CITY OF HOMERVILLE, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CITY OF HOMERVILLE, GEORGIA
TABLE OF CONTENTS
JUNE 30, 2025

Independent Auditors' Report ..... 1 - 3
Basic Financial Statements
Government-wide Financial Statements
Statement of Net Position 4
Statement of Activities 5
Fund Financial Statements
Balance Sheet – Governmental Funds 6
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position 7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 9
Statement of Net Position – Proprietary Funds 10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 11
Statement of Cash Flows – Proprietary Funds 12
Notes to Financial Statements ..... 13 - 26
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –
General Fund 28
EIP Revolving Loan Fund 29
Recreation Department Fund 30

Supplementary Information
Combining Balance Sheet – Nonmajor Governmental Funds 32
Combing Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 33
Schedules of Projects Constructed with Special Sales Tax Proceeds ..... 34 - 36

Single Audit

Schedule of Expenditures of Federal Awards 37
Notes to the Schedule of Expenditures of Federal Awards 38
Schedule of Findings and Questioned Costs ..... 39 - 40
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance ..... 41 - 43

Other Reports

Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards* ..... 45 - 46
Management's Response to Comments 47

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council,
City of Homerville, Georgia:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homerville, Georgia (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basis financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual fund financial statements and schedules, Schedules of Projects Constructed with Special Purpose Local Sales Tax Proceeds and Schedule of Special District Mass Transportation Sales and Use Tax, which are presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and 48-8-269.5, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and additional schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 January 23, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
January 23, 2026

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,046,439	$ 11,210	$ 2,057,649
Receivables, net	215,228	371,328	586,556
Internal balances	302,804	(302,804)	-
Due from other governments, net	81,762	-	81,762
Notes receivable	254,290	-	254,290
Prepaids	-	763	763
Restricted assets:			
Cash and cash equivalents	-	90,468	90,468
Capital assets:			
Capital assets, not being depreciated	67,386	79,530	146,916
Other capital assets, net of depreciation	4,327,251	3,994,617	8,321,868
Total assets	$ 7,295,160	$ 4,245,112	$ 11,540,272
LIABILITIES			
Accounts payable and accrued liabilities	$ 125,986	$ 58,656	$ 184,642
Customer deposits	6,980	90,468	97,448
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	145,896	145,896
Leases payable	23,369	-	23,369
Compensated absences	7,710	6,266	13,976
Due in more than one year:			
Bonds and notes payable	-	404,688	404,688
Leases payable	54,266	-	54,266
Compensated absences	60,609	8,723	69,332
Total liabilities	$ 278,920	$ 714,697	$ 993,617
NET POSITION			
Net investment in capital assets	$ 4,317,002	$ 3,523,563	$ 7,840,565
Restricted for:			
Capital projects	1,588,903	-	1,588,903
Other purposes	38,933	-	38,933
Unrestricted	1,071,402	6,852	1,078,254
Total net position	$ 7,016,240	$ 3,530,415	$ 10,546,655

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,093,698	$ 148,961	$ 294,598	$ -	$ (650,139)	$ -	$ (650,139)
Public safety	1,868,820	-	835,883	347,596	(685,341)	-	(685,341)
Streets and sanitation	442,490	-	-	59,646	(382,844)	-	(382,844)
Airport	43,633	-	-	-	(43,633)	-	(43,633)
Culture and recreation	227,227	85,758	-	118,136	(23,333)	-	(23,333)
Public works	285,349	-	-	85,612	(199,737)	-	(199,737)
Interest on long-term debt	7,661	-	-	-	(7,661)	-	(7,661)
Total governmental activities	3,968,878	234,719	1,130,481	610,990	(1,992,688)	-	(1,992,688)
Business-type activities:							
Water and sewer	1,347,837	1,104,325	-	-	-	(243,512)	(243,512)
Airport	8,678	-	-	-	-	(8,678)	(8,678)
Total business-type activities	1,356,515	1,104,325	-	-	-	(252,190)	(252,190)
Total primary government	$ 5,325,393	$ 1,339,044	$ 1,130,481	$ 610,990	(1,992,688)	(252,190)	(2,244,878)
General revenues:							
Property taxes					792,359	-	792,359
Sales taxes					371,245	-	371,245
Other taxes					253,172	-	253,172
Franchise fees					199,041	-	199,041
State revenue sharing					83,316	-	83,316
Investment earnings					4,712	5,110	9,822
Miscellaneous revenues					102,994	3,112	106,106
Total general revenues					1,806,839	8,222	1,815,061
Change in net position					(185,849)	(243,968)	(429,817)
Net position, beginning of year					7,202,089	3,774,383	10,976,472
Net position, ending of year					$ 7,016,240	$ 3,530,415	$ 10,546,655

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	EIP Revolving Loan	Recreation Department	SPLOST 2015	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 474,811	$ 1,121,379	$ 5,802	$ 182,625	$ 261,822	$ 2,046,439
Receivables, net	203,348	4,050	140	-	7,690	215,228
Notes receivable	-	254,290	-	-		254,290
Due from other governments, net	44,030	-	-	28,857	8,875	81,762
Due from other funds	1,815,248	-	223,919	63,700	41,133	2,144,000
Total assets	$ 2,537,437	$ 1,379,719	$ 229,861	$ 275,182	$ 319,520	$ 4,741,719
LIABILITIES						
Accounts payable and accrued liabilities	$ 50,826	$ -	$ 23,236	$ 44,852	$ 7,072	$ 125,986
Customer deposits	-	-	-	-	6,980	6,980
Due to other funds	1,299,156	-	279,368	-	262,672	1,841,196
Total liabilities	1,349,982	-	302,604	44,852	276,724	1,974,162
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	209,042	-	-	-	-	209,042
Unavailable revenue - note receivable	-	254,290	-	-	-	254,290
Total deferred inflows of resources	209,042	254,290	-	-	-	463,332
FUND BALANCES						
Restricted for:						
Capital projects	-	1,125,429	-	230,330	233,144	1,588,903
Other purposes	-	-	-	-	38,933	38,933
Assigned to:						
Subsequent year's budget	113,669	-	-	-	-	113,669
Unassigned	864,744	-	(72,743)	-	(229,281)	562,720
Total fund balances	978,413	1,125,429	(72,743)	230,330	42,796	2,304,225
Total liabilities and fund balances	$ 2,537,437	$ 1,379,719	$ 229,861	$ 275,182	$ 319,520	$ 4,741,719

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Fund balances - total governmental funds		$ 2,304,225
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	9,618,191	
Less: accumulated depreciation	(5,223,554)	4,394,637
Because some property taxes and other revenues will not be collected for several months after the close of the City's fiscal year end, they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.		463,332
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Lease obligations	(77,635)	
Compensated absences	(68,319)	(145,954)
Net position of governmental activities		$ 7,016,240

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	EIP Revolving Loan	Formerly Nonmajor Fund Recreation Department	SPLOST 2015	Formerly Major Fund Better Hometown	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	$ 1,756,859	$ -	$ -	$ 347,596	$ -	$ -	$ 2,104,455
Permits and fees	80,758	-	-	-	-	-	80,758
Intergovernmental	1,196,853	-	-	-	-	177,782	1,374,635
Charges for services	2,376	-	85,758	-	-	5,136	93,270
Fines and forfeitures	141,175	-	-	-	-	-	141,175
Investment income	1,244	3,359	75	-	-	34	4,712
Miscellaneous	10,300	-	16,718	-	-	17,947	44,965
Total revenues	3,189,565	3,359	102,551	347,596	-	200,899	3,843,970
Expenditures							
Current:							
General government	1,025,826	-	-	167,639	-	58,623	1,252,088
Public safety	1,595,982	-	-	11,881	-	-	1,607,863
Streets and sanitation	285,349	-	-	237,937	-	27,916	551,202
Culture and recreation	12,370	-	207,254	600	-	6,952	227,176
Capital outlay	-	-	-	16,500	-	-	16,500
Debt service:							
Principal retirement	-	-	-	19,704	-	-	19,704
Interest and fiscal charges	179	-	-	7,482	-	-	7,661
Total expenditures	2,919,706	-	207,254	461,743	-	93,491	3,682,194
Excess (deficiency) of revenues over expenditures	269,859	3,359	(104,703)	(114,147)	-	107,408	161,776
Other financing sources (uses)							
Transfers in	34,148	-	-	20,407	-	-	54,555
Transfers out	-	-	-	-	-	(54,555)	(54,555)
Issuance of long term debt	-	-	-	-	-	-	-
Total other financing sources (uses)	34,148	-	-	20,407	-	(54,555)	-
Net change in fund balances	304,007	3,359	(104,703)	(93,740)	-	52,853	161,776
Fund balances, beginning of year, as previously reported	674,406	1,122,070	-	324,070	(188,040)	209,943	2,142,449
Changes within the financial reporting entity (major to nonmajor)	-	-	-	-	188,040	(188,040)	-
Changes within the financial reporting entity (nonmajor to major)	-	-	31,960	-	-	(31,960)	-
Fund balances, beginning of year, as restated	674,406	1,122,070	31,960	324,070	-	(10,057)	2,142,449
Fund balances, end of year	$ 978,413	$ 1,125,429	$ (72,743)	$ 230,330	$ -	$ 42,796	$ 2,304,225

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	$	161,776
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		16,500
Depreciation expense		(315,960)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt		19,704
Revenues reported in governmental funds that provide current financial resources are not reported as revenues in governmental activities		(60,941)
Change in net position of governmental activities	$	(185,849)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-type Activities		
	Water, Sewer & Sanitation	Non-major Fund Airport	Total
ASSETS			
Cash and cash equivalents	$ 11,040	$ 170	$ 11,210
Accounts receivable, net	371,328	-	371,328
Prepaid items	763	-	763
Due from other funds	1,034,277	-	1,034,277
Restricted current assets:			
Cash and cash equivalents	90,468	-	90,468
Total current assets	1,507,876	170	1,508,046
Noncurrent assets:			
Capital assets:			
Land	79,530	-	79,530
Buildings	9,665,480	-	9,665,480
Equipment	529,650	-	529,650
Accumulated depreciation	(6,200,513)	-	(6,200,513)
Total capital assets, net	4,074,147	-	4,074,147
Total noncurrent assets	4,074,147	-	4,074,147
Total assets	$ 5,582,023	$ 170	$ 5,582,193
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 58,267	$ 389	$ 58,656
Deposits	90,468	-	90,468
Due to other funds	1,260,251	76,830	1,337,081
Compensated absences	6,266	-	6,266
Payable from restricted assets:			
Current maturities on long-term debt	145,896	-	145,896
Total current liabilities	1,561,148	77,219	1,638,367
Noncurrent liabilities:			
Bonds and notes payable, net	404,688	-	404,688
Compensated absences	8,723	-	8,723
Total noncurrent liabilities	413,411	-	413,411
Total liabilities	$ 1,974,559	$ 77,219	$ 2,051,778
NET POSITION			
Net investment in capital assets	$ 3,523,563	$ -	$ 3,523,563
Unrestricted	83,901	(77,049)	6,852
Total net position	$ 3,607,464	$ (77,049)	$ 3,530,415

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities		
	Water, Sewer & Sanitation	Non-major Fund Airport	Total
Operating revenues			
Charges for services	$ 1,104,325	$ -	$ 1,104,325
Other revenues	3,112	-	3,112
Total operating revenues	1,107,437	-	1,107,437
Operating expenses			
Personal services	245,103	-	245,103
Operating expenses	524,409	7,293	531,702
Other supplies and expenses	328,943	1,385	330,328
Depreciation	222,676	-	222,676
Total operating expenses	1,321,131	8,678	1,329,809
Operating income (loss)	(213,694)	(8,678)	(222,372)
Nonoperating revenues (expenses)			
Interest earnings	5,107	3	5,110
Interest expense	(26,706)	-	(26,706)
Total nonoperating revenues (expenses)	(21,599)	3	(21,596)
Change in net position	(235,293)	(8,675)	(243,968)
Net position, beginning of year	3,842,757	(68,374)	3,774,383
Net position, end of year	$ 3,607,464	$ (77,049)	$ 3,530,415

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOMERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities		
	Water, Sewer & Sanitation	Non-major Fund Airport	Total
Cash flows from operating activities			
Cash received from customers	$ 1,088,715	$ -	$ 1,088,715
Cash paid to employees	(240,684)	-	(240,684)
Cash paid to suppliers	(829,475)	(8,553)	(838,028)
Other receipts	(26,706)	-	(26,706)
Net cash provided by (used in) operating activities	(8,150)	(8,553)	(16,703)
Cash flows from noncapital financing activities			
Interfund loans	(3,543)	8,000	4,457
Net cash provided by (used in) noncapital financing activities	(3,543)	8,000	4,457
Cash flows from capital and related financing activities			
Principal payments of long-term debt	(133,406)	-	(133,406)
Net cash provided by (used in) capital and related financing activities	(133,406)	-	(133,406)
Cash flows from investing activities			
Interest received	5,107	3	5,110
Net cash provided by (used in) investing activities	5,107	3	5,110
Net change in cash and cash equivalents	(139,992)	(550)	(140,542)
Cash and cash equivalents, beginning of year	241,500	720	242,220
Cash and cash equivalents, end of year	$ 101,508	$ 170	$ 101,678
Cash and cash equivalents classified as:			
Unrestricted	$ 11,040	$ 170	$ 11,210
Restricted	90,468	-	90,468
Total cash and cash equivalents	$ 101,508	$ 170	$ 101,678
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (213,694)	$ (8,678)	$ (222,372)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	222,676	-	222,676
Nonoperating revenues (expenses)	(26,706)	-	(26,706)
Changes in assets and liabilities:			
Accounts receivable	(24,100)	-	(24,100)
Prepaid items	1,300	-	1,300
Accounts payable and accrued liabilities	22,577	125	22,702
Deposits	5,378	-	5,378
Compensated absences	4,419	-	4,419
Net cash provided by (used in) operating activities	$ (8,150)	$ (8,553)	$ (16,703)

The accompanying notes to financial statements are an integral part of this statement.

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Homerville, Georgia (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity—**The City operates under the leadership of the Mayor, City Manager, and City Council consisting of four members and provides or assists in providing the following services: Public Safety (Police Department), Streets and Sanitation, Airport, Recreation, Fire Protection, Solid Waste, Code Enforcement, Water and Sewer Services, and general administration and other services.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government: (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Management has determined that there are no component units to be included within the reporting entity.

The Housing Authority of the City of Homerville, Georgia is considered a related organization based upon the criteria in GASB Statement No. 14, 39, and 61. The Housing Authority is a legally separate entity having a board composed of members appointed by the City. The City is not able to impose its will upon the Housing Authority and a financial benefit or burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Homerville, Georgia is a related organization and is excluded from the reporting entity.

(b) **Government-wide and fund financial statements—**The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

(1) **Summary of Significant Accounting Policies:** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

(c) **Measurement focus, basis of accounting and financial statement presentation**—The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(1) **Summary of Significant Accounting Policies:** (Continued)

The City reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

EIP Revolving Loan Fund—The EIP Revolving Loan Fund is used to account for financing capital projects in the City's Industrial Park. These improvements are financed through a federal grant.

Recreation Department Fund – The Recreation Department Fund is used to account for the City's activities in the Homerville-Clinch County Recreation Department coordinates organized recreational opportunities for the city and county's citizens, young and old, all year long.

SPLOST 2015 Fund – The SPLOST 2015 Fund is used to account for capital projects financed with special purpose local option sales tax that were approved in 2015 by referendum.

The City reports the following as a major proprietary fund:

Water. Sewer & Sanitation Fund—The Water, Sewer & Sanitation Fund accounts for financing and costs of providing water, sewer, and sanitation services to the residents of the City.

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements, though interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, interest revenue, and other miscellaneous revenues.

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

(d) **Budgets and budgetary accounting**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds.

(1) **Summary of Significant Accounting Policies:** (Continued)

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

1. The City Manager submits to City Council, a proposed operating budget in May for the fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall.
3. The budget is legally enacted through passage of an ordinance in June.
4. Any budget revisions requiring additional expenditures must be approved by the City Council.

The appropriated budget is prepared by fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The council made no supplemental budgetary appropriations throughout the year. Actual expenditures exceeded the approved amounts by $1,056,631 in the General Fund, $298,041 in the SPLOST 2015 Fund, $15,063 in the Recreation Department Fund, $2,916 in the REC SPLOST 2015 Fund, and $54,555 in the T-SPLOST Fund.

(e) **Cash and cash equivalents**—The City's cash and cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased, that readily convertible to known amounts of cash.

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

(g) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at June 30th, to recognize the sales revenues earned between the last meter reading and bill dates in mid-June through the end of the fiscal year.

(h) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recognized on the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Capital assets**—Capital assets, which include buildings and building improvements, machinery and equipment, and infrastructure assets (e.g., roads, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 with an initial life of two or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Building Improvements	20 – 40 years
Machinery and Equipment	5 – 20 years
Infrastructure	15 – 40 years

(j) **Compensated absences**— It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Aaccumulated vacation leave is recorded as an expense and liability of the appropriate fund as the benefits accrue to employees.

The enterprise funds report 100% of compensated absence liability in both the government-wide and the proprietary fund statements, because it is accrued when incurred. The governmental funds report 100% of the amount due in the government-wide statements because it is accrued when incurred, but only the extent of payments that come due each period upon the occurrence of employee resignations and retirements as of the balance sheet date are recorded as a liability in the governmental fund statements.

(k) **Long-term obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are deferred inflows related to property taxes and unavailable revenue from the City's EIP revolving loans.

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Fund equity—**In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the City Council through adoption of a resolution.

Assigned – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body which the City Council delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For spendable resources, it is the City's policy to use fund balance in the following order: committed; assigned; unassigned.

(n) **Net position—**The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets consists of capital assets including leased assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any external bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation.

Unrestricted consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(o) **Property taxes**— Property tax revenues are recognized when levied, to the extent that they result in current receivables at June 30th. Property taxes attach an enforceable lien on property on December 20th. Taxes are levied on September 30th and are payable by December 20th.

(1) **Summary of Significant Accounting Policies:** (Continued)

(p) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detail explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

At June 30, 2025, the carrying amount of the City's bank deposits was $2,148,117 and the respective bank balances were $2,184,560. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy is designed to address custodial credit risk, which is the risk that the City may not recover cash and investments held by another party in the event of financial failure. The City has a policy to reduce its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with State law.

(4) Interfund Activity:

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through with the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and transfers section in the Proprietary Funds.

For the year ended June 30, 2025, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	$ 34,148	$ -
SPLOST 2015 Fund	20,407	-
TSPLOST Fund	-	54,555
Total Governmental Activities	54,555	54,555
Totals – All Funds	$ 54,555	$ 54,555

For the year ended June 30, 2025, individual fund due from and due to other funds for the primary government were comprised of the following:

	Due from Other Fund	Due to Other Fund
Governmental Activities:		
General Fund	$ 1,815,248	$ (1,299,156)
SPLOST 2015 Fund	63,700	-
Recreation Department Fund	223,919	(279,368)
Better Hometown Fund	-	(233,753)
ARPA Fund	38,933	-
TSPLOST Fund	2,200	-
REC SPLOST 2015 Fund	-	(21,380)
Pearidge Park Fund	-	(7,539)
Total Governmental Activities	2,144,000	(1,841,196)
Business-Type Activities:		
Water, Sewer & Sanitation Fund	1,034,277	(1,260,251)
Airport Fund	-	(76,830)
Total Business-Type Activities	1,034,277	(1,337,081)
Totals – All Funds	$ 3,178,277	$ (3,178,277)

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(5) Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2025, is as follows:

Governmental activities:	**Balance 06/30/24**	**Increases**	**Decreases**	**Balance 06/30/25**
Capital assets not being depreciated:				
Land	$ 67,386	$ -	$ -	$ 67,386
Total assets not being depreciated	67,386	-	-	67,386
Capital assets being depreciated and amortized:				
Buildings	1,074,038	-	-	1,074,038
Equipment	2,820,140	16,500	-	2,836,640
Improvements	5,640,127	-	-	5,640,127
Total assets being depreciated and amortized	9,534,305	16,500	-	9,550,805
Less accumulated depreciation and amortization for:				
Buildings	(570,268)	(28,934)	-	(599,202)
Equipment	(2,482,208)	(114,490)	-	(2,596,698)
Improvements	(1,855,118)	(172,536)	-	(2,027,654)
Less: accumulated depreciation and amortization	(4,907,594)	(315,960)	-	(5,223,554)
Total capital assets being depreciated and amortized, net	4,626,711	(299,460)	-	4,327,251
Governmental activities capital assets, net	$ 4,694,097	$ (299,460)	$ -	$ 4,394,637

Business-type activities:	**Balance 06/30/24**	**Increases**	**Decreases**	**Balance 06/30/25**
Capital assets not being depreciated:				
Land	$ 79,530	$ -	$ -	$ 79,530
Total assets not being depreciated	79,530	-	-	79,530
Capital assets being depreciated and amortized:				
Buildings	9,665,480	-	-	9,665,480
Equipment	529,650	-	-	529,650
Total assets being depreciated and amortized	10,195,130	-	-	10,195,130
Less accumulated depreciation and amortization for:				
Buildings, equipment and improvements	(5,977,837)	(222,676)	-	(6,200,513)
Less: accumulated depreciation and amortization	(5,977,837)	(222,676)	-	(6,200,513)
Total capital assets being depreciated and amortized, net	4,217,293	(222,676)	-	3,994,617
Business-type activities capital assets, net	$ 4,296,823	$ (222,676)	$ -	$ 4,074,147

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 44,545
Public safety	93,318
Streets and sanitation	134,464
Airport	43,633
Total depreciation expense - governmental activities	$ 315,960
Business-type activities:	
Water, Sewer & Sanitation	$ 222,676
Total depreciation expense - business-type activities	$ 222,676

(6) Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Lease payable	$ 97,339	$ -	$ (19,704)	$ 77,635	$ 23,369
Compensated absences	61,391	6,928	-	68,319	7,710
Total long-term liabilities	$ 158,730	$ 6,928	$ (19,704)	$ 145,954	$ 31,079

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 683,990	$ -	$ (133,405)	$ 550,584	$ 145,896
Compensated absences	10,570	4,419	-	14,989	6,266
Total long-term liabilities	$ 694,560	$ 4,419	$ (133,405)	$ 565,573	$ 152,162

Compensated absences above are presented as a net change for the period rather than gross additions and deletions.

Notes payable and long-term debt in the City's business-type activities at June 30, 2025, were comprised of the following obligations:

W&S Treatment Plant Promissory Note: Issued in the amount of $750,000. Due in annual installments with principal payments varying from $5,000 to $80,000 from June 2008 through June 2027, with interest rate at 4.990%. Serviced by the Water, Sewer & Sanitation Enterprise Fund.

W&S Wetlands Promissory Note: Issued in the amount of $755,000. Due in monthly installments of $4,766 from November 2007 through November 2026, with interest rate at 4.510%. Serviced by the Water, Sewer & Sanitation Enterprise Fund.

W&S Construction Note with GEFA: Issued in the amount of $381,499 for upgrades to the City's water and sewer system. Due in monthly installments of $1,760 through August 2038, with interest rate at 1.03%. Serviced by the Water, Sewer & Sanitation Enterprise Fund.

Annual debt service requirements to maturity for the City's business-type activities notes payable, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 145,896	$ 14,846	$ 160,742
2027	158,500	8,799	167,299
2028	42,456	2,452	44,908
2029	19,107	2,008	21,115
2030	19,305	1,811	21,116
2031-2035	99,560	6,015	105,575
2036-2040	65,760	1,107	66,867
Total	$ 550,584	$ 37,038	$ 587,622

(7) Leases:

The City has entered into a lease agreement as the lessee for financing the acquisition of multiple police vehicles. This lease agreement qualifies as a right-to-use lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. Accumulated amortization resulting from the lease is included with depreciation expense.

Future minimum lease payments for the City's governmental activities lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 23,369	$ 5,814	$ 29,183
2027	25,166	4,017	29,183
2028	29,100	2,083	31,183
Total	$ 77,635	$ 11,914	$ 85,549

(8) Commitments and Contingencies:

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of June 30, 2025, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

(9) Joint Venture:

Under Georgia law, the City, in conjunction with other cities and counties in the eight county southeastern Georgia area, is a member of the Southeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2025, the City paid $6,502 to the RDC. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Southeast Georgia Regional Development Center
3395 Harris Road
Waycross, Georgia 31503

(10) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA again liability or loss.

The City of Homerville must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessment or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA
- To select a person to serve as a Member representative
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which related to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss prevention furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay a claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Homerville retains the first $2,500 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $2,500 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Annotated, the City of Homerville became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Homerville) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer liability.

(10) **Risk Management:** (Continued)

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

The Fund is to defend, in the name and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

(11) **Deficit Fund Balance and Net Position:**

At June 30, 2025, the Recreation Department Fund reported a fund balance deficit of $(72,743), the Pearidge Park Fund reported a fund balance deficit of $(3,655), the Better Hometown Fund reported a fund balance deficit of $(225,626), and the Airport Fund reported a net position deficit of $(77,049). These cumulative deficits were the result of ongoing deficits continuing from the prior year. In response to the deficits, the City has increased its review over financial reporting and future budgeting process to resolve the year end deficits in subsequent fiscal years.

(12) **Excess Expenditures Over Appropriations:**

During the fiscal year ended June 30, 2025, a number of budgetary categories exceeded appropriated amounts as shown in the budgetary comparison statements for the General Fund and Recreation Department Fund. The following had expenditures that exceeded budgeted amounts as indicated in the City's budgetary schedules included in the required supplementary information section.

	Budget	Actual	Actual (Over) Budget
General Fund:			
General government	$ 801,998	$ 1,025,826	$ (223,828)
Streets and sanitation	223,628	285,349	(61,721)
Culture and recreation	1,200	12,370	(11,170)
Public safety	815,406	1,595,982	(780,576)
Debt service	-	179	(179)
Recreation Department Fund:			
Culture and recreation	191,029	207,254	(16,225)

(13) Restatement of Prior Period Financial Statements:

During the current fiscal year, the City reevaluated the presentation of its governmental funds in accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. which requires funds to be reported as major when they meet certain quantitative thresholds. As a result of this evaluation, the Better Hometown Fund that had previously been reported as a major fund no longer meets the criteria for major fund presentation and has been reclassified and presented as a nonmajor governmental fund. Additionally, the Recreation Department fund that had previously been reported as a nonmajor fund now meets the criteria for major fund presentation and has been reclassified and presented as a major governmental fund.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, this change is considered a change in financial statement presentation and has been applied retrospectively to ensure consistency between periods. The restatement affects presentation only and does not impact the total governmental fund balances, changes in fund balances, or net position of the City as previously reported.

(14) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 1,471,836	$ 1,471,836	$ 1,756,859	$ 285,023
Permits and fees	48,885	48,885	80,758	31,873
Intergovernmental	74,850	74,850	1,196,853	1,122,003
Charges for services	1,500	1,500	2,376	876
Fines and forfeitures	210,000	210,000	141,175	(68,825)
Investment income	203,000	203,000	1,244	(201,756)
Miscellaneous	-	-	10,300	10,300
Total revenues	2,010,071	2,010,071	3,189,565	1,179,494
Expenditures				
Current:				
General government	801,998	801,998	1,025,826	(223,828)
Public safety	815,406	815,406	1,595,982	(780,576)
Streets and sanitation	223,628	223,628	285,349	(61,721)
Culture and recreation	1,200	1,200	12,370	(11,170)
Debt service:				
Interest and fiscal charges	-	-	179	(179)
Total expenditures	1,842,232	1,842,232	2,919,706	(1,077,474)
Excess (deficiency) of revenues over expenditures	167,839	167,839	269,859	102,020
Other financing sources (uses)				
Transfers in	-	-	34,148	34,148
Transfers out	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	(50,000)	(50,000)	34,148	84,148
Net change in fund balances	117,839	117,839	304,007	186,168
Fund balances, beginning of year	674,406	674,406	674,406	-
Fund balances, end of year	$ 792,245	$ 792,245	$ 978,413	$ 186,168

Notes on Budgetary Comparisons

(i) The City's legal level of budgetary control is at the department level within each fund; transfers within a department may be made administratively, while transfers between departments or funds or changes to total departmental appropriations require City Council approval.

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - EIP REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Investment income	$ -	$ -	$ 3,359	$ 3,359
Total revenues	-	-	3,359	3,359
Expenditures				
Current:				
Economic environment	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	3,359	3,359
Fund balances, beginning of year	1,122,070	1,122,070	1,122,070	-
Fund balances, end of year	$ 1,122,070	$ 1,122,070	$ 1,125,429	$ 3,359

Notes on Budgetary Comparisons
(i) The City's legal level of budgetary control is at the department level within each fund; transfers within a department may be made administratively, while transfers between departments or funds or changes to total departmental appropriations require City Council approval.

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECREATION DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Charges for services	$ 77,600	$ 77,600	$ 85,758	$ 8,158
Investment income	-	-	75	75
Miscellaneous	7,700	7,700	16,718	9,018
Total revenues	85,300	85,300	102,551	17,251
Expenditures				
Current:				
Culture and recreation	191,029	191,029	207,254	(16,225)
Total expenditures	191,029	191,029	207,254	(16,225)
Excess (deficiency) of revenues over expenditures	(105,729)	(105,729)	(104,703)	1,026
Other financing sources (uses)				
Transfers in	50,000	50,000	-	(50,000)
Total other financing sources (uses)	50,000	50,000	-	(50,000)
Net change in fund balances	(55,729)	(55,729)	(104,703)	(48,974)
Fund balances, beginning of year	31,960	31,960	31,960	-
Fund balances, end of year	$ (23,769)	$ (23,769)	$ (72,743)	$ (48,974)

Notes on Budgetary Comparisons

(i) The City's legal level of budgetary control is at the department level within each fund; transfers within a department may be made administratively, while transfers between departments or funds or changes to total departmental appropriations require City Council approval.

SUPPLEMENTARY INFORMATION

CITY OF HOMERVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue							Total Nonmajor Governmental Funds
	ARPA	Pearidge Park	REC SPLOST 2015	T-SPLOST	CDBG 2015	Tree Bank	Better Hometown	
ASSETS								
Cash and cash equivalents	$ -	$ 3,884	$ 238,437	$ 6,155	$ 10	$ 1,029	$ 12,307	$ 261,822
Receivables, net	-	-	-	4,840	-	-	2,850	7,690
Due from other governments, net	-	-	8,875	-	-	-	-	8,875
Due from other funds	38,933	-	-	2,200	-	-	-	41,133
Total assets	$ 38,933	$ 3,884	$ 247,312	$ 13,195	$ 10	$ 1,029	$ 15,157	$ 319,520
LIABILITIES								
Accounts payable and accrued liabilities	$ -	$ -	$ 6,982	$ -	$ -	$ -	$ 90	$ 7,072
Customer deposits	-	-	-	40	-	-	6,940	6,980
Due to other funds	-	7,539	21,380	-	-	-	233,753	262,672
Total liabilities	-	7,539	28,362	40	-	-	240,783	276,724
FUND BALANCES								
Nonspendable:								
Restricted for:								
Capital projects	-	-	218,950	13,155	10	1,029	-	233,144
Other purposes	38,933	-	-	-	-	-	-	38,933
Unassigned	-	(3,655)	-	-	-	-	(225,626)	(229,281)
Total fund balances	38,933	(3,655)	218,950	13,155	10	1,029	(225,626)	42,796
Total liabilities and fund balances	$ 38,933	$ 3,884	$ 247,312	$ 13,195	$ 10	$ 1,029	$ 15,157	$ 319,520

CITY OF HOMERVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXGENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue								
	ARPA	Pearidge Park	REC SPLOST 2015	T-SPLOST	CDBG 2015	Tree Bank	Formerly Major Fund Better Hometown	Formerly Nonmajor Fund Recreation Department	Total Nonmajor Governmental Funds
Revenues									
Intergovernmental	$ -	$ -	$ 118,136	$ 59,646	$ -	$ -	$ -	$ -	$ 177,782
Charges for services	-	-	-	-	-	-	5,136	-	5,136
Investment income	-	-	-	4	-	-	30	-	34
Miscellaneous	-	3,297	-	-	-	-	14,650	-	17,947
Total revenues	-	3,297	118,136	59,650	-	-	19,816	-	200,899
Expenditures									
Current:									
General government	-	-	-	-	-	1,221	57,402	-	58,623
Streets and sanitation	-	-	27,916	-	-	-	-	-	27,916
Culture and recreation	-	6,952	-	-	-	-	-	-	6,952
Total expenditures	-	6,952	27,916	-	-	1,221	57,402	-	93,491
Excess (deficiency) of revenues over expenditures	-	(3,655)	90,220	59,650	-	(1,221)	(37,586)	-	107,408
Other financing sources									
Transfers out	-	-	-	(54,555)	-	-	-	-	(54,555)
Total other financing sources	-	-	-	(54,555)	-	-	-	-	(54,555)
Net change in fund balances	-	(3,655)	90,220	5,095	-	(1,221)	(37,586)	-	52,853
Fund balances, beginning of year, as previously reported	38,933	-	128,730	8,060	10	2,250	-	31,960	209,943
Changes within the financial reporting entity (major to nonmajor)	-	-	-	-	-	-	(188,040)	-	(188,040)
Changes within the financial reporting entity (nonmajor to major)	-	-	-	-	-	-	-	(31,960)	(31,960)
Fund balances, beginning of year, as restated	38,933	-	128,730	8,060	10	2,250	(188,040)	-	(10,057)
Fund balances, end of year	$ 38,933	$ (3,655)	$ 218,950	$ 13,155	$ 10	$ 1,029	$ (225,626)	$ -	$ 42,796

CITY OF HOMERVILLE, GEORGIA
REC SPECIAL PURPOSE LOCAL OPTION SALES TAX 2015
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2025

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Parks and Recreation Improvements and Equipment	$ 370,000	$ 450,000	$ 415,400	$ 27,917	$ 443,317
Debt service for parks and recreation improvements and equipment	-	100,000	92,949	-	92,949
Total	$ 370,000	$ 550,000	$ 508,349	$ 27,917	$ 536,266

CITY OF HOMERVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX 2015
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2025

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Roads, Street, Drainage and Bridges	$ 253,129	$ 253,129	$ 413,901	$ 197,246	$ 611,147
Construction of, Improvements to and Equipment for Homerville City Hall	200,000	200,000	145,273	166,508	311,781
Construction of, Improvements to and Equipment for Public Meeting and Community Event Facilities	300,000	250,000	126,529	600	127,129
Public Safety and Emergency Vehicles, Equipment and Facilities	300,000	350,000	584,023	9,884	593,907
Construction of and Improvements to Water System	150,000	150,000	232,170	14,129	246,299
Total	$ 1,203,129	$ 1,203,129	$ 1,501,896	$ 388,366	$ 1,890,262

CITY OF HOMERVILLE, GEORGIA
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2025

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
Public Safety and Emergency Vehicles	$ 50,000	$ 150,000	$ 115,002	$ -	$ 115,002
Total	$ 50,000	$ 150,000	$ 115,002	$ -	$ 115,002

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal/ Pass-Through Entity / Federal Program	Assistance Listing Number	Contract / Grant Number	Expenditures
FEDERAL AWARDS			
U.S. Environmental Protection Agency			
Indirect Programs:			
Passed-through Georgia Environmental Finance Authority:			
Drinking Water SRF Lead Service Line Replacement Program	66.442	DWLSL2022048	$ 85,612
Total U.S. Environmental Protection Agency			85,612
U.S. Department of Homeland Security			
Indirect Programs:			
Passed-through Georgia Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4830-DR-GA	813,467
Total U.S. Department of Homeland Security			813,467
Total Expenditures of Federal Awards			$ 899,079

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HOMERVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Homerville, Georgia (the City). 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 the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No grant awards for the year ended June 30, 2025, have been passed through to subrecipients.

(3) **De Minimis Indirect Cost Rate Election:**

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal laws and regulations.

CITY OF HOMERVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

A. **Summary of Auditors' Results:**

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	X yes	____ no
Significant deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported

Type of auditors' report issued on compliance for major Federal programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	X none reported
Auditee qualified as a low-risk auditee?	____ yes	X no
Dollar threshold used to distinguish between type A and type B programs:	$750,000	

Identification of major Federal programs:

AL Number	Program Name
97.036	Disaster Grants – Public Assistance

B. **Financial Statement Findings:**

2025-001 Reconciliation of Account Balances

Criteria: Internal controls over financial reporting should include periodic review and reconciliations of significant account balances throughout the fiscal year and at fiscal year-end to ensure all amounts have been appropriately recorded and classified in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition and Context: During testing, we noted various adjustments were required to correct account balances due to misclassifications in the original posting and missing current-year accruals.

Cause: For the year ended June 30, 2025, the City did not properly perform periodic reconciliations of significant account balances, including full-accrual based reconciliations at fiscal year-end to ensure all amounts have been appropriately recorded and budgeted for.

Effect: Financial statements for the year ended June 30, 2025, would have been materially misstated if the various audit adjustments we proposed were not made to correct account balances due to misclassifications and missing current-year accruals. However, the proper adjustments were recorded by the City. Therefore, the financial statements are not materially misstated for the year ended June 30, 2025.

Recommendation: We recommend the City increase its review of such transactions, including a review for proper cutoff at fiscal year-end, to help ensure completeness and accuracy of all financial reporting.

C. **Federal Program Findings and Questioned Costs:** None.

D. **Prior Audit Findings:** Not applicable as no prior year findings have been reported.

E. **Corrective Action Plan:** See Management's Response to Comments, as listed in the table of contents.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council,
City of Homerville, Georgia:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Homerville, Georgia's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the type 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 June 30, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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'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's federal programs.

Auditors' 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'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 GAAS, *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's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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'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'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'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 state project 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 state project 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 state project 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 Auditors' 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.

James Moore & Co., P.L.

Daytona Beach, Florida
January 23, 2026

OTHER REPORTS

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

To the Honorable Mayor and City Council,
City of Homerville, Georgia:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homerville, Georgia (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 23, 2026.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questions costs, as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the letter titled Management's Response to the Auditors' Comments, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the other audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Moore & Co., P.L.

Daytona Beach, Florida
January 23, 2026

MANAGEMENT'S RESPONSE TO COMMENTS

Management notes the following plans regarding any findings and other recommendations reported in the current year audit:

2025-001 – Reconciliation of Account Balances

The City agrees that periodic reconciliations of significant account balances should be performed, including full accrual-based reconciliations at fiscal year-end. The City has since engaged third-party contractors to assist with the accounting functions.