CITY OF LAFAYETTE, GEORGIA

FINANCIAL STATEMENTS

For The

Fiscal Year Ended September 30, 2025

David Hamilton

City Manager

By Authority Of

Mayor and Council

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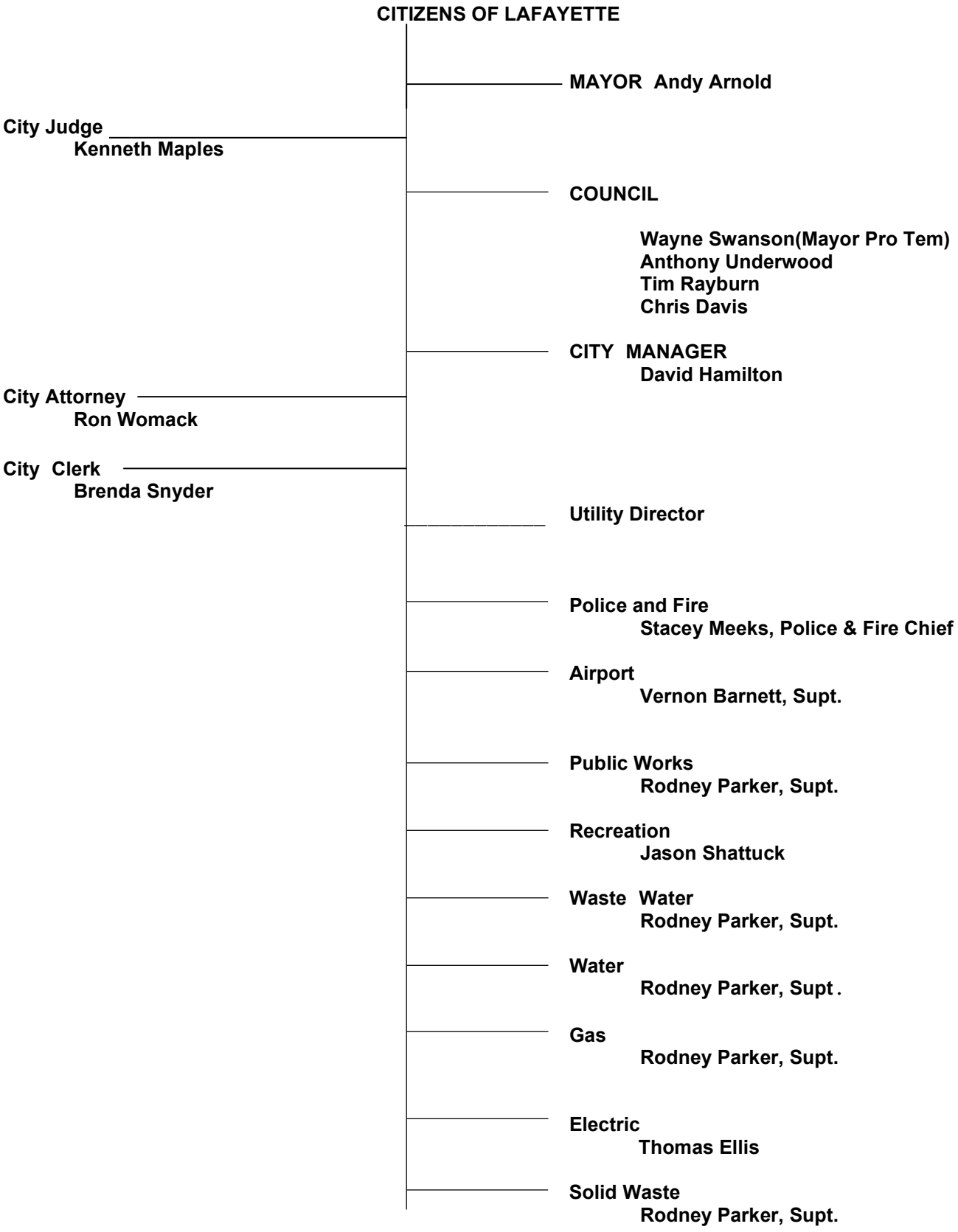
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September 30, 2025



FINANCIAL SECTION

CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
City of LaFayette
LaFayette, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of LaFayette Georgia's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting 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 of LaFayette, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Contributions – Pension Plan, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaFayette's basic financial statements. The accompanying combining and individual nonmajor fund statements and schedules, and the three schedules of special purpose local option sales tax expenditures, as required by the Official Code of Georgia 48-8-121, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, the schedules of special purpose local option sales expenditures, and the transportation special purpose local option sales expenditures 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 March 28, 2026 on our consideration of the City of LaFayette, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of LaFayette, Georgia's internal control over financial reporting and compliance.

CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
March 28, 2026

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Management's Discussion and Analysis

This section of the City of Lafayette's annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended September 30, 2025. It should be read in conjunction with the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The City's total assets exceed liabilities by $60,217,461 at the end of the year. This amount includes $49,794,017 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $5,839,618 and unrestricted net position of $4,583,826. Significant portions of restricted net position include amounts for construction.

- The City's total net position increased by $3,539,850, or 6% to $60,217,461. The net position for governmental activities increased by $1,227,941, or 8% and the business-type net position increased by $2,311,909 or 6%.

- The City's revenues for governmental activities, excluding transfers were $8,754,721. Total expenses for governmental activities, excluding transfers, were $10,272,802.

- The City's business-type activities had total revenues, excluding transfers of $28,907,153 while expenses, excluding transfers, were $23,849,222.

- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of $52,407 in fiscal year 2025.

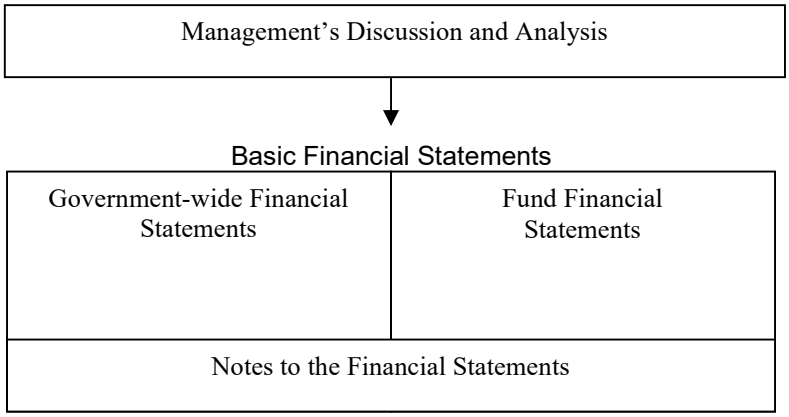
- Total cash (Note 3) at September 30, 2025 was $9,983,612.

- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2025 fiscal year totaled $65,821,263. This includes net capital assets for governmental activities of $12,206,575 and business-type activities of $53,614,688.

An Overview of the Financial Statements

In light of the fact that this is a different presentation from the pre-GASB Statement 34 model, the following graph is provided to assist in understanding the component parts.

Required Components of the City's Annual Financial Report



The focus of the financial statements is on both the City's overall financial status and the major individual funds. The following briefly describes the component parts.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position combines all of the City's current financial resources with capital assets and long-term obligations. Net position, the difference between the City's assets and liabilities, is one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – These include the basic services provided by the City including police, fire, parks and recreation, public works and general administration.

- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include electric, gas, water and sewer services, solid waste collection, fiber optics, municipal airport and golf.

Governmental activities and business-type activities are consolidated and add to the total for the primary government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's major funds rather than the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has two types of funds as described in the chart below.

Fund Financial Statements

	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Includes the City's basic services such as police, fire, traffic control, cultural activities, and parks	Services provided by the City that are operated similar to private businesses and for which the City charges a fee	Funds for which the City is the trustee or agent for someone else's resources
Examples	Police, fire, street and sidewalks, parks, and recreational activities	Electric, Gas, Water and Sewer and Solid Waste	City's revolving loan fund
Required financial statements	- Balance Sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of net position - Statement of revenues, expenses, and changes in net position - Statement of cash flows	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term	All assets and liabilities, both short and long-term; capital assets, if any, are included
Type of inflow / outflow information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position for the current year. The City's net position increased by $1,227,941, or 8%, in fiscal year 2025. The net position of the governmental activities includes $12,156,575 net investment in capital assets. Capital assets of $12,206,575 include land, buildings, park improvements, equipment and current year infrastructure additions. Related debt includes note payable of $50,000..

The net position of the business-type activities includes $37,637,442 net investment in capital assets. Capital assets of $53,614,688 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes payable and revenue bonds of $15,977,246.

For more detailed information, see the Statement of Net Position on page 15 of the financial statements and the notes to the financial statements.

Table 1

Statement of Net Position
As of September 30
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	$ 6,102	$ 6,175	$ 10,455	$ 12,474	$ 16,557	$ 18,649
Capital Assets	12,207	10,868	53,615	50,343	65,822	61,211
Total Assets	18,309	17,043	64,070	62,817	82,379	79,860
Deferred Outflows of Resources						
Pension Contributions	332	538	243	413	575	951
Total Deferred Outflows of Resources	332	538	243	413	575	951
Liabilities						
Current and Other Liabilities	551	1,643	4,395	5,678	4,946	7,321
Long-Term Debt Outstanding	562	253	15,792	16,207	16,354	16,460
Total Liabilities	1,113	1,896	20,187	21,885	21,300	23,781
Deferred Inflows of Resources						
Lease	-	-	8	10	8	10
Changes in Pension Plan	825	52	603	40	1,428	92
Total Deferred Inflows of Resources	825	52	611	50	1,436	102
Net Position						
Net Investment in Capital Assets	12,157	10,867	37,638	33,945	49,795	44,812
Restricted	5,301	5,055	538	517	5,839	5,572
Unrestricted	(755)	(289)	5,339	6,833	4,584	6,544
Total Net Position	$16,703	$15,633	$ 43,515	$ 41,295	$ 60,218	$ 56,928

CHANGES IN NET POSITION

The City's total revenues before transfers were $37,661,874 in the 2025 fiscal year. Expenses before transfers were $34,122,024 during that same period. Governmental and business-type activities combined provided a $3,539,850 increase in net position.

Governmental activities revenues were $8,754,721 and included $1,922,053 for charges for services, $3,462,380 grant revenues, $170,685 property taxes, and $1,490,301 for sales taxes. The largest governmental activities expenses were for public safety of $3,416,405 (police, fire, and animal control), public works of $1,635,309, general government of $3,342,649 and recreation of $1,158,438. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were $28,907,153 and included $26,901,868 charges for services, $1,955,965 for capital grants, and $49,320 interest. The largest business-type activity expenses were for purchases of energy for resale to customers such as electricity for $10,217,430 and gas for $1,238,232.

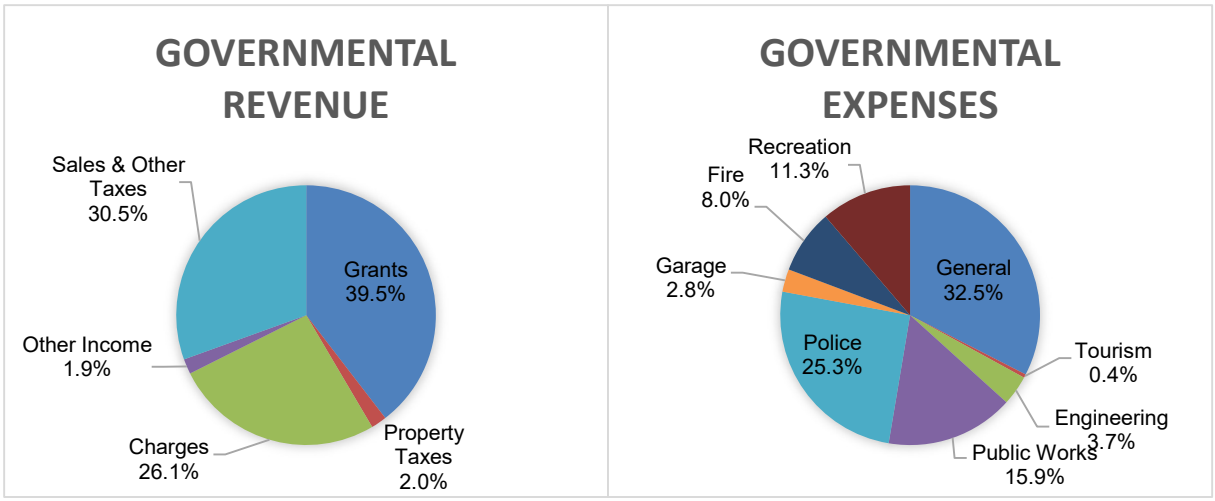
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues						
Program Revenues						
Charges for Services	$ 2,285	$ 1,986	$ 26,902	$ 25,880	$ 29,187	$ 27,866
Operating Grants and Contributions	417	469	-	-	417	469
Capital Grants and Contributions	3,045	4,738	1,956	9,170	5,001	13,908
General Revenues						
Property Taxes	171	1,113	-	-	171	1,113
Local Option Sales Tax	1,490	1,380	-	-	1,490	1,380
Other Taxes	1,184	1,142	-	-	1,184	1,142
Investment Income	52	118	49	45	101	163
Other Revenues	110	50	-	-	110	50
Total Revenues	8,754	10,996	28,907	35,095	37,661	46,091
Expenses						
General Government	3,343	3,020	-	-	3,343	3,020
Police	2,596	2,799	-	-	2,596	2,799
Fire	820	830	-	-	820	830
Public Works	1,635	2,018	-	-	1,635	2,018
Engineering	383	414	-	-	383	414
Recreation	1,158	1,500	-	-	1,158	1,500
Garage	291	304	-	-	291	304
Tourism & Promotion	46	45	-	-	46	45
Interest on Long-term debt	-	1	-	-	-	1
Electric	-	-	12,347	12,094	12,347	12,094
Gas	-	-	1,985	1,787	1,985	1,787
Water/Sewer	-	-	7,148	6,564	7,148	6,564
Solid Waste	-	-	793	1,251	793	1,251
Golf	-	-	1,167	1,186	1,167	1,186
Airport	-	-	409	421	409	421
Total Expenses	10,272	10,931	23,849	23,303	34,121	34,234
Excess (Deficiency) Before Transfers	(1,518)	65	5,058	11,792	3,540	11,857
Transfers	2,746	1,217	(2,746)	(1,217)	-	-
Increase/Decrease in Net Position	1,228	1,282	2,312	10,575	3,540	11,857
Beginning Net Position	15,475	14,193	41,202	30,627	56,677	44,820
Ending Net Postion	$ 16,703	$ 15,475	$ 43,514	$ 41,202	$ 60,217	$ 56,677

GOVERNMENTAL ACTIVITIES

See pages 15-16 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses.

Table 3 – Governmental Activities



Revenue Impacts

- Property taxes of $170,685 provided 2% of governmental revenues for general operations. The millage rate was set at 1.721 in the current year. Due to the timing of the levy dates prior year revenue included two years in the government wide statements.

- Revenues from local option sales taxes were $1,490,301. This represents an overall increase of $110,259 from the prior year.

- The transfers from proprietary funds were $2,746,000.

- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of $1,010,650. Municipal court fines were $184,674.

Expense Impacts

- General Government increased compared to the prior year increased primarily due to an increase in salaries.

- Public works expenditures decreased compared to prior year because there had been a prior year increase in paving that was partially funded by state LMIG funds.

- Culture and Recreation expenditures decreased compared to prior year because of a decrease in current costs on recreation projects.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

Fund	Program Revenues		Program Expenses		Excess(Deficiency) Before Transfers & Investment Earnings	
	2025	2024	2025	2024	2025	2024
Electric	$ 14,325	$ 14,531	$ 12,347	$ 12,001	$ 1,978	$ 2,530
Gas	2,804	2,559	1,984	1,787	820	772
Water/Sewer	9,005	7,578	7,148	6,564	1,857	1,014
Solid Waste	754	746	793	1,251	(39)	(505)
Golf	1,007	970	1,167	1,186	(160)	(216)
Fiber Optics	11	1	1	-	10	1
Airport	952	8,664	409	421	543	8,243
Total	28,858	$ 35,049	$ 23,849	$ 23,210	$ 5,009	$ 11,839

Operating revenues for business-type activities for the fiscal year 2025 were $26,901,868, a $1,022,099 increase compared to the prior year. Operating expenses were $23,849,222 in 2025. The operating income was $3,412,125 in 2025 compared to $3,022,982 in 2024. Activities for individual business-type funds are summarized below.

- Electric program operating revenues decreased by $206,174 from the prior year in addition to operating expenses increasing by $339,469. The revenue decrease was primarily driven by the decrease in customer volume by cryptocurrency as the property changed owners. Expenses were primarily driven by an increase in purchased power, due to new debt service coming online, and somewhat driven by material and labor inflation.

- Gas program operating revenues increased by $244,460 and operating expenses increased by $198,000. The increase in revenue was driven by an increase in volume due to a colder winter. The increase in expenses was largely attributable to an increase in volume of natural gas purchased. Customer base was similar for both years.

- Water & Sewer program operating revenues increased by $913,000 while operating expenses increased by $596,000 from the prior year. Water & Sewer revenue increased primarily due to an increase in customer base and larger volume. Expenses increased primarily due to an wage inflation and supply chain cost increases.

- Solid Waste program operating revenues remained consistent with the prior year and operating expenses decreased $458,000 from prior year due to a change in estimates in calculating the landfill closure costs in the prior year.

- Golf operating revenues increased by $37,000 over the prior year. This was due to higher volume of rounds of golf with the new greens, and a rate increase. Operating expenses were up by $31,000, due largely to increase in maintenance and increase in marketing costs.

- Airport operating revenues increased by $15,600 due to prior year runway closures while a major construction project was ongoing. Grant revenues of $800,000 were received to assist in this project.

GOVERNMENTAL FUNDS

Table 5
Financial Analysis of the City's Funds

Fund	Fund Balances 9/30/2024	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2025
General Fund	$ 56,649	$ 10,534,733	$ (10,482,326)	$ 52,407	$ 109,056
Capital Projects - 2014 SPLOST	50,879	788	(21,969)	(21,181)	29,698
Capital Projects - 2020 SPLOST	3,365,965	1,312,856	(1,825,439)	(512,583)	2,853,382
Capital Projects - T SPLOST	1,633,185	1,086,752	(306,890)	779,862	2,413,047
Total	$ 5,106,678	$ 12,935,129	$ (12,636,624)	$ 298,505	$ 5,405,183

At September 30, 2025, the City's governmental funds reported a combined fund balance of $5,410,382 (see statement on page 18), which is $298,511 more than the previous year-end. The unassigned portion of fund balance was $8,030. The unassigned fund balance may serve as a useful indicator of the City's ability to operate without external financing. The restricted portion represents amounts reserved for capital projects construction and for debt service payments related to the issuance of revenue bonds to finance those capital projects.

General Fund

The General Fund had a $52,407 increase in fund balance, to end the fiscal year at $109,056. More detailed information for the general fund is presented on page 21.

Operating revenues and other financing sources increased $566,078. Sales taxes increased due to an increase in the City's apportionment from the County and growth in online sales, also charges for services, and grant revenues showed increases.

Overall expenditures and other uses decreased $506,112. This is primarily due to less spending in the current year on projects.

Capital Projects Funds

The capital projects funds account for the proceeds from special purpose local option sales tax that are used to construct various improvements which benefit City residents. In June 2019 voters approved continuation of the one-percent special purpose local option sales tax. The period during which this tax is collected began October 2019 and ends September 2026. Capital outlay expenditures are to be primarily for street and road improvements, recreation, water and sewer improvements, solid waste and street equipment.

In August 2023, the city entered into an agreement with Walker County for a one-percent transportation special purpose local option sales tax referendum. Collections began April 1, 2024 and will end March 31, 2028.

The major sources of revenue were:

- Sales tax $1,249,288
- TSPLOST $1,046,722

The fund balance is restricted for completion of SPLOST projects as identified in the Schedules of Special Purpose Local Option Sales Tax Expenditures on pages 62-64.

GENERAL FUND BUDGETARY HIGHLIGHTS

A statement comparing the original and final budgets and the variance from the final budget to the actual results is included on page 21 of the financial statements.

In September 2024, the City Council appropriated $8,917,189 for general fund expenditures in the 2025 fiscal year budget.

Primary reasons for the differences between the final budget and actual results in the General Fund include:

Revenues:
Higher than anticipated revenues in taxes and grant revenues than originally budgeted.

Expenditures:
Higher than anticipated salaries and benefits and increase in capital investments than originally budgeted.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounted to $65,821,263 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. For more detailed information concerning capital assets see the notes to the financial statements.

Table 6
Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 4,011	$ 4,011	$ 2,782	$ 2,782	$ 6,793	$ 6,793
Construction in Progress	1,444	926	15,574	18,779	17,018	19,705
Buildings and Structures	1,543	1,535	3,520	3,840	5,063	5,375
Infrastructure	1,220	1,298	-	-	1,220	1,298
Utility Systems	-	-	29,555	22,789	29,555	22,789
Improvements	1,683	1,260	-	-	1,683	1,260
Machinery and Equipment	2,306	1,837	2,183	2,154	4,489	3,991
Total	$ 12,207	$ 10,867	$ 53,614	$ 50,344	$ 65,821	$ 61,211

This year's major capital asset additions included:

Governmental Activities:

• Greenway Park in process	$	666,000
• Park Improvements – Pickleball Court	$	51,000
• Park Improvements – Farmers Mkt.	$	222,797
• Fire Truck	$	345,611
• Police Vehicles	$	127,450
• Vehicles	$	137,000

Business-type Activities:

• Greens Mower - Golf	$	45,965
• Vehicles - Water	$	147,817
• Scada Alarm System	$	87,475

LONG-TERM DEBT

At the end of the 2025 fiscal year, the City had $16,002,694 in outstanding debt. This is a net decrease of $368,386 compared to the prior year. More detailed information about the City's long-term liabilities is included in the notes to the financial statements.

Table 7
Outstanding Debt at September 30, 2025

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue Bonds, Net	$ -	$ -	$ 3,150	$ 3,575	$ 3,150	$ 3,575
Financed Purchases	-	-	275	351	275	351
Notes Payable	50	-	12,527	12,445	12,577	12,445
Total	$ 50	$ -	$ 15,952	$ 16,371	$ 16,002	$ 16,371

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City continues to perform stronger economically, we have seen a continued increase in private investment, construction, business expansion, job creation, and it shows in several of our revenues. We have seen investment in new housing and substantial new commercial development. We have been forced to increase rates to keep up with inflation in materials and inflation in labor. We continue to invest in our utility infrastructure, to ensure that it remains a strong asset to us. We are following our strategic plan to drive a strong quality of life, economic vibrancy and establish better housing. We have invested in a fiber optic network across our electric grid to offer fiber to the home connectivity and prepare the infrastructure for Advanced Metering infrastructure for our Utility departments. The investments we are making in quality of life and infrastructure are showing benefits in increased revenues. We have been forced to increase our wage rates in all departments of the City to keep up with the labor market, but we are making efforts to save costs where we can as well. We continue to run the City like a business, making sure that we make solid decisions that have a return on investment. We are nearing the completion of a $2.2M Improving Neighborhoods Grant which will result in a revitalization of our downtown, and expect to see additional sales tax growth as well as private investment.

Financial Contact

This financial report is designed to provide the citizens, taxpayers, customers and creditors of the City with a general overview of the City of LaFayette finances and demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the City of LaFayette at P.O. Box 89, LaFayette, Georgia 30728.

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BASIC FINANCIAL STATEMENTS

CITY OF LAFAYETTE, GEORGIA
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lafayette Development Authority
Assets				
Cash	$ 6,186,142	$ 3,797,470	$ 9,983,612	$ 426,395
Receivables - Net	120,195	4,013,052	4,133,247	-
Prepaids	-	8,250	8,250	
Internal Balances	(755,293)	755,293	-	-
Inventory	101,026	1,082,714	1,183,740	-
Due from other governments	450,116	798,428	1,248,544	-
Capital Assets:				
Land and Construction in Progress	5,455,777	18,356,660	23,812,437	-
Other Capital Assets - Net	6,750,798	35,258,028	42,008,826	348,601
Total Capital Assets	12,206,575	53,614,688	65,821,263	348,601
Total Assets	18,308,761	64,069,895	82,378,656	774,996
Deferred Outflows of Resources				
Pension Contributions	331,665	242,656	574,321	-
Total Deferred Outflows of Resources	331,665	242,656	574,321	-
Liabilities				
Accounts Payable	375,267	2,602,912	2,978,179	-
Accrued Wages Payable and Withholdings	94,059	71,204	165,263	-
Customer Deposits	-	598,521	598,521	-
Due to other Governments	3,758	-	3,758	-
Net Pension Liability	68,655	50,229	118,884	-
Noncurrent Liabilities:				
Due Within One Year	9,561	1,072,060	1,081,621	-
Due In More Than One Year - Net	561,524	15,792,227	16,353,751	-
Total Liabilities	1,112,824	20,187,153	21,299,977	-
Deferred Inflows of Resources				
Pension Contributions	824,644	603,331	1,427,975	
Lease	-	7,564	7,564	-
Total Deferred Inflows of Resources	824,644	610,895	1,435,539	-
	-			
Net Position				
Net Investment in Capital Assets	12,156,575	37,637,442	49,794,017	348,601
Restricted for:				
Capital Projects	5,296,127	538,292	5,834,419	-
Law Enforcement Activities	5,199	-	5,199	-
Unrestricted	(754,943)	5,338,769	4,583,826	426,395
Total Net Position	$ 16,702,958	$ 43,514,503	$ 60,217,461	$ 774,996

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 3,342,649	$ 1,922,053	$ 146,776	$ 2,450,396
Police	2,596,284	111,949	10,475	-
Fire	820,121	-	1,161	-
Public Works	1,635,309	-	258,836	-
Engineering	383,354	-	-	-
Recreation	1,158,438	251,485	-	594,736
Garage	291,042	-	-	-
Tourism and Promotion	45,605	-	-	-
Total Governmental Activities	10,272,802	2,285,487	417,248	3,045,132
Business-type Activities:				
Airport	409,254	146,018	-	805,818
Electric	12,346,644	14,325,356	-	-
Gas	1,984,371	2,803,636	-	-
Golf	1,167,013	1,006,993	-	-
Water/Sewer	7,147,971	7,855,190	-	1,150,147
Fiber Optics	957	10,676	-	-
Solid Waste	793,012	753,999	-	-
Total Business-type Activities	23,849,222	26,901,868	-	1,955,965
Total Primary Government	$ 34,122,024	$ 29,187,355	$ 417,248	$ 5,001,097
Component Unit:				
Lafayette Development Authority	$ 11,207	$ 155,167	$ -	$ -

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Governmental Activities	Business-type Activities	Totals	LaFayette Development Authority
	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
Primary Government:				
Governmental Activities:				
General Government	$ 1,176,576		$ 1,176,576	
Police	(2,473,860)		(2,473,860)	
Fire	(818,960)		(818,960)	
Public Works	(1,376,473)		(1,376,473)	
Engineering	(383,354)		(383,354)	
Recreation	(312,217)		(312,217)	
Garage	(291,042)		(291,042)	
Tourism and Promotion	(45,605)		(45,605)	
Total Governmental Activities	(4,524,935)		(4,524,935)	
Business-type Activities:				
Airport	-	$ 542,582	542,582	
Electric	-	1,978,712	1,978,712	
Gas	-	819,265	819,265	
Golf	-	(160,020)	(160,020)	
Water/Sewer		1,857,366	1,857,366	
Fiber Optics	-	9,719	9,719	
Solid Waste	-	(39,013)	(39,013)	
Total Business-type Activities	-	5,008,611	5,008,611	
Total Primary Government	(4,524,935)	5,008,611	483,676	
Component Unit				
Lafayette Development Authority				$ 143,960
General Revenues:				
Taxes:				
Property	170,685	-	170,685	-
Sales	1,490,301	-	1,490,301	-
Hotel/Motel	72,951	-	72,951	-
Insurance Premium	657,455	-	657,455	-
Malt Beverage	92,925	-	92,925	-
Franchise	249,255	-	249,255	-
Occupation	64,776	-	64,776	-
Intangible	46,326	-	46,326	-
Investment Earnings	51,947	49,320	101,267	5,205
Gain on Sale of Capital Assets	34,181	-	34,181	-
Miscellaneous	76,052	-	76,052	-
Transfers	2,746,022	(2,746,022)	-	-
Total General Revenues and Transfers	5,752,876	(2,696,702)	3,056,174	5,205
Change in Net Position	1,227,941	2,311,909	3,539,850	149,165
Net Position - Beginning, restated	15,475,017	41,202,594	56,677,611	625,831
Net Position - Ending	$ 16,702,958	$ 43,514,503	$ 60,217,461	$ 774,996

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
Balance Sheet
Governmental Funds
September 30, 2025

	General	Capital Projects - 2014 SPLOST	Capital Projects - 2020 SPLOST	Capital Projects - T-SPLOST	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	$ 308,816	$ 29,698	$ 3,335,102	$ 2,324,798	$ 8,182	$ 6,006,596
Receivables (Net of Allowance for Uncollectibles):						
Accounts	77,987	-	-	-	-	77,987
Taxes	42,208	-	-	-	-	42,208
Inventory	101,026	-	-	-	-	101,026
Due from Other Funds	6,296,411	-	-	-	966	6,297,377
Due from Other Governments	144,859	-	211,065	88,249	5,943	450,116
Total Assets	$ 6,971,307	$ 29,698	$ 3,546,167	$ 2,413,047	$ 15,091	$ 12,975,310
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable	$ 235,626	$ -	$ 135,692	$ -	$ 3,949	$ 375,267
Accrued Payables & Withholdings	94,059	-	-	-	-	94,059
Due to Other Funds	6,493,392	-	557,093	-	2,185	7,052,670
Due to Other Governments	-	-	-	-	3,758	3,758
Total Liabilities	6,823,077	-	692,785	-	9,892	7,525,754
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	39,174	-	-	-	-	39,174
Total Deferred Inflows of Resources	39,174	-	-	-	-	39,174
Fund Balances						
Nonspendable						
Inventory	101,026	-	-	-	-	101,026
Restricted						
Acquisition and Construction of Capital Assets	-	29,698	2,853,382	2,413,047	-	5,296,127
Law Enforcement Activities	-	-	-	-	5,199	5,199
Unassigned	8,030	-	-	-	-	8,030
Total Fund Balances	109,056	29,698	2,853,382	2,413,047	5,199	5,410,382
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,971,307	$ 29,698	$ 3,546,167	$ 2,413,047	$ 15,091	$ 12,975,310

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balances - Total Governmental Funds			$ 5,410,382
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.			12,206,575
An internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.			179,546
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the Statement of Net Position.			39,174
A portion of pension plan contributions are for future use and are considerred deferred outflows of resources.			331,665
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet are presented as a deferred inflow of resources in the Statement of Net Position.			(824,644)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Other related amounts include deferred issue costs.			
Loan Payable		(50,000)	
Compensated Absences		(521,085)	
Net Pension(Liability) Asset		(68,655)	(639,740)
Net Position of Governmental Activities			$ 16,702,958

CITY OF LAFAYETTE, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

	General	Capital Projects - 2014 SPLOST	Capital Projects - 2020 SPLOST	Capital Projects T-SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 3,237,741	$ -	$ -	$ -	$ 72,951	$ 3,310,692
Licenses and Permits	97,141	-	-	-	-	97,141
Intergovernmental	1,025,785	-	1,249,288	1,046,722	-	3,321,795
Fines and Forfeitures	184,674	-	-	-	-	184,674
Charges for Services	1,881,460	-	-	-	-	1,881,460
Contributions and Donations	158,412	-	-	-	-	158,412
Miscellaneous Income	110,233	-	-	-	-	110,233
Interest Income	51,941	788	63,568	40,030	6	156,333
Total Revenues	6,747,387	788	1,312,856	1,086,752	72,957	9,220,740
Expenditures						
Current:						
General Government	2,897,470	2,083	-	-	-	2,899,553
Police	2,494,748	-	-	-	-	2,494,748
Fire	817,895	-	-	-	-	817,895
Public Works	1,451,203	-	-	-	-	1,451,203
Engineering	391,221	-	-	-	-	391,221
Culture and Recreation	1,331,011	-	-	-	-	1,331,011
Garage	294,100	-	-	-	-	294,100
Tourism and Promotion	-	-	-	-	45,605	45,605
Capital Outlay:						
General Government	28,020	-	1,056,185	306,890	-	1,391,095
Police	-	-	159,859	-	-	159,859
Fire	-	-	345,611	-	-	345,611
Public Works	44,540	-	-	-	-	44,540
Engineering	54,189	-	-	-	-	54,189
Garage	14,275	-	-	-	-	14,275
Recreation	663,654	19,886	263,784	-	-	947,324
Total Expenditures	10,482,326	21,969	1,825,439	306,890	45,605	12,682,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,734,939)	(21,181)	(512,583)	779,862	27,352	(3,461,489)
Other Financing Sources (Uses)						
Transfers - Out	-	-	-	-	(27,346)	(27,346)
Transfers - In	3,737,346	-	-	-	-	3,737,346
Proceeds from Loan	50,000	-	-	-	-	50,000
Total Other Financing Sources (Uses)	3,787,346	-	-	-	(27,346)	3,760,000
Net Change in Fund Balances	52,407	(21,181)	(512,583)	779,862	6	298,511
Fund Balance - Beginning of Year, restated	56,649	50,879	3,365,965	1,633,185	5,193	5,111,871
Fund Balance- End of Year	$ 109,056	$ 29,698	$ 2,853,382	$ 2,413,047	$ 5,199	$ 5,410,382

CITY OF LAFAYETTE, GEORGIA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances To the Statement of Activities
For the Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds		$ 298,511
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for Capital Assets, net of value of asset sold	1,849,573	
Less Current Year Depreciation	(510,153)	1,339,420
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable Deferred Property Tax Revenues		(466,009)
Issuance of long-term debt (bonds, leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Loan Proceeds		(50,000)
Governmental funds report monthly pension plan premiums as currrent period expenditures, while governmental activities record a portion of those payments as a deferred outflow of resources.		(206,459)
Changes in the value of the pension plan are not reflected in the governmental funds. However, they are accounted for in the statement of activities.		(772,804)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in Net Pension Liability	1,203,490	
Change in Compensated Absences	(40,348)	1,163,142
The net change in net position of internal service funds is reported with governmental activities.		(77,860)
Change in Net Position of Governmental Activities		$ 1,227,941

CITY OF LAFAYETTE, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund - Budget and Actual

For the Year Ended September 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 2,738,500	$ 3,237,800	$ 3,237,741	$ (59)
Licenses and Permits	93,000	93,000	97,141	4,141
Intergovernmental	117,000	1,025,000	1,025,785	785
Fines and Forfeitures	170,000	180,000	184,674	4,674
Charges for Services	1,949,592	1,949,592	1,881,460	(68,132)
Contributions and Donations	160,000	160,000	158,412	(1,588)
Miscellaneous Income	30,000	110,000	110,233	233
Interest Income	100,000	100,000	51,941	(48,059)
Total Revenues	5,358,092	6,855,392	6,747,387	(108,005)
Expenditures				
Current:				
General Government	2,352,751	2,926,751	2,925,490	1,261
Police	2,374,422	2,496,422	2,494,748	1,674
Fire	743,210	822,210	817,895	4,315
Public Works	1,276,622	1,497,622	1,495,743	1,879
Engineering	550,028	550,028	445,410	104,618
Culture and Recreation	1,244,112	1,995,112	1,994,665	447
Garage	376,044	376,044	308,375	67,669
Total Expenditures	8,917,189	10,664,189	10,482,326	181,863
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,559,097)	(3,808,797)	(3,734,939)	73,858
Other Financing Sources (Uses)				
Transfers - In	3,710,000	3,710,000	3,737,346	27,346
Proceeds from Loan	-	50,000	50,000	-
Total Other Financing Sources (Uses)	3,710,000	3,760,000	3,787,346	27,346
Net Change in Fund Balance	$ 150,903	$ (48,797)	52,407	101,204
Fund Balance - Beginning of Year			56,649	
Fund Balance - End of Year			$ 109,056	

CITY OF LAFAYETTE, GEORGIA
Statement of Net Position
Proprietary Funds
September 30, 2025

	Airport	Electric	Gas	Golf	Water and Sewer	Fiber Optics	Solid Waste	Total	Governmental Activities Internal Service Fund
Assets									
Current Assets:									
Cash and Cash Equivalents	$ -	$ 1,037,566	$ 572,758	$ -	$ 1,487,561	$ 699,585	$ -	$ 3,797,470	$ 179,546
Accounts Receivable - Net	1,032	2,337,718	262,749	-	1,250,277	10,504	150,772	4,013,052	-
Due From Other Funds	-	6,259,668	1,351,716	-	2,096,218	-	-	9,707,602	-
Due From Other Governments	302,748	-	-	-	495,680			798,428	-
Prepaid expense	-	-	8,250	-	-	-	-	8,250	
Inventory	16,731	528,673	69,426	22,730	445,154	-	-	1,082,714	-
Total Current Assets	320,511	10,163,625	2,264,899	22,730	5,774,890	710,089	150,772	19,407,516	179,546
Non-Current Assets:									
Capital Assets:									
Land	508,822	9,000	7,000	1,340,395	843,741	-	73,052	2,782,010	-
Construction in Process	9,848,269	-	-	-	3,469,486	2,256,895	-	15,574,650	-
Equipment	182,476	1,530,297	373,258	652,989	2,780,139	-	1,375,564	6,894,723	-
Buildings	5,302,530	410,894	19,701	2,610,793	1,116,962	47,872	5,206	9,513,958	-
Utility Systems	-	3,850,471	1,335,794	-	52,840,346	-	-	58,026,611	-
Less Accumulated Depreciation	(4,167,266)	(4,494,065)	(896,055)	(1,720,218)	(26,892,367)	(957)	(1,006,336)	(39,177,264)	-
Total Non-Current Assets	11,674,831	1,306,597	839,698	2,883,959	34,158,307	2,303,810	447,486	53,614,688	-
Total Assets	11,995,342	11,470,222	3,104,597	2,906,689	39,933,197	3,013,899	598,258	73,022,204	179,546
Deferred Outflows of Resources									
Deferred Resources Related to Pension	6,541	42,925	24,967	35,941	107,155	-	25,127	242,656	-
Total Deferred Outflows	$ 6,541	$ 42,925	$ 24,967	$ 35,941	$ 107,155	$ -	$ 25,127	$ 242,656	$ -
Liabilities									
Current Liabilities:									
Accounts Payable	$ 399,969	$ 1,130,393	$ 67,589	$ 52,379	$ 800,973	$ 123,587	$ 28,022	$ 2,602,912	$ -
Accrued Wages and Withholdings Payable	1,191	11,017	7,924	10,305	35,987	-	4,780	71,204	-
Compensated Absences Payable	23,070	60,273	45,632	34,021	97,968	-	24,034	284,998	-
Due to Other Funds	1,394,279	-	-	4,189,315	1,277,540	-	2,091,175	8,952,309	-
Customer Deposits	-	351,597	92,348	-	154,576	-	-	598,521	-
Notes Payable - Current	-	-	-	-	556,782	-	-	556,782	-
Financed Purchases - Current	-	50,501	-	29,777	-	-	-	80,278	-
Revenue Bonds Payable	-	-	-	-	435,000	-	-	435,000	-
Total Current Liabilities	1,818,509	1,603,781	213,493	4,315,797	3,358,826	123,587	2,148,011	13,582,004	-
Noncurrent Liabilities:									
Net Pension Liability	1,354	8,885	5,062	7,440	22,181	-	5,307	50,229	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	-	602,043	602,043	-
Notes Payable	-	-	-	-	11,970,448	-	-	11,970,448	-
Financed Purchases	-	144,015	-	51,170	-	-	-	195,185	-
Revenue Bonds Payable (Net)	-	-	-	-	2,739,553	-	-	2,739,553	-
Total Noncurrent Liabilities	1,354	152,900	5,062	58,610	14,732,182	-	607,350	15,557,458	-
Total Liabilities	1,819,863	1,756,681	218,555	4,374,407	18,091,008	123,587	2,755,361	29,139,462	-
Deferred Inflows of Resources									
Deferred Resources Related to Pension	16,262	106,727	60,805	89,363	266,427	-	63,747	603,331	
Deferred Resources Related to Lease	-	-	-	-	-	7,564	-	7,564	-
Total Deferred Inflows	16,262	106,727	60,805	89,363	266,427	7,564	63,747	610,895	-
Net Position									
Net Investment in Capital Assets	11,674,831	1,112,081	839,698	2,803,012	18,456,524	2,303,810	447,486	37,637,442	-
Restricted									
Renewal and Replacement	-	538,292	-	-	-	-	-	538,292	-
Unrestricted	(1,509,073)	7,999,366	2,010,506	(4,324,152)	3,226,393	578,938	(2,643,209)	5,338,769	179,546
Total Net Position	$ 10,165,758	$ 9,649,739	$ 2,850,204	$ (1,521,140)	$ 21,682,917	$ 2,882,748	$ (2,195,723)	$ 43,514,503	$ 179,546

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2025

	Airport	Electric	Gas	Golf	Water and Sewer	Fiber Optics	Solid Waste	Total	Governmental Activities Internal Service Fund
Operating Revenues									
Charges for Services	$ 146,018	$ 14,003,348	$ 2,577,847	$ 1,006,993	$ 7,092,648	$ 7,626	$ 740,643	$ 25,575,123	$ 2,061,860
Fees	-	168,965	34,901	-	730,015	-	13,356	947,237	-
Other Revenues	-	153,043	190,888	-	32,527	3,050	-	379,508	-
Total Operating Revenues	146,018	14,325,356	2,803,636	1,006,993	7,855,190	10,676	753,999	26,901,868	2,061,860
Operating Expenses									
Costs of Sales and Services	192,571	1,784,090	572,410	1,012,410	4,036,293	-	595,905	8,193,679	2,140,077
Administrative Expense	-	196,978	124,796	-	549,102	-	139,772	1,010,648	-
Cost of Water	-	-	-	-	1,075,367	-	-	1,075,367	-
Cost of Gas	-	-	1,238,232	-	-	-	-	1,238,232	-
Cost of Electricity	-	10,217,430	-	-	-	-	-	10,217,430	-
Depreciation Expense	216,683	136,043	48,933	137,420	1,157,016	957	57,335	1,754,387	-
Total Operating Expenses	409,254	12,334,541	1,984,371	1,149,830	6,817,778	957	793,012	23,489,743	2,140,077
Operating Income (Loss)	(263,236)	1,990,815	819,265	(142,837)	1,037,412	9,719	(39,013)	3,412,125	(78,217)
Nonoperating Revenues (Expenses)									
Interest Revenue	-	13,678	394	-	6,219	21,186	-	41,477	357
Interest Expense	-	(12,103)	-	(17,183)	(330,193)	-	-	(359,479)	-
Grant Revenue	805,818	-	-	-	400,147	-	-	1,205,965	-
Loan Forgiveness	-	-	-	-	750,000	-	-	750,000	-
Gain on investments	-	7,843	-	-	-	-	-	7,843	-
Total Nonoperating Revenues (Expens	805,818	9,418	394	(17,183)	826,173	21,186	-	1,645,806	357
Income Before Transfers	542,582	2,000,233	819,659	(160,020)	1,863,585	30,905	(39,013)	5,057,931	(77,860)
Capital Contributions	221,128	-	-	65,960	676,890	-	-	963,978	-
Transfers	-	(2,200,000)	(710,000)	-	(800,000)	-	-	(3,710,000)	-
Total Transfers	221,128	(2,200,000)	(710,000)	65,960	(123,110)	-	-	(2,746,022)	-
Change in Net Position	763,710	(199,767)	109,659	(94,060)	1,740,475	30,905	(39,013)	2,311,909	(77,860)
Net Position - Beginning of year, restated	9,402,048	9,849,506	2,740,545	(1,427,080)	19,942,442	2,851,843	(2,156,710)	41,202,594	257,406
Net Position - Ending	$ 10,165,758	$ 9,649,739	$ 2,850,204	$ (1,521,140)	$ 21,682,917	$ 2,882,748	$ (2,195,723)	$ 43,514,503	$ 179,546

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Airport	Electric	Gas	Golf	Water and Sewer	Fiber Optics	Solid Waste	Total	Governmental Activities Internal Service Fund
Cash Flows From Operations									
Receipts from Customers and Users	$ 144,986	$ 14,034,519	$ 2,713,696	$ 1,006,993	$ 7,825,376	$ 9,200	$ 737,400	$ 26,472,170	$ -
Receipts from Interfund Charges for Healthcare	-	-	-	-	-	-	-	-	2,061,860
Payments to Suppliers	(121,145)	(11,362,314)	(1,623,025)	(534,798)	(4,220,106)	-	(575,640)	(18,437,028)	(2,140,077)
Payments to/for Employees	(68,844)	(602,026)	(318,905)	(492,094)	(1,620,163)	-	(178,331)	(3,280,363)	-
Net Cash Provided by (Used in) Operating Activities	(45,003)	2,070,179	771,766	(19,899)	1,985,107	9,200	(16,571)	4,754,779	(78,217)
Cash Flows from Noncapital Financing Activities									
Gain on Investments	-	7,843	-	-	-	-	-	7,843	-
Transfers to Other Funds	-	(2,138,840)	(710,000)	-	(759,671)	-	-	(3,608,511)	-
Transfers from Other Funds	48,663	-	-	163,099	-	-	16,571	228,333	-
Net Cash from Noncapital Financing Activities	48,663	(2,130,997)	(710,000)	163,099	(759,671)	-	16,571	(3,372,335)	-
Cash Flows from Capital and Related Financing Activities									
Principal Payments - Bonds	-	-	-	-	(425,000)	-	-	(425,000)	-
Principal Payments - Notes	-	-	-	-	(1,277,236)	-	-	(1,277,236)	-
Principal Payments - Financed Purchases	-	(47,809)	-	(27,879)	-	-	-	(75,688)	-
Proceeds from loan	-	-	-	-	1,359,537	-	-	1,359,537	-
Grant Revenues	1,706,458	-	-	-	756,484	-	-	2,462,942	-
Acquisition and Construction of Capital Assets	(1,710,118)	-	(20,000)	(98,138)	(3,440,829)	(457,049)	-	(5,726,134)	-
Interest Paid	-	(12,103)	-	(17,183)	(330,193)	-	-	(359,479)	-
Net Cash from Capital and Related Financing Activities	(3,660)	(59,912)	(20,000)	(143,200)	(3,357,237)	(457,049)	-	(4,041,058)	-
Interest Received	-	13,678	394	-	6,219	21,186	-	41,477	357
Net Increase (Decrease) in Cash	-	(107,052)	42,160	-	(2,125,582)	(426,663)	-	(2,617,137)	(77,860)
Cash - October 1, 2024	-	1,144,618	530,598	-	3,613,143	1,126,248	-	6,414,607	257,406
Cash - September 30, 2025	$ -	$ 1,037,566	$ 572,758	$ -	$ 1,487,561	$ 699,585	$ -	$ 3,797,470	$ 179,546
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:									
Operating Income (Loss)	$ (263,236)	$ 1,990,815	$ 819,265	$ (142,837)	$ 1,037,412	$ 9,719	$ (39,013)	$ 3,412,125	$ (78,217)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities									
Depreciation	216,683	136,043	48,933	137,420	1,157,016	957	57,335	1,753,430	-
(Increase) Decrease in Assets:									
Accounts Receivable	(1,032)	(282,021)	(87,525)	-	(29,076)	1,452	(16,599)	(416,253)	-
Inventory	5,454	154,604	525	(14,462)	(194,472)	-	-	(48,351)	-
Prepaid Expense	-	-	(8,250)	-	-	-	-	(8,250)	
Deferred Outflows	4,646	29,161	18,027	25,032	74,879	-	18,344	170,089	-
Increase (Decrease) in Liabilities:									-
Accounts Payable	1,368	108,110	18,143	24,433	62,774	-	(16,634)	198,194	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	-	14,111	14,111	-
Compensated Absences Payable	1,429	2,818	4,627	1,458	29,725	-	3,855	43,912	-
Salaries and Wages Payable	(406)	1,211	350	2,271	6,850	-	(68)	10,208	-
Customer Deposits	-	(8,816)	(2,415)	-	(738)	-	-	(11,969)	-
Deferred Inflows	15,184	99,783	56,663	83,489	248,891	(2,928)	59,559	563,569	-
Net Pension Liability	(25,093)	(161,529)	(96,577)	(136,703)	(408,154)	-	(97,461)	(925,517)	-
Net Cash Provided by (Used in) Operating Activities	$ (45,003)	$ 2,070,179	$ 771,766	$ (19,899)	$ 1,985,107	$ 9,200	$ (16,571)	$ 4,754,779	$ (78,217)

The accompanying notes are an integral part of this financial statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of LaFayette was incorporated September 30, 1835. The City operates under an elected mayor and council who appoint a city manager. The City provides the following services as authorized by its charter or statues: culture and recreation, streets and roads, public utilities (electric, gas, water/sewer, sanitation), public safety (police and fire), community development, cemetery, garage, airport, golf and general and administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental 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 financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit: The Downtown Development Authority (DDA), an entity legally separate from the City, is governed by a board appointed by the City Council and the Mayor. The Development Authority was created for the purpose of administering activities with regard to revitalization of downtown LaFayette. The Authority is financially dependent on the City for funding. For financial reporting purposes, the DDA is reported as a discretely presented component unit in the Statement of Net Position and the Statement of Activities as determined by the State of Georgia Department of Audits and Accounts.

Related Organization: The LaFayette Housing Authority is a related organization that has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Authority's Board consists of five members that are appointed by the Mayor of LaFayette. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund financial statements emphasize major funds in either the governmental or proprietary funds. Non-major funds (if any) are reported as a separate column in the fund financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

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 fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned. Only the City Council may modify or rescind a committed fund balance. Intent to assign fund balance would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

D. Fund Types and Major Funds

Governmental Funds

The General Fund and Capital Project Funds are the major governmental funds that the City reports. The General Fund is the primary fund of the City and accounts for all financial resources not reported in other funds. The Capital Projects fund accounts for the acquisition and construction of major capital assets other than those accounted for by proprietary funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Fund Types and Major Funds - continued

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City reports the airport, electric, gas, golf, water and sewer, fiber optics and solid waste funds as major funds. 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 revenues are charges to customers for sales and services. These funds recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for 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.

Internal Service Funds

The Self Insurance internal service fund accounts for risk management activities of the City on a cost reimbursement basis. The internal service fund is presented with the proprietary funds within the fund level financial statements and with governmental activities in the government-wide financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. General revenues include all taxes.

E. Assets, Liabilities, Net Position or Equity

1. **Cash.** Cash includes amounts in demand and time deposits that by law must be insured or collateralized. Investments, if any, are limited by law and bond ordinances to federal and state securities.

2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

3. **Due To and Due From Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded by all funds affected in the period in which transactions are executed. In the government-wide financial statements, these balances are reported as internal balances.

4. **Interest Receivable**. Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

5. **Inventories**. On the basic financial statements, inventories of supplies and materials are reported at cost using the first-in, first-out method. The City uses the consumption method to account for the inventories whereby items are recorded as an asset when purchased and expenses are recorded when the item is put into use.

6. **Prepaids.** Prepaids represent the amount paid in advance for Georgia sales tax on sales of electricity and gas.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Assets, Liabilities, Net Position or Equity - continued

7. **Other Assets.** Other assets held are recorded and accounted for at cost.

8. **Restricted Assets.** The Water and Sewer Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt or for construction. The “bond debt service and reserve cash” accounts are used to segregate resources accumulated for debt service payments and to report resources set aside to cover the highest debt service requirement in any subsequent year. The “renewal and replacement cash” account is used to report resources set aside to meet unexpected contingencies or for asset replacement. The “construction cash” account is used to report resources set aside to fund construction projects.

9. **Capital Assets.** The City’s property, buildings, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting system, etc.) with useful lives of more than one year and a cost greater than two thousand dollars are capitalized and depreciated. These assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets and capital assets received in a service concession arrangement are valued at acquisition costs. Interest expense (net of related income) incurred during the construction phase of business-type capital assets is capitalized as part of the assets’ cost.

   Capital assets are depreciated using the straight-line method. When these assets are disposed, the cost and related accumulated depreciation are removed from the accounts and the resulting gain/loss is recorded.

10. **Long-term Debt, Bond Discounts/Premiums, and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums for proprietary funds are deferred and amortized over the term of the respective bonds using a method that approximates the effective interest method. Bond discounts are presented as a reduction in the face amount of bonds payable, while premiums are presented as an increase of the face amount of bonds payable. Issuance costs are reported as debt service expenditures in the year of debt issuance.

    In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses.

11. **Pensions**. The provision for pension cost is recorded on the accrual basis, and the City's policy is to fund pension costs as they accrue.

12. **Compensated Absences.** Full-time, permanent employees are granted vacation and sick leave benefits. Vested or accumulated leave is accrued in the government-wide and proprietary financial statements and governmental funds report only the portion expected to be liquidated within the current year. Governmental funds report compensated absences only when employees are no longer employed with the City. For governmental activities, compensated absences are liquidated by the General Fund.

13. **Fund Equity/Net Position.** Fund equity at the governmental fund reporting level financial statements is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Assets, Liabilities, Net Position or Equity - continued

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based on the extent to which the City is bound to honor constraints on the specific purposes 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 (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- Restricted – fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- Committed – fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- Assigned – fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

- Unassigned – fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in general fund. Negative unassigned fund balance may be reported in all funds.

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 fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

Net Position – represents the different between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition and/or construction of capital assets. Net position may be reported as restricted or unrestricted.

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.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data. Formal budgetary accounting is employed as management control for all governmental funds of the City. Department heads submit their annual budget requests to the City Manager, who in turn compiles and submits the budget to the City Council. Public hearings are conducted to obtain taxpayer comments. By September 1, an annual operating budget is adopted for the General Fund through passage of an annual budget ordinance and amended as required. The budget uses the same basis of accounting to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting basis. The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgeting control is the department level. The governing council made several supplemental budgetary appropriations throughout the year but they were not considered material. All appropriations lapse at the end of each fiscal year.

The capital projects fund has a project length budget which was adopted when voters approved the SPLOST referendum. This budget is prepared for the projected total SPLOST revenues and capital outlays.

Compliance with Bond Covenants. The City complied with its bond covenants in all material respects.

Deposits with Financial Institutions. State statutes require that the City's deposits be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits.

NOTE 3. CASH AND INVESTMENTS

Cash balances as of September 30, 2025 are classified in the financial statements as follows:

Statement of Net Position:	
Cash	$ 2,606,215
Restricted Cash	7,377,397
Total Cash	9,983,612

Cash balances consist of the following:

Cash on Hand	8,800
Cash Deposits in Financial Institutions	9,436,520
MEAG	538,292
Total Cash	$ 9,983,612

All deposits with financial institutions are fully insured or collateralized by securities held in the City's name.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. Investments are stated at fair value (the City has no investments other than cash.)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This can be measured by the assignment of a rating by a rating organization. The City does not have a formal policy that addresses credit risk.

NOTE 3. CASH AND INVESTMENTS - continued

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The City has no investments that meet the criteria for concentration of credit risk disclosure. The City does not have a formal policy that addresses concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the City may not be able to recover the value of its investments. There is no custodial credit risk exposure for the City's investments because they are either insured or held in the City's name by the custodian. The City does not have a formal policy that addresses custodial credit risk.

NOTE 4. RECEIVABLES

Accounts receivable consists of amounts due from customers for charges related to providing electric, gas, water/sewer and sanitation services. Taxes due consist of property tax and local option sales tax. Amounts due as of September 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water Sewer Fund	Electric Fund	Gas Fund	Solid Waste Fund	Fiber Optic Fund	Airport Fund
Receivables:							
Accounts	$ 77,987	$ 1,564,301	$ 3,231,006	$ 441,344	$ 200,698	$ 10,504	$ 1,032
Taxes	109,183	-	-	-	-	-	-
Total	187,170	1,564,301	3,231,006	441,344	200,698	10,504	1,032
Less: Allowance for Uncollectibles	(66,975)	(314,024)	(893,288)	(178,595)	(49,926)	-	-
Net Total Receivables	$ 120,195	$ 1,250,277	$ 2,337,718	$ 262,749	$ 150,772	$ 10,504	$ 1,032

Property Tax

Property tax is levied upon receipt of the digest from Walker County and based upon the assessed value at January 1. Taxes were levied November 6, 2025 and due by January 20, 2026. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Walker County Board of Tax Assessors and are currently calculated at 40% of market value.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of September 30, 2025, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water/Sewer	$ 1,277,540
General Fund	Golf	2,640,540
General Fund	Airport	1,281,658
General Fund	Hotel/Motel	2,185
General Fund	Solid Waste	1,094,488
		$ 6,296,411
Forfeiture	General Fund	$ 966
Water/Sewer	Capital Projects 2020	$ 557,093
Electric	General Fund	3,601,585
Electric	Solid Waste	996,687
Electric	Golf	1,548,775
Electric	Airport	112,621
		$ 6,259,668
Gas	General Fund	$ 1,351,716
Water/Sewer	General Fund	$ 1,539,125

The interfund balances related to working capital loans between funds. No significant portion of the outstanding balances is expected to be repaid in the subsequent year.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – continued

As of September 30, 2025, interfund transfers were as follows:

Transfer in:	Water/ Sewer	Electric	Gas	Hotel/Motel	Total
General Fund	$ 800,000	$2,200,000	$ 710,000	$ 27,346	$ 3,737,346
Total	$ 800,000	$2,200,000	$ 710,000	$ 27,346	$ 3,737,346

Routine transfers and payments between funds are to subsidize operations, fund capital projects and asset acquisition.

NOTE 6. CAPITAL ASSETS

The following tables provides a summary of the City's capital asset activity:

Governmental Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 4,011,409	$ -	$ -	$ -	$ 4,011,409
Construction in Progress	926,422	976,009	458,063	-	1,444,368
Total Nondepreciable Capital Assets	4,937,831	976,009	458,063	-	5,455,777
Depreciable Capital Assets					
Buildings and Improvements	3,157,586	73,229	-	-	3,230,815
Park Improvements	3,388,863	509,131	-	-	3,897,994
Machinery and Equipment	4,661,972	750,849	131,743	2,000	5,283,078
Infrastructure	2,708,245	-	-	-	2,708,245
Total Depreciable Capital Assets	13,916,666	1,333,209	131,743	2,000	15,120,132
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,622,808)	65,387	-	-	(1,688,195)
Park Improvements	(2,128,659)	86,748	-	-	(2,215,407)
Marchinery and Equipment	(2,825,670)	279,510	130,172	(2,000)	(2,977,008)
Infrastructure	(1,410,215)	78,509	-	-	(1,488,724)
Total Accumulated Depreciation	(7,987,352)	510,154	130,172	(2,000)	(8,369,334)
Total Depreciable Capital Assets, Net	5,929,314	823,055	1,571	-	6,750,798
Total Capital Assets, Net	$ 10,867,145	$ 1,799,064	$ 459,634	$ -	$ 12,206,575

NOTE 6. CAPITAL ASSETS – continued

Business-Type Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 2,782,010	$ -	$ -	$ -	$ 2,782,010
Construction in Progress	18,778,875	4,615,224	7,819,449	-	15,574,650
Total Nondepreciable Capital Assets	21,560,885	4,615,224	7,819,449	-	18,356,660
Depreciable Capital Assets					
Buildings and Improvements	9,496,686	17,274	-	-	9,513,960
Machinery and Equipment	6,724,546	377,422	205,246	(2,000)	6,894,722
Distribution and Collection Systems	50,182,863	7,843,748	-	-	58,026,611
Total Depreciable Capital Assets	66,404,095	8,238,444	205,246	(2,000)	74,435,293
Less Accumulated Depreciation For:					
Buildings and Improvements	(5,656,583)	(337,146)	-	-	(5,993,729)
Machinery and Equipment	(4,570,434)	(340,399)	196,481	2,000	(4,712,352)
Distribution and Collection Systems	(27,394,345)	(1,076,843)	-	-	(28,471,188)
Total Accumulated Depreciation	(37,621,362)	(1,754,388)	196,481	2,000	(39,177,269)
Total Depreciable Capital Assets, Net	28,782,733	6,484,056	8,765	-	35,258,024
Total Capital Assets, Net	$ 50,343,618	$ 11,099,280	$ 7,828,214	$ -	$ 53,614,684

Governmental Activities:	
General Government	$ 78,723
Police	120,328
Fire	11,801
Public Works	163,794
Engineering	1,472
Garage	8,507
Recreation	125,529
Total	$ 510,154

Business-Type Activities	
Airport	$ 216,684
Electric	136,043
Gas	48,933
Golf	137,420
Water/Sewer	1,157,016
Fiber Optic	957
Solid Waste	57,335
Total	$ 1,754,388

NOTE 7. FINANCED PURCHASES

Golf Carts - Business-type Finance Purchase: During fiscal year 2024, the City entered into an agreement with Yamaha Financial Services as lessee for financing a portion of the acquisition of 60 golf carts and GPS equipment for $119,872 for the golf course. This agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the equipment for the fiscal period was $29,968. The interest rate on this lease is 6.08% and 7.60%.

The historical cost of the asset and the related accumulated depreciation are as follows:

	Business-Type Activities
Golf Carts	$ 119,872
Less: Accumulated Depreciation	(59,936)
Total Net Book Value	$ 59,936

Freightliner Utility Truck - Business-type Finance Purchase: During fiscal year 2024, the City entered into an agreement with GMA Finance as lessee for financing the acquisition of a 2025 Freightliner Truck for the electric department. This lease agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $26,149. The interest rate on this lease is 5.49%.

The historical cost of the asset and the related accumulated depreciation are as follows:

	Business-Type Activities
Electric Utility Truck	$ 261,485.00
Less: Accumulated Depreciation	(52,297)
Total Net Book Value	$ 209,188.00

These agreements qualify as financed purchases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

NOTE 7. FINANCED PURCHASES-continued

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2025, are as follows:

Year Ending September 30	Business-Type Activities
2026	$ 104,961
2027	104,962
2028	88,796
2029	34,954
Total Minimum Lease Payments	333,673
Less Amount Representing Interest	(58,209)
Present Value of Future Minimum Lease Payments	$ 275,464

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2025 is composed of the following:

Revenue Bonds

The City has also issued revenue bonds for the purpose of capital infrastructure improvements to the Water-Sewer system. These bonds will be repaid with Water-Sewer Fund revenues from users of the system. The bonds mature in fiscal 2032.

	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-Type Activities:					
Water/Sewer Bonds	2.00%	2/19/2013	9/30/2032	$ 9,200,000	$ 3,150,000

The following schedule presents debt service requirements to maturity for revenue bonds:

Year Ending September 30	Business-Type Activites	
	Principal	Interest
2026	$ 435,000	$ 86,399
2027	445,000	75,524
2028	460,000	63,843
2029	470,000	51,423
2030	480,000	38,498
2031-2032	860,000	36,008
Total	$ 3,150,000	$ 351,695

NOTE 8. LONG-TERM DEBT - continued

Notes Payable

	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Governmental-Type Activities:					
Police Cars	2.25%	8/04/25	8/4/2030	$ 50,000	$ 50,000
Business-Type Activities:					
Water/Sewer System	3.00%	11/1/2010	7/1/2032	$ 473,000	$ 194,271
Water/Sewer System	2.40%	9/17/2014	9/17/2036	1,600,000	960,824
Water/Sewer System	2.27%	9/4/2015	3/1/3032	825,000	392,135
Water/Sewer System	1.25%	12/10/2018	1/1/2040	1,250,000	926,818
Water/Sewer System	2.09%	9/1/2021	8/1/2041	3,000,000	2,479,575
Water/Sewer System	1.86%	10/01/2024	11/01/2042	4,310,000	4,130,413
Water/Sewer System	2.18%	09/01/2025	08/01/2045	506,000	504,316
Water/Sewer System*				1,350,000	1,278,230
Water/Sewer System**				1,667,000	902,046
Water/Sewer System***				967,000	699,412
Water/Sewer System****				2,409,000	59,190
				$ 18,357,000	$ 12,527,230

* Water system loan was issued in March of 2023, with draws beginning July of 2023. The balance of the draws at September 30, 2025 was $1,278,230. The loan will close in 2026 with payments beginning at that time.

**Water system loan was issued in August of 2023, with draws beginning October of 2023. The balance of the draws at September 30, 2025 was $902,046. The loan will close in 2026 with payments beginning at that time.

***Water system loan was issued in February of 2025, with draws beginning March of 2025. The balance of the draws at September 30, 2025 was $699,412. The loan will close in 2026 with payments beginning at that time.

****Water system loan was issued in August of 2024 with draws beginning May of 2025. The balance of the draws at September 30, 2025 was $59,190. The loan will close in 2026 with payments beginning at that time.

NOTE 8. LONG-TERM DEBT - continued

Notes payable debt service requirements to maturity are presented below:

Year Ending September 30		Business-Type Activites Principal	Interest
2025		$ 556,782	$ 183,850
2026		568,209	172,424
2027		579,879	160,753
2028		591,796	148,838
2029		603,969	136,664
2030-2034		2,870,826	505,252
2035-2039		2,510,413	243,422
2040-2044		1,306,444	48,043
	Total	$ 9,588,318	$ 1,599,246

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Note payable	$ -	$ 50,000	$ -	$ 50,000	$ 9,561
Compensated Absences	480,737	40,348	-	521,085	-
Total Governmental Activities	$ 480,737	$ 90,348	$ -	$ 571,085	$ 9,561
Business- Type Activites:					
Note Payable	$ 12,444,929	$ 1,359,537	$ (1,277,236)	$ 12,527,230	$ 556,782
Revenue Bonds	3,575,000	-	(425,000)	3,150,000	435,000
Unamortized Bond Premium	28,061	-	(3,507)	24,554	-
Landfill Closure/Post Closure	587,932	14,111	-	602,043	-
Financed Purchases	351,151	-	(75,687)	275,464	80,278
Compensated Absences	274,086	10,912	-	284,998	-
Total Business-Type Activities	$ 17,261,159	$ 1,384,560	$ (1,781,430)	$ 16,864,289	$ 1,072,060

NOTE 9. OTHER COMMITMENTS

Under the terms of a power sales contract dated October 1, 1975 and for a period not to exceed 50 years, the City agrees to purchase its electric power and energy through the Municipal Electric Authority of Georgia (MEAG). This energy is priced to cover MEAG's cost of operating the system and to retire any debt incurred by MEAG. In return, MEAG agrees to purchase or provide the generating capacity necessary for reliable and economical power output for the City to operate its electric system. In the event that the operating revenues of the City's electric system are insufficient to cover its obligation to MEAG, or the City does not purchase the required amount of electric power and energy as specified in the contract (calculated annually), the City has agreed to assess and collect property tax sufficient to make all remaining payments due under this contract. At September 30, 2025, the outstanding debt of MEAG was $8,195,323,494. The City's guarantee varies by individual project and totals $84,607,982.

NOTE 10. PENSION PLAN

Plan Description. The City has a non-contributory defined benefit plan covering all full-time employees. The plan, the City of LaFayette Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15-member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established the plan effective April 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service. Early retirement is possible at age 55 with 10 years of service. Benefits are calculated at up to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for changes to plan provisions and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10). According to the latest actuarial valuation, dated January 1, 2025, the estimated minimum annual contribution under these funding standards is $470,341.

According to the plan's actuarial valuation dated January 1, 2025, the recommended contribution to the plan for the coming year is $523,592 ($0 employee and $523,592 employer; 0% employee and 7.73% employer of covered payroll respectively), and for the prior year was $452,076 ($0 employee and $452,076 employer; 0% employee and 8.37% employer of covered payroll respectively). Covered payroll for 2025 and 2024 is $6,657,493 and $5,312,262 respectively.

Net Pension Liability

The City's net pension liability (NPL) , along with the total pension liability (TPL) and fiduciary net position (FNP) used to calculate the NPL are presented in the table below. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2024.

NOTE 10. PENSION PLAN - continued

Changes in Net Pension Liability

	(a) (TPL) Total Pension Liability	(b) (FNP) Fiduciary Net Position	(a) - (b) (NPL) Net Pension Liability
Balances at September 30, 2023	$ 17,276,071	$ 15,028,180	$ 2,247,891
Changes for the Year			
Service Cost	203,280	-	203,280
Interest	1,251,715	-	1,251,715
Differences Between Expected and Actual Experience	434,731	-	434,731
Changes of Assumptions	-	-	-
Contributions - Employer	-	487,446	(487,446)
Contributions - Employees	-	-	-
Net Investment Income	-	3,555,576	(3,555,576)
Benefit Payments, Including Refunds of Employee Contributions	(1,013,895)	(1,013,895)	-
Administrative Expense	-	(24,290)	24,290
Other	-	-	-
Net Changes	875,831	3,004,837	(2,129,006)
Balances at September 30, 2024	$ 18,151,902	$ 18,033,017	$ 118,885

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%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.375%) or 1% point higher (8.375%) than the current rate.

Sensitivity of the NPL to Changes in Discount Rate

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Total Net Pension Liability	$ 2,218,252	$ 118,885	$ (1,652,455)

As of January 1, 2025, employee membership data related to the current plan membership was as follows:

Number of retirees and beneficiaries currently receiving benefits	109
Number of terminated employees entitled to benefits, but not yet receiving them	84
Number of Active Plan Participants	
Vested	101
Nonvested	27
Total	321

NOTE 10. PENSION PLAN - continued

Significant Actuarial Assumptions

Actuarial Assumptions:

Net Investment Rate of Return	7.375% per year
Projected Salary Increase	2.25% plus service based merit increases
Cost of Living Adjustment	0.00%
Post Retirement Benefit Increase	N/A

Actuarial Methods:

Actuarial Cost Method	Project 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 13 years
Actuarial Value of Assets	
Mortality & Economic Assumptions	The mortality and economic assumptions are based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Tables with rates multiplied by 1.25. Based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.
Discount Rate	The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarily determined contribution rates and the employee rate. 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.
Changes in Methods and Assumptions	There have been no chages since the last valuation.

NOTE 10. PENSION PLAN - continued

For the year ended September 30, 2025, the City recognized pension expense of $90,728. At September 30, 2025, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions for future periods	$ 248,271	$ -
Differences between expected and actual experience	326,049	(47,071)
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments and changes in assumptions	-	(1,380,904)
	$ 574,320	$ (1,427,975)

Pension contributions subsequent to the measurement date of $ 248,271 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Amount
2026	$ (282,807)
2027	230,894
2028	(556,502)
2029	(493,511)

Net Investment Return

On-going basis: 7.375% - On-going basis, based on long-term expected rate of return on pension plan investments.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset collection as of March 31, 2024 are as summarized in the following table:

NOTE 10. PENSION PLAN – continued

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.00%	6.60%
International Equity	20.00%	7.03%
Real Estate	10.00%	3.40%
Global Fixed Income	5.00%	3.70%
Domestic Fixed Income	20.00%	2.70%
Cash	0.00%	
Total	100.00%	

Payable to the Pension Plan

There were no outstanding amounts of contributions to the pension plan required for the year ended September 30, 2025.

NOTE 11. SPECIAL LOCAL OPTION SALES TAX

In November 2019 voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collections began on October 1, 2020 and are scheduled to end September 2026. The City's distributive share of this tax is projected to be $6,600,000. The proceeds from this sales tax are to be used for road, street, and bridge purposes, Smart grid technology for broadband internet, various recreation facilities and projects, Main street improvements and facility improvements.

NOTE 12. RISK MANAGEMENT

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could results in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made again the City within the scope of loss protection furnished by the funds.

NOTE 12. RISK MANAGEMENT - continued

The funds are to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three fiscal years the cost of any settlements have not exceeded insurance coverage.

NOTE 13. RESTRICTED ASSETS

At September 30, 2025, the restricted assets account balances are comprised of the following:

Governmental Activities:	General	Capital Projects	Other Governmental Funds
Cash - Perpetual Care	$ 255,550	$ -	$ -
Cash - Shop with a Cop	15,481	-	-
Cash - Capital Projects	-	5,689,598	-
Cash - Police Funds	15,586	-	8,182
Cash - Municipal Court	193		
Cash - Bond Debt Service	11,003	-	-
Total Restricted Assets	$ 308,816	$ 5,689,598	$ 8,182

Business-Type Activities:	Water/Sewer	Electric
Cash - MEAG	$ -	$ 538,292
Cash - Debt Service	116,953	-
Cash - Construction Cash	128,744	-
Cash - GEFA loan account	586,812	-
Total Restricted Assets	$ 832,509	$ 538,292

NOTE 14. FUND BALANCE/NET POSITION

Restricted amounts are used to indicate that a portion of the fund balance/net position is not available for appropriation or is legally segregated for specific future use. The following restricted amounts are used by the City:

Capital Projects Fund and Police Special Revenue Funds:

Restricted for Capital Projects - restricted for completion of construction projects financed by SPLOST proceeds and debt retirement

Restricted for Law Enforcement Activities – confiscated funds which must, by law, be utilized for specific activities/programs.

NOTE 15. LANDFILL CLOSURE/POSTCLOSURE COSTS

The City of LaFayette operates a municipal solid waste landfill for City use only and does not accept waste from any outside parties. State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions for a period of 30 years after closure. While the City has immaterial operating costs related to the current activity at the landfill, an expense provision and related liability are being recognized based on projected future closure and post closure care costs that will be incurred.

The recognition of these costs is based on the amount of landfill space used to date. The liability for landfill closure and post closure costs at September 30, 2025 is $682,578. Estimated total current cost of closure and post closure care remaining to be recognized is $80,835. However, the actual cost of closure and post closure care may be higher due to the effects of inflation, changes in technology, or changes in landfill laws and regulations. The City currently meets applicable financial assurance requirements. According to the most recent study where capacity adjustments were made, the landfill capacity used to date is approximately 88% and at the current usage rate, the estimated remaining life of the landfill is 375 years.

NOTE 16. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

The City of LaFayette levies an 8% hotel/motel tax in accordance with provisions of the Official Code of Georgia section §48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3%. For the year ended September 30, 2025, the amount the City collected was $72,951. In accordance with a contractual agreement, 100% of the 2% difference in collections have been paid to the Walker County Chamber of Commerce and was to be used for the promotion of tourism.

NOTE 17. JOINT VENTURE

The City of LaFayette is a member of the Northwest Georgia Regional Commission (RC). The RC was created under the laws of the State of Georgia and cities and counties in the area served by the RC are required to be members. The membership of the RC includes 15 counties and 49 municipalities. The City has no equity interest in the RC nor does the City materially contribute to the continued existence of the RC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RC ceases operation, the membership can be assessed for any debt or obligation of the RC. Separate financial statements may be obtained from: Northwest Georgia Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* the City is required to reevaluate the accounting treatment of compensated absences. Also, in conjunction with the implementation of GASB Statement No. 100, *Accounting Changes and Error Corrections,* the City is required to reevaluate its reporting of a Change in Accounting Principle by adjusting net position for the effect of a newly adopted accounting principle on prior periods. Therefore, in conjunction with the implementation of GASB Statements No. 101 and 100, the following adjustment was required to the beginning net position of the City.

	Governmental Activities	Business-Type Activities
Beginning net position, as previously reported	$ 15,633,017	$ 41,294,594
Adjustment due to implementation of GASB No. 101 and 100	(158,000)	(92,000)
Beginning net position, as adjusted	$ 15,475,017	$ 41,202,594

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, GEORGIA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

For the Previous Ten Fiscal Periods

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 203,280	$ 207,049	$ 190,370	$ 187,465	$ 175,291	$ 214,397	$ 160,290	$ 187,639	$ 183,261	$ 199,245
Interest	1,251,715	1,220,708	1,199,161	1,154,119	1,109,471	1,044,537	1,005,986	995,682	981,250	907,702
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	434,731	(10,159)	(167,963)	163,965	175,460	609,932	97,017	(262,375)	(321,087)	495,739
Changes of Assumptions	-	-	-	-	-	147,019	-	-	-	-
Benefit Payments, Including Refunds	(1,013,895)	(972,912)	(919,238)	(876,207)	(857,773)	(862,781)	(743,977)	(682,652)	(631,747)	(675,620)
Other	-	-	-	-	-	-	-	197,708	-	-
Net Change in Total Pension Liability	875,831	444,686	302,330	629,342	602,449	1,153,104	519,316	436,002	211,677	927,066
Total Pension Liability - Beginning	17,276,071	16,831,385	16,529,055	15,899,713	15,297,264	14,144,160	13,624,844	13,188,842	12,977,165	12,050,099
Total Pension Liability - Ending	$ 18,151,902	$ 17,276,071	$ 16,831,385	$ 16,529,055	$ 15,899,713	$ 15,297,264	$ 14,144,160	$ 13,624,844	$ 13,188,842	$ 12,977,165
Plan Net Position										
Contributions - Employer	$ 487,446	$ 422,045	$ 511,462	$ 406,697	$ 389,793	$ 359,931	$ 391,282	$ 430,901	$ 373,892	$ 327,777
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net Investment Income	3,555,576	1,851,492	(2,718,682)	3,375,062	1,254,370	382,551	1,233,952	1,665,002	1,139,625	134,281
Benefit Payments, Including Refunds	(1,013,895)	(972,912)	(919,238)	(876,207)	(857,773)	(862,781)	(743,977)	(682,652)	(631,747)	(675,620)
Administrative Expense	(24,290)	(27,885)	(26,919)	(29,403)	(30,300)	(24,505)	(27,564)	(28,484)	(15,878)	(18,213)
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Net Position	3,004,837	1,272,740	(3,153,377)	2,876,149	756,090	(144,804)	853,693	1,384,767	865,892	(231,775)
Plan Net Position - Beginning	15,028,180	13,755,440	16,908,817	14,032,668	13,276,578	13,421,382	12,567,689	11,182,922	10,317,030	10,548,805
Plan Net Position - Ending	$ 18,033,017	$ 15,028,180	$ 13,755,440	$ 16,908,817	$ 14,032,668	$ 13,276,578	$ 13,421,382	$ 12,567,689	$ 11,182,922	$ 10,317,030
Net Pension Liability - Ending	$ 118,885	$ 2,247,891	$ 3,075,945	$ (379,762)	$ 1,867,045	$ 2,020,686	$ 722,778	$ 1,057,155	$ 2,005,920	$ 2,660,135
Total Pension Liability	$ 18,151,902	$ 17,276,071	$ 16,831,385	$ 16,529,055	$ 15,899,713	$ 15,297,264	$ 14,144,160	$ 13,624,844	$ 13,188,842	$ 12,977,165
Plan Net Position	18,033,017	15,028,180	13,755,440	16,908,817	14,032,668	13,276,578	13,421,382	12,567,689	11,182,922	10,317,030
Net Pension Liability	$ 118,885	$ 2,247,891	$ 3,075,945	$ (379,762)	$ 1,867,045	$ 2,020,686	$ 722,778	$ 1,057,155	$ 2,005,920	$ 2,660,135
Ratio of Plan Net Position to Total Pension Liability	99.35%	86.99%	81.72%	102.30%	88.26%	86.79%	94.89%	92.24%	84.79%	79.50%
Covered Employee Payroll	$ 6,657,493	$ 5,312,262	$ 5,379,949	$ 4,718,340	$ 4,720,877	$ 4,489,336	$ 4,720,392	$ 3,889,463	$ 4,301,277	$ 4,470,429
Net Pension Liability as a Percentage of Covered Employee Payroll	1.79%	42.32%	57.17%	-8.05%	39.55%	45.01%	15.31%	27.18%	46.64%	59.51%

CITY OF LAFAYETTE, GEORGIA
Required Supplementary Information
Schedule of Contributions - Pension Plan
For the Previous Ten Fiscal Periods

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	*	$ 449,078	$ 460,413	$ 474,490	$ 443,669	$ 386,093	359,931	390,157	430,901	373,892
Contributions in Relation to the Actuarially Determined Contribution	*	487,446	422,045	511,462	406,697	389,793	359,931	391,282	430,901	373,892
Contribution Deficiency (Excess)	*	$ (38,368)	$ 38,368	$ (36,972)	$ 36,972	$ 3,700	-	1,125	-	-
Covered Employee Payroll	*	5,312,262	5,739,949	4,718,340	$ 4,720,877	$ 4,489,336	4,720,392	3,889,463	4,301,277	4,408,649
Contributions As a Percentage of Covered Employee Payroll	*	9.18%	7.84%	10.84%	8.61%	8.68%	7.63%	10.06%	10.02%	8.48%

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

Notes to Schedule of Contributions:

Valuation Date: The actuarially determined contribution rate was determined as of January 1, 2025, with an interest adjustment to the fiscal year.

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 13 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.375% net pension plan investment expense, including inflation
Projected Salary Increases	2.25% plus age and service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Normal - 65; Early - 55
Mortality	The mortality and economic 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 through June 30, 2019.

SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

Special Revenue Funds

These operating funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or major capital projects) that are legally restricted as to use by the Federal or State Government and special purpose funds established by the City Council.

Police Forfeiture Fund – accounts for revenues and expenditures associated with seized property through court ordered forfeitures for the purpose of enhancing law enforcement.

Hotel/Motel Fund – accounts for revenues and expenditures associated with the city's hotel/motel room tax.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue		
	Police Forfeiture	Hotel/Motel	Total Nonmajor Governmental Funds
Assets			
Cash	$ 8,182	$ -	$ 8,182
Due from Other Governments	-	5,943	5,943
Due from Other Funds	966	-	966
Total Assets	$ 9,148	$ 5,943	$ 15,091
Liabilities and Fund Balances			
Liabilities:			
Unreleased Confiscations	$ 3,949	$ -	$ 3,949
Due to Other Funds	-	2,185	2,185
Due to Other Governments	-	3,758	3,758
Total Liabilities	3,949	5,943	9,892
Fund Balance:			
Restricted for:			
Law Enforcement Activities	5,199	-	5,199
Total Fund Balances	5,199	-	5,199
Total Liabilities and Fund Balances	$ 9,148	$ 5,943	$ 15,091

CITY OF LAFAYETTE, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Special Revenue		
	Police Forfeiture	Hotel/Motel	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ -	$ 72,951	$ 72,951
Miscellaneous Income	-	-	-
Interest Income	6	-	6
Total Revenues	6	72,951	72,957
Expenditures			
Current:			
Police	-	-	-
Tourism and Promotion	-	45,605	45,605
Total Expenditures	-	45,605	45,605
Excess (Deficit) of Revenues Over (Under) Expenditures	6	27,346	27,352
Other Financing Sources (Uses)			
Transfers - In(Out)	-	(27,346)	(27,346)
Total Other Financing Sources (Uses)	-	(27,346)	(27,346)
Net Change in Fund Balances	6	-	6
Fund Balance - Beginning of Year	5,193	-	5,193
Fund Balance - End of Year	$ 5,199	$ -	$ 5,199

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
2014 SPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2025

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Interest Income	-	-	788	788
Total Revenues	-	-	788	788
Expenditures				
Current:				
General Government	30,000	30,000	2,083	27,917
Public Works	193,949	193,949	-	193,949
Capital Outlays:				
Public Works	1,386,051	1,386,051	-	1,386,051
Recreation	75,818	75,818	19,886	55,932
Other Capital Outlays	840,191	840,191	-	840,191
Debt Service:				-
Principal	340,000	340,000	-	340,000
Interest	13,991	13,991	-	13,991
Total Expenditures	2,880,000	2,880,000	21,969	2,858,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,880,000)	(2,880,000)	(21,181)	2,858,819
Net Change in Fund Balance	(2,880,000)	(2,880,000)	(21,181)	2,858,819
Fund Balance - Beginning of Year			50,879	
Fund Balance - End of Year			$ 29,698	

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
TSPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2025

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 1,046,722	$ 1,046,722
Interest Income	-	-	40,030	40,030
Total Revenues	-	-	1,086,752	1,086,752
Expenditures				
Current:				
Public Works	2,500,000	2,500,000	306,890	2,193,110
Total Expenditures	2,500,000	2,500,000	306,890	2,193,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,500,000)	(2,500,000)	779,862	3,279,862
Net Change in Fund Balance	(2,500,000)	(2,500,000)	779,862	3,279,862
Fund Balance - Beginning of Year			1,633,185	
Fund Balance - End of Year			$ 2,413,047	

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
2020 SPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2025

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 1,249,288	$ 1,249,288
Interest Income	-	-	63,568	63,568
Total Revenues	-	-	1,312,856	1,312,856
Expenditures				
Current:				
General Government	-	-	-	-
Capital Outlays:				
General Government	275,000	275,000	-	275,000
Public Works	1,350,000	1,350,000	347,668	1,002,332
Recreation	1,175,000	1,175,000	329,817	845,183
Other Capital Outlays	-	3,800,000	1,147,953	2,652,047
Other Projects	3,800,000	-	-	-
Total Expenditures	6,600,000	6,600,000	1,825,438	4,774,562
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,600,000)	(6,600,000)	(512,582)	6,087,418
Net Change in Fund Balance	(6,600,000)	(6,600,000)	(512,582)	6,087,418
Fund Balance - Beginning of Year			3,365,965	
Fund Balance - End of Year			$ 2,853,383	

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COMPLIANCE SECTION

CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

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

To the Honorable Mayor and City Council
City of LaFayette, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia, as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the City of LaFayette, Georgia's basic financial statements and have issued our report thereon dated March 28, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency described as 25-01.

Report on Compliance and Other Matters

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

City of LaFayette, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of LaFayette's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of LaFayette'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.

CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
March 28, 2026

CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Council
City of Lafayette, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lafayette, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Lafayette, Georgia's major federal programs for the year ended September 30, 2025. City of Lafayette, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Lafayette, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

CHRYSAN THOMAS
Certified Public Accountant

Dalton, Georgia
March 28, 2026

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Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:
- Material weakness(es) identified? **No**
- Significant deficiencies identified that are not considered to be material weakness(es)? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:
- Material weakness(es) identified: **No**
- Significant deficiencies identified that are not considered to be material weakness(es)? **None reported**

Type of Auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) : **No**

Major programs:

U.S. Department of Transportation
Airport Improvement Program
CFDA #20.106

U.S. Department of Treasury
Coronavirus State and Local Recovery Funds
CFDA #21.027

Dollar threshold used to distinguish between Type A and Type B programs: **$1,000,000**

Auditee qualified as a low-risk auditee? **No**

Financial Statement Findings

FS25-01

Criteria: In accordance with generally accepted accounting principles and established internal control frameworks, including guidance promulgated by the Governmental Accounting Standards Board (GASB), management is responsible for establishing and maintaining an effective system of internal controls. Such controls should include ongoing monitoring activities, periodic reviews of accounting transactions, timely reconciliations of all significant accounts, and the retention of adequate supporting documentation. These functions should be performed by personnel possessing the appropriate level of knowledge and expertise to identify and correct errors or irregularities in a timely manner.

Condition: During our audit, we noted that multiple general ledger accounts were not routinely reconciled to support documentation to ensure accuracy and proper classification within the appropriate department or fund. This includes, but is not limited to, project accounts, revenues, and disbursements. Furthermore, supporting documentation for certain receipts and disbursements was not consistently maintained in an organized manner to allow for timely retrieval and verification.

Cause: The conditions noted above appear to be the result of the absence of formally established policies and procedures governing the review and monitoring of accounting activity. Additionally, responsibilities for performing such reviews have not been clearly assigned, resulting in a lack of consistent oversight.

Effect: The lack of adequate internal control procedures, including routine monitoring and timely reconciliations, increases the risk of material misstatement in the financial statements. In the absence of regular daily, monthly, and annual review processes, errors or irregularities may not be detected in a timely manner, potentially impacting the accuracy and reliability of financial reporting.

Recommendation: We recommend that management develop and formally adopt comprehensive policies and procedures designed to strengthen internal controls over financial reporting. Such procedures should include, at a minimum, the performance of monthly reconciliations for all significant accounts, documented supervisory reviews, and ongoing monitoring activities. Management should also ensure that adequate training is provided for personnel responsible for accounting functions. Additionally, a standardized and organized filing system should be implemented to ensure that all supporting documentation is properly maintained and readily accessible for review.

Response: Management concurs with the findings. The city has engaged an accountant to assist in the development, training and implementation of improved accounting procedures and internal controls. The City has begun implementing procedures to ensure timely reconciliation, accurate reporting, and consistent monitoring of financial activities. Management will also take steps to ensure that all policies and procedures are clearly communicated to and understood by relevant personnel.
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CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2025

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURE
U.S.Department of Agriculture			
Community Facilities Grant	10.766	11-046-0602	50,000
U.S.Department of Transportation			
Passed through Georgia Department of Transportation			
Airport Improvement Program	20.106	T007776	722,286
U.S.Department of Treasury			
Passed Through Governor's Office of Planning and Budget			
Covid-19 Improving Neighborhoods Grant	21.027	GA-0000000262	594,736
Appalachian Regional Commission			
Passed Through Georgia Environmental Finance Authority -			
Appalachian Regional Commission	23.001	GA-21052-2023	370,302
U.S. Environmental Protection Agency			
Passed Through Georgia Environmental Finance Authority -			
Lead Service Line Replacement Program	66.442	DWLSL 2022052	29,845
Clean Water State Revolving Fund	66.458	CW2020027	55,306
Clean Water State Revolving Fund	66.458	CW2023030	59,190
			114,496
Total U.S. Environmental Protection Agency			144,341
Total Federal Awards			$ 1,881,665

NOTE 1. BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related fund liability is incurred.

Federal grant programs which are administered through State agencies(pass-through awards) have been included in this report.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the financial statements.

The City elected not to utilize the 15% deminimus indirect cost rate.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - 2014
SEPTEMBER 30, 2025

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets	$ 1,580,000	$ 780,000	$ 397,960	$ -	$ 397,960
Other Projects					
Admin					
Buildings	150,000	150,000	40,419	2,083	42,502
Equipment	-	-	188,435	-	188,435
Public Safety					
Equipment	190,000	190,000	12,574	-	12,574
Public Works					
Equipment	-	-	105,000	-	105,000
Improvements	160,000	160,000	551,780	-	551,780
Recreation					
Equipment	-	-	395,456	-	395,456
Site Improvements	800,000	800,000	174,391	19,886	194,277
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	800,000	769,103	-	769,103
Total Other Projects	1,300,000	1,300,000	2,237,158	21,969	2,259,127
Total for all Projects	$ 2,880,000	$ 2,880,000	$ 2,635,118	$ 21,969	$ 2,657,087

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - TSPLOST
SEPTEMBER 30, 2025

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets					
Utility Relocation/Sewer	$ 2,500,000	$ 2,917,500	$ 2,038,456	$ 306,890	$ 2,345,346
Total	$ 2,500,000	$ 2,917,500	$ 2,038,456	$ 306,890	$ 2,345,346

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - 2020
SEPTEMBER 30, 2025

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets					
Roads, Bridges/ Sidewalk	1,250,000	1,000,000	$ -	$ 119,797	$ 119,797
Main Street improvements	350,000	200,000	-	-	-
Streetscapes improvements	250,000	410,000	70,363	227,871	298,234
Total Other Projects	**1,850,000**	**1,610,000**	**70,363**	**347,668**	**418,031**
Recreation					
Facilities and improvements	1,400,000	1,029,999	472,675	329,817	802,492
City Lake improvements	150,000	-	-	-	-
Walking/biking trails	275,000	200,000	-	-	-
Sidewalks	300,000	200,000	-	-	-
Library	60,000	-	-	-	-
Total Other Projects	**2,185,000**	**1,429,999**	**472,675**	**329,817**	**802,492**
Other Projects					
Admin - Remote Learning	**500,000**	**91,125**	91,125	-	91,125
Police/Fire/911 Communications	**275,000**	**250,000**	250,000	-	250,000
Public Works - Downtown Dev.	**750,000**	**750,000**	-	-	-
Public Works - Train Depot	**75,000**	**75,000**	-	-	-
Utilities - Broadband/Smart grid	**800,000**	**500,000**	-	-	-
Water and Sewer	**55,000**	**500,000**	-	-	-
Emergency	**55,000**	**713,438**	-	590,860	590,860
Hazard Mitigation	**55,000**	**680,438**	-	557,093	557,093
Total for all Projects	**$ 6,600,000**	**$ 6,600,000**	**$ 884,163**	**$ 1,825,438**	**$ 2,709,601**