CITY OF BERKELEY LAKE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2025

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
of the City Council
City of Berkeley Lake, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the **City of Berkeley Lake, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City, as of December 31, 2025, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed on 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 schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are presented for the 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 schedules of expenditures of special purpose local option sales tax proceeds, 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 24, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 24, 2026

Management's discussion and analysis of the financial performance of the City of Berkeley Lake, Georgia (the "City") is intended to provide the readers of these financial statements with an overview of the City's financial activities for the year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

- Assets of the City exceeded its liabilities by $18,122,097 (net position), representing a $553,000 or 3.15% increase over the prior year.
- Unrestricted net position increased from $4,868,391 to $5,398,757, an increase of $530,366 or 10.89%.
- As of December 31, 2025, the City's governmental funds reported combined ending fund balances of $6,769,074, an increase of $451,627.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are considered governmental funds.

Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-28 of this report.

Government-Wide Financial Analysis

Summary of the City's Net Position
December 31, 2025 and 2024

	Governmental Activities	
	2025	2024
Assets:		
Current and other assets	$ 6,890,252	$ 6,445,602
Capital assets	11,357,215	11,229,760
Total assets	18,247,467	17,675,362
Liabilities:		
Long-term liabilities	4,762	9,297
Other liabilities	120,608	96,968
Total liabilities	125,370	106,265
Net position:		
Net Investment in capital assets	11,347,918	11,232,434
Restricted	1,375,422	1,468,272
Unrestricted	5,398,757	4,868,391
Total net position	$ 18,122,097	$ 17,569,097

The net position of a governmental entity may serve as an indicator of the entity's financial position. The City's net position at December 31, 2025 was $18,122,097 as compared to $17,569,097 at December 31, 2024. At December 31, 2025, a total of $11,347,918 of net position, or 62%, was invested in capital assets (e.g., land, buildings, infrastructure, equipment, etc.) net of related debt. At December 31, 2024, a total of $11,232,434 of net position, or 64%, was invested in capital assets net of related debt. The City had restricted net position of $1,375,422 and $1,468,272 at December 31, 2025 and 2024, respectively. These balances are restricted for capital projects and playground improvements. The remaining balances of net position, $5,398,757 and $4,868,391 at December 31, 2025 and 2024, respectively, are considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

Summary of Changes in the City's Net Position
Years Ended December 31, 2025 and 2024

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	$ 96,279	$ 101,367
Capital grants and contributions	565,583	955,713
General revenues:		
Property taxes	531,280	411,829
Franchise taxes	288,414	273,699
Alcoholic beverage taxes	28,800	30,803
Other taxes	296,898	403,596
Unrestricted investment earnings	193,109	209,454
Miscellaneous	3,085	4,986
Total revenues	2,003,448	2,391,447
Expenses:		
General government	623,581	460,395
Police	144,106	150,714
Courts	3,660	9,149
Public works	557,185	406,100
Recreation	12,200	76,846
Planning and economic development	109,035	90,513
Interest	681	517
	1,450,448	1,194,234
Change in net position	553,000	1,197,213
Net position, beginning of year	17,569,097	16,371,884
Net position, end of year	$ 18,122,097	$ 17,569,097

Net position of the City increased by $553,000 in 2025 and $1,197,213 in 2024. Total revenues decreased from $2,391,447 in 2024 to $2,003,448 in 2025. This represents a decrease of $387,999 or 16.22%. The primary decrease in revenue was due to less capital grants as the City's closed out the ARPA Fund in 2024 and recognized revenues of $329,257. Property taxes increased $119,451 or 29% as the assessed value increased.

Total expenses increased from $1,194,234 in 2024 to $1,450,448 in 2025. This represents an increase of $256,214 or 21.45%. General government expenses increased $163,186 or 35.44% primarily due to non-capital SPLOST expenses and salary costs. Public works expenses increased $151,085 or 37.20% primarily due to non-capital SPLOST expenses.

Analysis of the City's Funds

The net change in fund balance for the City's governmental funds was an increase from the prior year of $451,627. This increase was primarily the result of General Fund revenues exceeding expenditures.

The General Fund saw an increase in fund balance of $519,670 due to budgeted revenues exceeding expenditures. The fund has a fund balance of $5,402,652 at December 31, 2025.

The 2014 SPLOST Fund saw a decrease of $2,200 in fund balance as the fund closed out and spent the remaining cash from the 2014 SPLOST program.

The 2017 SPLOST Fund saw a decrease of $183,823 in fund balance as capital outlay exceeded interest earnings. The fund has a fund balance of $363,065 at December 31, 2025.

The 2023 SPLOST Fund saw an increase in fund balance of $117,980 as SPLOST collections exceeded capital outlay. The fund has a fund balance of $1,003,357 at December 31, 2025.

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, can be found on page 14. The final budget, as adopted, anticipated revenues of $1,496,245 and expenditures of $959,624. Actual revenues were $1,467,088, which were $29,157 less than budgeted due to less grant revenue. Actual expenditures were $947,418, which were $12,206 better than budgeted. Overall, the City's net change in fund balances were $16,951 less than anticipated.

Capital Assets

The City's investment in capital assets for its governmental activities as of year-end amounts to $11,357,215 (net of accumulated depreciation). The investment in capital assets includes land, construction in process, land improvements, buildings and improvements, infrastructure, machinery and equipment.

Readers should refer to Note 5 of the financial statements for more information on capital asset activity.

Long-Term Debt

The City's long-term debt consists of a subscription-based IT arrangement (SBITA) payable and compensated absences. Principal payments on the SBITA totaled $4,319 in fiscal year 2025 and the balance at December 31, 2025 is $9,297. The remaining balance is payable over two years.

Readers should refer to Note 6 of the financial statements for more information on long-term debt activity.

Economic Factors and Next Year's Budgets and Rates

The City's elected officials considered many factors when adopting the budget for the year ending December 31, 2026. Budget calculations were based on, but not limited to, the following:

1.) Despite inflation and a rise in costs, the City expects to set the 2026 millage rate at the roll-back rate.
2.) In the 2026 budget, the Georgia Power franchise tax revenue was increased by 15% due to recent trending.
3.) In the 2026 budget, occupation tax revenue was reduced by 16% due to the loss of several businesses.
4.) The City continues to expend general and SPLOST funds in operation of its own stormwater management program.
5.) On the revenue side, prior year reserves are proposed for use to dredge a pond partially located in the city's greenspace and for road maintenance funded by the GDOT Local Maintenance Improvement Grant.
6.) In the 2026 budget, public works expenditures were increased 222% due to the following:
    a. Pond dredging, funded largely by prior year reserves
    b. Increased costs associated with roadside clean-up
    c. Increased costs associated with outsourcing EPD compliance tasks to the City Engineer

Requests for Information

The annual financial statements are designed to provide a general overview of the City's finances. Questions concerning any of the information provided should be addressed to the City Administrator, City of Berkeley Lake, 440 South Berkeley Lake Rd, Berkeley Lake, Georgia 30096.

CITY OF BERKELEY LAKE, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2025

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	6,533,659
Taxes receivable		220,705
Intergovernmental receivable		125,953
Prepaid items		9,935
Capital assets, nondepreciable		5,110,225
Capital assets, depreciable, net of accumulated depreciation/amortization		6,246,990
Total assets		18,247,467
LIABILITIES		
Accounts payable		20,718
Accrued liabilities		19,791
Unearned revenue		60,241
Long-term liabilities:		
SBITA liability, due within more than one year		4,762
SBITA liability, due within one year		4,535
Compensated Absences, due within one year		15,323
Total liabilities		125,370
NET POSITION		
Net investment in capital assets		11,347,918
Restricted for:		
Capital projects		1,366,422
Playground improvements		9,000
Unrestricted		5,398,757
Total net position	$	18,122,097

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	$ 623,581	$ 94,779	$ -	$ 13,378	$ (515,424)
Public safety	144,106	-	-	32,108	(111,998)
Judicial	3,660	1,500	-	-	(2,160)
Public works	557,185	-	-	506,719	(50,466)
Culture and recreation	12,200	-	-	13,378	1,178
Housing and development	109,035	-	-	-	(109,035)
Interest on long-term debt	681	-	-	-	(681)
Total governmental activities	$ 1,450,448	$ 96,279	$ -	$ 565,583	(788,586)

General revenues:	
Property taxes	531,280
Alcohol beverage taxes	28,800
Franchise taxes	288,414
Insurance premium taxes	221,921
Other taxes	74,977
Unrestricted investment earnings	193,109
Miscellaneous	3,085
Total general revenues	1,341,586
Change in net position	553,000
Net position, beginning of year	17,569,097
Net position, end of year	$ 18,122,097

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

CITY OF BERKELEY LAKE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	2014 SPLOST	2017 SPLOST	2023 SPLOST	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,265,552	$ -	$ 363,065	$ 905,042	$ 6,533,659
Taxes receivable	220,705	-	-	-	220,705
Intergovernmental receivable	27,638	-	-	98,315	125,953
Prepaid items	9,935	-	-	-	9,935
Total assets	$ 5,523,830	$ -	$ 363,065	$ 1,003,357	$ 6,890,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 20,718	$ -	$ -	$ -	$ 20,718
Accrued liabilities	19,791	-	-	-	19,791
Unearned revenue	60,241	-	-	-	60,241
Total liabilities	100,750	-	-	-	100,750
Deferred inflows of resources:					
Unavailable revenue-property taxes	20,428	-	-	-	20,428
Total deferred inflows of resources	20,428	-	-	-	20,428
Fund balances:					
Nonspendable:					
Prepaid items	9,935	-	-	-	9,935
Restricted:					
Capital projects	-	-	363,065	1,003,357	1,366,422
Playground Improvements	9,000	-	-	-	9,000
Unassigned	5,383,717	-	-	-	5,383,717
Total fund balances	5,402,652	-	363,065	1,003,357	6,769,074
Total liabilities, deferred inflows of resources, and fund balances	$ 5,523,830	$ -	$ 363,065	$ 1,003,357	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Capital assets, net of depreciation/amortization	11,357,215
Property taxes receivable not available to pay for current-period expenditures and, therfore, are unavailable in the governmental funds.	20,428
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(15,323)
SBITA liabilities	(9,297)
Net position of governmental activities	$ 18,122,097

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

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

	General	2014 SPLOST	2017 SPLOST	2023 SPLOST	Total Governmental Funds
REVENUES					
Property taxes	$ 1,144,180	$ -	$ -	$ -	$ 1,144,180
Licenses and permits	91,413	-	-	-	91,413
Intergovernmental	30,435	-	-	513,890	544,325
Charges for services	3,366	-	-	-	3,366
Fines and forfeitures	1,500	-	-	-	1,500
Investment income	193,109	-	6,855	14,403	214,367
Miscellaneous	3,085	-	-	-	3,085
Total revenues	1,467,088	-	6,855	528,293	2,002,236
EXPENDITURES					
Current:					
General government	554,017	-	-	-	554,017
Public safety	85,094	-	-	-	85,094
Judicial	3,660	-	-	-	3,660
Public works	189,247	-	-	-	189,247
Culture and recreation	5,202	-	-	-	5,202
Housing and development	105,198	-	-	-	105,198
Capital outlay	-	2,200	190,678	410,313	603,191
Debt service:					
Principal	4,319	-	-	-	4,319
Interest	681	-	-	-	681
Total expenditures	947,418	2,200	190,678	410,313	1,550,609
Excess (deficiency) of revenues over (under) expenditures	519,670	(2,200)	(183,823)	117,980	451,627
Net change in fund balances	519,670	(2,200)	(183,823)	117,980	451,627
FUND BALANCES, beginning of year,	4,882,982	2,200	546,888	885,377	6,317,447
FUND BALANCES, end of year	$ 5,402,652	$ -	$ 363,065	$ 1,003,357	$ 6,769,074

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

CITY OF BERKELEY LAKE, 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	$	451,627
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.		
Acquisition of capital assets		237,612
Depreciation and amortization expense		(126,447)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.		1,212
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		(15,323)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, does not have any effect on net position.		
Repayment of SBITA principal		4,319
Change in net position - governmental activities	$	553,000

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

CITY OF BERKELEY LAKE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Taxes	$ 1,086,741	$ 1,145,392	$ 1,144,180	$ (1,212)
Licenses and permits	78,786	91,413	91,413	-
Intergovernmental revenues	24,491	58,380	30,435	(27,945)
Charges for services	1,881	3,366	3,366	-
Fines and forfeitures	-	1,500	1,500	-
Investment income	80,002	193,109	193,109	-
Miscellaneous	400	3,085	3,085	-
Total revenues	1,272,301	1,496,245	1,467,088	(29,157)
EXPENDITURES				
Current:				
General government	604,943	488,401	554,017	(65,616)
Public safety	166,968	144,106	85,094	59,012
Judicial	9,439	3,660	3,660	-
Public works	170,240	197,222	189,247	7,975
Culture and recreation	21,990	12,200	5,202	6,998
Housing and development	238,578	109,035	105,198	3,837
Debt service:				
Principal	4,319	4,319	4,319	-
Interest	681	681	681	-
Total expenditures	1,217,158	959,624	947,418	12,206
Excess of revenues over expenditures	55,143	536,621	519,670	(16,951)
Net change in fund balances	55,143	536,621	519,670	(16,951)
FUND BALANCES, beginning of year	4,882,982	4,882,982	4,882,982	-
FUND BALANCES, end of year	$ 4,938,125	$ 5,419,603	$ 5,402,652	$ (16,951)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Berkeley Lake, Georgia, (the "City") was incorporated in 1956 and operates under a Mayor-Council form of government and provides the following services to its citizens: public safety, public works, culture and recreation, housing and development, judicial, and general and administrative services.

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

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 of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund but aggregate the City's governmental activities. Governmental activities are normally supported by taxes and intergovernmental revenues. The statement of net position will include noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation and amortization expense on the City's capital assets.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in a different fund.

The ***2014 SPLOST Fund*** is a capital project fund the City established to account for the financial resources provided from a one cent special purpose local option sales tax approved by voters in 2014.

The ***2017 SPLOST Fund*** is a capital project fund the City established to account for the financial resources provided from a one cent special purpose local option sales tax approved by voters in 2017.

The ***2023 SPLOST Fund*** is a capital project fund the City established to account for the financial resources provided from a one cent special purpose local option sales tax approved by voters in 2023.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. 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. Sales taxes are recognized predominately when the underlying transaction occurs. 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 for current obligations. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue related to reimbursement basis grants are recognized as allowable expenditures are incurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (continued)

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

D. Deposits and Investments

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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Fitch’s criteria for AAAf-rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants’ shares sold and redeemed based on $1 per share.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2025 are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

F. Interfund Receivables and Payables

Activity between funds (if any) that is representative of lending/borrowing arrangements outstanding at the end of the year, as well as all other outstanding balances between funds is reported as “due to/from other funds.”

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure and right-to-use assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. As allowed under GASB Statement No. 34, the City did not capitalize any infrastructure purchased or donated prior to the implementation of GASB Statement No. 34.

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

Capital assets and right-to-use assets of the City are depreciated/amortized using the straight-line method over the following useful lives:

Buildings and improvements	25
Furnitures and fixtures	5-20
Machinery and equipment	5-10
Infrastructure	50-100
Right to use subscriptions	3-5

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused paid time off ("PTO") benefits. All compensated absences classified as PTO are accumulated, and an estimate for the time to use during employment has been accrued. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee termination and retirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position and Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities and deferred inflows of resources under the current financial resources measurement 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 purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (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 there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Administrator to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. 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:

- Committed
- Assigned
- Unassigned

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position and Fund Equity (Continued)

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 for 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.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no financial items that qualify for reporting in this category.

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

K. Use of 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, liabilities, deferred inflows of resources, and deferred outflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Subscription-Based Information Technology Arrangements

The City has entered into a non-cancellable long-term subscription-based information technology arrangement (SBITA) for its information technology infrastructure. The City recognizes a right-to-use subscription asset and corresponding subscription liability in the government-wide financial statements.

At the commencement of the subscription term, the City measures the subscription liability at the present value of payments expected to be paid during the term. The right-to-use subscription asset is initially measured as the sum of the initial subscription liability amount plus payments made to the vendor before commencement of the subscription term and capitalizable implementation costs, less any incentives received from the vendor at or before commencement.

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

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not specified, the City generally uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the subscription term. Subscription payments included in the measurement of the subscription assets and liabilities are composed of fixed payments due to the vendor over the subscription term.

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

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting

The City of Berkeley Lake, Georgia follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipation is designed to help insure fiscal responsibility and maintain a balanced budget. Budgeting is the responsibility of the Mayor and the City Council members, with assistance provided by the City Administrator and her designated staff persons.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted by passage of an ordinance.
4. The level of legal budgetary control is the department level. Council approval is required to increase or decrease the total budget of any department.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. A project length budget is adopted for all Capital Projects Funds.

The budget was amended throughout the year. At December 31, 2025, the General Government department in the General Fund had expenditures in excess of appropriations of $65,616. This excess was funded by savings in other departments and available fund balance.

NOTE 3. DEPOSITS AND INVESTMENTS

Governmental fund balances in excess of amounts required for the City's daily operating activities were invested in the Georgia Fund 1 during the year. Georgia law authorizes local governments to invest in the following types of obligations:

1. Obligations of the State of Georgia or of any other states;
2. Obligations issued by the United States;
3. Obligations fully insured or guaranteed by the United States Government or governmental agency;
4. Obligations of any corporation of the United States Government;
5. Prime bankers' acceptances;
6. Georgia Fund 1 state investment pool; and
7. Repurchase agreements; and Obligations of other political subdivisions of the State of Georgia.

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Any bank deposit in excess of the total FDIC-insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations or the bank is required to participate in the State's pledging pool.

Investments, with a fair value of $4,431,158 consist of an investment in the Georgia Fund 1, a local government investment pool managed by the State of Georgia Office of the State Treasurer. As the investment in the Georgia Fund 1 represents ownership of a portion of a large pool of investments these amounts are not categorizable for custodial risk disclosure. The City's investment in the Georgia Fund 1 has been valued at fair value and are reported as cash equivalents.

Credit Risk:

At December 31, 2025, the City's investment in the Georgia Fund 1 was rated AAAf/S1 by Fitch's and had the following weighted-average maturity:

Investment	Maturities	Fair Value
Georgia Fund 1	51 day weighted-average	$ 4,431,158

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The City manages interest rate risk by limiting maturities to three years.

Fair Value Measurements:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposit:

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) to be covered 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 back 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 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 the tier assigned by the State.

NOTE 4. RECEIVABLES

The City receives property tax assessments from Gwinnett County, Georgia. Tax bills were levied on all real and personal property as of September 15. The due date for these taxes was November 15, and after that date, both penalty and interest are accrued until the taxes are collected.

Receivables at December 31, 2025 are as follows.

	General	2023 SPLOST	Total
Receivables:			
Taxes receivable	$ 220,705	$ -	$ 220,705
Intergovernmental receivable	27,638	98,315	125,953
Net total receivables	$ 248,343	$ 98,315	$ 346,658

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 4,872,613	$ -	$ -	$ -	$ 4,872,613
Construction in process	-	237,612	-	-	237,612
	4,872,613	237,612	-	-	5,110,225
Capital assets, being depreciated/amortized:					
Machinery and equipment	214,922	-	-	-	214,922
Buildings and improvements	1,769,588	-	-	-	1,769,588
Furnitures and fixtures	60,994	-	-	-	60,994
Infrastructure	5,795,331	-	-	-	5,795,331
Right-to-use subscription	22,730	-	-	-	22,730
Total	7,863,565	-	-	-	7,863,565
Less accumulated depreciation/amortization for:					
Machinery and equipment	128,311	20,292	-	-	148,603
Buildings and improvements	710,502	45,374	-	-	755,876
Furnitures and fixtures	60,994	-	-	-	60,994
Infrastructure	583,881	56,235	-	-	640,116
Right-to-use subscription	6,440	4,546	-	-	10,986
Total	1,490,128	126,447	-	-	1,616,575
Total capital assets, being depreciated/amortized, net	6,373,437	(126,447)	-	-	6,246,990
Governmental activities capital assets, net	$ 11,246,050	$ 111,165	$ -	$ -	$ 11,357,215

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	$ 45,502
Public works	11,098
Culture and recreation	6,998
Public safety	59,012
Housing and development	3,837
Total depreciation/amortization expense - governmental activities	$ 126,447

NOTE 6. LONG-TERM LIABILITIES

Activity of the long-term liabilities of the City for the fiscal year ended December 31, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Governmental activities:					
SBITA liabilities	$ 13,616	$ -	$ 4,319	$ 9,297	$ 4,535
Compensated absences	11,425	3,898	-	15,323	15,323
Governmental activities long-term liabilities	$ 25,041	$ 3,898	$ 4,319	$ 24,620	$ 19,858

Note: The change in compensated absences is shown as a net change.

The City entered into a noncancellable subscription-based information technology arrangement (SBITA) reported in governmental activities. This arrangement involves the City’s right-to-use software. An initial SBITA liability was recorded in the amount of $25,000. As of December 31, 2025, the value of the lease liability was $9,297. The City is required to make annual payments of $5,000 through 2027. As the arrangements do not contain stated specified interest rates, the City has used its incremental borrowing rate for similar assets of 5.0% as the discount rate for the SBITA. The right-to-use asset has a 5-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was $22,730 and had accumulated amortization of $10,986.

Future principal and interest payments on the City’s SBITAs at December 31, 2025 are as follows:

	Principal	Interest	Total
2026	$ 4,535	$ 465	$ 5,000
2027	4,762	238	5,000
	$ 9,297	$ 703	$ 10,000

NOTE 7. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten (10) county Atlanta area, is a member of the Atlanta Regional Commission and is required to pay annual dues thereto. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia.

The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Atlanta Regional Commission
229 Peachtree St NE
Suite 100
Atlanta, Georgia 30303

NOTE 8. PENSION PLAN

The City adopted a defined contribution plan under the GMA 401(a) Defined Contribution Plan (“GMA Plan”) on November 21, 2013, effective January 1, 2014 for all eligible administrative employees who work forty hours per week.

Effective January 1, 2009, the City has a five year vesting schedule as follows:

At one year	20%
At two years	40%
At three years	60%
At four years	80%
At five years	100%

Three employees were eligible and participated in the 401(a) plan for the year ended December 31, 2025. City contributions to the plan totaled $55,625 and employees do not contribute to the plan.

The City also offers a 457(b) plan. Three employees were eligible and participated in the 457(b) plan for the year ended December 31, 2025. Employee contributions to the plan totaled $27,813 and the City does not contribute to the plan.

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, 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 funds.

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 cost 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.

Settled claims in the past three (3) years have not exceeded insurance coverage.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is involved in pending lawsuits in the normal course of the City's business. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

SUPPLEMENTARY INFORMATION

CITY OF BERKELEY LAKE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS 2014 SPLOST FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Estimated Cost	Current Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditures	Total Cumulative Expenditures
EXPENDITURES					
Administrative Facilities	$ 170,625	$ 49,719	$ 47,519	$ 2,200	$ 49,719
Streets, Roads, and Bridges	863,463	1,104,131	1,104,131	-	1,104,131
Total	$ 1,034,088	$ 1,153,850	$ 1,151,650	$ 2,200	$ 1,153,850

CITY OF BERKELEY LAKE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS 2017 SPLOST FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Estimated Cost	Current Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditures	Total Cumulative Expenditures
EXPENDITURES					
Administrative Facilities	$ 259,710	$ 259,710	$ 1,000	$ 19,946	$ 20,946
Public Safety Facilities and Equipment	64,927	64,927	8,037	-	8,037
Streets, Roads, and Bridges	1,530,432	1,530,432	1,814,198	170,732	1,984,930
Total	$ 1,855,069	$ 1,855,069	$ 1,823,235	$ 190,678	$ 2,013,913

CITY OF BERKELEY LAKE, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
2023 SPLOST
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Estimated Cost	Current Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditures	Total Cumulative Expenditures
EXPENDITURES					
Administrative Facilities	$ 70,371	$ 70,371	$ -	$ 23,232	$ 23,232
Public Safety Facilities and Equipment	168,889	168,889	-	-	-
Recreational Facilities and Equipment	70,371	70,371	-	-	-
Streets, Roads, and Bridges	2,505,193	2,505,193	-	387,081	387,081
Total	$ 2,814,824	$ 2,814,824	$ -	$ 410,313	$ 410,313

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*

Honorable Mayor and Members
of City Council
City of Berkeley Lake
Berkeley Lake, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Berkeley Lake, 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, and have issued our report thereon dated June 24, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 24, 2026