

# CITY OF GRAY, GEORGIA



## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2021

**CITY OF GRAY, GEORGIA**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2021**

**CITY OF GRAY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
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June 15, 2022

## 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, 2021, 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 referred to above 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 of Gray, Georgia, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and major special revenue 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 of disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Gray, Georgia's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, on our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gray, Georgia's ability to continue as 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 page 50-51, the schedule of City contributions on page 52, and the notes to the required supplementary information on page 53-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gray, Georgia's basic financial statements. The combining nonmajor fund financial statements, budgetary comparison schedules, schedule of projects constructed with special sales tax proceeds and the Downtown Development Authority's financial statements 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, and the Downtown Development Authority's financial statements 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 June 15, 2022 on our consideration of the City of Gray, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gray, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gray, Georgia's internal control over financial reporting and compliance.

*McNair, McLemore, Middlebrooks & Co., LLC*  
MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC



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

## CITY OF GRAY, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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, 2021.

#### **Financial Highlights**

- The assets and deferred outflows of resources for the City exceeded its liabilities and deferred inflows of resources as of December 31, 2021 by \$14,512,675.
- The government's total net position increased by \$457,395 for the year ended December 31, 2021.
- As of December 31, 2021, total net position consisted of \$8,736,122 invested in capital equipment, net of related debt, \$1,527,587 restricted and \$4,248,966 unrestricted.
- As of the close of the current year the City's governmental funds reported combined ending fund balances of \$5,089,674 an increase of \$172,474 in comparison with the prior year.
- For the year ended December 31, 2021, fund balance for the general fund decreased from \$4,189,072 to \$3,849,634.

#### **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, 2021  
(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 nine individual governmental funds: the General Fund, the American Rescue Plan Fund, a Hotel/Motel Tax Fund, two SPLOST Funds, a Law Enforcement Confiscation Fund, a Capital Improvement Fund, a CDBG Fund and the Perpetual Care Fund.

The City adopts an annual appropriated budget for the General 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 20 of this report.

*Proprietary Funds*

Enterprise funds are a type of proprietary fund. 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 funds to account for the activities of the water and sewer fund and the sanitation fund.

The basic enterprise fund financial statements can be found on pages 21 through 26 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, 2021  
(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 \$14,512,675 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. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. As of December 31, 2021 the investment consists of \$20,069,495 in assets, with accumulated depreciation of \$10,732,974 and outstanding debt of \$600,399.

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, 2021 current liabilities decreased by \$73,354 and net position increased by \$457,395 compared to December 31, 2020.

	<b>Summary of Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 5,231,437	\$ 5,073,941	\$ 1,697,123	\$ 1,483,772	\$ 6,928,560	\$ 6,557,713
Capital assets	3,013,076	2,922,929	6,323,445	6,424,764	9,336,521	9,347,693
<b>Total assets</b>	<b>8,244,513</b>	<b>7,996,870</b>	<b>8,020,568</b>	<b>7,908,536</b>	<b>16,265,081</b>	<b>15,905,406</b>
<b>Deferred outflows of resources</b>						
Related to pensions	258,178	236,443	139,019	127,315	397,197	363,758
<b>Total deferred outflows of resources</b>	<b>258,178</b>	<b>236,443</b>	<b>139,019</b>	<b>127,315</b>	<b>397,197</b>	<b>363,758</b>
<b>Liabilities</b>						
Current and other liabilities	135,172	120,361	333,695	336,184	468,867	456,545
Long-term liabilities	579,849	715,131	879,736	1,017,647	1,459,585	1,732,778
<b>Total liabilities</b>	<b>715,021</b>	<b>835,492</b>	<b>1,213,431</b>	<b>1,353,831</b>	<b>1,928,452</b>	<b>2,189,323</b>
<b>Deferred inflows of resources</b>						
Related to pensions	143,748	15,965	77,403	8,596	221,151	24,561
<b>Total deferred inflows of resources</b>	<b>143,748</b>	<b>15,965</b>	<b>77,403</b>	<b>8,596</b>	<b>221,151</b>	<b>24,561</b>
<b>Net position</b>						
Net investment in capital assets	3,013,076	2,922,929	5,723,046	5,791,791	8,736,122	8,714,720
Restricted	1,164,073	652,199	363,514	34,057	1,527,587	686,256
Unrestricted	3,466,773	3,806,728	782,193	847,576	4,248,966	4,654,304
<b>Total net position</b>	<b>\$ 7,643,922</b>	<b>\$ 7,381,856</b>	<b>\$ 6,868,753</b>	<b>\$ 6,673,424</b>	<b>\$ 14,512,675</b>	<b>\$ 14,055,280</b>

**CITY OF GRAY, GEORGIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021  
(CONTINUED)**

	<b>Change in Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Revenues</u>						
Program revenues						
Charges for services	\$ 158,883	\$ 153,370	\$ 2,309,299	\$ 2,154,055	\$ 2,468,182	\$ 2,307,425
Operating grants and contributions	682,430	239,416	-	12,516	682,430	251,932
Capital grants and contributions	481,107	431,910	323,945	144,677	805,052	576,587
General revenues						
Taxes	2,321,801	2,173,367	-	-	2,321,801	2,173,367
Investment revenues	6,763	17,383	2,098	9,185	8,861	26,568
Sale of Property	-	-	-	-	-	-
Miscellaneous	14,108	4,599	-	-	14,108	4,599
<b>Total Revenues</b>	<b>3,665,092</b>	<b>3,020,045</b>	<b>2,635,342</b>	<b>2,320,433</b>	<b>6,300,434</b>	<b>5,340,478</b>
<u>Expenses</u>						
General government	627,700	843,086	-	-	627,700	843,086
Judicial	86,091	83,060	-	-	86,091	83,060
Public safety	1,205,744	1,100,400	-	-	1,205,744	1,100,400
Public works	993,134	624,918	-	-	993,134	624,918
Other	395,845	407,222	-	-	395,845	407,222
Water and Sewer	-	-	2,344,208	2,383,409	2,344,208	2,383,409
Sanitation	-	-	190,317	175,653	190,317	175,653
<b>Total Expenses</b>	<b>3,308,514</b>	<b>3,058,686</b>	<b>2,534,525</b>	<b>2,559,062</b>	<b>5,843,039</b>	<b>5,617,748</b>
Increase (decrease) in net position before transfers	356,578	(38,641)	100,817	(238,629)	457,395	(277,270)
Transfers	(94,512)	(97,393)	94,512	97,393	-	-
Increase (decrease) in net position	262,066	(136,034)	195,329	(141,236)	457,395	(277,270)
Net position - Beginning	7,381,856	7,517,890	6,673,424	6,814,660	14,055,280	14,332,550
<b>Net position - Ending</b>	<b>\$ 7,643,922</b>	<b>\$ 7,381,856</b>	<b>\$ 6,868,753</b>	<b>\$ 6,673,424</b>	<b>\$ 14,512,675</b>	<b>\$ 14,055,280</b>

**CITY OF GRAY, GEORGIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021  
(CONTINUED)**

**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.

As of December 31, 2021 the City's governmental funds reported combined ending fund balances of \$5,089,674. The unassigned fund balance reflects a balance of \$3,838,126 which is available for spending at the government's discretion. \$1,164,073 is restricted fund balance and the remainder of fund balance \$87,475 is assigned for miscellaneous capital outlays and is not available for new spending.

The fund balance of the City's governmental funds increased by \$172,474 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 \$782,193.

**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 20 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, 2021 totals \$9,336,521 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and vehicles. The total decrease in the City's investment in capital assets for the current year was \$11,172. Detailed information regarding the capital asset activity for 2021 can be found in Note 8 of this report.

**CITY OF GRAY, GEORGIA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021  
(CONTINUED)**

Capital assets net of depreciation follows.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
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	-	-	450,200	261,745	450,200	261,745
Infrastructure	816,106	924,883	5,256,545	5,579,930	6,072,651	6,504,813
Buildings	513,701	533,326	-	-	513,701	533,326
Storm Drainage Improve.	-	-	175,167	109,162	175,167	109,162
Equipment	95,704	132,125	71,349	84,988	167,053	217,113
Vehicles	534,525	279,555	22,087	40,842	556,612	320,397
<b>Total</b>	<b>\$ 3,013,076</b>	<b>\$ 2,922,929</b>	<b>\$ 6,323,445</b>	<b>\$ 6,424,764</b>	<b>\$ 9,336,521</b>	<b>\$ 9,347,693</b>

*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 2021 was \$3,188. Notes payable equal \$300,010 with 17,738 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 \$300,389 with \$15,152 due within one year. Detailed information regarding the long-term debt activity for 2021 can be found in Note 9.

**Accomplishments/Growth for 2021**

In 2021, the City of Gray continued to make great strides in upgrading its water and sewer infrastructure. The city began the process of replacing/rehabbing sewer lines to mitigate inflow and infiltration, a total of 1,800 linear foot of 8” sanitary sewer has been replaced. The water system continues to strive for efficiency and conservation by installing a valve actuator at the Gray/Jones water system connection to continue the effort of lowering the amount of unaccounted water loss, which directly contributes to conservation efforts. In 2021 the street department resurfaced 2,500 linear feet of city streets along with various storm drain projects to keep existing city 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.



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## **FINANCIAL STATEMENTS**

**CITY OF GRAY, GEORGIA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 3,927,981	\$ 1,000,381	\$ 4,928,362	\$ 35,336
Certificates of Deposit	1,049,421	227,527	1,276,948	-
Receivables (Net of Allowance)				
Accrued Interest	2,760	416	3,176	-
Taxes	84,680	-	84,680	-
Accounts	2,618	162,475	165,093	-
Due From Other Governments	106,787	-	106,787	-
Internal Balances	57,190	(57,190)	-	-
Restricted Assets				
Cash and Cash Equivalents	-	363,514	363,514	-
Capital Assets				
Nondepreciable Assets	1,053,040	798,298	1,851,338	605,368
Depreciable Assets, Net	1,960,036	5,525,147	7,485,183	638,200
<b>Total Assets</b>	<u>8,244,513</u>	<u>8,020,568</u>	<u>16,265,081</u>	<u>1,278,904</u>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources Related to Pensions	258,178	139,019	397,197	-
<b>Total Deferred Outflows of Resources</b>	<u>258,178</u>	<u>139,019</u>	<u>397,197</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2021  
(CONTINUED)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>Liabilities</b>				
Accounts Payable	70,767	50,564	121,331	-
Accrued Liabilities	21,348	9,441	30,789	3,249
Customer Deposits	-	219,675	219,675	-
Noncurrent Liabilities				
Due Within One Year				
Loans Payable	-	32,890	32,890	-
Compensated Absences	43,057	21,125	64,182	-
Due in More Than One Year				
Loans Payable	-	567,509	567,509	-
Net Pension Liability	579,849	312,227	892,076	-
<b>Total Liabilities</b>	715,021	1,213,431	1,928,452	3,249
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources Related to Pensions	143,748	77,403	221,151	-
<b>Total Deferred Inflows of Resources</b>	143,748	77,403	221,151	-
<b>Net Position</b>				
Net Investment in Capital Assets	3,013,076	5,723,046	8,736,122	1,243,568
Restricted for				
Debt Service	-	363,514	363,514	-
Capital Outlay	1,141,268	-	1,141,268	-
Law Enforcement	22,805	-	22,805	-
Unrestricted	3,466,773	782,193	4,248,966	32,087
<b>Total Net Position</b>	\$ 7,643,922	\$ 6,868,753	\$ 14,512,675	\$ 1,275,655

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 627,700	\$ 88,823	\$ -	\$ -
Judicial	86,091	-	-	-
Public Safety	1,205,744	70,060	59,130	-
Public Works	993,134	-	-	481,107
Health and Welfare	3,337	-	623,300	-
Housing and Development	392,508	-	-	-
<b>Total Governmental Activities</b>	<b>3,308,514</b>	<b>158,883</b>	<b>682,430</b>	<b>481,107</b>
Business-Type Activities				
Water & Sewer	2,344,208	2,104,493	-	323,945
Sanitation	190,317	204,806	-	-
<b>Total Business-Type Activities</b>	<b>2,534,525</b>	<b>2,309,299</b>	<b>-</b>	<b>323,945</b>
<b>Total Primary Government</b>	<b>\$ 5,843,039</b>	<b>\$ 2,468,182</b>	<b>\$ 682,430</b>	<b>\$ 805,052</b>
<b>Component Unit</b>				
Downtown Development Authority	\$ 39,286	\$ 33,400	\$ -	\$ 422,776

General Revenues  
Property Taxes  
Sales Taxes  
Insurance Premium Tax  
Franchise Tax  
Other Taxes  
Unrestricted Investment Earnings  
Miscellaneous  
Total General Revenues  
Transfers  
**Change in Net Position**  
**Net Position - Beginning of Year**  
**Net Position - End of Year**

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component Unit</b>
<b>Primary Government</b>			<b>Downtown Development Authority</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
\$ (538,877)	\$ -	\$ (538,877)	\$ -
(86,091)	-	(86,091)	-
(1,076,554)	-	(1,076,554)	-
(512,027)	-	(512,027)	-
619,963	-	619,963	-
(392,508)	-	(392,508)	-
(1,986,094)	-	(1,986,094)	-
-	84,230	84,230	-
-	14,489	14,489	-
-	98,719	98,719	-
(1,986,094)	98,719	(1,887,375)	-
			416,890
1,019,193	-	1,019,193	-
523,160	-	523,160	-
270,056	-	270,056	-
246,452	-	246,452	-
262,940	-	262,940	-
6,763	2,098	8,861	-
14,108	-	14,108	776
2,342,672	2,098	2,344,770	776
(94,512)	94,512	-	-
262,066	195,329	457,395	417,666
7,381,856	6,673,424	14,055,280	857,989
<u>\$ 7,643,922</u>	<u>\$ 6,868,753</u>	<u>\$ 14,512,675</u>	<u>\$ 1,275,655</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	<b>General</b>	<b>American Rescue Plan</b>	<b>2015 SPLOST</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 2,717,503	\$ 607,829	\$ 337,417	\$ 265,232	\$ 3,927,981
Certificates of Deposit	1,049,421	-	-	-	1,049,421
Receivables, Net of Allowance					
Taxes	84,680	-	-	-	84,680
Interest	2,760	-	-	-	2,760
Accounts	-	-	-	2,618	2,618
Due From Other Governments	62,630	-	-	44,157	106,787
Due From Other Funds	57,290	-	-	-	57,290
<b>Total Assets</b>	<b>\$ 3,974,284</b>	<b>\$ 607,829</b>	<b>\$ 337,417</b>	<b>\$ 312,007</b>	<b>\$ 5,231,537</b>
<b>Liabilities</b>					
Accounts Payable	\$ 53,654	\$ 1,500	\$ 11,303	\$ 4,310	\$ 70,767
Accrued Liabilities	21,348	-	-	-	21,348
Due to Other Funds	-	-	-	100	100
<b>Total Liabilities</b>	<b>75,002</b>	<b>1,500</b>	<b>11,303</b>	<b>4,410</b>	<b>92,215</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	48,148	-	-	-	48,148
Unavailable Revenue - Other	1,500	-	-	-	1,500
<b>Total Deferred Inflows of Resources</b>	<b>49,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,648</b>
<b>Fund Balances</b>					
Restricted	-	606,329	326,114	231,630	1,164,073
Assigned	11,508	-	-	75,967	87,475
Unassigned	3,838,126	-	-	-	3,838,126
<b>Total Fund Balances</b>	<b>3,849,634</b>	<b>606,329</b>	<b>326,114</b>	<b>307,597</b>	<b>5,089,674</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,974,284</b>	<b>\$ 607,829</b>	<b>\$ 337,417</b>	<b>\$ 312,007</b>	<b>\$ 5,231,537</b>

The accompanying notes 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, 2021**

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

<b>Total Fund Balances - Governmental Funds</b>	\$ 5,089,674
<b>Capital Assets</b>	
Capital assets used in governmental activities are not financed resources and, therefore, are not reported in the funds.	
Cost of Assets	6,165,748
Accumulated Depreciation	(3,152,672)
<b>Deferred Outflows of Resources</b>	
Related to Pensions	258,178
<b>Long-term Liabilities</b>	
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	(43,057)
Net Pension Liability	(579,849)
<b>Deferred Inflows of Resources</b>	
Related to Pensions	(143,748)
<b>Revenues</b>	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	<u>49,648</u>
<b>Total Net Position of Governmental Activities</b>	<u><u>\$ 7,643,922</u></u>

The accompanying notes 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, 2021**

	<b>General</b>	<b>American Rescue Plan</b>	<b>2015 SPLOST</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes					
Property	\$ 1,005,925	\$ -	\$ -	\$ -	\$ 1,005,925
Sales	523,160	-	-	-	523,160
Other Taxes	765,286	-	-	14,162	779,448
Licenses and Permits	88,823	-	-	-	88,823
Intergovernmental	59,130	611,316	270,976	220,950	1,162,372
Fines and Forfeitures	70,060	-	-	-	70,060
Investment Earnings	6,423	295	1,100	110	7,928
Miscellaneous	14,108	-	-	-	14,108
<b>Total Revenues</b>	<b>2,532,915</b>	<b>611,611</b>	<b>272,076</b>	<b>235,222</b>	<b>3,651,824</b>
<b>Expenditures</b>					
Current					
General Government	581,706	22	-	26,352	608,080
Judicial	86,091	-	-	-	86,091
Public Safety	1,363,979	-	40,029	-	1,404,008
Public Works	350,220	5,260	144,708	-	500,188
Health and Welfare	3,337	-	-	-	3,337
Housing and Development	392,508	-	-	-	392,508
Capital Outlay	-	-	390,626	-	390,626
<b>Total Expenditures</b>	<b>2,777,841</b>	<b>5,282</b>	<b>575,363</b>	<b>26,352</b>	<b>3,384,838</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(244,926)</b>	<b>606,329</b>	<b>(303,287)</b>	<b>208,870</b>	<b>266,986</b>
<b>Other Financing Sources (Uses)</b>					
Transfers Out	(94,512)	-	-	-	(94,512)
<b>Total Other Financing Sources and (Uses)</b>	<b>(94,512)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(94,512)</b>
<b>Net Change in Fund Balances</b>	<b>(339,438)</b>	<b>606,329</b>	<b>(303,287)</b>	<b>208,870</b>	<b>172,474</b>
<b>Fund Balance - Beginning</b>	<b>4,189,072</b>	<b>-</b>	<b>629,401</b>	<b>98,727</b>	<b>4,917,200</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,849,634</b>	<b>\$ 606,329</b>	<b>\$ 326,114</b>	<b>\$ 307,597</b>	<b>\$ 5,089,674</b>

The accompanying notes 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, 2021**

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 172,474

**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	365,345
Total Depreciation	(275,198)

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

Change in Deferred Outflows of Resources Related to Pensions	21,735
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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	(8,283)
Net Pension Liability	100,508

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	(127,783)
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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.

13,268

**Change in Net Position of Governmental Activities**

\$ 262,066

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
General Property Taxes	\$ 882,501	\$ 911,992	\$ 1,005,925	\$ 93,933
Local Option Sales Tax	395,000	395,000	523,160	128,160
Other Taxes				
Insurance Premium Tax	230,000	230,000	270,056	40,056
Motor Vehicle Tax	96,437	96,437	128,707	32,270
Franchise Tax	220,000	220,000	246,452	26,452
Beer and Wine Tax	80,000	94,512	94,512	-
Real Estate Transfer Tax	3,000	3,000	5,198	2,198
Recording Intangible Taxes	8,000	8,000	17,796	9,796
Mobile Home Tax	498	498	764	266
Penalties and Interest	500	500	1,801	1,301
<b>Total Taxes</b>	<b>1,915,936</b>	<b>1,959,939</b>	<b>2,294,371</b>	<b>334,432</b>
Licenses and Permits:				
Business Licenses and Permits	80,500	80,500	88,823	8,323
Intergovernmental Revenues				
Department of Transportation	-	48,130	48,130	-
Emergency Management Agency	-	1,000	1,000	-
Jones County Board of Education Crossing Guards	10,000	10,000	10,000	-
<b>Total Intergovernmental Revenues</b>	<b>10,000</b>	<b>59,130</b>	<b>59,130</b>	<b>-</b>
Fines, Forfeitures and Penalties				
Fine and Forfeitures	128,000	128,000	70,060	(57,940)
<b>Total Fines, Forfeitures and Penalties</b>	<b>128,000</b>	<b>128,000</b>	<b>70,060</b>	<b>(57,940)</b>
Miscellaneous				
Interest Earnings	7,500	7,500	6,423	(1,077)
Miscellaneous	2,464	12,841	14,108	1,267
<b>Total Miscellaneous</b>	<b>9,964</b>	<b>20,341</b>	<b>20,531</b>	<b>190</b>
<b>Total Revenues</b>	<b>2,144,400</b>	<b>2,247,910</b>	<b>2,532,915</b>	<b>285,005</b>

The accompanying notes 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, 2021  
(CONTINUED)**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
General Administration	\$ 592,974	\$ 591,597	\$ 581,706	\$ 9,891
<b>Judicial</b>				
Municipal Court	82,700	82,780	82,746	34
Public Defender	3,600	3,520	3,345	175
<b>Public Safety</b>				
Police	839,200	846,700	845,389	1,311
Prisoner Custody	17,000	17,000	855	16,145
Fire	102,808	438,630	433,697	4,933
Dispatching	83,050	83,050	83,038	12
Emergency Management	1,000	1,000	1,000	-
<b>Public Works</b>				
Highways and Streets	272,600	350,220	350,220	-
<b>Health and Welfare</b>				
Community Center	6,500	3,337	3,337	-
<b>Housing and Development</b>				
Better Hometown	7,368	7,368	7,368	-
Keep Jones Beautiful	25,000	25,000	25,000	-
Planning and Zoning	9,600	9,600	9,600	-
Downtown Development	21,000	350,540	350,540	-
<b>Total Expenditures</b>	<u>2,064,400</u>	<u>2,810,342</u>	<u>2,777,841</u>	<u>32,501</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>80,000</u>	<u>(562,432)</u>	<u>(244,926)</u>	<u>317,506</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfer to Water and Sewer Fund	<u>(80,000)</u>	<u>(94,512)</u>	<u>(94,512)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(80,000)</u>	<u>(94,512)</u>	<u>(94,512)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	(656,944)	(339,438)	317,506
<b>Fund Balance - Beginning</b>	<u>4,189,072</u>	<u>4,189,072</u>	<u>4,189,072</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 4,189,072</u></u>	<u><u>\$ 3,532,128</u></u>	<u><u>\$ 3,849,634</u></u>	<u><u>\$ 317,506</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**AMERICAN RESCUE PLAN FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 5,282	\$ 611,316	\$ 606,034
Investment Earnings	-	-	295	295
<b>Total Revenues</b>	<u>-</u>	<u>5,282</u>	<u>611,611</u>	<u>606,329</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	-	22	22	-
Public Safety	-	5,260	5,260	-
<b>Total Expenditures</b>	<u>-</u>	<u>5,282</u>	<u>5,282</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	606,329	606,329
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,798</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606,329</u>	<u>\$ 629,127</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF GRAY, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2021**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	<b>Total</b>
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 884,924	\$ 115,457	\$ 1,000,381
Certificates of Deposit	227,527	-	227,527
Restricted Cash and Cash Equivalents			
Revenue Bond Covenant Accounts	363,514	-	363,514
Accrued Interest Receivable	416	-	416
Accounts Receivable (Net of Allowance for Uncollectibles)	145,437	17,038	162,475
Due From Other Funds	-	5,268	5,268
<b>Total Current Assets</b>	<b>1,621,818</b>	<b>137,763</b>	<b>1,759,581</b>
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Assets	798,298	-	798,298
Depreciable Assets, Net	5,525,147	-	5,525,147
Total Capital Assets	6,323,445	-	6,323,445
Total Noncurrent Assets	6,323,445	-	6,323,445
<b>Total Assets</b>	<b>7,945,263</b>	<b>137,763</b>	<b>8,083,026</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows of Resources Related to Pensions	139,019	-	139,019
<b>Total Deferred Outflows of Resources</b>	<b>139,019</b>	<b>-</b>	<b>139,019</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2021  
 (CONTINUED)**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	<b>Total</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	\$ 28,895	\$ 21,669	\$ 50,564
Accrued Liabilities	9,441	-	9,441
Customer Deposits Payable	219,675	-	219,675
Compensated Absences	21,125	-	21,125
Due to Other Funds	62,458	-	62,458
Notes Payable - Current	32,890	-	32,890
<b>Total Current Liabilities</b>	<b>374,484</b>	<b>21,669</b>	<b>396,153</b>
Noncurrent Liabilities			
Notes Payable	567,509	-	567,509
Net Pension Liability	312,227	-	312,227
<b>Total Noncurrent Liabilities</b>	<b>879,736</b>	<b>-</b>	<b>879,736</b>
<b>Total Liabilities</b>	<b>1,254,220</b>	<b>21,669</b>	<b>1,275,889</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows of Resources Related to Pensions	77,403	-	77,403
<b>Total Deferred Inflows of Resources</b>	<b>77,403</b>	<b>-</b>	<b>77,403</b>
<b>Net Position</b>			
Net Investment in Capital Assets	5,723,046	-	5,723,046
Restricted			
Restricted for Debt Service	363,514	-	363,514
Unrestricted	666,099	116,094	782,193
<b>Total Net Position</b>	<b>\$ 6,752,659</b>	<b>\$ 116,094</b>	<b>\$ 6,868,753</b>

The accompanying notes 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, 2021**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for Sales and Services			
Water Sales	\$ 1,093,023	\$ -	\$ 1,093,023
Sewerage Fees	864,345	-	864,345
Garbage Fees	-	204,806	204,806
Connection Fees	107,785	-	107,785
Penalties and Other Fees	38,063	-	38,063
Miscellaneous	1,277	-	1,277
<b>Total Operating Revenues</b>	<b>2,104,493</b>	<b>204,806</b>	<b>2,309,299</b>
<b>Operating Expenses</b>			
Salaries	492,544	-	492,544
Employee Benefits	237,647	-	237,647
Depreciation	414,327	-	414,327
Utilities	116,522	-	116,522
Maintenance and Supplies	269,319	-	269,319
Insurance	58,390	-	58,390
Professional Fees	18,161	-	18,161
Contracted Services	249,786	190,317	440,103
Travel	7,843	-	7,843
Engineering Fees	16,626	-	16,626
County Water Expense	405,094	-	405,094
Other Operating Expenses	48,765	-	48,765
<b>Total Operating Expenses</b>	<b>2,335,024</b>	<b>190,317</b>	<b>2,525,341</b>
<b>Operating Income (Loss)</b>	<b>(230,531)</b>	<b>14,489</b>	<b>(216,042)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Revenue	2,035	63	2,098
Interest Expense	(9,184)	-	(9,184)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(7,149)</b>	<b>63</b>	<b>(7,086)</b>

The accompanying notes 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, 2021  
(CONTINUED)**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	<b>Total</b>
<b>Net Income (Loss) Before Contributions and Transfers</b>	(237,680)	14,552	(223,128)
Capital Contributions	323,945	-	323,945
Transfers In	94,512	-	94,512
<b>Change In Net Position</b>	180,777	14,552	195,329
<b>Net Position - Beginning</b>	6,571,882	101,542	6,673,424
<b>Net Position - Ending</b>	<b>\$ 6,752,659</b>	<b>\$ 116,094</b>	<b>\$ 6,868,753</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Nonmajor Sanitation Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received From Customers	\$ 2,102,537	\$ 203,924	\$ 2,306,461
Cash Paid to Suppliers for Good and Services	(1,264,146)	(184,721)	(1,448,867)
Cash Paid to Employees	(723,942)	-	(723,942)
Net Cash Provided by (Used for) Operating Activities	114,449	19,203	133,652
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer from General Fund	94,512	-	94,512
Net Cash Provided by (Used for) Noncapital Financing Activities	94,512	-	94,512
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and Construction of Assets	(11,750)	-	(11,750)
Proceeds from sale of assets	22,687	-	22,687
Principal Paid on Notes	(32,574)	-	(32,574)
Interest Paid on Revenue Bonds	(9,184)	-	(9,184)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(30,821)	-	(30,821)
<b>Cash Flows from Investing Activities</b>			
Interest Received	2,902	63	2,965
Net Cash Provided by (Used for) Investing Activities	2,902	63	2,965
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	181,042	19,266	200,308
<b>Cash and Cash Equivalents - Beginning</b>	1,294,923	96,191	1,391,114
<b>Cash and Cash Equivalents - Ending</b>	\$ 1,475,965	\$ 115,457	\$ 1,591,422
<b>Reconciliation of Cash and Cash Equivalents</b>			
Cash	\$ 884,924	\$ 115,457	\$ 1,000,381
Certificate of Deposits	227,527	-	227,527
Restricted Cash	363,514	-	363,514
<b>Total Cash and Cash Equivalents</b>	\$ 1,475,965	\$ 115,457	\$ 1,591,422

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (CONTINUED)**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Nonmajor 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)	\$ (230,531)	\$ 14,489	\$ (216,042)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	414,327	-	414,327
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivables	(7,456)	(882)	(8,338)
(Increase) Decrease in Due From Other Funds	-	(1,340)	(1,340)
(Increase) Decrease in Prepays	3,250	-	3,250
(Increase) Decrease in Deferred Outflows - Pensions	(11,704)	-	(11,704)
Increase (Decrease) in Accounts Payable	(69,408)	6,936	(62,472)
Increase (Decrease) in Accrued Liabilities	468	-	468
Increase (Decrease) in Customer Water Deposits	5,500	-	5,500
Increase (Decrease) in Due to Other Funds	(7,482)	-	(7,482)
Increase (Decrease) in Compensated Absences	2,797	-	2,797
Increase (Decrease) in Net Pension Liability	(54,119)	-	(54,119)
Increase (Decrease) in Deferred Inflows - Pensions	68,807	-	68,807
Total Adjustments	344,980	4,714	349,694
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 114,449</b>	<b>\$ 19,203</b>	<b>\$ 133,652</b>
<b>Noncash Capital Financing Activities</b>			
<b>Contributions of Capital Assets From Government</b>	<b>\$ 323,945</b>	<b>\$ -</b>	<b>\$ 323,945</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAY, GEORGIA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2021**

	<b>Private-Purpose Trust Fund</b>
<b>Assets</b>	
Cash and Cash Equivalent	\$ 3,325
Certificates of Deposit	63,500
Interest Receivable	67
<b>Total Assets</b>	<b>\$ 66,892</b>
<b>Liabilities and Net Position</b>	
<b>Liabilities</b>	
Accounts Payable	\$ -
<b>Total Liabilities</b>	<b>-</b>
<b>Net Position</b>	
Restricted for Perpetual Care	66,892
<b>Total Net Position</b>	<b>66,892</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 66,892</b>

The accompanying notes 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, 2021**

	<b>Private-Purpose Trust Fund</b>
<b>Revenues</b>	
Miscellaneous	\$ 1,500
Investment Earnings	674
<b>Total Revenues</b>	<u>2,174</u>
<b>Expenditures</b>	
Current	
Culture and Recreation	<u>1,707</u>
<b>Total Expenditures</b>	<u>1,707</u>
<b>Net Change in Net Position</b>	467
<b>Net Position, Beginning</b>	<u>66,425</u>
<b>Net Position, Ending</b>	<u><u>\$ 66,892</u></u>

The accompanying notes 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  
DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Policies**

The City of Gray 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 of Gray 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.

**A. 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 units. 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, 2021. 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.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

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 a 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 a RC.

Separate financial statements may be obtained from:

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

**B. 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 units. 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 units 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 is 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.

**C. 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.

## CITY OF GRAY, GEORGIA

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 (CONTINUED)

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.

#### **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 government.

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 government's most significant funds, not the government as a whole. The activities of the government 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. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

The government 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.

American Rescue Plan Fund – The American Rescue Plan Fund is used to account for the federal grant funds received.

Capital Projects Fund – The 2015 SPLOST Fund is used to account for SPLOST monies received to be used for improvements to the water and sewer system.

The government reports the following major proprietary fund:

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.

**D. 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.

**E. Receivables**

Due from Other Governments represent 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.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**F. Restricted Assets**

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

**G. 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.

**H. Inventories**

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

**I. 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.

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	20 years

CITY OF GRAY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)

**J. 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, 2021 and amount to \$43,057.

**K. 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.

**L. 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.

**M. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position 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. 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 position 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 arises 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 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.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**N. Net Position Flow Assumption**

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

It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**O. 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

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

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, 2021:

	General Fund	ARP Fund	2015 SPLOST	Nonmajor Governmental	Total
<b>Fund Balances</b>					
Restricted:					
Law enforcement	\$ -	\$ -	\$ -	\$ 22,805	\$ 22,805
Capital outlay	-	606,329	326,114	208,825	1,141,268
Assigned for:					
Law enforcement	5,121	-	-	-	5,121
Fire department	6,387	-	-	-	6,387
Capital outlay	-	-	-	75,967	75,967
Unassigned	3,838,126	-	-	-	3,838,126
<b>Total fund balances</b>	<b>\$ 3,849,634</b>	<b>\$ 606,329</b>	<b>\$ 326,114</b>	<b>\$ 307,597</b>	<b>\$ 5,089,674</b>

**P. 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 disaster. 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 \$90,876 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 \$63,691 during the current year. Settled claims in the past three years have not exceeded the coverage.

**NOTE 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.



**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

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.

**NOTE 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, 2021, the City's only investments were in certificates of deposit.

At December 31, 2021, the City's certificates of deposit were as follows:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of deposit - General Fund	1 - 6 months	\$ 488,750
	12 - 24 months	560,671
Certificates of deposit - Water and Sewer Fund	1 - 6 months	185,515
	7 - 12 months	10,453
	12 - 24 months	31,559
		<u>\$ 1,276,948</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, 2021 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.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**NOTE 4 – PROPERTY TAXES**

State law requires that property taxes be based on assessed value, which is 40% 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% level is not reached.

The property tax calendar is as follows:

	<u>Real/Personal Property</u>	<u>Motor Vehicles</u>
Assessment Date	January 1	January 1
Levy Date	August 30th	December 1
Due Date and Collection Date	December 31, 2021	Staggered
Lien Date	May 1, 2022	N/A

**NOTE 5 – OTHER RECEIVABLES**

Receivables at December 31, 2021 consist of the following:

	<u>General Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Nonmajor Proprietary Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 91,682	\$ -	\$ -	\$ -	\$ 91,682
Accounts	-	192,186	24,527	2,618	219,331
Accrued interest	2,760	416	-	-	3,176
Gross Receivables	<u>94,442</u>	<u>192,602</u>	<u>24,527</u>	<u>2,618</u>	<u>314,189</u>
Less: Allowances for Uncollectibles	<u>(7,002)</u>	<u>(46,749)</u>	<u>(7,489)</u>	<u>-</u>	<u>(61,240)</u>
Net Receivables	<u>\$ 87,440</u>	<u>\$ 145,853</u>	<u>\$ 17,038</u>	<u>\$ 2,618</u>	<u>\$ 252,949</u>

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**NOTE 6 – DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at December 31, 2021, are as follows:

	State	Other	Total
Fund:			
General	\$ 52,040	\$ 10,590	\$ 62,630
2021 SPLOST	44,157	-	44,157
Total	\$ 96,197	\$ 10,590	\$ 106,787

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2021, was as follows:

Due to/from other funds:		
Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 57,190
	Nonmajor Governmental Fund	100
Nonmajor Proprietary Fund	Water and Sewer Fund	5,268
Total		\$ 62,558

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:

	Transfers In:	
Transfer out:	Water and Sewer Fund	Total
General Fund	\$ 94,512	\$ 94,512
Total	\$ 94,512	\$ 94,512

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.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

**Primary Government**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Governmental activities:</b>				
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	-	-	2,175,540
Buildings	842,008	-	-	842,008
Equipment	538,791	-	-	538,791
Vehicles	1,191,024	365,345	-	1,556,369
Total capital assets, being depreciated	4,747,363	365,345	-	5,112,708
Less accumulated depreciation for:				
Infrastructure	(1,250,657)	(108,777)	-	(1,359,434)
Buildings	(308,682)	(19,625)	-	(328,307)
Equipment	(406,666)	(36,421)	-	(443,087)
Vehicles	(911,469)	(110,375)	-	(1,021,844)
Total accumulated depreciation	(2,877,474)	(275,198)	-	(3,152,672)
Total capital assets being depreciated, net	1,869,889	90,147	-	1,960,036
Governmental capital assets, net	\$ 2,922,929	\$ 90,147	\$ -	\$ 3,013,076

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated					
Land	\$ 34,414	\$ -	\$ -	\$ -	\$ 34,414
Water rights	313,683	-	-	-	313,683
Construction in progress	261,745	222,300	(22,686)	(11,159)	450,200
Total capital assets, not being depreciated	<u>609,842</u>	<u>222,300</u>	<u>(22,686)</u>	<u>(11,159)</u>	<u>798,297</u>
Capital assets, being depreciated					
Sewer system	3,183,863	23,440	-	-	3,207,303
Water system	6,318,138	10,801	-	-	6,328,939
Wastewater treatment plant	2,624,190	-	-	-	2,624,190
Building	41,526	-	-	-	41,526
Equipment	379,647	11,750	-	-	391,397
Storm drainage improvements	172,625	67,403	-	11,159	251,187
Vehicles	260,908	-	-	-	260,908
Total capital assets, being depreciated	<u>12,980,897</u>	<u>113,394</u>	<u>-</u>	<u>11,159</u>	<u>13,105,450</u>
Less accumulated depreciation for:					
Sewer system	(1,591,198)	(89,063)	-	-	(1,680,261)
Water system	(3,350,876)	(192,767)	-	-	(3,543,643)
Wastewater treatment plant	(1,604,187)	(75,796)	-	-	(1,679,983)
Building	(41,526)	-	-	-	(41,526)
Equipment	(294,659)	(25,389)	-	-	(320,048)
Storm drainage improvements	(63,463)	(12,557)	-	-	(76,020)
Vehicles	(220,066)	(18,755)	-	-	(238,821)
Total accumulated depreciation	<u>(7,165,975)</u>	<u>(414,327)</u>	<u>-</u>	<u>-</u>	<u>(7,580,302)</u>
Total capital assets, being depreciated, net	<u>5,814,922</u>	<u>(300,933)</u>	<u>-</u>	<u>11,159</u>	<u>5,525,148</u>
Business-type activities capital assets, net	<u>\$ 6,424,764</u>	<u>\$ (78,633)</u>	<u>\$ (22,686)</u>	<u>\$ -</u>	<u>6,323,445</u>
Less related long-term debt outstanding					<u>(600,399)</u>
Net investment in capital assets					<u>\$ 5,723,046</u>

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

Governmental activities	
General government	\$ 5,797
Public safety	127,200
Public works	142,201
Total	<u>\$ 275,198</u>
Business-type activities	
Water & Sewer	\$ 414,327
Total	<u>\$ 414,327</u>

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

Activity for the Downtown Development Authority for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
<b>Discretely presented component unit:</b>					
Capital assets, not being depreciated:					
Land	\$ 291,203	\$ 303,165	\$ -	\$ -	\$ 594,368
Construction in progress	86,769	431,253	-	(507,022)	11,000
Total capital assets, not being depreciated	377,972	734,418	-	(507,022)	605,368
Capital assets, being depreciated:					
Buildings	145,753	-	-	507,022	652,775
Total capital assets, being depreciated	145,753	-	-	507,022	652,775
Less accumulated depreciation for:					
Buildings	(11,660)	(2,915)	-	-	(14,575)
Total accumulated depreciation	(11,660)	(2,915)	-	-	(14,575)
Total capital assets being depreciated, net	134,093	(2,915)	-	507,022	638,200
Discretely presented component unit capital assets, net	\$ 512,065	\$ 731,503	\$ -	\$ -	\$ 1,243,568

**NOTE 9 – LONG-TERM DEBT**

**A. 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% 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% began in September 2017 and will end in August 2037. Total interest paid for 2021 was \$3,188.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

Cash requirements to maturity for this loan are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 17,738	\$ 3,007	\$ 20,745
2023	17,921	2,823	20,744
2024	18,107	2,637	20,744
2025	18,294	2,450	20,744
2026	18,484	2,261	20,745
2027-2031	95,327	8,404	103,731
2032-2036	100,363	3,359	103,722
2037	13,776	53	13,829
	<u>\$ 300,010</u>	<u>\$ 24,994</u>	<u>\$ 325,004</u>

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% or \$177,750 is forgivable. The total amount the City drew down on this loan was \$325,345. Monthly payments of \$1,480, including interest at .89% began in May 2020 and will end in April 2040. Total interest paid for 2021 was \$2,746.

Cash requirements to maturity for this loan are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 15,152	\$ 2,612	\$ 17,764
2023	15,288	2,476	17,764
2024	15,424	2,340	17,764
2025	15,562	2,202	17,764
2026	15,701	2,063	17,764
2027-2031	80,636	8,184	88,820
2032-2036	84,304	4,516	88,820
2037-2040	58,322	891	59,213
	<u>\$ 300,389</u>	<u>\$ 25,284</u>	<u>\$ 325,673</u>

***Restricted Assets***

The balance of the restricted asset accounts in the Water & Sewer enterprise fund as of December 31, 2021 is \$363,514.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**B. Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Net pension liability	\$ 680,357	\$ -	\$ (100,508)	\$ 579,849	\$ -
Compensated absences	34,774	41,753	(33,470)	43,057	43,057
Governmental activities Long-term liabilities	<u>\$ 715,131</u>	<u>\$ 41,753</u>	<u>\$ (133,978)</u>	<u>\$ 622,906</u>	<u>\$ 43,057</u>
Business-type activities:					
2016 GEFA loan - DW16002	\$ 317,566	\$ -	\$ (17,556)	\$ 300,010	\$ 17,738
2018 GEFA loan - CW2016039	315,407	-	(15,018)	300,389	15,152
Net pension liability	366,346	-	(54,119)	312,227	-
Compensated absences	18,328	21,112	(18,315)	21,125	21,125
Business-type activities Long-term liabilities	<u>\$ 1,017,647</u>	<u>\$ 21,112</u>	<u>\$ (105,008)</u>	<u>\$ 933,751</u>	<u>\$ 54,015</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.

**NOTE 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.



**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(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, 2021, the date of the most recent actuarial valuation report, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits but not yet receiving them	16
Current active employees	28
Nonvested benefits	<u>7</u>
Total membership in the plan	<u><u>63</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 12.93% 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, 2021, the City reported a net pension liability. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2021. An expected total pension liability as of December 31, 2021 was determined using standard roll-forward techniques.

For the year ended December 31, 2021, the City recognized pension expense relative to GMEBS in the amount of \$161,162. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 269,532	\$ 11,103
Changes of assumptions	13,187	-
Net difference between projected and actual earnings on pension plan investments	-	210,048
Employer contributions subsequent to the measurement date	114,478	-
	\$ 397,197	\$ 221,151

City contributions subsequent to the measurement date of March 31, 2021 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, 2021. 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:

Year ended December 31:	
2022	\$ 26,943
2023	46,423
2024	27,135
2025	(38,933)

**Actuarial Assumptions:** The total pension liability as of December 31, 2021 was determined by an actuarial valuation as of July 1, 2021 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	7.375%, On-going basis, based on long-term expected rate of return of 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.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**Net Pension Liability:**

<u>Changes in the Net Pension Liability:</u>	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2020	\$ 2,069,942	\$ 1,023,239	\$ 1,046,703
Changes for the year:			
Service cost	56,291	-	56,291
Interest	155,120	-	155,120
Difference between expected and actual experience	197,851	-	197,851
Contributions - employer	-	104,104	(104,104)
Net investment income	-	469,758	(469,758)
Benefit payments	(45,832)	(45,832)	-
Administrative expense	-	(9,973)	9,973
Other	-	-	-
Net changes	363,430	518,057	(154,627)
Balance at December 31, 2021	\$ 2,433,372	\$ 1,541,296	\$ 892,076

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of \$579,849 for governmental-activities and \$312,227 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, 2021 is summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term Expected real rate of return</u>
Domestic Equity	45%	6.40%
International Equity	20%	7.05%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
Domestic fixed income	20%	1.15%
Total	<u>100%</u>	

**Discount Rate:** The discount rate used to measure the total pension liability was 7.375%. 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

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

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.

**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%, 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	\$ 1,275,156	\$ 892,076	\$ 577,644

**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 publically available at [www.gmanet.com](http://www.gmanet.com).

**NOTE 11 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN**

**A. Peace Officers’ Annuity and Benefit Fund of Georgia**

The City’s Deputies are covered by the State of Georgia Peace Officers’ Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administered through the Peace Officers’ Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Gray’s financial statements.

**B. Georgia Firefighters’ Pension Fund**

The City’s Volunteer Firemen are eligible to participate in the Georgia Firefighters’ Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters’ Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Gray’s financial statements.

**CITY OF GRAY, GEORGIA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(CONTINUED)**

**NOTE 12 – 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GRAY, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY  
AND RELATED RATIOS**

	2021	2020	2019
<b>Total Pension Liability</b>			
Service Cost	\$ 56,291	\$ 40,288	\$ 40,286
Interest on Total Pension Liability	155,120	114,211	99,637
Difference Between Expected and Actual Experience	197,851	78,842	94,886
Benefit Payments, Including Refunds of Employee Contributions	(45,832)	(44,690)	(36,287)
Other	-	376,420	-
<b>Net Change in Total Pension Liability</b>	<b>363,430</b>	<b>565,071</b>	<b>198,522</b>
<b>Total Pension Liability - Beginning</b>	<b>2,069,942</b>	<b>1,504,871</b>	<b>1,306,349</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 2,433,372</b>	<b>\$ 2,069,942</b>	<b>\$ 1,504,871</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 104,104	\$ 79,221	\$ 66,990
Net Investment Income	469,758	(78,791)	37,562
Benefit Payments, Including Refunds of Member Contributions	(45,832)	(44,690)	(36,287)
Administrative Expenses	(9,973)	(12,975)	(10,528)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>518,057</b>	<b>(57,235)</b>	<b>57,737</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,023,239</b>	<b>1,080,474</b>	<b>1,022,737</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 1,541,296</b>	<b>\$ 1,023,239</b>	<b>\$ 1,080,474</b>
<b>City's Net Pension Liability (Asset) - Ending</b>	<b>\$ 892,076</b>	<b>\$ 1,046,703</b>	<b>\$ 424,397</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>63.34%</b>	<b>49.43%</b>	<b>71.80%</b>
<b>Covered-Employee Payroll</b>	<b>1,342,475</b>	<b>1,167,082</b>	<b>1,139,991</b>
<b>Net Pension Liability As a Percentage of Covered-Employee Payroll</b>	<b>66.45%</b>	<b>89.69%</b>	<b>37.23%</b>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to the required supplementary information are an integral part of this schedule.

**CITY OF GRAY, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY  
AND RELATED RATIOS  
(CONTINUED)**

2018	2017	2016	2015
\$ 41,554	\$ 37,831	\$ 41,553	\$ 43,993
87,298	85,512	79,822	73,019
49,519	(66,619)	(14,131)	3,180
(33,553)	(33,821)	(33,821)	(33,821)
18,332	-	-	1,415
<u>163,150</u>	<u>22,903</u>	<u>73,423</u>	<u>87,786</u>
1,143,199	1,120,296	1,046,873	959,087
<u>\$ 1,306,349</u>	<u>\$ 1,143,199</u>	<u>\$ 1,120,296</u>	<u>\$ 1,046,873</u>
\$ 69,433	\$ 74,129	\$ 75,298	\$ 61,770
111,517	97,753	2,776	62,637
(33,553)	(33,821)	(33,821)	(33,821)
(10,333)	(10,618)	(7,666)	(6,813)
<u>137,064</u>	<u>127,443</u>	<u>36,587</u>	<u>83,773</u>
885,673	758,230	721,643	637,870
<u>\$ 1,022,737</u>	<u>\$ 885,673</u>	<u>\$ 758,230</u>	<u>\$ 721,643</u>
<u>\$ 283,612</u>	<u>\$ 257,526</u>	<u>\$ 362,066</u>	<u>\$ 325,230</u>
78.29%	77.47%	67.68%	68.93%
1,100,149	1,049,773	1,000,466	973,479
25.78%	24.53%	36.19%	33.41%

The accompanying notes to the required supplementary information are an integral part of this schedule.



CITY OF GRAY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE OF CITY CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	\$ 152,637	\$ 87,926	\$ 73,653	\$ 64,769	\$ 70,988	\$ 75,176	\$ 75,338
Contributions in Relation to the Actuarially Determined Contribution	152,637	87,926	75,653	64,769	70,988	75,176	75,338
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (2,000)	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 1,180,487	\$ 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	12.93%	7.53%	6.64%	6.07%	6.98%	7.51%	7.74%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to the required supplementary information are an integral part of this schedule.

**CITY OF GRAY, GEORGIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Changes of assumptions:**

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at age 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and

**CITY OF GRAY, GEORGIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.

- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.

**Benefit Changes:**

Amounts reported for fiscal years ending in 2020 and later reflect that effective January 1, 2020, the benefit multiplier increased from 1.50% to 2.00% for Employees and from \$24 to \$36 for Officials. The new multipliers apply to all years of service.

Valuation date	The actuarially determined contribution rate was determined as of July 1, 2021, 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, 2022.
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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 15 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% 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% of market value.
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%

**CITY OF GRAY, GEORGIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(CONTINUED)**

Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
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 adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

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## **SUPPLEMENTARY INFORMATION**

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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 specified purposes other than debt service or capital projects.

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

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

### 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.

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

**2016 CDBG Fund** - This fund was established to account for the grant funds from the Community Development Block Grant and the related expenditures.



CITY OF GRAY, GEORGIA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	Special Revenue Funds		Capital Projects			Total Nonmajor Governmental Funds
	Law Enforcement Confiscation	Hotel / Motel Fund	Capital Improvements	2021 SPLOST	2016 CDBG Fund	
<b>Assets</b>						
Cash and Cash Equivalents	\$ 22,805	\$ 1,792	\$ 75,967	\$ 164,668	\$ -	\$ 265,232
Accounts Receivable	-	2,618	-	-	-	2,618
Due From Other Governments	-	-	-	44,157	-	44,157
<b>Total Assets</b>	\$ 22,805	\$ 4,410	\$ 75,967	\$ 208,825	\$ -	\$ 312,007
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ 4,310	\$ -	\$ -	\$ -	\$ 4,310
Due to Other Funds	-	100	-	-	-	100
<b>Total Liabilities</b>	-	4,410	-	-	-	4,410
<b>Fund Balance</b>						
Restricted	22,805	-	-	208,825	-	231,630
Assigned	-	-	75,967	-	-	75,967
<b>Total Fund Balances</b>	22,805	-	75,967	208,825	-	307,597
<b>Total Liabilities and Fund Balances</b>	\$ 22,805	\$ 4,410	\$ 75,967	\$ 208,825	\$ -	\$ 312,007

CITY OF GRAY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds			Capital Projects			Total Nonmajor Governmental Funds
	Law Enforcement Confiscation	Hotel / Motel Fund	Capital Improvements	2021 SPLOST	2016 CDBG Fund		
<b>Revenues</b>							
Taxes	-	\$ 14,162	\$ -	\$ -	-	\$ -	14,162
Intergovernmental	-	-	-	208,966	11,984	-	220,950
Investment Earnings	7	-	38	65	-	-	110
<b>Total Revenues</b>	7	14,162	38	209,031	11,984		235,222
<b>Expenditures</b>							
Current							
General Government	-	14,162	-	206	11,984	-	26,352
<b>Total Expenditures</b>	-	14,162	-	206	11,984		26,352
<b>Net Change in Fund Balance</b>	7	-	38	208,825	-		208,870
<b>Fund Balances - Beginning</b>	22,798	-	75,929	-	-		98,727
<b>Fund Balances - Ending</b>	\$ 22,805	\$ -	\$ 75,967	\$ 208,825	\$ -	\$ -	\$ 307,597

**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, 2021**

	<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	-	7	7
<b>Total Revenues</b>	10,000	7	(9,993)
<b>Expenditures</b>			
Current			
Public Safety	10,000	-	10,000
<b>Total Expenditures</b>	10,000	-	10,000
<b>Net Change in Fund Balance</b>	-	7	7
<b>Fund Balance - Beginning</b>	22,798	22,798	-
<b>Fund Balance - Ending</b>	\$ 22,798	\$ 22,805	\$ 7

**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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 14,162	\$ 14,162	\$ -
<b>Total Revenues</b>	<u>14,162</u>	<u>14,162</u>	<u>-</u>
<b>Expenditures</b>			
Current			
General Government	14,162	14,162	-
<b>Total Expenditures</b>	<u>14,162</u>	<u>14,162</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GRAY, GEORGIA**

**2016 COMMUNITY DEVELOPMENT BLOCK GRANT  
#16h-x-084-2-5852**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Project Authorization</b>
<b>Revenues</b>				
Department of Community Affairs	\$ 488,016	\$ 11,984	\$ 500,000	\$ 500,000
<b>Total Revenues</b>	488,016	11,984	500,000	500,000
<b>Expenditures</b>				
Acquisition of Property (Public)	-	-	-	500
Clearance	5,500	-	5,500	6,000
Contingencies - Unprogramed Funds	-	-	-	38,991
Rehabilitation of Private Properties	140,104	11,984	152,088	246,389
Reconstruction of Private Properties	342,412	-	342,412	208,120
<b>Total Expenditures</b>	488,016	11,984	500,000	500,000
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF GRAY, GEORGIA**

**SCHEDULE OF PROJECTS CONSTRUCTED  
WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
<b>2015 SPLOST</b>				
Water & Sewer System Improvements	\$ 1,318,800	\$ 715,865	\$ 458,253	\$ 1,174,118
Police Vehicles	362,250	344,707	39,881	384,588
Street Improvements	199,500	165,491	37,200	202,691
Fire Equipment, Vehicles, and Facilities	119,280	72,091	40,029	112,120
Public Works Vehicles and Equipment	100,170	69,990	-	69,990
<b>Total 2015 SPLOST</b>	<b>\$ 2,100,000</b>	<b>\$ 1,368,144</b>	<b>\$ 575,363</b>	<b>\$ 1,943,507</b>

**2021 SPLOST**

Water & Sewer System Improvements	\$ 1,612,800	\$ -	\$ -	\$ -
Police Vehicles	428,400	-	-	-
Street Improvements	226,800	-	206	206
Fire Equipment, Vehicles, and Facilities	138,600	-	-	-
Public Works Vehicles and Equipment	113,400	-	-	-
<b>Total 2021 SPLOST</b>	<b>\$ 2,520,000</b>	<b>\$ -</b>	<b>\$ 206</b>	<b>\$ 206</b>

CITY OF GRAY, GEORGIA

BALANCE SHEET  
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY  
DECEMBER 31, 2021

**Assets**

Cash and Cash Equivalent \$ 35,336

**Total Assets**

\$ 35,336

**Liabilities**

Accrued Liabilities \$ 3,249

**Total Liabilities**

3,249

**Fund Balances:**

Assigned 20,000

Unassigned 12,087

**Total Fund Balance**

32,087

**Total Liabilities and Fund Balance**

\$ 35,336

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

**Total Fund Balances - Governmental Funds**

\$ 32,087

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the Assets 1,258,143

Accumulated Depreciation (14,575)

**Net Position of Governmental Activities**

\$ 1,275,655

**CITY OF GRAY, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Revenues</b>	
Intergovernmental	\$ 347,500
Rental Income	33,400
Donations	76,052
	456,952
<b>Total Revenues</b>	<b>456,952</b>
<b>Expenditures</b>	
Current	
Housing and Development	36,371
Capital Outlay	734,418
	770,789
<b>Total Expenditures</b>	<b>770,789</b>
<b>Net Change in Fund Balances</b>	<b>(313,837)</b>
<b>Fund Balance, Beginning</b>	<b>345,924</b>
<b>Fund Balance, Ending</b>	<b>\$ 32,087</b>

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (313,837)</b>
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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 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 Capital Outlays	734,418
Total Depreciation	(2,915)
	417,666
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 417,666</b>



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## **COMPLIANCE SECTION**

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June 15, 2022

**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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 15, 2022.

**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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McNair, McLemore, Middlebrooks & Co., LLC*  
MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC

**CITY OF GRAY, GEORGIA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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***

There was not an audit of major federal award programs for the year ended December 31, 2021 due to the total amount expended being less than \$750,000.

**Section II – Financial Statement Findings**

Findings noted on the 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*:

None Reported