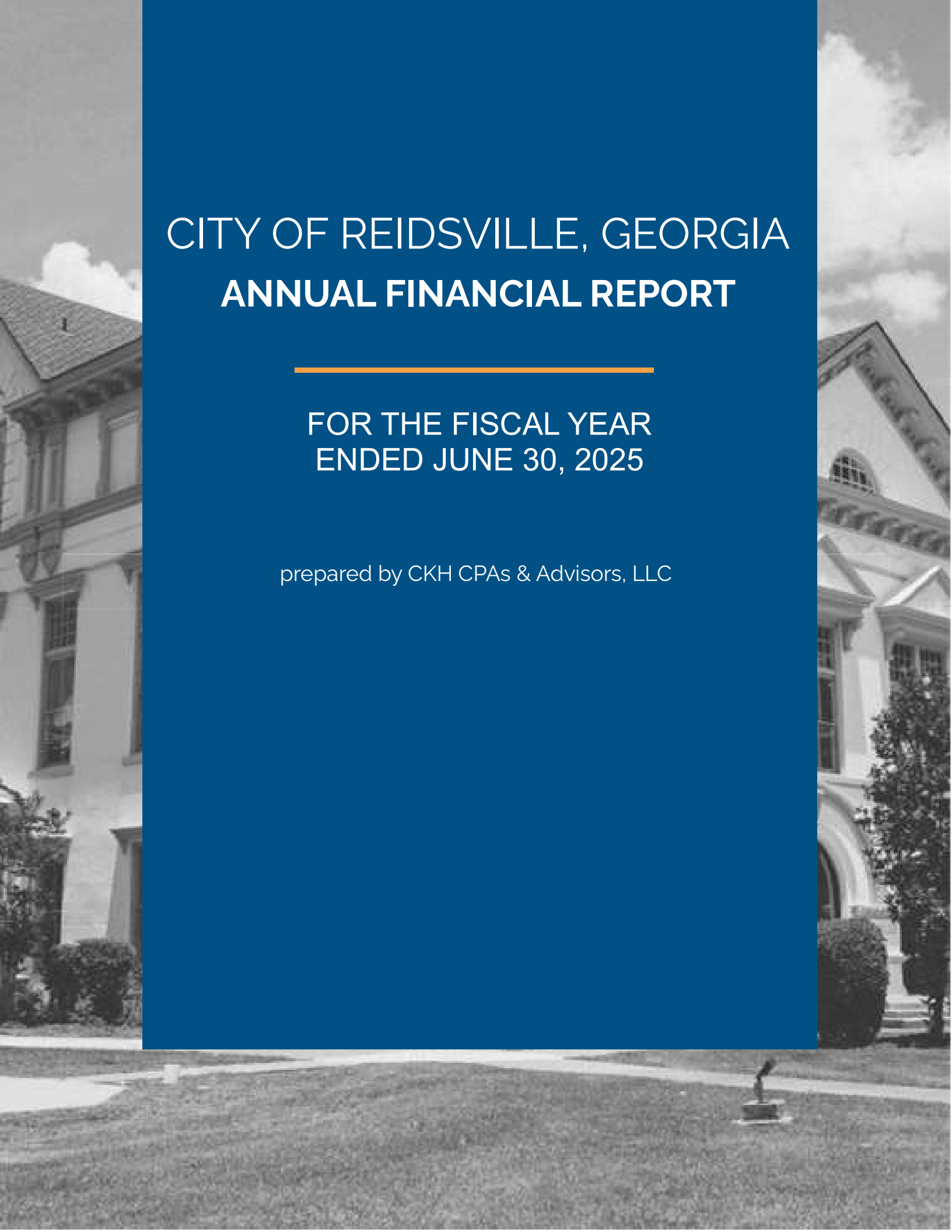

CITY OF REIDSVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2025

prepared by CKH CPAs & Advisors, LLC

CITY OF REIDSVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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CKH
CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the city Council
City of Reidsville, Georgia

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 generally accepted auditing standards and *Governmental 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 *Governmental Auditing Standards*, we:

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

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

Required Supplementary Information

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

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements for nonmajor governmental funds, the schedule of projects constructed with proceeds from special purpose local option sales tax as required by the Official Code of Georgia Annotated ("O.C.G.A") 48-8-121, schedule of projects constructed with proceeds from transportation special purpose local option sales tax. the comparative statements, and the CDBG Source and Application of funds and Project Cost Schedules (the "supplementary information") as listed in the table of contents, 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 supplementary information 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 December 31, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CKH CPA's and Advisors, LLC
Atlanta, Georgia
December 31, 2025

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 390,709	$ 693,410	$ 1,084,119	$ 56,530
Restricted cash	418,326	275,626	693,952	-
Receivables (net of allowance for uncollectibles)	31,275	60,291	91,566	-
Taxes receivable	24,795	-	24,795	-
Leases receivable	2,998	-	2,998	-
Due from other funds	1,011,489	-	1,011,489	-
Due from other governments	24,504	-	24,504	-
Noncurrent assets				
Capital assets, nondepreciable	335,058	2,160,247	2,495,305	-
Capital assets, depreciable, net of accumulated depreciation	5,245,251	2,341,789	7,587,040	-
Total assets	7,484,405	5,531,363	13,015,768	56,530
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	65,366	10,328	75,694	-
Total deferred outflows of resources	65,366	10,328	75,694	-
LIABILITIES				
Accounts payable	87,211	663,147	750,358	-
Accrued expenses	18,299	2,755	21,054	-
Acccrued interest payable	15,466	25,159	40,625	-
Due to other funds	-	1,011,489	1,011,489	-
Retainage payable	-	51,132	51,132	-
Customer deposits payable	-	79,330	79,330	-
Unearned revenue	207,369	-	207,369	-
Noncurrent liabilities due within one year				
Compensated absences	3,673	5,896	9,569	-
Note payable	69,766	-	69,766	-
Revenue bonds payable	-	158,096	158,096	-
Noncurrent liabilities due in more than one year				
Compensated absences payable	22,591	3,098	25,689	-
Note payable	355,616	-	355,616	-
Revenue bonds payable	-	3,725,258	3,725,258	-
Net pension liability	71,747	11,336	83,083	-
Total liabilities	851,738	5,736,696	6,588,434	-
DEFERRED INFLOWS OF RESOURCES				
Pension related items	106,887	16,889	123,776	-
Total deferred inflows of resources	106,887	16,889	123,776	-
NET POSITION				
Net investment in capital assets	5,154,927	618,682	5,773,609	-
Restricted for:				
Debt service	-	275,626	275,626	-
Unrestricted	1,436,219	(1,106,202)	330,017	56,530
Total net position	$ 6,591,146	$ (211,894)	$ 6,379,252	$ 56,530

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

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

Functions/Programs	Expenses	Program Revenues: Fines, Fees and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Downtown Development Authority
Primary government:								
Governmental activities								
General government	$ 796,821	$ 88,729	$ 19,702	$ -	$ (688,390)	$ -	$ (688,390)	$ -
Public safety	1,106,438	275,578	-	-	(830,860)	-	(830,860)	-
Public works	875,715	-	580,282	627,235	331,802	-	331,802	-
Recreation	279,578	74,688	-	-	(204,890)	-	(204,890)	-
Community services	11,460	-	-	-	(11,460)	-	(11,460)	-
Airport	58,196	-	-	1,211,372	1,153,176	-	1,153,176	-
Loss on sale of capital assets	17,717	-	-	-	(17,717)	-	(17,717)	-
Interest on long-term debt	23,731	-	-	-	(23,731)	-	(23,731)	-
Total governmental activities	3,169,656	438,995	599,984	1,838,607	(292,070)	-	(292,070)	-
Business-type activities								
Water and sewer	1,244,612	1,146,284	-	-	-	(98,328)	(98,328)	-
Total business-type activities	1,244,612	1,146,284	-	-	-	(98,328)	(98,328)	-
Total primary government	4,414,268	1,585,279	599,984	1,838,607	(292,070)	(98,328)	(390,398)	-
Component units:								
Downtown Development Authority	929	-	-	-	-	-	-	(929)
Total	$ 4,420,050	$ 1,582,081	$ 222,180	$ 1,757,204	(98,240)	(760,345)	(858,585)	(929)
General revenues:								
Property taxes					585,028	-	585,028	-
Sales and other taxes					306,375	-	306,375	-
Insurance premium taxes					239,760	-	239,760	-
Franchise taxes					175,175	-	175,175	-
Alcoholic beverage taxes					91,025	-	91,025	-
Unrestricted investment earnings (loss)					48,236	284	48,520	484
Transfers					(74,436)	74,436	-	-
Total general revenues and transfers					1,371,163	74,720	1,445,883	484
Change in net position					1,079,093	(23,608)	1,055,485	(445)
Net position, beginning of year					5,512,053	(188,286)	5,323,767	56,974
Net position, end of year					$ 6,591,146	$ (211,894)	$ 6,379,252	$ 56,529

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

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

ASSETS	General Fund	ARPA Fund	SPLOST Fund	T-SPLOST Fund	Airport Fund	CDBG Fund	Total
Cash and cash equivalents	$ 338,091	$ -	$ -	$ -	$ 52,618	$ -	$ 390,709
Restricted cash	-	3,435	205,094	209,797	-	-	418,326
Receivables (net of allowance for uncollectibles)	31,275	-	-	-	-	-	31,275
Taxes receivable	24,795	-	-	-	-	-	24,795
Lease receivable	2,998	-	-	-	-	-	2,998
Due from other funds	605,835	203,934	107,379	94,341	-	-	1,011,489
Due from other governments	-	-	19,723	4,781	-	-	24,504
Total assets	1,002,994	207,369	332,196	308,919	52,618	-	1,904,096
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	68,182	-	2,791	16,238	-	-	87,211
Accrued expenses	18,299	-	-	-	-	-	18,299
Unearned revenue	-	207,369	-	-	-	-	207,369
Due to other funds	-	-	-	-	-	-	-
Total liabilities	86,481	207,369	2,791	16,238	-	-	312,879
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - taxes	227,243	-	-	-	-	-	227,243
Total deferred inflows of resources	227,243	-	-	-	-	-	227,243
FUND BALANCES							
Restricted:							
Capital projects	-	-	329,405	292,681	52,618	-	674,704
Unassigned	689,270	-	-	-	-	-	689,270
Total fund balances	689,270	-	329,405	292,681	52,618	-	1,363,974
Total liabilities, deferred inflows of resources, and fund balances	$ 1,002,994	$ 207,369	$ 332,196	$ 308,919	$ 52,618	$ -	$ 1,904,096

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

CITY OF REIDSVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances - Governmental funds	$	1,363,974
Capital assets, including leased assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
- Capital assets, not being depreciated		335,058
- Capital assets, being depreciated, net of accumulated depreciation		5,245,251
Deferred inflows for property taxes, leases and unavailable revenues are not recognized as current year revenues and, therefore, are classified as deferred inflows in the governmental funds.		227,243
Long-term liabilities, including financed purchases and leases, are not due and payable in the current period and therefore are not reported in governmental funds.		
- Accrued interest payable		(15,466)
- Compensated absences		(26,264)
- Note payable		(425,382)
The deferred outflows of resources, deferred inflows of resources, and net pension liability related to the City's the pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.		
- Pension related		(113,268)
Net position of governmental activities	$	6,591,146

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

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

	General Fund	ARPA Fund	SPLOST Fund	T-SPLOST Fund	Airport Fund	CDBG Fund	Total
REVENUES:							
Property taxes	$ 506,798	$ -	$ -	$ -	$ -	$ -	$ 506,798
Sales and other taxes	306,375	-	-	-	-	-	306,375
Insurance premium taxes	239,760	-	-	-	-	-	239,760
Franchise taxes	175,175	-	-	-	-	-	175,175
Alcoholic beverage and other taxes	91,025	-	-	-	-	-	91,025
Licenses and permits	83,914	-	-	-	-	-	83,914
Intergovernmental revenues	623,704	19,702	319,842	221,958	1,211,372	85,444	2,482,022
Fines and forfeitures	153,299	-	-	-	-	-	153,299
Charges for services	155,162	-	-	-	-	-	155,162
Investment earnings (loss)	47,746	-	474	-	16	-	48,236
Building rentals	16,200	-	-	-	-	-	16,200
Total revenues	2,399,158	19,702	320,316	221,958	1,211,388	85,444	4,257,966
EXPENDITURES:							
Current:							
General government	521,082	17,462	-	-	97,690	-	636,234
Public safety	1,005,615	-	78,826	-	-	-	1,084,441
Public works	461,219	1,195	22,893	255,190	-	17,509	758,006
Culture and recreation	207,133	1,045	36,810	-	-	-	244,988
Community services	11,460	-	-	-	-	-	11,460
Capital outlay - General government	26,637	-	21,375	-	1,165,321	-	1,213,333
Capital outlay - Public safety	-	-	50,000	-	-	-	50,000
Capital outlay - Public works	-	-	52,060	2,616	-	-	54,676
Capital outlay - Culture and recreation	38,760	-	-	-	-	-	38,760
Debt service:							
Principal repayments	46,430	-	20,606	-	-	-	67,036
Interest and fiscal charges	13,337	-	2,700	-	-	-	16,037
Total expenditures	2,331,673	19,702	285,270	257,806	1,263,011	17,509	4,174,971
Excess (deficiency) of revenues over expenditures	67,485	-	35,046	(35,848)	(51,623)	67,935	82,995
OTHER FINANCING SOURCES (USES):							
Transfers in	(39,144)	-	-	-	-	-	(39,144)
Transfers out	-	-	-	-	32,643	(67,935)	(35,292)
Total other financing sources (uses)	(39,144)	-	-	-	32,643	(67,935)	(74,436)
Net change in fund balances	28,341	-	35,046	(35,848)	(18,980)	-	8,559
FUND BALANCES, BEGINNING OF YEAR	660,929	-	294,359	328,529	71,598	-	1,355,415
FUND BALANCES, END OF YEAR	$ 689,270	$ -	$ 329,405	$ 292,681	$ 52,618	$ -	$ 1,363,974

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

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 8,559
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
- Capital outlays		1,356,769
- Depreciation expense		(438,247)
Governmental funds report proceeds from the disposal of capital assets as other financing sources, while the Statement of Activities reports only the resulting gain or loss on disposal. This difference arises because capital assets and related depreciation are not reported in governmental funds.		(17,717)
The payments received on notes receivable provide current financial resources to governmental funds, but have no effect on net position.		(13,002)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		78,230
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		67,036
Other financing sources from the issuance of debt are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements.		
Accrued interest payable as at June 30, 2025	(15,466)	
Accrued interest payable as at June 30, 2024	7,772	(7,694)
Governmental funds report compensated absences as expenditures when payments are due, while the Statement of Activities recognizes compensated absences as earned. This results in a difference between the amounts reported in the governmental funds and the Statement of Activities.		(9,900)
Governmental funds do not report the net pension liability or the related deferred outflows and deferred inflows of resources. These amounts are recognized in the Statement of Activities, resulting in differences between the governmental funds and government-wide statements.		
Net pension liability		140,785
Deferred outflows of resources		2,000
Deferred inflows of resources		(87,726)
Change in net position - governmental activities		$ 1,079,093

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

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

	Water, Sewer & Sanitation Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 693,410
Restricted cash	275,626
Receivables (net of allowance for uncollectibles)	60,291
Total current assets	1,029,327
Noncurrent assets	
Capital assets, not being depreciated	2,160,247
Capital assets, being depreciated	2,341,789
Total noncurrent assets	4,502,036
Total assets	5,531,363
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	10,328
Total deferred outflows of resources	10,328
LIABILITIES	
Current liabilities:	
Accounts payable	663,147
Accrued expenses	2,755
Accrued interest payable	25,159
Retainage payable	51,132
Due to other funds	1,011,489
Customer deposits payable	79,330
Bond payable	158,096
Compensated absences	5,896
Total current liabilities	1,997,004
Long-term liabilities:	
Note payable	-
Bond payable	3,725,258
Compensated absences	3,098
Net pension liability	11,336
Total long-term liabilities	3,739,692
Total liabilities	5,736,696
DEFERRED INFLOWS OF RESOURCES	
Pension related items	16,889
Total deferred inflows of resources	16,889
NET POSITION	
Net investment in capital assets	618,682
Unrestricted	(830,576)
Total net position	$ (211,894)

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

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

	Water, Sewer & Sanitation Fund
OPERATING REVENUES	
Water and sewer sales	$ 737,335
Sanitation fees	361,479
Tap and connection fees	19,249
Late charges	23,599
Other income	4,622
Total operating revenues	1,146,284
OPERATING EXPENSES	
Personnel services and benefits	281,707
Sanitation fees	300,613
Purchased contract services	70,275
Supplies and maintenances	88,779
Repairs and maintenance	16,427
Utilities	87,884
Depreciation	272,381
Total operating expenses	1,118,066
Operating income (loss)	28,218
NONOPERATING REVENUES (EXPENSES)	
Investment earnings (loss)	284
Interest and fiscal charges	(162,246)
Total nonoperating revenues (expenses)	(161,962)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(133,744)
Capital contributions	35,700
Transfers in	74,436
Transfers out	-
Total transfers	110,136
Change in net position	(23,608)
NET POSITION, BEGINNING OF YEAR	(188,286)
NET POSITION, END OF YEAR	$ (211,894)

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

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

	Water, Sewer & Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 1,222,631
Payments to suppliers and service providers	203,309
Payments to employees	(293,706)
Net cash provided by operating activities	1,132,234
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	284
Net cash provided by investing activities	284
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(1,769,570)
Principal payments on revenue bonds payable	1,328,512
Proceeds from issuance of long-term debt	1,478,915
Capital contributions	35,700
Interest and fiscal charges paid	(162,340)
Net cash used in capital and related financing activities	911,217
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	74,436
Net cash provided by (used in) noncapital financing activities	74,436
Increase (decrease) in cash	2,118,171
Cash:	
Beginning of year	54,154
End of year	$ 2,172,325
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	$ 28,218
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	272,381
(Increase) decrease in accounts receivable	76,347
(Increase) decrease in pension related deferred outflows of resources	9,226
Increase (decrease) in accounts payable	608,106
Increase (decrease) in accrued expenses	15,164
Increase (decrease) in interfund balances	105,849
Increase (decrease) in customer deposits payable	2,200
Increase (decrease) in unearned revenue	-
Increase (decrease) in retainage payable	51,132
Increase (decrease) in pension related deferred inflows of resources	10,976
Increase (decrease) in compensated absences	(1,603)
Increase (decrease) in net pension liability	(45,762)
Net cash provided by operating activities	$ 1,132,234

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Reidsville, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Reidsville (the 'City') was established in 1905, and is a political subdivision of the State of Georgia. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, sanitation, recreation, planning and zoning, community development, airport and general administrative services. In addition, the City operates a water and sewer system.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units

The Reidsville Downtown Development Authority (the “DDA”) has been included as a discretely presented component unit in the accompanying financial statements. Separate financial statements for the Reidsville Downtown Development Authority are not prepared. There are no differences between the fund level and government-wide reporting for the DDA; therefore, fund level statements have not been presented.

Related Organizations

The Housing Authority of the City of Reidsville, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Reidsville, Georgia. The City of Reidsville, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Reidsville, Georgia is a related organization and is excluded from the reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. 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 net position will include non-current assets and non-current liabilities. Neither fiduciary funds nor fiduciary component units are included. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The government-wide financial statements are reported using the *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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered 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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, charges for services, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The ***General Fund*** - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

The ***SPLOST Fund*** - This fund accounts for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the City.

The ***Transportation SPLOST (T-SPLOST) Fund*** - This fund accounts for the regional transportation special purpose local option sales tax proceeds received for transportation purposes within the County, as well as amounts received under the Transportation Investment Act ("TIA").

The ***ARPA Grant Fund*** accounts for the American Rescue Plan Act grant activity of the City.This fund accounts for all Local Fiscal Recovery funds received by the City through the American Rescue Plan Act of 2021.

The ***Airport Fund*** - This fund accounts for the funds received and expended in terms of the Airport facilities.

A ***CDBG (Community Development Block Grant) Fund*** accounts for federal HUD grant monies used by local governments to support community development projects that primarily benefit low- and moderate-income individuals.

The City reports the following major proprietary fund:

The ***Water, Sewer and Sanitation Fund*** accounts for the activities of the City's water system and the billing of the sewer system as it applies to City residents, which renders those services to the residents and businesses located within the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Amounts reported as *program 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 as program revenues. Likewise, general revenues include all taxes.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis in accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

E. 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.

The City is authorized to invest its funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks within the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank and Federal Bank for Cooperatives; and (4) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Government, or project notes secured by a payment agreement with the United States Government. All investments are stated at market value.

Investments are recorded at fair value based on quoted market prices. Increases or decreases in the fair value during the year are recognized as a component of investment earnings.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Governmentagency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

F. Restricted Cash

Restricted cash includes amounts set aside to meet the requirements of applicable bond covenants of the water and sewer revenue bonds.

G. Receivables and Payables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

H. Inventories and Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable since this amount is not available for general appropriation. There were no payments that met the criteria to be recognised as prepaid items for the year ended June 30, 2025.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the City fund financial statements. Capital assets utilized by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Asset Category	Years
Buildings	15 - 30
Improvements other than buildings	15 - 30
Machinery and equipment	5 - 10
Water and sewer system	25 - 40
Infrastructure	15 - 25

J. Leases

Lessee

The City of Reidsville recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements for noncancellable leases of equipment. The City of Reidsville recognizes lease liabilities with an initial individual value of $5,000 or more.

At the commencement of a lease, the City of Reidsville initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

1) The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

2) The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

3) The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The City of Reidsville monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City of Reidsville had no lease liabilities or right-to-use leased assets to report at June 30, 2025.

Lessor

The City of Reidsville is a lessor for a noncancellable lease of property. The City of Reidsville recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund level financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases (Continued)

Lessor (Continued)

Key estimates and judgments related to leases receivable include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

1) The City uses the interest rate charged as the discount rate. When the interest rate charged is not specified, the City generally uses its estimated incremental leasing rate as the discount rate for leases.

2) The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments due to the City over the term of the lease and residual value guarantee payments that are fixed in substance.

3) The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable and deferred inflows of resources.

The City of Reidsville monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

K. Subscription-based Information Technology Arrangements

The City is a lessee for IT software subscriptions. The City recognizes a subscription liability and a subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of a subscription agreement, the City initially measures the subscription liability at the present value of payments expected to be paid during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the asset or the subscription term.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments:

1) The City uses the interest rate charged by the IT provider as the discount rate. When the interest rate charged by the IT provider is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscription agreements.

2) The subscription term includes the noncancellable period of the subscription term. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

3) The City monitors changes in circumstances that would require a remeasurement of its subscription liability and will remeasure the subscription liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

L. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

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 three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary fund.

M. Compensated Absences

The City accrues a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. Compensated absences include vacation leave, sick leave, and other forms of paid time off, and are recognized as a liability when earned by employees if the leave is attributable to services already rendered and it is more likely than not that the leave will be used or paid.

The liability includes leave that is conditioned on an employee's future service, provided it is more likely than not that the employee will meet the requirement, as well as leave that is dependent on the occurrence of a specific event outside the control of the employer and the employee. The amount of the liability is calculated using pay rates in effect at the financial reporting date, and includes applicable salary-related payments.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due".

N. Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

O. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water, sewer and sanitation. Operating expenses are necessary costs incurred to provide the water and sewer services and includes administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

S. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained

Restricted – Fund balances are reported as restricted when they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action (i.e., ordinance) of the City Council. The same formal action is required to modify or rescind a fund balance commitment.

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – Fund balances are reported as unassigned as the residual classification for the City’s general fund and includes all spendable amounts not contained in the other classifications. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used or restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Reidsville Retirement Plan (the “Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. 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, deferred outflows of resources, liabilities and deferred inflows of resources 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 these estimates.

V. New GASB pronouncements

GASB Standards Issued

1. GASB Statement No. 103 – Financial Reporting Model Improvements

Issued: April 2024
Summary: GASB Statement No. 103 introduces significant updates to the financial reporting model for state and local governments. Its primary goal is to enhance the usefulness of financial reports by addressing identified application issues and refining the structure and content of key components such as Management's Discussion and Analysis (MD&A) and certain financial statement presentations.
Effective Date: Periods beginning after June 15, 2025 (earlier application encouraged).

2. GASB Statement No. 104 – Disclosure of Certain Capital Assets

Issued: September 2024
Summary: GASB Statement No. 104 introduces new disclosure requirements for specific categories of capital assets in governmental financial statements, aiming to enhance transparency and facilitate better decision-making.
Effective Date: Periods beginning after June 15, 2025 (earlier application encouraged).

NOTE 2. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

The City adopts an annual operating budget for the general fund, special revenue fund and the capital projects funds. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

All unexpended annual appropriations lapse at year-end.

For the year ended June 30, 2025, actual amounts exceeded expenditures as follows:

	Budgeted Amounts		Actual on a	Variance
	Original	Final	Budgetary	with Final
General Fund				
Current:				
General government	$ 429,156	$ 429,156	$ 547,719	$ (118,563)
Public safety	993,125	993,125	1,005,615	(12,490)
Public works	351,250	351,250	461,219	(109,969)
Culture and recreation	93,987	93,987	245,893	(151,906)
Debt service:				
Principal repayments	-	-	46,430	(46,430)
Interest and fiscal charges	-	-	13,337	(13,337)

The reason for these variances are due to increased operational activity which were not budgeted for. These over expenditures were funded primarily by excess revenues and other financing sources over amounts budgeted.

NOTE 3. DEPOSITS AND INVESTMENTS

Primary Government

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; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Custodial credit risk:
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments and the Georgia Fund 1) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2025, the financial institutions holding all of the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of June 30, 2025, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

Interest rate risk:
Interest rate risk is the risk that a government may face if changes in interest rates affect the fair value of its investments. To reduce interest rate risk, the City limits the maturity of any investment to five years. An investment held to maturity will be paid at par value. The City intends to hold all investments to maturity.

NOTE 4. RECEIVABLES

Primary Government

Receivables at June 30, 2025, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	T-SPLOST Fund	SPLOST Fund	Water, Sewer & Sanitation Fund
Receivables:				
Taxes	$ 223,829	$ -	$ -	$ -
Intergovernmental	-	4,781	19,723	-
Leases	2,998	-	-	-
Accounts	31,275	-	-	60,291
Gross receivables	258,102	4,781	19,723	60,291
Less allowance for uncollectibles	(199,034)	-	-	(25,000)
Net receivables	$ 59,068	$ 4,781	$ 19,723	$ 35,291

Property taxes for the 2024 fiscal year were levied in September 2024, with property values assessed as of January 1, 2024. Bills are payable on or before December 1, 2024 after which the applicable property is subject to lien and penalties and interest as assessed. Property taxes attached as an enforceable lien on property as of January 1, 2025.

NOTE 5. CAPITAL ASSETS

Primary Government

Capital asset activity of governmental activities for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 335,058	$ -	$ -	$ -	$ 335,058
Construction in progress	1,112,666	1,145,798	-	(2,258,464)	-
Total capital assets, not being depreciated	1,447,724	1,145,798	-	(2,258,464)	335,058
Capital assets, being depreciated:					
Buildings	1,493,564	-	-	2,258,464	3,752,028
Improvements other than buildings	2,284,083	70,260	-	-	2,354,343
Machinery and equipment	2,386,549	134,212	(53,151)	-	2,467,610
Infrastructure	2,363,686	6,499	-	-	2,370,185
Total capital assets, being depreciated	8,527,882	210,971	(53,151)	2,258,464	10,944,166
Less accumulated depreciation for:					
Buildings	1,080,006	55,648	-	-	1,135,654
Improvements other than buildings	1,461,682	71,979	-	-	1,533,661
Machinery and equipment	1,919,126	192,871	(35,434)	-	2,076,563
Infrastructure	835,288	117,749	-	-	953,037
Total accumulated depreciation	5,296,102	438,247	(35,434)	-	5,698,915
Total capital assets, being depreciated, net	3,231,780	(227,276)	(17,717)	2,258,464	5,245,251
Governmental activities capital assets, net	$ 4,679,504	$ 918,522	$ (17,717)	$ -	$ 5,580,309

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

Governmental activities:	
General government	$ 35,190
Airport	36,118
Public safety	124,308
Public works	185,036
Recreation	57,596
Total depreciation expense - governmental activities	$ 438,247

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Capital asset activity of business-type activities for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated					
Land	$ 410,942	$ -	$ -	$ -	$ 410,942
Improvements	-	1,749,305	-	-	1,749,305
Total capital assets, not being depreciated	410,942	1,749,305	-	-	2,160,247
Capital assets, being depreciated:					
Water and sewer system	11,790,063	-	-	-	11,790,063
Buildings	448,609	-	-	-	448,609
Machinery and equipment	423,362	20,265	-	-	443,627
Total capital assets, being depreciated	12,662,034	20,265	-	-	12,682,299
Less accumulated depreciation for:					
Water and sewer system	9,656,111	272,381	-	-	9,928,492
Buildings	44,620	-	-	-	44,620
Machinery and equipment	367,398	-	-	-	367,398
Total accumulated depreciation	10,068,129	272,381	-	-	10,340,510
Total capital assets, being depreciated, net	2,593,905	(252,116)	-	-	2,341,789
Business-type activities capital assets, net	$ 3,004,847	$ 1,497,189	$ -	$ -	$ 4,502,036

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

Business-type activities:	
Water, Sewer & Sanitation Fund	$ 272,381

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable fund	Payable fund	Amount
General Fund	Water, Sewer & Sanitation	$ 1,011,489
ARPA Grant Fund	General Fund	203,934
T-SPLOST Fund	General Fund	94,341
SPLOST Fund	General Fund	107,379
		$ 1,417,143

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

Interfund transfers for the year ended June 30, 2025 were as follows:

Transfers In	Transfers Out	Amount
Airport Fund	General Fund	$ 32,643
General Fund	CDBG Fund	67,935
Water, Sewer & Sanitation Fund	General Fund	74,436
		$ 175,014

Transfers between funds are for the use of unrestricted revenue to finance various capital improvement projects accounted for in other funds. Transfers between funds are also used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and to reimburse the General Fund for certain shared costs.

NOTE 7. WATER AND SEWER REVENUE BONDS

Series 1996: In 1997, the City issued $4,739,800 in City of Reidsville Water and Sewer Revenue Bonds, Series 1996. The bonds were issued to provide funds for upgrading its water and sewer system.

Deposits in the sinking fund are to be made as follows:
There shall be paid from the revenue fund into the debt service account the monthly installment of principal and interest coming due on the bonds. There shall be paid from the revenue fund into the reserve account an amount equal to 10 percent of said monthly installment of principal and interest coming due on the bonds. Said monthly deposits shall continue to be made until there is established and maintained a debt service reserve sufficient to pay the principal and interest due on the bonds in the next succeeding sinking fund

The revenue bonds are due in monthly installments of $22,894, including interest at 5 percent, from April, 1997 to December, 2037.

Year ending June 30	Principal	Interest	Total
2026	$ 158,096	$ 116,632	$ 274,728
2027	166,185	108,543	274,728
2028	174,687	100,041	274,728
2029	183,625	91,103	274,728
2030	193,019	81,709	274,728
2031 - 2035	1,123,725	249,915	1,373,640
2036 - 2037	405,102	16,559	421,661
Total	$ 2,404,439	$ 764,502	$ 3,168,941

Interim Construction Financing and Planned USDA Refinancing - The City has obtained interim construction financing through Queensborough National Bank & Trust Company to fund the construction of a new wastewater treatment plant. The interim financing is structured as a draw-down bond with a maximum authorized amount of $4,218,000 and a fixed interest rate of 5.625% per annum. As of June 30, 2025, the City has drawn down $ 1,478,915 under this facility. No principal or interest payments have been made as of the reporting date; all funds drawn are being used for project construction and related costs.

It is the City's intent to refinance this interim financing with a permanent loan from the United States Department of Agriculture (USDA) Rural Development program.

NOTE 8. LONG-TERM DEBT

Primary Government

The following is a summary of the long-term debt for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
City Hall	$ 207,755	$ -	$ (20,606)	$ 187,149	$ 21,914
Police Vehicles	42,520	-	(17,041)	25,479	17,569
Fire Tanker	242,142	-	35,220	277,362	30,283
Compensated absences	16,364	9,900	-	26,264	3,673
Total for governmental activities	$ 508,782	$ 9,900	$ (2,427)	$ 516,255	$ 73,439
Business-type Activities:					
Revenues Bonds	$ 2,554,842	$ 1,478,915	$ (150,403)	$ 3,883,354	$ 158,096
Compensated absences	10,597	-	(1,603)	8,994	5,896
Total for governmental activities	$ 2,565,439	$ 1,478,915	$ (152,006)	$ 3,892,348	$ 163,992

The addition noted for compensated absences reflects the net change for the period. The compensated absences liability for governmental activities is expected to be settled by the General Fund, and for business-type activities is expected to be settled by the Water, Sewer and Sanitaiton FUnd.

Note payable to Georgia Municipal Association (GMA) for the purchase of the City Hall building, assigned to Sharon Cheney, payable in monthly installments of $2,935, including interest at 3% through December 1, 2030.

Note payable to Ford Municipal Finance for police vehicles, payable in annual installments of $23,306, including interest at 6.35% through October 26, 2025.

Note payable to Community First National Bank for a fire tanker vehicle, payable in annual installments of $24,547, including interest at 3.10% through September 10, 2035.

NOTE 8. NOTES PAYABLE (CONTINUED)

Primary Government (Continued)

The City's debt service requirements to maturity on the notes payables are as follows:

Year ending June 30	Principal	Interest	Total
2026	$ 69,766	$ 13,307	$ 83,073
2027	49,318	10,449	59,767
2028	50,828	8,939	59,767
2029	52,385	7,382	59,767
2030	53,990	5,777	59,767
2031 - 2035	126,333	14,013	140,346
2036	22,762	706	23,468
Total	$ 425,382	$ 60,571	$ 485,954

NOTE 9. EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Reidsville Retirement Plan (the "Plan"), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided

The Plan provides retirement benefits to eligible employees of the City. All regular employees meeting the eligibility requirements are covered under the plan. Municipal legal officers are not eligible to participate in the plan. In order to be eligible for participation, regular employees must work a minimum of twenty hours per week for at least five months per year. Regular employees are required to complete one year of continuous, uninterrupted service with the City to qualify for participation in the plan. Participation is mandatory for all eligible employees.

Plan participants are eligible to receive early retirement benefits at the age of fifty-five with the completion of ten years of total credited service. Normal retirement benefits may be received at the age of sixty-five with five years of total credited service.

Normal retirement benefits are calculated based on a flat percentage of 1.25 percent of final average earnings multiplied by years of total credited service as an eligible regular employee. The number of years of total credited service which may be used to calculate the benefit is not limited. Monthly benefits are paid at 1/12th of the calculated amount. The same formula is used for all participants who are regular employees. Final average earnings are the annual average of earnings paid to a participant by the City for the five consecutive years of credited service preceding the participant's most recent termination in which the participant's earnings were the highest. All elected or appointed members of the governing authority eligible to participate will receive $11 per month of each year of total credited

Final average earnings for participants electing to receive early retirement benefits are reduced by a percentage ranging from 6.7 percent to 50 percent depending on the number of years benefits are received prior to normal retirement age.

Disability retirement benefits shall be computed in the same manner as the normal retirement benefit, based upon the participant's accrued benefit as of his disability retirement date. The minimum disability benefit will be no less than 20% of the participant's average monthly earnings for the twelve calendar month period immediately preceding his termination of employment as a result of a disability.

In-service death benefits are payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant, had he elected a 100% joint and survivor benefit under the plan. In order to be eligible for this benefit, a participant must have 10 years of total credited service. Terminated vested death benefits are payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant had he elected a 100% joint and survivor benefit under the plan.

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2025, the most recent actuarial valuation, there were 59 participants as follows:

Active elected officials	6
Retirees and beneficiaries	15
Vested former employees	18
Active participants	20
	59

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $48,710. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding

Net Pension Liability
The City's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions
The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019 conducted by Segal in November and December of 2019.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
Domestic equity	45%	6.60%
International equity	20%	7.03%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
	100%	

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

NOTE 9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Changes in the Net Pension Liability	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance, September 30, 2023	$ 1,377,859	$ 1,108,229	$ 269,630
Changes for the year:			
Service cost	25,744	-	25,744
Interest	100,889	-	100,889
Contributions from the employer	-	43,506	(43,506)
Net investment income	-	261,886	(261,886)
Difference between expected and actual experience	(14,212)	-	(14,212)
Change of assumptions			-
Benefit payments, including refunds of employee contributions	(71,237)	(71,237)	-
Administrative expenses	-	(6,424)	6,424
Net Changes			-
Balance, September 30, 2024	41,184	227,731	(186,547)
	$ 1,419,043	$ 1,335,960	$ 83,083

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.375 percent) or one percentage point higher (8.375 percent) than the current rate:

	1% Decrease (6,375%)	Current Discount Rate (7,375%)	1% Increase (8,375%)
City's net pension liability	$ 239,191	$ 83,083	$ (49,250)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the City recognized pension expense of $19,961. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions after measurement date	$ 75,694	$ -
Differences in expected and actual experience	-	22,011
Net differences between projected and actual net investment income	-	101,765
	$ 75,694	$ 123,776

City contributions subsequent to the measurement date of $75,694 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2026	$ (42,847)
2027	3,979
2028	(48,625)
2029	(36,283)
	$ (123,776)

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees and their

General Liability

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters. The City is a member of the Georgia Interlocal Risk Management Agency. This

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

The City of Reidsville retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $1,000 deductible.

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

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

The City's attorney has advised that there are no pending litigation cases against the City as of June 30, 2025, that will materially affect the financial statements.

NOTE 14. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in east central/southeast Georgia, is a member of the Heart of Georgia Altamaha Regional Commission (HOGARC). County level dues are assessed and paid by the counties. Membership is required by OCGA 50 8 34. The governing council includes chief elected officials of member counties and municipalities. Under OCGA 50 8 39.1, member governments are liable for any debts of the commission. Financial statements may be obtained from HOGARC — Eastman office: 5405 Oak Street, Eastman, GA 31023; phone (478) 374 4771.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REIDSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	$ 25,744	$ 27,871	$ 16,373	$ 20,890	$ 21,068
Interest	100,889	100,018	95,177	97,773	93,487
Differences between expected and actual experience	(14,212)	(37,611)	17,283	(78,735)	20,499
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(71,237)	(81,440)	(67,938)	(73,297)	(80,227)
Net change in total pension liability	41,184	8,838	60,895	(33,369)	54,827
Total pension liability - beginning	1,377,859	1,369,021	1,308,126	1,341,495	1,286,668
Total pension liability - ending (a)	$ 1,419,043	$ 1,377,859	$ 1,369,021	$ 1,308,126	$ 1,341,495
Plan fiduciary net position					
Contributions - employer	$ 43,506	$ 65,703	$ 29,955	$ 57,877	$ 23,486
Net investment income (loss)	261,886	134,362	(197,024)	245,540	92,278
Benefit payments, including refunds of member contributions	(71,237)	(81,440)	(67,938)	(73,297)	(80,227)
Administrative expenses	(6,424)	(6,728)	(7,350)	(7,661)	(7,458)
Net change in plan fiduciary net position	227,731	111,897	(242,357)	222,459	28,079
Plan fiduciary net position - beginning	1,108,229	996,332	1,238,689	1,016,230	988,151
Plan fiduciary net position - ending (b)	$ 1,335,960	$ 1,108,229	$ 996,332	$ 1,238,689	$ 1,016,230
City's net pension liability - ending (a) - (b)	$ 83,083	$ 269,630	$ 372,689	$ 69,437	$ 325,265
Plan fiduciary net position as a percentage of the total pension liability	94.15%	80.43%	72.78%	94.69%	76.80%
Covered payroll	$ 769,049	$ 671,168	$ 716,290	$ 447,294	$ 590,660
City's net pension liability as a percentage of covered payroll	10.80%	40.17%	52.03%	15.52%	55.07%

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	$ 21,947	$ 15,864	$ 18,785	$ 17,307	$ 20,509
Interest	85,175	83,301	85,186	81,851	78,204
Differences between expected and actual experience	106,225	(17,837)	(70,975)	228	7,260
Changes of assumptions	(6,256)	-	18,183	-	-
Benefit payments, including refunds of member contributions	(68,281)	(56,568)	(54,509)	(58,212)	(59,602)
Net change in total pension liability	138,810	24,760	(3,330)	41,174	46,371
Total pension liability - beginning	1,147,858	1,123,098	1,126,428	1,085,254	1,038,883
Total pension liability - ending (a)	$ 1,286,668	$ 1,147,858	$ 1,123,098	$ 1,126,428	$ 1,085,254
Plan fiduciary net position					
Contributions - employer	$ 39,183	$ 48,294	$ 63,798	$ 47,660	$ 48,536
Net investment income	28,600	91,060	120,091	81,419	8,796
Benefit payments, including refunds of member contributions	(68,281)	(56,568)	(54,509)	(58,212)	(59,602)
Administrative expenses	(6,906)	(7,520)	(8,072)	(4,410)	(4,813)
Net change in plan fiduciary net position	(7,404)	75,266	121,308	66,457	(7,083)
Plan fiduciary net position - beginning	995,555	920,289	798,981	732,524	739,607
Plan fiduciary net position - ending (b)	$ 988,151	$ 995,555	$ 920,289	$ 798,981	$ 732,524
City's net pension liability - ending (a) - (b)	$ 298,517	$ 152,303	$ 202,809	$ 327,447	$ 352,730
Plan fiduciary net position as a percentage of the total pension liability	76.80%	86.73%	81.94%	70.93%	67.50%
Covered payroll	$ 590,660	$ 481,892	$ 454,726	$ 538,764	$ 454,034
City's net pension liability as a percentage of covered payroll	50.54%	31.61%	44.60%	60.78%	77.69%

Notes to the Schedule:
(i) Changes of assumptions - There were no changes in assumptions in the last three fiscal years.
(ii) Benefit changes - There were no changes in benefit provisions in the last three fiscal years.

CITY OF REIDSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2025	2024	2023	2022	2021
Actuarially determined contribution	$ -	$ 63,640	$ 51,583	$ 65,551	$ 57,877
Contributions in relation to the actuarially determined contribution	-	38,203	69,509	36,320	48,231
Contribution deficiency (excess)	$ -	$ (25,437)	$ (17,926)	$ 29,231	$ 9,646
Covered payroll	$ -	$ 671,168	$ 716,290	$ 447,294	$ 590,660
Contributions as a percentage of covered payroll	0.00%	5.69%	9.70%	8.12%	8.17%

	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 44,791	$ 46,116	$ 55,147	$ 55,147	$ 54,344
Contributions in relation to the actuarially determined contribution	37,328	46,869	59,609	59,609	49,619
Contribution deficiency (excess)	$ 7,463	$ (753)	$ (4,462)	$ (4,462)	$ 4,725
Covered payroll	$ 590,660	$ 481,892	$ 454,726	$ 538,764	$ 454,034
Contributions as a percentage of covered payroll	6.32%	9.73%	13.11%	11.06%	10.93%

*2025 information will be determined after fiscal year end and will be included in the 2026 valuation report.

Notes to the schedule:

Valuation Date	The actuarially determined contribution was determined as of January 1, 2025 with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending June 30, 2026.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 11 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	N/A
Retirement Age	Employees - 5% at ages 55 to 59, 7% at age 60 and 61, 20% at age 62, 10% at age 63 and 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older.

Mortality Rates:

Healthy retirees and beneficiaries:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by
Disabled participants:	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied b
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

CITY OF REIDSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual on a	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
Property taxes	$ 367,466	$ 367,466	$ 506,798	$ 139,332
Sales taxes	339,000	339,000	306,375	(32,625)
Insurance premium taxes	400,832	400,832	239,760	(161,072)
Franchise taxes	165,000	165,000	175,175	10,175
Alcoholic beverage and other taxes	89,800	89,800	91,025	1,225
Licenses and permits	107,000	107,000	83,914	(23,086)
Intergovernmental revenues	43,190	43,190	623,704	580,514
Fines and forfeitures	140,000	140,000	153,299	13,299
Charges for services	95,500	95,500	155,162	59,662
Investment earnings (loss)	140,000	140,000	47,746	(92,254)
Building rentals	-	-	16,200	16,200
Miscellaneous	20,040	20,040	-	(20,040)
Total revenues	1,907,828	1,907,828	2,399,158	491,330
Expenditures:				
Current:				
General government	429,156	429,156	547,719	(118,563)
Public safety	993,125	993,125	1,005,615	(12,490)
Public works	351,250	351,250	461,219	(109,969)
Culture and recreation	93,987	93,987	245,893	(151,906)
Community services	13,380	13,380	11,460	1,920
Airport	-	-	-	-
Debt service:				
Principal repayments	-	-	46,430	(46,430)
Interest and fiscal charges	-	-	13,337	(13,337)
Total expenditures	1,880,898	1,880,898	2,331,673	(450,775)
Excess (deficiency) of revenues over expenditures	26,930	26,930	67,485	942,105
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	(39,144)	(39,144)
Total other financing sources (uses)	-	-	(39,144)	(39,144)
Net change in fund balances	$ 26,930	$ 26,930	28,341	$ 902,961
FUND BALANCES, BEGINNING OF YEAR			660,929	
FUND BALANCES, END OF YEAR			$ 689,270	

Note:
(i) The expenditures exceeded appropriations in the General government, Public safety, Public works and Culture and recreation departments, as well as the Debt service with $122,073, $12,490, $109,969, $151,906 and $59,767 respectively.
(ii) The City's legal level of budgetary control is at the department level within each fund.

CITY OF REIDSVILLE, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual on a	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
Intergovernmental revenues	$ -	$ -	$ 19,702	$ 19,702
Total revenues	-	-	19,702	19,702
Expenditures:				
Current:				
General government	-	-	17,462	(17,462)
Public works	-	-	1,195	(1,195)
Culture and recreation	-	-	1,045	(1,045)
Total expenditures	-	-	19,702	(19,702)
Net change in fund balances	$ -	$ -	-	$ 39,404
FUND BALANCES, BEGINNING OF YEAR			-	
FUND BALANCES, END OF YEAR			$ -	

Note:
(i) The expenditures exceeded appropriations in the General government, Public works and Culture and recreation departments with $17,462, $1,195 and $1,045 respectively.
(ii) The City's legal level of budgetary control is at the department level within each fund.

SUPPLEMENTARY INFORMATION

CITY OF REIDSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 24p-x-132-2-6386
SCHEDULE OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Program funds allcocated	$ 1,111,299
Less funds drawn down by the recipient through June 30, 2025	(85,444)
Funds still available from CDBG, July 1, 2025	$ 1,025,855
Total program funds held by recipient available for disposition, July 1, 2024	$ -
Total program funds drawn down by recipient	85,444
Less expenses paid with program funds	(85,444)
Total program funds held by recipient available for disposition, June 30, 2025	$ -

CITY OF REIDSVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 24p-x-132-2-6386
PROJECT COST SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Activity	APPROVED BUDGET	EXPENDITURES PRIOR	EXPENDITURES CURRENT	EXPENDITURES TOTAL	UNEXPENDED BUDGET
P-03J-02 Sewer Facilities	$ 955,299	$ -	$ 17,510	$ 17,510	$ 937,789
T-03J-02 Engineering - Water/Sewer Improvements	90,000	-	67,935	67,935	22,065
A-21A-00 Administration	66,000	-	-	-	66,000
	$ 1,111,299	$ -	$ 85,445	$ 85,445	$ 1,025,854

CITY OF REIDSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
FOR THE YEAR ENDED JUNE 30, 2025

2020 SPLOST	ESTIMATED COST		EXPENDITURES			PROJECT
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	COMPLETION
PROJECT						
Building improvements and equipment - Administrative	$ -	$ 33,949	$ 12,562	$ 21,387	$ 33,949	100.00%
Building improvements - Police/Fire	-	-	-		-	0.00%
Vehicles and equipment - Police	24,189	165,583	93,335	72,248	165,583	100.00%
Vehicles and equipment - Fire	-	131,653	75,075	56,578	131,653	100.00%
Street improvements and equipment	75,000	248,757	166,000	82,757	248,757	100.00%
Water and sewer improvements and equipment	-	58,637	43,147	15,490	58,637	100.00%
Recreation projects and equipment	-	143,519	106,709	36,810	143,519	100.00%
Cemetery improvements	5,900	5,900	5,900	-	5,900	100.00%
	$ 105,089	$ 787,998	$ 502,728	$ 285,270	$ 787,998	
		Total current year expenditures		$ 285,270		

Reconciliation of current year expenditures to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total Special sales tax fund expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances	
Total current year expenditures per above	$ 285,270

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

PROJECT	ESTIMATED COST		EXPENDITURES			PROJECT COMPLETION
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	
TSPLOST TIER 1						
TIA Band 3 - Road Resurfacing Project	$ 375,075	$ 652,997	$ 395,191	$ 257,806	$ 652,997	100.00%
Concrete Work (paving and surface repairs)	-	7,883	7,883	-	7,883	100.00%
Bowder Circle	-	46,213	46,213	-	46,213	100.00%
TOTAL TSPLOST	$ 375,075	$ 707,093	$ 449,287	$ 257,806	$ 707,093	

CITY OF REIDSVILLE, GEORGIA
GENERAL FUND
BALANCE SHEET
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Cash and cash equivalents	$ 338,091	$ 289,037
Receivables (net of allowance for uncollectibles)	31,275	29,442
Taxes receivable	24,795	72,495
Leases receivable	2,998	13,002
Due from other funds	605,835	593,958
Total assets	1,002,994	997,934
LIABILITIES		
Accounts payable	68,182	138,798
Accrued expenses	18,299	36,192
Due to other funds	-	-
Total liabilities	86,481	174,990
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - leases	-	13,002
Unavailable revenue - taxes	227,243	149,013
Total deferred inflows of resources	227,243	162,015
FUND BALANCES		
Unassigned	689,270	660,929
Total fund balances	689,270	660,929
Total liabilities, deferred inflows of resources, and fund balances	$ 1,002,994	$ 997,934

CITY OF REIDSVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
REVENUES:		
Property taxes	$ 506,798	$ 433,212
Sales taxes	306,375	281,697
Insurance premium taxes	239,760	222,820
Franchise taxes	175,175	163,305
Alcoholic beverage and other taxes	91,025	88,982
Licenses and permits	83,914	71,570
Intergovernmental revenues	623,704	235,318
Fines and forfeitures	153,299	45,883
Charges for services	155,162	137,296
Investment earnings (loss)	47,746	3,557
Building rentals	16,200	15,447
Total revenues	2,399,158	1,699,087
EXPENDITURES:		
Current:		
General government	521,082	725,317
Public safety	1,005,615	750,615
Public works	461,219	193,455
Culture and recreation	207,133	116,669
Community services	11,460	11,146
Airport	-	-
Capital outlay - General government	26,637	8,426
Capital outlay - Public safety	-	136,118
Capital outlay - Culture and recreation	38,760	-
Debt service:		
Principal repayments	46,430	26,176
Interest and fiscal charges	13,337	9,044
Total expenditures	2,331,673	1,976,966
Excess (deficiency) of revenues over expenditures	67,485	(277,879)
OTHER FINANCING SOURCES (USES):		
Transfers in	(39,144)	-
Transfers out	-	(200,000)
Total other financing sources (uses)	(39,144)	(200,000)
Net change in fund balances	28,341	(477,879)
FUND BALANCES, BEGINNING OF YEAR	660,929	1,138,808
FUND BALANCES, END OF YEAR	$ 689,270	$ 660,929

CITY OF REIDSVILLE, GEORGIA
ARPA FUND
BALANCE SHEET
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Restricted cash	$ 3,435	$ 66,482
Due from other funds	203,934	160,590
Total assets	207,369	227,072
LIABILITIES		
Unearned revenue	207,369	227,072
Total liabilities	207,369	227,072
FUND BALANCES		
Unassigned	-	-
Total fund balances	-	-
Total liabilities, deferred inflows of resources, and fund balances	$ 207,369	$ 227,072

CITY OF REIDSVILLE, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
REVENUES:		
Intergovernmental revenues	$ 19,702	$ 122,049
Total revenues	19,702	122,049
EXPENDITURES:		
Current:		
General government	17,462	24,685
Public works	1,195	97,364
Culture and recreation	1,045	-
Total expenditures	19,702	122,049
Net change in fund balances	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-
FUND BALANCES, END OF YEAR	$ -	$ -

CITY OF REIDSVILLE, GEORGIA
SPLOST FUND
BALANCE SHEET
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Restricted cash	$ 205,094	$ 213,288
Intergovernmental	19,723	24,317
Due from other funds	107,379	56,754
Total assets	332,196	294,359
LIABILITIES		
Accounts payable	2,791	-
Total liabilities	2,791	-
FUND BALANCES		
Restricted:		
Capital projects	329,405	294,359
Total fund balances	329,405	294,359
Total liabilities, deferred inflows of resources, and fund balances	$ 332,196	$ 294,359

CITY OF REIDSVILLE, GEORGIA
SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
REVENUES:		
Sales taxes	$ -	$ -
Investment earnings (loss)	474	180
Total revenues	474	180
EXPENDITURES:		
Current:		
Public safety	78,826	58,294
Public works	22,893	-
Culture and recreation	36,810	37,092
Capital outlay - General government	21,375	16,960
Capital outlay - Public safety	50,000	9,000
Capital outlay - Public works	52,060	-
Debt service:		
Principal repayments	20,606	77,411
Interest and fiscal charges	2,700	13,589
Total expenditures	285,270	212,346
Net change in fund balances	(284,796)	(212,166)
FUND BALANCES, BEGINNING OF YEAR	294,359	218,317
FUND BALANCES, END OF YEAR	$ 9,563	$ 6,151

CITY OF REIDSVILLE, GEORGIA
T-SPLOST FUND
BALANCE SHEET
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Restricted cash	$ 209,797	$ 229,273
Due from other funds	94,341	94,341
Due from other governments	4,781	4,915
Total assets	308,919	328,529
LIABILITIES		
Accounts payable	16,238	-
Total liabilities	16,238	-
FUND BALANCES		
Restricted:		
Capital projects	292,681	328,529
Total fund balances	292,681	328,529
Total liabilities, deferred inflows of resources, and fund balances	$ 308,919	$ 328,529

CITY OF REIDSVILLE, GEORGIA
T-SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
REVENUES:		
Intergovernmental revenues	$ 221,958	$ 177,666
Total revenues	221,958	177,666
EXPENDITURES:		
Current:		
Public works	255,190	12,035
Capital outlay - Public works	2,616	33,452
Total expenditures	257,806	45,487
Net change in fund balances	(35,848)	132,179
FUND BALANCES, BEGINNING OF YEAR	328,529	196,350
FUND BALANCES, END OF YEAR	$ 292,681	$ 328,529

CITY OF REIDSVILLE, GEORGIA
AIRPORT FUND
BALANCE SHEET
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Cash and cash equivalents	$ 52,618	$ 71,598
Receivables (net of allowance for uncollectibles)	-	580,443
Total assets	52,618	652,041
LIABILITIES		
Accounts payable	-	580,443
Total liabilities	-	580,443
FUND BALANCES		
Restricted:		
Capital projects	52,618	71,598
Total fund balances	52,618	71,598
Total liabilities, deferred inflows of resources, and fund balances	$ 52,618	$ 652,041

CITY OF REIDSVILLE, GEORGIA
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
REVENUES:		
Intergovernmental revenues	$ 1,211,372	$ 1,153,221
Investment earnings (loss)	16	4
Total revenues	1,211,388	1,153,225
EXPENDITURES:		
Current:		
General government	97,690	-
Capital outlay - Airport	1,165,321	1,112,666
Total expenditures	1,263,011	1,112,666
Excess (deficiency) of revenues over expenditures	(51,623)	40,559
OTHER FINANCING SOURCES (USES):		
Transfers out	32,643	-
Total other financing sources (uses)	32,643	-
Net change in fund balances	(18,980)	40,559
FUND BALANCES, BEGINNING OF YEAR	71,598	31,039
FUND BALANCES, END OF YEAR	$ 52,618	$ 71,598

CITY OF REIDSVILLE, GEORGIA
CDBG FUND
BALANCE SHEET
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Restricted cash	$ -	$ -
Due from other funds	-	-
Due from other governments	-	-
Total assets	-	-
LIABILITIES		
Accounts payable	-	-
Total liabilities	-	-
FUND BALANCES		
Restricted:		
Capital projects	-	-
Total fund balances	-	-
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ -

CITY OF REIDSVILLE, GEORGIA
CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
REVENUES:		
Intergovernmental revenues	$ 85,444	$ -
Total revenues	85,444	-
EXPENDITURES:		
Current:		
Public works	17,509	-
Capital outlay - Public works	-	-
Total expenditures	17,509	-
Net change in fund balances	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-
FUND BALANCES, END OF YEAR	$ -	$ -

CITY OF REIDSVILLE, GEORGIA
WATER, SEWER & SANITATION FUND
BALANCE SHEET
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 693,410	$ 54,154
Restricted cash	275,626	275,533
Receivables (net of allowance for uncollectibles)	60,291	136,638
Total current assets	1,029,327	466,325
Noncurrent assets		
Capital assets, not being depreciated	2,160,247	410,942
Capital assets, being depreciated	2,341,789	2,593,905
Total noncurrent assets	4,502,036	3,004,847
Total assets	5,531,363	3,471,172
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	10,328	19,554
Total deferred outflows of resources	10,328	19,554
LIABILITIES		
Current liabilities:		
Accounts payable	663,147	55,041
Accrued interest payable	25,159	6,387
Accrued payroll liabilities	2,755	6,363
Customer deposits payable	79,330	77,130
Compensated absences	5,896	2,649
Retainage payable	51,132	-
Revenue bonds payable	158,096	150,402
Due to other funds	1,011,489	905,642
Total current liabilities	1,997,004	1,203,614
Long-term liabilities:		
Compensated absences	3,098	7,947
Net pension liability	11,336	57,098
Note payable	-	-
Revenue bonds payable	3,725,258	2,404,440
Total long-term liabilities	3,739,692	2,469,485
Total liabilities	5,736,696	3,673,099
DEFERRED INFLOWS OF RESOURCES		
Pension related items	16,889	5,913
Total deferred inflows of resources	16,889	5,913
NET POSITION		
Net investment in capital assets	567,550	450,005
Unrestricted	(779,444)	(638,291)
Total net position	$ (211,894)	$ (188,286)

CITY OF REIDSVILLE, GEORGIA
WATER, SEWER & SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED JUNE 30, 2025

	JUNE 30, 2025	JUNE 30, 2024
OPERATING REVENUES		
Water and sewer sales	$ 737,335	$ 815,411
Sanitation fees	361,479	323,792
Tap and connection fees	19,249	20,524
Late charges	23,599	25,241
Other income	4,622	24,425
Total operating revenues	1,146,284	1,209,393
OPERATING EXPENSES		
Personnel services and benefits	281,707	254,820
Purchased contract services	70,275	34,800
Sanitation fees	300,613	389,765
Supplies and maintenance	88,779	134,872
Repairs and maintenance	16,427	83,859
Utilities	87,884	62,733
Depreciation	272,381	299,878
Total operating expenses	1,118,066	1,260,727
OPERATING INCOME (LOSS)	28,218	(51,334)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (loss)	284	63
Interest and fiscal charges	(162,246)	(123,832)
Total nonoperating revenues (expenses)	(161,962)	(123,769)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	35,700	-
Transfers in	74,436	200,000
Total transfers	110,136	200,000
CHANGE IN NET POSITION	(23,608)	24,897
NET POSITION, BEGINNING OF YEAR	(188,286)	(213,183)
NET POSITION, END OF YEAR	$ (211,894)	$ (188,286)

COMPLIANCE SECTION

CKH
CPAs & Advisors

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

To the Honorable Mayor and Members of the city Council
City of Reidsville, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Reidsville, Georgia's (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in 2025-1 to 2025-4 to be a significant deficiencies.

2025-1 **Inadequate Recordkeeping – Parks and Recreation Department:** The City did not consistently maintain adequate supporting documentation for transactions within the Parks and Recreation Department. As a result, documentation necessary to substantiate certain expenditures was not readily available for audit purposes. This condition indicates a weakness in internal controls over record retention and documentation.

2025-2 **Journal Entry Documentation and Review:** The City did not consistently follow established internal control procedures related to the preparation, documentation, and review of journal entries. In some instances, journal entries lacked sufficient supporting documentation or evidence of supervisory review, increasing the risk of errors or unsupported adjustments in the accounting records.

2025-3 **Dual Signature Requirement on Checks:** The City did not consistently comply with its policy requiring dual authorized signatures on checks. This condition weakens internal controls over cash disbursements and increases the risk of unauthorized or improper payments.

2025-4 **Bank Reconciliation Procedures:** The City's bank reconciliation process did not consistently ensure that reconciling differences were fully identified, investigated, and resolved prior to recording adjustments. In some instances, adjustments to revenue were recorded without adequate support, weakening internal controls over cash and revenue balances.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

2025-5 **Budget amendments and monitoring (repeat comment):** State law requires annual budgets to be balanced by fund and expenditures should be within the approved budget amount the legal level of budgetary control. During the audit it was identified that there are instances where the expenditures exceeded appropriations for the General Fund and ARPA Grant Fund as disclosed in Note 2 to the financial statements.

City of Reidsville, Georgia's Response to Findings

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

Purpose of This Report

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

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
December 31, 2025

CITY OF REIDSVILLE, GEORGIA
CITY'S RESPONSE TO FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025

2025-01 Inadequate Recordkeeping – Parks and Recreation Department

Criteria: Management is responsible for maintaining adequate accounting records and supporting documentation to substantiate transactions, in accordance with generally accepted accounting principles and the City's internal control policies. Adequate documentation should be retained and made available for audit purposes.

Condition: The Parks and Recreation Department did not consistently maintain copies of supporting documentation for expenditures and other transactions. As a result, supporting records were not readily available for audit vouching procedures.

Cause: The deficiency appears to be caused by a lack of formalized record retention procedures within the department and insufficient oversight to ensure compliance with City-wide documentation requirements.

Effect: The lack of supporting documentation increases the risk that transactions may not be properly authorized, accurate, or allowable. In addition, the absence of documentation limits the City's ability to demonstrate accountability for public funds and impairs the efficiency of the audit process.

Recommendation: Management should establish and enforce formal record retention procedures for the Parks and Recreation Department, including requirements for maintaining copies of invoices, receipts, and other supporting documentation. Periodic monitoring should be performed to ensure compliance with these procedures.

City's Response: Management concurs with the finding. The City will implement standardized record retention procedures for the Parks and Recreation Department to ensure that supporting documentation for all transactions is maintained and readily available. Staff will be trained on these requirements, and management will perform periodic reviews to monitor compliance. These corrective actions will be implemented during the current fiscal year.

2025-02 Inconsistent Adherence to Internal Control Procedures for Journal Entries

Criteria: Internal control policies require that journal entries be properly prepared, supported, reviewed, and approved to ensure the accuracy and completeness of the City's financial records.

Condition: The City did not consistently follow its established internal control procedures related to documentation and review of journal entries.

Cause: This condition appears to be due to insufficient enforcement of internal control procedures and a lack of consistent supervisory review of journal postings.

Effect: Failure to consistently follow internal control procedures increases the risk of errors, misstatements, or unauthorized adjustments in the City's accounting records.

Recommendation: Management should reinforce existing journal entry procedures by ensuring all entries are adequately documented, reviewed, and approved prior to posting. Periodic supervisory reviews should be performed to verify compliance with established controls.

City's Response: Management concurs with the finding. The City will reinforce its internal control procedures related to journal entries, including requirements for proper documentation, review, and approval prior to posting. Supervisory personnel will perform periodic reviews of journal entries to ensure compliance with established procedures. Implementation will occur during the current fiscal year.

2025-03 Checks Issued Without Dual Signatures

Criteria: The City's internal control policies require that all checks be signed by two authorized individuals to reduce the risk of unauthorized or improper disbursements.

Condition: During the audit period, not all checks were issued with the required two authorized signatures.

Cause: The condition appears to be caused by inconsistent adherence to established disbursement procedures and insufficient monitoring of the check-signing process.

Effect: The absence of dual signatures weakens internal controls over cash disbursements and increases the risk of unauthorized or fraudulent payments.

Recommendation: Management should enforce the dual-signature requirement for all checks and implement monitoring procedures to ensure compliance. Consideration should also be given to periodic reviews of disbursement activity by management or the governing body.

City's Response: Management concurs with the finding. The City will enforce the dual-signature requirement for all checks and will provide additional guidance to staff responsible for the disbursement process. Management will also periodically review disbursement activity to verify compliance with this requirement. These corrective actions will be implemented

CITY OF REIDSVILLE, GEORGIA
CITY'S RESPONSE TO FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025

2025-04 Bank Reconciliations – Use of Unsupported Adjustments to Revenue

Criteria: Bank reconciliations should be prepared accurately and in a timely manner, with all reconciling items properly identified, supported, and resolved. Adjustments should be based on verified transactions and supported by appropriate documentation to ensure the reliability of cash and revenue balances.

Condition: During the fiscal year, certain bank reconciliations included adjustments to revenue that were made to reconcile the bank balance to the general ledger without adequate identification or resolution of the underlying reconciling differences.

Cause: This condition appears to be due to inadequate reconciliation procedures and insufficient supervisory review of bank reconciliations prior to finalization.

Effect: The use of unsupported revenue adjustments weakens internal controls over cash and revenue and increases the risk that errors or misstatements in the City’s financial records may not be detected or corrected in a timely manner.

Recommendation: Management should ensure that bank reconciliations are prepared in accordance with established accounting procedures, with all reconciling differences fully investigated and resolved. Adjustments to revenue should only be recorded when supported by appropriate documentation, and reconciliations should be independently reviewed for accuracy and completeness.

City's Response: Management concurs with the finding. The City will revise its bank reconciliation procedures to ensure that all reconciling items are properly identified, investigated, and resolved. Revenue adjustments will only be recorded when supported by appropriate documentation. In addition, bank reconciliations will be independently reviewed to ensure accuracy and completeness. These procedures will be implemented during the current fiscal year

2025-05 Budget Amendments and monitoring

Criteria: In accordance with O.C.G.A. § 36-81-3 and § 36-81-6, Georgia local governments must adopt a balanced annual budget for each fund, and actual expenditures may not exceed the legally adopted budget at the department level within each fund. Compliance with these requirements promotes fiscal responsibility and transparency.

Condition: During our review, we noted that in one of the City’s funds, actual expenditures exceeded the legally adopted budget in various departments, in violation of state budgetary control requirements.

Cause: The City did not adequately monitor departmental expenditures throughout the year and failed to amend the budget to reflect changes in spending needs. Additionally, there may have been a lack of communication between departments and finance staff regarding budget limitations and available appropriations.

Effect: Exceeding the legally adopted budget increases the risk of fiscal mismanagement and noncompliance with state laws. It may also impact the City's ability to plan and allocate resources effectively and could result in findings from oversight bodies or grantors.

Recommendation: Management should implement regular budget-to-actual reviews throughout the fiscal year and ensure that any expected overages are addressed through timely budget amendments approved by the governing body. Department heads should be trained on budget compliance responsibilities, and stronger coordination between departments and finance personnel should be enforced.

City's Response: We agree with this finding. We will enhance our budget monitoring procedures by performing more frequent reviews and improving communication between departments and finance staff. Where necessary, we will initiate timely budget amendments to ensure compliance with state requirements and prevent future overages.

CITY OF REIDSVILLE, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

The following audit finding was disclosed for the year ended June 30, 2024:

2025-01 Approved timesheets

Criteria: All timesheets should be approved by the respective department heads to ensure that overtime are authorized.

Condition: During the audit, it was noted that not all timesheets were approved by the department heads.

Status: Resolved.

2025-02 Reconciliation of account balances

Criteria: All accounts should be reviewed and reconciled to supporting documents or schedules at year end.

Condition: No schedules or reconciliations were prepared during the year to support the closing balances presented in the financial statements.

Status: Unresolved - refer to finding 2025-02.

2025-03 Payment approvals

Criteria: All checks should be endorsed by two signatures.

Condition: During the testing, it was noted that not all checks had two signatures.

Status: Unresolved - refer to finding 2025-03.

2025-04 Timeliness of bank reconciliations

Criteria: Bank reconciliations are required to be performed monthly as part of the month end financial process.

Condition: Bank reconciliations were only performed at year end.

Status: Unresolved - refer to finding 2025-04.

2025-05 Accurate account of open invoices

Criteria: The City should have a schedule or listing of unpaid vendors.

Condition: It was noted that the City does not have an updated listing of unpaid vendors.

Status: Resolved.

2025-06 Budget amendments and monitoring

Criteria: In accordance with O.C.G.A. § 36-81-3 and § 36-81-6, Georgia local governments must adopt a balanced annual budget for each fund, and actual expenditures may not exceed the legally adopted budget at the department level within each fund. Compliance with these requirements promotes fiscal responsibility and transparency.

Condition: During our review, we noted that in one of the City's funds, actual expenditures exceeded the legally adopted budget in various departments, in violation of state budgetary control requirements.

Status: Unnresolved - refer to finding 2025-05