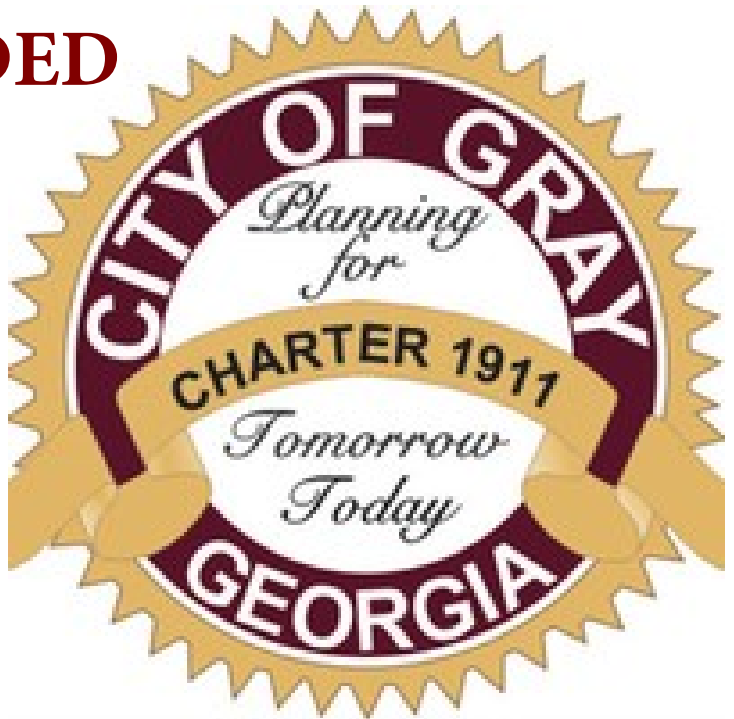


# CITY OF GRAY, GEORGIA

## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2024



**CITY OF GRAY, GEORGIA**

**FINANCIAL STATEMENTS AS OF**  
**DECEMBER 31, 2024 AND**  
**INDEPENDENT AUDITOR'S REPORT**

# CITY OF GRAY, GEORGIA

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May 14, 2025

## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Gray, Georgia

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Gray, Georgia** (the "City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General 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 (GAAS) 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, 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 principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 9, the schedule of changes in the City's net pension liability and related ratios on pages 47 and 48, the schedule of City contributions on page 49, and the notes to the required supplementary information on page 50 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's basic financial statements. The combining nonmajor fund financial statements, budgetary comparison schedules, schedule of projects constructed with special sales tax proceeds, the Downtown Development Authority's financial statements, and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 nonmajor fund financial statements, budgetary comparison schedules, schedule of projects constructed with special sales tax proceeds, the Downtown Development Authority's financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*McNair, McLeMORE, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

## **MANAGEMENT'S DISCUSSION & ANALYSIS**



## **CITY OF GRAY, GEORGIA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024**

As management of the City of Gray, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2024.

#### **Financial Highlights**

- The assets and deferred outflows of resources for the City exceeded its liabilities and deferred inflows of resources as of December 31, 2024, by \$15,445,332.
- The government's total net position increased by \$848,407 for the year ended December 31, 2024.
- As of December 31, 2024, total net position consisted of \$9,203,393 invested in capital assets, net of related debt, \$1,721,337 restricted and \$4,520,602 unrestricted.
- As of the close of the current year the City's governmental funds reported combined ending fund balances of \$5,735,247 an increase of \$571,234 in comparison with the prior year.
- For the year ended December 31, 2024, fund balance for the general fund increased from \$4,254,767 to \$4,668,914.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1. government-wide financial statements; 2. fund financial statements; and 3. notes to the basic financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City'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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 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 result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from others 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 include general government, public safety, and public works. The business-type activities of the City include a water and sewer fund.

The government-wide financial statements can be found on pages 10 through 13 of this report.

## **CITY OF GRAY, GEORGIA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024 (CONTINUED)**

#### **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 can be divided into two categories: governmental funds and proprietary 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 year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of 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 funds balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds: the General Fund, the Public Safety and Community VR Grant Fund, the American Rescue Plan Fund, a Hotel/Motel Tax Fund, SPLOST Fund, a Law Enforcement Confiscation Fund, a Capital Improvement Fund, and the Perpetual Care Fund.

The City adopts an annual appropriated budget for the General Fund, the Public Safety and Community VR Grant Fund, American Rescue Plan Fund, Hotel/Motel Tax Fund, and the Law Enforcement Confiscation Fund. A budgetary comparison statement has been provided to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 14 through 19 of this report.

##### *Proprietary Funds*

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for the activities of the water and sewer fund and the sanitation fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 21 through 25 of this report.

#### **Notes to Financial Statements**

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

# CITY OF GRAY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024 (CONTINUED)

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,445,332 at the close of the most recent year.

A portion of the City's net position reflects its investment in capital assets, less any related debt outstanding and non-debt capital related liabilities. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. As of December 31, 2024, the investment consists of \$32,214,441 in assets, with accumulated depreciation of \$12,595,934 less outstanding debt of \$10,400,769 and non-debt capital related liabilities of \$14,345.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations.

As of December 31, 2024 current liabilities decreased by \$2,283,921 and net position increased by \$848,407 compared to December 31, 2023.

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and Other Assets	\$ 5,945,951	\$ 6,063,359	\$ 2,217,758	\$ 2,999,413	\$ 8,163,709	\$ 9,062,772
Capital Assets	3,100,638	2,870,181	16,517,869	14,530,904	19,618,507	17,401,085
<b>Total Assets</b>	<b>9,046,589</b>	<b>8,933,540</b>	<b>18,735,627</b>	<b>17,530,317</b>	<b>27,782,216</b>	<b>26,463,857</b>
<b>Deferred Outflows of Resources</b>						
Related to Pensions	205,261	302,619	110,525	162,949	315,786	465,568
<b>Total Deferred Outflows of Resources</b>	<b>205,261</b>	<b>302,619</b>	<b>110,525</b>	<b>162,949</b>	<b>315,786</b>	<b>465,568</b>
<b>Liabilities</b>						
Current and Other Liabilities	128,643	899,432	391,972	1,905,104	520,615	2,804,536
Long-Term Liabilities	1,105,297	1,122,061	10,965,831	8,405,903	12,071,128	9,527,964
<b>Total Liabilities</b>	<b>1,233,940</b>	<b>2,021,493</b>	<b>11,357,803</b>	<b>10,311,007</b>	<b>12,591,743</b>	<b>12,332,500</b>
<b>Deferred Inflows of Resources</b>						
Related to Pensions	39,603	-	21,324	-	60,927	-
<b>Total Deferred Inflows of Resources</b>	<b>39,603</b>	<b>-</b>	<b>21,324</b>	<b>-</b>	<b>60,927</b>	<b>-</b>
<b>Net Position</b>						
Net Investment in Capital Assets	3,100,638	2,563,657	6,102,755	6,096,556	9,203,393	8,660,213
Restricted	984,704	828,204	736,633	563,612	1,721,337	1,391,816
Unrestricted	3,892,965	3,822,805	627,637	722,091	4,520,602	4,544,896
<b>Total Net Position</b>	<b>\$ 7,978,307</b>	<b>\$ 7,214,666</b>	<b>\$ 7,467,025</b>	<b>\$ 7,382,259</b>	<b>\$ 15,445,332</b>	<b>\$ 14,596,925</b>

# CITY OF GRAY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024 (CONTINUED)

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 294,632	\$ 265,468	\$ 2,935,183	\$ 2,530,908	\$ 3,229,815	\$ 2,796,376
Operating Grants and Contributions	163,579	402,445	26,260	-	189,839	402,445
Capital Grants and Contributions	1,315,330	853,053	307,621	665,077	1,622,951	1,518,130
General Revenues						
Taxes	2,895,529	2,702,828	-	-	2,895,529	2,702,828
Investment Revenues	42,825	10,834	9,246	14,990	52,071	25,824
Gain on Sale of Assets	15,755	-	679	-	16,434	-
Miscellaneous	42,438	85,081	-	6,000	42,438	91,081
<b>Total Revenues</b>	<b>4,770,088</b>	<b>4,319,709</b>	<b>3,278,989</b>	<b>3,216,975</b>	<b>8,049,077</b>	<b>7,536,684</b>
<b>Expenses</b>						
General Government	893,195	1,143,110	-	-	893,195	1,143,110
Judicial	133,981	108,015	-	-	133,981	108,015
Public Safety	1,640,878	1,552,081	-	-	1,640,878	1,552,081
Public Works	1,078,057	1,284,526	-	-	1,078,057	1,284,526
Other	140,617	137,901	-	-	140,617	137,901
Water and Sewer	-	-	2,932,983	2,701,119	2,932,983	2,701,119
Sanitation	-	-	380,959	356,890	380,959	356,890
<b>Total Expenses</b>	<b>3,886,728</b>	<b>4,225,633</b>	<b>3,313,942</b>	<b>3,058,009</b>	<b>7,200,670</b>	<b>7,283,642</b>
Increase (Decrease) in Net Position Before Transfers	883,360	94,076	(34,953)	158,966	848,407	253,042
Transfers	(119,719)	(101,413)	119,719	101,413	-	-
Increase (Decrease) In Net Position	763,641	(7,337)	84,766	260,379	848,407	253,042
Net Position - Beginning	7,214,666	7,222,003	7,382,259	7,121,880	14,596,925	14,343,883
Net Position - Ending	<u>\$ 7,978,307</u>	<u>\$ 7,214,666</u>	<u>\$ 7,467,025</u>	<u>\$ 7,382,259</u>	<u>\$ 15,445,332</u>	<u>\$ 14,596,925</u>

### Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### *Governmental Funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

## CITY OF GRAY, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024 (CONTINUED)

As of December 31, 2024 the City's governmental funds reported combined ending fund balances of \$5,735,247. The unassigned fund balance reflects a balance of \$4,658,007 which is available for spending at the government's discretion. \$984,704 is restricted fund balance and the remainder of fund balance \$92,536 is assigned for miscellaneous capital outlays and is not available for new spending.

The fund balance of the City's governmental funds increased by \$571,234 during the current year.

#### *Proprietary Funds*

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The water and sewer system fund provides to the City's residential and commercial customers. The City strives to maintain competitive rates to its customers while providing safe drinking water and sewerage treatment. Unrestricted net position of the water and sewerage and sanitation operations at the end of the year amounted to \$627,637.

#### **General Fund Budgetary Highlights**

The City is ever cognizant of the necessity of being good stewards of public funds while at the same time having the responsibility of accumulating sufficient funds to effectively promote growth and development of the economy.

A detailed comparison of the general fund and major special revenue fund budget to actual amounts can be found on pages 18 through 19 of this report.

#### **Capital Assets and Debt Administration**

##### *Capital Assets*

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, totals \$19,618,507 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and vehicles. The total increase in the City's investment in capital assets for the current year was \$2,217,421. Detailed information regarding the capital asset activity for 2024 can be found in Note 8 of this report.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,053,040	\$ 1,053,040	\$ 34,414	\$ 34,414	\$ 1,087,454	\$ 1,087,454
Water Rights	-	-	313,683	313,683	313,683	313,683
Construction in Progress	-	-	99,508	9,369,161	99,508	9,369,161
Infrastructure	653,259	598,552	15,638,407	4,562,338	16,291,666	5,160,890
Buildings	454,826	474,451	-	-	454,826	474,451
Storm Drainage Improve	-	-	328,996	150,049	328,996	150,049
Equipment	178,520	47,531	97,340	90,217	275,860	137,748
Vehicles	679,812	696,607	5,521	11,043	685,333	707,650
Intangible Right-To-Use Asset	81,181	-	-	-	81,181	-
Total	\$ 3,100,638	\$ 2,870,181	\$ 16,517,869	\$ 14,530,905	\$ 19,618,507	\$ 17,401,086

## **CITY OF GRAY, GEORGIA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024 (CONTINUED)**

#### *Long-Term Debt*

In 2016, the City entered into a contract with the Georgia Environmental Financing Authority for a drinking water state revolving loan/grant to provide financing for improvements to the water system. The total amount the City drew down on this loan was \$374,798. Monthly payments of \$1,729, including interest at 1.03% began in September 2017 and will end in August 2037. Total interest paid in 2024 was \$2,637. Notes payable equal \$246,244 with \$18,294 due within one year. In 2018, the City entered into a contract with GEFA to provide financing for improvements to the sewer system. The total the City drew down on this loan was \$325,435. Notes payable equal \$254,525 with \$15,562 due within one year. In 2021, the City entered into a contract with GEFA to provide financing for upgrading of the Wolf Creek Water Pollution Control Plant and related appurtenances. The total the City drew down on this loan was \$9,900,000. Notes payable equal \$9,900,000 with \$248,812 due within one year. Total interest paid for 2024 was \$152,749. Detailed information regarding the long-term debt activity for 2024 can be found in Note 9.

#### **Accomplishments/Growth for 2024**

In 2024, the City of Gray continued to make great strides in upgrading its water and sewer infrastructure while addressing inflow and infiltration issues. The upgrade to the wastewater facility was completed at the end of 2024. The water system continues to strive for efficiency and conservation and has lowered the amount of non-revenue water loss each year, which directly contributes to conservation efforts. The city continues to address storm drainage issues through maintenance and replacement to keep existing streets well maintained.

#### **Request for Information**

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the City Clerk of Gray, P. O. Box 443, Gray, Georgia 31032.

## **FINANCIAL STATEMENTS**

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Downtown Development Authority</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 4,485,281	\$ 934,079	\$ 5,419,360	\$ 140,443
Certificates of Deposit	1,060,378	232,203	1,292,581	-
Receivables (Net of Allowance)				
Accrued Interest	17,587	4,734	22,321	-
Taxes	163,698	-	163,698	-
Accounts	1,855	204,747	206,602	-
Due from Other Governments	152,807	169,707	322,514	-
Internal Balances	64,345	(64,345)	-	-
Restricted Assets				
Cash and Cash Equivalents	-	736,633	736,633	-
Capital Assets				
Nondepreciable Assets	1,053,040	447,605	1,500,645	1,021,421
Depreciable Assets, Net	2,047,598	16,070,264	18,117,862	711,236
<b>Total Assets</b>	<b>9,046,589</b>	<b>18,735,627</b>	<b>27,782,216</b>	<b>1,873,100</b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources Related to Pensions	205,261	110,525	315,786	-
<b>Total Deferred Outflows of Resources</b>	<b>205,261</b>	<b>110,525</b>	<b>315,786</b>	<b>-</b>

See accompanying notes which are an integral part of these financial statements.



**CITY OF GRAY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**  
**(CONTINUED)**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental</b>	<b>Business-Type</b>		<b>Downtown</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Development</b>
				<b>Authority</b>
<b>Liabilities</b>				
Accounts Payable	81,379	146,225	227,604	1,370
Accrued Liabilities	41,407	17,187	58,594	-
Customer Deposits	-	228,560	228,560	1,445
Unearned Revenue	5,857	-	5,857	-
Noncurrent Liabilities				
Due Within One Year				
Notes Payable	-	282,668	282,668	-
Compensated Absences	96,073	21,634	117,707	-
Due in More Than One Year				
Notes Payable	-	10,118,101	10,118,101	-
Net Pension Liability	1,009,224	543,428	1,552,652	-
<b>Total Liabilities</b>	<b>1,233,940</b>	<b>11,357,803</b>	<b>12,591,743</b>	<b>2,815</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources Related to Pensions	39,603	21,324	60,927	-
<b>Total Deferred Inflows of Resources</b>	<b>39,603</b>	<b>21,324</b>	<b>60,927</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	3,100,638	6,102,755	9,203,393	1,732,657
Restricted for				
Debt Service	-	736,633	736,633	-
Capital Outlay	971,135	-	971,135	-
Tourism	887	-	887	-
Law Enforcement	12,682	-	12,682	-
Unrestricted	3,892,965	627,637	4,520,602	137,628
<b>Total Net Position</b>	<b>\$ 7,978,307</b>	<b>\$ 7,467,025</b>	<b>\$ 15,445,332</b>	<b>\$ 1,870,285</b>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 893,195	\$ 109,910	\$ -	\$ -
Judicial	133,981	-	-	-
Public Safety	1,640,878	184,722	163,579	658,479
Public Works	1,078,057	-	-	656,851
Health and Welfare	2,375	-	-	-
Housing and Development	138,242	-	-	-
Total Governmental Activities	3,886,728	294,632	163,579	1,315,330
Business-Type Activities				
Water and Sewer	2,932,983	2,541,777	26,260	307,621
Sanitation	380,959	393,406	-	-
Total Business-Type Activities	3,313,942	2,935,183	26,260	307,621
<b>Total Primary Government</b>	<b>\$ 7,200,670</b>	<b>\$ 3,229,815</b>	<b>\$ 189,839</b>	<b>\$ 1,622,951</b>
<b>Component Unit</b>				
Downtown Development Authority	\$ 204,405	\$ 133,725	\$ -	\$ 20,000

**General Revenues**

Property Taxes  
Sales Taxes  
Insurance Premium Tax  
Franchise Tax  
Other Taxes  
Unrestricted Investment Earnings  
Gain on Sale of Asset  
Miscellaneous

**Total General Revenues**

Transfers

**Change in Net Position**

**Net Position - Beginning of Year**

**Net Position - End of Year**

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(CONTINUED)**

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-Type Activities	Total	
\$ (783,285)	\$ -	\$ (783,285)	\$ -
(133,981)	-	(133,981)	-
(634,098)	-	(634,098)	-
(421,206)	-	(421,206)	-
(2,375)	-	(2,375)	-
(138,242)	-	(138,242)	-
(2,113,187)	-	(2,113,187)	-
-	(57,325)	(57,325)	-
-	12,447	12,447	-
-	(44,878)	(44,878)	-
(2,113,187)	(44,878)	(2,158,065)	-
			(50,680)
1,303,476	-	1,303,476	-
716,114	-	716,114	-
328,775	-	328,775	-
272,085	-	272,085	-
275,079	-	275,079	-
42,825	9,246	52,071	-
15,755	679	16,434	-
42,438	-	42,438	90
2,996,547	9,925	3,006,472	90
(119,719)	119,719	-	-
763,641	84,766	848,407	(50,590)
7,214,666	7,382,259	14,596,925	1,920,875
<u>\$ 7,978,307</u>	<u>\$ 7,467,025</u>	<u>\$ 15,445,332</u>	<u>\$ 1,870,285</u>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

		<i>Formerly Major Fund</i>			
	<b>General Fund</b>	<b>American Rescue Plan Fund</b>	<b>2021 SPLOST Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$3,452,661	\$ -	\$ 931,539	\$ 101,081	\$ 4,485,281
Certificates of Deposit	1,060,378	-	-	-	1,060,378
Receivables, Net of Allowance					
Taxes	163,698	-	-	-	163,698
Interest	17,587	-	-	-	17,587
Accounts	-	-	-	1,855	1,855
Due From Other Governments	91,520	-	52,927	8,360	152,807
Due From Other Funds	98,305	-	-	-	98,305
<b>Total Assets</b>	<b>\$4,884,149</b>	<b>\$ -</b>	<b>\$ 984,466</b>	<b>\$ 111,296</b>	<b>\$ 5,979,911</b>
<b>Liabilities</b>					
Accounts Payable	\$ 66,306	\$ -	\$ 13,331	\$ 1,742	\$ 81,379
Accrued Liabilities	41,407	-	-	-	41,407
Unearned Revenue	-	-	-	5,857	5,857
Due To Other Funds	25,461	-	-	8,499	33,960
<b>Total Liabilities</b>	<b>133,174</b>	<b>-</b>	<b>13,331</b>	<b>16,098</b>	<b>162,603</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	82,061	-	-	-	82,061
<b>Total Deferred Inflows of Resources</b>	<b>82,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,061</b>
<b>Fund Balances</b>					
Restricted	-	-	971,135	13,569	984,704
Assigned	10,907	-	-	81,629	92,536
Unassigned	4,658,007	-	-	-	4,658,007
<b>Total Fund Balances</b>	<b>4,668,914</b>	<b>-</b>	<b>971,135</b>	<b>95,198</b>	<b>5,735,247</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$4,884,149</b>	<b>\$ -</b>	<b>\$ 984,466</b>	<b>\$ 111,296</b>	<b>\$ 5,979,911</b>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Amounts reported for governmental activities in the Statement of Net Position are different because:

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,735,247</b>
Capital Assets	
Capital assets used in governmental activities are not financed resources and, therefore, are not reported in the funds.	
Cost of Assets	7,009,218
Accumulated Depreciation	(3,908,580)
Deferred Outflows of Resources	
Related to Pensions	205,261
Long-Term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:	
Compensated Absences	(96,073)
Net Pension Liability	(1,009,224)
Deferred Inflows of Resources	
Related to Pensions	(39,603)
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	82,061
<b>Total Net Position of Governmental Activities</b>	<b>\$ 7,978,307</b>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	General Fund	Formerly Major Fund American Rescue Plan Fund	2021 SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes					
Property	\$ 1,289,383	\$ -	\$ -	\$ -	\$ 1,289,383
Sales	716,114	-	-	-	716,114
Other Taxes	858,672	-	-	17,267	875,939
Licenses and Permits	109,910	-	-	-	109,910
Intergovernmental	163,579	-	654,628	658,479	1,476,686
Fines and Forfeitures	184,722	-	-	-	184,722
Investment Earnings	42,191	-	2,223	634	45,048
Miscellaneous	42,438	-	-	-	42,438
<b>Total Revenues</b>	<b>3,407,009</b>	<b>-</b>	<b>656,851</b>	<b>676,380</b>	<b>4,740,240</b>
<b>Expenditures</b>					
Current					
General Government	797,749	-	-	20,685	818,434
Judicial	133,981	-	-	-	133,981
Public Safety	1,327,559	-	21,253	101,156	1,449,968
Public Works	488,992	-	427,107	17,983	934,082
Health and Welfare	2,375	-	-	-	2,375
Housing and Development	138,242	-	-	-	138,242
Capital Outlay	-	-	48,620	539,340	587,960
<b>Total Expenditures</b>	<b>2,888,898</b>	<b>-</b>	<b>496,980</b>	<b>679,164</b>	<b>4,065,042</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>518,111</b>	<b>-</b>	<b>159,871</b>	<b>(2,784)</b>	<b>675,198</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Assets	15,755	-	-	-	15,755
Transfers Out	(119,719)	-	-	-	(119,719)
<b>Total Other Financing Sources (Uses)</b>	<b>(103,964)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(103,964)</b>
<b>Net Change in Fund Balances</b>	<b>414,147</b>	<b>-</b>	<b>159,871</b>	<b>(2,784)</b>	<b>571,234</b>
<b>Fund Balances, 12/31/23, as Previously Presented</b>	<b>4,254,767</b>	<b>4,877</b>	<b>811,264</b>	<b>93,105</b>	<b>5,164,013</b>
Change Within Financial Reporting Entity (Major to Nonmajor Fund)	-	(4,877)	-	4,877	-
<b>Fund Balances, 12/31/23, as Adjusted</b>	<b>4,254,767</b>	<b>-</b>	<b>811,264</b>	<b>97,982</b>	<b>5,164,013</b>
<b>Fund Balance - End of Year</b>	<b>\$ 4,668,914</b>	<b>\$ -</b>	<b>\$ 971,135</b>	<b>\$ 95,198</b>	<b>\$ 5,735,247</b>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Amounts reported for governmental activities in the Statement of Activities are different

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 571,234
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Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Total Capital Outlays	602,351
Total Depreciation	(371,894)

Deferred outflows of resources related to pensions is not available during the current period, and therefore is not reported in the fund.

Change in Deferred Outflows of Resources Related to Pensions	(97,358)
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Long-Term Liabilities

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Compensated Absences	(28,019)
Net Pension Liability	112,837

Deferred inflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in Deferred Inflows of Resources Related to Pensions	(39,603)
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Revenues

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

14,093

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 763,641</b>
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See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Budget</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes				
General Property Taxes	\$ 1,075,000	\$ 1,102,586	\$ 1,289,383	\$ 186,797
Local Option Sales Tax	568,200	714,019	716,114	2,095
Other Taxes				
Insurance Premium Tax	265,000	325,282	328,775	3,493
Motor Vehicle Tax	112,119	112,119	127,710	15,591
Franchise Tax	255,000	255,000	272,085	17,085
Beer and Wine Tax	95,000	103,964	103,964	-
Real Estate Transfer Tax	3,000	6,189	6,704	515
Recording Intangible Taxes	15,000	15,000	14,464	(536)
Mobile Home Tax	762	762	754	(8)
Penalties and Interest	500	500	4,216	3,716
Total Taxes	2,389,581	2,635,421	2,864,169	228,748
Licenses and Permits				
Business Licenses and Permits	85,000	85,000	109,910	24,910
Intergovernmental Revenues				
Department of Transportation	-	128,579	128,579	-
Jones County Board of Education				
Crossing Guards	35,000	35,000	35,000	-
Total Intergovernmental Revenues	35,000	163,579	163,579	-
Fines, Forfeitures, and Penalties				
Fines and Forfeitures	143,000	119,361	184,722	65,361
Total Fines, Forfeitures, and Penalties	143,000	119,361	184,722	65,361
Miscellaneous				
Interest Earnings	3,897	3,897	42,191	38,294
Miscellaneous	11,700	37,421	42,438	5,017
Total Miscellaneous	15,597	41,318	84,629	43,311
<b>Total Revenues</b>	<b>2,668,178</b>	<b>3,044,679</b>	<b>3,407,009</b>	<b>362,330</b>

See accompanying notes which are an integral part of these financial statements.



**CITY OF GRAY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(CONTINUED)**

	<b>Budget</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Expenditures</b>				
Current				
General Government				
General Administration	\$ 769,560	\$ 797,749	\$ 797,749	\$ -
Judicial				
Municipal Court	121,800	125,747	124,981	766
Public Defender	9,000	9,000	9,000	-
Public Safety				
Police	1,014,200	1,121,704	1,105,827	15,877
Prisoner Custody	17,000	17,000	7,907	9,093
Fire	142,997	157,766	128,592	29,174
Dispatching	84,250	84,250	84,233	17
Emergency Management	1,000	1,000	1,000	-
Public Works				
Highways and Streets	301,100	501,293	488,992	12,301
Health and Welfare				
Community Center	2,500	2,500	2,375	125
Housing and Development				
Better Hometown	7,368	7,368	-	7,368
Planning and Zoning	9,600	9,600	9,600	-
Downtown Development	20,000	20,000	20,000	-
Main Street Gray	72,803	110,738	108,642	2,096
<b>Total Expenditures</b>	<b>2,573,178</b>	<b>2,965,715</b>	<b>2,888,898</b>	<b>76,817</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>95,000</b>	<b>78,964</b>	<b>518,111</b>	<b>439,147</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds From Sale Assets	-	-	15,755	15,755
Transfer to Water and Sewer Fund	(95,000)	(103,964)	(119,719)	(15,755)
<b>Total Other Financing Sources (Uses)</b>	<b>(95,000)</b>	<b>(103,964)</b>	<b>(103,964)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(25,000)</b>	<b>414,147</b>	<b>439,147</b>
<b>Fund Balance - Beginning of Year</b>	<b>4,254,767</b>	<b>4,254,767</b>	<b>4,254,767</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 4,254,767</b>	<b>\$ 4,229,767</b>	<b>\$ 4,668,914</b>	<b>\$ 439,147</b>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2024**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 911,941	\$ 22,138	\$ 934,079
Certificates of Deposit	232,203	-	232,203
Restricted Cash and Cash Equivalents			
Revenue Bond Covenant Accounts	736,633	-	736,633
Accrued Interest Receivable	4,734	-	4,734
Accounts Receivable (Net of Allowance for Uncollectibles)	169,198	35,549	204,747
Due From Other Funds	25,461	9,425	34,886
Due From Other Governments	169,707	-	169,707
Total Current Assets	2,249,877	67,112	2,316,989
Noncurrent Assets			
Capital Assets			
Nondepreciable Assets	447,605	-	447,605
Depreciable Assets, Net	16,070,264	-	16,070,264
Total Capital Assets	16,517,869	-	16,517,869
Total Noncurrent Assets	16,517,869	-	16,517,869
<b>Total Assets</b>	18,767,746	67,112	18,834,858
<b>Deferred Outflows of Resources</b>			
Deferred Outflows of Resources Related to Pensions	110,525	-	110,525
<b>Total Deferred Outflows of Resources</b>	110,525	-	110,525

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2024**  
**(CONTINUED)**

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	\$ 146,225	\$ -	\$ 146,225
Accrued Liabilities	17,187	-	17,187
Customer Deposits Payable	228,560	-	228,560
Compensated Absences	21,634	-	21,634
Due To Other Funds	60,218	39,013	99,231
Notes Payable - Current	282,668	-	282,668
Total Current Liabilities	756,492	39,013	795,505
Noncurrent Liabilities			
Notes Payable	10,118,101	-	10,118,101
Net Pension Liability	543,428	-	543,428
Total Noncurrent Liabilities	10,661,529	-	10,661,529
<b>Total Liabilities</b>	11,418,021	39,013	11,457,034
<b>Deferred Inflows of Resources</b>			
Deferred Inflows of Resources Related to Pensions	21,324	-	21,324
<b>Total Deferred Inflows of Resources</b>	21,324	-	21,324
<b>Net Position</b>			
Net Investment in Capital Assets	6,102,755	-	6,102,755
Restricted			
Restricted for Debt Service	736,633	-	736,633
Unrestricted	599,538	28,099	627,637
<b>Total Net Position</b>	\$ 7,438,926	\$ 28,099	\$ 7,467,025

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Sales and Services			
Water Sales	\$ 1,289,203	\$ -	\$ 1,289,203
Sewerage Fees	946,840	-	946,840
Garbage Fees	-	393,406	393,406
Connection Fees	96,525	-	96,525
Penalties and Other Fees	49,272	-	49,272
Miscellaneous	159,937	-	159,937
<b>Total Operating Revenues</b>	<b>2,541,777</b>	<b>393,406</b>	<b>2,935,183</b>
<b>Operating Expenses</b>			
Salaries	546,077	-	546,077
Employee Benefits	277,420	-	277,420
Depreciation	368,746	-	368,746
Utilities	154,374	-	154,374
Maintenance and Supplies	190,880	-	190,880
Insurance	72,521	-	72,521
Professional Fees	59,921	-	59,921
Contracted Services	450,596	380,784	831,380
Travel	10,054	-	10,054
Engineering Fees	9,399	-	9,399
County Water Expense	567,306	-	567,306
Other Operating Expenses	67,963	175	68,138
<b>Total Operating Expenses</b>	<b>2,775,257</b>	<b>380,959</b>	<b>3,156,216</b>
<b>Operating Income (Loss)</b>	<b>(233,480)</b>	<b>12,447</b>	<b>(221,033)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Revenue	9,198	48	9,246
Intergovernmental Revenue	26,260	-	26,260
Gain on Sale of Asset	679	-	679
Interest Expense	(157,726)	-	(157,726)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(121,589)</b>	<b>48</b>	<b>(121,541)</b>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(CONTINUED)**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Net Income (Loss) Before Contributions and Transfers</b>	(355,069)	12,495	(342,574)
Capital Contributions	307,621	-	307,621
Transfers In	119,719	-	119,719
<b>Change In Net Position</b>	72,271	12,495	84,766
<b>Net Position - Beginning of Year</b>	7,366,655	15,604	7,382,259
<b>Net Position - End of Year</b>	<u>\$ 7,438,926</u>	<u>\$ 28,099</u>	<u>\$ 7,467,025</u>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 3,297,957	\$ 383,195	\$ 3,681,152
Cash Paid to Supplies for Goods and Services	(3,077,597)	(375,983)	(3,453,580)
Cash Paid to Employees	(800,390)	-	(800,390)
Net Cash Provided by (Used for) Operating Activities	(580,030)	7,212	(572,818)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer from General Fund	119,719	-	119,719
Net Cash Provided by (Used for) Noncapital Financing Activities	119,719	-	119,719
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and Construction of Assets	(2,048,090)	-	(2,048,090)
Proceeds from Notes Payable	2,599,053	-	2,599,053
Capital Grants	26,260	-	26,260
Gain on Sale of Asset	679	-	679
Principal Paid on Notes Payable	(33,531)	-	(33,531)
Interest Paid on Revenue Bonds	(157,726)	-	(157,726)
Net Cash Provided by (Used for) Capital and Related Financing Activities	386,645	-	386,645
<b>Cash Flows from Investing Activities</b>			
Interest Received	8,031	48	8,079
Net Cash Provided by (Used for) Investing Activities	8,031	48	8,079
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	(65,635)	7,260	(58,375)
<b>Cash and Cash Equivalents - Beginning</b>	1,946,412	14,878	1,961,290
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,880,777</u>	<u>\$ 22,138</u>	<u>\$ 1,902,915</u>
<b>Reconciliation of Cash and Cash Equivalents</b>			
Cash	\$ 911,941	\$ 22,138	\$ 934,079
Certificates of Deposits	232,203	-	232,203
Restricted Cash	736,633	-	736,633
<b>Total Cash and Cash Equivalents</b>	<u>\$ 1,880,777</u>	<u>\$ 22,138</u>	<u>\$ 1,902,915</u>

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(CONTINUED)**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ (233,480)	\$ 12,447	\$ (221,033)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	368,746	-	368,746
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(5,321)	(10,211)	(15,532)
(Increase) Decrease in Due from Other Governments	758,651	-	758,651
(Increase) Decrease in Due from Other Funds	(25,461)	(2,840)	(28,301)
(Increase) Decrease in Deferred Outflows - Pensions	52,424	-	52,424
Increase (Decrease) in Accounts Payable	(939,040)	(5,862)	(944,902)
Increase (Decrease) in Retainage Payable	(526,033)	-	(526,033)
Increase (Decrease) in Accrued Liabilities	8,238	-	8,238
Increase (Decrease) in Customer Water Deposits	2,850	-	2,850
Increase (Decrease) in Due to Other Funds	(4,049)	13,678	9,629
Increase (Decrease) in Compensated Absences	1,880	-	1,880
Increase (Decrease) in Net Pension Liability	(60,759)	-	(60,759)
Increase (Decrease) in Deferred Inflows - Pensions	21,324	-	21,324
Total Adjustments	(346,550)	(5,235)	(351,785)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (580,030)</b>	<b>\$ 7,212</b>	<b>\$ (572,818)</b>
<b>Noncash Capital Financing Activities</b>			
Contributions of Capital Assets From Government	\$ 307,621	\$ -	\$ 307,621

See accompanying notes which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2024**

	<b>Private-Purpose Trust Fund</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 7,836
Certificates of Deposit	63,500
Interest Receivable	1,155
	<hr/>
<b>Total Assets</b>	<b>\$ 72,491</b>
	<hr/> <hr/>
 <b>Liabilities and Net Position</b>	
 <b>Liabilities</b>	
Accounts Payable	\$ -
	<hr/>
<b>Total Liabilities</b>	<b>-</b>
	<hr/>
<b>Net Position</b>	
Restricted for Perpetual Care	72,491
	<hr/>
<b>Total Net Position</b>	<b>72,491</b>
	<hr/>
<b>Total Liabilities and Net Position</b>	<b>\$ 72,491</b>
	<hr/> <hr/>

See accompanying notes which are an integral part of these financial statements.



**CITY OF GRAY, GEORGIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Private-Purpose Trust Fund</b>
<b>Revenues</b>	
Miscellaneous	\$ 1,500
Investment Earnings	950
<b>Total Revenues</b>	<u>2,450</u>
<b>Expenditures</b>	
Current	
Culture and Recreation	150
<b>Total Expenditures</b>	<u>150</u>
<b>Net Change in Net Position</b>	2,300
<b>Net Position - Beginning of Year</b>	<u>70,191</u>
<b>Net Position - End of Year</b>	<u><u>\$ 72,491</u></u>

See accompanying notes which are an integral part of these financial statements.

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## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF GRAY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Accounting Policies**

The City of Gray (the City) was incorporated in 1911 under the provision of an Act of the General Assembly of Georgia. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, recreation, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles, as applicable to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

***Reporting Entity***

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Gray, Georgia (primary government) and its component unit. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34*, the City's relationships with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial data for the Downtown Development Authority, as of December 31, 2024. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

*Downtown Development Authority* - The Downtown Development Authority is a public body, corporate and politic, and was created upon the adoption and approval of the Development Authorities Law of the State of Georgia. The Mayor and City Council appoint all members of the Downtown Development Authority. The Downtown Development Authority is audited along with the primary government financial statements and separate financial statements are not prepared.

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

Under Georgia law, the City, in conjunction with other cities and counties in the middle Georgia area, is a member of the Middle Georgia Regional Commission (the RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC.

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

### ***Reporting Entity (Continued)***

Separate financial statements may be obtained from:

Middle Georgia Regional Commission  
175-C Emery Highway  
Macon, GA 31217

### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component unit for which the primary government is financially accountable.

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

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

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

#### ***Government-Wide Financial Statements***

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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.

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

Amounts reported as programs revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues.

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

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

#### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. The activities of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

2021 SPLOST Fund - The 2021 SPLOST Fund is used to account for SPLOST proceeds and various projects associated with the 2021 SPLOST.

The City reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer Fund is used to account for the providing of water and sewer services to the citizens of the City.

Sanitation Fund - The Sanitation Fund is used to account for trash services provided to the citizens of the City.

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

### ***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

### ***Receivables***

Due from other governments represents funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based on historical experience rates.

### ***Restricted Assets***

Certain assets of the enterprise funds are classified as restricted assets because their use is restricted by bond covenants.

### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

### ***Inventories***

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

### ***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to January 1, 2004) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

### ***Capital Assets (Continued)***

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Building	10 Years
Water and Sewer System	10 - 50 Years
Furniture and Equipment	5 - 10 Years
Vehicles	5 Years
Infrastructure	2 Years

### ***Compensated Absences***

Accumulated unpaid sick leave costs are not vested and are not accrued in any fund, but are recognized as expenditures or expenses, when paid. Accumulated unpaid vacation costs and compensatory time are accrued when incurred in the proprietary funds. The City does not budget for compensated absences in the governmental funds. All accumulated unpaid vacation costs and compensatory time (for funds other than proprietary) are reflected in the governmental activities at December 31, 2024 and amount to \$96,073.

### ***Long-Term Obligations***

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

### ***Management Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### ***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 or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has one item that qualifies for reporting in this category in the government-wide financial statements. The deferred outflow of resources related to the pension plans. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

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 City has two types of items, which arise under a modified accrual basis of accounting that qualifies for reporting in this category. This first 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. The second is recognized in the government-wide financial statements and is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.



## (1) Summary of Significant Accounting Policies (Continued)

### *Net Position Flow Assumption*

Sometimes the City 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 City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

### *Fund Equity*

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

*Nonspendable* - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* - amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.

*Assigned* - amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the City Council.

*Unassigned* - amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

*Flow Assumptions* - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of December 31, 2024:

Fund Balances	General Fund	2021 SPLOST	Nonmajor Governmental	Total
Restricted				
Law Enforcement	\$ -	\$ -	\$ 12,682	\$ 12,682
Tourism	-	-	887	887
Capital Outlay	-	971,135	-	971,135
Assigned				
Law Enforcement	4,503	-	-	4,503
Fire Department	6,404	-	-	6,404
Capital Outlay	-	-	81,629	81,629
Unassigned	4,658,007	-	-	4,658,007
Total Fund Balances	<u>\$ 4,668,914</u>	<u>\$ 971,135</u>	<u>\$ 95,198</u>	<u>\$ 5,735,247</u>

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

### ***Risk Management***

The City is exposed to various risks of loss related to torts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage in the current year. Commercial insurance premiums totaled \$112,505 during the current year.

The City has obtained commercial insurance for workers compensation claims. The limits of the coverage are \$1,000,000 for each employee claim. Commercial insurance premiums for workers compensation insurance totaled \$30,527 during the current year. Settled claims in the past three years have not exceeded the coverage.

## **(2) Budgets and Budgetary Accounting**

### ***Budget Process***

An annual operating budget is prepared for the General Fund and Special Revenue Fund. Budgets are prepared for Capital Projects Funds on a project-length basis, which usually covers two or more fiscal years. Prior to November, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

After a review by the Mayor and Council, public hearings are conducted. Prior to December 31, the budget is legally enacted through passage of an ordinance.

The City Clerk is delegated the authority, upon the direction of and approval by the Mayor and Council to transfer sums from one department to another. No increase in the overall budget for the City may be made without the approval of the Mayor and Council and amendment to the budget.

The legal level of budgetary control is the department level. All annual appropriations lapse at year end.

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The statements of revenues, expenditures, and changes in fund balances - budget and actual have been prepared on the basis described above.

### **(3) Deposits and Investments**

#### ***Credit Risk***

State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law (Georgia Fund 1); repurchase agreements; and obligations of other political subdivisions of the State of Georgia. At December 31, 2024, the City's only investments were in certificates of deposit.

At December 31, 2024, the City's certificates of deposit were as follows:

Investment	Maturity	Amount
Certificates of Deposit - General Fund	1 - 6 months	\$ 701,036
	7 - 12 months	359,342
Certificates of Deposit - Water and Sewer Fund	1 - 6 months	221,319
	7 - 12 months	10,884
		<u>\$ 1,292,581</u>

#### ***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.

#### ***Custodial Credit Risk - Deposits***

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The City's bank balances of deposits as of December 31, 2024 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

### **(4) Property Taxes**

State law requires that property taxes be based on assessed value, which is 40 percent of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by a Joint Board of Tax Assessors of Jones County.

Upon completion of all assessments and tax returns, the information is turned over to the Jones County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40 percent level is not reached.

For most vehicles purchased after March 1, 2013, motor vehicle taxes are due upon the transfer of title and based off the fair value of the vehicle. For vehicles not subject to title ad valorem tax, the Tax Commissioner sends annual tax notices due by the owner's birthday.

#### (4) Property Taxes (Continued)

The property tax calendar is as follows:

	Real / Personal Property
Assessment Date	January 1
Levy Date	August 30th
Due Date and Collection Date	December 31, 2024
Lien Date	May 1, 2025

#### (5) Other Receivables

Receivables at December 31, 2024 consist of the following:

	General Fund	Water and Sewer Fund	Sanitation Fund	Nonmajor Governmental Funds	Total
Receivables					
Taxes	\$ 176,746	\$ -	\$ -	\$ -	\$ 176,746
Accounts	-	222,646	51,626	1,855	276,127
Accrued Interest	17,587	4,734	-	-	22,321
Gross Receivables	194,333	227,380	51,626	1,855	475,194
Allowances for Uncollectibles	(13,048)	(53,448)	(16,077)	-	(82,573)
Net Receivables	\$ 181,285	\$ 173,932	\$ 35,549	\$ 1,855	\$ 392,621

#### (6) Due From Other Governments

Amounts due from other governments at December 31, 2024 are as follows:

Fund	Federal	State	Other	Total
General	\$ -	\$ 66,788	\$ 24,732	\$ 91,520
2021 SPLOST	-	52,927	-	52,927
Water and Sewer Fund	10,568	159,139	-	169,707
Nonmajor Governmental Fund	8,360	-	-	8,360
Total	\$ 18,928	\$ 278,854	\$ 24,732	\$ 322,514

## (7) Interfund Receivables, Payables, And Transfers

The composition of interfund balances and transfers as of December 31, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 50,793
	Sanitation Fund	39,013
	Nonmajor Governmental Fund	8,499
Water and Sewer Fund	General Fund	25,461
Sanitation Fund	Water and Sewer Fund	<u>9,425</u>
Total		<u><u>\$ 133,191</u></u>

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

Interfund transfers are as follows:

	<u>Transfer In</u>	
<u>Transfer Out</u>	<u>Water and</u>	<u>Total</u>
	<u>Sewer Fund</u>	
General Fund	\$ 119,719	\$ 119,719
Total	<u><u>\$ 119,719</u></u>	<u><u>\$ 119,719</u></u>

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

**(8) Capital Assets**

Capital asset activity for the year ended December 31, 2024 was as follows:

***Primary Government***

<b>Governmental Activities</b>	Beginning Balance	Additions	Deductions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 1,053,040	\$ -	\$ -	\$ 1,053,040
Total Capital Assets Not Being Depreciated	1,053,040	-	-	1,053,040
Capital Assets Being Depreciated				
Infrastructure	2,175,540	163,484	-	2,339,024
Buildings	842,008	-	-	842,008
Equipment	570,696	177,967	(67,605)	681,058
Vehicles	1,833,188	144,000	-	1,977,188
Intangible Right-To-Use Asset	-	116,900	-	116,900
Total Capital Assets Being Depreciated	5,421,432	602,351	(67,605)	5,956,178
Accumulated Depreciation				
Infrastructure	(1,576,988)	(108,777)	-	(1,685,765)
Buildings	(367,557)	(19,625)	-	(387,182)
Equipment	(523,165)	(46,978)	67,605	(502,538)
Vehicles	(1,136,581)	(160,795)	-	(1,297,376)
Intangible Right-To-Use Asset	-	(35,719)	-	(35,719)
Total Accumulated Depreciation	(3,604,291)	(371,894)	67,605	(3,908,580)
Total Capital Assets Being Depreciated, Net	1,817,141	230,457	-	2,047,598
Governmental Capital Assets, Net	\$ 2,870,181	\$ 230,457	\$ -	\$ 3,100,638

**(8) Capital Assets (Continued)****Primary Government (Continued)**

Capital asset activity for the year ended December 31, 2024, was as follows:

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated					
Land	\$ 34,414	\$ -	\$ -	\$ -	\$ 34,414
Water Rights	313,683	-	-	-	313,683
Construction in Progress	9,369,161	2,309,198	-	(11,578,851)	99,508
<b>Total Capital Assets Not Being Depreciated</b>	<b>9,717,258</b>	<b>2,309,198</b>	<b>-</b>	<b>(11,578,851)</b>	<b>447,605</b>
Capital Assets Being Depreciated					
Sewer System	3,207,303	-	-	11,387,345	14,594,648
Water System	6,328,939	24,467	-	-	6,353,406
Wastewater Treatment Plant	2,624,190	-	-	-	2,624,190
Building	41,526	-	-	-	41,526
Equipment	449,473	22,045	-	-	471,518
Storm Drainage Improvements	251,187	-	-	191,506	442,693
Vehicles	229,637	-	-	-	229,637
<b>Total Capital Assets Being Depreciated</b>	<b>13,132,255</b>	<b>46,512</b>	<b>-</b>	<b>11,578,851</b>	<b>24,757,618</b>
Accumulated Depreciation					
Sewer System	(1,855,633)	(84,341)	-	-	(1,939,974)
Water System	(3,911,214)	(175,770)	-	-	(4,086,984)
Wastewater Treatment Plant	(1,831,247)	(75,632)	-	-	(1,906,879)
Building	(41,526)	-	-	-	(41,526)
Equipment	(359,256)	(14,922)	-	-	(374,178)
Storm Drainage Improvements	(101,138)	(12,559)	-	-	(113,697)
Vehicles	(218,594)	(5,522)	-	-	(224,116)
<b>Total Accumulated Depreciation</b>	<b>(8,318,608)</b>	<b>(368,746)</b>	<b>-</b>	<b>-</b>	<b>(8,687,354)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,813,647</b>	<b>(322,234)</b>	<b>-</b>	<b>11,578,851</b>	<b>16,070,264</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 14,530,905</b>	<b>\$ 1,986,964</b>	<b>\$ -</b>	<b>\$ -</b>	<b>16,517,869</b>
				Less Related Long-Term Debt Outstanding	(10,400,769)
				Less (Non-Debt) Capital Related Liabilities	(14,345)
				<b>Net Investment in Capital Assets</b>	<b>\$ 6,102,755</b>

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

**Governmental Activities**

General Government	\$ 22,259
Public Safety	205,660
Public Works	143,975
<b>Total</b>	<b>\$ 371,894</b>

**Business-Type Activities**

Water and Sewer	\$ 368,746
<b>Total</b>	<b>\$ 368,746</b>

## (8) Capital Assets (Continued)

Activity for the Downtown Development Authority for the year ended December 31, 2024, was as follows:

Discretely Presented Component Unit	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 1,021,421	\$ -	\$ -	\$ -	\$ 1,021,421
Construction in Progress	-	-	-	-	-
Total Capital Assets Not Being Depreciated	1,021,421	-	-	-	1,021,421
Capital Assets Being Depreciated					
Land Improvements	118,980	-	-	-	118,980
Buildings	652,775	-	-	-	652,775
Equipment	18,451	-	-	-	18,451
Total Capital Assets Being Depreciated	790,206	-	-	-	790,206
Accumulated Depreciation					
Land Improvements	(11,898)	(5,949)	-	-	(17,847)
Buildings	(44,377)	(13,056)	-	3,690	(53,743)
Equipment	-	(3,690)	-	(3,690)	(7,380)
Total Accumulated Depreciation	(56,275)	(22,695)	-	-	(78,970)
Total Capital Assets Being Depreciated, Net	733,931	(22,695)	-	-	711,236
Discretely Presented Component Unit					
Capital Assets, Net	\$ 1,755,352	\$ (22,695)	\$ -	\$ -	\$ 1,732,657

## (9) Long-Term Debt

### Proprietary Funds

#### Loans Payable

#### 2016 GEFA Loan Payable DW 16-002

In 2016, the City entered into a contract with the Georgia Environmental Facilities Authority for a Drinking Water State Revolving Loan Fund grant / loan to provide financing for improvements to the water system. The City may draw down funds up to \$810,135, of which 40 percent or \$324,054 is forgivable. The total amount the City drew down on this loan was \$374,798. Monthly payments of \$1,729, including interest at 1.03 percent began in September 2017 and will end in August 2037. Total interest paid for 2024 was \$2,637.

Cash requirements to maturity for this loan are as follows:

Year	Principal	Interest	Total
2025	\$ 18,294	\$ 2,450	\$ 20,744
2026	18,484	2,261	20,745
2027	18,675	2,070	20,745
2028	18,868	1,876	20,744
2029	19,063	1,690	20,753
2030-2034	98,318	5,405	103,723
2035-2037	54,542	776	55,318
	<u>\$ 246,244</u>	<u>\$ 16,528</u>	<u>\$ 262,772</u>



## (9) Long-Term Debt (Continued)

### *Proprietary Funds (Continued)*

#### *Loans Payable (Continued)*

##### 2018 GEFA Loan Payable CW 2016039

In 2018, the City entered into a contract with the Georgia Environmental Facilities Authority for a Clean Water State Revolving Loan Fund grant / loan to provide financing for improvements to the sewer system. The City may draw down funds up to \$711,000, of which 25 percent or \$177,750 is forgivable. The total amount the City drawn down on this loan was \$325,345. Monthly payments of \$1,480, including interest at .89 percent began in May 2020 and will end in April 2040. Total interest paid for 2024 was \$2,340.

Cash requirements to maturity for this loan are as follows:

Year	Principal	Interest	Total
2025	\$ 15,562	\$ 2,202	\$ 17,764
2026	15,701	2,063	17,764
2027	15,841	1,922	17,763
2028	15,983	1,781	17,764
2029	16,126	1,638	17,764
2030-2034	82,817	6,003	88,820
2035-2039	86,584	2,236	88,820
2040	5,911	11	5,922
	<u>\$ 254,525</u>	<u>\$ 17,856</u>	<u>\$ 272,381</u>

##### 2020 GEFA Loan Payable CW 2020017

In 2021, the City entered into a contract with the Georgia Environmental Facilities Authority for a Clean Water State Revolving Loan Fund to provide financing for the upgrading of the Wolf Creek Water Pollution Control Plant and related appurtenances. The City may draw down funds up to \$9,900,000. The total amount the City has drew down on this loan as of December 31, 2024 is \$9,900,000. Total interest paid for 2024 was \$152,749.

Cash requirements to maturity for this loan are as follows:

Year	Principal	Interest	Total
2025	\$ 248,812	\$ 182,026	\$ 430,838
2026	253,479	177,358	430,837
2027	258,234	172,603	430,837
2028	263,079	167,759	430,838
2029	268,014	162,824	430,838
2030-2034	1,417,398	736,789	2,154,187
2035-2039	1,555,428	598,759	2,154,187
2040-2044	1,706,900	447,287	2,154,187
2045-2049	1,873,123	281,065	2,154,188
2050-5054	2,055,533	98,655	2,154,188
	<u>\$ 9,900,000</u>	<u>\$ 3,025,125</u>	<u>\$ 12,925,125</u>

## **(9) Long-Term Debt (Continued)**

### ***Proprietary Funds (Continued)***

#### *Restricted Assets*

The balance of the restricted asset accounts in the Water and Sewer Enterprise Fund as of December 31, 2024, is \$736,633.

#### *Changes in Long-Term Liabilities*

Long-term liability activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Net Pension Liability	\$ 1,122,061	\$ -	\$ (112,837)	\$ 1,009,224	\$ -
Compensated Absences	68,054	59,920	(31,901)	96,073	96,073
Governmental Activities Long-Term Liabilities	<u>\$ 1,190,115</u>	<u>\$ 59,920</u>	<u>\$ (144,738)</u>	<u>\$ 1,105,297</u>	<u>\$ 96,073</u>
Business-Type Activities					
2016 GEFA Loan - DW16002	\$ 264,351	\$ -	\$ (18,107)	\$ 246,244	\$ 18,294
2018 GEFA Loan - CW2016039	269,949	-	(15,424)	254,525	15,562
2020 GEFA Loan - CW2020017	7,300,947	2,599,053	-	9,900,000	248,812
Net Pension Liability	604,187	-	(60,759)	543,428	-
Compensated Absences	19,754	24,822	(22,942)	21,634	21,634
Business-Type Activities Long-Term Liabilities	<u>\$ 8,459,188</u>	<u>\$ 2,623,875</u>	<u>\$ (117,232)</u>	<u>\$ 10,965,831</u>	<u>\$ 304,302</u>

For the governmental activities, compensated absences and net pension liability are generally liquidated by the general fund and for the business-type activities, compensated absences and net pension liability are liquidated by the Water and Sewer Fund.

## **(10) Employee Retirement Plans**

### ***Georgia Municipal Employees Benefit System***

#### *Plan Description*

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Gray Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Gray. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

## **(10) Employee Retirement Plans (Continued)**

### ***Georgia Municipal Employees Benefit System (Continued)***

#### *Benefits Provided*

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2017, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

#### *Plan Membership*

As of July 1, 2024, the date of the most recent actuarial valuation report, pension plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	11
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	21
Current Active Employees	27
Nonvested Benefits	<u>8</u>
Total Membership in the Plan	<u><u>67</u></u>

#### *Contributions*

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 20.02 percent of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2024, the City reported a net pension liability. The net pension liability was measured as of March 31, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2024. An expected total pension liability as of December 31, 2024 was determined using standard roll-forward techniques.

For the year ended December 31, 2024, the City recognized pension expense relative to GMEBS in the amount of \$303,286. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 122,206	\$ (5,370)
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(55,557)
Employer Contributions Subsequent to the Measurement Date	193,580	-
	<u>\$ 315,786</u>	<u>\$ (60,927)</u>

## (10) Employee Retirement Plans (Continued)

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

City contributions subsequent to the measurement date of March 31, 2024 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year-End</u>	<u>Amount</u>
2025	\$ 20,919
2026	59,852
2027	13,729
2028	(33,221)

*Actuarial Assumptions* - The total pension liability as of December 31, 2024, was determined by an actuarial valuation as of July 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increase:	2.25% plus service-based merit increases
Cost of Living Adjustments:	N/A
Investment Rate of Return:	7.35%, Ongoing basis, based on long-term expected rate of return pension plan investments.

#### *Mortality Rates*

- Healthy Retirees and Beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- Disabled Participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- Active Participants, Terminated Vested Participants, and Deferred Beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Plan Termination Basis (All Lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

## (10) Employee Retirement Plans (Continued)

### *Net Pension Liability*

Changes in net pension liability for the year are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2023	<u>\$ 3,421,567</u>	<u>\$ 1,695,319</u>	<u>\$ 1,726,248</u>
Service Cost	81,571	-	81,571
Interest	254,482	-	254,482
Difference Between Expected and Actual Experience	(7,160)	-	(7,160)
Contributions - Employer	-	216,629	(216,629)
Net Investment Income	-	294,913	(294,913)
Benefit Payments	(105,070)	(105,070)	-
Administrative Expense	-	(9,053)	9,053
Net Changes	<u>223,823</u>	<u>397,419</u>	<u>(173,596)</u>
Balance at December 31, 2024	<u><u>\$ 3,645,390</u></u>	<u><u>\$ 2,092,738</u></u>	<u><u>\$ 1,552,652</u></u>

The City's net pension liability is recorded in the government-wide statement of net position in the amounts of \$1,009,224 for governmental-activities and \$543,428 for business-type activities.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2024 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.91%
International Equity	20%	7.21%
Real Estate	10%	3.61%
Global Fixed Income	5%	1.67%
Domestic Fixed Income	20%	1.61%
Total	<u>100%</u>	

*Discount Rate* - The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## (10) Employee Retirement Plans (Continued)

### *Net Pension Liability (Continued)*

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the City's net pension liability calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current discount rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 2,079,845	\$ 1,552,652	\$ 1,114,575

*Pension Plan Fiduciary Net Position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publicly available at [www.gmanet.com](http://www.gmanet.com).

## (11) Contingent Liabilities

### *Litigation*

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

## (12) Adjustments and Restatements to Beginning Balances

### *Change Within the Reporting Entity*

During year ended December 31, 2024, the City re-evaluated its fund classifications and determined that a fund previously reported as a major fund should be reported as a nonmajor fund. The City determined that the American Rescue Plan Act Fund previously reported as a major fund should be reported as a nonmajor fund. This reclassification was made to better reflect the financial activities and significance of these funds in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections.

	Reporting Units Affected by Adjustments to and Restatement of Beginning Balances		
	Fund Statements		Government-Wide
	American Rescue Plan Act Fund	Nonmajor Governmental	Governmental Activities
12/31/23, As Previously Reported	\$ 4,877	\$ 93,105	\$ 7,214,666
Change From Major Fund to Nonmajor	(4,877)	4,877	-
12/31/23, As Restated	\$ -	\$ 97,982	\$ 7,214,666

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GRAY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**

<b>Total Pension Liability</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Service Cost	\$ 81,571	\$ 65,460	\$ 62,271
Interest on Total Pension Liability	254,482	198,253	182,088
Difference Between Expected and Actual Experience	(7,160)	128,006	46,581
Benefit Payments, Including Refunds of Employee Contributions	(105,070)	(96,601)	(53,293)
Other	-	455,430	-
<b>Net Change in Total Pension Liability</b>	<b>223,823</b>	<b>750,548</b>	<b>237,647</b>
<b>Total Pension Liability - Beginning</b>	<b>3,421,567</b>	<b>2,671,019</b>	<b>2,433,372</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 3,645,390</b>	<b>\$ 3,421,567</b>	<b>\$ 2,671,019</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 216,629	\$ 186,904	\$ 160,058
Net Investment Income	294,913	(113,179)	93,207
Benefit Payments, Including Refunds of Member Contributions	(105,070)	(96,601)	(53,293)
Administrative Expenses	(9,053)	(12,846)	(10,227)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>397,419</b>	<b>(35,722)</b>	<b>189,745</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,695,319</b>	<b>1,731,041</b>	<b>1,541,296</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 2,092,738</b>	<b>\$ 1,695,319</b>	<b>\$ 1,731,041</b>
<b>City's Net Pension Liability (Asset) - Ending</b>	<b>\$ 1,552,652</b>	<b>\$ 1,726,248</b>	<b>\$ 939,978</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>57.41%</b>	<b>49.55%</b>	<b>64.81%</b>
<b>Covered-Employee Payroll</b>	<b>1,569,108</b>	<b>1,434,511</b>	<b>1,380,489</b>
<b>Net Pension Liability As a Percentage of Covered-Employee Payroll</b>	<b>98.95%</b>	<b>120.34%</b>	<b>68.09%</b>

See accompanying notes to the required supplementary information which are an integral part of these financial statements.



**CITY OF GRAY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**(CONTINUED)**

2021	2020	2019	2018	2017	2016	2015
\$ 56,291	\$ 40,288	\$ 40,286	\$ 41,554	\$ 37,831	\$ 41,553	\$ 43,993
155,120	114,211	99,637	87,298	85,512	79,822	73,019
197,851	78,842	94,886	49,519	(66,619)	(14,131)	3,180
(45,832)	(44,690)	(36,287)	(33,553)	(33,821)	(33,821)	(33,821)
-	376,420	-	18,332	-	-	1,415
363,430	565,071	198,522	163,150	22,903	73,423	87,786
2,069,942	1,504,871	1,306,349	1,143,199	1,120,296	1,046,873	959,087
<u>\$ 2,433,372</u>	<u>\$ 2,069,942</u>	<u>\$ 1,504,871</u>	<u>\$ 1,306,349</u>	<u>\$ 1,143,199</u>	<u>\$ 1,120,296</u>	<u>\$ 1,046,873</u>
\$ 104,104	\$ 79,221	\$ 66,990	\$ 69,433	\$ 74,129	\$ 75,298	\$ 61,770
469,758	(78,791)	37,562	111,517	97,753	2,776	62,637
(45,832)	(44,690)	(36,287)	(33,553)	(33,821)	(33,821)	(33,821)
(9,973)	(12,975)	(10,528)	(10,333)	(10,618)	(7,666)	(6,813)
518,057	(57,235)	57,737	137,064	127,443	36,587	83,773
1,023,239	1,080,474	1,022,737	885,673	758,230	721,643	637,870
<u>\$ 1,541,296</u>	<u>\$ 1,023,239</u>	<u>\$ 1,080,474</u>	<u>\$ 1,022,737</u>	<u>\$ 885,673</u>	<u>\$ 758,230</u>	<u>\$ 721,643</u>
<u>\$ 892,076</u>	<u>\$ 1,046,703</u>	<u>\$ 424,397</u>	<u>\$ 283,612</u>	<u>\$ 257,526</u>	<u>\$ 362,066</u>	<u>\$ 325,230</u>
63.34%	49.43%	71.80%	78.29%	77.47%	67.68%	68.93%
1,342,475	1,167,082	1,139,991	1,100,149	1,049,773	1,000,466	973,479
66.45%	89.69%	37.23%	25.78%	24.53%	36.19%	33.41%

See accompanying notes to the required supplementary information which are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**SCHEDULE OF CITY CONTRIBUTIONS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	\$ 290,370	\$ 192,049	\$ 182,323	\$ 152,637	\$ 87,926	\$ 73,653	\$ 64,769	\$ 70,988	\$ 75,176	\$ 75,338
Contributions in Relation to the Actuarially Determined Contribution	290,370	192,049	182,323	152,637	87,926	75,653	64,769	70,988	75,176	75,338
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,000)	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 1,450,400	\$ 1,395,705	\$ 1,357,580	\$ 1,180,487	\$ 1,167,082	\$ 1,139,991	\$ 1,067,035	\$ 1,017,020	\$ 1,000,466	\$ 973,479
Contributions as a Percentage of Covered-Employee Payroll	20.02%	13.76%	13.43%	12.93%	7.53%	6.64%	6.07%	6.98%	7.51%	7.74%

See accompanying notes to the required supplementary information which are an integral part of these financial statements.

## CITY OF GRAY, GEORGIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

#### Changes of Assumptions

There have been no changes in methods or assumptions since the last valuation.

#### Benefit Changes

Amounts reported for fiscal years ending in 2023 and later reflect that effective February 1, 2023, the plan was amended to provide alternative normal retirement eligibility to employees who meet the Rule of 75 with minimum age 55.

Valuation date	The actuarially determined contribution rate was determined as of July 1, 2024, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending December 31, 2025.
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#### Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost method:	Entry age normal
Amortization Method:	Closed level dollar for the remaining unfunded liability
Remaining Amortization Period:	Remaining amortization period varies for the bases, with a net effective amortization period of 11 years.
Asset Valuation Method:	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20 percent of market value.
Net Investment Rate of Return:	7.375 percent
Projected Salary Increases:	2.25 percent plus service-based merit increases
Cost of Living Adjustments:	N/A
Retirement Age:	Ages 55-59 rate of 10 percent, age 60 rate of 20 percent, age 61 rate of 25 percent, age 62 rate of 35 percent, age 63 rate of 40 percent, age 64 rate of 45 percent, age 65 rate of 50 percent, ages 66-71 rate of 25 percent and age 72 and over rate of 100 percent.
Mortality	Healthy retirees and beneficiaries – Sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 Disabled participants – Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 Active participants, terminated vested participants, and deferred beneficiaries – Sex-distinct Pri-2012 head-count weighted Employee Mortality Table Plan termination basis (all lives) – 1994 Group Annuity Reserving Unisex Table The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for the specified purposes other than debt service or capital projects.

**Law Enforcement Confiscation Fund** - This fund accounts for condemned funds restricted for Law enforcement expenditures.

**Public Safety VR Grant Fund** - This fund accounts for the proceeds and expenditures related to the Public Safety and Community Violence Reduction Project.

**Hotel / Motel Fund** - This fund accounts for the hotel/motel taxes collected and expenditures relative to tourism.

**American Rescue Plan Fund** - This fund accounts for the American Rescue Plan grants received and expenditures relative to the grant.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Capital Improvements Fund** - This fund is used to account for the purchase or construction of major capital facilities or equipment for the City.

**CITY OF GRAY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	Special Revenue Funds				Capital Project Fund	
	<i>Formerly Major Fund</i>					
	Law Enforcement Confiscation	Public Safety VR Grant Fund	Hotel / Motel Fund	American Rescue Plan Fund	Capital Improvements	Total Nonmajor Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$ 12,655	\$ 66	\$ 874	\$ 11,207	\$ 76,279	\$ 101,081
Accounts Receivable	-	-	1,855	-	-	1,855
Due From Other Governments	-	8,360	-	-	-	8,360
<b>Total Assets</b>	\$ 12,655	\$ 8,426	\$ 2,729	\$ 11,207	\$ 76,279	\$ 111,296
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ -	\$ 1,742	\$ -	\$ -	\$ 1,742
Unearned Revenue	-	-	-	5,857	-	5,857
Due to Other Funds	-	8,399	100	-	-	8,499
<b>Total Liabilities</b>	-	8,399	1,842	5,857	-	16,098
<b>Fund Balances</b>						
Restricted	12,655	27	887	-	-	13,569
Assigned	-	-	-	5,350	76,279	81,629
<b>Total Fund Balances</b>	12,655	27	887	5,350	76,279	95,198
<b>Total Liabilities and Fund Balances</b>	\$ 12,655	\$ 8,426	\$ 2,729	\$ 11,207	\$ 76,279	\$ 111,296

**CITY OF GRAY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Special Revenue Funds				Capital Project Fund	
	Formerly Major Fund			Rescue Plan Fund	Capital Improvements	Total Nonmajor Governmental Funds
	Law Enforcement Confiscation	Public Safety Grant Fund	VR Hotel / Motel Fund			
Revenues						
Taxes	\$ -	\$ -	\$ 17,267	\$ -	\$ -	\$ 17,267
Intergovernmental	-	333,012	-	325,467	-	658,479
Investment Earnings	20	27	-	473	114	634
Total Revenues	20	333,039	17,267	325,940	114	676,380
Expenditures						
Current						
General Government	-	-	20,685	-	-	20,685
Public Safety	-	101,156	-	-	-	101,156
Public Works	-	-	-	17,983	-	17,983
Capital Outlay	-	231,856	-	307,484	-	539,340
Total Expenditures	-	333,012	20,685	325,467	-	679,164
Net Change in Fund Balances	20	27	(3,418)	473	114	(2,784)
Fund Balances, 12/31/23, as Previously Presented	12,635	-	4,305	-	76,165	93,105
Change Within Financial Reporting Entity (Major to Nonmajor Fund)	-	-	-	4,877	-	4,877
Fund Balances, 12/31/23, as Adjusted	12,635	-	4,305	4,877	76,165	97,982
Fund Balances - End of Year	\$ 12,655	\$ 27	\$ 887	\$ 5,350	\$ 76,279	\$ 95,198

**CITY OF GRAY, GEORGIA**  
**LAW ENFORCEMENT CONFISCATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Fines and Forfeitures	\$ 10,000	\$ -	\$ (10,000)
Investment Earnings	-	20	20
<b>Total Revenues</b>	<b>10,000</b>	<b>20</b>	<b>(9,980)</b>
<b>Expenditures</b>			
Current			
Public Safety	10,000	-	10,000
<b>Total Expenditures</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>20</b>	<b>20</b>
<b>Fund Balance - Beginning of Year</b>	<b>12,635</b>	<b>12,635</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 12,635</b>	<b>\$ 12,655</b>	<b>\$ 20</b>



**CITY OF GRAY, GEORGIA  
PUBLIC SAFETY VR GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Intergovernmental	\$ 333,012	\$ 333,012	\$ -
Investment Earnings	-	27	27
<b>Total Revenues</b>	<b>333,012</b>	<b>333,039</b>	<b>27</b>
<b>Expenditures</b>			
Current			
Public Safety	101,156	101,156	-
Capital Outlay	231,856	231,856	-
<b>Total Expenditures</b>	<b>333,012</b>	<b>333,012</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>Fund Balance - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ 27</b>	<b>\$ 27</b>

**CITY OF GRAY, GEORGIA  
HOTEL / MOTEL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 17,255	\$ 17,267	\$ 12
<b>Total Revenues</b>	<u>17,255</u>	<u>17,267</u>	<u>12</u>
<b>Expenditures</b>			
Current			
General Government	20,685	20,685	-
<b>Total Expenditures</b>	<u>20,685</u>	<u>20,685</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(3,430)	(3,418)	12
<b>Fund Balance - Beginning of Year</b>	<u>4,305</u>	<u>4,305</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 875</u>	<u>\$ 887</u>	<u>\$ 12</u>

**CITY OF GRAY, GEORGIA  
AMERICAN RESCUE PLAN FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Intergovernmental	\$ 615,000	\$ 325,467	\$ (289,533)
Interest Earnings	-	473	473
<b>Total Revenues</b>	<b>615,000</b>	<b>325,940</b>	<b>(289,060)</b>
<b>Expenditures</b>			
Current			
Public Works	296,515	17,983	278,532
Capital Outlay	318,485	307,484	11,001
<b>Total Expenditures</b>	<b>615,000</b>	<b>325,467</b>	<b>289,533</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>473</b>	<b>473</b>
<b>Fund Balance - Beginning of Year</b>	<b>4,877</b>	<b>4,877</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 4,877</b>	<b>\$ 5,350</b>	<b>\$ 473</b>

**CITY OF GRAY, GEORGIA**  
**SCHEDULES OF PROJECTS CONSTRUCTED**  
**WITH SPECIAL SALES TAX PROCEEDS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024**

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
<b>2015 SPLOST</b>				
Water and Sewer System Improvements	\$ 1,318,800	\$ 1,429,951	\$ -	\$ 1,429,951
Police Vehicles	362,250	392,004	-	392,004
Street Improvements	199,500	213,989	-	213,989
Fire Equipment, Vehicles, and Facilities	119,280	129,223	-	129,223
Public Works Vehicles and Equipment	100,170	109,645	-	109,645
<b>Total 2015 SPLOST</b>	<b>\$ 2,100,000</b>	<b>\$ 2,274,812</b>	<b>\$ -</b>	<b>\$ 2,274,812</b>

Note - the 2015 SPLOST was closed out during 2023.

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
<b>2021 SPLOST</b>				
Water and Sewer System Improvements	\$ 1,612,800	\$ 242,310	\$ 325,885	\$ 568,195
Police Vehicles	428,400	252,730	1,610	254,340
Street Improvements	226,800	87,886	96,872	184,758
Fire Equipment, Vehicles, and Facilities	138,600	45,418	19,643	65,061
Public Works Vehicles and Equipment	113,400	9,677	52,970	62,647
<b>Total 2021 SPLOST</b>	<b>\$ 2,520,000</b>	<b>\$ 638,021</b>	<b>\$ 496,980</b>	<b>\$ 1,135,001</b>

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**CITY OF GRAY, GEORGIA**  
**BALANCE SHEET**  
**COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY**  
**DECEMBER 31, 2024**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 140,443
<b>Total Assets</b>	<u>\$ 140,443</u>
<b>Liabilities</b>	
Accounts Payable	\$ 1,370
Security Deposit	1,445
<b>Total Liabilities</b>	<u>2,815</u>
<b>Fund Balances</b>	
Assigned	30,000
Unassigned	107,628
<b>Total Fund Balances</b>	<u>137,628</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 140,443</u>

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

<b>Total Fund Balances - Governmental Funds</b>	\$ 137,628
Capital Assets	
Cost of the Assets	1,811,627
Accumulated Depreciation	(78,970)
<b>Net Position of Governmental Activities</b>	<u>\$ 1,870,285</u>

**CITY OF GRAY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>Revenues</b>	
Intergovernmental	\$ 20,000
Rental Income	133,725
Donations	90
	<hr/>
<b>Total Revenues</b>	<hr/> 153,815 <hr/>
<b>Expenditures</b>	
Current	
Housing and Development	181,710
	<hr/>
<b>Total Expenditures</b>	<hr/> 181,710 <hr/>
<b>Net Change in Fund Balances</b>	(27,895)
<b>Fund Balance - Beginning of Year</b>	<hr/> 165,523 <hr/>
<b>Fund Balance - End of Year</b>	<hr/> \$ 137,628 <hr/>

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (27,895)
<b>Capital Assets</b>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	
Total Depreciation	<hr/> (22,695) <hr/>
<b>Change in Net Position of Governmental Activities</b>	<hr/> \$ (50,590) <hr/>

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## **SINGLE AUDIT SECTION**

**CITY OF GRAY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>Federal / Grantor /Pass-Through Grantor / Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Natural Resources</u></b>				
Passed through the Georgia Environmental Finance Authority				
Clean Water State Revolving Fund	66.458	CW2020017	\$ -	\$ 2,663,913
Drinking Water State Revolving Fund	66.468	DWLSL2022141	-	15,693
Total Pass-through Programs			-	2,679,606
<b>Total U.S. Department of Natural Resources</b>			-	2,679,606
<b><u>U.S. Department of Treasury</u></b>				
Direct Program				
Coronavirus State and Local Fiscal Recovery Funds	21.019		-	325,467
Total Direct Programs			-	325,467
Passed through the Georgia Office of Planning & Budget				
ARPA - Public Safety and Community Violence Reduction Grant Program	21.027	GA - 0013852	-	333,012
Total Pass-through Programs			-	333,012
<b>Total U.S. Department of Treasury</b>			-	658,479
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 3,338,085

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF GRAY, GEORGIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**(1) Basis of Presentation**

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

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

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

**(3) Indirect Cost Rate**

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

**(4) Loan Program**

The Clean Water State Revolving Loan Program CW2020017 is administered by the City of Gray, Georgia and the balances and transactions relating to this program is included in the City of Gray, Georgia's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at December 31, 2024 consists of:

Assistance Listing Number	Program Name	Outstanding Balance at December 31, 2024
66.458	Clean Water State Revolving Fund	\$ 9,900,000

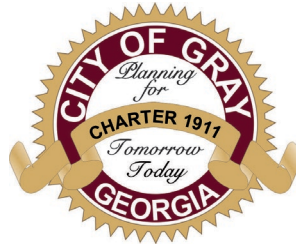
CITY  
COUNCIL  
James Collins  
Mayor Pro-Tem

David Tufts  
District 1

Benny Gray, Jr.  
District 2

Terrell Fulford  
District 3

Terry Favors  
District 4



**Ed Barbee**  
**Mayor**  
P.O. Box 443  
Gray, Georgia 31032  
(478) 986-5433  
Fax (478) 986-6675

Adam Lowe  
Police Chief

Don Graham  
EMA Director

Cindy Yancey  
City Clerk

City Superintendent  
Cheyenne Morgan

John D. Newberry  
City Attorney

Lewis J. Patterson  
City Court Judge

Keith Eisele  
Fire Chief

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**FINANCIAL STATEMENT FINDINGS**

NONE REPORTED

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE REPORTED

May 14, 2025

**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***

Mayor and City Council  
City of Gray, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Gray, Georgia** (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 14, 2025.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Mc Nair, Mc Lemoire, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

May 14, 2025

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

Mayor and City Council  
City of Gray, Georgia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McNair, McLeMORE, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**CITY OF GRAY, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>ALN Numbers</u>	<u>Name of Federal Program</u>
66.458	Clean Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B Program	\$ 750,000
Auditee qualified as low-risk auditee	No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.