CITY OF LAKELAND, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2025

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TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Notes to the Financial Statements	17 - 31
Required Supplementary Information:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	32
Schedule of City Contributions	33
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	34
American Rescue Plan Act Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	35
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	37
Hotel/Motel Tax – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	38
Schedule of Projects Constructed with Proceeds from Special Purpose Local Option Sales Tax (SPLOST)	39
Community Development Block Grant (CDBG) Source and Application of Funds Schedule and Project Cost Schedule	40
Comparative Statements	41 - 52
COMPLIANCE SECTION	
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*	53 - 54
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	55 - 56
Schedule of Expenditures of Federal Awards	57
Notes to Schedule of Expenditures of Federal Awards	58
Schedule of Findings and Questioned Costs	59
City's Response to Findings and Corrective Action Plan	60
Schedule of Prior Year Findings	61

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Lakeland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakeland, Georgia (the "City"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lakeland, 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'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor governmental fund financial statements and schedules, schedules of projects constructed with proceeds from Special Purpose Local Option Sales Taxes, CDBG Grant Schedules and comparative statements ("the supplementary information") as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
June 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS FINANCIAL REPORT
CITY OF LAKELAND, GEORGIA
DECEMBER 31, 2025

Our discussion and analysis of City of Lakeland's financial performance provides an overview of the City's financial activities for the fiscal year ending December 31, 2025. Please review in conjunction with the City's financial statements.

REVIEWING THE ANNUAL REPORT

The annual report covers multiple financial statements. The Statement of Net Position and the Statement of Activities supply data about the activities of the City as a whole and provide thorough information regarding the City's finances. For government activities, these statements show how services were financed and what remains for future spending. Fund financial statements show city operations in more detail than government-wide statements as they provide information about the City's most important funds.

FINANCIAL HIGHLIGHTS

Due to this year's operations, the City's Net Position is as follows: Net Position of Governmental Activities was $7,841,733 compared to $6,492,885 in 2024 and Net Position of Business-type Activities was $8,106,089 compared to $8,459,357 in 2024.

- The current year's governmental activities expenses totalled $2,666,847 as compared to $2,790,151 in 2024. The City generated $3,679,642 in revenues for governmental activities compared to $3,522,435 in the previous year.

- For business-type activities, revenues were $1,133,181 compared to $2,097,346 in 2024. Expenses were $1,150,396 compared to $1,184,555 in 2024.

- The yearly cost for all city functions/programs was $3,817,243 compared to $3,974,706 in 2024.

THE CITY AS A WHOLE ANALYSIS

Since the Statement of Net Position and the Statement of Activities provide facts about the City as a whole, the statements can help determine if a City has improved or deteriorated as a result of the year's activities. All assets and liabilities are included in the statements using the accrual basis of accounting. The accrual method is comparable to the accounting used by most private corporations. All current year revenues and expenses are included. It does not matter when cash is paid or received.

These statements give an account of the City's net position and any changes in that position. However, to truly judge the condition of the City, some non-financial factors must be considered. For example, a change in the tax base could greatly affect the statements.

The Statement of Net Position and the Statement of Activities divide the City into two types of activities:

I) Governmental Activities: The City's basic services are accounted for in this section: public works, parks, general administration and economic development. Property taxes, insurance premium taxes, franchise fees, business licenses, and local option sales taxes finance the majority of these activities.

2) Business-type Activities: Items included in this section are services for which the City charges a fee to help cover all or most of the cost of the service it provides. The water and sewer system are reported here.

DETAILING THE MOST IMPORTANT FUNDS

The fund financial statements cover detailed information about the most important funds of the City. Certain funds are mandated by State law and by Bond agreements, where applicable. Other funds are established to manage money, meet legal requirements or for certain taxes or grants.

- Governmental Funds: Basic services are reported in governmental funds. This section details how money flows in and out of the funds and covers the balances left at year-end that are left on hand for disbursement. Governmental funds are reported using an accounting method called modified accrual accounting. This method measures cash and financial assets that can easily be converted to cash. The governmental fund statements supply a detailed short-range view of general government operations and basic services. Governmental fund data allows a city to determine the financial resources that can be spent in the long-term to finance the City's programs.

- Proprietary Funds: Proprietary funds are funds that the City charges for services it provides, both to City units and outside customers. Proprietary funds are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise fund, a component of proprietary funds, are the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow.

THE CITY AS A WHOLE ANALYSIS

The largest component of the City's net position is its investment in capital assets, including land, buildings, infrastructure, vehicles, equipment, and construction in progress. As of December 31, 2025, the City's net investment in capital assets totaled $11.4 million. Restricted net position of approximately $0.8 million represents resources that are subject to external restrictions, grant requirements, or enabling legislation and is primarily restricted for capital projects. The remaining unrestricted net position of approximately $3.7 million may be used to meet the City's ongoing obligations to citizens, creditors, and other stakeholders. Total net position at year-end was $15.9 million.

The City's net position for Governmental Activities was $7,841,733 this year compared to $6,492,885 last year. Unrestricted net position was $3,068,842 this year, compared to $2,037,330 last year. Unrestricted net position is what can be used to finance every-day operations without restrictions set by legislation, debt covenants, or other legal regulations.

The net position of the City's Business-type Activities was $8,106,089 this year compared to $8,459,357 last year, the total amount of unrestricted net position is $686,021 compared to $1,397,321 in 2024.

Total revenues for the current year were $4,812,823 compared to $5,619,781 last year. The total yearly cost of all programs and services were $3,817,243 compared to $3,974,706 last year.

Table 3 details the cost of the City's major programs as well as each program's net cost (total cost less revenues generated by the program). The net cost indicates the financial burden that was shifted to the City's taxpayers by each of these programs.

TABLE 1: NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 4,870,922	$ 4,421,031	$ 1,023,430	$ 1,601,846	$ 5,894,352	$ 6,022,877
Capital Assets and pension asset	4,008,247	3,606,738	8,106,102	7,872,803	12,114,349	11,479,541
Deferred pension outflows	119,967	53,996	-	-	119,967	53,996
TOTAL ASSETS	$ 8,999,136	$ 8,081,765	$ 9,129,532	$ 9,474,649	$ 18,128,668	$ 17,556,414
Current Liabilities	$ 666,816	$ 1,117,611	$ 427,946	$ 329,259	$ 1,094,762	$ 1,446,870
Long-Term Liabilities	415,190	355,989	595,497	686,033	1,010,687	1,042,022
Deferred pension inflows	75,397	115,280	-	-	75,397	115,280
TOTAL LIABILITIES	$ 1,157,403	$ 1,588,880	$ 1,023,443	$ 1,015,292	$ 2,180,846	$ 2,604,172
Net investment in capital assets	$ 4,008,247	$ 3,606,738	$ 7,420,068	$ 7,062,036	$ 11,428,315	$ 10,668,774
Restricted	764,644	848,817	-	-	764,644	848,817
Unrestricted	3,068,842	2,037,330	686,021	1,397,321	3,754,863	3,434,651
TOTAL LIABILITIES	$ 7,841,733	$ 6,492,885	$ 8,106,089	$ 8,459,357	$ 15,947,822	$ 14,952,242

TABLE 2: CHANGES IN NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Program Revenues:						
Charges for Services	$ 254,614	$ 150,618	$ 1,080,908	$ 1,088,615	$ 1,335,522	$ 1,239,233
Operating grants	1,236,642	216,832	-	-	1,236,642	216,832
Capital Grants/Contributions	611,995	1,212,880	50,000	1,003,931	661,995	2,216,811
General Revenues						
Property Taxes	475,831	504,240	-	-	475,831	504,240
Other Taxes	1,062,460	993,404	-	-	1,062,460	993,404
Other General	38,100	444,461	2,273	4,800	40,373	449,261
Total Revenues	$ 3,679,642	$ 3,522,435	$ 1,133,181	$ 2,097,346	$ 4,812,823	$ 5,619,781
Program Expenses:						
General Government	$ 1,062,406	$ 486,969	$ -	$ -	$ 1,062,406	$ 486,969
Judicial	-	-	-	-	-	-
Public Safety	838,323	794,963	-	-	838,323	794,963
Public Works	765,761	1,508,219	-	-	765,761	1,508,219
Planning and Zoning	-	-	-	-	-	-
Culture and Recreation	357	-	-	-	357	-
Water and Sewer	-	-	757,258	810,703	757,258	810,703
Sanitation	-	-	393,138	373,852	393,138	373,852
Total Expenses	$ 2,666,847	$ 2,790,151	$ 1,150,396	$ 1,184,555	$ 3,817,243	$ 3,974,706
Transfers	336,053	-	(336,053)	-	-	-
Change in Net Position	1,348,848	732,284	(353,268)	912,791	995,580	1,645,075
NET POSITION, BEGINNING	6,492,885	5,760,601	8,459,357	7,546,566	14,952,242	13,307,167
NET POSITION, ENDING	$ 7,841,733	$ 6,492,885	$ 8,106,089	$ 8,459,357	$ 15,947,822	$ 14,952,242

Table 3: GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost (Revenue) of services	
	2025	**2024**	**2025**	**2024**
General Government	$ 1,062,406	$ 486,969	$ (864,742)	$ (291,082)
Public safety	838,323	794,963	42,952	(712,049)
Public Works	765,761	1,508,219	258,551	(206,690)
Culture and Recreation	357	-	(357)	-
TOTALS	$ 2,666,847	$ 2,790,151	$ (563,596)	$ (1,209,821)

GOVERNMENTAL FUNDS

This year the governmental fund revenues were $3,713,089 compared to $3,494,552 last year. This year's governmental fund expenditures were $3,101,325 compared $3,034,305 last year. Fund balance was $4,146,501 as compared to $3,198,684 last year.

BUSINESS-TYPE ACTIVITIES

This year's Business-type activities operating revenues were $1,080,908 compared to $1,088,615 last year. This year's operating expenses were $1,150,396 compared to $1,184,555 last year.

BUDGETARY HIGHLIGHTS:

The City Council revisits the budget several times during the year. The current year's budgeted expenditures were defined as follows:

Table 4: 2025 BUDGETED EXPENDITURES

	ORIGINAL	AMENDED	O/A VARIANCE*	2025 ACTUAL EXPENSES
General Fund	$ 1,770,275	$ 1,749,875	$ (20,400)	$ 2,204,102
Total	$ 1,770,275	$ 1,749,875	$ (20,400)	$ 2,204,102

* O/A refers to the variance between the Original Budget and the Amended

For the General Fund, the City operated over budget by $454,227 in expenditures based on the amended budget. The General Fund revenues were $974,071 over actual revenues.

CITY FUNDS

At year end, the City reported cash balances of $4,864,185 compared to $5,103,385 last year.

CAPITAL ASSETS

At the close of the year, the City had invested $12,031,502 in Capital Assets such as land, buildings, and improvements, equipment and infrastructure. These figures are before depreciation. Last year Capital Assets before depreciation were $11,438,669. After accumulated depreciation of $8,023,255 the end of year total was $4,008,247 (See the note disclosure in Note 6 for more detailed information).

DEBT MANAGEMENT

Business-type activities long-term debt decreased by $124,703 as a result of scheduled principal payments on the GEFA construction loan. The outstanding balance at December 31, 2025 was $686,034, with annual debt service requirements remaining manageable and no additional debt issued during the year. (See the note disclosure in Note 7 for more detailed information).

CONTACT INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lakeland, Georgia, City Clerk, 122 South Valdosta Road, Lakeland, Georgia 31635.

CITY OF LAKELAND, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,138,367	$ 507,873	$ 1,646,240
Restricted cash	882,018	439,991	1,322,009
Time deposits	1,895,936	-	1,895,936
Receivables (net of allowance for uncollectibles)	184,334	75,566	259,900
Taxes receivable	458,407	-	458,407
Due from other governments	48,362	-	48,362
Due from other funds	263,025	-	263,025
Prepaid items	473	-	473
Total current assets	4,870,922	1,023,430	5,894,352
Noncurrent assets			
Capital assets, nondepreciable	333,927	404,759	738,686
Capital assets, depreciable, net of accumulated depreciation	3,674,320	7,701,343	11,375,663
Total noncurrent assets	4,008,247	8,106,102	12,114,349
Total assets	8,879,169	9,129,532	18,008,701
TOTAL DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	119,967	-	119,967
Total deferred outflows of resources	119,967	-	119,967
LIABILITIES			
Current liabilities			
Accounts payable	18,930	10,782	29,712
Due to other funds	-	263,025	263,025
Unearned revenue	634,202	-	634,202
Customer deposits payable	-	22,825	22,825
Compensated absences	13,684	6,580	20,264
Note payable	-	124,734	124,734
Total current liabilities	666,816	427,946	1,094,762
Noncurrent liabilities			
Compensated absences	40,233	34,197	74,430
Note payable	-	561,300	561,300
Net pension liability	374,957	-	374,957
Total noncurrent liabilities	415,190	595,497	1,010,687
Total liabilities	1,082,006	1,023,443	2,105,449
TOTAL DEFERRED INFLOWS OF RESOURCES			
Pension related items	75,397	-	75,397
Total deferred inflows of resources	75,397	-	75,397
NET POSITION			
Net investment in capital assets	4,008,247	7,420,068	11,428,315
Restricted for:			
Capital projects	764,644	-	764,644
Unrestricted	3,068,842	686,021	3,754,863
Total net position	$ 7,841,733	$ 8,106,089	$ 15,947,822

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

CITY OF LAKELAND, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
Functions/Programs	**Expenses**	**Fines, Fees and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:							
Governmental activities							
General government	$ 1,062,406	$ 165,464	$ -	$ 32,200	$ (864,742)	$ -	$ (864,742)
Public safety	838,323	86,650	794,625	-	42,952	-	42,952
Public works	765,761	2,500	442,017	579,795	258,551	-	258,551
Culture and recreation	357	-	-	-	(357)	-	(357)
Total governmental activities	2,666,847	254,614	1,236,642	611,995	(563,596)	-	(563,596)
Business-type activities							
Water and sewer	757,258	772,727	-	50,000	-	65,469	65,469
Sanitation	393,138	308,181	-	-	-	(84,957)	(84,957)
Total business-type activities	1,150,396	1,080,908	-	50,000	-	(19,488)	(19,488)
Total primary government	$ 3,817,243	$ 1,335,522	$ 1,236,642	$ 661,995	(563,596)	(19,488)	(583,084)
General revenues:							
Property taxes					475,831	-	475,831
Sales and other taxes					486,603	-	486,603
Insurance premium taxes					313,300	-	313,300
Franchise taxes					196,128	-	196,128
Alcoholic beverage and other taxes					66,429	-	66,429
Unrestricted investment earnings (loss)					12,187	2,273	14,460
Miscellaneous Revenues					25,913	-	25,913
Transfers					336,053	(336,053)	-
Total general revenues and transfers					1,912,444	(333,780)	1,578,664
Change in net position					1,348,848	(353,268)	995,580
Net position, beginning of year					6,492,885	8,459,357	14,952,242
Net position, end of year					$ 7,841,733	$ 8,106,089	$ 15,947,822

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

CITY OF LAKELAND, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

ASSETS	General Fund	ARPA Fund	2022 SPLOST Fund	Nonmajor Governmental Funds	Total
Cash and cash equivalents	$ 417,602	$ 709,343	$ -	$ 11,422	$ 1,138,367
Restricted cash	-	-	522,278	359,740	882,018
Time deposits	1,895,936	-	-	-	1,895,936
Receivables (net of allowance for uncollectibles)	184,334	-	-	-	184,334
Taxes receivable	458,407	-	-	-	458,407
Due from other governments	-	-	48,362	-	48,362
Due from other funds	541,193	-	-	15,769	556,962
Prepaid items	473	-	-	-	473
Total assets	3,497,945	709,343	570,640	386,931	5,164,859
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	18,930	-	-	-	18,930
Unearned revenue	10,003	624,199	-	-	634,202
Due to other funds	15,769	85,144	154,869	38,155	293,937
Total liabilities	44,702	709,343	154,869	38,155	947,069
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	71,289	-	-	-	71,289
Total liabilities	71,289	-	-	-	71,289
FUND BALANCES					
Nonspendable:					
Prepaid items	473	-	-	-	473
Restricted:					
Capital projects	-	-	415,771	348,873	764,644
Development	-	-	-	-	-
Unassigned	3,381,481	-	-	(97)	3,381,384
Total fund balances	3,381,954	-	415,771	348,776	4,146,501
Total liabilities, deferred inflows of resources, and fund balances	$ 3,497,945	$ 709,343	$ 570,640	$ 386,931	$ 5,164,859

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

CITY OF LAKELAND, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances - Governmental funds	$	4,146,501
Capital assets, including leased assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
- Capital assets, not being depreciated		333,927
- Capital assets, being depreciated, net of accumulated depreciation		3,674,320
Deferred inflows for property taxes and unavailable revenues are not recognized as current year revenues and, therefore, are classified as deferred inflows in the governmental funds.		71,289
Long-term liabilities, including financed purchases and leases, are not due and payable in the current period and therefore are not reported in governmental funds.		
- Compensated absences		(53,917)
The deferred outflows of resources, deferred inflows of resources, and net pension liability related to the City's the pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.		
- Pension related		(330,387)
Net position of governmental activities	$	7,841,733

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

CITY OF LAKELAND, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	ARPA Fund	*Prevoiusly Nonmajor* 2022 SPLOST Fund	Nonmajor Governmental Funds	Total
REVENUES:					
Property taxes	$ 509,278	$ -	$ -	$ -	$ 509,278
Sales taxes	486,603	-	-	-	486,603
Franchise taxes	196,128	-	-	-	196,128
Insurance premium taces	313,300	-	-	-	313,300
Alcoholic beverage and other taxes	66,184	-	-	245	66,429
Licenses and permits	64,343	-	-	-	64,343
Intergovernmental revenues	794,625	442,017	289,074	183,772	1,709,488
Charges for services	97,857	-	-	-	97,857
Fines and forfeitures	86,650	-	-	-	86,650
Investment earnings (loss)	10,499	-	1,584	104	12,187
Contributions	33,100	-	-	106,049	139,149
Miscellaneous	31,677	-	-	-	31,677
Total revenues	2,690,244	442,017	290,658	290,170	3,713,089
EXPENDITURES:					
Current:					
General government	494,766	369,076	-	-	863,842
Public safety	854,567	-	-	-	854,567
Public works	392,795	-	160,632	225,549	778,976
Culture and recreation	-	-	-	357	357
Capital outlay - General government	224,482	-	-	-	224,482
Capital outlay - Public safety	223,302	-	-	-	223,302
Capital outlay - Public works	7,434	-	141,609	-	149,043
Capital outlay - Housing and development	6,756	-	-	-	6,756
Total expenditures	2,204,102	369,076	302,241	225,906	3,101,325
Excess (deficiency) of revenues over expenditures	486,142	72,941	(11,583)	64,264	611,764
OTHER FINANCING SOURCES (USES):					
Transfers in	545,945	-	-	-	545,945
Transfers out	-	(72,941)	(9,355)	(127,596)	(209,892)
Total other financing sources (uses)	545,945	(72,941)	(9,355)	(127,596)	336,053
Net change in fund balances	1,032,087	-	(20,938)	(63,332)	947,817
FUND BALANCES, AS AT DECEMBER 31, 2024, PREVIOUSLY STATED	2,349,867	-	-	848,817	3,198,684
Change in financial reporting entity	-	-	436,709	(436,709)	-
FUND BALANCES, AS AT DECEMBER 31, 2024, RESTATED	2,349,867	-	436,709	412,108	3,198,684
FUND BALANCES, END OF YEAR	$ 3,381,954	$ -	$ 415,771	$ 348,776	$ 4,146,501

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

CITY OF LAKELAND, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	947,817
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
- Capital outlays		603,583
- Depreciation expense		(202,074)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(33,446)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
- Pension related items		86,886
- Compensated absences		(53,918)
Change in net position - governmental activities	$	1,348,848

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

CITY OF LAKELAND, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

ASSETS	**Water Sewer Fund**	**Sanitation Fund**	**Total**
Current assets:			
Cash and cash equivalents	$ 194,838	$ 313,035	$ 507,873
Restricted cash	439,991	-	439,991
Receivables (net of allowance for uncollectibles)	47,815	27,751	75,566
Total current assets	682,644	340,786	1,023,430
Noncurrent assets			
Capital assets, not being depreciated	404,759	-	404,759
Capital assets, being depreciated	7,506,343	195,000	7,701,343
Total noncurrent assets	7,911,102	195,000	8,106,102
Total assets	8,593,746	535,786	9,129,532
LIABILITIES			
Current liabilities:			
Accounts payable	10,782	-	10,782
Due to other funds	84,872	178,153	263,025
Customer deposits payable	22,825	-	22,825
Compensated absences	3,119	3,461	6,580
Note payable	124,734	-	124,734
Total current liabilities	246,332	181,614	427,946
Long-term liabilities:			
Compensated absences	15,490	18,707	34,197
Note payable	561,300	-	561,300
Total long-term liabilities	576,790	18,707	595,497
Total liabilities	823,122	200,321	1,023,443
NET POSITION			
Net investment in capital assets	7,225,068	195,000	7,420,068
Unrestricted	545,556	140,465	686,021
Total net position	$ 7,770,624	$ 335,465	$ 8,106,089

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

CITY OF LAKELAND, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water Sewer Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for services	$ 772,727	$ 308,181	$ 1,080,908
Total operating revenues	772,727	308,181	1,080,908
OPERATING EXPENSES			
Personnel services and benefits	208,081	72,479	280,560
Supplies and maintenance	259,970	253,078	513,048
Depreciation	289,207	67,581	356,788
Total operating expenses	757,258	393,138	1,150,396
Operating income (loss)	15,469	(84,957)	(69,488)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings (loss)	1,422	851	2,273
Total nonoperating revenues (expenses)	1,422	851	2,273
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	16,891	(84,106)	(67,215)
GEFA Grant income	50,000	-	50,000
Transfers in	89,892	-	89,892
Transfers out	(425,945)	-	(425,945)
Total transfers	(286,053)	-	(286,053)
Change in net position	(269,162)	(84,106)	(353,268)
NET POSITION, BEGINNING OF YEAR	8,039,786	419,571	8,459,357
NET POSITION, END OF YEAR	$ 7,770,624	$ 335,465	$ 8,106,089

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

CITY OF LAKELAND, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water and Sewer	Sanitation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 834,050	$ 316,412	$ 1,150,462
Payments to suppliers and service providers	(1,379,227)	(138,659)	(1,517,886)
Payments to employees	(189,472)	(50,311)	(239,783)
Net cash provided by operating activities	(734,649)	127,442	(607,207)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,422	851	2,273
Net cash provided by investing activities	1,422	851	2,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(580,042)	(10,045)	(590,087)
Principal payments on long-term debt	(124,703)	-	(124,703)
Transfers in	89,892	-	89,892
GEFA Grant income	50,000	-	50,000
Net cash used in capital and related financing activities	(564,853)	(10,045)	(574,898)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(425,945)	-	(425,945)
Net cash provided by (used in) noncapital financing activities	(425,945)	-	(425,945)
Increase (decrease) in cash	(1,724,025)	118,248	(1,605,777)
Cash:			
Beginning of year	2,358,854	194,787	2,553,641
End of year	$ 634,829	$ 313,035	$ 947,864
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 15,469	$ (84,957)	$ (69,488)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	289,207	67,581	356,788
(Increase) decrease in accounts receivable	61,323	8,231	69,554
Increase (decrease) in accounts payable	(98,356)	(22,770)	(121,126)
Increase (decrease) in interfund balances	(971,109)	137,189	(833,920)
Increase (decrease) in compensated absences	18,609	22,168	40,777
Increase (decrease) in customer deposits payable	(49,792)	-	(49,792)
Net cash provided by operating activities	$ (734,649)	$ 127,442	$ (607,207)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

City of Lakeland, Georgia was incorporated in 1925 and operates under a Mayor-Council form of government and provides the following services to its citizens: public safety (police and fire), highways and streets, sanitation, water and sewage service, animal control, parks and recreation and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. The City did not have any component units that meet the definition for inclusion in the City's financial statements.

Jointly Governed

Lakeland – Lanier County Parks and Recreation Board. The City of Lakeland and Lanier County participate in the Lakeland–Lanier County Parks and Recreation Board, which was established to develop, maintain, and operate recreational facilities and programs within the area. The Board is governed by members appointed by the participating governments, with two members appointed by the City of Lakeland and two members appointed by Lanier County. The City and the County each provide financial support to the Board. The City of Lakeland does not have a controlling financial interest in, nor does it exercise significant influence over, the Board. Accordingly, the Board is not included as a component unit of the City's financial statements.

Lakeland – Lanier City Development Authority. The City of Lakeland and the Board of Commissioners for Lanier County participate in the Lakeland–Lanier County Development Authority, whose purpose is to attract industry to the area. Three members of the Board are appointed by the City, and four are appointed by the County. The City has no financial interest in, or significant influence over, the Board. Accordingly, the Authority is not included as a component unit of the City's financial statements.

Related Organizations

Lakeland-Lanier County Development Authority. The City and the Board of Commissioners for Lanier County participate in the Lakeland-Lanier County Development Authority whose purpose is to attract industry to the area. Three members of the Board are appointed by the City, and four are appointed by the County. The City has no financial interest in, or significant influence over the Board.

Lakeland Housing Authority (LHA). Administer Federal funding and/or other financing for improvement of housing conditions in the City. The five citizens who serve as the Governing Board are appointed by the Mayor and approved by the City Council. The City has no significant influence over the management, budget, or policies of LHA. The Authority reports independently.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of net position will include non-current assets and non-current liabilities. Neither fiduciary funds nor fiduciary component units are included. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

The City reports the following major governmental funds:

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

The ***SPLOST Fund*** accounts for financial resources which are used exclusively for capital projects per the terms of the SPLOST agreement.

The ***ARPA Grant Fund*** accounts for the American Rescue Plan Act grant activity of the City.

The City reports the following major proprietary funds:

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

The ***Sanitation Fund*** accounts for the operations of the City's sanitation services.

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are restricted or committed to expenditure for specific purposes.

The ***Capital Project Funds*** account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of facilities and other capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used have not been eliminated in this process.

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

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

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, and then multiplied by 110 percent.

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

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

E. Restricted Cash

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Restricted cash includes amounts restricted for bond repayment and customer deposits for the Water and Sewer Fund.

F. Receivables and Payables

Receivables are recorded for amounts due to the City for taxes, utility services, intergovernmental revenues, court fines, and other sources. Receivables are reported net of any estimated uncollectible amounts based on historical collection trends and management's assessment.

In governmental funds, revenues related to receivables are recognized when they are measurable and available, typically within 60 days after year-end. Amounts not meeting this criterion are recorded as unavailable revenue.

Payables are recognized for goods and services received prior to year-end that remain unpaid. These include vendor invoices, payroll, benefits, and amounts due to other governments. Payables are recorded when incurred, regardless of when payment is made.

G. Prepaid Items

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of two years. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Improvements to capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Capital assets and leased assets of the primary government are depreciated or amortized using the straight-line method over the following useful lives:

Asset Category	Years
Buildings and improvements	40 - 100
Machinery and equipment	5 - 20
Vehicles	6 - 20
Infrastructure	5 - 40
Water and sewerage system	5 - 50

I. Leases

Lessee

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one types of items that qualify for reporting in this category under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available.

Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property tax revenues to be available if they are collected within 60 days after year-end. Property tax receivables not collected within 60 days after year-end are reported as deferred inflows of resources in the governmental fund financial statements, as they do not meet the availability criterion.

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City’s actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City’s net pension liability are reported as deferred outflows of resources.

K. Compensated Absences

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

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

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

M. Fund Balances and Net Position

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

Fund balances are classified as follows:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

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

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

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

N. Pensions

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

O. Management Estimates

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. New GASB pronouncements

Accounting Pronouncements Adopted During the Year

1. GASB Statement No. 102 – Certain Risk Disclosures

Issued: December 2023
Summary: GASB 102 focuses on improving transparency regarding risks arising from concentrations or constraints that could substantially impact a government's financial health or its ability to provide services. These disclosures aim to inform stakeholders about specific vulnerabilities faced by governments, which may not have been routinely disclosed previously.
Effective Date: Periods beginning after June 15, 2024 (earlier application encouraged).

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

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

Effective Date: Periods beginning after June 15, 2025 (earlier application encouraged).

Recent Accounting Pronouncements Not Yet Effective

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

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

NOTE 2. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

1. Prior to July 1, the City Administrator, with approval of the Mayor, submits the proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments, giving notice thereof at least seven days in advance by publication in the official organ of the City.

3. The budget is then legally enacted through passage of a resolution by the City Council at a public meeting.

4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be amended by formal action of the City Council in a regular meeting.

Budgeted amounts are as originally adopted, or as amended by the City Council. The supplementary budgetary appropriations made are reflected in the final budget amounts.

For the year ended December 31, 2025, there were no instances where the actual expenditures exceeded budget.

General Fund	**Budgeted Amounts**		**Variance from Original to Final**	**Actual on a Budgetary Basis**	**Variance with Final Budget**
	Original	**Final**			
General government	499,350	499,350	-	719,248	(219,898)
Public safety	830,200	830,200	-	1,077,869	(247,669)
ARPA Fund					
General government	-	-	-	369,076	(369,076)

Expenditures exceeded the final budget due to emergency response, recovery, and repair costs incurred as a result of Hurricane Helene. These expenditures were not anticipated during the budget preparation process and, therefore, were not included in the budgeted amounts.

NOTE 3. DEPOSITS AND INVESTMENTS

Primary Government

Credit risk:
State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Custodial credit risk:
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments and the Georgia Fund 1) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2025, the financial institutions holding all of the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of December 31, 2025, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

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

NOTE 4. RECEIVABLES

Primary Government

Receivables at December 31, 2025, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	2022 SPLOST Fund	Water and Sewer Fund	Sanitation Fund
Receivables:				
Taxes	$ 458,407	$ -	$ -	$ -
Due from other governments	-	48,362	-	-
Accounts	184,334	-	53,982	37,008
Gross receivables	642,741	48,362	53,982	37,008
Less allowance for uncollectibles	-	-	(6,167)	(9,257)
Net receivables	$ 642,741	$ 48,362	$ 47,815	$ 27,751

Property taxes for the 2025 fiscal year were levied by the Authority and billed by Clayton County in September/October 2025. The original bill date was October 1, 2025, and taxes were due on or before December 1, 2025. Property taxes became delinquent on December 2, 2025, at which time the applicable property became subject to lien, penalties, and interest as provided by law.

NOTE 5. CAPITAL ASSETS

Primary Government

Capital asset activity of governmental activities for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 330,227	$ 3,700	$ -	$ -	$ 333,927
Construction in progress	72,031	165,466	-	(237,497)	-
Total capital assets, not being depreciated	402,258	169,166	-	(237,497)	333,927
Capital assets, being depreciated:					
Buildings and improvements	1,257,499	28,500	-	237,497	1,523,496
Machinery and equipment	730,558	212,908	(10,750)	-	932,716
Vehicles	654,063	193,009	-	-	847,072
Infrastructure	8,394,291	-	-	-	8,394,291
Total capital assets, being depreciated	11,036,411	434,417	(10,750)	237,497	11,697,575
Less accumulated depreciation for:					
Buildings and improvements	440,703	27,407	-	-	468,110
Machinery and equipment	391,007	71,440	(10,750)	-	451,697
Vehicles	520,058	51,507	-	-	571,565
Infrastructure	6,480,163	51,720	-	-	6,531,883
Total accumulated depreciation	7,831,931	202,074	(10,750)	-	8,023,255
Total capital assets, being depreciated, net	3,204,480	232,343	-	237,497	3,674,320
Governmental activities capital assets, net	$ 3,606,738	$ 401,509	$ -	$ -	$ 4,008,247

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

Governmental activities:	
General government	$ 33,230
Public safety	45,741
Public works	123,103
Total depreciation expense - governmental activities	$ 202,074

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Capital asset activity of business-type activities for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated					
Land	$ 152,968	$ -	$ -	$ -	$ 152,968
Construction in progress	1,120,607	381,659	-	(1,250,475)	251,791
Total capital assets, not being depreciated	1,273,575	381,659	-	(1,250,475)	404,759
Capital assets, being depreciated:					
Water and sewerage system	10,092,788	114,312	-	1,114,203	11,321,303
Machinery and equipment	419,649	84,071	-	136,272	639,992
Vehicles	729,934	10,045	-	-	739,979
Total capital assets, being depreciated	11,242,371	208,428	-	1,250,475	12,701,274
Less accumulated depreciation for:					
Water and sewerage system	3,953,642	224,687	-	-	4,178,329
Machinery and equipment	279,524	43,504	-	-	323,028
Vehicles	409,977	88,597	-	-	498,574
Total accumulated depreciation	4,643,143	356,788	-	-	4,999,931
Total capital assets, being depreciated, net	6,599,228	(148,360)	-	1,250,475	7,701,343
Business-type activities capital assets, net	$ 7,872,803	$ 233,299	$ -	$ -	$ 8,106,102

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

Business-type activities:	
Water and Sewer Fund	289,207
Sanitation Fund	67,581
Total depreciation expense - business-type activities	$ 356,788

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2025, is as follows:

Receivable fund	Payable fund	Amount
General Fund	2022 SPLOST Fund	$ 154,869
General Fund	ARPA Fund	85,144
General Fund	Nonmajor Governmental Funds	38,155
Nonmajor Governmental Funds	General Fund	15,769
General Fund	Water and Sewer Fund	84,872
General Fund	Sanitation Fund	178,153
		$ 556,962

Generally, outstanding balances between funds reported as due to/due from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payables between funds. Balances to which a fiduciary fund is a party are treated as external receivables and payables.

Interfund transfers for the year ended December 31, 2025 were as follows:

Transfers In	Transfers Out	Amount
General Fund	ARPA Fund	$ 72,941
General Fund	2022 SPLOST Fund	9,355
General Fund	Nonmajor Governmental Funds	37,704
General Fund	Water and Sewer Fund	425,945
Water and Sewer Fund	Nonmajor Governmental Funds	89,892
		$ 635,837

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

NOTE 7. LONG-TERM DEBT

Primary Government

The following is a summary of long-term debt activity for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Net pension liability	$ 409,985	$ -	$ (35,028)	$ 374,957	$ -
Governmental activities long-term liabilities	$ 409,985	$ -	$ (35,028)	$ 374,957	$ -
Business-type Activities:					
Note payable	$ 810,737	$ -	$ (124,703)	$ 686,034	$ 124,734
Business-type activities long-term liabilities	$ 810,737	$ -	$ (124,703)	$ 686,034	$ 124,734

Business-type Activities:

Note Payable – GEFA. A construction loan was obtained from GEFA for water and sewer construction for $2,494,670. The loan is for twenty years, with no interest and a monthly payment of $10,395.

The City's debt service requirements to maturity on the GEFA Loan are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 124,734	$ -	$ 124,734
2027	124,734	-	124,734
2028	124,734	-	124,734
2029	124,734	-	124,734
2030	124,734	-	124,734
2031 - 2035	62,364	-	62,364
Total	$ 686,034	$ -	$ 686,034

NOTE 8. PENSION PLAN

Plan Description

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

Employees Covered Under the Plan

Effective September 1, 2019, the Plan was adopted and provided immediate mandatory participation to all full-time employees. On December 31, 2025, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	6
Terminated vested participants not yet receiving benefits	8
Active plan members	21
Total	35
Covered compensation for active participants	$ 700,501

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $53,806. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City:

On December 31, 2025, the City reported a liability of $409,985 as its net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's long-term contributions to the pension plan actuarially determined on July 1, 2025.

Actuarial assumptions. The total pension liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Service-based
Investment rate of return	7.375%

Mortality rates for the January 1, 2025 valuation were based on the sex-distinct Pre-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The 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 allocation as of March 31, 2025 are summarized in the table below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.60%
International equity	20%	7.03%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
Cash	0%	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

Total Pension Liability as of the March 31, 2025 measurement date reflects no assumption changes.

Discount rate. The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on that assumption, the pension fund's fiduciary net position was projected to be available to make all projected future payments. In theory, the discount rate, may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension plan investments, it was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8. PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2025 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2024	$ 662,476	$ 306,487	$ 355,989
Changes for the year:			
Service cost	31,979	-	31,979
Interest	50,126	-	50,126
Differences between expected and actual experience	20,328	-	20,328
Contributions—employer	-	65,342	(65,342)
	-	13,820	(13,820)
Net investment income (loss)	-	15,709	(15,709)
Benefit payments, including refunds of employee contributions	(29,554)	(29,554)	-
Administrative expense	-	(11,406)	11,406
Net changes	72,879	53,911	18,968
Balances at December 31, 2025	$ 735,355	$ 360,398	$ 374,957

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 468,027	$ 374,957	$ 299,914

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2025, the City recognized pension expense of $33,394.

Service cost	$ 31,979
Interest on Total Pension Liability	50,126
Employee contributions	(13,820)
Administrative expenses	11,406
Expected return on assets	(24,012)
Expensed portion of current year period differences between expected and actual experience in TPL	4,064
Expensed portion of current year period differences between projected and actual investment earnings	1,659
Current year recognition of deferred inflows and outflows established in prior years	(28,008)
Total Pension Expenses	$ 33,394

NOTE 8. PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,782	$ 75,397
Net difference between projected and actual earnings on pension plan investments	3,221	-
Contributions made subsequent to the measurement date	86,964	-
Total	$ 119,967	$ 75,397

City contributions subsequent to the measurement date in the amount of $33,003 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. 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 ending December 31,	
2026	$ (19,046)
2027	(25,702)
2028	(3,373)
2029	5,727
Total	$ (42,394)

NOTE 9. RISK MANAGEMENT

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

General Liability

The Government has joined together with other municipalities in the state as part of the Georgia Municipal Association Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. The funds provide $1,000,000 in coverage for general liability claims and public official and law enforcement claims with a $2,000 deductible for wrongful events for public officials and $1,000 deductible for law enforcement. The funds provide $300,000 in automobile liability coverage with a $250 deductible for physical damage. The funds provide $340,300 in coverage for property with a $2,500 deductible.

Settled claims have not exceeded coverage in the past three years and there have been no significant reductions in coverage.

The Government is exposed to various risks of losses related to torts, thefts of, damages to, and destruction of assets; errors and omissions; and natural disasters. The City covers this risk through insurance obtained from Trident Insurance Company. Coverage for general liability, public officials and law enforcement is limited to $1,000,000 on all liabilities with the exception of Fire damage which is limited to $100,000. Commercial automobile liability is limited to $300,000. The commercial property limit is $368,300 for buildings and $393,300 for equipment breakdown.

NOTE 10. ASSIGNMENT

Georgia code section 48-8-91 requires local governments collecting local option sales tax to calculate a reduction of the local millage rate on the prior year collections of the local option sales tax. The assignment of fund for property tax roll back, accounts for the annual collection of local sales tax fund that will be used in the calculation for the next year's millage rate reduction.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The City's attorney has advised that there are no pending litigation cases against the City as of December 31, 2025, that will materially affect the financial statements.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

NOTE 12. JOINT VENTURES

Under Georgia law, the City, with other cities and counties in southern Georgia, is a member of the Southern Georgia Regional Commission (SGRC). County-level dues are assessed and paid by the counties. Membership is mandated by OCGA 50 8 34. The SGRC council includes chief elected officials of member areas. Under OCGA 50 8 39.1, member governments are liable for obligations of SGRC. Financial statements may be obtained from SGRC — Valdosta office: 327 West Savannah Avenue, Valdosta, GA 31601; phone (229) 333 5277.

NOTE 13. CHANGE IN FINANCIAL REPORTING ENTITY

Change in Fund Presentation

During the fiscal year ended December 31, 2025, management evaluated the City's fund structure and major fund determinations in accordance with generally accepted accounting principles. Based on the application of major fund reporting criteria and changes in current-year financial activity, the City has reclassified certain governmental funds for financial reporting purposes. The 2022 SPLOST Fund is reported as a major governmental fund in the current year but was reported as a nonmajor governmental fund in the prior year. The CDBG Fund is reported as a nonmajor governmental fund in the current year but was reported as a major governmental fund in the prior year. This reclassification affects only the presentation of individual funds and does not affect total governmental fund balances, governmental activities net position, or results of operations.

NOTE 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through Insert Date of Auditor’s Report, the date the financial statements were available to be issued. Management concluded that no subsequent events have occurred that would require recognition or disclosure in these financial statements.

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

	2025	2024	2023
Total pension liability			
Service cost	$ 31,979	$ 33,975	$ 38,702
Interest on total pension liability	50,126	49,173	54,680
Differences between expected and actual experience	20,328	(35,433)	(135,340)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(29,554)	(36,032)	(19,947)
Other changes	-	-	-
Net change in total pension liability	72,879	11,683	(61,905)
Total pension liability - beginning	662,476	650,793	712,698
Total pension liability - ending (a)	$ 735,355	$ 662,476	$ 650,793
Plan fiduciary net position			
Contributions - employer	$ 65,342	$ 78,988	$ 80,043
Contributions - employee	$ 13,820	11,239	14,490
Net investment income (loss)	15,709	40,694	(9,031)
Benefit payments, including refunds of member contributions	(29,554)	(36,032)	(19,947)
Administrative expenses	(11,406)	(9,759)	(11,454)
Net change in plan fiduciary net position	53,911	85,130	54,101
Plan fiduciary net position - beginning	306,487	221,357	167,256
Plan fiduciary net position - ending (b)	$ 360,398	$ 306,487	$ 221,357
City's net pension liability - ending (a) - (b)	$ 374,957	$ 355,989	$ 429,436
Plan fiduciary net position as a percentage of the total pension liability	49.01%	46.26%	34.01%
Covered payroll	$ 700,501	$ 613,984	$ 631,844
City's net pension liability as a percentage of covered payroll	53.53%	57.98%	67.97%

	2022	2021	2020
Total pension liability			
Service cost	$ 28,591	$ 28,537	$ -
Interest on total pension liability	48,142	41,093	-
Differences between expected and actual experience	17,732	35,513	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(11,888)	(7,368)	-
Other changes	-	-	532,346
Net change in total pension liability	82,577	97,775	532,346
Total pension liability - beginning	630,121	532,346	-
Total pension liability - ending (a)	$ 712,698	$ 630,121	$ 532,346
Plan fiduciary net position			
Contributions - employer	$ 70,134	$ 55,532	$ 31,448
Contributions - employee	11,919	12,008	7,955
Net investment income (loss)	6,028	20,252	(4,044)
Benefit payments, including refunds of member contributions	(11,888)	(7,368)	-
Administrative expenses	(11,137)	(6,863)	(6,720)
Net change in plan fiduciary net position	65,056	73,561	28,639
Plan fiduciary net position - beginning	102,200	28,639	-
Plan fiduciary net position - ending (b)	$ 167,256	$ 102,200	$ 28,639
City's net pension liability - ending (a) - (b)	$ 545,442	$ 527,921	$ 503,707
Plan fiduciary net position as a percentage of the total pension liability	23.47%	16.22%	5.38%
Covered payroll	$ 725,585	$ 506,597	$ 600,460
City's net pension liability as a percentage of covered payroll	75.17%	104.21%	83.89%

Note
This information will be presented for 10 years as it is available.

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

	2025	2024	2023
Actuarially determined contribution	$ 61,851	$ 66,336	$ 82,842
Contributions in relation to the actuarially determined contribution	61,851	66,336	82,842
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 700,501	$ 613,984	$ 631,844
Contributions as a percentage of covered payroll	8.83%	10.80%	13.11%

	2022	2021	2020
Actuarially determined contribution	$ 77,792	$ 68,674	$ 68,674
Contributions in relation to the actuarially determined contribution	78,067	69,095	67,912
Contribution deficiency (excess)	$ (275)	$ (421)	$ 762
Covered payroll	$ 725,585	$ 506,597	$ 600,460
Contributions as a percentage of covered payroll	10.76%	13.64%	11.31%

Note
(i) 2025 information will be determined after fiscal year end and will be included in the 2026 valuation report
(ii) This information will be presented for 10 years as it is available.

CITY OF LAKELAND, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Variance from	Actual on a	Variance with
	Original	Final	Original to Final	Budgetary Basis	Final Budget
REVENUES:					
Property taxes	$ 530,698	$ 530,698	$ -	$ 509,278	$ (21,420)
Sales taxes	440,000	440,000	-	486,603	46,603
Franchise taxes	185,000	185,000	-	196,128	11,128
Insurance premium taces	250,000	250,000	-	313,300	63,300
Alcoholic beverage and other taxes	76,500	76,500	-	66,184	(10,316)
Licenses and permits	39,000	39,000	-	64,343	25,343
Intergovernmental revenues	3,000	3,000	-	794,625	791,625
Charges for services	79,000	79,000	-	97,857	18,857
Fines and forfeitures	81,000	81,000	-	86,650	5,650
Investment earnings (loss)	7,800	7,800	-	10,499	2,699
Contributions	1,000	1,000	-	33,100	32,100
Miscellaneous	23,175	23,175	-	31,677	8,502
Total revenues	1,716,173	1,716,173	-	2,690,244	974,071
EXPENDITURES:					
Current:					
General government	499,350	499,350	-	719,248	(219,898)
Public safety	830,200	830,200	-	1,077,869	(247,669)
Public works	432,600	432,600	-	400,229	32,371
Housing and development	8,125	8,125	-	6,756	1,369
Total expenditures	1,770,275	1,770,275	-	2,204,102	(433,827)
Excess (deficiency) of revenues over expenditures	(54,102)	(54,102)	-	486,142	540,244
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	545,945	545,945
Total other financing sources (uses)	-	-	-	545,945	545,945
Net change in fund balances	$ (54,102)	$ (54,102)	$ -	1,032,087	$ 1,086,189
FUND BALANCES, BEGINNING OF YEAR				2,349,867	
FUND BALANCES, END OF YEAR				$ 3,381,954	

Note:
(i) The City's legal level of budgetary control is at the department level within each fund.
(ii) During the 2025 year, the actual expenses exceeded budget for the General government and Public safety departments with $219,898 and $247,669 respectively.

CITY OF LAKELAND, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Variance from	Actual on a	Variance with
	Original	Final	Original to Final	Budgetary Basis	Final Budget
REVENUES:					
Intergovernmental revenues	$ -	$ -	$ -	$ 442,017	$ 442,017
Total revenues	-	-	-	442,017	442,017
EXPENDITURES:					
Current:					
General government	-	-	-	369,076	(369,076)
Total expenditures	-	-	-	369,076	(369,076)
Excess (deficiency) of revenues over expenditures	-	-	-	72,941	72,941
OTHER FINANCING SOURCES (USES):					
Transfers out	-	-	-	(72,941)	(72,941)
Total other financing sources (uses)	-	-	-	(72,941)	(72,941)
Net change in fund balances	$ -	$ -	$ -	-	$ -
FUND BALANCES, BEGINNING OF YEAR				-	
FUND BALANCES, END OF YEAR				$ -	

Note:
(i) The City's legal level of budgetary control is at the department level within each fund.
(ii) During the 2025 year, the actual expenses exceeded budget for the General government department and Transfers out with $369,076 and $72,941 respectively.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Hotel/Motel Tax – to account for the collection of hotel/motel taxes within the City which are restricted for the promotion of tourism, convention and visitor activities, cultural programs, and other activities that enhance economic development and attract visitors to the City.

Capital Projects Funds

Capital projects funds are used to account for financial resources for the acquisition, construction, and improvements of the City's capital assets other than those financed by enterprise funds.

Transportation Special Purpose Sales Tax Funds (TSPLOST) – to account for the special purpose local option sales tax that is received by the City through an intergovernmental agreement with the County. The revenue is restricted to the stated projects of the referendums that approved collection of the tax.

Public Roads Fund – to account for the Georgia Department of Transportation Road funds designated to submitted projects. The revenue is restricted to the stated purposes of the road projects submitted.

CDBG Grants – to account for the grant funding used to repair and replace aging water and sewer infrastructure.

CITY OF LAKELAND, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue Fund	Capital Project Funds					Total
				Previously Nonmajor	*Previously Major*		
	Hotel/Motel Tax Fund	T-SPLOST Fund	Public Roads Fund	2022 SPLOST Fund	CDBG Fund		Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ 548	$ -	$ 10,874	$ -	$ -		$ 11,422
Restricted cash	-	359,740	-	-	-		359,740
Due from other funds	-	-	15,769	-	-		15,769
Total assets	548	359,740	26,643	-	-		386,931
LIABILITIES							
Due to other funds	645	19,351	18,159	-	-		38,155
Total liabilities	645	19,351	18,159	-	-		38,155
FUND BALANCES							
Restricted:							
Capital projects	-	340,389	8,484	-	-		348,873
Unassigned	(97)	-	-	-	-		(97)
Total fund balances	(97)	340,389	8,484	-	-		348,776
Total liabilities, deferred inflows of resources, and fund balances	$ 548	$ 359,740	$ 26,643	$ -	$ -		$ 386,931

CITY OF LAKELAND, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds	Capital Project Funds					Total
					Previously Nonmajor	*Previously Major*	
	Hotel/Motel Tax Fund	T-SPLOST Fund	Public Roads Fund	2022 SPLOST Fund	CDBG Fund		Nonmajor Governmental Funds
Revenues:							
Intergovernmental revenues	$ -	$ 56,176	$ -	$ -	$ 127,596		$ 183,772
Investment earnings (loss)	-	-	104	-	-		104
Other taxes	245	-	-	-	-		245
Total revenues	245	56,176	104	-	127,596		184,121
Expenditures:							
Current:							
Public works	-	28,020	197,529	-	-		225,549
Culture and recreation	357	-	-	-	-		357
Total expenditures	357	28,020	197,529	-	-		225,906
Excess (deficiency) of revenues over expenditures	(112)	28,156	(197,425)	-	127,596		(41,785)
Other financing sources (uses):							
Contributions	-	-	106,049	-	-		106,049
Transfers out	-	-	-	-	(127,596)		(127,596)
Total other financing sources (uses)	-	-	106,049	-	(127,596)		(21,547)
Net change in fund balances	(112)	28,156	(91,376)	-	-		(63,332)
Fund balances, as at December 31, 2024, previously stated	15	312,233	99,860	436,709	-		848,817
Change in financial reporting entity	-	-	-	(436,709)	-		(436,709)
Fund balances, as at December 31, 2024, restated	15	312,233	99,860	-	-		412,108
Fund balances, end of year	$ (97)	$ 340,389	$ 8,484	$ -	$ -		$ 348,776

CITY OF LAKELAND, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Variance from	Actual on a	Variance with
	Original	Final	Original to Final	Budgetary Basis	Final Budget
REVENUES:					
Other taxes	$ -	$ -	$ -	$ 245	$ 245
Total revenues	-	-	-	245	245
EXPENDITURES:					
Current:					
Culture and recreation	-	-	-	357	(357)
Total expenditures	-	-	-	357	(357)
Net change in fund balances	$ -	$ -	$ -	(112)	$ (112)
FUND BALANCES, BEGINNING OF YEAR				15	
FUND BALANCES, END OF YEAR				$ (97)	

Note:
(i) The City's legal level of budgetary control is at the department level within each fund.
(ii) During the 2025 year, the actual expenses exceeded budget for the Culture and recreation department with $357.

CITY OF LAKELAND, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
FOR THE YEAR ENDED DECEMBER 31, 2025

PROJECT	ESTIMATED COST		EXPENDITURES			PROJECT COMPLETION
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	
2017 SPLOST						
Roads, streets and bridge purposes	$ 4,173,750	$ 1,500,000	$ 1,135,356	$ -	$ 1,135,356	75.69%
Totals	$ 4,173,750	$ 1,500,000	$ 1,135,356	$ -	$ 1,135,356	
2022 SPLOST						
Roads, streets and bridge purposes	$ 3,638,750	$ 3,638,750	$ 90,325	$ 302,241	$ 392,566	10.79%
TOTAL TSPLOST	$ 3,638,750	$ 3,638,750	$ 90,325	$ 302,241	$ 392,566	

CITY OF LAKELAND, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SOURCE AND APPLICATION OF FUNDS SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2025

22p-x-086-2-6291

Total fiscal year 2022 CDBG Funds awarded to receipient:	$	1,000,000
Total amount of drawdown by recipient from DCA:		1,000,000
Less: CDBG funds expenses by recipient:		1,000,000
Amount of fiscal year 2022 CDBG Funds held by recipient:	$	-

CITY OF LAKELAND, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
PROJECT COST SCHEDULE - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Program Activity	CDBG Activity Number	Latest Approved Budget	Accumulative CDBG Expenditures to Date	Accumulative Expenditures to Date (Other Funds)	Grant Total of Expenditures	Questioned Costs
Engineering - Water/Sewer	T-03J-00	$ 74,000	$ 74,000	$ -	$ 74,000	$ -
Sewer Facilities	P-03J-02	866,000	745,904	120,096	866,000	-
Administration	A-21A-00	60,000	52,500	7,500	60,000	-
Totals		$ 1,000,000	$ 872,404	$ 127,596	$ 1,000,000	$ -

CITY OF LAKELAND, GEORGIA
GENERAL FUND
BALANCE SHEET - COMPARATIVE FIGURES
DECEMBER 31, 2025

	AS AT DECEMBER 31, 2025	AS AT DECEMBER 31, 2024
ASSETS		
Cash and cash equivalents	$ 417,602	$ 405,996
Time deposits	1,895,936	-
Receivables (net of allowance for uncollectibles)	184,334	184,300
Taxes receivable	458,407	511,669
Due from other funds	541,193	1,348,542
Prepaid items	473	29,336
Total assets	3,497,945	2,479,843
LIABILITIES		
Accounts payable	18,930	17,421
Unearned revenue	10,003	7,804
Due to other funds	15,769	15
Total liabilities	44,702	25,240
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue – property taxes	71,289	104,736
Total deferred inflows of resources	71,289	104,736
FUND BALANCES		
Nonspendable:		
Prepaid items	473	29,336
Assigned:		
Property tax roll back	-	465,384
Unassigned:	3,381,481	1,855,147
Total fund balances	3,381,954	2,349,867
Total liabilities, deferred inflows of resources, and fund balances	$ 3,497,945	$ 2,479,843

CITY OF LAKELAND, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2025

	FOR THE YEAR ENDED DECEMBER 31, 2025	FOR THE YEAR ENDED DECEMBER 31, 2024
REVENUES:		
Property taxes	$ 509,278	$ 494,742
Sales taxes	486,603	465,384
Franchise taxes	196,128	185,246
Insurance premium taxes	313,300	274,966
Alcoholic beverage and other taxes	66,184	67,810
Licenses and permits	64,343	21,291
Intergovernmental revenues	794,625	88,649
Fines and forfeitures	86,650	82,914
Charges for services	97,857	40,521
Investment earnings (loss)	10,499	6,756
Miscellaneous	31,677	431,967
Total revenues	2,657,144	2,160,245
EXPENDITURES:		
Current:		
General government	494,766	473,519
Public safety	854,567	794,995
Public works	392,795	423,218
Capital outlay - General government	224,482	-
Capital outlay - Public safety	223,302	-
Capital outlay - Public works	7,434	292,560
Capital outlay - Housing and development	6,756	-
Total expenditures	2,204,102	1,984,292
Excess (deficiency) of revenues over expenditures	453,042	175,953
OTHER FINANCING SOURCES (USES):		
Contributions	33,100	-
Transfers in	545,945	-
Total other financing sources (uses)	579,045	-
Net change in fund balances	1,032,087	175,953
FUND BALANCES, BEGINNING OF YEAR	2,349,867	2,173,914
FUND BALANCES, END OF YEAR	$ 3,381,954	$ 2,349,867

CITY OF LAKELAND, GEORGIA
ARPA FUND
BALANCE SHEET - COMPARATIVE FIGURES
DECEMBER 31, 2025

	AS AT DECEMBER 31, 2025	AS AT DECEMBER 31, 2024
ASSETS		
Cash and cash equivalents	$ 709,343	$ 1,225,618
Total assets	709,343	1,225,618
LIABILITIES		
Accounts payable	-	6,667
Unearned revenue	624,199	1,048,016
Due to other funds	85,144	170,935
Total liabilities	709,343	1,225,618
FUND BALANCES		
Unassigned	-	-
Total fund balances	-	-
Total liabilities and fund balances	$ 709,343	$ 1,225,618

CITY OF LAKELAND, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2025

	FOR THE YEAR ENDED DECEMBER 31, 2025	FOR THE YEAR ENDED DECEMBER 31, 2024
REVENUES:		
Intergovernmental revenues	$ 442,017	$ 121,427
Total revenues	442,017	121,427
EXPENDITURES:		
Current:		
General government	369,076	-
Public works	-	121,427
Total expenditures	369,076	121,427
Excess (deficiency) of revenues over expenditures	72,941	-
OTHER FINANCING SOURCES (USES):		
Transfers out	(72,941)	-
Total other financing sources (uses)	(72,941)	-
Net change in fund balances	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-
FUND BALANCES, END OF YEAR	-	-

CITY OF LAKELAND, GEORGIA
2022 SPLOST FUND
BALANCE SHEET - COMPARATIVE FIGURES
DECEMBER 31, 2025

	AS AT DECEMBER 31, 2025	*Previously Nonmajor* AS AT DECEMBER 31, 2024
ASSETS		
Restricted cash	$ 522,278	$ 495,453
Receivables (net of allowance for uncollectibles)	-	53,139
Due from other governments	48,362	-
Total assets	570,640	548,592
LIABILITIES		
Due to other funds	154,869	111,883
Total liabilities	154,869	111,883
FUND BALANCES		
Restricted:		
Capital projects	415,771	436,709
Total fund balances	415,771	436,709
Total liabilities and fund balances	$ 570,640	$ 548,592

CITY OF LAKELAND, GEORGIA
2022 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2025

	FOR THE YEAR ENDED DECEMBER 31, 2025	*Previously Nonmajor* FOR THE YEAR ENDED DECEMBER 31, 2024
REVENUES:		
Intergovernmental revenues	$ 289,074	$ 270,948
Investment earnings (loss)	1,584	854
Total revenues	290,658	271,802
EXPENDITURES:		
Current:		
Public works	160,632	107,183
Capital outlay - Public works	141,609	-
Total expenditures	302,241	107,183
Excess (deficiency) of revenues over expenditures	(11,583)	164,619
OTHER FINANCING SOURCES (USES):		
Transfers out	(9,355)	-
Total other financing sources (uses)	(9,355)	-
Net change in fund balances	(20,938)	164,619
FUND BALANCES, BEGINNING OF YEAR	436,709	272,090
FUND BALANCES, END OF YEAR	$ 415,771	$ 436,709

CITY OF LAKELAND, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
BALANCE SHEET - COMPARATIVE FIGURES
DECEMBER 31, 2025

	AS AT DECEMBER 31, 2025	AS AT DECEMBER 31, 2024
ASSETS		
Cash and cash equivalents	$ 11,422	$ 918,131
Restricted cash	359,740	341,918
Taxes receivable	-	59,829
Due from other funds	15,769	15
Total assets	386,931	1,319,892
LIABILITIES		
Due to other funds	38,155	129,158
Total liabilities	38,155	129,158
FUND BALANCES		
Restricted:		
Capital projects	348,873	848,802
Development	-	15
Unrestricted:	(97)	-
Total fund balances	348,776	848,817
Total liabilities and fund balances	$ 386,931	$ 977,975

CITY OF LAKELAND, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPARATIVE FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2025

	FOR THE YEAR ENDED DECEMBER 31, 2025	FOR THE YEAR ENDED DECEMBER 31, 2024
REVENUES:		
Taxes	$ 245	$ 270,948
Intergovernmental revenues	183,772	120,314
Investment earnings (loss)	104	978
Total revenues	184,121	392,240
EXPENDITURES:		
Current:		
Public works	225,549	107,946
Culture and recreation	357	-
Total expenditures	225,906	107,946
Excess (deficiency) of revenues over expenditures	(41,785)	284,294
OTHER FINANCING SOURCES (USES):		
Contributions	106,049	-
Transfers out	(127,596)	-
Total other financing sources (uses)	(21,547)	-
Net change in fund balances	(63,332)	284,294
Fund balances, as at December 31, 2024, previously stated	848,817	564,523
Change in financial reporting entity	(436,709)	-
Fund balances, as at December 31, 2024, restated	412,108	564,523
Fund balances, end of year	$ 348,776	$ 848,817

CITY OF LAKELAND, GEORGIA
WATER SEWER FUND
STATEMENT OF NET POSITION - COMPARATIVE FIGURES
DECEMBER 31, 2025

	AS AT DECEMBER 31, 2025	AS AT DECEMBER 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 194,838	$ 543,053
Restricted cash	439,991	408,609
Time deposits	-	1,407,192
Receivables (net of allowance for uncollectibles)	47,815	60,672
Total current assets	682,644	2,419,526
Noncurrent assets		
Capital assets, not being depreciated	404,759	1,273,575
Capital assets, being depreciated	7,506,343	6,346,692
Total noncurrent assets	7,911,102	7,620,266
Total assets	8,593,746	10,039,793
LIABILITIES		
Current liabilities:		
Accounts payable	10,782	109,138
Due to other funds	84,872	1,007,485
Customer deposits payable	22,825	72,617
Compensated absences	3,119	-
Note payable	124,734	124,734
Total current liabilities	246,332	1,313,974
Long-term liabilities:		
Compensated absences	15,490	-
Note payable	561,300	686,033
Total long-term liabilities	576,790	686,033
Total liabilities	823,122	2,000,007
NET POSITION		
Net investment in capital assets	7,225,068	6,809,500
Unrestricted	545,556	1,230,286
Total net position	$ 7,770,624	$ 8,039,786

CITY OF LAKELAND, GEORGIA
WATER SEWER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - COMPARATIVE FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2025

	FOR THE YEAR ENDED DECEMBER 31, 2025	FOR THE YEAR ENDED DECEMBER 31, 2024
OPERATING REVENUES		
Charges for services	$ 772,727	$ 696,670
Total operating revenues	772,727	696,670
OPERATING EXPENSES		
Personnel services and benefits	208,081	194,912
Supplies and maintenance	259,970	384,739
Depreciation	289,207	231,052
Total operating expenses	757,258	810,703
Operating income (loss)	15,469	(114,033)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (loss)	1,422	4,323
Total nonoperating revenues (expenses)	1,422	4,323
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	16,891	(109,710)
GEFA Grant income	50,000	-
Capital contribution	-	1,003,931
Transfers in	89,892	-
Transfers out	(425,945)	-
Total transfers	(286,053)	1,003,931
Change in net position	(269,162)	894,221
NET POSITION, BEGINNING OF YEAR	8,039,786	7,145,565
NET POSITION, END OF YEAR	$ 7,770,624	$ 8,039,786

CITY OF LAKELAND, GEORGIA
SANITATION FUND
STATEMENT OF NET POSITION - COMPARATIVE FIGURES
DECEMBER 31, 2025

	AS AT DECEMBER 31, 2025	AS AT DECEMBER 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 313,035	$ 194,787
Receivables (net of allowance for uncollectibles)	27,751	35,982
Due from other funds	-	120,910
Total current assets	340,786	351,679
Noncurrent assets		
Capital assets, being depreciated	195,000	252,536
Total noncurrent assets	195,000	252,536
Total assets	535,786	604,215
LIABILITIES		
Current liabilities:		
Accounts payable	-	22,770
Due to other funds	178,153	161,874
Compensated absences	3,461	-
Total current liabilities	181,614	184,644
Compensated absences	18,707	-
Total long-term liabilities	18,707	-
Total liabilities	200,321	184,644
NET POSITION		
Net investment in capital assets	195,000	252,536
Unrestricted	140,465	167,035
Total net position	$ 335,465	$ 419,571

CITY OF LAKELAND, GEORGIA
SANITATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - COMPARATIVE FIGURES
FOR THE YEAR ENDED DECEMBER 31, 2025

	FOR THE YEAR ENDED DECEMBER 31, 2025	FOR THE YEAR ENDED DECEMBER 31, 2024
OPERATING REVENUES		
Charges for services	$ 308,181	$ 391,945
Total operating revenues	308,181	391,945
OPERATING EXPENSES		
Personnel services and benefits	72,479	55,263
Supplies and maintenance	253,078	251,547
Depreciation	67,581	67,042
Total operating expenses	393,138	373,852
Operating income (loss)	(84,957)	18,093
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (loss)	851	477
Total nonoperating revenues (expenses)	851	477
Change in net position	(84,106)	18,570
NET POSITION, BEGINNING OF YEAR	419,571	401,001
NET POSITION, END OF YEAR	$ 335,465	$ 419,571

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

To the Honorable Mayor and Members

of the City Council
City of Lakeland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lakeland, Georgia's (the "City"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described below.

2025-1 **Budget amendments and monitoring:** State law requires annual budgets to be balanced by fund and expenditures should be within the approved budget amount the legal level of budgetary control. During the audit it was identified that there are instances where the expenditures exceeded appropriations for the General Fund and ARPA Grant Fund as disclosed in Note 2 to the financial statements.

2025-2 **The General Fund Had Funds Owed to Restricted Funds:** During the fiscal year, restricted funds (e.g. SPLOST, ARPA Grant Fund) were used to pay expenditures attributable to the General Fund, resulting in amounts owed by the General Fund to the restricted funds at year-end. This condition reflects weaknesses in fund accounting and expenditure review controls and increases the risk of noncompliance with restricted fund restrictions. Management should ensure expenditures are charged to the appropriate fund and that interfund advances are properly authorized, documented, and promptly reimbursed.

City of Lakeland, Georgia's Response to Findings

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

Purpose of This Report

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

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC

Atlanta, Georgia

June 30, 2026

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

To the Honorable Mayor and Members of the City Council

City of Lakeland, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Lakeland, Geogia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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 December 31, 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 the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the City'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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We have not identified any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
June 30, 2026

CITY OF LAKELAND, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Awards:			
Community Development Block Grant	14.228	22p-x-086-2-6291	$ 127,596
Total U.S. Department of Housing and Urban Development			127,596
U.S. DEPARTMENT OF TREASURY			
Direct Awards:			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	COVID-19	442,017
Total U.S. Department of Treasury			442,017
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Awards:			
Disaster Grants - Public Assistance	97.036	DR-4738 PW003	688,155
Total U.S. Department of Homeland Security			688,155
Total Expenditures of Federal Awards			$ 1,257,768

See accompanying notes to schedule of expenditures of federal awards.

CITY OF LAKELAND, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

A General

The accompanying Schedule of Expenditures of Federal Awards (the 'Schedule') presents the activity of all federal award programs of the City Of Lakeland, Georgia (the City) for the year ended December 31, 2025. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B Basis of Accounting

The accompanying Schedule includes federal grant activity of the City under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in conformity with the requirements of Title 2 U.S. Code of Federal Requirements (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present financial position or changes in net position.

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

C Relationship to Basic Financial Statements

Federal award expenditures are reported in the City's basic financial statements as expenditures in the General Fund and special revenue funds.

D Relationship to Federal Financial Statements

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E Indirect cost

The City uses an appropriate actual indirect cost allocation methodology for its federal programs and did not use the 15% de Minimis indirect cost rate as allowed under the Uniform Guidance and covered in 2 CFR Part 200.414.

F Subrecipients

No amounts were paid to subrecipients for the year ended December 31, 2025.

CITY OF LAKELAND, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	___	Yes	_X_	No
Significant deficiency(ies) identified?	___	Yes	_X_	None reported
Noncompliance material to financial statements noted?	_X_	Yes	___	No

Federal Awards

Internal control over major federal programs:				
Material weaknesses identified?	___	Yes	_X_	No
Significant deficiency(ies) identified?	___	Yes	_X_	None reported
Type of report the auditor issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___	Yes	_X_	No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
97.036	Department of Homeland Security - Disaster Grants - Public Assistance

Dollar threshold to distinguish between Type A and Type B programs	$1,000,000			
City Of Lakeland, Georgia qualifies as a low-risk auditee?	___	Yes	_X_	No

II. Findings December 31, 2024 Financial Statement Audit — N/A

II. Findings December 31, 2025 Financial Statement Audit — None reported

III. Findings and Questioned Costs for Federal Awards — None Reported

CITY OF LAKELAND, GEORGIA
CITY'S RESPONSE TO FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2025

2025-01 Budget amendments and monitoring

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

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

Cause: Due to year end adjustments required to ensure the accounting records are prepared in accordance with GASB standards, actual expenses recorded exceeded budgeted expenses for the year.

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

Recommendation: Management should implement regular budget-to-actual reviews throughout the fiscal year, and at year end with the yearend adjustments, and ensure that any expected overages are addressed through timely budget amendments approved by the governing body.

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

2025-02 Interfund Balances Between the General Fund and Restricted Funds

Criteria: Governmental funds should be used only for their intended purposes, and interfund receivables and payables should be properly identified, monitored, and settled on a timely basis. Sound financial management practices require that expenditures be paid from the appropriate funding source and that amounts due to or from other funds be regularly reviewed and reconciled.

Condition: The City maintains significant interfund balances between the General Fund and various restricted funds. Certain expenditures were paid from one fund on behalf of another and were not reimbursed in a timely manner, resulting in the accumulation of interfund receivables and payables at year-end.

Cause: The City has not established formal procedures for monitoring interfund activity and periodically settling amounts owed between funds. In addition, cash flow constraints and the use of centralized cash management practices contributed to expenditures being paid from funds other than the fund responsible for the expenditure.

Effect: Interfund balances accumulated throughout the year and required significant year-end analysis and adjustment. Prolonged outstanding balances may create the appearance that restricted resources are being used to finance activities of other funds and increase the risk of noncompliance with legal or grant restrictions governing the use of certain revenues.

Recommendation: The City should establish procedures to review interfund balances on a monthly basis and settle amounts owed between funds periodically throughout the year. Management should ensure that expenditures are charged to the appropriate fund whenever possible and that restricted resources are used only for authorized purposes. Any necessary interfund borrowings should be formally documented and repaid in a timely manner.

City's Response: Management concurs with the finding. The City recognizes the need to improve the monitoring and settlement of interfund balances. Beginning in the current fiscal year, management will perform periodic reviews of interfund receivables and payables, ensure expenditures are charged to the appropriate fund whenever practical, and process reimbursements between funds on a more timely basis. The City will also monitor restricted fund activity to ensure compliance with applicable legal and funding requirements and reduce the accumulation of outstanding interfund balances.

CITY OF LAKELAND, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS FOR
THE YEAR ENDED DECEMBER 31, 2025

The following audit finding was disclosed for the year ended December 31, 2024:

None reported.