2017 revenue bond and water/sewer and gas improvements. The City entered into an Intergovernmental Installment Sale Agreement with the Downtown Development Authority by which the City has agreed to pay the bond debt installments under the Installment Sale Agreement arrangement until the full debt is satisfied. The bonds are recorded as debt of the Water and Sewer Fund since it is responsible for all related debt service.

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year ending May 31	Principal	Interest	Total
2026	$ 230,000	$ 165,256	$ 395,256
2027	235,000	158,096	393,096
2028	315,000	150,652	465,652
2029	325,000	140,468	465,468
2030	335,000	130,306	465,306
2031 - 2035	1,835,000	489,742	2,324,742
2036 - 2040	2,145,000	185,888	2,330,888
Total	$ 5,420,000	$ 1,420,408	$ 6,840,408

Notes payable. The City of Donalsonville has three (3) notes payable.

Governmental Activities

Note one is dated September 13, 2017 with Three Notch Electric Membership in the principal amount of $300,000 and was used to help with payment of the new Fire Department. The note is interest free and payable in 10 annual payments of $30,000. As of May 31, 2025, the principal balance was $60,000.

Annual debt requirements to maturity on Note one are as follows:

Year ending May 31	Principal	Interest	Total
2026	$ 30,000	$ -	$ 30,000
2027	30,000	-	30,000
Total	$ 60,000	$ -	$ 60,000

Business-type Activities:

Note two was originally dated March 20, 2012 and then converted on January 1, 2014 to an amortizing loan in the principal amount of $325,583, and was used for the conversion of the existing water meters to a radio read system is rehabilitation to the City's sewer main system. The note bears an interest rate of 2.00% and is payable in 179 monthly payments of $2,095. As of May 31, 2025, the principal balance was $86,708.

Annual debt requirements to maturity on Note two are as follows:

Year ending May 31	Principal	Interest	Total
2026	$ 23,581	$ 1,561	$ 25,142
2027	24,057	1,085	25,142
2028	24,543	599	25,142
2029	14,527	129	14,656
Total	$ 86,708	$ 3,374	$ 90,082

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Note three is dated August 26, 2020 with the Municipal Gas Authority of Georgia in the principal amount of $250,000 and was used to help with payment of the new natural gas supply lines. The note is payable in 60 monthly payments of $4,548 with interest of 3.5%. As of May 31, 2025, the principal balance was $18,060.

Annual debt requirements to maturity on Note three are as follows:

Year ending May 31	Principal	Interest	Total
2026	$ 18,060	$ 132	$ 18,192
Total	$ 18,060	$ 132	$ 18,192

NOTE 8. PENSION PLAN

Plan Description

Plan description. The City maintains an agent multiple employee defined benefit pension plan with the Georgia Municipal Employees Benefit System (GMEBS). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Participation in the plan was approved by resolution of the City Council. The benefits provided by the plan, as well as the obligation to contribute to the plan, can only be amended by the approval of the City Council. Employees are not required to contribute to the plan. The Plan is not included in the City's financial statement. A financial report is available by contacting the Burgess Building, Atlanta, Georgia.

The City also participates in the State of Georgia Police Officer's Annuity Program. The City makes no contribution to this plan. Contributions are collected by the City as an agent for this fund through its municipal court system. This plan is administered through the State and is not included in the City's financial statements.

Employees covered by benefit terms. At May 31, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Terminated vested participants not yet receiving benefits	43
Active employees - vested	39
Total	112

Funding Policy. 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 Council, 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 Council. The current rate of contribution for the City is 12.29% of annual covered payroll. Annual covered payroll for May 31, 2025 was $1,651,534.

Net Investment Return:

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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of May 31, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table:

NOTE 8. PENSION PLAN (CONTINUED)

Net Investment Return (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.60%
International equity	20%	7.03%
Real estate	10%	3.40%
Global Fixed income	5%	3.70%
Domestic Fixed income	20%	2.70%
Cash	0%	
Total	100%	

Rate of Return: 7.375% On-going basis, based on long-term expected rate of return on pension plan investments.

Significant actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2025, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Net investment rate of return	7.375% per year
Projected salary increases	2.25% plus service based merit
Cost of living adjustments	0.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonable reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2015 to June 30, 2019. Mortality experience will be reviewed periodically and updated if necessary.

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.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended May 31, 2025 were as follows:

	Total Pension (a)	Plan (b)	Net Pension (a) - (b)
Balances at May 31, 2024	$ 5,225,420	$ 4,400,561	$ 824,859
Changes for the year:			
Service cost	92,469	-	92,469
Interest	378,459	-	378,459
Differences between expected and actual experience	41,683	-	41,683
Contributions—employer	-	202,555	(202,555)
Contributions—employee	-	34,592	(34,592)
Net investment income (loss)	-	418,654	(418,654)
Benefit payments, including refunds of employee contributions	(372,491)	(372,491)	-
Administrative expense	-	(19,507)	19,507
Net changes	140,120	263,803	(123,683)
Balances at May 31, 2025	$ 5,365,540	$ 4,664,364	$ 701,176

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

NOTE 8. PENSION PLAN (CONTINUED)

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 percent, 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 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 1,271,355	$ 701,176	$ 221,953

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

For the year ended May 31, 2025, the City recognized pension expense of $201,966. At May 31, 2025, 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
Differences between expected and actual experience	$ 27,788	$ 3,924
Net difference between projected and actual earnings on pension plan investments	-	-
City contributions subsequent to the measurement date	-	70,748
Total	$ 27,788	$ 74,672

City contributions subsequent to the measurement date of $Nil are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending May 31, 2025. Other 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 May 31,	
2026	$ 83,836
2027	(15,576)
2028	(95,179)
2029	(19,965)
Total	$ (46,884)

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees and their dependents.

General Liability

The City participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's 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 pool's 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 fund.

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member government contract. The funds are to pay all costs 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.

Settled claims have not exceeded coverage in the past three years and there have been no significant reductions in coverage.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Litigation

The City's attorney has advised that there are no pending litigation cases against the City as of May 31, 2025, that will materially affect the financial statements.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

NOTE 11. JOINT VENTURES

The City is currently involved in a joint venture with Seminole County, Georgia for the operation of the Donalsonville-Seminole County Airport. The airport is financially independent of the City and County, and the governments do not retain an equity interest in the airport. All real estate is owned equally by the City and County governments, with the City's respective portion included in its capital assets. A copy of the joint venture's separate financial statements can be obtained from Jerry Isler, P.O. Box 671, Donalsonville, Georgia.

Under Georgia law, the City, together with other jurisdictions in southwest Georgia, is a member of the Southwest Georgia Regional Commission (SWGRC). Dues are charged at county level and paid by counties. Membership is required by OCGA 50 8 34. The SWGRC board includes chief elected officials of member counties and municipalities. Under OCGA 50 8 39.1, members are liable for commission obligations. Financial statements may be obtained from SWGRC at 30 West Broad Street, P.O. Box 346, Camilla, GA 31730; phone (229) 522 3552.

NOTE 12. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its solid waste landfill and to perform certain maintenance and monitoring functions at the site for a period of five years. This 5-year period is an exception to the 30-year period for monitoring landfills granted to those sites which are not contaminating groundwater and which cease to accept solid waste as of April 8, 1994. The City qualified for this exception. Although closure and postclosure care costs will be paid after the date that the landfill stopped accepting waste, the City reports a portion of these costs as an operating expense in this fiscal year, and the balance of the current estimated closure and postclosure costs are recorded as a liability in the Solid Waste Fund, an Enterprise Fund of the City. Estimates must be used and these estimates may change on account of a variety of factors including inflation or deflation, technology, or applicable laws or regulations.

The City and Seminole County, Georgia have an agreement in which the County contributes 60% of the closure and post-closure cost. An intergovernmental receivable is recorded for 60% of the current estimated cost.

The current estimated closure and post-closure cost as at May 31, 2025 for the governmental fund is $36,976. The City does not have the ability to calculate the annual accrual due to the closure of the landfill.

NOTE 13. HOTEL/MOTEL TAXES

The City of Donalsonville collected 5% motel taxes and is in compliance with OCGA 48-13-51. The City collected $46,261 in taxes and expended $48,819 for economic development, which is 106% of taxes collected. The balance is restricted for economic development.

NOTE 14. CHANGES WITHIN THE FINANCIAL REPORTING ENTITY

Change in Fund Presentation

During the year ended May 31, 2025, the government reclassified its T-SPLOST II fund, previously reported as a nonmajor governmental fund, to a major governmental fund. This change was made due to the fund meeting the quantitative criteria for major fund reporting in accordance with GASB Statement No. 34. The reclassification represents a change in presentation under GASB Statement No. 100, Accounting Changes and Error Corrections.

The change has been applied retrospectively to the prior period presented to provide comparative financial statements. As a result, the T-SPLOST II Fund is presented separately in the governmental funds financial statements and the governmental activities column of the government-wide financial statements for all periods presented. There was no effect on the total fund balance or net position.

The impact of the change in fund presentation is as follows:

	May 31, 2024 As previously reported	Change in Fund Presentation	May 31, 2024 As restated
Governmental Funds			
T-SPLOST II Fund	$ -	$ 279,104	$ 279,104
Nonmajor Governmental Funds	279,104	(279,104)	-

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2026	2025	2024	2023	2022
Total pension liability					
Service cost	$ 92,469	$ 73,634	$ 69,217	$ 65,411	$ 68,794
Interest on total pension liability	378,459	371,818	356,162	319,298	306,237
Differences between expected and actual experience	41,683	(11,771)	116,468	124,293	75,012
Benefit payments, including refunds of member contributions	(372,491)	(352,443)	(315,526)	(281,153)	(257,959)
Other changes	-	-	-	285,376	-
Net change in total pension liability	140,120	81,238	226,321	513,225	192,084
Total pension liability - beginning	5,225,420	5,144,182	4,917,861	4,404,636	4,212,552
Total pension liability - ending (a)	5,365,540	$ 5,225,420	$ 5,144,182	$ 4,917,861	$ 4,404,636
Plan fiduciary net position					
Contributions - employer	$ 202,555	$ 186,993	$ 168,326	$ 165,548	$ 138,025
Contributions - employee	34,592	35,334	34,953	18,345	-
Net investment income (loss)	418,654	657,577	(34,402)	(199,075)	1,115,711
Benefit payments, including refunds of member contributions	(372,491)	(352,443)	(315,526)	(281,153)	(257,959)
Administrative expenses	(19,507)	(17,964)	(13,612)	(15,012)	(16,612)
Net change in plan fiduciary net position	263,803	509,497	(160,261)	(311,347)	979,165
Plan fiduciary net position - beginning	4,400,561	3,891,064	4,051,325	4,362,672	3,383,507
Plan fiduciary net position - ending (b)	$ 4,664,364	$ 4,400,561	$ 3,891,064	$ 4,051,325	$ 4,362,672
City's net pension liability - ending (a) - (b)	$ 701,176	$ 824,859	$ 1,253,118	$ 866,536	$ 41,964
Plan fiduciary net position as a percentage of the total pension liability	86.93%	84.21%	75.64%	82.38%	99.05%
Covered payroll	$ 1,651,534	$ 1,647,813	$ 1,547,240	$ 1,526,580	$ 1,661,450
City's net pension liability as a percentage of covered payroll	42.46%	50.06%	80.99%	56.76%	2.53%

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	$ 75,435	$ 64,654	$ 67,055	$ 68,145	$ 60,905
Interest on total pension liability	281,571	267,012	256,165	254,974	248,392
Differences between expected and actual experience	263,248	75,252	5,540	(121,264)	(32,025)
Changes of assumptions	-	-	53,916		914
Changes in benefit terms	-	-			
Benefit payments, including refunds of member contributions	(249,617)	(197,519)	(187,529)	(185,471)	(201,022)
Other changes	38,256	-	-	-	-
Net change in total pension liability	408,893	209,399	195,147	16,384	77,164
Total pension liability - beginning	3,803,659	3,594,260	3,399,113	3,382,729	3,305,565
Total pension liability - ending (a)	$ 4,212,552	$ 3,803,659	$ 3,594,260	$ 3,399,113	$ 3,382,729
Plan fiduciary net position					
Contributions - employer	$ 120,116	$ 115,599	$ 151,408	$ 138,429	$ 153,584
Net investment income	240,543	22,370	338,040	381,392	(12,774)
Benefit payments, including refunds of member contributions	(249,617)	(197,519)	(187,529)	(185,471)	(201,022)
Administrative expenses	(12,131)	(14,898)	(13,476)	(14,319)	(8,525)
Net change in plan fiduciary net position	98,911	(74,448)	288,443	320,031	(68,737)
Plan fiduciary net position - beginning	3,284,596	3,359,044	3,070,601	2,750,570	2,819,307
Plan fiduciary net position - ending (b)	$ 3,383,507	$ 3,284,596	$ 3,359,044	$ 3,070,601	$ 2,750,570
City's net pension liability - ending (a) - (b)	$ 829,045	$ 519,063	$ 235,216	$ 328,512	$ 632,159
Plan fiduciary net position as a percentage of the total pension liability	80.32%	86.35%	93.46%	90.34%	81.31%
Covered payroll	$ 1,611,305	$ 1,586,681	$ 1,308,205	$ 1,339,942	$ 1,330,209
City's net pension liability as a percentage of covered payroll	51.45%	32.71%	17.98%	24.52%	47.52%

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2025	2024	2023	2022
Actuarially determined contribution	$ 201,966	$ 186,917	$ 169,055	$ 166,165
Contributions in relation to the actuarially determined contribution	202,555	186,993	168,326	165,548
Contribution deficiency (excess)	(589)	(76)	729	617
Covered payroll	$ 1,651,534	$ 1,647,813	$ 1,547,240	$ 1,526,580
Contributions as a percentage of covered payroll	12.26%	11.35%	10.88%	10.84%

	2021	2020	2019
Actuarially determined contribution	$ 135,975	$ 120,116	$ 115,599
Contributions in relation to the actuarially determined contribution	138,025	120,116	115,599
Contribution deficiency (excess)	(2,050)	$ -	$ -
Covered payroll	$ 1,611,305	$ 1,586,681	$ 1,308,205
Contributions as a percentage of covered payroll	8.57%	7.57%	8.84%

**Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

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

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED MAY 31, 2025

	Budgeted Amounts		Actual on a	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
Property taxes	$ 1,253,008	$ 1,480,508	$ 1,410,680	$ (69,828)
Sales taxes	481,500	513,000	545,644	32,644
Insurance premium taxes	250,000	271,000	270,577	(423)
Franchise taxes	244,000	265,000	252,352	(12,648)
Alcoholic beverage and other taxes	85,000	95,000	82,651	(12,349)
Business taxes	80,000	91,000	80,931	(10,069)
Licenses and permits	29,100	29,100	21,262	(7,838)
Intergovernmental revenues	141,250	145,129	140,635	(4,494)
Fines and forfeitures	66,500	87,500	75,271	(12,229)
Charges for services	572,976	572,976	600,786	27,810
Investment earnings (loss)	30,000	1,000	528	(472)
Building rentals	73,500	73,500	61,083	(12,417)
Miscellaneous	16,000	33,000	31,377	(1,623)
Total revenues	3,322,834	3,657,713	3,573,777	(83,936)
Expenditures:				
Current:				
General government	866,550	982,500	968,226	14,274
Judicial	38,541	38,391	38,389	2
Public safety	2,022,182	2,254,361	2,229,193	25,168
Public works	320,150	366,950	361,689	5,261
Streets and sanitation	491,500	534,800	534,314	486
Capital outlay - Public safety	10,000	25,000	24,567	433
Total expenditures	3,748,923	4,202,002	4,156,378	45,624
Excess (deficiency) of revenues over expenditures	(426,089)	(544,289)	(582,601)	(129,560)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	15,000	15,000	12,509	2,491
Transfers in	-	407,385	408,045	660
Total other financing sources (uses)	15,000	422,385	420,554	3,151
Net change in fund balances	$ (411,089)	$ (121,903)	(162,047)	$ (126,410)
FUND BALANCES, BEGINNING OF YEAR			577,403	
FUND BALANCES, END OF YEAR			$ 415,356	

Note:

(i) The City's legal level of budgetary control is at the department level within each fund.

CITY OF DONALSONVILLE, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED MAY 31, 2025

	Budgeted Amounts		Actual on a	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
Intergovernmental revenues	$ -	$ 261,185	$ 254,325	$ (6,860)
Investment earnings (loss)	500	8,500	8,411	(89)
Total revenues	500	269,685	262,736	(6,949)
Expenditures:				
Capital outlay - Public works	-	12,300	12,300	-
Total expenditures	-	12,300	12,300	-
Excess (deficiency) of revenues over expenditures	500	257,385	250,436	(6,949)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(257,385)	(258,045)	(660)
Total other financing sources (uses)	-	(257,385)	(258,045)	(660)
Net change in fund balances	$ 500	$ -	$ (7,609)	$ (7,609)
FUND BALANCES, BEGINNING OF YEAR			7,609	
FUND BALANCES, END OF YEAR			$ -	

Note:
(i) he City's legal level of budgetary control is at the department level within each fund.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Hotel/Motel Tax accounts for the collection of hotel/motel taxes within the City which are used for economic development.

Capital Projects Funds

Capital projects funds are used to account for financial resources for the acquisition, construction, and improvements of the City's capital assets other than those financed by enterprise funds.

CDBG-DR accounts for all CDBG-DR revenue and the accompanying expenditures.

CHIP Grant Fund - accounts for the collection of Grant Revenues.

CITY OF DONALSONVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MAY 31, 2025

	Special Revenue Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	CHIP Grant Fund	CDBG-DR	T-SPLOST II	
ASSETS					
Cash and cash equivalents	$ -	$ 38,524	$ -	$ -	$ 38,524
Receivables (net of allowance for uncollectibles)	6,753	-	-	-	6,753
Prepaid items	4,934	-	-	-	4,934
Total assets	11,687	38,524	-	-	50,211
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	2,045	-	31,315	-	33,360
Due to other funds	7,666	-	-	-	7,666
Accrued expenses	1,026	-	-	-	1,026
Total liabilities	10,737	-	31,315	-	42,052
FUND BALANCES					
Nonspendable:					
Prepaid items	4,934	-	-	-	4,934
Restricted:					
Culture and recreation	-	-	-	-	-
Transportation	-	-	-	-	-
Economic development	-	38,524	-	-	38,524
Unassigned	(3,984)	-	(31,315)	-	(35,299)
Total fund balances	950	38,524	(31,315)	-	8,159
Total liabilities, deferred inflows of resources, and fund balances	$ 11,687	$ 38,524	$ -	$ -	$ 50,211

THE CITY OF DONALSONVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2025

	Special Revenue Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	CHIP Grant Fund	CDBG-DR	T-SPLOST II	
Revenues:					
Hotel/Motel tax	$ 46,261	$ -	$ -	$ -	$ 46,261
Intergovernmental revenues	-	147,505	147,997	-	295,502
Rental income	11,561	-	-	-	11,561
Total revenues	57,822	147,505	147,997	-	353,324
Expenditures:					
Current:					
Public works	-	-	31,315	-	31,315
Culture and recreation	48,819	-	-	-	48,819
Economic development	-	108,982	-	-	108,982
Capital outlay - Public works	-	-	147,997	-	147,997
Total expenditures	48,819	108,982	179,312	-	337,113
Net change in fund balances	9,003	38,523	(31,315)	-	16,211
Fund balances, as at May 31, 2024, as previously stated	(8,053)	1	-	279,104	271,052
Change in financial reporting entity (note 14)	-	-	-	(279,104)	(279,104)
Fund balances, as at May 31, 2024, restated	(8,053)	1	-	-	(8,052)
Fund balances, end of year	$ 950	$ 38,524	$ (31,315)	$ -	$ 8,159

CITY OF DONALSONVILLE, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED MAY 31, 2025

	Budgeted Amounts		Actual on a	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
Hotel/Motel taxes	$ 41,000	$ 41,000	$ 46,261	$ 5,261
Building rentals	7,000	7,000	11,561	4,561
Total revenues	48,000	48,000	57,822	9,822
Expenditures:				
Current:				
Culture and recreation	47,350	47,350	48,790	(1,440)
Total expenditures	47,350	47,350	48,790	(1,440)
Excess (deficiency) of revenues over expenditures	$ 650	$ 650	9,032	$ 8,382
FUND BALANCES, BEGINNING OF YEAR			(8,082)	
FUND BALANCES, END OF YEAR			$ 950	

Note:
(i) The expenditures exceeded appropriations in the Culture and recreation department with $1,440.
(ii) The City's legal level of budgetary control is at the department level within each fund.

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST VI)
FOR THE YEAR ENDED MAY 31, 2025

PROJECT	ESTIMATED COST		EXPENDITURES			PROJECT
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	COMPLETION
Economic Development/Urban Renewal	$ 75,000	$ 75,000	$ -	$ -	$ -	0.00%
Industrial Park Expansion & Improvements	198,000	198,000	-	-	-	0.00%
General Government	352,000	352,000	184,420	9,928	194,348	55.21%
Communication	50,000	50,000	-	-	-	0.00%
Sanitation Street Department	606,000	606,000	486,818	1,784	488,602	80.63%
Fire Department	500,000	500,000	433,757	361	434,118	86.82%
Police Department	380,000	380,000	558,230	-	-	0.00%
TOTAL TSPLOST	$ 2,161,000	$ 2,161,000	$ 1,663,225	$ 12,073	$ 1,117,068	

Reconciliation of current year SPLOST expenditures to the Statement of Revenue, Expenses, and Changes in Fund Balances

Current year expenditures as shown above	12,073
Retirement of debt	236,016
Interest expense	50,639
Total current year SPLOST expenditures	**$ 298,728**

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED MAY 31, 2025

Transportation Special Purpose Local Option Sales Tax

		ESTIMATED COST		EXPENDITURES			PROJECT
Project No	Project Description	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	COMPLETION
I	Transportation Projects	$ 1,669,800	$ 1,669,800	$ 1,194,479	$ 113,302	$ 1,307,781	78.32%

Transportation Special Purpose Local Option Sales Tax

		ESTIMATED COST		EXPENDITURES			PROJECT
Project No	Project Description	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	COMPLETION
II	Transportation Projects	$ 1,703,350	$ 1,703,350	$ -	$ -	$ -	0.00%

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Cash and cash equivalents	$ 98,282	$ 88,467
Restricted cash	116	112
Receivables (net of allowance for uncollectibles)	70,770	46,400
Taxes receivable	186,193	296,950
Due from other funds	124,146	90,742
Prepaid items	181,289	162,632
Total assets	660,796	685,303
LIABILITIES		
Accounts payable	110,967	48,175
Accrued expenses	102,720	39,994
Total liabilities	213,687	88,169
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	31,753	19,734
Total deferred inflows of resources	31,753	19,734
FUND BALANCES		
Nonspendable:	181,289	162,632
Restricted:	-	-
Unassigned	234,067	414,771
Total fund balances	415,356	577,402
Total liabilities, deferred inflows of resources, and fund balances	$ 660,796	$ 665,571

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Property taxes	$ 1,410,680	$ 1,336,998
Sales taxes	545,644	487,128
Insurance premium taxes	270,577	251,382
Franchise taxes	252,352	230,603
Alcoholic beverage and other taxes	82,651	87,768
Business taxes	80,931	83,661
Licenses and permits	21,262	14,544
Intergovernmental revenues	140,635	93,188
Fines and forfeitures	75,271	53,459
Charges for services	600,786	572,567
Investment earnings (loss)	528	5,732
Building rentals	61,083	79,311
Miscellaneous	31,377	35,542
Total revenues	3,573,777	3,331,881
Expenditures:		
Current:		
General government	968,226	931,857
Judicial	38,389	37,282
Public safety	2,229,193	2,316,504
Public works	361,689	324,162
Streets and sanitation	534,314	498,546
Capital outlay	24,567	170,207
Debt service:		
Principal repayments	-	21,568
Interest and fiscal charges	-	320
Total expenditures	4,156,378	4,300,446
Excess (deficiency) of revenues over expenditures	(582,601)	(968,565)
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of capital assets	12,509	48,040
Issuance of long-term debt	-	75,961
Transfers in	408,045	548,840
Total other financing sources (uses)	420,554	672,841
Net change in fund balances	(162,047)	(295,724)
FUND BALANCES, BEGINNING OF YEAR	577,403	873,127
FUND BALANCES, END OF YEAR	$ 415,356	$ 577,402

CITY OF DONALSONVILLE, GEORGIA
ARPA FUND
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Cash and cash equivalents	$ -	$ 261,927
Total assets	-	261,927
LIABILITIES		
Unearned revenue	-	254,318
Total liabilities	-	254,318
Excess (deficiency) of revenues over expenditures	-	7,609
FUND BALANCES		
Nonspendable:	-	-
Restricted:	-	-
Unassigned	-	7,609
Total fund balances	-	7,609
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 261,927

CITY OF DONALSONVILLE, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Intergovernmental revenues	$ 254,325	$ 114,006
Investment earnings (loss)	8,411	1,916
Total revenues	262,736	115,922
Expenditures:		
Capital outlay - Public works	12,300	30
Total expenditures	12,300	30
Excess (deficiency) of revenues over expenditures	250,436	115,892
OTHER FINANCING SOURCES (USES):		
Transfers out	(258,045)	(113,976)
Total other financing sources (uses)	(258,045)	(113,976)
Net change in fund balances	(7,609)	1,916
FUND BALANCES, BEGINNING OF YEAR	7,609	5,693
FUND BALANCES, END OF YEAR	$ -	$ 7,609

CITY OF DONALSONVILLE, GEORGIA
T-SPLOST II
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Restricted cash	$ 671,795	$ 247,434
Intergovernmental	33,587	31,670
Total assets	705,382	279,104
LIABILITIES		
Accounts payable	33,587	-
Total liabilities	33,587	-
Excess (deficiency) of revenues over expenditures	671,795	279,104
FUND BALANCES		
Nonspendable:	-	-
Restricted:	-	-
Unassigned	671,795	279,104
Total fund balances	671,795	279,104
Total liabilities, deferred inflows of resources, and fund balances	$ 705,382	$ 279,104

CITY OF DONALSONVILLE, GEORGIA
T-SPLOST II
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Intergovernmental revenues	$ 377,923	$ 278,831
Investment earnings (loss)	14,768	273
Total revenues	392,691	279,104
Net change in fund balances	392,691	279,104
FUND BALANCES, BEGINNING OF YEAR	279,104	-
FUND BALANCES, END OF YEAR	$ 671,795	$ 279,104

CITY OF DONALSONVILLE, GEORGIA
T-SPLOST
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Restricted cash	$ 383,783	$ 453,610
Total assets	383,783	453,610
LIABILITIES		
Accounts payable	8,302	-
Total liabilities	8,302	-
Excess (deficiency) of revenues over expenditures	375,481	453,610
FUND BALANCES		
Nonspendable:	-	-
Restricted:	-	-
Unassigned	375,481	453,610
Total fund balances	375,481	453,610
Total liabilities, deferred inflows of resources, and fund balances	$ 383,783	$ 453,610

CITY OF DONALSONVILLE, GEORGIA
T-SPLOST
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Intergovernmental revenues	$ 20,000	$ 114,919
Investment earnings (loss)	15,173	5,283
Total revenues	35,173	120,203
Expenditures:		
Current:		
Public works	29,302	-
Capital outlay - Public works	84,000	-
Total expenditures	113,302	-
Excess (deficiency) of revenues over expenditures	(78,129)	120,203
OTHER FINANCING SOURCES (USES):		
Transfers out	-	(594,339)
Total other financing sources (uses)	-	(594,339)
Net change in fund balances	(78,129)	(474,137)
FUND BALANCES, BEGINNING OF YEAR	453,610	927,747
FUND BALANCES, END OF YEAR	$ 375,481	$ 453,610

CITY OF DONALSONVILLE, GEORGIA
SPLOST VI
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Restricted cash	$ 369,238	$ 255,108
Due from other governments	37,559	-
Total assets	406,797	255,108
LIABILITIES		
Due to other funds	88,629	88,629
Total liabilities	88,629	88,629
Excess (deficiency) of revenues over expenditures	318,168	166,478
FUND BALANCES		
Nonspendable:	-	-
Restricted:	-	-
Unassigned	318,168	166,478
Total fund balances	318,168	166,478
Total liabilities, deferred inflows of resources, and fund balances	$ 406,797	$ 255,108

CITY OF DONALSONVILLE, GEORGIA
SPLOST VI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Intergovernmental revenues	$ 443,630	$ 387,146
Investment earnings (loss)	6,787	964
Total revenues	450,417	388,110
Expenditures:		
Current:		
Public works	12,068	2,879
Capital outlay - Public works	-	-
Debt service:		
Principal repayments	236,020	-
Interest and fiscal charges	50,639	55,564
Total expenditures	298,727	58,443
Excess (deficiency) of revenues over expenditures	151,690	329,667
OTHER FINANCING SOURCES (USES):		
Transfers out	-	(266,725)
Total other financing sources (uses)	-	(266,725)
Net change in fund balances	151,690	62,942
FUND BALANCES, BEGINNING OF YEAR	166,478	103,536
FUND BALANCES, END OF YEAR	$ 318,168	$ 166,478

CITY OF DONALSONVILLE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Cash and cash equivalents	$ 38,524	$ -
Receivables (net of allowance for uncollectibles)	6,753	4,022
Due from other funds	-	-
Prepaid items	4,934	-
Total assets	50,211	4,022
LIABILITIES		
Accounts payable	33,360	827
Accrued expenses	1,026	-
Due to other funds	7,666	11,248
Total liabilities	42,052	12,075
Excess (deficiency) of revenues over expenditures	8,159	(8,053)
FUND BALANCES		
Nonspendable:	4,934	-
Restricted:	-	-
Unassigned	3,225	(8,053)
Total fund balances	8,159	(8,053)
Total liabilities, deferred inflows of resources, and fund balances	$ 50,211	$ 4,022

CITY OF DONALSONVILLE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Hotel/Motel Taxes	$ 46,261	$ 39,063
Intergovernmental revenues	295,502	-
Rental income	11,561	47,173
Total revenues	353,324	86,236
Expenditures:		
Current:		
Public works	31,315	-
Culture and recreation	48,790	53,937
Economic development	108,981	-
Capital outlay - Public works	147,997	-
Total expenditures	337,083	53,937
Excess (deficiency) of revenues over expenditures	16,241	32,299
OTHER FINANCING SOURCES (USES):		
Transfers out	-	(20)
Total other financing sources (uses)	-	(20)
Net change in fund balances	16,241	32,279
FUND BALANCES, BEGINNING OF YEAR	(8,082)	(40,332)
FUND BALANCES, END OF YEAR	$ 8,159	$ (8,053)

CITY OF DONALSONVILLE, GEORGIA
WATER SEWER FUND
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Cash and cash equivalents	$ 756,947	$ 533,325
Receivables (net of allowance for uncollectibles)	141,691	88,949
Prepaid items	40,056	42,355
Noncurrent assets		
Capital assets, not being depreciated	94,381	33,646
Capital assets, being depreciated	12,335,348	12,673,572
Total assets	13,368,423	13,371,847
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	1,667	26,557
Total deferred outflows of resources	1,667	26,557
LIABILITIES		
Accounts payable	21,174	9,356
Accrued expenses	22,009	17,332
Accrued interest payable	-	12,121
Due to other funds	1,813	1,813
Customer deposits Note	157,657	145,128
payable	23,581	23,114
Bond payable	230,000	225,000
Compensated absences	2,357	-
Total current liabilities	458,591	433,864
Long-term liabilities:		
Note payable	63,127	86,749
Bond payable	5,190,000	5,420,000
Compensated absences	1,444	4,854
Net pension liability	42,071	49,492
Total noncurrent liabilities	5,296,642	5,561,096
DEFERRED INFLOWS OF RESOURCES		
Pension related items	4,480	28,977
Total deferred inflows of resources	4,480	28,977
NET POSITION		
Net investment in capital assets	6,923,021	6,952,355
Restricted:	-	-
Unrestricted	687,356	422,112
Total net position	7,610,377	7,374,467
Total liabilities, deferred inflows of resources, and net position	$ 8,068,968	$ 7,808,332

CITY OF DONALSONVILLE, GEORGIA
WATER SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Charges for services	$ 1,175,016	$ 926,322
Investment earnings (loss)	1,265	385
Intergovernmental revenues	-	215,000
Miscellaneous	119,224	65,611
Total revenues	1,295,505	1,207,318
Expenditures:		
Personnel services and benefits	121,145	126,147
Purchased contract services	59,563	65,921
Supplies and maintenance	77,525	58,285
Repairs and maintenance	73,327	64,263
Utilities	96,801	88,553
Depreciation	380,440	379,141
Total expenditures	808,801	782,310
Excess (deficiency) of revenues over expenditures	486,704	425,008
OTHER FINANCING SOURCES (USES):		
Interest and fiscal charges	(161,529)	(186,019)
Contributions	60,735	-
Transfers out	(150,000)	(353,195)
Total other financing sources (uses)	(250,794)	(539,215)
Net change in fund balances	235,910	(114,206)
FUND BALANCES, BEGINNING OF YEAR	7,374,467	7,488,674
FUND BALANCES, END OF YEAR	$ 7,610,377	$ 7,374,467

CITY OF DONALSONVILLE, GEORGIA
GAS FUND
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Cash and cash equivalents	$ 174,646	$ 35,365
Receivables (net of allowance for uncollectibles)	15,325	24,214
Due from other funds	114,325	114,325
Prepaid items	7,410	5,790
Noncurrent assets		
Capital assets, being depreciated	1,195,178	1,225,491
Total assets	1,506,884	1,405,184
LIABILITIES		
Accounts payable	44,271	13,546
Accrued expenses	2,675	736
Customer deposits	24,265	23,615
Note payable	18,060	52,934
Compensated absences	2,357	-
Total current liabilities	91,628	90,831
Long-term liabilities:		
Note payable	-	18,060
Compensated absences	1,444	4,854
Total noncurrent liabilities	1,444	22,914
NET POSITION		
Net investment in capital assets	1,195,178	1,207,431
Restricted:	-	-
Unrestricted	218,634	84,009
Total net position	1,413,812	1,291,440
Total liabilities, deferred inflows of resources, and net position	$ 1,505,440	$ 1,382,270

CITY OF DONALSONVILLE, GEORGIA
GAS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Charges for services	$ 618,845	$ 595,978
Miscellaneous	20,635	18,372
Total revenues	639,480	614,350
Expenditures:		
Personnel services and benefits	124,739	123,482
Purchased contract services	339,407	282,865
Supplies and maintenance	8,631	8,629
Repairs and maintenance	8,517	8,149
Utilities	3,859	3,218
Depreciation	30,313	31,508
Total expenditures	515,466	457,851
Excess (deficiency) of revenues over expenditures	124,014	156,499
OTHER FINANCING SOURCES (USES):		
Interest and fiscal charges	(1,642)	(3,459)
Transfers out	-	(195,625)
Total other financing sources (uses)	(1,642)	(199,084)
Net change in fund balances	122,372	(42,585)
FUND BALANCES, BEGINNING OF YEAR	1,291,440	1,334,025
FUND BALANCES, END OF YEAR	$ 1,413,812	$ 1,291,440

CITY OF DONALSONVILLE, GEORGIA
SOLID WASTE FUND
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Cash and cash equivalents	$ -	$ (3,878)
Receivables (net of allowance for uncollectibles)	12,855	-
Intergovernmental	35,394	40,918
Total assets	48,249	37,040
LIABILITIES		
Accounts payable	36,976	30,000
Due to other funds	26,038	-
Total current liabilities	63,014	30,000
NET POSITION		
Net investment in capital assets	-	-
Restricted:	-	-
Unrestricted	(14,765)	7,040
Total net position	(14,765)	7,040
Total liabilities, deferred inflows of resources, and net position	$ 48,249	$ 37,040

CITY OF DONALSONVILLE, GEORGIA
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Charges for services	$ -	$ -
Miscellaneous	32,939	-
Total revenues	32,939	-
Expenditures:		
Personnel services and benefits	-	-
Purchased contract services	54,743	-
Supplies and maintenance	-	-
Total expenditures	54,743	-
Excess (deficiency) of revenues over expenditures	(21,804)	-
OTHER FINANCING SOURCES (USES):		
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	(21,804)	-
FUND BALANCES, BEGINNING OF YEAR	7,039	7,040
FUND BALANCES, END OF YEAR	$ (14,765)	$ 7,040

CITY OF DONALSONVILLE, GEORGIA
E-DONALSONVILLE
BALANCE SHEET - COMPARATIVE FIGURES
MAY 31, 2025

	AS AT MAY 31, 2025	AS AT MAY 31, 2024
ASSETS		
Cash and cash equivalents	$ 6,310	$ 796
Receivables (net of allowance for uncollectibles)	4,051	4,550
Prepaid items	1,335	1,600
Noncurrent assets		
Capital assets, not being depreciated	-	-
Capital assets, being depreciated	289,576	302,489
Total assets	301,272	309,435
LIABILITIES		
Accounts payable	2,157	212
Accrued expenses	1,083	-
Due to other funds	114,325	114,325
Total current liabilities	117,565	114,537
NET POSITION		
Net investment in capital assets	289,576	302,489
Restricted:	-	-
Unrestricted	(105,869)	(107,590)
Total net position	183,707	194,898
Total liabilities, deferred inflows of resources, and net position	$ 301,272	$ 309,435

CITY OF DONALSONVILLE, GEORGIA
E-DONALSONVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED MAY 31, 2025

	FOR THE YEAR ENDED MAY 31, 2025	FOR THE YEAR ENDED MAY 31, 2024
Revenues:		
Charges for services	$ 41,414	$ 51,294
Total revenues	41,414	51,294
Expenditures:		
Personnel services and benefits	1,083	4,342
Purchased contract services	30,055	37,856
Supplies and maintenance	69	545
Repairs and maintenance	7,936	7,130
Utilities	550	542
Depreciation	12,912	12,912
Total expenditures	52,605	63,326
Net change in fund balances	(11,191)	(12,032)
FUND BALANCES, BEGINNING OF YEAR	194,898	206,930
FUND BALANCES, END OF YEAR	$ 183,707	$ 194,898

COMPLIANCE SECTION

CKH
CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members
of the City Council
City of Donalsonville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Donalsonville, Georgia's (the "City"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 2, 2025.

Report on Internal Control over Financial Reporting

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

We consider the finding 2025-01 to be a significant deficiency.

2025-01 **Segregation of Duties (repeat comment):** During our audit, we noted that, due to the limited number of personnel, many critical financial duties within the City are combined and performed by a single employee. This lack of segregation increases the risk of errors or irregularities not being detected.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are detailed below.

2025-02 **Expenditures exceed appropriations:** State law requires annual budgets to be balanced by fund and expenditures should be within the approved budget amount the legal level of budgetary control. During the audit it was identified that there are instances where the expenditures exceeded appropriations for the General Fund as disclosed in Note 2 to the financial statements.

City of Donalsonville, Georgia's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
December 2, 2025

CITY OF DONALSONVILLE, GEORGIA
CITY'S RESPONSE TO FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED MAY 31, 2025

2025-01 Segregation of duties

Criteria: A sound system of internal control requires that duties be adequately segregated so that no one individual has control over all aspects of a financial transaction. This includes initiation, authorization, processing, recording, and reviewing financial transactions, which reduces the risk of errors or fraudulent activity going undetected.

Condition: We noted that many of the finance functions are carried out by the City Clerk, resulting in inadequate segregation of duties. This allows the City Clerk to control financial records and reports without independent oversight.

Cause: The City appears to have limited personnel available to handle financial operations, resulting in multiple key functions being centralized in a single individual without sufficient oversight or cross-checks.

Effect: Concentration of duties increases the risk of errors, misstatements, or fraudulent transactions occurring and going undetected. It also compromises the integrity and reliability of financial reporting.

Recommendation: The City should assess its staffing and internal control structure and segregate duties where possible, even if through periodic oversight, secondary review, or rotation of responsibilities. If staffing constraints persist, management should implement compensating controls, such as increased supervisory reviews, independent reconciliations, or periodic external oversight.

City's Response: We acknowledge this finding and understand the importance of proper segregation of duties. Due to limited staffing, multiple financial functions have been assigned to the City Clerk. We are reviewing internal processes to reassign responsibilities where possible and will implement compensating controls, such as increased oversight.

2025-02 Budget Amendments and monitoring

Criteria: In accordance with O.C.G.A. § 36-81-3 and § 36-81-6, Georgia local governments must adopt a balanced annual budget for each fund, and actual expenditures may not exceed the legally adopted budget at the department level within each fund. Compliance with these requirements promotes fiscal responsibility and transparency.

Condition: During our review, we noted that in one of the City’s funds, actual expenditures exceeded the legally adopted budget in two departments, in violation of state budgetary control requirements.

Cause: The City did not adequately monitor departmental expenditures throughout the year and failed to amend the budget to reflect changes in spending needs.

Effect: Exceeding the legally adopted budget increases the risk of fiscal mismanagement and noncompliance with state laws. It may also impact the City's ability to plan and allocate resources effectively and could result in findings from oversight bodies or grantors.

Recommendation: Management should implement regular budget-to-actual reviews throughout the fiscal year and ensure that any expected overages are addressed through timely budget amendments approved by the governing body. Department heads should be trained on budget compliance responsibilities, and stronger coordination between departments and finance personnel should be enforced.

City's Response: We agree with this finding. We will enhance our budget monitoring procedures by performing more frequent reviews and improving communication between departments and finance staff. Where necessary, we will initiate timely budget amendments to ensure compliance with state requirements and prevent future overages.

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED MAY 31, 2025

The following audit finding was disclosed for the year ended May 31, 2025:

2025-01 Finding 1

Criteria:	A sound system of internal control requires that duties be adequately segregated so that no one individual has control over all aspects of a financial transaction. This includes initiation, authorization, processing, recording, and reviewing financial transactions, which reduces the risk of errors or fraudulent activity going undetected.
Condition:	We noted that many of the finance functions are carried out by the City Clerk, resulting in inadequate segregation of duties. This allows the City Clerk to control financial records and reports without independent oversight.
Cause:	The City appears to have limited personnel available to handle financial operations, resulting in multiple key functions being centralized in a single individual without sufficient oversight or cross-checks.
Status:	Unresolved - Refer to finding 2025-01