

CITY OF GRAYSON, GEORGIA

Annual Financial Report

For the year ended August 31, 2024

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CITY OF GRAYSON, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended August 31, 2024

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Grayson, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the City of Grayson, Georgia, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Grayson, 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 discretely presented component unit, and each major fund of the City of Grayson, Georgia, as of August 31, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund and the American Rescue Plan Act Fund 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Grayson, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Grayson, Georgia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Grayson, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as presented 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 of Grayson, Georgia's basic financial statements. The schedule of projects financed with special purpose local option sales tax and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 relate 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 schedules in the state reporting section and the schedule of expenditures of federal awards 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 July 11, 2025, on our consideration of the City of Grayson, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Grayson, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grayson, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
July 11, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grayson, it is our pleasure to present this narrative discussion and analysis of the City of Grayson's financial performance, providing an overview of the activities for the fiscal year ended August 31, 2024. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Grayson. This analytical information is designed to be read in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City of Grayson's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at August 31, 2024 by $16,527,259 (reported as *net position).*
- Total net position increased by $2,971,403 during the most recent fiscal year.
- As of August 31, 2024, Grayson's governmental funds reported combined ending fund balances of $8,388,842. The City's General Fund unassigned fund balance was $5,044,112 at the end of the current fiscal year.

More detailed information regarding these activities and funds begins on page 7.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Grayson's basic financial statements. The City of Grayson's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Grayson and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about the City of Grayson using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (page 13) is to report all the assets and deferred outflows of resources held and liabilities and deferred inflows of resources owed by the City. The City reports all its assets and deferred outflows of resources when it acquires ownership and reports all its liabilities and deferred inflows of resources when they are incurred. The difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is labeled *net position.* Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 14), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position.* The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide the City of Grayson into two types of activities:

- ***Governmental Activities*** – Most of the City's basic services are reported under this category, including recreation, public works, housing and development, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.

- ***Discretely Presented Component Unit*** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Grayson, and therefore has been included as an integral part of the primary government.

The City's government-wide financial statements are presented on pages 13-14.

Fund Financial Statements (Reporting the City's Major Funds)

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. The City's reports governmental funds using the following accounting approaches.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided at the bottom of each statement.

In addition to the General Fund, which is considered a major fund, the City of Grayson maintains two governmental fund types:

1. Special Revenue Funds
2. Capital Projects Funds

The City of Grayson adopts an annual appropriated budget for its General Fund and its American Rescue Plan Act Fund. A budgetary comparison statement has been provided for the General Fund and the American Rescue Plan Act Fund to demonstrate compliance with this budget.

The City's basic governmental fund financial statements are presented on pages 15-20 of this report.

This report includes two schedules (pages 16 and 18), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual-to-accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements. Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.

- Debt proceeds result in liabilities on the government-wide statements but are recorded as other financing sources on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-41 of this report.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this year is summarized as follows based on the information included in the government-wide financial statements (see pages 13-14):

City of Grayson
Net Position (Financial Position)
Fiscal Years 2023 and 2024

	Governmental Activities	
	2023	**2024**
Current assets	$ 7,727,407	$ 8,591,359
Capital assets	7,159,730	8,346,010
Other noncurrent assets	649,445	574,509
Total assets	15,536,582	17,511,878
Current liabilities	1,416,642	402,892
Noncurrent liabilities	151,834	223,011
Total liabilities	1,568,476	625,903
Total deferred inflows of resources	649,445	358,716
Net Position		
Net investment in capital assets	7,172,776	8,062,208
Restricted	1,814,382	3,055,817
Unrestricted	4,331,503	5,409,234
Total net position	$ 13,318,661	$ 16,527,259

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources for the City of Grayson exceeded liabilities and deferred inflows of resources by $16,527,259 at the close of the current year. However, much of the net position either is restricted for the purposes for which they can be used or are invested in capital assets.

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

The unrestricted governmental net position increased due to the increase in property tax revenues and interest revenues, both directly impacted by market factors outside of the City's control. The City continues to sustain prior year fund balance in reserve because of current economic conditions.

The city's original budget forecast for fiscal year 2024 continued to be affected by current economic conditions resulting in significant increase in expenditures due to price increases as felt by all citizens and governments in our area. The city continues to focus on major infrastructure projects and current fixed assets maintenance in the Stormwater, Street, and Parks Departments.

Additionally, conservative spending in the Government as a whole combined with some growth in the city resulted in total revenues exceeding expenditures and were total contributing factors for the positive Net Position at year end.

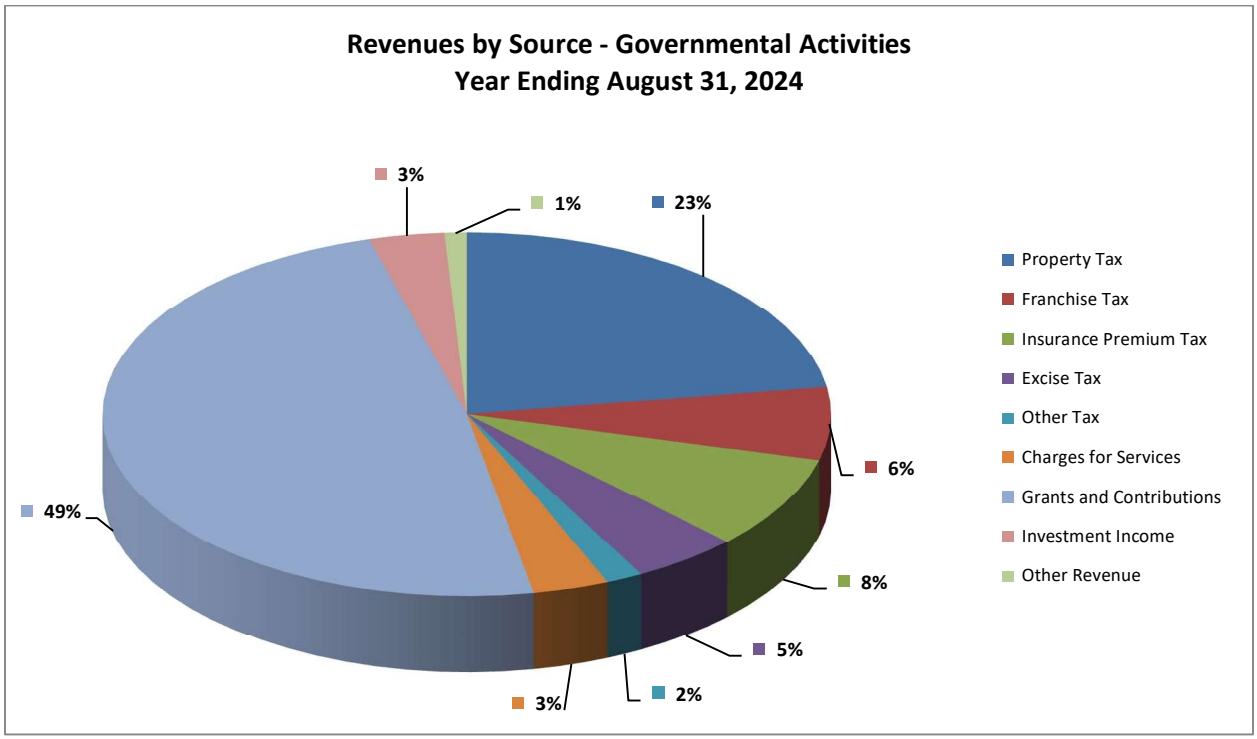
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Grayson's net position changed during the year.

City of Grayson
Changes in Net Position
For Fiscal Years 2023 and 2024

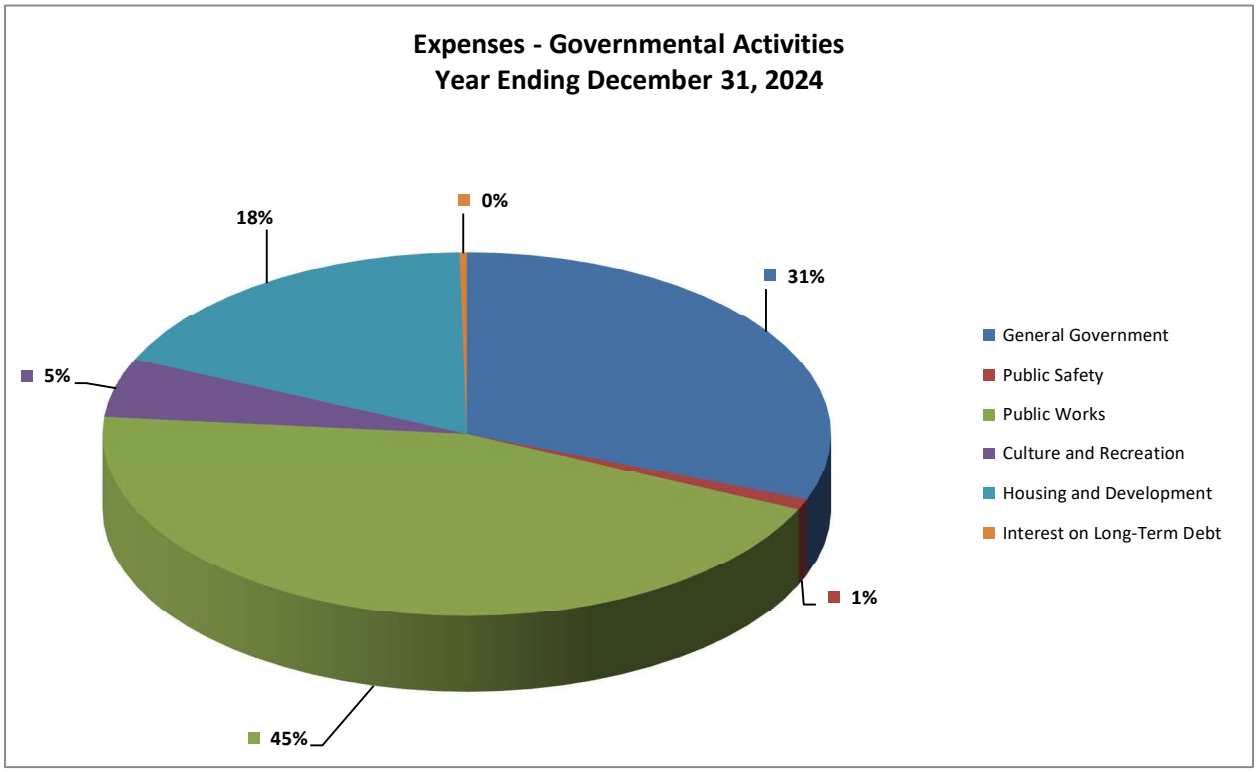
	Governmental Activities	
	2023	**2024**
Program revenues:		
Charges for services	$ 346,209	$ 169,104
Operating grants and contributions	20,000	32,771
Capital grants and contributions	938,334	2,409,160
General revenues:		
Property taxes	1,007,957	1,134,672
Franchise taxes	311,539	325,985
Insurance premium taxes	383,410	414,593
Alcohol and energy excise taxes	268,677	237,228
Other taxes	60,328	81,857
Interest and investment earnings	28,838	167,596
Miscellaneous revenue	60,976	49,471
Total revenues	3,426,268	5,022,437
Expenses		
General Government	576,373	639,111
Public Safety	0	19,500
Public Works	849,386	905,268
Culture and Recreation	194,122	108,746
Housing and Development	331,904	371,739
Interest on long-term debt	3,902	6,670
Total expenses	1,955,687	2,051,034
Increase (decrease) in net position	1,470,581	2,971,403
Net position - beginning (as previously reported)	11,848,080	13,318,661
Error correction	0	237,195
Net position - beginning (as restated)	11,848,080	13,555,856
Net position - ending	$ 13,318,661	$ 16,527,259

Governmental Activities –

The following chart depicts revenues of the governmental activities for the year:



The following chart depicts the expenses of the governmental activities for the year:



Financial Analysis of the City's Funds

GENERAL FUND:

Tax collections continue to exceed budgeted tax revenue for fiscal year 2024 due to increased assessed property values. The city continues to take responsible and proactive measures to ensure financial stability, expenditure and budgeting oversight, and cost saving processes which will allow for future growth.

Effective tax collection processes and accumulating 2023 SPLOST revenues while expending remaining 2017 SPLOST revenues had a positive and direct impact on the city's overall Net Position for fiscal year 2024. The availability of 2023 SPLOST & LMIG funding from the State of Georgia continues to reduce financial strain on the General Fund.

The Highways and Street Department and City of Grayson, Georgia Downtown Development Authority will continue to have areas that increase cost, but in a direct and positive way, through continued road and street maintenance and downtown business interest. LMIG funding for fiscal year 2024 will be used in conjunction with future funding for one large paving project in the near future. The City hopes to achieve better economy of scale with this consolidation of funding.

As noted earlier, the City of Grayson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Grayson'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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As the City completed this year, its governmental funds reported a combined ending fund balance of $8,388,842. Of this amount, $5,044,112 (60.1%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved or designated for projects and is not available for spending.

The **General Fund** is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was $5,044,112 and the total fund balance reached $5,392,184. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 256.3% of the total General Fund expenditures, while total fund balance represents 274.0% of that same amount.

The **American Rescue Plan Act** Fund is the special revenue fund that is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund. At the end of the current year, restricted fund balance of this fund was $0.

The **2017 SPLOST** Fund is the capital projects fund that is used to account for long-term projects financed by the passage of the Gwinnett County 2017 Special Purpose Local Option Sales Tax. At the end of the current year, restricted fund balance of this fund was $1,358,373.

The **2023 SPLOST** Fund is the capital projects fund that is used to account for long-term projects financed by the passage of the Gwinnett County 2023 Special Purpose Local Option Sales Tax. At the end of the current year, restricted fund balance of this fund was $1,638,285.

General Fund Budget Highlights

The overall General Fund has remained under budget for the past several years, from the continuous efforts to reduce the general fund budget each year. As we approach fiscal year 2024, the city has seen significant price increases as have all municipalities. The city will continue to make every effort to keep expenses low while maintaining a high level of service for residents.

General Fund expenditures were $1,967,917 with appropriations of $1,998,920. Continued increases in property taxes have aided city efforts to stay within budget guidelines. Unexpected capital purchases will continue to be offset by funds provided by 2017 SPLOST and 2023 SPLOST from Gwinnett County.

American Rescue Plan Act Special Revenue Fund Budget Highlights.

A large portion of the American Rescue Plan Act Special Revenue Fund monies have been expended as of the end of the current fiscal year. The funds were used to fund the Grayfield Stormwater Rehabilitation project. The remaining monies will be spent on several small projects throughout the City.

Capital Assets and Debt Administration

Capital Assets. The City of Grayson has invested $8,346,010 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment.

Capital assets held by the City at the end of the current year are summarized as follows:

	Governmental Activities
Land	$ 1,746,616
Buildings and improvements	2,731,831
Infrastructure	4,313,990
Land improvements	1,145,255
Park equipment	337,731
Furniture and equipment	383,294
Intangible right-to-use assets	
Software	380,130
Total	11,038,847
Accumulated depreciation/amortization	(2,692,837)
Net Capital Assets	$ 8,346,010

Additional information on the City of Grayson's capital assets can be found in the Notes to the Financial Statements on pages 36-37 of this report.

Long-term debt. On August 31, 2024, the City of Grayson has $283,802 in subscriptions payable outstanding. The City increased its long-term debt outstanding in fiscal year 2024 by $131,968 due to a new subscription for FLOCK cameras throughout the City. Additional information on the City's long-term debt can be found in the notes to the Financial Statements on pages 37-38 of this report.

ECONOMIC CONDITION AND OUTLOOK:

The economic outlook for the City of Grayson remains strong. As a desirable place to live and work, Grayson continues to attract new residents and commercial investment. According to the U.S. Census Bureau's American Community Survey 5-year estimates, the City's population has grown relatively quickly at an average annual rate of 5.7% since 2018. Grayson's tax digest has also expanded by an average of 15.5% per year since 2020 due to both residential and commercial growth. Notably, commercial properties made up nearly 30% of the City's tax digest in 2024. This is an 5% increase over 2023 when the share was 25%. Revenue from the Special Purpose Local Option Sales Tax (SPLOST) is expected to remain steady next year and continue supporting major infrastructure improvements to transportation and park facilities. The statewide floating homestead exemption will moderate growth in residential property tax revenue; however, the City is well-positioned due to prudent fiscal management and a robust reserve built over the past five years.

Contacting the City's Financial Services Department

This financial report is compiled to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Grayson's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

The Office of the City Administrator
City of Grayson
475 Grayson Parkway
Grayson, GA 30017

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BASIC FINANCIAL STATEMENTS

CITY OF GRAYSON, GEORGIA
STATEMENT OF NET POSITION
August 31, 2024

	Primary Government	Component Unit
	Governmental Activities	Downtown Development Authority
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,008,586	$ 156,857
Investments	454,358	0
Receivables (net)		
Taxes	873,880	0
Lease	31,636	0
Intergovernmental	198,255	0
Prepaid items	24,644	0
Total current assets	8,591,359	156,857
Noncurrent assets		
Lease receivable	574,509	0
Capital assets		
Nondepreciable	1,746,616	0
Depreciable/amortizable (net)	6,599,394	0
Total noncurrent assets	8,920,519	0
Total assets	17,511,878	156,857
LIABILITIES		
Current liabilities		
Accounts payable	86,183	0
Accrued salaries and expenses	6,222	0
Compensated absences	0	0
Unearned revenue	249,696	0
Subscriptions payable	60,791	0
Total current liabilities	402,892	0
Noncurrent liabilities		
Subscriptions payable	223,011	0
Total liabilities	625,903	0
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	358,716	0
NET POSITION		
Net investment in capital assets	8,062,208	0
Restricted for:		
Capital outlay	3,055,817	0
Unrestricted	5,409,234	156,857
Total net position	$ 16,527,259	$ 156,857

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended August 31, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 639,111	$ 150,744	$ 700	$ 63,049	$ (424,618)
Public Safety	19,500	0	0	0	(19,500)
Public Works	905,268	0	0	2,033,149	1,127,881
Culture and Recreation	108,746	0	0	312,962	204,216
Housing and Development	371,739	18,360	32,071	0	(321,308)
Interest on long-term debt	6,670	0	0	0	(6,670)
Total governmental activities	2,051,034	169,104	32,771	2,409,160	560,001
Component Unit					
Downtown Development Authority					
Housing and Development	0	0	0	0	0

	Governmental Activities	Component Unit
Change in net position		
Net (expense) revenue	$ 560,001	$ 0
General revenues		
Taxes		
Property	1,134,672	0
Franchise	325,985	0
Insurance premium	414,593	0
Intangibles	17,844	0
Occupational	50,898	0
Alcohol excise	234,425	0
Energy excise	2,803	0
Other	13,115	0
Interest and investment earnings	167,596	0
Other	49,471	0
Total general revenues	2,411,402	0
Change in net position	2,971,403	0
Net position - beginning, as previously reported	13,318,661	156,857
Error correction	237,195	0
Net position - beginning, as restated	13,555,856	156,857
Net position - ending	$ 16,527,259	$ 156,857

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
For the fiscal year ended August 31, 2024

	General	Special Revenue Fund: American Rescue Plan Act	Capital Projects Funds: 2017 SPLOST	Capital Projects Funds: 2023 SPLOST	Total
ASSETS					
Cash and cash equivalents	$ 4,007,485	$ 250,471	$ 1,310,600	$ 1,440,030	$ 7,008,586
Investments	454,358	0	0	0	454,358
Receivables (net)					
Taxes	873,880	0	0	0	873,880
Lease	606,145	0	0	0	606,145
Intergovernmental	0	0	0	198,255	198,255
Due from other funds	100	0	47,773	0	47,873
Prepaid items	24,644	0	0	0	24,644
Total assets	$ 5,966,612	$ 250,471	$ 1,358,373	$ 1,638,285	$ 9,213,741
LIABILITIES					
Accounts payable	$ 85,508	$ 675	$ 0	$ 0	$ 86,183
Accrued salaries and expenses	6,222	0	0	0	6,222
Due to other funds	47,773	100	0	0	47,873
Unearned revenue	0	249,696	0	0	249,696
Total liabilities	139,503	250,471	0	0	389,974
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	76,209	0	0	0	76,209
Leases	358,716	0	0	0	358,716
Total deferred inflows of resources	434,925	0	0	0	434,925
FUND BALANCES					
Nonspendable prepaid items	24,644	0	0	0	24,644
Nonspendable leases	247,429	0	0	0	247,429
Restricted for:					
Capital projects	59,159	0	1,358,373	1,638,285	3,055,817
Assigned for:					
Main Street Grayson	9,174	0	0	0	9,174
Grayson Day Festival	7,666	0	0	0	7,666
Unassigned	5,044,112	0	0	0	5,044,112
Total fund balances	5,392,184	0	1,358,373	1,638,285	8,388,842
Total liabilities, deferred inflows of resources, and fund balances	$ 5,966,612	$ 250,471	$ 1,358,373	$ 1,638,285	$ 9,213,741

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
For the fiscal year ended August 31, 2024

Total fund balance - total governmental funds	$	8,388,842
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds. These are:		
Capital assets net of accumulated depreciation/amortization		8,346,010
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. These are:		
Property taxes		76,209
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Subscriptions payable		(283,802)
Net position of governmental activities	$	16,527,259

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended August 31, 2024

		Special Revenue Fund	Capital Projects Funds		
	General	American Rescue Plan Act	2017 SPLOST	2023 SPLOST	Total
REVENUES					
Taxes	$ 2,227,756	$ 0	$ 0	$ 0	$ 2,227,756
Licenses and permits	169,184	0	0	0	169,184
Intergovernmental	59,159	1,073,420	47,773	1,131,996	2,312,348
Interest	167,596	0	48,772	48,046	264,414
Contributions	32,771	0	0	0	32,771
Other	49,471	0	0	0	49,471
Total revenues	2,705,937	1,073,420	96,545	1,180,042	5,055,944
EXPENDITURES					
Current					
General Government	803,440	0	0	0	803,440
Public Works	719,020	1,073,420	0	0	1,792,440
Culture and Recreation	9,231	0	0	0	9,231
Housing and Development	366,526	0	0	0	366,526
Capital outlay	0	0	94,211	0	94,211
Debt service	69,700	0	0	0	69,700
Total expenditures	1,967,917	1,073,420	94,211	0	3,135,548
			0		
Excess (deficiency) of revenues over (under) expenditures	738,020	0	2,334	1,180,042	1,920,396
Other financing sources (uses)					
Transfers in	100	0	0	0	100
Transfers out	0	(100)	0	0	(100)
Issuance of debt	194,998	0	0	0	194,998
Total other financing sources (uses)	195,098	(100)	0	0	194,998
Net change in fund balance	933,118	(100)	2,334	1,180,042	2,115,394
Fund balances, September 1, as previously reported	4,221,871	100	1,356,039	458,243	6,036,253
Error correction	237,195	0	0	0	237,195
Fund balances, September 1, as restated	4,459,066	100	1,356,039	458,243	6,273,448
Fund balances, August 31	$ 5,392,184	$ 0	$ 1,358,373	$ 1,638,285	$ 8,388,842

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended August 31, 2024

Net change in fund balances - total governmental funds		$ 2,115,394
Amounts reported for governmental activities in the statement of activities are different because:		
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 deprectiaton or amortization expense.		
Capital outlays	$ 1,382,806	
Depreciation/amortization	(359,301)	1,023,505
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.		
Cost of assets disposed	$ (27,107)	
Related accumulated depreciation	25,002	(2,105)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavaible revenue - property taxes		(33,423)
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the the repayment reduces long-term liabilities in the statement of net position.		
Debt principal repayments	$ 63,030	
Debt proceeds	(194,998)	(131,968)
Change in net position of governmental activities		$ 2,971,403

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended August 31, 2024

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,802,650	$ 1,802,650	$ 2,227,756	$ 425,106
Licenses and permits	143,020	143,020	169,184	26,164
Intergovernmental	0	0	59,159	59,159
Interest	750	750	167,596	166,846
Contributions	0	0	32,771	32,771
Other	52,500	52,500	49,471	(3,029)
Total revenues	1,998,920	1,998,920	2,705,937	707,017
EXPENDITURES				
Current				
General Government				
Mayor and Council	25,000	25,000	75,992	(50,992)
Elections	2,500	2,500	4,289	(1,789)
Finance	678,820	678,820	723,159	(44,339)
Public Works				
Highways and Streets	534,100	534,100	385,771	148,329
Sanitation	385,000	385,000	333,249	51,751
Culture and Recreation				
Parks and Recreation	11,000	11,000	9,231	1,769
Housing Development				
Planning and Zoning	322,500	322,500	342,840	(20,340)
Community Development	40,000	40,000	23,686	16,314
Debt Service	0	0	69,700	(69,700)
Total expenditures	1,998,920	1,998,920	1,967,917	31,003
Excess (deficiency) of revenues over (under) expenditures	0	0	738,020	738,020
Other financing sources (uses)				
Transfers in	0	0	100	100
Issuance of debt	0	0	194,998	194,998
Total other financing sources (uses)	0	0	195,098	195,098
Net change in fund balance	0	0	933,118	933,118
Fund balances, September 1, as previously reported	0	0	4,221,871	4,221,871
Error correction	0	0	237,195	0
Fund balances, September 1, as restated	0	0	4,459,066	4,459,066
Fund balances, August 31	$ 0	$ 0	$ 5,392,184	$ 5,392,184

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
AMERICAN RESCUE PLAN ACT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended August 31, 2024

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 0	$ 0	$ 1,073,420	$ 1,073,420
Total revenues	0	0	1,073,420	1,073,420
EXPENDITURES				
Current				
Public Works				
Wastewater	0	0	1,073,420	(1,073,420)
Total expenditures	0	0	1,073,420	(1,073,420)
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Other financing sources (uses)				
Transfers out	0	0	(100)	(100)
Net change in fund balance	0	0	(100)	(100)
Fund balances, September 1	0	0	100	100
Fund balances, August 31	$ 0	$ 0	$ 0	$ 0

See accompanying notes to the financial statements.

1. Description of Government Unit

The City of Grayson, Georgia (the "City") was established in 1901 and is located in Gwinnett County, Georgia. The City operates under a mayor/council form of government and provides the following services: highways and streets, sanitation, stormwater, parks and recreation, community development, and general and administrative services. The City is governed by an elected mayor and a four-member council.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

B. Reporting Entity

The accompanying financial statements present the government and its component unit, entities for which the government is considered financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. 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.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Grayson, Georgia Downtown Development Authority

The City of Grayson, Georgia Downtown Development Authority (the "Authority") was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council. The Authority was organized to develop and promote commerce, industry, and general welfare in the City of Grayson. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Grayson, Georgia Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the section labeled "Component Unit". The City of Grayson, Georgia Downtown Development Authority has a August 31st year-end. Individual financial statements are not prepared for the City of Grayson, Georgia Downtown Development Authority.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As discussed earlier, the government has one discretely presented component unit that is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for governmental funds are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

American Rescue Plan Act Special Revenue Fund – This fund is used to account for the revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds.

2017 SPLOST Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2017 Gwinnett County special purpose local option sales tax.

2023 SPLOST Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2023 Gwinnett County special purpose local option sales tax.

Additionally, the City reports the following fund type:

Component Unit

The City of Grayson, Georgia Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses

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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

G. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all governmental fund types, prior to September 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control (the level at which expenditures may not exceed appropriations), which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance, and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end.

H. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Non-negotiable certificates of deposits (CDs) held to maturity are classified as investments with an original maturity of less then three months and recorded at net amortized cost.

2. Summary of Significant Accounting Policies (continued)

I. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that depend upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

J. Intergovernmental Receivables

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the year ended August 31, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Prior to July 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Grayson, retroactive reporting of infrastructure assets was not required.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition value on the date donated.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Buildings and improvements	15-40	$ 5,000
Furniture and equipment	5-7	5,000
Land improvements	15	5,000
Infrastructure	20	5,000
Park equipment	15	5,000
Intangible right-to-use assets		
Software	3-5	5,000

All land will be valued and capitalized.

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

M. 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable property taxes revenues. The City also reports deferred inflows of resources related to their leases receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Long-Term Obligations

In the government-wide financial statements in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of Net Position.

The City accounts for subscription-based information technology arrangements (SBITAs) in accordance with GASB Statement No. 96. A SBITA is defined as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract, for a period of time in an exchange or exchange-like transaction. SBITA agreements with subscription terms greater than 12 months and that meet the criteria for capitalization are recorded as a subscription asset and a corresponding subscription liability at the commencement of the subscription term. The subscription asset is amortized on a straight-line basis over the term of the arrangement, and interest expense is recognized on the liability using the effective interest method.

O. Capital Contributions

Federal, state, and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

2. Summary of Significant Accounting Policies (continued)

P. Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at fiscal year-end by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Oxford's highest level of decision-making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City Council's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

2. Summary of Significant Accounting Policies (continued)

P. Fund Balances – Governmental Funds, continued

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

Q. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

R. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

S. Restricted Net Position

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less.

2. Summary of Significant Accounting Policies (continued)

T. 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 and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign Currency Risk

The City has no investments denominated in a foreign currency.

3. Deposit and Investment Risk (continued)

The City measures and records its investments using fair value hierarchy measurement guidelines established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs other than quoted market prices. Level 3 inputs are significant unobservable inputs.

At the end of the current fiscal year, the City's investments consist of $454,358 in non-negotiable certificates of deposit (CDs) that are to be held to maturity that are exempt from fair value lending requirements and are recorded at net amortized cost. As of August 31, 2024, the City's CDs will mature within one year.

4. Leases Receivable

In 1998, the City entered into a twenty five-year lease with a cell phone service provider to provide the tenant with the right to a portion of real property, together with the right to use the tower located thereon. The lease provides for three additional five-year terms. Under the lease, the tenant will pay the City a monthly payment of $1,500 with a 3% increase each subsequent year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 1.214%. During the current year, the City recognized $25,623 of lease revenue (reported as other revenue on the statement of activities) and $7,557 of interest revenue under the lease.

Annual requirements to maturity are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2025	$ 31,636	$ 7,183	$ 38,819
2026	33,193	6,790	39,983
2027	34,804	6,378	41,182
2028	36,472	5,947	42,419
2029	38,196	5,494	43,690
2030-2034	219,003	19,915	238,918
2035-2038	212,841	5,415	218,256
Totals	$ 606,145	$ 57,122	$ 663,267

5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Major Funds	
2023 SPLOST	$ 198,255

6. Property Taxes

Taxes receivable at the end of the current year consist of property taxes for seven years as follows:

Tax Year	Amount
2024	$ 819,603
2023	5,276
2022	1,983
2021	1,054
2020	219
2019	130
2018	63
	828,328
Less allowance for uncollectible	(10,110)
Totals	$ 818,218

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2024, based upon the assessments of January 1, 2024, were levied on July 16, 2024, were billed on August 12, 2024, and due on October 15, 2024. Taxes are billed and collected by Gwinnett County and remitted to the City.

Other Taxes

$55,662 of other taxes are also included in taxes receivable.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of the end of the current fiscal year is as follows:

Receivable Fund	Payable Fund	Amount
General	American Rescue Plan Act	$ 100
2017 SPLOST	General	47,773
Total Interfund Receivables/Payables		$ 47,873

Interfund balances at the end of the current year represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

The interfund receivables in the 2017 SPLOST Capital Projects Fund are for intergovernmental revenues recorded in the General Fund in the current year. The City's General Fund plans to pay the interfund balance during the upcoming year.

A summary of interfund transfers is as follows:

Transfer Out Fund	Transfer In Fund	Amount
American Rescue Plan Act	General	$ 100

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

8. Capital Assets

Capital asset activity for the primary government for the current fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$ 1,746,616	$ 0	$ 0	$ 1,746,616
Depreciable/amortizable assets				
Buildings and improvements	2,735,171	0	(3,340)	2,731,831
Infrastructure	3,240,570	1,073,420	0	4,313,990
Land improvements	1,110,297	34,958	0	1,145,255
Park equipment	326,939	23,962	(13,170)	337,731
Furniture and equipment	338,423	55,468	(10,597)	383,294
Intangible right-to-use assets				
Software	185,132	194,998	0	380,130
Total depreciable/amortizable assets	7,936,532	1,382,806	(27,107)	9,292,231
Accumulated depreciation/amortization				
Buildings and improvements	(686,692)	(69,958)	3,340	(753,310)
Infrastructure	(675,238)	(141,685)	0	(816,923)
Land improvements	(524,225)	(57,465)	0	(581,690)
Park equipment	(282,527)	(8,766)	11,065	(280,228)
Furniture and equipment	(169,604)	(24,915)	10,597	(183,922)
Intangible right-to-use assets				
Software	(20,252)	(56,512)	0	(76,764)
Total accumulated depreciation/amortization	(2,358,538)	(359,301)	25,002	(2,692,837)
Total depreciable/amortizable assets, net	5,577,994	1,023,505	(2,105)	6,599,394
Governmental activities capital assets, net	$ 7,324,610	$ 1,023,505	$ (2,105)	$ 8,346,010

Depreciation and amortization expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 52,757
Public Safety	19,500
Public Works	186,244
Culture and Recreation	95,587
Housing and Development	5,213
Total depreciation/amortization expense for governmental activities	$ 359,301

9. Long-Term Debt

Subscriptions Payable

The City has entered into agreements to subscribe to certain software. The subscription agreements qualify under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and, therefore, have been recorded at the present value of the future minimum subscription payments at their inception. Subscriptions payable are comprised of the following individual subscriptions at the end of the current fiscal year:

- $45,875 permitting and licensing software due in annual installments of $10,000 through April 2028, interest at 4.500%; $27,441 outstanding.
- $52,298 virtual office software due in monthly installments of $975 through August 2027, interest at 4.500%; $32,777 outstanding.
- $80,459 phone and internet software due in monthly installments of $1,500 through February 2028, interest at 4.500%; $58,189 outstanding.
- $194,998 camera software due in annual installments of $30,000 through March 2031, interest at 2.445%; $165,395 outstanding.

Annual debt service requirements for notes from direct borrowings are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2025	$ 60,791	$ 8,909	$ 69,700
2026	63,034	6,666	69,700
2027	65,367	4,333	69,700
2028	36,763	2,237	39,000
2029	28,570	1,430	30,000
2030	29,277	724	30,001
Totals	$ 283,802	$ 24,299	$ 308,101

10. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the current year:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Subscriptions payable	$ 151,834	$ 194,998	$ (63,030)	$ 283,802	$ 60,791

Total interest expense for the current fiscal year is $6,670.

11. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

Cost of capital assets, net	$ 8,346,010
Subscriptions payable	(283,802)
Net investment in capital assets	$ 8,062,208

12. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the metro Atlanta area, is a member of the Atlanta Regional Commission and is required to pay annual dues thereto. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from Atlanta Regional Commission, 3715 Northside Parkway, Building 200, Suite 300, Atlanta, GA 30327.

13. Risk Management

Material estimates have been made by management about the life of depreciable/amortizable capital assets. Management has used a conservative approach on these estimates.

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has elected to manage its risk financing activities through the purchase of commercial insurance. There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At the end of the current fiscal year, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

14. Commitments and Contingencies

Commitments

As of the end of the current year, the City had no contractual commitments on uncompleted contracts.

Contingencies

The City's legal counsel has stated that there are presently no determinable lawsuits.

15. Excess of Expenditures over Appropriations

During the current year, the City incurred expenditures in the following funds that were materially in excess of the amounts appropriated:

Fund/Department	Budget	Actual	Variance
General Fund			
Mayor and Council	$ 25,000	$ 75,992	$ (50,992)
Elections	2,500	4,289	(1,789)
Finance	678,820	723,159	(44,339)
Planning and Zoning	322,500	342,840	(20,340)
Debt Service	0	69,700	(69,700)
Total General Fund	$ 1,028,820	$ 1,215,980	$ (187,160)

The City also did not adopt an annual budget for the American Rescue Plan Act Special Revenue Fund.

16. Changes in Beginning Balances

Correction of an Error

General Fund

An adjustment has been made to correct the balance of taxes receivable and unavailable revenue at August 31, 2023. This adjustment decreased beginning fund balance by $5,159.

An adjustment has been made to correct the balance of other receivables at August 31, 2023. This adjustment decreased beginning fund balance by $27,995.

An adjustment has been made to correct the balance of other liabilities at August 31, 2023. This adjustment increased beginning fund balance by $11,363.

16. Changes in Beginning Balances (continued)

Correction of an Error, continued

General Fund, continued

An adjustment has been made to correct the balance of cash at August 31, 2023. This adjustment increased beginning fund balance by $7,046.

An adjustment has been made to correct the balance of leases receivable and deferred inflows of resources at August 31, 2023. This adjustment increased beginning fund balance by $251,940.

The net effect of these adjustments was a increase to beginning fund balance of $237,195.

A summary of the changes in beginning balances of net position is presented below:

	Beginning As Previously Reported	Error Correction	Beginning As Restated
Government-Wide Net Position			
Governmental Activities	$ 13,318,661	$ 237,195	$ 13,555,856

17. New Accounting Pronouncements

The City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2023. The implementation of this standard had no effect on the City's net position.

OTHER REPORTING SECTION

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SINGLE AUDIT SECTION

This section contains reports required by the Uniform Guidance and grantor agencies.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Mayor and Members
of the City Council
City of Grayson, 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 discretely presented component unit, and each major fund of the City of Grayson, Georgia, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Grayson, Georgia's basic financial statements and have issued our report thereon dated July 11, 2025.

Report on Internal Control over Financial Reporting

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

Our considering of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 through 2024-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-004 through 2024-005 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grayson, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-006 through 2024-007.

City of Grayson, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Grayson, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questions costs. The City of Grayson, 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 City of Grayson, Georgia'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.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
July 11, 2025

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and Members
of the City Council
City of Grayson, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Grayson, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Grayson, Georgia's major federal programs for the year ended August 31, 2024. The City of Grayson, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Grayson, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Grayson, Georgia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Grayson, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Grayson, Georgia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Grayson, Georgia's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Grayson, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City of Grayson, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Grayson, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Grayson, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton, LLC

Gainesville, Georgia
July 11, 2025

CITY OF GRAYSON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended August 31, 2024

Federal Grant/Pass-Through Grantor/Program Title	Federal Assisting Listing Number	Pass-Through Number	Expenditures
Department of the Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ 1,073,420

See accompanying notes to the schedule of expenditures of federal awards and schedule of findings and questioned costs.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Grayson, Georgia, under programs for the federal government for the fiscal year ended August 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Commission.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

The City of Grayson, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current fiscal year, the City of Grayson, Georgia did not pass federal funds through to subrecipients.

CITY OF GRAYSON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended August 31, 2024

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified Not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported

Identification of major programs:

21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish Between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings

A. Current Year Audit Findings

2024-001

Condition: The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. This included material adjustments during the audit process.

Criteria: Internal controls should be in place to ensure the City can perform timely and accurate year-end close procedures for the City to be able to produce its annual financial statements.

Effect: Failure to properly design and implement internal controls over year-end close procedures may lead to financial statements that are materially misstated and lead to delays in financial reporting.

Cause: Various posting and classification misstatements led to additional, material audit adjustments.

Recommendation: We recommend that the City's Finance Department continue to implement and/or strengthen internal controls over the year-end closeout procedures. We also recommend management reconcile account balances monthly to the subsidiary ledgers to ensure proper and timely reporting.

Management Response: Management concurs with this finding. City management has hired a third-party consulting firm proficient in the application and implementation of proper internal controls over the year-end close procedure. The Finance Department, with assistance from the third-party consulting firm, will implement policies and procedures that will ensure that account balances are reconciled monthly to the subsidiary ledgers. This action was taken immediately upon receipt of the comment from our auditors.

2024-002

Condition: While performing audit procedures, we noted there is a lack of segregation of duties in the Finance Department due to not having enough staff to adequately segregate financial duties to different individuals.

Criteria: Proper internal controls require adequate segregation of duties.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the City to greater risk of misappropriation.

Cause: The finance department does not have an adequate number of staff to properly segregate duties.

Recommendation: To ensure sufficient internal controls are in place, the Finance Department should properly segregate duties to the extent possible with available staff members and mitigate risk with additional supervision in the finance processes where possible.

Management Response: Management concurs with this finding. Management will review the recommendation with the Finance Department and segregate duties to the greatest extent possible with available staff. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

A. Current Year Audit Findings, continued

2024-003

Condition: While performing audit procedures, we noted that the City is not following the documented approval processes. This included approval of cash disbursements, journal entries, and employee payrates. All 46 tested nonrecurring cash disbursements lacked appropriate approval. 6 of 15 (40%) tested journal entries lacked appropriate approval. 3 of 7 (43%) tested employee payrates lacked appropriate approval.

Criteria: Proper internal controls require that all cash disbursements, journal entries, and employee payrates are properly approved.

Effect: Failure to maintain proper supporting documentation with evidence of approval for cash disbursements, journal entries, and employee payrates subjects the assets of the City to greater risk of misappropriation.

Cause: Staff is not following the documented approval policy which requires evidence of approval for cash disbursements, journal entries, and employee payrates by City staff.

Recommendation: Supporting documentation with evidence of approval should be retained.

Management Response: Management concurs with this finding. Management will implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

2024-004

Condition: While performing audit procedures, we noted that supporting documentation is not being retained. This included business and alcohol license applications, alcohol excise tax receipt documentation, journal entries, and credit card transactions.

Criteria: Proper internal controls require that supporting documentation be retained for all City transactions.

Effect: Failure to maintain proper supporting documentation with evidence of approval subjects the assets of the City to greater risk of misappropriation.

Cause: City staff is not retaining supporting documentation with evidence of approval for all transactions.

Recommendation: Supporting documentation with evidence of approval should be retained by City staff.

Management Response: Management concurs with this finding. Management will implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

A. Current Year Audit Findings, continued

2024-005

Condition: While performing audit procedures over cash receipts, we noted instances where deposits were not made timely. Receipts for 6 of 29 (20%) tested business and alcohol licenses were not deposited in a timely manner.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the City's assets to a greater risk of loss due to fraud.

Cause: City personnel are not depositing receipts at least once per week.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management will ensure that City personnel make deposits timely. Action was taken immediately upon receipt of the comment from our auditors.

2024-006

Condition: The City experienced a material excess of expenditures over appropriations in the General Fund. Also, an annual budget was not adopted for the American Rescue Plan Act Special Revenue Fund, as required by law.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, each Special Revenue Fund, and each Debt Service Fund.

Effect: Failure to amend annual budgets for expenditures over appropriations and failure to adopt budgets as required by OCGA Code Section 36-81-3 places the City in noncompliance with state law.

Cause: The City incurred expenditures materially in excess of appropriations in the General Fund and did not adopt an annual budget for the American Rescue Plan Act Special Revenue Fund.

Recommendation: Management should ensure that annual operating budgets are adopted for the General Fund and each Special Revenue Fund, as required by state law. Budget to actual comparisons should be periodically reviewed by Management and budgets amended as needed to ensure that the City is in compliance with state law.

Management Response: Management concurs with this finding. Management will ensure that an annual budget is adopted for the General Fund and each Special Revenue Fund, and will review the budget to actual comparisons and recommend any necessary budget revisions to Mayor and City Council. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

2024-007

Condition: The City deposited grant proceeds used to finance portions of SPLOST projects in the General Fund. The balance of the excess funds is reported as an interfund receivable in the 2017 SPLOST fund. The City plans to pay this balance in full in fiscal year 2025.

Criteria: OCGA Code Section 48-8-121 requires that SPLOST proceeds shall not be commingled with other funds of the City.

Effect: Failure to comply with OCGA Code Section 48-8-121 places the City in noncompliance with state law.

Cause: City staff did not deposit grant proceeds used to finance portions of SPLOST projects into the 2017 SPLOST fund. The General Fund currently maintains an interfund payable to the 2017 SPLOST Fund.

Recommendation: All revenues and expenditures should be accounted for within the appropriate fund. The amounts due from the General Fund should be deposited into the 2017 SPLOST account promptly.

Management Response: Management concurs with this finding. The City recorded a due to the 2017 SPLOST Fund and will make a transfer to pay down the interfund balance. Management will also ensure that future amounts are correctly deposited and reported in the correct fund. This action was taken immediately upon receipt of the comment from our auditors.

B. *Prior Year Audit Findings Follow-Ups*

2023-001

Condition: The books and records of account are not maintained in a systematic manner which allows for efficient issuance of monthly and annual financial data in accordance with general accepted accounting principles and governmental accounting standards. The following conditions were noted:

- The prior auditor's adjustments for prior years were not recorded.
- The books and records of account were not maintained on an accrual basis.
- Activity for certain programs, if not maintained as a separate fund, should be included within the general fund general ledger. Even though there are separate ledgers for the Main Street, Grayson Day, and Senior Citizens accounts, the summary of these should be included in the year-end ledger for the General Fund.

Not corrected.

2023-002

Condition: Several of the City's General Fund departmental expenditures materially exceeded their respective appropriations. In addition, the City did not budget for the Coronavirus Relief Fund, which is a special revenue fund.

Not corrected.

3. Federal Award Findings and Questioned Costs

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

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STATE REPORTING SECTION

CITY OF GRAYSON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended August 31, 2024

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
2017 SPLOST					
Roads, Streets, and Bridges	$ 1,638,769	$ 1,730,603	$ 1,295,375	$ 68,426	$ 1,363,801
Recreational Facilities	1,092,512	1,153,736	1,192,341	25,785	1,218,126
Administrative Facilities	0	250,000	250,000	0	250,000
Total	$ 2,731,281	$ 3,134,339	$ 2,737,716	$ 94,211	$ 2,831,927

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years**	Expenditures Current Year	Expenditures Total
2023 SPLOST					
Roads, Streets, Bridges, and Related Facilities and Equipment	$ 4,817,043	$ 4,817,043	$ 0	$ 0	$ 0
Recreational Facilities and Equipment	1,605,681	1,605,681	0	0	0
Total	$ 6,422,724	$ 6,422,724	$ 0	$ 0	$ 0

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

**The prior years column has been restated for 2023 SPLOST in the amount of $6 to correct the beginning balance of Roads, Streets, Bridges, and Related Facilities and Equipment.