

Grayson
GEORGIA

CITY OF GRAYSON, GEORGIA

Annual Financial Report

For the year ended August 31, 2025

This page intentionally left blank.

CITY OF GRAYSON, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended August 31, 2025

TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual	19
American Rescue Plan Act Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual	20
Notes to the Financial Statements	21-42
OTHER REPORTING SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	43-45
STATE REPORTING SECTION	
Schedule of Projects Financed with Special Purpose Local Option Sales Tax	46

This page intentionally left blank.

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, 2025, 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, 2025, 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's, Georgia's basic financial statements. The schedule of projects financed with special purpose local option sales tax is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects financed with special purpose local option sales tax is 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 February 6, 2026, 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
February 6, 2026

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, 2025. 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, 2025 by $17,956,340 (reported as *net position).*
- Total net position increased by $1,495,432 during the most recent fiscal year.
- As of August 31, 2025, Grayson's governmental funds reported combined ending fund balances of $8,504,934. The City's General Fund unassigned fund balance was $4,808,415 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 21-42 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 2024 and 2025

	Governmental Activities	
	2024	**2025**
Current assets	$ 8,591,359	$ 9,256,346
Capital assets	8,346,010	8,857,433
Other noncurrent assets	574,509	541,316
Total assets	17,511,878	18,655,095
Current liabilities	402,892	195,383
Noncurrent liabilities	223,011	170,279
Total liabilities	625,903	365,662
Total deferred inflows of resources	358,716	333,093
Net Position		
Net investment in capital assets	8,062,208	8,587,636
Restricted	3,055,817	3,453,274
Unrestricted	5,409,234	5,915,430
Total net position	$ 16,527,259	$ 17,956,340

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 $17,956,340 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 2025 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.

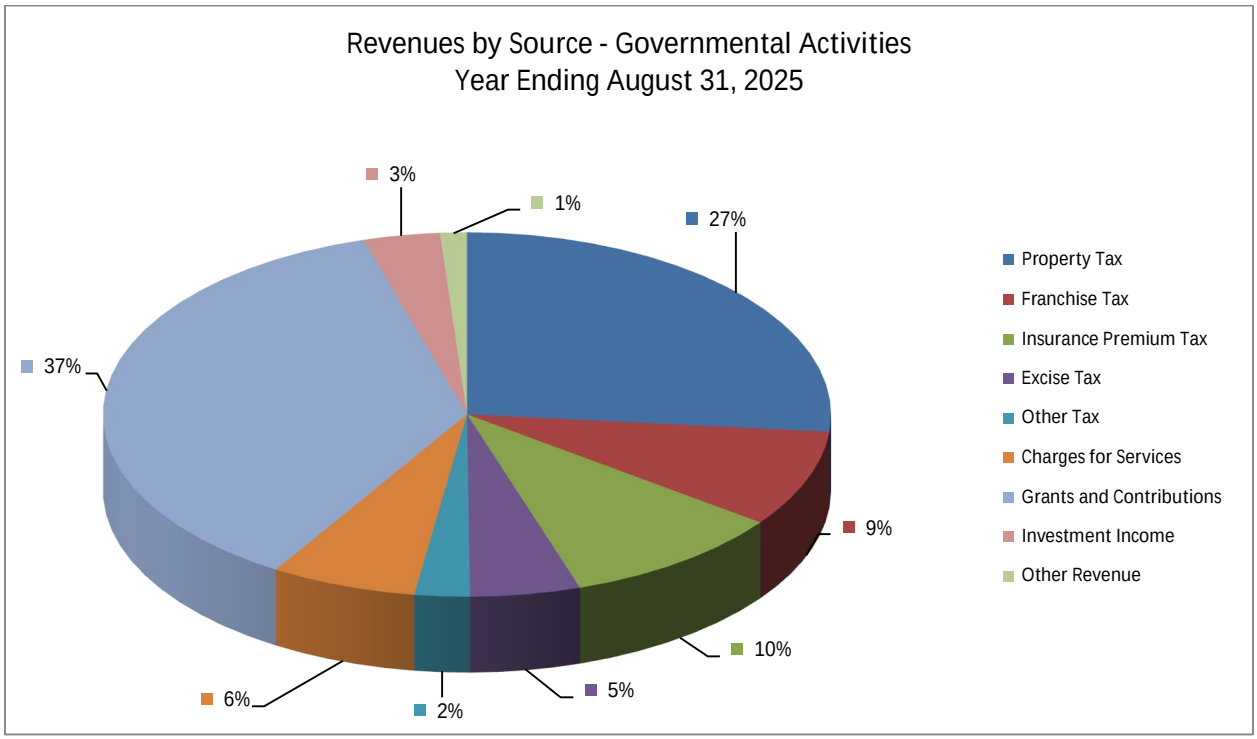
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Grayson's net position changed during the year.

City of Grayson
Changes in Net Position
For Fiscal Years 2024 and 2025

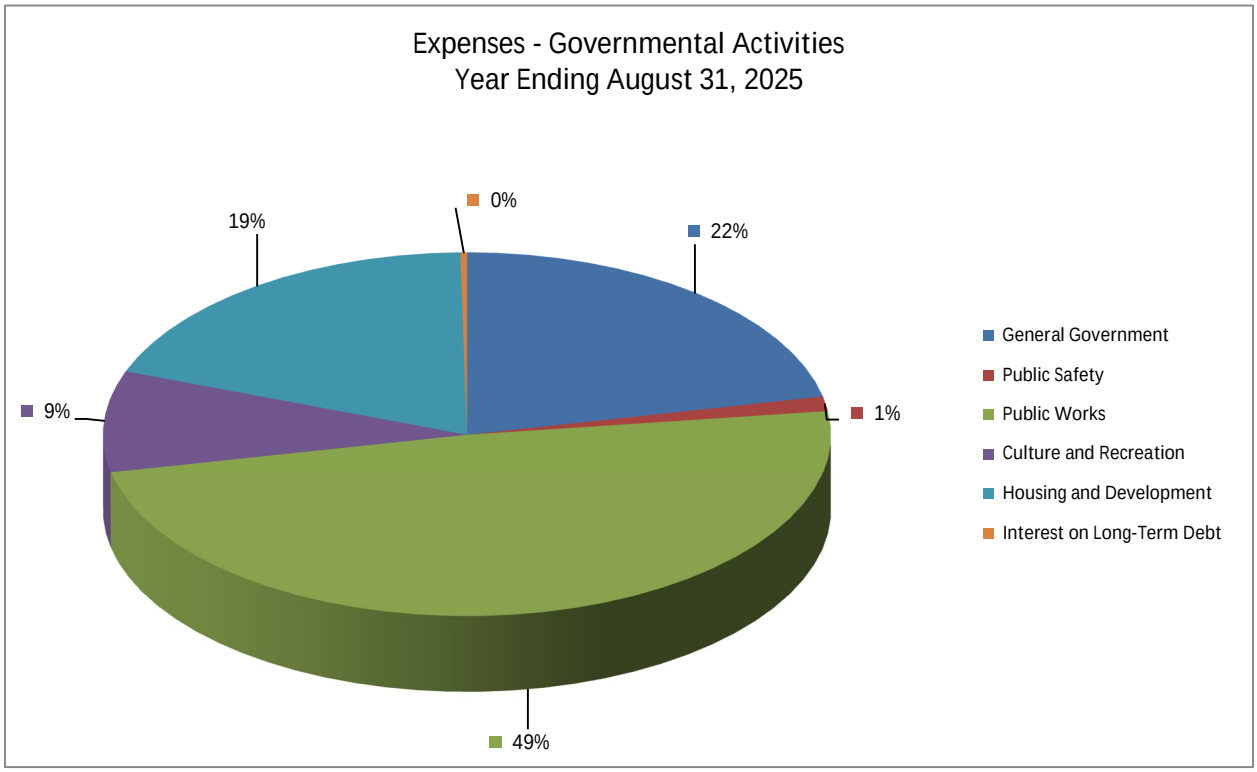
	Governmental Activities	
	2024	**2025**
Program revenues:		
Charges for services	$ 169,104	$ 291,808
Operating grants and contributions	32,771	34,871
Capital grants and contributions	2,409,160	1,615,488
General revenues:		
Property taxes	1,134,672	1,195,670
Franchise taxes	325,985	386,666
Insurance premium taxes	414,593	445,404
Alcohol and energy excise taxes	237,228	220,236
Other taxes	81,857	110,372
Interest and investment earnings	167,596	153,882
Miscellaneous revenue	49,471	53,664
Total revenues	5,022,437	4,508,061
Expenses		
General Government	639,111	651,624
Public Safety	19,500	39,000
Public Works	905,268	1,469,432
Culture and Recreation	108,746	269,647
Housing and Development	371,739	574,017
Interest on long-term debt	6,670	8,909
Total expenses	2,051,034	3,012,629
Increase (decrease) in net position	2,971,403	1,495,432
Net position - beginning (as previously reported)	13,318,661	16,527,259
Error correction	237,195	(66,351)
Net position - beginning (as restated)	13,555,856	16,460,908
Net position - ending	$ 16,527,259	$ 17,956,340

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 fell short of budgeted tax revenue for fiscal year 2025 due to the timing of property tax bills being sent out caused by delays related to GA House Bill 581. Tax collections in fiscal year 2026 expected to well exceed budgeted tax revenue. 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 2025. 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 2025 were used in conjunction with previous funding for one large paving project in in current year. The City achieved 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 $8,504,934. Of this amount, $4,808,415 (56.5%) 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 $4,808,415 and the total fund balance reached $5,098,446. 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 194.6% of the total General Fund expenditures, while total fund balance represents 206.3% 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. The remaining ARPA funds were expended in the current fiscal year and that fund was closed out.

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 $548,166.

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 $2,858,322.

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 2025, 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 $2,470,946 with appropriations of $2,309,533. Increased costs in the market as well as BS&A cloud conversion costs lead to unexpected expenditures in the current year. 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 remaining funds were used to assist funding of the Grayson Industrial Parkway Sewer Extension project. This fund was closed out in the current year as the remaining funds were expended.

Capital Assets and Debt Administration

Capital Assets. The City of Grayson has invested $8,857,433 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
Construction in progress	688,464
Buildings and improvements	2,790,690
Infrastructure	4,313,990
Land improvements	1,182,951
Park equipment	449,114
Furniture and equipment	405,969
Intangible right-to-use assets	
Software	380,130
Total	11,957,924
Accumulated depreciation/amortization	(3,100,491)
Net Capital Assets	$ 8,857,433

Additional information on the City of Grayson's capital assets can be found in the notes to the financial statements on page 37 of this report.

Long-term debt. On August 31, 2025, the City of Grayson has $223,011 in subscriptions payable outstanding. This is a decrease of $60,791 over the prior year. Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 38-39 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% since 2018. Grayson's tax digest has also expanded by an average of 15% per year since 2020 due to both residential and commercial growth. 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 has moderated growth in residential property tax revenue; however, the City is well-positioned due to prudent fiscal management and a robust reserve.

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

BASIC FINANCIAL STATEMENTS

CITY OF GRAYSON, GEORGIA
STATEMENT OF NET POSITION
August 31, 2025

	Primary Government	Component Unit
	Governmental Activities	Downtown Development Authority
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,545,688	$ 156,857
Investments	459,489	0
Receivables (net)		
Accounts	26,673	0
Taxes	961,796	0
Lease	33,193	0
Intergovernmental	197,332	0
Prepaid items	32,175	0
Total current assets	9,256,346	156,857
Noncurrent assets		
Lease receivable	541,316	0
Capital assets		
Nondepreciable	2,435,080	0
Depreciable/amortizable (net)	6,422,353	0
Total noncurrent assets	9,398,749	0
Total assets	18,655,095	156,857
LIABILITIES		
Current liabilities		
Payables		
Accounts	62,473	0
Retainages	33,958	0
Accrued salaries and expenses	18,991	0
Compensated absences	6,868	0
Unearned revenue	10,059	0
Subscriptions payable	63,034	0
Total current liabilities	195,383	0
Noncurrent liabilities		
Compensated absences	10,302	0
Subscriptions payable	159,977	0
Total noncurrent liabilities	170,279	0
Total liabilities	365,662	0
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	333,093	0
NET POSITION		
Net investment in capital assets	8,587,636	0
Restricted for:		
Capital outlay	3,453,274	0
Unrestricted	5,915,430	156,857
Total net position	$ 17,956,340	$ 156,857

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended August 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 651,624	$ 286,325	$ 1,695	$ 111,962	$ (251,642)
Public Safety	39,000	0	0	0	(39,000)
Public Works	1,469,432	0	0	1,184,999	(284,433)
Culture and Recreation	269,647	0	0	318,527	48,880
Housing and Development	574,017	5,483	33,176	0	(535,358)
Interest on long-term debt	8,909	0	0	0	(8,909)
Total governmental activities	3,012,629	291,808	34,871	1,615,488	(1,070,462)
Component Unit					
Downtown Development Authority					
Housing and Development	0	0	0	0	0

	Governmental Activities	Component Unit
Change in net position		
Net (expense) revenue	$ (1,070,462)	$ 0
General revenues		
Taxes		
Property	1,195,670	0
Franchise	386,666	0
Insurance premium	445,404	0
Intangibles	25,401	0
Occupational	74,811	0
Alcohol excise	217,280	0
Energy excise	2,956	0
Other	10,160	0
Interest and investment earnings	153,882	0
Other	53,664	0
Total general revenues	2,565,894	0
Change in net position	1,495,432	0
Net position - beginning, as previously reported	16,527,259	156,857
Error correction	(66,351)	0
Net position - beginning, as restated	16,460,908	156,857
Net position - ending	$ 17,956,340	$ 156,857

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
For the fiscal year ended August 31, 2025

	General	Special Revenue Fund: American Rescue Plan Act	Capital Projects Funds: 2017 SPLOST	Capital Projects Funds: 2023 SPLOST	Total
ASSETS					
Cash and cash equivalents	$ 4,350,347	$ 0	$ 534,351	$ 2,660,990	$ 7,545,688
Investments	459,489	0	0	0	459,489
Receivables (net)					
Accounts	26,673	0	0	0	26,673
Taxes	961,796	0	0	0	961,796
Lease	574,509	0	0	0	574,509
Intergovernmental	0	0	0	197,332	197,332
Due from other funds	0	0	47,773	0	47,773
Prepaid items	32,175	0	0	0	32,175
Total assets	$ 6,404,989	$ 0	$ 582,124	$ 2,858,322	$ 9,845,435
LIABILITIES					
Payables					
Accounts	$ 62,473	$ 0	$ 0	$ 0	$ 62,473
Retainages	0	0	33,958	0	33,958
Accrued salaries and expenses	18,991	0	0	0	18,991
Due to other funds	47,773	0	0	0	47,773
Unearned revenue	10,059	0	0	0	10,059
Total liabilities	139,296	0	33,958	0	173,254
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	834,154	0	0	0	834,154
Leases	333,093	0	0	0	333,093
Total deferred inflows of resources	1,167,247	0	0	0	1,167,247
FUND BALANCES					
Nonspendable prepaid items	32,175	0	0	0	32,175
Nonspendable leases	241,416	0	0	0	241,416
Restricted for:					
Capital projects	0	0	548,166	2,858,322	3,406,488
Assigned for:					
Main Street Grayson	16,440	0	0	0	16,440
Unassigned	4,808,415	0	0	0	4,808,415
Total fund balances	5,098,446	0	548,166	2,858,322	8,504,934
Total liabilities, deferred inflows of resources, and fund balances	$ 6,404,989	$ 0	$ 582,124	$ 2,858,322	$ 9,845,435

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, 2025

Total fund balance - total governmental funds		$ 8,504,934
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		8,857,433
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		834,154
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Compensated absences	$ (17,170)	
Subscriptions payable	(223,011)	(240,181)
Net position of governmental activities		$ 17,956,340

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, 2025

	General	Special Revenue Fund: American Rescue Plan Act	Capital Projects Funds: 2017 SPLOST	Capital Projects Funds: 2023 SPLOST	Total
REVENUES					
Taxes	$ 1,600,402	$ 0	$ 0	$ 0	$ 1,600,402
Licenses and permits	291,807	0	0	0	291,807
Intergovernmental	109,033	249,696	0	1,161,202	1,519,931
Interest	153,882	0	36,722	58,835	249,439
Contributions	34,871	0	0	0	34,871
Other	53,664	0	0	0	53,664
Total revenues	2,243,659	249,696	36,722	1,220,037	3,750,114
EXPENDITURES					
Current					
General Government	648,740	0	0	0	648,740
Public Works	959,312	249,796	0	0	1,209,108
Culture and Recreation	229,568	0	0	0	229,568
Housing and Development	563,626	0	0	0	563,626
Capital outlay	0	0	846,929	0	846,929
Debt service	69,700	0	0	0	69,700
Total expenditures	2,470,946	249,796	846,929	0	3,567,671
			0		
Excess (deficiency) of revenues over (under) expenditures	(227,287)	(100)	(810,207)	1,220,037	182,443
Other financing sources (uses)					
Transfers out	(100)	0	0	0	(100)
Transfers in	0	100	0	0	100
Total other financing sources (uses)	(100)	100	0	0	0
Net change in fund balance	(227,387)	0	(810,207)	1,220,037	182,443
Fund balances, September 1, as previously reported	5,392,184	0	1,358,373	1,638,285	8,388,842
Error correction	(66,351)	0	0	0	(66,351)
Fund balances, September 1, as restated	5,325,833	0	1,358,373	1,638,285	8,322,491
Fund balances, August 31	$ 5,098,446	$ 0	$ 548,166	$ 2,858,322	$ 8,504,934

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, 2025

Net change in fund balances - total governmental funds		$ 182,443
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	$ 925,252	
Depreciation/amortization	(413,829)	511,423
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	$ (6,175)	
Related accumulated depreciation	6,175	0
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		757,945
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		60,791
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Compensated absences		(17,170)
Change in net position of governmental activities		$ 1,495,432

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, 2025

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 2,062,893	$ 2,062,893	$ 1,600,402	$ (462,491)
Licenses and permits	94,040	94,040	291,807	197,767
Intergovernmental	40,000	40,000	109,033	69,033
Interest	60,000	60,000	153,882	93,882
Contributions	0	0	34,871	34,871
Other	52,600	52,600	53,664	1,064
Total revenues	2,309,533	2,309,533	2,243,659	(65,874)
EXPENDITURES				
Current				
General Government				
Mayor and Council	4,000	4,000	8,990	(4,990)
Elections	5,000	5,000	0	5,000
Finance	952,433	952,433	639,750	312,683
Public Works				
Highways and Streets	505,000	505,000	606,156	(101,156)
Sanitation	420,000	420,000	353,156	66,844
Culture and Recreation				
Parks and Recreation	31,100	31,100	229,568	(198,468)
Housing Development				
Planning and Zoning	312,000	312,000	356,359	(44,359)
Community Development	80,000	80,000	207,267	(127,267)
Debt Service	0	0	69,700	(69,700)
Total expenditures	2,309,533	2,309,533	2,470,946	(161,413)
Excess (deficiency) of revenues over (under) expenditures	0	0	(227,287)	(227,287)
Other financing sources (uses)				
Transfers out	0	0	(100)	(100)
Net change in fund balance	0	0	(227,387)	(227,387)
Fund balances, September 1, as previously reported	0	0	5,392,184	5,392,184
Error correction	0	0	(66,351)	0
Fund balances, September 1, as restated	0	0	5,325,833	5,325,833
Fund balances, August 31	$ 0	$ 0	$ 5,098,446	$ 5,098,446

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, 2025

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 0	$ 0	$ 249,696	$ 249,696
Total revenues	0	0	249,696	249,696
EXPENDITURES				
Current				
Public Works				
Wastewater	0	0	249,796	(249,796)
Total expenditures	0	0	249,796	(249,796)
Excess (deficiency) of revenues over (under) expenditures	0	0	(100)	(100)
Other financing sources (uses)				
Transfers in	0	0	100	100
Net change in fund balance	0	0	0	0
Fund balances, September 1	0	0	0	0
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 an 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. Compensated Absences

All full-time employees of the City are eligible to accrue personal leave. In accordance with GASB Statement No. 101, *Compensated Absences*, a liability is recognized for the amount of unused PTO that is more likely than not of resulting in a payment to the employee. Currently, there is not a cap on the number of hours that can be accrued by employees and any unused PTO will be paid to employees upon termination, assuming they left the City on favorable terms. The liability also includes payroll taxes on the unused PTO expected to be used. For the government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned.

O. 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.

2. Summary of Significant Accounting Policies (continued)

O. Long-Term Obligations, continued

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.

P. 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.

Q. 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.

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds, continued

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.

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.

2. Summary of Significant Accounting Policies (continued)

R. 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.

S. 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.

T. 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.

U. 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.

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 $459,489 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, 2025, 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 $7,183 of interest revenue under the lease.

Annual requirements to maturity are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
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	39,981	5,021	45,002
2031-2035	228,884	17,202	246,086
2036-2038	162,979	3,108	166,087
Totals	$ 574,509	$ 49,940	$ 624,449

5. Intergovernmental Receivables

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

Major Funds	
2023 SPLOST	$ 197,332

6. Property Taxes

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

Tax Year	Amount
2025	$ 913,403
2024	11,760
2023	3,401
2022	833
2021	412
2020	149
2019	57
	930,015
Less allowance for uncollectible	(11,498)
Totals	$ 918,517

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 2025, based upon the assessments of January 1, 2025, were levied on July 22, 2025, were billed on November 15, 2025, and due on February 1, 2026. Taxes are billed and collected by Gwinnett County and remitted to the City.

Other Taxes

$43,279 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
2017 SPLOST	General	$ 47,773

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 prior 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
General	American Rescue Plan Act	$ 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
Construction in progress	0	688,464	0	688,464
Total non-depreciable assets	1,746,616	688,464	0	2,435,080
Depreciable/amortizable assets				
Buildings and improvements	2,731,831	58,859	0	2,790,690
Infrastructure	4,313,990	0	0	4,313,990
Land improvements	1,145,255	37,696	0	1,182,951
Park equipment	337,731	111,383	0	449,114
Furniture and equipment	383,294	28,850	(6,175)	405,969
Intangible right-to-use assets				
Software	380,130	0	0	380,130
Total depreciable/amortizable assets	9,292,231	236,788	(6,175)	9,522,844
Accumulated depreciation/amortization				
Buildings and improvements	(753,310)	(73,432)	0	(826,742)
Infrastructure	(816,923)	(166,284)	0	(983,207)
Land improvements	(581,690)	(59,513)	0	(641,203)
Park equipment	(280,228)	(7,651)	0	(287,879)
Furniture and equipment	(183,922)	(30,938)	6,175	(208,685)
Intangible right-to-use assets				
Software	(76,764)	(76,011)	0	(152,775)
Total accumulated depreciation/amortization	(2,692,837)	(413,829)	6,175	(3,100,491)
Total depreciable/amortizable assets, net	6,599,394	(177,041)	0	6,422,353
Governmental activities capital assets, net	$ 8,346,010	$ 511,423	$ 0	$ 8,857,433

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

Primary Government	
Governmental activities	
General Government	$ 57,714
Public Safety	39,000
Public Works	215,298
Culture and Recreation	96,604
Housing and Development	5,213
Total depreciation/amortization expense for governmental activities	$ 413,829

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%; $18,702 outstanding.
- $52,298 virtual office software due in monthly installments of $975 through August 2027, interest at 4.500%; $22,338 outstanding.
- $80,459 phone and internet software due in monthly installments of $1,500 through February 2028, interest at 4.500%; $42,486 outstanding.
- $194,998 camera software due in annual installments of $30,000 through March 2031, interest at 2.445%; $139,485 outstanding.

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

Fiscal Year Ending August 31,	Principal	Interest	Total
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	$ 223,011	$ 15,390	$ 238,401

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	$ 283,802	$ 0	$ (60,791)	$ 223,011	$ 63,034
Compensated absences	0	17,170	0	17,170	6,868
Total governmental activities	$ 283,802	$ 17,170	$ (60,791)	$ 240,181	$ 69,902

Total interest expense for the current fiscal year is $8,909.

The additions of compensated absences reflect the net change for the period.

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	$ 8,857,433
Capital related accounts payable	(12,828)
Capital related retainages payable	(33,958)
Subscriptions payable	(223,011)
Net investment in capital assets	$ 8,587,636

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 $27,560 in contractual commitments on uncompleted contracts.

14. Commitments and Contingencies (continued)

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	$ 4,000	$ 8,990	$ (4,990)
Highways and Streets	505,000	606,156	(101,156)
Parks and Recreation	31,100	229,568	(198,468)
Planning and Zoning	312,000	356,359	(44,359)
Community Development	80,000	207,267	(127,267)
Debt Service	0	69,700	(69,700)

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

A restatement has been made to correct the balance of accounts receivable at August 31, 2024. This adjustment decreased beginning fund balance by $66,351.

16. Changes in Beginning Balances (continued)

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

	Beginning As Previously Reported	Error Correction	Beginning As Restated
Government-Wide Net Position			
Governmental Activities	$ 16,527,259	$ (66,351)	$ 16,460,908
Major Funds			
General Fund	$ 5,392,184	$ (66,351)	$ 5,325,833

17. New Accounting Pronouncements

The City implemented GASB Statement No. 101, *Compensated Absences*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2024. The implementation of this standard had no effect on the City's net position.

The City implemented GASB Statement No. 102, *Certain Risk Disclosures*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2024. The implementation of this standard had no effect on the City's net position.

This page intentionally left blank.

OTHER REPORTING SECTION

This page intentionally left blank.

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, 2025, 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 February 6, 2026.

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) to determine the 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 consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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 deficiency, described as follows, to be a material weakness:

2025-001

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

Condition: A material prior period adjustment was required to adjust accounts receivable.

Cause: Accounting software errors caused the incorrect balance to be recorded in prior years.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Recommendation: Management should review and update their year-end procedures for recording accruals.

Management Response: Management concurs with this finding. City staff will review all year-end balances to ensure they are properly calculated and recorded.

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 as follows, to be significant deficiencies:

2025-002

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

Condition: While performing audit procedures, we noted that the City is not following the documented approval processes. This included approval of cash disbursements and employee payrates

- 6 of 60 (10%) tested nonrecurring cash disbursements lacked appropriate approval.
- 1 of 5 (20%) tested employee payrates lacked appropriate approval.

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

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

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.

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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

2025-003

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.

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.

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.

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.

2025-003, continued

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.

2025-004

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

Condition: In the prior fiscal year, 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 2026.

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.

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 previously. 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 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

Gainesville, Georgia
February 6, 2026

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, 2025

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	$ 1,363,801	$ 742,178	$ 2,105,979
Recreational Facilities	1,092,512	1,153,736	1,218,126	104,751	1,322,877
Administrative Facilities	0	250,000	250,000	0	250,000
Total	$ 2,731,281	$ 3,134,339	$ 2,831,927	$ 846,929	$ 3,678,856

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.

This page intentionally left blank.