

CITY OF GRAYSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED AUGUST 31, 2023

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

JAMES L. WHITAKER, P.C.

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078

**CITY OF GRAYSON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit and each major fund of the City of Grayson, Georgia, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Grayson, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit and each major fund of the City of Grayson, Georgia, as of August 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Coronavirus Relief Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grayson, Georgia's basic financial statements. The accompanying individual budgetary schedule and the schedule of projects financed with special purpose local option sales tax proceeds are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and the schedules of projects financed with 2017 and 2023 special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024, on our consideration of the City of Grayson, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Grayson, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Grayson, Georgia's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James A. Whitaker, P.C." The signature is written in a cursive style with a large, stylized 'J' and 'W'.

Snellville, Georgia
October 16, 2024

CITY OF GRAYSON MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grayson, we offer readers of the City of Grayson's financial statements this narrative overview and analysis of the financial activities of the City of Grayson for the fiscal year ended August 31, 2023. We encourage readers to consider the information presented in this analysis with their review of the financial statements.

Financial Highlights

- The assets of the City of Grayson exceeded its liabilities and deferred revenues at August 31, 2023 by \$13,318,661. Of this amount unrestricted net position of \$4,331,503 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position increased by \$1,470,581. All of the increase was associated with governmental activities since the City does not have any business-type activities.
- As of the close of the current fiscal year, the City of Grayson's governmental funds reported combined ending fund balance of \$6,036,253 an increase of \$1,536,354 in comparison with the prior year. Of this amount \$4,175,759 is unassigned; \$1,814,382 is restricted for various specified activities; \$19,792 is assigned for the community development purposes and \$26,320 is non-spendable and in the form of prepaid items.
- At the end of the current year, unassigned fund balance for the general fund was \$4,175,759 or 236.7% of the General Fund expenditures.
- The City of Grayson has \$151,834 of long-term debt obligations as of August 31, 2023 which consist of various subscriptions payable.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Grayson's basic financial statements. The City of Grayson's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Grayson's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Grayson include governing body, general government, financial administration, government buildings, municipal court and police, highways and streets, culture and recreation, economic development and tourism and promotion.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Grayson are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains four major governmental funds. The City's major governmental funds are the General Fund, the Coronavirus Relief Fund, and two SPLOST Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds and a combined total column for the nonmajor governmental funds, if any. The governmental funds financial statements begin on page 14.

The City of Grayson adopts an annual budget for its General Fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the FY 2023 budget. The budgetary comparison statements begin on page 18.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of a schedule of individual fund budgetary information beginning on page 36.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. On August 31, 2023, the City's assets exceeded liabilities and deferred revenues by \$13,318,661. The City's net position reflects its investment in capital assets of \$7,172,776 (53.9 percent) less related debt, if any. Capital assets are used to provide services to citizens, and they are not available for future spending. Of the total net position of \$13,318,661, \$1,814,382 (13.6 percent) is restricted for various specified activities and \$4,331,503 (32.5 percent) is unrestricted.

City of Grayson's Net Position

	Governmental Activities	
	2023	2022
Current and other assets	\$ 8,376,852	\$ 6,782,657
Capital assets	7,159,730	7,230,582
Deferred outflows	-	-
Total assets	15,536,582	14,013,239
Current liabilities	1,416,642	1,515,143
Long-term liabilities	151,834	-
Deferred inflows	649,445	650,016
Total liabilities	2,217,921	2,165,159
Net position:		
Net investment in capital assets	7,172,776	7,230,582
Restricted	1,814,382	1,116,313
Unrestricted	4,331,503	3,501,185
Total net position, adjusted	\$ 13,318,661	\$ 11,848,080

Governmental activities. Governmental activities increased the City's net position by \$1,470,581. Key elements of this increase are as follows:

**City of Grayson's Change in Net Position
For The Years Ended August 31, 2023 and 2022**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues -		
Charges for services	\$ 346,209	\$ 232,292
Operating grants and contributions	20,000	-
Capital grants and contributions	938,334	881,841
General Revenues-		
Property taxes	740,778	624,451
Franchise taxes	311,539	292,641
Beer and Wine taxes	266,522	227,426
Insurance premium taxes	383,410	211,417
Other taxes	329,662	327,561
Interest	28,838	3,017
Other	60,976	136,673
Total Revenues	<u>3,426,268</u>	<u>2,937,319</u>
Expenses:		
General government	576,373	686,448
Sanitation	308,018	216,380
Streets	541,368	498,264
Parks & recreation	194,122	133,038
Planning & Zoning	331,904	254,898
Interest on long-term debt	3,902	-
Total Expenses	<u>1,955,687</u>	<u>1,789,028</u>
Increase (decrease) in net position before transfers	1,470,581	1,148,291
Transfers	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,470,581	1,148,291
Net position - beginning of year, adjusted	<u>11,848,080</u>	<u>10,699,789</u>
Net position - end of year	<u>\$ 13,318,661</u>	<u>\$ 11,848,080</u>

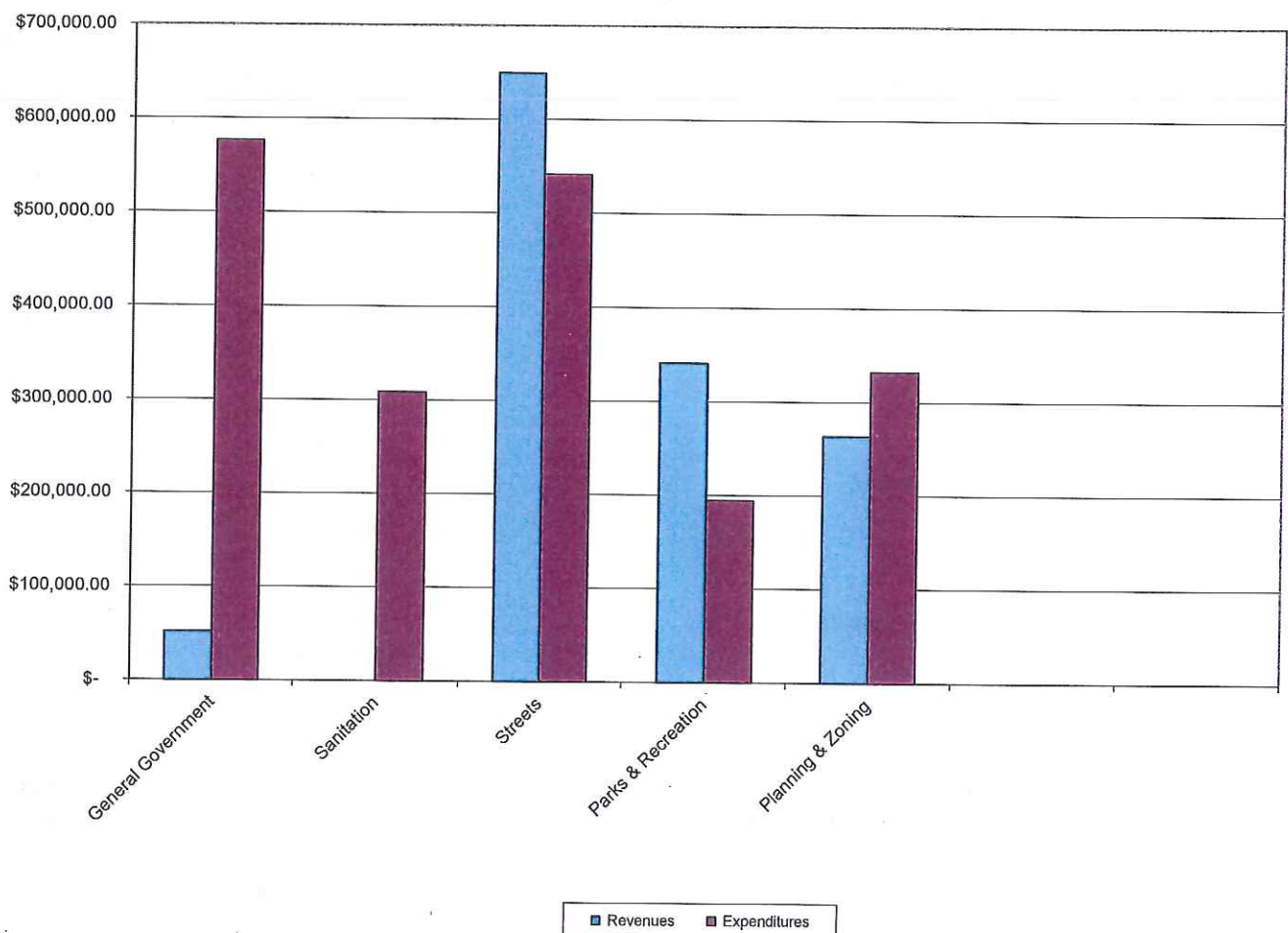
Note –

The beginning net position for the year ended August 31 2022, was amended to include additional receivables, capital assets and to adjust various liabilities. In addition, a new department was created during F/Y 2022 to set out Planning & Zoning activities from General Government activities.

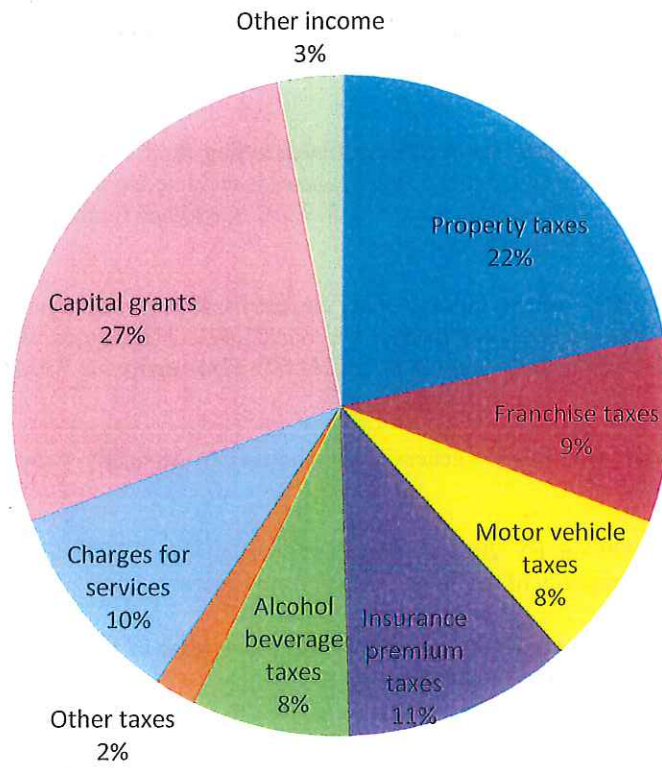
Total Governmental Activity revenues for f/y 2023 increased \$488,949 over f/y 2022.98 (16.6%). Total property tax revenue increased by \$116,327 (18.6%) due to an increase in the real property tax valuations (including new development) for the 2023 tax year. The millage rate assessed remained the same as in the previous year at 1.985 mills. Planning and zoning revenues, as did most other taxes, increased significantly which can be a measure of the strength of the economy.

In November 2016, Gwinnett County voters approved a referendum to implement a one-cent Special Purpose Local Option Sales Tax (SPLOST), effective April 1, 2017. The purpose of SPLOST is to fund specified capital projects within the County and its participating municipalities. The City of Grayson is estimated to receive approximately \$2,731,281 in sales tax revenue over six (6) years, with \$137,052 in revenue and interest received in 2023. The Gwinnett County voters also approved a 2023 SPLOST referendum whereby the City is expected to receive \$6,422,000.

- Total Governmental Activity expenses increased from \$1,798,028 in FY 2022 to \$1,955,687 in FY 2023. Some highlights of increases and decreases among the various governmental activities from the prior year:
 - Sanitation expenses increased \$91,638.
 - Park expenses increased \$77,006.
 - Planning & Zoning costs increased \$77,006.



REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



Financial Analysis of the Government's Funds

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

Governmental Funds. The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of August 31, 2023, the city's governmental funds reported a combined ending fund balance of \$6,036,253. Of this amount \$4,175,759 is unassigned fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because \$1,814,382 is restricted for specified activities, \$19,792 is assigned for the community development purposes and \$26,320 is non-spendable and in the form of prepaid items.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was a balance of \$4,175,759 while the total fund balance was \$4,221,871. Unassigned fund balance represents 236.7% of General Fund expenditures while total fund balance of \$4,221,871 also represents 239.3% of General Fund expenditures.

During the current fiscal year, the fund balance of the City's general fund increased by \$838,285. Other notable changes for 2023 compared to 2022 were as follows:

- General Fund revenues of \$2,475,900 for FY 2023 increased over revenues of \$1,954,161 in FY 2022. The percentage increase was 26.7%. The majority of the increase came from property, motor vehicle and premium taxes along with planning and zoning fees.
- General Fund expenditures for FY 2023 were \$1,763,950. This was an increase of \$282,817 over f/y 2022 which was mainly due to sanitation fees and planning and zoning fees.

The Coronavirus Relief Fund is the fund that accounts for the City's proceeds from the CARES Act Grant and the American Rescue Program Act (ARPA). During F/Y 2023 the City used ARPA funds to finance a contribution of \$20,000 to the Southeast Gwinnett Co-Op.

The 2017 SPLOST Fund expended monies during F/Y 2023 for a pedestrian lighting system costing \$98,000 and for two signs: 1) a monument style sign located in front of city hall and 2) a granite wall sign located a Rosebud and Grayson Highway. The signs cost \$116,000 which included installation.

General Fund Budgetary Highlights

The original budget adopted for F/Y 2023 totaled \$1,875,936 while the final amended budget amounted to \$1,497,905. The actual expenditures amounted to \$1,763,950 which resulted in an overage of \$266,045. The main reasons for the overage were an increase in sanitation rates and underbudgeting of Main Street and Grayson Day Festival expenditures and changes required as the City adopted a new accounting standard (GASB 96) which required recording of various subscription purchases and payments as capital expenditures and related debt service.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets at August 31, 2023 amounts to \$7,159,730 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles, equipment, and parks. Purchases of capital assets during FY 2023 totaled \$214,825. Additional information on the City's capital assets can be found in Note 8 on page 30 of this report.

Long-term debt. At the end of the current fiscal year, the City had outstanding long-term debt obligations of \$151,834 as follows:

CITY OF GRAYSON'S OUTSTANDING DEBT

	<u>Balance</u>
Governmental Activities:	
Subscriptions payable	\$ 151,834
Total Governmental Activities	<u>\$ 151,834</u>

Additional information on the City's long-term debt obligations can be found in Note 9 on page 31 of this report.

Status of the City of Grayson's Economy

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Grayson is approximately \$30,000,000.

Other economic factors follow:

- The unemployment rate in the City of Grayson is in line with the State and Nation
- Special Purpose Local Option Sales Tax receipts continue to increase. The SPLOST tax is an important source of revenues to finance the cost of major improvements to the City's transportation and recreation infrastructure.
- The occupancy rate of the City's downtown and highway commercial areas have remained consistent and a significant increase in development in both commercial and residential projects has occurred.
- The City has received \$1,489,125 in grant funds from the American Recovery Plan Act Grant. The City plans to utilize the remaining grant funds for significant infrastructure improvements.

Requests for Information

This financial report is designed to provide a general overview of the City of Grayson's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 963-8017 or at the following``

City of Grayson
475 Grayson Parkway
Grayson, GA 30017

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CITY OF GRAYSON, GEORGIA
STATEMENT OF NET POSITION
AUGUST 31, 2023

	Primary Government Governmental Activities	Component Unit Downtown Dev. Auth.
Assets		
Cash and cash equivalents	\$ 3,136,574	\$ 156,857
Investments	453,010	-
Receivables-		
Taxes	781,131	-
Intergovernmental	186,512	-
Accounts	27,994	-
Prepaid items	26,320	-
Restricted assets -		
Cash	2,950,986	-
Lease receivable, non-current	649,445	-
Subscriptions, net of amortization	164,880	-
Non-depreciable capital assets	1,746,616	-
Depreciable capital assets	5,413,114	-
Total Assets	<u>15,536,582</u>	<u>156,857</u>
Liabilities		
Accounts Payable	\$ 76,273	\$ -
Accrued Liabilities -		
Wages	17,253	-
Other	-	-
Unearned Revenue	1,323,116	-
Long-Term Liabilities		
Due within one year	33,380	-
Due in more than one year	118,454	-
Total Liabilities	<u>1,568,476</u>	<u>-</u>
Deferred lease revenues	649,445	-
Total Liabilities and Deferred Inflows	<u>2,217,921</u>	<u>-</u>
Net Position		
Net investment in capital assets	7,172,776	-
Restricted for -		
Specified grant activities	100	-
Capital outlay	1,814,282	-
Unrestricted	4,331,503	156,857
Total Net Position	<u>\$ 13,318,661</u>	<u>\$ 156,857</u>

See accompanying notes to the basic financial statements.

**CITY OF GRAYSON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 576,373	\$ 51,645	\$ -	\$ -
Sanitation	308,018	-	-	-
Streets	541,368	-	-	649,155
Parks and Recreation	194,122	31,429	20,000	289,179
Planning & Zoning	331,904	263,135	-	-
Interest	3,902	-	-	-
Total Governmental Activities	<u>1,955,687</u>	<u>346,209</u>	<u>20,000</u>	<u>938,334</u>
Total Primary Government	<u>\$ 1,955,687</u>	<u>\$ 346,209</u>	<u>\$ 20,000</u>	<u>\$ 938,334</u>
Component Unit:				
Downtown Development Authority	\$ -	\$ -	\$ -	\$ -

General Revenues:

Taxes:

Property

Franchise

Occupational

Motor vehicle

Insurance premium

Alcohol beverage

Other

Intergovernmental

Interest Earnings

Gain on disposition of capital asset

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, Restated

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

<u>Primary Government</u>	<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Downtown Dev. Auth.</u>
\$ (524,728)	\$ -
(308,018)	-
107,787	-
146,486	-
(68,769)	-
(3,902)	-
<u>(651,144)</u>	<u>-</u>
<u>\$ (651,144)</u>	<u>-</u>
<u>-</u>	<u>-</u>
740,778	-
311,539	-
47,629	-
259,212	-
383,410	-
266,522	-
22,821	-
-	-
28,838	-
-	-
<u>60,976</u>	<u>-</u>
2,121,725	-
<u>-</u>	<u>-</u>
<u>2,121,725</u>	<u>-</u>
1,470,581	-
<u>11,848,080</u>	<u>156,857</u>
<u>\$ 13,318,661</u>	<u>\$ 156,857</u>

**CITY OF GRAYSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023**

	General	Coronavirus Relief Fund	2017 SPLOST	2023 SPLOST	Total Governmental Funds
Assets					
Cash	\$ 3,136,574	\$ 1,323,216	\$ 1,356,039	\$ 271,731	\$ 6,087,560
Investments	453,010	-	-	-	453,010
Receivables -					
Taxes	781,131	-	-	-	781,131
Intergovernmental	-	-	-	186,512	186,512
Miscellaneous	27,994	-	-	-	27,994
Prepaid items	26,320	-	-	-	26,320
Lease receivable, non-current	649,445	-	-	-	649,445
Total assets	<u>\$ 5,074,474</u>	<u>\$ 1,323,216</u>	<u>\$ 1,356,039</u>	<u>\$ 458,243</u>	<u>\$ 8,211,972</u>
Liabilities					
Accounts payable	\$ 76,273	\$ -	\$ -	\$ -	\$ 76,273
Accrued liabilities	17,253	-	-	-	17,253
Unearned revenue	-	1,323,116	-	-	1,323,116
Total liabilities	<u>93,526</u>	<u>1,323,116</u>	<u>-</u>	<u>-</u>	<u>1,416,642</u>
Deferred Inflows of Resources					
Unavailable revenues -					
Property taxes	109,632	-	-	-	109,632
Leases	649,445	-	-	-	649,445
Total deferred inflows	<u>759,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,077</u>
Fund Balance					
Nonspendable -					
Prepaid items	26,320	-	-	-	26,320
Restricted -					
Specified grant purposes	-	100	-	-	100
Capital outlay	-	-	1,356,039	458,243	1,814,282
Assigned for -					
2024 budget appropriations	-	-	-	-	-
Main Street	14,513	-	-	-	14,513
Grayson Day Festival	5,279	-	-	-	5,279
Unassigned	4,175,759	-	-	-	4,175,759
Total fund balance (deficit)	<u>4,221,871</u>	<u>100</u>	<u>1,356,039</u>	<u>458,243</u>	<u>6,036,253</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	<u>\$ 5,074,474</u>	<u>\$ 1,323,216</u>	<u>\$ 1,356,039</u>	<u>\$ 458,243</u>	<u>\$ 8,211,972</u>

See accompanying notes to the basic financial statements.

CITY OF GRAYSON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances -- total governmental funds	\$ 6,036,253
Capital and subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,324,610
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: Unavailable revenues	109,632
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Subscriptions payable	<u>(151,834)</u>
Net position of governmental activities	<u>\$ 13,318,661</u>

See accompanying notes to the basic financial statements.

**CITY OF GRAYSON, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED AUGUST 31, 2023**

	General	Coronavirus Relief Fund	2017 SPLOST	2023 SPLOST	Total Governmental Funds
Revenues:					
Taxes	\$ 2,054,223	\$ -	\$ -	\$ -	\$ 2,054,223
Business licenses and permits	300,435	-	-	-	300,435
Intergovernmental	-	20,000	467,396	456,625	944,021
Interest	28,840	-	12,690	1,624	43,154
Rents	53,157	-	-	-	53,157
Miscellaneous	39,246	-	-	-	39,246
Total revenues	<u>2,475,901</u>	<u>20,000</u>	<u>480,086</u>	<u>458,249</u>	<u>3,434,236</u>
Expenditures:					
Current:					
General Government	454,641	-	-	-	454,641
Sanitation	308,018	-	-	-	308,018
Streets	368,929	-	-	-	368,929
Parks and Culture	138,670	20,000	-	-	158,670
Planning & Zoning	330,158	-	-	-	330,158
Capital outlay:					
General Government	80,459	-	-	-	80,459
Streets	-	-	214,861	6	214,867
Parks and Culture	-	-	25,399	-	25,399
Planning & Zoning	52,375	-	-	-	52,375
Debt service:					
Principal	26,798	-	-	-	26,798
Interest	3,902	-	-	-	3,902
Total expenditures	<u>1,763,950</u>	<u>20,000</u>	<u>240,260</u>	<u>6</u>	<u>2,024,216</u>
Excess (deficiency) of Revenues over Expenditures	<u>711,951</u>	<u>-</u>	<u>239,826</u>	<u>458,243</u>	<u>1,410,020</u>
Other financing sources (uses)					
Proceeds from debt issue	126,334	-	-	-	126,334
Transfers (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>126,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,334</u>
Net change in fund balance	838,285	-	239,826	458,243	1,536,354
Fund Balance-Beginning, Adjusted	<u>3,383,586</u>	<u>100</u>	<u>1,116,213</u>	<u>-</u>	<u>4,499,899</u>
Fund Balance-End of Year	<u>\$ 4,221,871</u>	<u>\$ 100</u>	<u>\$ 1,356,039</u>	<u>\$ 458,243</u>	<u>\$ 6,036,253</u>

See accompanying notes to the basic financial statements.

CITY OF GRAYSON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Net change in fund balances -- total governmental funds \$ 1,536,354

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	214,825
Subscription outlays	132,834
Depreciation and amortization expense	(305,929)

The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. This is the amount of net book value of assets sold during the current period. -

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between the beginning and ending deferred revenue balances in the current period. (7,967)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Repayments	26,798
Proceeds	(126,334)

Change in net position of governmental activities. \$ 1,470,581

See accompanying notes to the basic financial statements.

CITY OF GRAYSON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	BUDGET AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
Revenues:				
Taxes	\$ 1,679,746	\$ 1,899,174	\$ 2,054,223	\$ 155,049
Business licenses and permits	154,200	265,201	300,435	35,234
Intergovernmental	-	-	-	-
Service fees	-	-	-	-
Interest	-	-	28,840	28,840
Rents	37,000	48,698	53,157	4,459
Miscellaneous	7,540	7,479	39,246	31,767
Total revenues	<u>1,878,486</u>	<u>2,220,552</u>	<u>2,475,901</u>	<u>255,349</u>
Expenditures:				
Current:				
General Government	629,336	481,005	454,641	26,364
Sanitation	350,000	299,125	308,018	(8,893)
Streets	438,500	369,897	368,929	968
Parks and Recreation	132,100	50,111	138,670	(88,559)
Planning & Zoning	326,000	297,767	330,158	(32,391)
Capital outlay:				
General Government	-	-	80,459	(80,459)
Planning & Zoning	-	-	52,375	(52,375)
Debt Service:				
Principal	-	-	26,798	(26,798)
Interest	-	-	3,902	(3,902)
Total expenditures	<u>1,875,936</u>	<u>1,497,905</u>	<u>1,763,950</u>	<u>(266,045)</u>
Excess (deficiency) of				
Revenues over Expenditures	<u>2,550</u>	<u>722,647</u>	<u>711,951</u>	<u>(10,696)</u>
Other financing sources (uses)				
Disposal of capital assets	-	-	-	-
Proceeds from debt issue	-	-	126,334	126,334
Transfers (net)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>126,334</u>	<u>126,334</u>
Net change in fund balance	<u>2,550</u>	<u>722,647</u>	<u>838,285</u>	<u>115,638</u>
Fund Balance-Beginning, Adjusted	<u>3,383,586</u>	<u>3,383,586</u>	<u>3,383,586</u>	<u>-</u>
Fund Balance-End of Year	<u>\$ 3,386,136</u>	<u>\$ 4,106,233</u>	<u>\$ 4,221,871</u>	<u>\$ 115,638</u>

See accompanying notes to the financial statements.

CITY OF GRAYSON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
CORONAVIRUS RELIEF FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	BUDGET AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 20,000	\$ 20,000
Miscellaneous	-	-	-	-
Total revenues	-	-	20,000	20,000
Expenditures:				
Capital Outlay -				
Parks and culture-				
Community support	-	-	20,000	(20,000)
Total expenditures	-	-	20,000	(20,000)
Excess (deficiency) of				
Revenues over Expenditures	-	-	-	-
Other financing sources (uses)				
Transfers (net)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balance-Beginning of Year	-	-	100	100
Fund Balance-End of Year	\$ -	\$ -	\$ 100	\$ 100

See accompanying notes to the financial statements.

**CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

B. The Reporting Entity

The City of Grayson, Georgia (the "City") is a municipal corporation governed by an elected mayor and a four-member council. The City provides the following services: highways and streets, sanitation, stormwater, parks and recreation, promotion and development and general and administrative services. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable.

Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB No. 61 defines the reporting entity for determining which potential component units should be included in primary government's financial statements. Inclusion is based on organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City regardless of whether the organization has a separate elected or appointed governing board. Blended component units, although legally separate entities, are, in substance part of the government's operations and are reported with similar funds of the primary government. Using the above criteria, the City of Grayson Downtown Development Authority is a component unit of the City because of the significance of its operational and financial relationship with the City and is therefore included in the City's reporting entity. The City Council appoints all members of the Development Authority's Board of Directors.

Discretely Presented Component Unit –

The component unit column in the Government – Wide Financial Statement includes the financial data of the City of Grayson, Georgia Downtown Development Authority. This component unit is reported in a separate column to emphasize that it is legally separate from the City. The City of Grayson, Georgia Downtown Development Authority was organized to develop and promote commerce, industry and general welfare within the City. The City appoints the Authority's board members and provides significant funding for the Authority's operational expenditures within the City budget when applicable. The Authority does not issue separate financial statements.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

C. Basic Financial Statements—Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The Government-Wide Statement of Net Position presents the financial condition of the governmental activities of the City at year end. The statement is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The City does not allocate indirect cost. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the City.

The net costs (by function) are normally covered by general revenues (property, sales or use taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

D. Basic Financial Statements-Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. 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. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The various funds are grouped, in the financial statements in this report, into the following fund types:

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

D. Basic Financial Statements-Fund Financial Statements – (Continued)

Governmental Fund Types – Governmental fund are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

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

Coronavirus Relief Fund – The Coronavirus Relief Fund (a special revenue fund) is used to account for the proceeds and eligible expenditures from a grant received by the City under the CARES Act and the American Rescue Plan Act.

SPLOST Funds – The SPLOST Funds are used by the City to account for acquisition and construction of major capital facilities and equipment that were approved by the voters of Gwinnett County, Georgia through the special purpose local option sales tax referendums.

E. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide and the statements for governmental funds.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Those revenues susceptible to accrual are taxes, state and federal grants, fines, interest revenue and charges for services. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, penalties and miscellaneous revenues which are recorded as revenues when received in cash. Those revenues that are measurable but are not collected within 60 days after year end are recorded as unavailable revenues.

G. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory, if any, in the General Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used, rather than in the period purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

I. Prepaid Expenses

Payments made to vendors for service that will benefit periods beyond August 31, 2023 are recorded as prepaid items and are expensed during the period benefited.

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	15-40 years
Furniture and equipment	5-7 years
Land improvements	15 years
Infrastructure	20 years
Park Equipment	15 years

The City only reports infrastructure assets purchased subsequent to August 31, 2003.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

L. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

M. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

N. Compensated Absences

Full-time, permanent employees are granted personal leave benefits in varying amounts to specified maximums depending on tenure with the City. The City allows employees to carry over from one calendar year to the next a maximum of 120 hours of personal leave. Where any employee that has over 120 hours of personal leave at December 31 the overage will go toward catastrophic leave, which can only be taken if an employee is out of work due to an approved medical illness.

O. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

P. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

Q. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

R. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has no items that qualify for reporting in this category as of August 31, 2023.

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 position 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 and lease revenues. In addition, the City recognizes deferred lease revenues in its Statement of Net Position under governmental activities.

S. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City's government-wide statement of net position reports \$1,814,382 in restricted net position, of which \$1,814,282 is restricted by enabling legislation.

T. Fund Balance – Governmental Funds

As of August 31, 2023 fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City of Grayson's Council. Grayson's Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council prior to end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes through passage of a resolution. Unlike commitments, assignments generally only exist temporarily and do not normally have to have an additional action taken for their removal.

Unassigned – all other spendable amounts.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

T. Fund Balance – Governmental Funds, (Continued)

As of August 31, 2023, fund balances are composed of the following:

	<u>General</u>	<u>Coronavirus Relief</u>	<u>SPLOST Funds</u>	<u>Total</u>
Nonspendable -				
Prepaid items	\$ 26,320	\$ -	\$ -	\$ 26,320
Restricted -				
Capital outlay	-	-	1,814,282	1,814,282
Coronavirus Relief	-	100	-	100
Assigned -				
Main Street	14,513	-	-	14,513
Grayson Day Festival	5,279	-	-	5,279
Unassigned	<u>4,175,759</u>	<u>-</u>	<u>-</u>	<u>4,175,759</u>
Total	<u>\$ 4,221,871</u>	<u>\$ 100</u>	<u>\$ 1,814,282</u>	<u>\$ 6,036,253</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

U. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all governmental fund types. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of an ordinance. Formal budgetary integration is employed as a management control device during the year.

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of August 31, 2023, all of the City's and its discretely presented component units bank balances of \$6,775,567 were covered by either federal depository insurance, by collateral held by the City's agent in the City's name, or by collateral held by a third-party custodian bank as part of the Georgia Office of the State Treasurer's Pooled Funds program.

In accordance with state law, the City of Grayson can invest in: 1. Obligations issued by the U.S. Government, any state, any political subdivision of the State of Georgia, or Local Government Investment Pool established by state law; 2. Prime bankers' acceptances; and 3. Repurchase agreements.

3. PROPERTY TAX

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 2023, based upon the assessed value as of January 1, 2023, were levied on July 17, 2023. Taxes are due in equal installments on July 1 and October 1 of each year. Tax liens may be issued on March 1 or after the due date, whichever occurs later. The City of Grayson uses the services of the Gwinnett County Tax Commissioner to bill and collect its property taxes.

4. RECEIVABLES

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

		2023	
	General	SPLOST	Total
Taxes	\$ 781,131	\$ -	\$ 781,131
Fines	-	-	-
Intergovernmental	-	186,512	186,512
Accounts	27,994	-	27,994
Gross Receivables	809,125	186,512	995,637
Less: Allowance for Uncollectible	-	-	-
Net Total Receivables	\$ 809,125	\$ 186,512	\$ 995,637

(See Independent Auditor's Report)

CITY OF GRAYSON, Georgia
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Governmental Funds –

Intergovernmental revenues for the year ended August 31, 2023, consist of the following:

	<u>Revenues</u>	<u>Receivables</u>
Coronavirus Relief Fund - American Rescue Plan Act	\$ 20,000	\$ -
2023 SPLOST Fund - SPLOST	456,625	186,512
2017 SPLOST Fund - SPLOST	424,362	-
LMIG	<u>43,034</u>	<u>-</u>
Total Intergovernmental Revenue	<u>\$ 944,021</u>	<u>\$ 186,512</u>

6. INTER-FUND TRANSACTIONS

There were no individual fund interfund receivables, payables or transfers as of or for the year ended August 31, 2023.

7. COMMITMENTS AND CONTINGENCIES

At present, the City's management is not aware of any pending or threatened litigation that would have a material financial effect on the City's financial condition.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

8. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balance Adjusted	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,746,616	\$ -	\$ -	\$ 1,746,616
Construction in progress	78,680	-	(78,680)	-
Total	<u>1,825,296</u>	<u>-</u>	<u>(78,680)</u>	<u>1,746,616</u>
Capital assets being depreciated:				
Buildings & improvements	2,735,171	-	-	2,735,171
Infrastructure	3,063,065	177,505	-	3,240,570
Land improvements	1,110,297	-	-	1,110,297
Park equipment	326,939	-	-	326,939
Furniture and equipment	222,423	116,000	-	338,423
Total capital assets being depreciated	<u>7,457,895</u>	<u>293,505</u>	<u>-</u>	<u>7,751,400</u>
Less accumulated depreciation for:				
Buildings & improvements	616,734	69,958	-	686,692
Infrastructure	538,670	136,568	-	675,238
Land improvements	468,508	55,717	-	524,225
Park equipment	274,633	7,894	-	282,527
Furniture and equipment	154,064	15,540	-	169,604
Total accumulated depreciation	<u>2,052,609</u>	<u>285,677</u>	<u>-</u>	<u>2,338,286</u>
Total capital assets being depreciated, net not including subscription assets	<u>5,405,286</u>	<u>7,828</u>	<u>-</u>	<u>5,413,114</u>
Subscription assets -				
Subscriptions	52,298	132,834	-	185,132
Accumulated amortization	-	20,252	-	20,252
Subscription assets, net	<u>52,298</u>	<u>112,582</u>	<u>-</u>	<u>164,880</u>
Governmental capital assets, net	<u>\$ 7,282,880</u>	<u>\$ 120,410</u>	<u>\$ (78,680)</u>	<u>\$ 7,324,610</u>

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

General government	\$ 121,690
Parks and recreation	10,054
Planning & zoning	1,746
Streets	<u>172,439</u>
Total depreciation and amortization expense	<u>\$ 305,929</u>

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

9. LONG-TERM DEBT

The following is a summary of changes in long-term debt reported in the government-wide financial statements for the year ended August 31, 2023:

	Beginning Balance Adjusted	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities					
Subscriptions payable	\$ 52,298	\$ 126,334	\$ (26,798)	\$ 151,834	\$ 33,380
Total Governmental Activity Long-Term Debt	<u>\$ 52,298</u>	<u>\$ 126,334</u>	<u>\$ (26,798)</u>	<u>\$ 151,834</u>	<u>\$ 33,380</u>

The City's General Fund is typically used to liquidate all governmental activity long-term liabilities.

10. UNAVAILABLE AND UNEARNED REVENUES

Unavailable revenues as of August 31, 2023, reported in the Governmental Fund's balance sheet, consisted of the following revenue items which had been earned and were measurable but were not received within 60 days after year end and therefore were not considered available:

Property Taxes	\$ 109,632
Lease Revenues	649,445
Total Unavailable Revenues	<u>\$ 759,077</u>

Amounts received but not yet earned as of

August 31, 2023:

Reported in Governmental Fund's balance
sheet and Statement of Net Position:

ARPA Grant proceeds	\$ 1,323,116
CARES Act proceeds	-
Total Unearned Revenues	<u>\$ 1,323,116</u>

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

11. RISK MANAGEMENT

The City of Grayson 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 City carries commercial insurance. The City did not experience any significant reductions in insurance coverage from the prior year. The City did not experience any settlements which exceeded insurance coverage for its past three fiscal years.

Coverages are as follow:

Coverage Description - Property:

Buildings and contents - (Blanket)	\$ 3,576,000
Automobile physical damage	Per application

Coverage Description - Casualty:

Comprehensive general liability	\$ 2,000,000
Automobile liability	\$ 750,000
Errors and omissions (Public Officials)	\$ 10,000
Employee benefits liability	\$ 1,000,000

Coverage Description - Crime:

Blanket bond - employees required to be bonded	\$ 500,000
Depositors forgery	\$ 500,000
Money and securities - loss inside and outside premises	\$ 250,000

Deductible:

All coverages are subject to a per occurrence deductible of	\$ 1,000
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12. JOINT VENTURE

Under Georgia law, the city, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The ARC Board membership includes the chief elected official of each county, one representative for all the cities in a member county and 15 citizen representatives. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Separate financial statements may be obtained from:

Atlanta Regional Commission
3715 Northside Parkway
Building 200, Suite 300
Atlanta, Georgia 30327

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

13. SUBSCRIPTIONS PAYABLE

For the year ended August 31, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. The statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under the Statement an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The City did implement the new standard by recording subscription assets at a cost of \$52,298 less accumulated amortization of \$ -0- and corresponding liabilities in the amount of \$52,298 as of August 31, 2022. No adjustment was required to the Governmental Activities net position or any Fund Balance.

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions.
- Voice and internet software.
- Permitting and payment software.

The following is a summary of changes in subscription liabilities reported in the government-wide financial statements:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities					
Internet and voice gateway	\$ -	\$ 80,459	\$ (7,257)	\$ 73,202	\$ 15,013
Virtual office	52,298	-	(9,541)	42,757	9,981
Permitting and payment	-	45,875	(10,000)	35,875	8,386
Total Governmental Activities	\$ 52,298	\$ 126,334	\$ (26,798)	\$ 151,834	\$ 33,380

The interest rates imputed under the subscription arrangements is stated at the City's current borrowing rate of 4.5%.

Principal and interest requirements to maturity are as follows:

F/Y/E August 31,	Subscriptions Payable		
	Principal	Interest	Total
2024	\$ 33,380	\$ 6,320	\$ 39,700
2025	34,904	4,796	39,700
2026	36,499	3,201	39,700
2027	38,168	1,944	40,112
2028	8,883	117	9,000
	<u>\$ 151,834</u>	<u>\$ 16,378</u>	<u>\$ 168,212</u>

The total costs of the City's subscription assets are recorded as \$185,132, less accumulated amortization of \$20,252. The total amortization expense for the year ended June 30, 2023 was \$20,252.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures, as a part of the combined statements - overview, of certain information concerning individual funds including-

- A. Deficit fund balances or net position balances of individual funds – As of August 31, 2023, none of the City's funds had deficit fund balances.
- B. Excess of expenditures over appropriations in individual funds – Several of the City's General Fund departments incurred material excesses (if over 5 percent and greater than \$5,000) of expenditures over appropriations at the department level (the legal level of control as follow:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund -			
General Government	\$ 481,005	\$ 535,100	\$ (54,095)
Sanitation	299,125	308,018	(8,893)
Parks & Recreation	50,111	138,670	(88,559)
Planning & Zoning	297,767	382,533	(84,766)
Debt Service	-	30,700	(30,700)

In addition, the City did not prepare a budget for the Coronavirus Relief Fund, a special revenue fund. Generally Accepted Accounting Principles require all special revenue funds to have legally passed balanced budgets.

Management will ensure that employees with budgeting responsibilities will obtain sufficient training so that a budget can be properly prepared and managed for future periods.

(See Independent Auditor's Report)

CITY OF GRAYSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

15. LEASING ACTIVITIES

In September 2021, the City implemented a new accounting standard GASB Statement No. 87 “Leases”. The new standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time (greater than one year) in exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in the GASB Statement.

City as Lessee

The City, as lessee, has no significant lease agreements that are required to be reported under the new standard.

City as Lessor

The City, as a lessor, has entered into a lease agreement involving land that is to be used to house a cell tower. The total amount of inflows of resources, including lease revenue and interest recognized during the fiscal year was \$53,157. A schedule of future payments that are included in the measurement of the lease receivable, with imputed interest based on the City’s estimated current borrowing rate of 7.5%, is as follows:

Fiscal Year	Leases		
	Principal	Interest	Total
2024	616	48,692	49,308
2025	663	48,645	49,308
2026	715	48,593	49,308
2027	771	48,537	49,308
2028	823	48,485	49,308
2029-2033	4,848	241,692	246,540
2034-2038	7,046	239,494	246,540
2039-2043	10,241	236,299	246,540
2044-2048	14,882	231,658	246,540
2049-2053	21,627	224,913	246,540
2054-2058	31,432	215,108	246,540
2059-2063	45,679	200,861	246,540
2064-2068	66,386	180,154	246,540
2069-2073	96,478	150,062	246,540
2074-2078	180,211	66,329	246,540
2079-2083	167,027	34,314	201,341
Totals	<u>\$ 649,445</u>	<u>\$ 2,263,836</u>	<u>\$ 2,913,281</u>

(See Independent Auditor’s Report)

CITY OF GRAYSON, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH 2017 SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED AUGUST 31, 2023

PROJECTS	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	EXPENDITURES		ESTIMATED PERCENT COMPLETE
			BEGINNING OF YEAR	CURRENT YEAR	
Roads, Streets & Bridges	\$ 1,638,769	\$ 1,730,603	\$ 1,080,514	\$ 214,861	74.9%
Recreational Facilities	1,092,512	1,153,736	1,166,942	25,399	103.3%
Administrative Facilities	-	250,000	250,000	-	100.0%
	<u>\$ 2,731,281</u>	<u>\$ 3,134,339</u>	<u>\$ 2,497,456</u>	<u>\$ 240,260</u>	
			<u>\$ 2,737,716</u>		

CITY OF GRAYSON, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH 2023 SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED AUGUST 31, 2023

PROJECTS	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	EXPENDITURES		TO DATE	ESTIMATED PERCENT COMPLETE
			BEGINNING OF YEAR	CURRENT YEAR		
Roads, Streets & Bridges and Related Facilities and Equipment	\$ 4,817,043	\$ 4,817,043	\$ -	\$ 6	6	0.0%
Recreational Facilities and Equipment	1,605,681	1,605,681	-	-	-	0.0%
	<u>\$ 6,422,724</u>	<u>\$ 6,422,724</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>6</u>	

COMPLIANCE SECTION

JAMES L. WHITAKER, P.C.

Certified Public Accountant
2295 Henry Clower Blvd., Suite 205
Snellville, Georgia 30078
Telephone: 678-205-4438
Fax: 678-205-4449

Member of
The American Institute of
Certified Public Accountants

Member of
Georgia Society of
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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit and each major fund of City of Grayson, Georgia, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise City of Grayson, Georgia's basic financial statements and have issued our report thereon dated October 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Grayson, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Grayson, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Grayson, Georgia'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 responses as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Grayson, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2022-002.

City of Grayson, Georgia's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 A. Whitaker, P.C.

Snellville, Georgia
October 16, 2024

**CITY OF GRAYSON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2023**

FINDINGS--FINANCIAL STATEMENTS AUDIT

**QUESTIONED
COST**

2021-001 FINANCIAL MANAGEMENT PROCEDURES & CONTROLS, REPEAT FINDING

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

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

Criteria: Good internal control policies and procedures require that all records of account should be reviewed and maintained on a regular basis for all programs. In addition, the City personnel should be adequately trained in order to determine whether the existing financial statements either internally generated or issued by the management company are accurate and reliable.

Effect: The financial statements as originally presented to the auditor were materially mis-stated.

Cause: City personnel with the responsibility for preparing the financial statements was not adequately trained in order to determine whether the existing financial statements are accurate and reliable.

Recommendation: Management should ensure that personnel responsible for preparing the City's financial statement is adequately trained and properly supervised.

N/A

View of responsible officials and planned corrective action:

Management agrees with the finding. Management will ensure that employees responsible for preparing the City's financial statements are properly trained and supervised. Training should begin in July 2024 and will be supervised by an outside consultant experienced in governmental accounting.

**CITY OF GRAYSON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2023**

FINDINGS--FINANCIAL STATEMENTS AUDIT

**QUESTIONED
COST**

2022-002 BUDGET VARIANCES - REPEAT FINDING

Condition:	Several of the City's General Fund departmental expenditures materially exceeded their respective appropriations. In addition, the City did not budget for the Coronavirus Relief Fund, which is a special revenue fund.	N/A
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Criteria:	The actual expenditures of any department within any fund of the City should remain within the appropriations approved by the City Council during the budget process. State law requires the General Fund and all special revenue funds to have properly approved and balanced annual budgets.
-----------	--

Effect:	The City has materially exceeded its budget for the General Fund and did not prepare a budget for the Coronavirus Relief Fund thereby violating a state law.
---------	--

Cause:	City personnel responsible for preparing the City's budget was not properly trained in preparing and amending budgets.
--------	--

Recommendation:	Personnel responsible for preparing, monitoring and amending the City's budgets should be properly trained and supervised.
-----------------	--

View of responsible officials and planned corrective action:

Management agrees with the finding. Management will ensure that personnel responsible for preparing monitoring and amending the City's budgets will receive proper training in governmental budgeting. The training will begin in October 2024 and will be performed by an outside consultant with experience in governmental accounting and budgeting.

CITY OF GRAYSON, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH 2017 SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED AUGUST 31, 2023

PROJECTS	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	EXPENDITURES		TO DATE	ESTIMATED PERCENT COMPLETE
			BEGINNING OF YEAR	CURRENT YEAR		
Roads, Streets & Bridges	\$ 1,638,769	\$ 1,730,603	\$ 1,080,514	\$ 214,861	\$ 1,295,375	74.9%
Recreational Facilities	1,092,512	1,153,736	1,166,942	25,399	1,192,341	103.3%
Administrative Facilities	-	250,000	250,000	-	250,000	100.0%
	<u>\$ 2,731,281</u>	<u>\$ 3,134,339</u>	<u>\$ 2,497,456</u>	<u>\$ 240,260</u>	<u>\$ 2,737,716</u>	

CITY OF GRAYSON, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH 2023 SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED AUGUST 31, 2023

PROJECTS	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	EXPENDITURES		TO DATE	ESTIMATED PERCENT COMPLETE
			BEGINNING OF YEAR	CURRENT YEAR		
Roads, Streets & Bridges and Related Facilities and Equipment	\$ 4,817,043	\$ 4,817,043	\$ -	\$ 6	6	0.0%
Recreational Facilities and Equipment	<u>1,605,681</u>	<u>1,605,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
	<u>\$ 6,422,724</u>	<u>\$ 6,422,724</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>6</u>	

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October 16, 2024

Department of Audits

Medicaid and Local Government Audit Division
270 Washington Street, SW
Room 1-156
Atlanta, Georgia 30334-8400

The following is management's response to the findings noted in the auditor's report for the year ended August 31, 2023 and dated October 16, 2024, for the City of Grayson, Georgia.

FINDING:

FINANCIAL MANAGEMENT PROCEDURES & CONTROLS

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

CORRECTIVE ACTION PLAN:

Management agrees with the finding. As of September 17, 2024, management has contracted with a consultant firm specializing in governmental accounting. The consultant is working with the new city administrator, hired in August 2024, to perfect the city's financial records and implement sound accounting procedures and internal controls.

FINDING:**BUDGET VARIANCES**

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

CORRECTIVE ACTION PLAN:

Management agrees with the finding. Management will review the budget with the city council on a monthly basis and will adopt an amended budget as needed to ensure expenditures are within their respective appropriations at the legal level of control.

Sincerely,



Kaipō Awana, City Administrator

City of Grayson, Georgia

