

WATKINSVILLE

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CITY OF WATKINSVILLE, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2025

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CITY OF WATKINSVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2025

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City of Watkinsville, Georgia, as of June 30, 2025, and the respective changes in the financial position and the budgetary comparisons of the General Fund and American Rescue Plan Act Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Watkinsville, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, on our consideration of City of Watkinsville, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the 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 City of Watkinsville, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
December 5, 2025

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MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF WATKINSVILLE, GEORGIA

Management's Discussion and Analysis provides an objective and easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City of Watkinsville and should be read in conjunction with the Government's financial statements. This fiscal year's Management Discussion and Analysis includes comparative data from the previous year.

The City of Watkinsville utilizes only government funds; there are no proprietary or business type activities. The organization of the City is compact and streamlined whereby there is a City Manager, City Clerk/Human Resources Coordinator, Finance Director/Municipal Court Clerk, Judicial Assistant, Downtown Development Director, Code Director/Public Works Manager, Parks Director, Parks Technician, 7 members of the police department, 3 members of the public works department, and an Executive Assistant for a total of 19 employees involved in the full-time activities of the City.

The City of Watkinsville does not maintain either water or sewerage requirements, but relies on the county for these services.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year 2025 by $14,316,078 (total net position). Of this amount, $3,981,914 was unrestricted net position, a decrease of $58,870 from fiscal year 2024, and is available for use to meet the City's ongoing obligations for its citizens and creditors.

- The City's total net position increased by $1,600,327 during this fiscal year resulting from governmental activities.

- At the end of the current fiscal year, the City's total governmental fund balances amounted to $6,432,725, an increase of $575,643 from fiscal year 2024.

- At the end of the current fiscal year, the fund balance for the General Fund was $4,055,411, an increase of $63,179 from fiscal year 2024.

- ❖ The City increased fund balance of the General Fund in the current fiscal year and in the prior fiscal year. While revenues stayed relatively flat over prior year, expenditures and other financing sources (uses) decreased significantly during the current fiscal year. The most significant decrease in expenditures was Public Works. The most significant decrease in other financing sources was proceeds from the issuance of debt.

- ❖ The City has invested $11,837,229 in capital assets (net of accumulated depreciation/amortization). This is an increase of $1,417,237 from the prior fiscal year. Capital assets include land, construction in progress, site improvements, buildings, equipment, vehicles, and intangible right-to-use assets. Major capital asset purchases during the current fiscal year included the following:

    - Thomas Farm improvements
    - Simonton Bridge Road pedestrian path
    - Harris Shoals Park improvements
    - Purchase of police department vehicle and equipment

    Additional information on the City's capital assets can be found in Note 9 in the Notes to the Financial Statements.

- ❖ In the prior fiscal year, the City issued a note from direct borrowing through the Georgia Environmental Finance Authority (GEFA) to assist with the purchase of Thomas Farm for a future greenspace project. As of fiscal year end, the balance of this note was $3,309,164.

- ❖ In the current fiscal year, the City issued a note from direct borrowing through the Georgia Transportation Infrastructure Bank (GTIB) to fund the engineering, right-of-way, and construction costs of a pedestrian pathway along Simonton Bridge Road. As of fiscal year end, the balance of this note was $550,899.

CITY OF WATKINSVILLE
NET POSITION

	FY 2025 GOVERNMENTAL ACTIVITIES	FY 2024 GOVERNMENTAL ACTIVITIES
ASSETS:		
Current Assets	$ 6,630,350	$ 6,199,693
Capital Assets	11,837,229	10,419,992
TOTAL ASSETS	18,467,579	16,619,685
LIABILITIES:		
Current Liabilities	429,398	567,803
Noncurrent Liabilities	3,722,103	3,336,131
TOTAL LIABILITIES	4,151,501	3,903,934
NET POSITION:		
Net Investment in Capital Assets	7,929,488	6,927,857
Restricted for:		
Cemetery	38,176	35,535
Law Enforcement	16,223	15,496
Grant Specifications	0	44,990
Capital Projects	2,350,277	1,768,829
Unrestricted	3,981,914	3,923,044
TOTAL NET POSITION	$ 14,316,078	$ 12,715,751

CITY OF WATKINSVILLE
CHANGES IN NET POSITION

REVENUES:	FY 2025 GOVERNMENTAL ACTIVITIES	FY 2024 GOVERNMENTAL ACTIVITIES
Program Revenues		
Charges for services	$ 368,848	$ 426,653
Operating grants and contributions	38,900	28,252
Capital grants and contributions	2,236,327	2,832,159
General Revenues		
Property taxes	839,128	810,341
Franchise taxes	296,364	286,876
Sales taxes	1,015,167	958,851
Other taxes	429,027	399,795
Investment earnings	190,956	252,899
Miscellaneous	65,742	108,456
Total Revenues	5,480,459	6,104,282
EXPENSES:		
General government	635,841	597,239
Judicial	195,690	168,921
Public safety	882,765	902,470
Public works	977,580	1,411,653
Culture and recreation	724,261	287,919
Housing and development	408,237	367,961
Interest on long-term debt	55,758	89,863
Total Expenses	3,880,132	3,826,026
Increase in net position	1,600,327	2,278,256
Net position - beginning	12,715,751	10,437,495
Net position - ending	$ 14,316,078	$ 12,715,751

Revenues: Sales taxes of $1,015,167 accounts for 19% of revenue.
Property taxes of $839,128 accounts for 15% of revenue.
Capital grants and contributions of $2,236,327 account for 41% of revenue.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Watkinsville's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements and notes to the financial statements as well as supplemental information and other schedules.

Government Wide Financial Statements

The government wide financial statements are reported on the accrual basis of accounting and are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises. The government wide statements have an "economic resources" measurement focus. This focus is broader than the focus of the fund level statements, which have a financial resources focus. The government wide statements report all assets and liabilities, irrespective of whether the asset or liability represents a current financial resource or a claim on a financial resource. The government wide statements provide a more complete representation of the City's finances than the fund level statements, which are reported on the modified accrual basis and only report current financial resources and current claims on those resources.

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. Revenues and expenses are reported in this statement in a manner to group like items for ease of comparison. The government activities of the City include: general government, judicial, public safety, public works, culture and recreation, and housing and development.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements as well as tracking specific set-aside efforts. All of the City's funds are classified as governmental funds and are divided into the Major funds (General, American Rescue Plan Act, SPLOST III, and TSPLOST

Funds) and Nonmajor funds (Cemetery, Confiscated Assets, and Hotel/Motel Tax Funds).

The City, with approximately 2,800 residents and an approximate $7,000,000 budget, maintains an ending fund balance in the General Fund in the amount of $4,055,411, which is 41% above the FY 2025 expenditures of $3,185,842.

The SPLOST III Fund was set up in FY 2021 with expectations to begin receiving revenue during FY 2022. The referendum held on the 3rd of November, 2020 allows four areas:

Public Safety Facilities and Equipment	$ 540,000
Recreational, Park, and Greenspace Facilities	$ 1,356,000
Roads, Streets, Bridges, Drainage, and Sidewalks	$ 3,299,144
Multi-Purpose City Facilities, Signage, and Equipment	$ 384,000
	$ 5,579,144

Revenues and expenditures from this fund for fiscal year 2025 are as follows:

Beginning Balance	$ 1,079,252
Revenues	$ 2,069,708
Expenditures and other financing uses	($ 1,863,123)
Ending balance as of 6/30/2025	$ 1,285,837

The SPLOST III fund is a major fund. Additional information on the SPLOST expenditures can be found in the Schedule of Projects Financed with Special Purpose Local Option Sales Tax near the end of this report.

The TSPLOST Fund was set up in FY 2023 with expectations to begin receiving revenue during FY 2023. The TSPLOST referendum held on the 8th of November, 2022 allows three areas:

Traffic Efficiency Improvements	$ 1,379,175
Sidewalk Construction and Repairs, Multi-Use Trails, Side Paths, Greenways, and High Visibility Crossings	$ 2,482,515
Roads Resurfacing and Rehabilitation, and Investment in Roadway Infrastructure	$ 1,655,010
	$ 5,516,700

Revenues and expenditures from this fund for fiscal year 2025 are as follows:

Beginning Balance	$ 689,577
Revenues	$ 999,225
Expenditures	($ 651,724)
Ending balance as of 6/30/2025	$ 1,037,078

The TSPLOST fund is a major fund. Additional information on the TSPLOST expenditures can be found in the Schedule of Projects Financed with Transportation Special Purpose Local Option Sales Tax near the end of this report.

Governmental Funds

The City maintains seven individual funds. Information is presented separately in the fund financial statements for Major Funds (General, American Rescue Plan Act, SPLOST III, and TSPLOST).

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement for the General Fund and American Rescue Plan Act Special Revenue Fund has been provided to demonstrate compliance with the budgets.

In the General Fund, the City received just over the projected revenues and was able to stay in line with final projected expenditures. The original budget required the use of fund balance.

Licenses and permits fell significantly below budgeted expectations. However, taxes and other revenues exceeded budgeted expectations. Expenditures decreased significantly in the current year. Budget amendments were required in the current fiscal year, mostly due to capital projects. The most significant decrease in expenditures were decreased Public Works.

Notes to the Financial Statements

The notes provide information that is essential to a full understanding of the data provided in the government and fund financial statements.

The notes also provide information about the City's background accounting policies, significant account balances and activities, obligations, commitments and contingencies. The notes include the City's budgetary process including the step-by-step involvement of the City Manager, the Mayor and Council.

The City's liquid assets are invested wholly in local bank accounts and are fully collateralized. (Note 3 applies)

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information, including the combining statements for the nonmajor governmental funds and budgetary comparison schedules for the City's nonmajor special revenue funds.

Summary and Overview

The City's net position increased by $1,600,327. The City's total governmental funds fund balance increased by $575,643. The General Fund ending fund balance increased $63,179. While managing expenditures and increased capital projects, the City Council worked very well together and maintained a vibrant town in the current fiscal year. Franchise held somewhat steady, while property and sales taxes increased. All in all, the future looks bright due to cooperation, planning, conservative spending and a strong economy.

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BASIC FINANCIAL STATEMENTS

CITY OF WATKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 5,967,316
Receivables (net)	
Taxes	141,646
Intergovernmental	521,388
Total current assets	6,630,350
Noncurrent assets	
Capital assets	
Non-depreciable capital assets	7,002,325
Depreciable/amortizable capital assets (net)	4,834,904
Total noncurrent assets	11,837,229
Total assets	18,467,579
LIABILITIES	
Current liabilities	
Payables	
Accounts	143,185
Interest	4,495
Accrued salaries	27,615
Other payroll liabilities	24,739
Compensated absences	63,979
Notes payable	155,339
Subscription liabilities	10,046
Total current liabilities	429,398
Noncurrent liabilities	
Compensated absences	7,109
Notes payable	3,704,724
Subscription liabilities	10,270
Total noncurrent liabilities	3,722,103
Total liabilities	4,151,501
NET POSITION	
Net investment in capital assets	7,929,488
Restricted for:	
Cemetery	38,176
Law enforcement	16,223
Capital projects	2,350,277
Unrestricted	3,981,914
Total net position	$ 14,316,078

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal 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
Primary government					
Governmental activities					
General Government	$ 635,841	$ 71,231	$ 0	$ 80,791	$ (483,819)
Judicial	195,690	0	0	0	(195,690)
Public Safety	882,765	210,348	3,500	119,490	(549,427)
Public Works	977,580	87,269	400	1,693,339	803,428
Culture and Recreation	724,261	0	0	342,707	(381,554)
Housing and Development	408,237	0	35,000	0	(373,237)
Interest on long-term debt	55,758	0	0	0	(55,758)
Total governmental activities	3,880,132	368,848	38,900	2,236,327	(1,236,057)

General revenues	
Taxes	
Property	839,128
Franchise	296,364
Sales	1,015,167
Occupational	88,380
Insurance premium	275,889
Other	64,758
Interest and investment earnings	190,956
Gain on sale of assets	6,272
Other	59,470
Total general revenues	2,836,384
Change in net position	1,600,327
Net position, July 1	12,715,751
Net position, June 30	$ 14,316,078

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	American Rescue Plan Act	SPLOST III	TSPLOST	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	$ 4,057,251	$ 0	$ 888,215	$ 963,443	$ 58,407	$ 5,967,316
Receivables (net)						
Taxes	139,275	0	0	0	2,371	141,646
Intergovernmental	0	0	441,783	79,605	0	521,388
Due from other funds	6,379	0	0	0	0	6,379
Total assets	$ 4,202,905	$ 0	$ 1,329,998	$ 1,043,048	$ 60,778	$ 6,636,729
LIABILITIES						
Accounts payable	$ 93,054	$ 0	$ 44,161	$ 5,970	$ 0	$ 143,185
Accrued salaries	27,615	0	0	0	0	27,615
Other payroll liabilities	24,739	0	0	0	0	24,739
Due to other funds	0	0	0	0	6,379	6,379
Total liabilities	145,408	0	44,161	5,970	6,379	201,918
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	2,086	0	0	0	0	2,086
FUND BALANCES						
Restricted for:						
Cemetery	0	0	0	0	38,176	38,176
Law enforcement	0	0	0	0	16,223	16,223
Capital projects	0	0	1,285,837	1,037,078	0	2,322,915
Assigned to capital projects	570,787	0	0	0	0	570,787
Unassigned	3,484,624	0	0	0	0	3,484,624
Total fund balances	4,055,411	0	1,285,837	1,037,078	54,399	6,432,725
Total liabilities, deferred inflows of resources, and fund balances	$ 4,202,905	$ 0	$ 1,329,998	$ 1,043,048	$ 60,778	$ 6,636,729

See accompanying notes to the financial statements.

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

Total fund balance - total governmental funds		$ 6,432,725
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds. These are:		
Capital assets, net of accumulated depreciation/amortization		11,837,229
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. These are:		
Property taxes		2,086
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences	$ (71,088)	
Interest payable	(4,495)	
Notes payable	(3,860,063)	
Subscription liabilities	(20,316)	(3,955,962)
Net position of the governmental activities		$ 14,316,078

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2025

	General	American Rescue Plan Act	SPLOST III	TSPLOST	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	$ 2,617,196	$ 0	$ 0	$ 0	$ 33,557	$ 2,650,753
Licenses and permits	87,219	0	0	0	0	87,219
Fines, fees, and forfeitures	210,348	0	0	0	0	210,348
Charges for services	150	0	0	0	0	150
Intergovernmental	5,878	60,915	1,127,048	966,660	0	2,160,501
Interest	185,655	1,807	46,761	32,565	3,494	270,282
Contributions	35,000	0	0	0	400	35,400
Other	59,470	0	0	0	0	59,470
Total revenues	3,200,916	62,722	1,173,809	999,225	37,451	5,474,123
EXPENDITURES						
Current						
General Government	616,192	2,450	0	0	0	618,642
Judicial	196,652	0	0	0	0	196,652
Public Safety	821,764	1,797	0	0	0	823,561
Public Works	676,679	0	0	0	0	676,679
Culture and Recreation	244,573	95,715	0	0	0	340,288
Housing and Development	411,360	0	0	0	0	411,360
Capital outlay	0	0	1,840,873	306,724	0	2,147,597
Debt service	218,622	0	22,250	0	0	240,872
Total expenditures	3,185,842	99,962	1,863,123	306,724	0	5,455,651
Excess (deficiency) of revenues over (under) expenditures	15,074	(37,240)	(689,314)	692,501	37,451	18,472
Other financing sources (uses)						
Transfers in	41,833	0	345,000	0	0	386,833
Transfers out	0	(7,750)	0	(345,000)	(34,083)	(386,833)
Sale of capital assets	6,272	0	0	0	0	6,272
Issuance of notes payable	0	0	550,899	0	0	550,899
Total other financing sources (uses)	48,105	(7,750)	895,899	(345,000)	(34,083)	557,171
Net change in fund balance	63,179	(44,990)	206,585	347,501	3,368	575,643
Fund balances, July 1	3,992,232	44,990	1,079,252	689,577	51,031	5,857,082
Fund balances, June 30	$ 4,055,411	$ 0	$ 1,285,837	$ 1,037,078	$ 54,399	$ 6,432,725

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2025

Net change in fund balances - total governmental funds			$ 575,643
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.			
Capital outlays	$	1,743,904	
Depreciation/amortization		(326,667)	1,417,237
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.			
Cost of assets disposed	$	(42,100)	
Related accumulated depreciation		42,100	0
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable property taxes.			63
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.			
Net change in compensated absences			(4,580)
The issuance of long-term debt provides current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
Issuance of debt	$	(550,899)	
Debt principal payments		162,655	
Net change in interest payable		208	(388,036)
Change in net position of governmental activities			$ 1,600,327

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 2,486,271	$ 2,565,128	$ 2,617,196	$ 52,068
Licenses and permits	306,108	306,108	87,219	(218,889)
Fines, fees, and forfeitures	222,000	222,000	210,348	(11,652)
Charges for services	6,000	6,000	150	(5,850)
Intergovernmental	0	0	5,878	5,878
Interest	174,000	174,000	185,655	11,655
Contributions	0	0	35,000	35,000
Other	18,300	53,300	59,470	6,170
Total revenues	3,212,679	3,326,536	3,200,916	(125,620)
EXPENDITURES				
Current				
General Government				
Governing Body	22,300	22,300	21,261	1,039
General Administration	489,029	544,000	543,692	308
General Building and Plant	54,313	54,313	51,239	3,074
Judicial				
Municipal Court	178,514	197,000	196,652	348
Public Safety				
Police	913,151	913,151	806,764	106,387
Fire	15,000	15,000	15,000	0
Public Works				
Highways and Streets	613,525	613,525	613,709	(184)
Street Lighting	58,200	58,200	55,920	2,280
Cemetery	10,000	10,000	7,050	2,950
Culture & Recreation				
Recreation	5,000	5,000	0	5,000
Parks	189,459	189,459	191,688	(2,229)
Library	53,362	53,362	52,885	477
Housing and Development				
Building Inspection	223,646	223,646	160,466	63,180
Tourism	123,798	139,146	139,623	(477)
Code Enforcement	88,637	123,637	111,271	12,366
Debt Service				
General Government				
General Administration	0	5,400	5,325	75
Culture and Recreation				
Parks	208,121	208,121	213,297	(5,176)
Total expenditures	3,246,055	3,375,260	3,185,842	189,418
Excess (deficiency) of revenues over (under) expenditures	(33,376)	(48,724)	15,074	63,798
Other financing sources (uses)				
Transfers in	33,376	33,376	41,833	8,457
Sale of capital assets	0	0	6,272	6,272
Total other financing sources (uses)	33,376	33,376	48,105	14,729
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(15,348)	63,179	78,527
Fund balances, July 1	0	15,348	3,992,232	3,976,884
Fund balances, June 30	$ 0	$ 0	$ 4,055,411	$ 4,055,411

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 0	$ 108,050	$ 60,915	$ (47,135)
Interest	0	0	1,807	1,807
Total revenues	0	108,050	62,722	(45,328)
EXPENDITURES				
Current				
General Government				
General Administration	0	2,500	2,450	50
Public Safety				
Police	0	1,800	1,797	3
Culture and Recreation				
Parks	0	96,000	95,715	285
Total expenditures	0	100,300	99,962	338
Excess (deficiency) of revenues over (under) expenditures	0	7,750	(37,240)	(44,990)
Other financing sources (uses)				
Transfers out	0	(7,750)	(7,750)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(44,990)	(44,990)
Fund balances, July 1	0	0	44,990	44,990
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

	Municipal Court Custodial Fund
ASSETS	
Cash and cash equivalents	$ 107,445
Fines receivable	2,793
Total assets	110,238
LIABILITIES	
Due to other agencies	76,176
NET POSITION	
Restricted for individuals, organizations, and other governments	$ 34,062

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended June 30, 2025

	Municipal Court Custodial Fund
ADDITIONS	
Fines and forfeitures collected for other governments	$ 9,617
DEDUCTIONS	
Fines and forfeitures distributed to other governments	68,229
Change in net position	(58,612)
Net position, July 1	92,674
Net position, June 30	$ 34,062

See accompanying notes to the financial statements.

1. Description of Government Unit

The City of Watkinsville, originally known as “Big Springs”, was formally named Watkinsville in 1802 and incorporated in 1806. It was the county seat of Clarke County, which included Oconee County, until 1871 when the county seat for Clarke County was moved to Athens. In 1875, Oconee County was created and Watkinsville was established as the county seat.

The financial statements of the City of Watkinsville, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business- type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

Standards published by the Governmental Accounting Standards Board (GASB) define the financial reporting entity as (a) the primary government, (b) organizations for which the primary government is financially responsible, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

2. Summary of Significant Accounting Policies

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City reports no business-type activities or component units.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. As noted earlier, the City reports no proprietary funds.

The City reports the following major governmental funds:

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

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

Special Purpose Local Option Sales Tax III Capital Projects Fund - This fund is used to account for capital projects financed through the 2021 Special Purpose Local Option Sales Tax.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Transportation Special Purpose Local Option Sales Tax Capital Projects Fund - This fund is used to account for capital projects financed through the 2022 Transportation Special Purpose Local Option Sales Tax.

Governmental Fund Types

Special Revenue Funds – This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds – This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

Fiduciary Fund Types

Custodial Funds – Custodial Funds are fiduciary in nature and do not present results of operations. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others.

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

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Fiduciary Fund Types, continued

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

E. Measurement Focus and Basis of Accounting

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

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

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

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary funds are reported using the economic resources measurement focus and accrual basis of accounting.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting

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

- The City Manager and Mayor prepare the budget collaboratively, conduct proposed use hearings, and submit the proposed budget to Council.
- The City Clerk advertises the public hearings and Council conducts proposed use hearings.
- Public hearings are held to obtain taxpayers' comments.
- The budget is legally enacted through the passage of a resolution no later than June 30 of the preceding year.
- All revisions to the budget must be submitted to the City Council for approval.
- The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.
- Budgetary appropriations lapse at the end of the fiscal year.
- The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level.

The City does not use the encumbrance system of accounting.

H. Cash and Investments

Cash and cash equivalents include amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

2. Summary of Significant Accounting Policies (continued)

I. Property Taxes Receivable

Taxes receivable represents the past year's delinquent real property taxes. An amount equal to the difference between year-end taxes receivable collected within sixty days after year end and the total year-end collectable taxes receivable has been recorded as deferred inflows of resources.

J. Intergovernmental Receivables

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

L. Capital Assets

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

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. For entities the size of the City of Watkinsville, retroactive reporting of infrastructure assets was not required.

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

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

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

	Useful Life in Years	Capitalization Threshold
Site improvements	15-99	$ 1
Buildings and improvements	20-50	5,000
Heavy machinery and vehicles	3-15	5,000
Equipment, furniture, and fixtures	5-10	5,000
Computer equipment	5-7	5,000
Intangible right-to-use assets		
Software	5-10	5,000

2. Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Net Position Flow Assumption

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

2. Summary of Significant Accounting Policies (continued)

O. Fund Balance Flow Assumption

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

P. Restricted Assets and Restricted Net Position

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

Q. Fund Balances – Governmental Funds

The City of Watkinsville implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

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

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

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds, continued

Committed – includes amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council. An ordinance or resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Through resolution, the City Council has authorized the City Clerk to assign fund balances. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

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

R. Compensation for Future Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and donated leave benefits. Accrued vacation will be paid to the employees upon separation from City service. In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid vacation leave, and donated leave more likely than not to be used for time off, are accrued when incurred by City in the financial statements. The liability is recorded as an expense as the benefits accrue to the employees. It is the City's policy to permit employees to accumulate vacation benefits of up to 360 hours per year.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's investment policy requires that all deposits be federally insured or fully collateralized.

Interest Rate Risk

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

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

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

Foreign Currency Risk

The City has no investments denominated in a foreign currency.

4. Taxes Receivable

Taxes receivable at the end of the current fiscal year consist of the following:

Major Funds	
General Fund	
Local Option Sales Tax	$ 85,233
Franchise Tax	15,914
Title Ad Valorem Tax	24,773
Property Tax, Net	4,547
Alcohol Excise Tax	5,834
Other taxes	2,974
Nonmajor Funds	
Hotel/Motel Tax Special Revenue Fund	
Hotel/Motel Tax	2,371
	$ 141,646

5. Intergovernmental Receivables

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

Major Funds	
SPLOST III Capital Projects Fund	$ 441,783
TSPLOST Capital Projects Fund	79,605
	$ 521,388

6. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2025, based upon the assessments as of January 1, 2024, were levied July 9, 2024, billed on September 13, 2024, and due on November 15, 2024.

7. Interfund Receivables and Payables

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 6,379

The balances reported as Due to/Due from represent loans between borrower funds and the General Fund. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

8. Interfund Transfers

A summary of interfund transfers for the current fiscal year is as follows:

Transfer In Fund	Transfer Out Fund	Amount
General	ARPA	$ 7,750
	Nonmajor Governmental	34,083
SPLOST III	TSPLOST	345,000
		$ 386,833

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers from TSPLOST to SPLOST III are to reimburse SPLOST III for roads expenditures in prior years due to a change in approved funding source. The expenditures are approved projects in both the SPLOST III and TSPLOST referendums.

9. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$ 5,457,474	$ 0	$ 0	$ 5,457,474
Construction in progress	357,329	1,486,454	(298,932)	1,544,851
Total non-depreciable assets	5,814,803	1,486,454	(298,932)	7,002,325
Depreciable/amortizable assets				
Site improvements	4,696,260	427,717	0	5,123,977
Buildings	599,865	0	0	599,865
Equipment	315,123	83,665	(7,000)	391,788
Vehicles	496,534	45,000	(35,100)	506,434
Intangible right-to-use assets				
Software	76,992	0	0	76,992
Total depreciable/amortizable assets	6,184,774	556,382	(42,100)	6,699,056
Accumulated depreciation/amortization				
Site improvements	(788,622)	(186,866)	0	(975,488)
Buildings	(331,407)	(11,566)	0	(342,973)
Equipment	(185,554)	(40,278)	7,000	(218,832)
Vehicles	(258,604)	(72,558)	35,100	(296,062)
Intangible right-to-use assets				
Software	(15,398)	(15,399)	0	(30,797)
Total accumulated depreciation/amortization	(1,579,585)	(326,667)	42,100	(1,864,152)
Total depreciable/amortizable assets, net	4,605,189	229,715	0	4,834,904
Governmental activities capital assets, net	$ 10,419,992	$ 1,716,169	$ (298,932)	$ 11,837,229

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

Primary Government	
Governmental activities	
General Government	$ 27,112
Public Safety	87,645
Public Works	44,564
Culture and Recreation	167,346
Total depreciation/amortization expense for governmental activities	$ 326,667

10. Long-Term Liabilities

Notes from Direct Borrowings

In September 2023, the City entered into a direct borrowing agreement with the Georgia Environmental Finance Authority (GEFA) to finance the purchase of land to help preserve valuable ecosystems, approximately 20 acres of wetlands, and two tributaries of Calls Creek, a significant tributary of the Middle Oconee River, and to control nonpoint source pollution. The City borrowed $3,550,000 due in monthly installments of $17,343 of principal and interest through November 2043; interest at 1.630% ($3,309,164 outstanding). Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by a security deed on the property acquired with the proceeds of the borrowing .

In July 2024, the City entered into a direct borrowing agreement with the Georgia Transportation Infrastructure Bank (GTIB) in the amount of $2,225,000 to fund the engineering, right-of-way, and construction costs of a 3,100 foot long, 10 foot wide pedestrian pathway along Simonton Bridge Road. The note will be repaid with a mix of SPLOST III and TSPLOST proceeds collected in future years. After the drawdown phase of the agreement, monthly principal and interest payments will be payable in equal installments (amount to be determined on the commencement date). This note is still in drawdown phase at June 30, 2025; therefore not included in the paydown schedule below. The outstanding balance at the end of the current fiscal year was $550,899.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 155,339	$ 52,782	$ 208,121
2027	157,890	50,231	208,121
2028	160,483	47,638	208,121
2029	163,118	45,003	208,121
2030	165,797	42,324	208,121
2031-2035	870,733	169,873	1,040,606
2036-2040	944,617	95,989	1,040,606
2041-2044	691,187	19,895	711,082
Totals	$ 3,309,164	$ 523,735	$ 3,832,899

10. Long-Term Liabilities (continued)

Subscription Liabilities

In June 2023, the City entered into a subscription-based information technology arrangement (SBITA) with a vendor for software. The subscription requires 5 annual payments of $10,500 beginning June 25, 2023. The subscription liability was measured at a discount rate of 2.212%. As a result of the subscription and additional ancillary costs to place the software in service, the City has recorded an intangible right-to-use asset of $76,992, with related accumulated amortization of $30,797, at the end of the current fiscal year. Amortization on the asset totaled $15,399 for the current fiscal year.

The following is a schedule of the future minimum subscription payments together with the present value of the net minimum subscription payments at the end of the current fiscal year:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 10,046	$ 454	$ 10,500
2027	10,270	230	10,500
Totals	$ 20,316	$ 684	$ 21,000

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 66,508	$ 4,580	$ 0	$ 71,088	$ 63,979
Notes from direct borrowings	3,461,993	550,899	152,829	3,860,063	155,339
Subscription liabilities	30,142	0	9,826	20,316	10,046
Total governmental activities	$ 3,558,643	$ 555,479	$ 162,655	$ 3,951,467	$ 229,364

In accordance with GASB Statement No. 101, *Compensated Absences*, the additions noted for compensated absences reflect the net change for the period.

In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the current fiscal year was $55,758.

11. Net Investment in Capital Assets

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

	Governmental Activities
Capital assets, net	$ 11,837,229
Capital-related accounts payable	(27,362)
Notes payable	(3,860,063)
Subscription liabilities	(20,316)
Net investment in capital assets	$ 7,929,488

12. Retirement Benefits

SIMPLE IRA

The City has established a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA), which is a defined contribution plan, under Section 408 of the Internal Revenue Code. The plan is administered by the Variable Annuity Life Insurance Company (VALIC). The Council has the authority to amend both the plan and the contribution requirements, so long as they follow the guidelines as prescribed by Section 408 of the Internal Revenue Code. The City has elected to contribute to the participating employees' SIMPLE IRAs a matching contribution equal to the employees' salary reduction contributions up to a limit of 3% of the employees' compensation for the year. The City contributed $16,840 and plan members contributed $28,749 during the current fiscal year.

Other Plans

In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report. This plan is immaterial to the financial statements.

13. 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 for which the government carries commercial insurance. The City has elected to manage its risk financing activities through the purchase of commercial insurance with a deductible of $1,000.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

14. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the regional commissions in Georgia. The regional commission Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional commission. A copy of the RC financial statements can be obtained from the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia, 30601.

15. Commitments and Contingencies

Commitments

The City has active construction projects at the end of the current fiscal year. At the end of the current fiscal year, the City's commitments with contractors totaled $3,524,617.

15. Commitments and Contingencies (continued)

Contingencies

The City receives grant funds for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of City officials, no material refunds will be required as a result of expenditures disallowed by the grantors.

16. Transportation Expenditures

Amounts expended on transportation include transportation maintenance and operation costs and correspond with classifications and subclassifications specified in the local government uniform chart of accounts under subsection (e) of Code Section 36-81-3 within section 4200, including noncapital expenditures within sections 4210-4290.

Total General Fund expenditures within these categories totaled $669,629 for the current fiscal year.

17. New Accounting Pronouncements

The City implemented GASB Statement No. 101, *Compensated Absences*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2023. This implementation of this new standard had no effect on net position of the City.

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

18. Subsequent Events

Subsequent to the current fiscal year, the City has approved a plan to enroll in the agent multiple-employer defined benefit pension plan administered by GMEBS.

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Cemetery Fund – This fund is used to account for contributions received restricted for the maintenance of the City cemetery.

Confiscated Assets Fund – This fund is used to account for the cash or property received from drug confiscations restricted for law enforcement.

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel tax collections and expenditures.

CITY OF WATKINSVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Special Revenue			Total Nonmajor Governmental Funds
	Cemetery	Confiscated Assets	Hotel/Motel Tax	
ASSETS				
Cash and cash equivalents	$ 38,176	$ 16,223	$ 4,008	$ 58,407
Taxes receivable	0	0	2,371	2,371
Total assets	$ 38,176	$ 16,223	$ 6,379	$ 60,778
LIABILITIES				
Due to other funds	$ 0	$ 0	$ 6,379	$ 6,379
FUND BALANCES				
Restricted for:				
Cemetery	38,176	0	0	38,176
Law enforcement	0	16,223	0	16,223
Total fund balances	38,176	16,223	0	54,399
Total liabilities and fund balances	$ 38,176	$ 16,223	$ 6,379	$ 60,778

CITY OF WATKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2025

	Special Revenue			Total Nonmajor Governmental Funds
	Cemetery	Confiscated Assets	Hotel/Motel Tax	
REVENUES				
Taxes	$ 0	$ 0	$ 33,557	$ 33,557
Interest	2,241	727	526	3,494
Contributions	400	0	0	400
Total revenues	2,641	727	34,083	37,451
EXPENDITURES				
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	2,641	727	34,083	37,451
Other financing sources (uses)				
Transfers out	0	0	(34,083)	(34,083)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,641	727	0	3,368
Fund balances, July 1	35,535	15,496	0	51,031
Fund balances, June 30	$ 38,176	$ 16,223	$ 0	$ 54,399

CITY OF WATKINSVILLE, GEORGIA
CEMETERY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2025

	Final Budget	Actual	Variance
REVENUES			
Interest	$ 0	$ 2,241	$ 2,241
Contributions	0	400	400
Total revenues	0	2,641	2,641
EXPENDITURES			
Total expenditures	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	2,641	2,641
Fund balances, July 1	0	35,535	35,535
Fund balances, June 30	$ 0	$ 38,176	$ 38,176

CITY OF WATKINSVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2025

	Final Budget	Actual	Variance
REVENUES			
Interest	$ 0	$ 727	$ 727
EXPENDITURES			
Total expenditures	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	727	727
Fund balances, July 1	0	15,496	15,496
Fund balances, June 30	$ 0	$ 16,223	$ 16,223

CITY OF WATKINSVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2025

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 35,000	$ 33,557	$ (1,443)
Interest	0	526	526
Total revenues	35,000	34,083	(917)
EXPENDITURES			
Total expenditures	0	0	0
Excess (deficiency) of revenues over (under) expenditures	35,000	34,083	(917)
Other financing sources (uses)			
Transfers in (out)			
General Fund	(35,000)	(34,083)	917
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balances, July 1	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0

OTHER REPORTING SECTION

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Watkinsville, Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Watkinsville, Georgia's basic financial statements and have issued our report thereon dated December 5, 2025.

Report on Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

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2025-001

Condition: City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the finance staff is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

Criteria: Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Cause: The City's employees are unable to prepare the City's financial statements because they lack the required training and experience in the application of generally accepted accounting principles.

Recommendation: City personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

Management Response: Management concurs with this finding. The finance team will continue to seek training in the application of generally accepted accounting principles and in the preparation of the City's financial statements. Until such time it is financially feasible for the finance team to prepare the City's financial statements, the City will continue to rely on the independent auditor to prepare them.

2025-002

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

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

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

Cause: Various posting and classification errors led to account balances not agreeing to subsidiary ledgers.

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

2025-002, continued

Management Response: Management concurs with this finding and will ensure that proper internal controls over the year-end close procedures are designed and implemented. Also, management will ensure that account balances are reconciled monthly to the subsidiary ledgers. This action was taken immediately upon receipt of the comment from our auditors.

Report on Compliance and Other Matters

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

City of Watkinsville, Georgia's Response to Findings

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

Purpose of This Report

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

Rushton, LLC

Gainesville, Georgia
December 5, 2025

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

CITY OF WATKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2025

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years**	Current Year	Total
2021 Referendum					
Public Safety Facilities and Equipment	$ 540,000	$ 540,000	$ 49,830	$ 65,519	$ 115,349
Recreational, Park, and Greenspace Facilities	1,356,000	1,906,899	1,364,935	1,797,604	3,162,539
Roads, Streets, Bridges, Drainage, and Sidewalks	3,299,144	3,483,841	73,300	0	73,300
Multi-Purpose City Facilities, Signage, and Equipment	384,000	384,000	73,893	0	73,893
Total	$ 5,579,144	$ 6,314,740	$ 1,561,958	$ 1,863,123	$ 3,425,081

** Prior year Roads, Streets, Bridges, Drainage, and Sidewalks expenditures have been decreased by $345,000 due to a change in approved funding source.

CITY OF WATKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2025

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years**	Current Year	Total
2022 Referendum					
Sidewalk Construction and Repairs, Multi-Use Trails, Side Paths, Greenways, High Visibility Crossings	$ 2,482,515	$ 2,482,515	$ 152,870	$ 56,533	$ 209,403
Traffic Efficiency Improvements	1,379,175	1,379,175	10,733	0	10,733
Road Resurfacing and Rehabilitation and Investment in Roadway Infrastructure	1,655,010	1,759,914	597,361	250,191	847,552
Total	$ 5,516,700	$ 5,621,604	$ 760,964	$ 306,724	$ 1,067,688
Transfer to SPLOST III Capital Projects Fund for change in approved funding source.				345,000	
Total expenditures and transfers out of the TSPLOST Capital Projects Fund				$ 651,724	

** Prior year Road Resurfacing and Rehabilitation and Investment in Roadway Infrastructure expenditures have been increased by $345,000 due to a change in approved funding source.

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