



Board of Commissioners
Regular Meeting Agenda
Thursday, March 19, 2026, 5:30 PM
City Hall, Lakeland, Tennessee 38002

- I. CALL TO ORDER BY MAYOR:
- II. INVOCATION:
- III. PLEDGE:
- IV. ROLL CALL BY RECORDER:
- V. PUBLIC HEARING:
 1. **Ordinance Second and Final Reading** - amending the City of Lakeland Code to Revise the Ethics Ordinance and Revise Relevant Portions of Lakeland Policies to reflect the same
- VI. TREASURER'S REPORT:
 1. Annual Comprehensive Financial Report for the Year Ended June 30, 2025 - *Watkins Uiberall, Clark Province*
 2. Fiscal year to date through February 28, 2026
- VII. REPORTS FROM COMMITTEES, MEMBERS OF THE BOARD OF COMMISSIONERS & OTHER OFFICERS:
 1. Sheriff's Report
 2. City Manager's Report
 3. Commissioners' Report
 - a. Parks and Recreation Board - *Vice-Mayor Dial*
 - b. Municipal Planning/Design Review Commission - *Commissioner Atkinson*
 4. Mayor's Report

- a. Proclamation establishing April 10, 2026, as Blue and Green Day.

VIII. PUBLIC COMMENTS:

IX. SEWERAGE COMMISSION BUSINESS:

X. CONSENT AGENDA:

XI. REGULAR AGENDA:

1. **Approval of previous meeting minutes** - March 5, 2026
2. **Ordinance Second and Final Reading** - amending the City of Lakeland Code to Revise the Ethics Ordinance and Revise Relevant Portions of Lakeland Policies to reflect the same.
3. **Ordinance First Reading** - amending Title 20, Chapter 4 of Lakeland's Municipal Code by adding an ordinance regulating the use of tobacco and vapor products. *Sponsored by Mayor Roman*
4. **Resolution** - approving an agreement with Standard Construction Company, Inc. for the Fiscal Year 2026 Street Paving Project.
5. **Resolution** - approving a residential development contract with Rev3 Willows Holdings, LLC for The Willows at the Lake Phases I & 2.
6. **Resolution** - approving a residential development contract with REV3 Willows Holdings, LLC for The Willows at the Lake Phase 3
7. **Resolution** - supporting the U.S. Highway 70 Safety Improvements project and utilization of Congressman David Kustoff's Community Project Funding program. *Sponsored by Mayor Roman*
8. **Resolution** – approving a professional services agreement with Howard Technology Solutions for the Lake District Parks and Recreation Office Space.
9. **Resolution** - approving a three-year contract with Watkins Uiberall, PLLC beginning in Fiscal Year 2026.
10. **Discussion** - regarding the proposed FY2027 Annual Budget
11. **Discussion and Possible Action** - changing Lakeland's form of government.

XII. ANNOUNCEMENTS:

XIII. ADJOURNMENT:

AN ORDINANCE AMENDING LAKELAND'S CODE OF ETHICS REGARDING
THE ACCEPTANCE OF GRATUITIES

WHEREAS, The Mayor and Board of Commissioners for the City of Lakeland, Tennessee desire to amend Lakeland's Municipal Code with respect to the acceptance of gratuities by repealing section 1-605, as adopted by ordinance no. 06-96, and replacing it with the language provided herein:

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Commissioners of the City of Lakeland, Tennessee, that Section 1-605 under Title 1, Chapter 6 of the Lakeland Municipal Code shall be repealed and replaced with the following:

CHAPTER 6
CODE OF ETHICS

Section 1-605. Acceptance of gratuities, etc.

- A. An employee may not accept, directly or indirectly, any money, gift, gratuity, or other consideration or favor of any kind from anyone other than the city:
 - 1. For the performance of an act, or refraining from performance of an act, that he would be expected to perform, or refrain from performing, in the regular course of his duties; or
 - 2. That might reasonably be interpreted as an attempt to influence his action, or reward him for past action, in executing business of the city.
- B. No commissioner shall solicit or accept, directly or indirectly, on behalf of himself or any member of the commissioner's household, any gift, including but not limited to any gratuity, service, favor, food, entertainment, lodging, transportation, loan, loan guarantee or any other thing of monetary value from any person or entity that:
 - 1. Has or is seeking to obtain contractual or other business or financial relations with the city;
 - 2. Conducts operations or activities that are regulated by the city; or
 - 3. Has interests that may be substantially affected by the performance or nonperformance of the commissioner's official duties.
- C. Exceptions. The prohibition of accepting gifts does not apply to:
 - 1. A gift given by a member of the employee's immediate family, or by an individual if the gift is given for a non-business purpose and is motivated by a close personal friendship.
 - 2. Informational materials, such as books, periodicals, audio or video, or sample merchandise helpful as a part of the commissioner's duties in determining the appropriateness of the product for use as a part of city business.
 - 3. Unsolicited tokens or awards of appreciation, honorary degrees or bona fide awards in recognition of public service, provided that any such item can not be readily converted to cash.

AN ORDINANCE AMENDING LAKELAND'S CODE OF ETHICS REGARDING
THE ACCEPTANCE OF GRATUITIES

4. Food, refreshments, foodstuffs, entertainment or beverages provided as a part of a meal or other event in which the commissioner is attending or is a speaker or part of a panel discussion at a scheduled meeting of an established or recognized membership organization.
5. Loans from established financial institutions made in the ordinary course of business on usual and customary terms.
6. Voluntary, legally disclosed political campaign contributions given in accordance with applicable federal and state statutes to an individual covered by the provisions of this section who has announced his intention to seek elected office.

Section 2. The provisions of this Ordinance are severable. If any provision of this Ordinance or the application thereof to any person or circumstance is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid provision or application.

Section 3. This Ordinance shall take immediately after its passage, the public welfare requiring it.

PASSED AND ADOPTED by the Mayor and Board of Commissioners of Lakeland, Tennessee on this 19th day of March, 2026, the public welfare requiring it.

First Reading: March 5, 2026
Public Hearing: March 19, 2026
Final Reading: March 19, 2026

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

PREPARED BY:
THE CITY OF LAKE LAND FINANCE DEPARTMENT



**CITY OF LAKELAND, TENNESSEE
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INTRODUCTORY SECTION (UNAUDITED)



10001 US Highway 70 • Lakeland, TN 38002
Phone: (901) 867-2717 | Fax: (901) 867-2063

February 20, 2026

To the Honorable Mayor, Members of the Board of Commissioners, and Citizens of the City of Lakeland:

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2025 (with allowed and approved extensions).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Watkins Uiberall, PLLC, Certified Public Accountants, have issued an unmodified (clean) opinion on the City of Lakeland's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Lakeland (the City), incorporated in 1977, is located in the western part of the state, which is considered to be one of the most highly populated areas of the State of Tennessee. The City currently occupies approximately 24 square miles and serves an estimated population of 14,226 (see Exhibit D-19 (a)). The City is empowered to levy a property tax on real property located within its boundaries.

The City has operated by charter under the city manager-commission form of government since 1977. Policymaking and legislative authority are vested in the Board of Commissioners (the Board), consisting of the mayor and four other members, all of whom are elected at large. Commissioners serve four-year terms, with two members elected every two years. The Mayor is elected for a four-year term. The Board appoints the City Manager, who in turn appoints the City's department heads.

The City provides a full range of services, including refuse collection, leaf removal, licenses and permits, vital statistics, the construction and maintenance of roads and other infrastructure, recreational and park activities, and wastewater treatment. Water distribution services are provided through a separate governmental entity, Memphis Light Gas & Water.

The Board of Commissioners is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., community services), and department (e.g., engineering). The City Manager and Finance Director may transfer resources within a fund as they see fit, subject to reporting of such transfers at the next Board of Commissioners meeting. Budget amendments to increase the total appropriation of a fund require approval by Ordinance of the Board of Commissioners passed upon two readings and a public hearing (which may be in conjunction with the second reading).

Local Economy

The City of Lakeland is a suburb in a metropolitan area and functions as a major commuter hub and suburban residential center. The City is the home of many affluent residential developments. Major industries located within the City's boundaries or in proximity include retail trade, professional services, and wholesale distributors. The Lakeland School System and City also have a significant economic presence, employing in total more than 390 teachers, professionals, and support staff. The current unemployment rate for the City is estimated to be 4.7% (see Exhibit D-19 (D)). The City has historically experienced unemployment rates consistent with national averages.

Per capita personal income within the City is significantly higher than the county or the state as a whole. The City's per capita personal income was \$71,197 (Exhibit D-19 (c)). According to the United Census Bureau the county's was \$64,995 while the state's was \$71,997. Housing prices in the vicinity of the City of Lakeland continue to remain strong. As of 1st quarter 2025, the median price of a single-family home in the City was \$544,000. Due to its strong and healthy local tax base, the City has maintained a credit rating of Aa3 from Moody's Investor Service since 2012.

Over the past ten plus years, the City has experienced a period of significant economic growth and investment. Three large-scale mixed-use and single-family residential developments have been completed or are in various stages of construction in the City. These developments, combined with an easy commute to the nearby metropolitan center, an award-winning school system, and the presence of recreational and natural amenities has further strengthened the City's economic base. Thanks to the strength of the housing market and the City's reliance upon property taxes as a large portion of its revenue base, the City has remained financially healthy.

During the past ten years, the City's expenditures related to education have increased the total expenditures in governmental funds and are currently 71.8%. These increases are due to the creation within this decade of the Lakeland School System, and reflect the move in Shelby County, Tennessee of many municipalities that formed their own school districts beginning with the fiscal year ended June 30, 2013.

During this same period, a property tax was established in the City of Lakeland in 2012 to fund education in the fiscal year ended June 30, 2013. This currently represents 52.9% of governmental funds revenues.

Long-term Financial Planning and Major Initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 74.2% of total general fund revenues. Unassigned fund balance was 69% of total general fund revenues, which is significantly higher than the policy guidelines set by the Board of Commissioners for budgetary and planning purposes (25% of general fund recurring revenues, plus \$1.1 million).

As part of its long-term transportation plan, the Board envisions the completion of New Canada Road. Federal funding covering 80% of planned expenditures has been secured, and loan funds from the U.S. Department of Agriculture (USDA) have been obligated for the City's remaining 20% match.

The City maintains a five-year Capital Improvement Program, which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the City identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. The fiscal year 2026-2030 Capital Improvement Program anticipates approximately \$155 million in capital projects. Included is \$30 million for construction of a new Lakeland Community Center and \$48 million for the completion of New Canada Road. The remainder of the program will finance improvements to the City's parks, transportation system, and public works functions. Related to this Capital Improvement Program, the City's Long-Term Financial Plan anticipates the issuance of \$8 million in additional debt in fiscal year 2026.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeland for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the fourth year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The GFOA also awarded a Distinguished Budget Presentation Award for the City's fiscal year 2026 annual budget. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This marks the sixth consecutive time the City has received this recognition.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Departments of both the City of Lakeland and Lakeland School Systems. We want to thank all City of Lakeland departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Board of Commissioners for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Lakeland's finances.

Respectfully submitted,



Sue Matthews
Finance Director



Emily Harrell
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

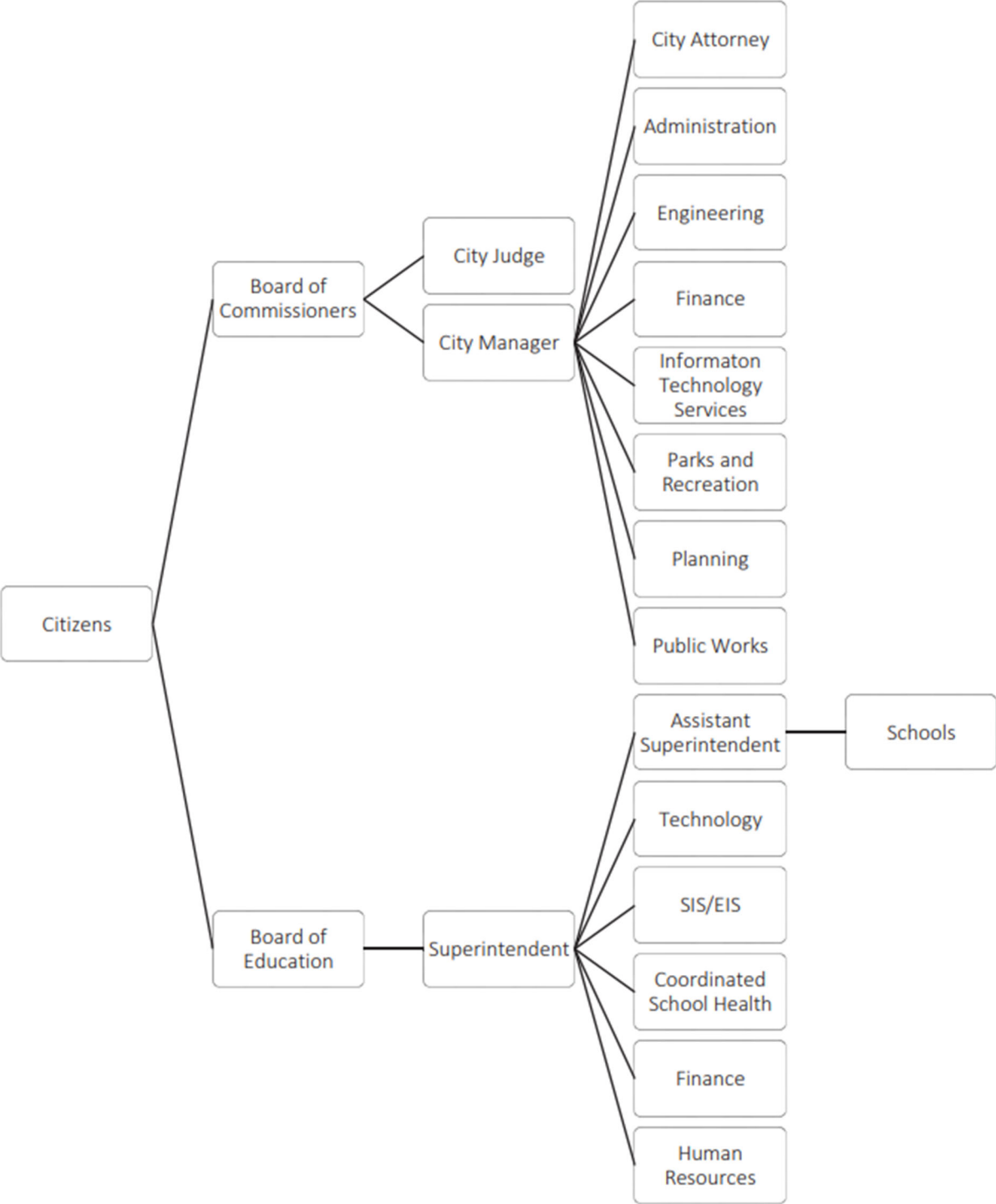
**City of Lakeland
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell

Executive Director/CEO



BOARD OF COMMISSIONERS

Josh Roman, Mayor (2026*)
Michele Dial, Vice Mayor (2026*)
Jim Atkinson, Commissioner (2028*)
Connie McCarter, Commissioner (2026*)
Derek Johnston, Commissioner (2028*)

CITY OFFICIALS

City Manager Emily Harrell
City Attorney Will Patterson, *Patterson Bray, PLLC*
Finance Director Sue Matthews, CMFO**

BOARD OF EDUCATION OFFICIALS

Laura Harrison, Chair (2026*)
Jeremy Burnett, Vice Chair (2028*)
Michelle Childs, Board Member (2028*)
Deborah Thomas, Board Member (2026*)
Keith Acton, Board Member (2026*)

Superintendent William E. Horrell, III
School System Attorney Burch, Porter & Johnson, PLLC
Finance Director Tristan Gately-Sweatt, CMFO**

* Date elected term expires
** Employee with financial oversight responsibility

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
City of Lakeland, Tennessee:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, the fiduciary fund, and the aggregate remaining fund information of the City of Lakeland, Tennessee, (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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's for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 and certain pension and other postemployment benefit information 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 of Lakeland, Tennessee's basic financial statements. The accompanying combining and individual fund financial statements and schedules, supporting schedules, and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial

statements and schedules, the supporting schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of the City of Lakeland'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lakeland's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Watkins Wilkerson, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
February 20, 2026

CITY OF LAKELAND, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2025

As management of the City of Lakeland, Tennessee (the City), we present this Management's Discussion and Analysis (MD&A) to provide an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2025. This discussion is intended to assist readers in understanding the City's financial activities and should be read in conjunction with the basic financial statements and the accompanying notes.

Financial Highlights

- At June 30, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$123.1 million representing the City's net position. Net position consisted of \$98.8 million invested in capital assets, \$16.5 million restricted, and \$7.8 million unrestricted. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased by \$10.6 million during the fiscal year ended June 30, 2025. The increase was driven primarily by a \$5.7 million contribution from the Lakeland Industrial Development Board related to development of the Lakeland Gateway and by increased state operating grants received by the School System resulting from the addition of a new high school class level, which were partially offset by education-related expenditures.
- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of \$23.4 million, an increase of \$5.2 million from the prior year, primarily reflecting increased education-related revenues and contributions received during the year.
- At the end of the fiscal year, unassigned fund balance in the General Fund totaled \$6.8 million, representing 69% of total General Fund balance and exceeding the City's established minimum fund balance policy.
- The City's total outstanding debt increased by \$14.1 million during the fiscal year, primarily due to draws on previously authorized Sewer Fund debt to finance ongoing infrastructure projects, partially offset by scheduled principal repayments on existing debt.

Overview of the Financial Statements

The City of Lakeland's basic financial statements are prepared to present its financial position and changes in financial position in accordance with accounting principles generally accepted in the United States of America. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

In addition to the basic financial statements and notes, this Annual Comprehensive Financial Report (ACFR) includes required supplementary information as prescribed by generally accepted accounting principles, supplementary information required by generally accepted accounting principles and the State of Tennessee, a statistical section, and a Governmental Accounting Standards section.

Government-Wide Financial Statements

The government-wide financial statements present the City's financial position and changes in financial position using the economic resources measurement focus and the accrual basis of accounting. These statements are intended to provide a long-term perspective of the City's overall financial condition.

The government-wide financial statements include:

- **Statement of Net Position**, which presents the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position; and

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

- **Statement of Activities**, which presents the cost of governmental and business-type activities and shows how those activities were financed during the fiscal year.

Government-wide information is presented for governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which are intended to recover a significant portion of their costs through user charges and fees. Governmental activities include general government, community services, public works, parks and recreation, and education. Business-type activities consist of the City's sewer operations.

The government-wide financial statements include the activities of the Lakeland School System as part of the City's reporting entity.

Fund Financial Statements

Fund financial statements provide information about the City's individual funds, emphasizing accountability for specific resources rather than the City as a whole. A fund is a separate accounting entity used to demonstrate compliance with legal and financial requirements.

The City reports governmental funds, a proprietary fund, and a fiduciary fund.

Governmental Funds

Governmental funds account for the City's core governmental functions and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. These statements emphasize near-term inflows and outflows of spendable resources and fund balances available at year-end.

The City reports two major governmental funds for the fiscal year ended June 30, 2025: the General Fund and the School General Purpose Fund. Reconciliations are provided to explain differences between the governmental fund financial statements and the governmental activities reported in the government-wide financial statements.

The City adopts an annual budget for all governmental funds, including the School System's governmental funds, except for the Internal School Fund. Budgetary comparison schedules are presented to demonstrate compliance with adopted budgets.

Proprietary Funds

Proprietary fund statements present information for business-type activities using the same measurement focus and basis of accounting as the government-wide financial statements. The City maintains one enterprise fund, the Sewer Fund, which is reported as a major fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held in a trustee capacity for parties outside the City and are not available to support the City's own programs. Accordingly, fiduciary fund activities are excluded from the government-wide financial statements. The City reports fiduciary activity related to the School System's Other Postemployment Benefit (OPEB) Trust.

Notes

The notes to the financial statements provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

Government-Wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. At June 30, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$123.1 million, representing total net position. This reflects an increase of \$10.6 million from the prior fiscal year.

The largest portion of the City's net position, \$98.8 million, is classified as net investment in capital assets. This category reflects the City's investment in land, buildings, infrastructure, and other capital assets, net of accumulated depreciation and outstanding related debt. These capital assets are used to provide services to residents and students and, accordingly, are not available for future discretionary spending.

Restricted net position totaled \$16.5 million at June 30, 2025, and represents resources constrained by external parties, enabling legislation, or other legal requirements. These resources are restricted primarily for education and capital projects, and are not available to support general governmental operations.

Unrestricted net position totaled \$7.8 million at year-end and represents resources available to meet the City's ongoing obligations to citizens and creditors. While unrestricted net position provides financial flexibility, management continues to evaluate this balance in the context of future capital needs, debt service requirements, and operational demands.

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2025 and 2024:

	Condensed Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 37,510,625	\$ 31,990,949	\$ 1,785,237	\$ 1,308,858	\$ 39,295,862	\$ 33,299,807
Interfund advance	2,500,000	-	(2,500,000)	-	-	-
Capital assets	140,888,027	137,081,983	38,387,753	25,589,493	179,275,780	162,671,476
Total Assets	180,898,652	169,072,932	37,672,990	26,898,351	218,571,642	195,971,283
Deferred Outflows of Resources	3,525,478	4,508,919	25,893	26,510	3,551,371	4,535,429
Long-term liabilities outstanding	60,218,081	60,090,982	21,088,450	5,787,166	81,306,531	65,878,148
Other liabilities	4,226,700	4,976,858	2,433,168	6,975,609	6,659,868	11,952,467
Total Liabilities	64,444,781	65,067,840	23,521,618	12,762,775	87,966,399	77,830,615
Deferred Inflows of Resources	11,002,880	10,114,238	3,464	906	11,006,344	10,115,144
Net Asset						
Net Investment in capital assets	82,133,766	77,101,130	16,635,138	14,897,423	98,768,904	91,998,553
Restricted	16,520,906	12,006,318	-	-	16,520,906	12,006,318
Unrestricted	10,321,797	9,292,325	(2,461,337)	(736,243)	7,860,460	8,556,082
Total Net Position	\$ 108,976,469	\$ 98,399,773	\$ 14,173,801	\$ 14,161,180	\$ 123,150,270	\$ 112,560,953

As part of its overall financial structure, the City reports internal balances between governmental activities and business-type activities related primarily to interfund advances associated with sewer infrastructure projects. These balances represent timing differences in financing activities and do not affect the City's total net position.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

Changes in Net Position

For the fiscal year ended June 30, 2025, the City's total net position increased by approximately \$10.6 million. Governmental activities generated an increase in net position, while business-type activities experienced minimal change for the year.

Governmental Activities

Governmental activities reported total revenues of approximately \$60.7 million during fiscal year 2025, while total expenses were approximately \$50.2 million. Revenues exceeded expenses for the year primarily due to increased education-related operating grants and significant capital contributions, including a contribution from the Lakeland Industrial Development Board.

Program revenues increased during the year, primarily due to higher operating grants and contributions restricted to the education function. These increases were driven by additional state education funding received by the School System as a result of the addition of a new high school class level. As students matriculated into the new grade level, education-related operating grants increased and were applied toward instructional and operational costs. Education expenses increased correspondingly as additional grade-level services were provided.

Capital grants and contributions totaled approximately \$7.3 million for the year and included a contribution of approximately \$5.7 million from the Lakeland Industrial Development Board related to development activities for the Lakeland Gateway project. This contribution significantly offset general governmental cost increases and was a primary factor in the overall improvement in net position for governmental activities.

General revenues, including property taxes and other local taxes, increased during the year, reflecting continued residential and commercial development within the City. Property and local taxes increased by \$1.5 million, providing additional support for expanded service demands and rising operational costs across governmental functions.

Business-Type Activities

Business-type activities, which consist of the City's sewer operations, experienced minimal change in net position during the fiscal year. Operating revenues were sufficient to cover operating expenses, while nonoperating items, including interest expense and developer contributions, largely offset one another.

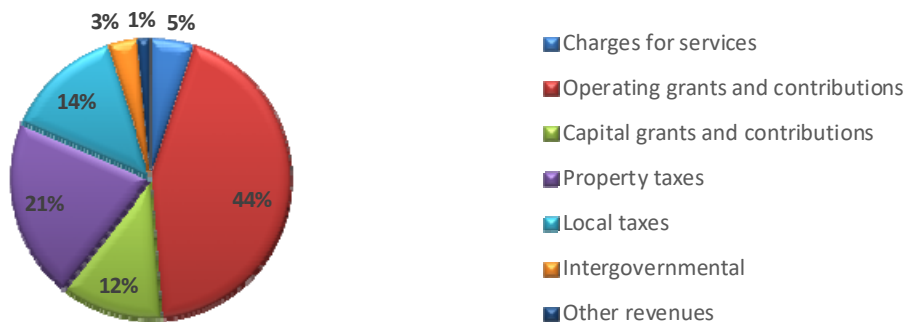
During the year, the Sewer Fund continued to draw on previously authorized debt to finance ongoing infrastructure projects, including improvements to the Clear Creek Interceptor. While these debt draws increased long-term liabilities, they also supported continued investment in the City's utility infrastructure and did not result in a significant change in net position.

The following condensed statement of activities summarizes the City's governmental and business-type activities for the fiscal years ended June 30, 2025 and 2024. Selected charts are presented to illustrate the composition of governmental revenues and the relationship between program revenues and functional expenses.

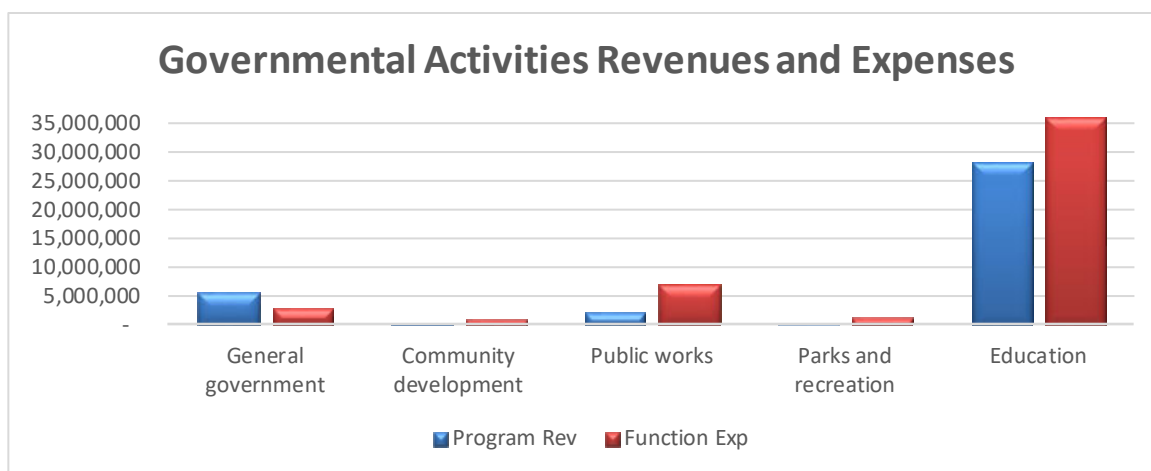
CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

Condensed Statement of Activities						
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 3,123,200	\$2,819,529	\$ 3,005,684	\$2,422,202	\$ 6,128,884	\$ 5,241,731
Operating grants and contributions	26,491,576	18,502,789	-	61,372	26,491,576	18,564,161
Capital grants and contributions	7,273,973	1,776,358	160,045	-	7,434,018	1,776,358
General Revenues:						
Property taxes	12,630,746	12,000,408	-	-	12,630,746	12,000,408
Local taxes	8,247,283	7,398,069	-	-	8,247,283	7,398,069
Intergovernmental	2,124,858	2,074,699	-	-	2,124,858	2,074,699
Interest on investments	502,471	412,659	188	5,417	502,659	418,076
Other revenue	205,380	151,613	10,127	5,339	215,507	156,952
Insurance recoveries	143,502	232,120	-	-	143,502	232,120
Total Revenues	60,742,989	45,368,244	3,176,044	2,494,330	63,919,033	47,862,574
Expenses:						
General government	3,111,487	5,386,179	-	-	3,111,487	5,386,179
Community development	1,130,781	1,179,351	-	-	1,130,781	1,179,351
Public works	7,288,408	7,560,961	-	-	7,288,408	7,560,961
Parks and recreation	1,397,816	1,338,097	-	-	1,397,816	1,338,097
Education	36,015,392	30,340,419	-	-	36,015,392	30,340,419
Interest and fiscal charges	1,222,409	1,233,330	-	-	1,222,409	1,233,330
Debt Issuance costs	-	-	-	-	-	-
Water and sewer	-	-	3,163,423	2,246,757	3,163,423	2,246,757
Total Expenses	50,166,293	47,038,337	3,163,423	2,246,757	53,329,716	49,285,094
Increase/(Decrease) in net position	10,576,696	(1,670,093)	12,621	247,573	10,589,317	(1,422,520)
Net position, beginning	98,399,773	100,069,866	14,161,180	13,913,607	112,560,953	113,983,473
Net position, ending	\$ 108,976,469	\$ 98,399,773	\$ 14,173,801	\$ 14,161,180	\$ 123,150,270	\$ 112,560,953

Governmental Activities Revenues by Source



CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025



Financial Analysis of the Government's Funds

As discussed previously, the City uses fund accounting to demonstrate compliance with finance-related legal requirements and to provide information on the availability and use of current financial resources. Governmental funds focus on near-term inflows, outflows, and balances of spendable resources and are therefore useful in assessing the City's liquidity and short-term financing needs.

Governmental Funds – Overview

As of June 30, 2025, the City's governmental funds reported combined ending fund balances of approximately \$23.4 million, an increase of approximately \$5.2 million from the prior fiscal year. The increase was driven primarily by significant capital-related contributions and increased state operating grant revenues supporting education, partially offset by capital outlays and operating expenditures incurred during the year.

Approximately 29.0% of total governmental fund balances were classified as unassigned or otherwise available for discretionary use, providing the City with financial flexibility to address unforeseen expenditures and future capital or operational needs. All governmental funds reported positive fund balances at year end.

The overall increase in governmental fund balances reflects the City's ability to absorb significant capital activity while maintaining strong liquidity and adherence to adopted fund balance policies.

General Fund

The General Fund is the City's primary operating fund and accounts for the majority of governmental services not otherwise required to be reported in another fund.

At June 30, 2025, the General Fund reported a total fund balance of approximately \$9.8 million, of which \$6.8 million was unassigned. Unassigned fund balance represented approximately 64.1% of General Fund expenditures, indicating a strong liquidity position and compliance with the City's fund balance policy.

The General Fund's fund balance increased by approximately \$2.3 million during the fiscal year. This increase was attributable primarily to contributions received from the Lakeland Industrial Development Board, including amounts related to reimbursement of current- and prior-year costs. In addition, the prior fiscal year included approximately \$2.3 million in expenditures related to the acquisition and demolition of noncapitalized property for future City projects; comparable costs were not incurred during fiscal year 2025.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

School General Purpose Fund

The School General Purpose Fund is the primary operating fund of the Lakeland School System and accounts for instructional and administrative activities of the City's municipal school district.

At June 30, 2025, the School General Purpose Fund reported a fund balance of approximately \$9.4 million, all of which was restricted for educational purposes. The fund balance increased by \$2.3 million during the year as increased state education funding associated with the addition of a new high school grade level exceeded related operating expenditures.

The increase in intergovernmental revenues reflects continued student enrollment into the expanding high school program, with corresponding increases in instructional and support costs. The restricted nature of the fund balance limits its use to education-related activities but provides stability in funding ongoing instructional operations.

Proprietary Fund (Sewer Fund) Analysis

The City's proprietary fund consists of the Sewer Fund, which accounts for the operations of the City's wastewater utility. The Sewer Fund is reported as a business-type activity in the government-wide financial statements and is intended to recover the costs of providing services through user charges.

At June 30, 2025, the Sewer Fund reported negative unrestricted net position, attributable largely to the timing of long-term financing related to ongoing capital improvement projects. This condition reflects the use of interim financing mechanisms, including interfund advances and draws on previously authorized debt, rather than operating deficits or liquidity constraints.

Operating Results

For the fiscal year ended June 30, 2025, the Sewer Fund generated operating revenues sufficient to cover operating expenses, indicating that user charges were adequate to support the day-to-day costs of system operations, including personnel, contractual services, and routine maintenance. Operating income was supplemented by nonoperating revenues, including interest income and capital contributions from developers, which supported overall financial stability.

Depreciation expense continued to represent a significant component of operating costs, reflecting the capital-intensive nature of wastewater operations and the ongoing investment in system infrastructure.

Capital and Financing Activity

During fiscal year 2025, the Sewer Fund continued implementation of major infrastructure improvements, most notably the Clear Creek Interceptor project. To finance these projects, the City drew on previously authorized State Revolving Fund loans and utilized interfund advances to bridge the timing between project expenditures and external loan disbursements.

As a result, long-term liabilities of the Sewer Fund increased during the year. However, these increases were offset by corresponding additions to capital assets under construction and do not reflect deterioration in the Sewer Fund's financial condition. The interfund advance outstanding at year end is expected to be repaid as external loan proceeds are received and is considered a temporary financing arrangement.

Overall Financial Position

The Sewer Fund's net position remained relatively stable during the year, with minimal overall change. While unrestricted net position remains negative at year end, management considers this condition temporary and directly related to the timing of capital financing rather than the sufficiency of operating revenues.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

Future rate adjustments are expected to improve operating margins and support long-term debt service requirements as capital projects are completed and placed into service.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for the General Fund, which serves as the primary operating fund for City governmental activities. Budgetary control is maintained through formal adoption and amendment of the budget by ordinance, and management monitors budget-to-actual results throughout the fiscal year.

Budget Amendments

During the fiscal year ended June 30, 2025, the original General Fund budget was amended to reflect carryforward of prior-year encumbrances, updated grant activity, and revised capital project timing. As amended:

- **Budgeted revenues** did not change from the original budget.
- **Budgeted expenditures** increased modestly due to the reappropriation of encumbrances and adjustments related to capital outlays and project-related costs.

These amendments did not reflect structural changes to ongoing operations but rather timing-related adjustments consistent with prior-year practices.

Budget-to-Actual Results

Actual General Fund revenues for fiscal year 2025 were significantly lower than the final budget, primarily due to the timing of grant-related expenditures and corresponding reimbursements. Several federally and state-funded projects experienced delays in expenditure activity, resulting in revenues being recognized in future periods rather than the current year.

Actual General Fund expenditures were significantly below the final amended budget, largely due to delays in planned capital outlays and project implementation. Certain capital expenditures budgeted for fiscal year 2025 were postponed to subsequent fiscal years as project schedules were refined and procurement timelines extended.

Overall Budgetary Performance

The variance between budgeted and actual results did not negatively affect the City's financial condition or service levels. Deferred revenues and expenditures are expected to be recognized in future fiscal periods as projects progress. Management does not anticipate that the timing differences experienced during fiscal year 2025 will have a material adverse impact on the General Fund's liquidity or operational capacity.

Capital Assets

At June 30, 2025, the City's capital assets for governmental and business-type activities totaled approximately \$179.3 million, net of accumulated depreciation and amortization. Capital assets include land, buildings, improvements, machinery and equipment, vehicles, infrastructure, and subscription-based information technology assets.

During the fiscal year, total capital assets increased by approximately \$16.6 million. The increase was driven primarily by continued construction activity within the Sewer Fund related to the Clear Creek Interceptor project, as well as ongoing investments in educational facilities associated with the expansion of Lakeland Preparatory School. These additions were partially offset by annual depreciation expense of approximately \$6.0 million, primarily related to infrastructure and buildings.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

The City continues to invest in capital assets to support population growth, expanded educational services, and long-term infrastructure needs. Additional information regarding capital asset activity is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2025, the City had total outstanding long-term debt of approximately \$80.5 million, consisting primarily of general obligation bonds, state revolving fund loans, and other long-term financing arrangements supporting sewer system improvements and educational facilities.

During the fiscal year, total outstanding debt increased by approximately \$14.1 million, reflecting draws on previously authorized sewer-related debt to finance ongoing infrastructure projects. These increases were partially offset by scheduled principal repayments on existing general obligation and sewer debt.

The City's outstanding debt is backed by its full faith and credit, although certain obligations are secured primarily by specific revenue sources. Tennessee law does not impose a statutory limit on the amount of debt the City may issue; therefore, no legal debt margin is calculated.

Capital investments and related debt activity during the year were driven primarily by educational facility expansion within the School System and infrastructure improvements within the City's sewer operations. The City expects capital asset additions and related debt activity to continue in future years as planned capital projects progress and infrastructure investments remain a priority.

Additional information regarding the City's long-term debt is provided in Note 7 to the financial statements.

Currently Known Facts, Decisions, or Conditions of Future Significance

At the date of this report, the City is aware of several matters that may affect its future financial position and operations.

Educational Operations

The Lakeland School System continues to expand as student enrollment increases at the newly constructed high school facility. One additional grade level is scheduled to be added during the fiscal year ending June 30, 2026, completing the planned grade-level expansion. This growth is expected to result in corresponding increases in state education funding and education-related expenditures as instructional and support services expand to meet enrollment needs.

Capital Projects and Facilities

The City owns property intended for the future development of a Lakeland Community Center. While no construction activity occurred during fiscal year 2025, the project remains part of the City's long-term capital planning, and future capital outlays and related financing may be required as plans progress.

Utility Operations

Within business-type activities, the City is implanting sewer rate adjustments which will become effective in the 2027 fiscal year. These rate changes are expected to support future Sewer Fund operations, including debt service requirements and continued investment in utility infrastructure, as major capital projects progress.

Management is not aware of any other currently known facts, decisions, or conditions that are expected to have a material effect on the City's financial position beyond those discussed above.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2025

Requests for Information

This Annual Comprehensive Financial Report is intended to provide a general overview of the City of Lakeland's finances for all those with an interest in the City's financial position and operations. Questions concerning any of the information presented in this report, or requests for additional financial information, should be directed to the City of Lakeland, Finance Director, 10001 U.S. Highway 70, Lakeland, Tennessee 38002.

BASIC FINANCIAL STATEMENTS

CITY OF LAKELAND, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government		
	Governmental	Business-Type	
	Activities	Activity	Total
ASSETS			
Cash and cash equivalents	\$ 15,814,398	\$ 1,713,474	\$ 17,527,872
Receivables			
Property taxes	6,642,285	-	6,642,285
Customer	133,535	-	133,535
Other	68,507	1,721	70,228
Less allowance for doubtful accounts	(70,271)	-	(70,271)
Due from other governments	9,688,424	225,842	9,914,266
Internal balances	155,800	(155,800)	-
Interfund advances	2,500,000	(2,500,000)	-
Inventory	10,203	-	10,203
Prepaid items	22,132	-	22,132
Net pension asset	4,656,010	-	4,656,010
Restricted investments	389,602	-	389,602
Capital assets, not being depreciated	27,325,563	25,217,366	52,542,929
Capital assets, being depreciated, net	113,562,464	13,170,387	126,732,851
Total assets	180,898,652	37,672,990	218,571,642
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	2,394,707	25,893	2,420,600
Related to OPEB	1,130,771	-	1,130,771
Total deferred outflows of resources	3,525,478	25,893	3,551,371
LIABILITIES			
Accounts payable and accrued liabilities	2,193,552	1,670,377	3,863,929
Accrued payroll	1,573,705	27,009	1,600,714
Accrued interest payable	149,122	-	149,122
Customer deposits	124,040	-	124,040
Unearned revenue	186,281	-	186,281
Noncurrent liabilities:			
Due within one year	1,556,798	735,782	2,292,580
Due in more than one year			
Other liabilities	57,581,179	21,055,910	78,637,089
Net pension liability	369,856	32,540	402,396
Net other postemployment benefits liability	710,248	-	710,248
Total liabilities	64,444,781	23,521,618	87,966,399
DEFERRED INFLOWS OF RESOURCES			
Current property taxes assessed for subsequent period	6,473,817	-	6,473,817
Related to pension	1,581,718	3,464	1,585,182
Related to other postemployment benefits	2,478,600	-	2,478,600
Gain on refunding	468,745	-	468,745
Total deferred inflows of resources	11,002,880	3,464	11,006,344
NET POSITION			
Net investment in capital assets	82,133,766	16,635,138	98,768,904
Restricted for:			
Net pension asset	4,656,010	-	4,656,010
Stabilization reserve trust	389,602	-	389,602
Storm water	277,419	-	277,419
Solid waste	386,436	-	386,436
School activities	10,811,439	-	10,811,439
Education capital projects	-	-	-
Unrestricted	10,321,797	(2,461,337)	7,860,460
Total net position	\$ 108,976,469	\$ 14,173,801	\$ 123,150,270

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 3,111,487	\$ 900	\$ 16,000	\$ 5,683,010	\$ 2,588,423	\$ -	\$ 2,588,423
Community development	1,130,781	170,764	-	281,910	(678,107)	-	(678,107)
Public works	7,288,408	1,617,831	144,001	534,360	(4,992,216)	-	(4,992,216)
Parks and recreation	1,397,816	223,506	-	-	(1,174,310)	-	(1,174,310)
Education	36,015,392	1,110,199	26,331,575	774,693	(7,798,925)	-	(7,798,925)
Interest on long-term debt	1,222,409	-	-	-	(1,222,409)	-	(1,222,409)
Total governmental activities	50,166,293	3,123,200	26,491,576	7,273,973	(13,277,544)	-	(13,277,544)
Business-Type activity:							
Sewer	3,163,423	3,005,684	-	160,045	-	2,306	2,306
Total primary government	<u>\$ 53,329,716</u>	<u>\$ 6,128,884</u>	<u>\$ 26,491,576</u>	<u>\$ 7,434,018</u>	(13,277,544)	2,306	(13,275,238)
General revenues:							
Property taxes					12,630,746	-	12,630,746
Local option sales tax					7,583,630	-	7,583,630
Other taxes							
Wholesale liquor and beer taxes					251,548	-	251,548
Business, cable tv, and hotel-motel taxes					412,105	-	412,105
Intergovernmental revenues:							
State sales tax					1,789,072	-	1,789,072
Other state revenue					335,786	-	335,786
Other revenue					205,380	10,127	215,507
Interest on investments					502,471	188	502,659
Insurance recoveries					143,502		143,502
Total general revenues and transfers					23,854,240	10,315	23,864,555
Change in net position					10,576,696	12,621	10,589,317
Net position - beginning					\$98,399,773	\$14,161,180	112,560,953
Net position - ending					<u>\$ 108,976,469</u>	<u>\$ 14,173,801</u>	<u>\$ 123,150,270</u>

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

CITY OF LAKELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	General Purpose School Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,852,749	\$ 3,846,308	\$ 3,115,341	\$ 15,814,398
Receivables				
Property taxes	6,642,285	-	-	6,642,285
Customer	-	-	133,535	133,535
Other	66,670	1,617	220	68,507
Less allowance for doubtful accounts	(70,271)	-	-	(70,271)
Due from other governments	1,099,028	8,336,928	252,468	9,688,424
Due from other funds	155,800	45,243	1,473,000	1,674,043
Interfund advance	2,500,000	-	-	2,500,000
Inventory	3,033	-	7,170	10,203
Prepaid items	22,132	-	-	22,132
Restricted investments	-	389,602	-	389,602
Total assets	<u>\$ 19,271,426</u>	<u>\$ 12,619,698</u>	<u>\$ 4,981,734</u>	<u>\$ 36,872,858</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 783,075	\$ 707,658	\$ 702,819	\$ 2,193,552
Accrued payroll	134,079	1,382,296	57,330	1,573,705
Customer deposits	124,040	-	-	124,040
Due to other funds	1,518,243	-	-	1,518,243
Unearned revenue	153,246	-	33,035	186,281
Total liabilities	<u>2,712,683</u>	<u>2,089,954</u>	<u>793,184</u>	<u>5,595,821</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Property taxes	6,565,229	-	-	6,565,229
Other taxes	-	852,424	-	852,424
Grants	182,687	297,500	19,017	499,204
Other	6,445	-	-	6,445
Total deferred inflows of resources	<u>6,754,361</u>	<u>1,149,924</u>	<u>19,017</u>	<u>7,923,302</u>
FUND BALANCES				
Nonspendable	2,525,165	-	-	2,525,165
Restricted	-	9,379,820	2,913,622	12,293,442
Committed	265,852	-	1,255,911	1,521,763
Assigned	243,841	-	-	243,841
Unassigned	6,769,524	-	-	6,769,524
Total fund balances	<u>9,804,382</u>	<u>9,379,820</u>	<u>4,169,533</u>	<u>23,353,735</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 19,271,426</u>	 <u>\$ 12,619,698</u>	 <u>\$ 4,981,734</u>	 <u>\$ 36,872,858</u>

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

CITY OF LAKELAND, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION
June 30, 2025

Total fund balances, governmental funds		\$ 23,353,735
Amounts reported for governmental activities in the statement of net position are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		140,888,027
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		1,449,485
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: subscription lease payable	\$ (601,105)	
Less: general obligation bonds	(56,950,124)	
Less: settlement obligation	(56,328)	
Less: construction loan	<u>(1,106,505)</u>	(58,714,062)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Less: accrued interest payable	(149,122)	
Less: compensated absences payable	<u>(423,915)</u>	(573,037)
(5) Net pension assets are not a financial resource in the current period, and net pension liabilities and net other postemployment liabilities are not payable with current financial resources and, therefore, are not reported in the funds.		
Add: net pension asset	4,656,010	
Less: net pension liability	(369,856)	
Less: net other postemployment liability	<u>(710,248)</u>	3,575,906
(6) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	2,394,707	
Add: deferred outflows of resources related to OPEB	1,130,771	
Less: deferred inflows of resources related to pensions	(1,581,718)	
Less: deferred inflows of resources related to OPEB	<u>(2,478,600)</u>	(534,840)
(7) The gain recognized on refunding debt is not a financial resource and will be amortized in future years.		<u>(468,745)</u>
Net position of governmental activities		<u><u>\$ 108,976,469</u></u>

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	General Purpose School Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 5,914,339	\$ 6,716,407	\$ -	\$ 12,630,746
Local taxes	3,853,991	4,261,403	-	8,115,394
Intergovernmental				
State sales, income and other tax	2,090,304	-	-	2,090,304
State gas tax	-	-	521,674	521,674
State grant revenue	-	23,239,398	-	23,239,398
Licenses and permits	178,964	-	-	178,964
Charges for services	216,206	210,009	2,518,021	2,944,236
Federal, state, and local grants	443,946	22,595	2,098,536	2,565,077
Contributions	5,683,010	-	812,693	6,495,703
Co-curricular	-	-	1,343,860	1,343,860
Interest on investments	354,685	88,110	59,676	502,471
Other	79,029	102,066	24,285	205,380
Total revenues	<u>18,814,474</u>	<u>34,639,988</u>	<u>7,378,745</u>	<u>60,833,207</u>
EXPENDITURES				
Current				
General government	2,595,615	-	-	2,595,615
Community development	1,015,520	-	-	1,015,520
Public works	1,045,066	-	4,501,637	5,546,703
Parks and recreation	1,434,022	-	-	1,434,022
Education	-	29,476,684	3,457,788	32,934,472
Debt Service				
Principal	168,753	-	1,166,860	1,335,613
Interest and fiscal charges	12,747	-	1,419,566	1,432,313
Capital outlay	4,293,953	67,000	5,252,483	9,613,436
Total expenditures	<u>10,565,676</u>	<u>29,543,684</u>	<u>15,798,334</u>	<u>55,907,694</u>
Excess of revenues over expenditures	8,248,798	5,096,304	(8,419,589)	4,925,513
OTHER FINANCING SOURCES (USES)				
Issuance of subscription liability	158,535	-	-	158,535
Insurance recovery	43,502	-	100,000	143,502
Transfers in	-	760,523	8,958,274	9,718,797
Transfers out	(6,183,296)	(3,526,643)	(8,858)	(9,718,797)
Total other financing uses	<u>(5,981,259)</u>	<u>(2,766,120)</u>	<u>9,049,416</u>	<u>302,037</u>
Net change in fund balances	2,267,539	2,330,184	629,827	5,227,550
Fund balances - beginning	<u>\$7,536,843</u>	<u>\$7,049,636</u>	<u>\$3,539,706</u>	<u>18,126,185</u>
Fund balances - ending	<u>\$ 9,804,382</u>	<u>\$ 9,379,820</u>	<u>\$ 4,169,533</u>	<u>\$ 23,353,735</u>

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

CITY OF LAKELAND, TENNESSEE**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2025

Net change in fund balance - total governmental funds	\$	5,227,550
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Amounts reported for governmental activities in the statement of activities are different because:

(1)	Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
	Add: capital outlays capitalized	\$ 10,380,884	
	Less: depreciation expense	<u>(5,416,297)</u>	4,964,587
(2)	Gain (losses) from the disposition of capital assets are reported net of any remaining net book value in the statement of activities.		(1,158,543)
(3)	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net difference between the amounts deferred in the current and prior years.		(233,720)
(4)	The issuance of long-term debt (e.g. bonds, notes, other loans) 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.		
	Add: principal payments on long-term debt	1,335,613	
	Less: proceeds from debt issuance	<u>(158,535)</u>	1,177,078
(5)	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.		
	Add: amortization of deferred amount on refunding debt	208,332	
	Change in accrued interest payable	1,573	
	Change in compensated absences	<u>94,745</u>	304,650
(5)	Payments of contributions to the pension plans and OPEB plan are recorded as expenditures in the governmental funds. Pension expense and OPEB expense are recorded on an actuarially determined basis in the statement of activities.		
	Difference between actual contributions and pension expense	(46,050)	
	Difference between actual contributions and OPEB expense	<u>341,144</u>	295,094
	Change in net position of governmental activities		<u>\$ 10,576,696</u>

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

CITY OF LAKELAND, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
PROPERTY TAXES				
Property taxes	\$ 5,919,592	\$ 5,919,592	\$ 5,893,745	\$ (25,847)
Property tax interest and penalties	11,800	11,800	20,594	8,794
Total property taxes	5,931,392	5,931,392	5,914,339	(17,053)
LOCAL TAXES				
Local sales tax	3,677,563	3,677,563	3,190,338	(487,225)
Wholesale beer and liquor tax	217,776	217,776	251,548	33,772
Business tax	150,000	150,000	186,252	36,252
Hotel/motel tax	60,000	60,000	82,518	22,518
CATV franchise tax	119,080	119,080	107,440	(11,640)
Other revenue	16,320	16,320	35,895	19,575
Total local taxes	4,240,739	4,240,739	3,853,991	(386,748)
INTERGOVERNMENTAL				
State of Tennessee shared revenues				
Sales tax	2,049,757	2,049,757	1,754,518	(295,239)
Beer and liquor tax	32,000	32,000	66,648	34,648
City streets and transportation funding	-	-	0	-
Receipts in lieu of tax - TVA	260,000	260,000	269,138	9,138
Total intergovernmental	2,341,757	2,341,757	2,090,304	(251,453)
LICENSES AND PERMITS				
Other general government	1,000	1,000	900	(100)
Parks improvement fees	17,800	17,800	7,300	(10,500)
Building and related permits	100,000	100,000	26,927	(73,073)
Other permits	49,550	49,550	40,340	(9,210)
Engineering fees	107,300	107,300	49,800	(57,500)
Administrative fees for developments	102,798	102,798	53,697	(49,101)
Total licenses and permits	378,448	378,448	178,964	(199,484)
CHARGES FOR SERVICES				
Recreation fees for services	162,500	162,500	135,970	(26,530)
Parks development fees	107,899	107,899	50,411	(57,488)
Rental income	32,000	32,000	29,825	(2,175)
Total charge for services	302,399	302,399	216,206	(86,193)
FEDERAL, STATE AND LOCAL GRANTS	9,311,456	9,311,456	443,946	(8,867,510)
CONTRIBUTIONS	6,000,000	6,000,000	5,683,010	(316,990)
INTEREST ON INVESTMENTS	205,000	205,000	354,685	149,685
OTHER	15,000	15,000	79,029	64,029
Total revenues	28,726,191	28,726,191	18,814,474	(9,911,717)

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

CITY OF LAKELAND, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES				
GENERAL GOVERNMENT				
General Government				
Salaries	\$ 357,352	\$ 366,506	\$ 347,394	\$ 19,112
Benefits	124,734	136,629	130,523	6,106
Contractual services	784,719	939,121	800,164	138,957
Materials and supplies	27,000	32,173	31,345	828
Insurance	80,000	70,150	69,131	1,019
Other charges	109,500	144,547	140,666	3,881
	1,483,305	1,689,126	1,519,223	169,903
Municipal Court				
Salaries	6,500	6,500	4,000	2,500
Benefits	997	1,567	876	691
Contractual services	1,200	1,530	1,235	295
	8,697	9,597	6,111	3,486
Board and Commissions				
Salaries	25,200	25,410	25,410	-
Benefits	3,068	2,858	1,942	916
Other charges	500	500	148	352
	28,768	28,768	27,500	1,268
Financial Administration				
Salaries	331,386	295,026	287,210	7,816
Benefits	125,784	124,728	79,900	44,828
Contractual services	16,000	27,360	26,779	581
Materials and supplies	500	500	-	500
Other charges	8,500	9,156	4,679	4,477
	482,170	456,770	398,568	58,202
GIS				
Salaries	312,848	312,848	290,034	22,814
Benefits	108,408	108,408	85,107	23,301
Contractual services	350,042	355,968	230,291	125,677
Materials and supplies	113,750	102,350	4,729	97,621
Other charges	60,530	98,270	34,052	64,218
	945,578	977,844	644,213	333,631
Total general government	2,948,518	3,162,105	2,595,615	566,490

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

CITY OF LAKELAND, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
COMMUNITY DEVELOPMENT				
Engineering				
Salaries	\$ 206,402	\$ 206,402	\$ 190,474	\$ 15,928
Benefits	73,376	77,100	59,396	17,704
Contractual services	75,000	70,000	54,606	15,394
Materials and supplies	3,200	3,250	2,678	572
Other charges	14,500	15,726	12,965	2,761
	372,478	372,478	320,119	52,359
Construction Inspection				
Salaries	127,902	127,901	123,984	3,917
Benefits	69,822	69,822	58,105	11,717
Materials and supplies	6,550	6,550	3,545	3,005
Other charges	10,200	10,679	7,534	3,145
	214,474	214,952	193,168	21,784
Code Enforcement				
Salaries	52,229	53,624	53,624	-
Benefits	26,055	26,098	25,089	1,009
Materials and supplies	4,400	2,962	1,213	1,749
Other charges	2,200	2,200	1,094	1,106
	84,884	84,884	81,020	3,864
Planning and Economic Development				
Salaries	258,877	267,482	267,482	-
Benefits	94,916	90,216	87,545	2,671
Contractual services	55,000	53,173	38,055	15,118
Materials and supplies	500	500	416	84
Other charges	32,025	30,896	27,715	3,181
	441,318	442,267	421,213	21,054
Total community development	1,113,154	1,114,581	1,015,520	99,061
PUBLIC WORKS				
Salaries	647,283	646,306	617,930	28,376
Benefits	335,728	318,051	266,426	51,625
Contractual services	80,000	75,271	72,504	2,767
Materials and supplies	50,000	60,402	63,758	(3,356)
Other charges	25,950	27,753	24,448	3,305
Total public works	1,138,961	1,127,783	1,045,066	82,717
PARKS AND RECREATION				
Senior Citizen				
Contractual services	9,000	8,707	8,707	-
Materials and supplies	23,500	17,907	17,884	23
Other charges	34,850	35,713	35,454	259
	67,350	62,327	62,045	282

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

CITY OF LAKELAND, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
IH Clubhouse				
Contractual services	\$ 3,000	\$ 4,180	\$ 4,172	\$ 8
Materials and supplies	30,000	30,565	30,565	-
Other charges	14,850	13,363	13,289	74
	<u>47,850</u>	<u>48,108</u>	<u>48,026</u>	<u>82</u>
Recreation				
Contractual services	78,000	65,844	65,644	200
Materials and supplies	61,000	79,041	79,041	-
Other charges	59,000	50,346	49,982	364
	<u>198,000</u>	<u>195,231</u>	<u>194,667</u>	<u>564</u>
Park Administration				
Salaries	483,911	506,466	506,466	-
Benefits	190,924	184,923	184,873	50
Contractual services	175,500	380,898	268,270	112,628
Materials and supplies	45,950	62,185	73,798	(11,613)
Other charges	96,040	96,527	95,877	650
	<u>992,325</u>	<u>1,230,999</u>	<u>1,129,284</u>	<u>101,715</u>
Total parks and recreation	<u>1,305,525</u>	<u>1,536,665</u>	<u>1,434,022</u>	<u>102,643</u>
DEBT SERVICE				
Principal	-	-	168,753	(168,753)
Interest - leases	-	-	12,747	(12,747)
Total debt service	<u>-</u>	<u>-</u>	<u>181,500</u>	<u>(181,500)</u>
CAPITAL OUTLAY	<u>30,253,000</u>	<u>30,496,215</u>	<u>4,293,953</u>	<u>26,202,262</u>
Total expenditures	<u>36,759,158</u>	<u>37,437,349</u>	<u>10,565,676</u>	<u>26,871,673</u>
Excess (deficiency) of revenues over (under) expenditures	(8,032,967)	(8,711,158)	8,248,798	16,959,956
OTHER FINANCING SOURCES (USES)				
Issuance of debt	14,500,000	14,500,000	-	(14,500,000)
Issuance of subscription liability	-	-	158,535	158,535
Insurance recovery	-	-	43,502	43,502
Transfers out	(6,446,616)	(6,766,616)	(6,183,296)	583,320
Total other financing sources (uses)	<u>8,053,384</u>	<u>7,733,384</u>	<u>(5,981,259)</u>	<u>(13,714,643)</u>
Net change in fund balances	<u>\$ 20,417</u>	<u>\$ (977,774)</u>	<u>2,267,539</u>	<u>\$ 3,245,313</u>
Fund balances - beginning			<u>7,536,843</u>	
Fund balances - ending			<u>\$ 9,804,382</u>	

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
PROPERTY TAXES	\$ 7,259,594	\$ 7,259,594	\$ 6,716,407	\$ (543,187)
LOCAL TAXES	4,552,025	4,552,025	4,261,403	(290,622)
INTERGOVERNMENTAL				
TN Investment in Student Achievement	16,632,142	16,601,289	21,941,779	5,340,490
Career Ladder Program	20,000	20,000	11,310	(8,690)
Privilege tax	563,204	563,204	558,769	(4,435)
Other	78,882	578,882	677,251	98,369
Parental leave	150,000	150,000	50,289	(99,711)
Total intergovernmental	17,444,228	17,913,375	23,239,398	5,326,023
CHARGES FOR SERVICES	71,587	191,559	210,009	18,450
FEDERAL, STATE AND LOCAL GRANTS	32,000	336,240	22,595	(313,645)
INTEREST INCOME	5,500	5,500	88,110	82,610
OTHER	80,000	80,000	102,066	22,066
Total revenues	29,444,934	30,338,293	34,639,988	4,301,695
EXPENDITURES				
EDUCATION				
Board of education services				
Salaries	60,000	78,622	78,622	-
Benefits	363,988	347,945	338,244	9,701
Contractual services	89,000	78,810	78,754	56
Materials and supplies	8,000	3,326	3,326	-
Other charges	227,000	239,287	233,643	5,644
	747,988	747,990	732,589	15,401
Office of superintendent				
Salaries	242,700	245,683	245,683	-
Benefits	100,235	97,220	84,837	12,383
Contractual services	6,000	6,000	5,629	371
Materials and supplies	7,500	7,098	4,154	2,944
Other charges	49,500	49,935	46,089	3,846
	405,935	405,936	386,392	19,544

(CONTINUED ON NEXT PAGE)

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

CITY OF LAKELAND, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND**

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Office of principal				
Salaries	\$ 1,500,000	\$ 1,514,566	\$ 1,499,049	\$ 15,517
Benefits	450,761	451,557	324,820	126,737
Contractual services	16,000	17,660	16,200	1,460
Materials and supplies	45,000	40,186	37,734	2,452
Other charges	30,250	40,557	35,389	5,168
	<u>2,042,011</u>	<u>2,064,526</u>	<u>1,913,192</u>	<u>151,334</u>
Regular instruction				
Salaries	11,594,535	11,798,340	11,727,647	70,693
Benefits	3,715,291	3,415,451	3,106,941	308,510
Contractual services	140,000	149,410	131,209	18,201
Materials and supplies	994,308	1,771,037	1,140,313	630,724
Other charges	20,000	20,000	6,685	13,315
	<u>16,444,134</u>	<u>17,134,238</u>	<u>16,106,110</u>	<u>1,028,128</u>
Other/Bonus Pay				
Salaries	835,000	824,572	719,141	105,431
Benefits	107,728	107,728	64,747	42,981
	<u>942,728</u>	<u>932,300</u>	<u>783,888</u>	<u>148,412</u>
Special education				
Salaries	1,876,000	1,964,353	1,696,439	267,914
Benefits	798,235	655,542	445,613	209,929
Contractual services	170,000	139,800	97,552	42,248
Materials and supplies	66,818	80,258	29,823	50,435
Other charges	15,450	16,710	1,288	15,422
	<u>2,926,503</u>	<u>2,856,663</u>	<u>2,270,715</u>	<u>585,948</u>
Other student support				
Salaries	733,000	792,550	788,822	3,728
Benefits	294,546	215,166	176,735	38,431
Materials and supplies	15,000	13,519	3,633	9,886
Other charges	22,500	8,982	8,982	-
	<u>1,065,046</u>	<u>1,030,217</u>	<u>978,172</u>	<u>52,045</u>
Regular instruction support				
Salaries	596,000	598,600	563,340	35,260
Benefits	233,435	215,835	164,737	51,098
Materials and supplies	19,500	19,500	11,038	8,462
Other charges	18,000	8,000	2,557	5,443
	<u>866,935</u>	<u>841,935</u>	<u>741,672</u>	<u>100,263</u>

(CONTINUED ON NEXT PAGE)

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

CITY OF LAKELAND, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND**

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Special education support				
Salaries	\$ 303,000	\$ 324,947	\$ 327,999	\$ (3,052)
Benefits	114,751	83,802	74,181	9,621
Contractual services	30,000	73,434	71,092	2,342
Materials and supplies	2,000	1,566	1,538	28
Other charges	4,000	-	-	-
	453,751	483,749	474,810	8,939
Technology				
Salaries	322,000	322,000	309,535	12,465
Benefits	100,613	75,613	68,079	7,534
Contractual services	131,500	128,641	98,865	29,776
Materials and supplies	125,000	199,612	183,086	16,526
Other charges	171,000	137,246	65,101	72,145
	850,113	863,112	724,666	138,446
Fiscal services				
Salaries	226,000	280,600	246,438	34,162
Benefits	75,089	82,489	66,252	16,237
Contractual services	110,000	110,140	56,948	53,192
Materials and supplies	7,500	7,360	6,467	893
Other charges	18,000	18,000	12,994	5,006
	436,589	498,589	389,099	109,490
Human resources				
Salaries	227,000	232,300	226,317	5,983
Benefits	84,096	85,994	74,012	11,982
Contractual services	30,000	22,722	9,428	13,294
Materials and supplies	27,100	27,377	19,817	7,560
Other charges	13,000	12,803	6,409	6,394
	381,196	381,196	335,983	45,213
Student services				
Salaries	77,000	113,356	110,599	2,757
Benefits	20,831	24,547	19,709	4,838
	97,831	137,903	130,308	7,595
Health services				
Salaries	215,000	185,888	188,178	(2,290)
Benefits	60,399	53,079	39,227	13,852
Contractual services	6,000	6,000	338	5,662
Materials and supplies	5,250	4,500	2,810	1,690
Other charges	9,500	10,250	4,533	5,717
	296,149	259,717	235,086	24,631

(CONTINUED ON NEXT PAGE)

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

CITY OF LAKE LAND, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND**

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operation of plant				
Salaries	\$ 1,024,000	\$ 991,949	\$ 799,774	\$ 192,175
Benefits	203,724	218,478	169,050	49,428
Contractual services	108,000	98,491	71,197	27,294
Materials and supplies	102,500	105,893	90,296	15,597
Other charges	580,000	587,363	574,065	13,298
	<u>2,018,224</u>	<u>2,002,174</u>	<u>1,704,382</u>	<u>297,792</u>
Maintenance of plant				
Benefits	56,813	31,331	31,122	209
Contractual services	340,000	350,894	345,310	5,584
Materials and supplies	122,500	131,090	130,737	353
	<u>519,313</u>	<u>513,315</u>	<u>507,169</u>	<u>6,146</u>
Transportation				
Contractual services	900,000	1,035,693	1,034,517	1,176
Materials and supplies	2,500	-	-	-
	<u>902,500</u>	<u>1,035,693</u>	<u>1,034,517</u>	<u>1,176</u>
Cafeteria				
Salaries	-	6,781	3,427	3,354
Benefits	-	858	305	553
Materials and supplies	-	18,150	17,517	633
	<u>-</u>	<u>25,789</u>	<u>21,249</u>	<u>4,540</u>
Total education	31,416,946	32,235,042	29,476,684	2,758,358
CAPITAL OUTLAY	<u>-</u>	<u>67,000</u>	<u>67,000</u>	<u>-</u>
Total expenditures	<u>31,416,946</u>	<u>32,302,042</u>	<u>29,543,684</u>	<u>2,758,358</u>
Excess (deficiency) of revenue over (under) expenditures	(1,972,012)	(1,963,749)	5,096,304	7,060,053
OTHER FINANCING SOURCES (USES)				
Transfers in	751,665	751,665	760,523	8,858
Transfers out	<u>(3,000,000)</u>	<u>(3,500,000)</u>	<u>(3,526,643)</u>	<u>(26,643)</u>
Total other financing uses	<u>(2,248,335)</u>	<u>(2,748,335)</u>	<u>(2,766,120)</u>	<u>(17,785)</u>
Net change in fund balances	<u>\$ (4,220,347)</u>	<u>\$ (4,712,084)</u>	2,330,184	<u>\$ 7,042,268</u>
Fund balances - beginning			<u>7,049,636</u>	
Fund balances - ending			<u>\$ 9,379,820</u>	

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2025

	Enterprise Fund Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,713,474
Other receivables	1,721
Due from other governments	225,842
Total current assets	<u>1,941,037</u>
Noncurrent assets:	
Capital assets, not being depreciated	25,217,366
Capital assets, being depreciated, net	13,170,387
Total capital assets, net	<u>38,387,753</u>
Total assets	<u>40,328,790</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	25,893
 LIABILITIES	
Current liabilities:	
Accounts payable and other accruals	1,670,377
Accrued payroll	27,009
Due to other funds	155,800
Notes payable, current	716,000
Accrued compensated absences, current	19,782
Total current liabilities	<u>2,588,968</u>
Noncurrent liabilities:	
Advances from other funds	2,500,000
Notes payable, net of current portion	21,036,615
Accrued compensated absences	19,295
Net pension liability	32,540
Total noncurrent liabilities	<u>23,588,450</u>
Total liabilities	<u>26,177,418</u>
 DEFERRED INFLOWS OF RESOURCES	
Related to pension	<u>3,464</u>
 NET POSITION	
Net investment in capital assets	16,635,138
Unrestricted	(2,461,337)
Total net position	<u><u>\$ 14,173,801</u></u>

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Enterprise Fund Sewer Fund
Operating Revenues:	
Sewer service fee	\$ 2,755,984
Service connections fees	249,700
Other	10,127
Total operating revenues	<u>3,015,811</u>
Operating Expenses:	
Salaries	525,541
Benefits	214,097
Materials and supplies	112,316
Utilities	181,419
Professional services	786,418
Other services and charges	88,367
MLGW collection fees	59,349
Depreciation	606,969
Total operating expenses	<u>2,574,476</u>
Operating income	441,335
Nonoperating Revenues (Expenses):	
Interest	188
Bond interest and fiscal charges	(483,985)
Loss on sale of capital assets	(104,962)
Total nonoperating expenses	<u>(588,759)</u>
Income (loss) before contributions and transfers	<u>(147,424)</u>
Capital contributions - development	<u>160,045</u>
Change in net position	12,621
Total net position - beginning	<u>14,161,180</u>
Total net position - ending	<u><u>\$ 14,173,801</u></u>

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2025

	Enterprise Fund Sewer Fund
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,270,447
Payments to suppliers	(4,771,509)
Payments to employees	(715,539)
Other receipts	10,127
Net cash used for operating activities	(2,206,474)
CASH FLOW USED FOR NONCAPITAL FINANCING ACTIVITIES	
Payment from other funds	155,800
CASH FLOW FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(13,350,146)
Proceeds from issuance of capital debt	15,993,913
Principal paid on capital debt	(688,000)
Interest paid on capital debt	(483,985)
Proceeds from interfund advances	2,500,000
Payment on interfund advances	(1,024,354)
Net cash from capital and related financing activities	2,947,428
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	188
Net increase in cash and cash equivalents	896,942
Cash and cash equivalents - beginning of the year	816,532
Cash and cash equivalents - end of the year	\$ 1,713,474
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 441,335
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	606,969
Pension expense in excess of employer contributions	7,251
Change in assets and liabilities	
Due from other governments	264,763
Accounts payable	(3,543,640)
Accrued payroll	6,687
Accrued compensated absences	10,161
Net cash used for operating activities	\$ (2,206,474)

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2025

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 62,154
Investments	
Equity exchange traded funds	376,179
Alternative mutual funds	110,087
Equity mutual funds	1,620,207
Fixed income mutual funds	1,578,549
Structured investments	131,668
Total investments	<u>3,816,690</u>
Total assets	<u><u>\$ 3,878,844</u></u>
NET POSITION	
Restricted for OPEB	<u><u>\$ 3,878,844</u></u>

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

CITY OF LAKELAND, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2025

	OPEB Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 263,660
Implicit subsidy	70,516
Total contributions	<u>334,176</u>
Investment earnings (losses):	
Interest and dividends	207,865
Net appreciation in fair value of investments	129,004
Administrative expense	(17,743)
Net investment earnings	<u>336,869</u>
Total additions	653,302
DEDUCTIONS	
Premiums	184,176
Total deductions	<u>184,176</u>
Change in net position	469,126
Net position - beginning of the year	<u>\$3,409,718</u>
Net position - end of the year	<u><u>\$ 3,878,844</u></u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lakeland, Tennessee (City) was incorporated in 1977 and operates under a City Manager-Commission form of government, governed by a five-member elected Board of Commissioners, and provides general governmental services to its residents, including public works, parks and recreation, and community development activities.

The Lakeland School System (Board of Education or Schools) was created by the City Charter in 2013 and began operation in August 2014. The Board of Education is a governed by a separately elected board and is a legally separate entity for which the City is financially accountable. Accordingly, the Board of Education is reported as a blended component unit of the City. The City provides funding for the School System, approves its operating budget, and issues long-term debt, such as bonds and notes payable, to provide the financing for the acquisition and construction of school facilities.

The Board of Education's funds include the General Purpose Fund, Federal Projects Fund, Nutrition Fund, Discretionary Grants Fund, Lakeland Extended Activities Program (LEAP) Fund, Internal School Fund, and the Capital Projects Fund. The Board of Education does not issue separate financial statements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its blended component units, entities for which the government is financially accountable. Blended component units, although legally separate, are reported as part of the primary government because of the nature and significance of their relationship with the City. The significant accounting policies followed by the blended component unit are generally consistent with those of the primary government.

Fiduciary Component Unit – The School System's Other Postemployment Benefit (OPEB) Trust Fund is reported as a fiduciary component unit of the City. The trust is a legally separate entity, and its assets are held in trust for the benefit of plan members and are not available to support the programs of the City or the School System.

B. Basis of Presentation

1. Government-Wide 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 and are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector entity. 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.

Certain eliminations have been made to minimize the double counting of internal activities. All internal balances in the statement of net position have been eliminated, except for balances between governmental activities and business-type activities, which are reported as internal balances. These internal balances are eliminated in the total primary government column. In the statement of activities, transactions between governmental activities and business-type activities have not been eliminated.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences presented as net position. Net position is classified into three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either restricted by enabling legislation or restricted by external parties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities presents information showing the degree to which the direct expenses of each function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including taxes, are reported as general revenues. Certain revenues, including property taxes and intergovernmental revenues levied or received for the benefit of the School System, are reported as program revenues of the related function rather than as general revenues.

2. *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. The activities of the government are organized into funds, each of which are separate accounting entities. Each fund is accounted for by providing a set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City has presented all major funds meeting the criteria established by GASB as separate columns in the fund financial statements. The City's major funds are as follows:

Major Governmental Funds: General Fund and School General Purpose Fund.

Major Proprietary Funds: Sewer Fund

Detailed descriptions of these funds are presented below.

3. *Governmental Fund Financial Statements*

The governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balance for each major fund and in the aggregate for all nonmajor funds. An accompanying reconciliation is presented to explain the differences between fund balances and changes in fund balances reported in the governmental fund financial statements and net position and changes in net position reported in the government-wide financial statements. The governmental funds of the City are described below:

- a. **General Fund** – The primary operating fund of the City, which accounts for all financial resources of the general government not required to be accounted for in another fund. Most essential governmental services, including general administration, community services, and public works, are reported in the General Fund.
- b. **Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The City's special revenue funds include the State Street Aid Fund, Storm Water Fund, Solid Waste Control Fund, School Federal Projects Fund, School Nutrition Fund, School Discretionary Grants Fund, Lakeland Extended Activities Program (LEAP) Fund, and Internal School Fund. The Internal School Fund accounts for student activity resources over which the School System has full administrative involvement, including custody of cash, authorization of disbursements, and accounting and reporting responsibilities, and is therefore reported as a governmental special revenue fund. The special revenue funds also include the School General Purpose Fund, described below.

School General Purpose Fund – The primary operating fund of the Lakeland School System, which accounts for general revenues and other receipts that are not required by law or contractual agreement to be accounted for in another School System fund, including property tax revenues, Tennessee Investment in Student Achievement (TISA) funds, and other intergovernmental revenues. General operating expenditures and certain capital-related costs of the School System are paid from this fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. **School Capital Projects Fund** – This fund accounts for financial resources used for School-related capital improvement projects and capital asset acquisitions.
- d. **Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term debt issued by the City for governmental activities.

4. *Proprietary Fund Financial Statements*

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The proprietary fund of the City is described below:

- a. **Enterprise Fund** – Accounts for business-type activities provided to the public, where the intent is that the costs of providing goods or services are financed or recovered primarily through user charges. The measurement focus of these funds is on the determination of changes in net position.

Sewer Fund – Accounts for sewer service charges related to the operation of the City's sewer system. Loan proceeds reported in this fund have been used for the construction or acquisition of sewer system infrastructure and facilities. Related long-term obligations are reported in the Sewer Fund, as they are expected to be repaid from revenues generated by sewer system operations.

5. *Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are used to report assets held by the City in a trustee or custodial capacity for individuals, private organizations, or other governments and, therefore, are excluded from the government-wide financial statements because the assets are not available to support the City's programs.

- a. **Other Postemployment Benefit (OPEB) Trust Fund** – The School System's OPEB Trust Fund accounts for the accumulation and management of resources held in trust for the payment of retiree group health and dental benefits for eligible employees and beneficiaries, in accordance with plan provisions.

C. **Measurement Focus and Basis of Accounting**

Measurement focus refers to which transactions are recorded in the financial statements, while basis of accounting refers to when transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

The government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are reported in the statement of net position. The statement of activities presents changes in net position.

Proprietary funds and fiduciary funds are also reported using the economic resources measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, whether current or noncurrent, are reported in the applicable statements, and changes in net position are reported for the period.

Governmental funds are reported using the current financial resources measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are reported in the governmental fund balance sheets. The statements of revenues, expenditures, and changes in fund balance present increases and decreases in available financial resources during the period. Fund balance represents the governmental funds' measure of available financial resources at the end of the period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. Unearned revenue arises when resources are received before revenue recognition criteria have been satisfied.

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 that are restricted to a specific function. Revenues that are not restricted to a particular program, including most taxes and internally dedicated resources, are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 revenues of the Sewer Fund are charges to customers for sales and services. The Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund revenues consist of additions to fiduciary net position from contributions by the City, the School System, plan participants, and investment income. Expenses consist of deductions from fiduciary net position resulting from benefit payments and administrative expenses.

Governmental fund financial statements are presented using the modified accrual basis of accounting. Under this basis, revenues are recognized when they are both measurable and available to finance expenditures of the current period. Revenues are considered available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period; for this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

The primary revenue sources treated as susceptible to accrual are property taxes, other local taxes, and intergovernmental revenues. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recognized when cash is received. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred, all eligibility requirements have been met, and the resources are received during the period or within the availability period.

Expenditures generally are recognized when the related liability is incurred. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recognized when payment is due. The issuance of long-term debt and financing through leases and subscription-based information technology arrangements (SBITAs) are reported as other financing sources.

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

1. Deposits and investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents held by the trustee of the School OPEB Fund are included in cash and cash equivalents. Cash equivalents also include investments in the Local Government Investment Pool (LGIP) due to the short-term nature of their maturity.

Investments, including other postemployment benefit investments held in fiduciary funds, are measured at fair value except for those investments in the LGIP. The LGIP qualifies as a 2a7-like pool and is measured at stable net asset value, with amortized cost approximating fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted investments consist of assets held in the Stabilization Reserve Trust for future Tennessee Consolidated Retirement System (TCRS) pension benefits of the School System.

2. Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts.

Real and personal property taxes are levied by July 1 for each fiscal year on values assessed as of the prior January 1, the date the City has an enforceable legal claim. Property taxes are due on December 1 and are considered delinquent after February 28, at which time penalties and interest are assessed and property is available for tax lien.

Property taxes receivable are recognized as of the date the City has an enforceable legal claim. Property taxes are reflected as revenues in the fiscal period for which they are levied, which is the subsequent fiscal year for the current fiscal year's assessment, provided they are received and collected within the current period or within 60 days following the fiscal year end (August 29).

Since property tax receivables are recognized prior to meeting revenue recognition criteria under the modified accrual basis of accounting, amounts that are not available are reported as a deferred inflow of resources at June 30. Delinquent taxes expected to be collected after August 29 are reported as property taxes receivable and deferred inflows of resources. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the Board of Commissioners.

The School System recognizes its share of real and personal property taxes, sales taxes, and other local taxes as revenue in the fiscal year collected by the State of Tennessee, Shelby County, or the City, as applicable. The School System does not have any taxing authority. Accordingly, the School System relies on a share of real and personal property taxes collected by the Shelby County. The Shelby County tax levy includes an amount allocated and distributed to the county schools and the municipal school districts based on the average daily attendance of each system.

Receivables due from other governments are primarily from the United States government, the State of Tennessee, and Shelby County, Tennessee. No allowance for uncollectable amounts has been recognized.

Governmental funds report deferred inflows of resources related to unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned as "unearned revenue." At the end of the current fiscal year, unavailable revenue principally represents amounts relating to property taxes and grants.

3. Interfund transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance classification in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Permanent reallocations of resources between funds of the City are classified as interfund transfers. For the statement of activities, all transfers between individual governmental funds have been eliminated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Inventories and prepaid items

Inventories consist of expendable supplies and are presented at cost. Inventory is charged to operations using average cost. 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. The City uses the consumption method to record inventories and prepaid items, whereby the cost is recognized as expenditures or expenses when the items are consumed rather than when purchased.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquisition value at the date received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land, easements, rights-of-way, and construction in progress are not depreciated. All other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15-40 years
Other improvements	20 years
Machinery and equipment	5 years
Vehicles	5 years
Infrastructure	30 years

6. Right-of-use capital assets and related liabilities

Right-to-use lease assets are measured at an amount equal to the initial measurement of the related lease liability, plus lease payments made prior to the commencement of the lease term, less any lease incentives received, and plus ancillary charges necessary to place the asset into service. Right-to-use subscription-based information technology arrangement (SBITA) assets are measured at the initial measurement of the related SBITA liability, plus payments made prior to the commencement of the SBITA term and capitalizable implementation costs. Right-to-use assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the related lease or SBITA term.

Lease and SBITA liabilities are initially measured at the present value of payments expected to be made during the term of the related agreements. Subsequently, the liabilities are reduced by the principal portion of payments made. The City uses the interest rate charged by the lessor as the discount rate when it is readily determinable. When the interest rate is not determinable, the City uses its estimated incremental borrowing rate. The lease or SBITA term includes the noncancellable period and any renewal periods reasonably certain to be exercised, as well as termination options reasonably certain not to be exercised.

7. Deferred outflows of resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense) until that time. The City reports deferred outflows of resources include those related to pension and other postemployment benefits. Additional information regarding these items is provided in the related notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. *Compensated absences*

The City and the School System provide compensated absences in the form of vacation leave, sick leave, and compensatory time.

For the City, vacation leave is earned based on years of service and may accumulate without limit. Sick leave is earned and accumulated subject to a maximum balance. Compensatory time may be earned and, in certain circumstances, converted to vacation leave. Upon termination, employees are eligible to receive payment for a combined amount of unused vacation leave and sick or compensatory time converted to vacation leave, subject to a maximum payout. Certain City employees participating in the legacy Tennessee Consolidated Retirement System (TCRS) pension plan may convert unused sick leave to pension service credit rather than receive a cash payout.

For the School System, vacation leave may accumulate up to a specified maximum and is eligible for payout upon termination. Sick leave is not payable upon termination but is converted to pension service credit for teachers and certain other employees participating in the legacy or hybrid TCRS pension plans. The School System does not provide for compensatory time or conversion of sick leave to vacation leave.

Based on historical usage patterns evaluated using a last-in, first-out (LIFO) method, management determined that accumulated vacation and sick leave for both the City and the School System are not more likely than not to be used or paid out. Accordingly, no liability was recorded for these compensated absences at year end. Liabilities were recorded for accumulated compensatory time that is payable upon termination.

In the government-wide and proprietary fund financial statements, compensated absences are reported as long-term liabilities to the extent applicable. In the governmental fund financial statements, liabilities are reported only for amounts that are due and payable at year end.

9. *Long-term obligations*

Long-term obligations are reported as liabilities in the government-wide financial statements and in the proprietary fund financial statements. Premiums and discounts on debt issuances are deferred and amortized over the life of the related debt using the effective interest method. Long-term debt is reported net of the applicable premium or discount. Debt issuance costs are expensed as incurred.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources in the period received. Premiums on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Debt issuance costs, whether paid from proceeds or withheld from the debt issuance, are reported as debt service expenditures in the period incurred.

10. *Deferred inflows of resources*

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to unavailable revenues, pensions, and other postemployment benefits.

Unavailable revenues from property taxes represent amounts that were receivable and measurable in the governmental funds at year end but were not available to finance expenditures of the current period.

Deferred inflows of resources also include the unamortized gain on refunding reported in the government-wide statement of net position, which represents the difference between the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the remaining life of the refunded debt or the life of the refunding debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. *Net position and fund balance*

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net position and is reported in the following components:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on its use by external parties such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislations.

Unrestricted net position – all other net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted amounts are available, it is the City's policy to reduce restricted resources first.

In the fund financial statements, governmental funds report fund balances in classifications that are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent. These fund balance classifications are as follows:

Nonspendable – amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – amounts constrained to specific purposes by external parties, constitutional provisions, or enabling legislation.

Committed – amounts constrained to specific purposes by formal action of the Board of Commissioners through the adoption of an ordinance. Commitments may be changed or removed only through the same formal action.

Assigned – amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. The Board of Commissioners has authorized the Mayor and City Manager to assign amounts in the General Fund in accordance with established policy.

Unassigned – the residual fund balance in the General Fund available for any purpose. In other governmental funds, unassigned fund balance is used only to report deficit balances..

When an expenditure is incurred for purposes for which both restricted, committed, assigned, or unassigned fund balance is available, it is the City's policy to expend resources in the following order: restricted, committed, assigned, and then unassigned.

The City has adopted a fund balance policy under which the unassigned General Fund balance will be maintained at a level equal to 25 percent of recurring General Fund revenues, plus \$1,100,000 for cash flow management and protection against exposure to variable rate debt. If fund balance falls below this level, management will develop a replenishment plan for approval by the Board of Commissioners.

12. *Pensions and Other Postemployment Benefits*

The City participates in a defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS), and the School System participates in multiple defined benefit pension plans administered by TCRS. The School also maintains one defined benefit other postemployment benefit (OPEB) plan.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of measuring the net pension and net OPEB assets or liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position, and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the actuaries. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of each plan. Expenses of the plans, such as investment fees, trustee fees, and audit fees, are paid by the plans. However, certain administrative functions are performed by employees of the City and are not reimbursed by the plans. Investments, other than contracts, are reported at fair value. Investment income is recognized as earned. Plan assets do not include any securities of the City nor have any of the plans made any loans to the City.

13. Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value in the statements of net position are categorized based on the level of judgment associated with the inputs used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the City can access at the measurement date. Level 2 inputs are observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities in active or inactive markets or other inputs that are observable or can be corroborated by observable market data. Level 3 inputs are unobservable inputs that reflect the City's assumptions about the assumptions market participants would use in pricing an asset or liability.

Certain investments are measured at net asset value (NAV) per share as a practical expedient for determining fair value. Investments measured using the NAV per share practical expedient are not classified within the fair value hierarchy.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

14. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. Implementation of New Accounting Standard

During the year ended June 30, 2025, the City implemented GASB Statement No. 101, Compensated Absences. The implementation of this standard did not result in a restatement of beginning net position, as the effects were determined to be immaterial to the financial statements.

As part of the implementation, the City and the School System evaluated its compensated absence policies and historical usage patterns and applied the more-likely-than-not recognition threshold to accumulated leave balances. Based on this evaluation, management determined that accumulated sick leave balances are not expected to be used or otherwise settled, as employees generally use sick leave on a last-in, first-out (LIFO) basis. Accordingly, no liability was recorded for unused sick leave balances as a result of adopting the new standard.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The Board of Commissioners annually adopts operating budgets for the General Fund, Special Revenue Funds, Debt Service Fund, and Sewer Fund of the City. Capital expenditures of the City are authorized through the annual budget and are based on the City's five-year capital improvements plan (CIP). The total appropriations of these funds constitute legal spending limits, which may be amended only by ordinance.

Budgetary transfers within a fund are authorized by the Board of Commissioners through the budget ordinance and are presented to the Board of Commissioners at the next scheduled meeting.

The Lakeland School Board of Education annually adopts operating budgets for each of the School System's funds, except for the Internal School Fund, which is not required to, and does not, adopt an annual budget. The Board of Commissioners subsequently approves the School System's budget. Annual budgets are adopted on a basis consistent with Tennessee Code Annotated, which is not materially different **from** the modified accrual basis of accounting.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported in the fund balance classifications of the related funds and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the year ended June 30, 2025, expenditures exceeded appropriations by approximately \$20,000 in the Solid Waste Fund.

NOTE 3 – DEPOSITS

Legal Provisions

State statutes require that deposits of public funds be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, collateral held by the City's agent in the City's name, collateral held by Federal Reserve Banks acting as third-party agents, or a combination of these methods. State statute requires that all uninsured deposits be collateralized by securities with a fair value equal to at least 105 percent of the average daily balance of public deposits held.

Collateral required to be pledged by participating banks is pledged to the State Treasurer on behalf of the Tennessee Bank Collateral Pool. The securities are pledged in the aggregate rather than against individual accounts, and participating banks may be required to pay assessments to cover any deficiencies. Under this arrangement, public fund accounts covered by the pool are considered insured for purposes of custodial credit risk disclosure.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy for custodial risk is to comply with state statutes. As of June 30, 2025, all bank deposits were fully insured by federal depository insurance or collateralized through the Tennessee Bank Collateral Pool.

NOTE 4 – INVESTMENTS

Legal Provisions

Investments of the City and School System are limited to those authorized by Tennessee State Law. State statutes authorize investments in obligations of the U.S. government and its agencies, deposit accounts at state and federal chartered financial institutions, repurchase agreements, the Tennessee Local Government Investment Pool (LGIP),

NOTE 4 – INVESTMENTS (CONTINUED)

and certain highly rated state and local government obligations. State statutes also require that securities underlying repurchase agreements must have a fair value at least equal to the amount of funds invested in the repurchase transaction. State statutes generally limit maturity of investments to four years from the date of purchase, unless a longer maturity is approved by the State Director of Finance.

A. Primary Government Investments

At June 30, 2025, the LGIP represents 100% of the primary government's investments. Investments in the LGIP are measured at amortized cost, which approximates fair value, and are reported as cash equivalents due to their short-term nature. The LGIP maintains a weighted average maturity of 60 days or less.

B. Restricted Investments – TCRS Stabilization Reserve Trust

The School is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School or City. The trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose restrictions on investments placed by the trust on their behalf.

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares. For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, as well as the audited financial statements of the TCRS, please refer to <https://comptroller.tn.gov/advance-search.html>.

The following table summarizes fair value disclosures and measurements for the School's investments held by the TRGT on its behalf as of June 30, 2025:

Investments at Fair Value	Total	Level 1	Level 2	Level 3
U.S. equity	\$ 120,777	\$ 120,777	\$ -	\$ -
Developed market international equity	54,544	54,544	-	-
Emerging market international equity	15,585	15,585	-	-
U.S. fixed income	77,920	-	77,920	-
Short-term securities	3,896	-	3,896	-
Real estate	38,960	-	-	38,960
	311,682	\$ 190,906	\$ 81,816	\$ 38,960
Investments at amortized cost using NAV				
Private equity and strategic lending	77,920			
Total restricted investments	\$ 389,602			

C. Fiduciary Investments

The School administers an OPEB Trust Fund whose investments are held by a third-party trustee. The trust's investment policy, that have been formally adopted by the City's Board of Commissioners, permits investments in equity securities, fixed income securities, and investment funds, as selected by the trustee and investment advisor in accordance with the trust agreement.

NOTE 4 – INVESTMENTS (CONTINUED)

The following table summarizes fair value disclosures and measurements for the fiduciary investments at June 30, 2025:

Investments at Fair Value	Total	Level 1	Level 2	Level 3
Fiduciary Activities:				
Equity exchange traded funds	\$ 376,179	\$ 376,179	\$ -	\$ -
Alternative mutual funds	110,087	110,087	-	-
Equity mutual funds	1,620,207	1,620,207	-	-
Fixed income mutual funds	1,578,549	1,578,549	-	-
Structured Investments	131,668	-	-	131,668
	<u>\$ 3,816,690</u>	<u>\$ 3,685,022</u>	<u>\$ -</u>	<u>\$ 131,668</u>

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025:

- *Short-term securities:* generally, include investments in money market-type securities reported at cost plus accrued interest.
- *Equity and equity derivative securities:* Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are securities whose values are derived daily from associated traded securities. Level 3 are valued with last trade data having limited trading volume.
- *US Treasury Bills, Bonds, Notes and Futures:* Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.
- *Real estate investments:* Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.
- *Private mutual funds, traditional private equity funds, strategic lending funds and real estate funds:* Those funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

Risks and Uncertainties – The fiduciary fund trust's and TRGT's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have the ability to limit TRGT investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City and School manage their exposure to declines in fair value by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City and School invest operating funds primarily in short-term securities or the LGIP and limits the average maturity of the portfolio to those established by TCA 6-5-106 for commercial paper and repurchase agreements and four years for investments in securities of the U.S. Treasury, Federal Government sponsored agencies, or certificates of deposit.

NOTE 4 – INVESTMENTS (CONTINUED)

Concentration of Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. The School does not have the ability to limit the credit ratings of individual investments made by the trust. The School places no limit on the amount the TRGT may invest in one issuer. The City and School have adopted the investment policy established by TCA 6-5-106 for investments other than those held for Pension and OPEB benefits. The School diversifies its fiduciary fund investment portfolios so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. The School had no investments that comprised more than 5% of its total investments at June 30, 2025.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City or School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in the LGIP are held by the State Treasury, not in the name of the City. The third-party bank is also a participant in the State collateral pool. Pursuant to the trust agreements, investments are held in the TRGT and each fiduciary trust are for the benefit of the School to pay retirement benefits of their respective employees.

NOTE 5 – INTERFUND TRANSACTIONS

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

Receivable Fund	Payable Fund		Total
	Major Funds		
	General	Sewer	
Major Funds			
General	\$ -	\$ 155,800	\$ 155,800
School General Purpose	45,243	-	45,243
Aggregate Nonmajor Governmental	1,473,000	-	1,473,000
Total	\$ 1,518,243	\$ 155,800	\$ 1,674,043

These balances resulted primarily from the timing differences between the provision of goods and services, the incurrence of reimbursable expenditures, and the receipt of related payments between funds and consist of short-term receivables and payables.

In June 2024, the Board of Commissioners authorized the issuance of an Interfund Bond Anticipation Note, Series 2024, in an amount not to exceed \$20,000,000, representing a long-term interfund advance from the General Fund to the Sewer Fund. The note was issued to avoid project delays resulting from the timing of certain sewer project expenditures and subsequent loan disbursements under the State Revolving Fund loan program. Under the terms of the agreement, interest is charged at a rate of 2.78 percent per annum, the note matures no later than two years from the date of issuance, and no more than \$4,000,000 of principal may be outstanding at any one time. At June 30, 2025, the outstanding principal balance of the Interfund Bond Anticipation Note was \$2,500,000.

NOTE 5 – INTERFUND TRANSACTIONS (CONTINUED)

The composition of interfund transfers for the year ended June 30, 2025 is as follows:

Transfers In	Transfers Out			Total
	Major Funds		Aggregate Nonmajor Governmental	
	General	School General Purpose		
Major Funds				
General Purpose School	\$ 751,665	\$ -	\$ 8,858	\$ 760,523
Aggregate Nonmajor Governmental	5,431,631	3,526,643	-	8,958,274
Total	<u>\$ 6,183,296</u>	<u>\$ 3,526,643</u>	<u>\$ 8,858</u>	<u>\$ 9,718,797</u>

Transfers out of the major funds were made primarily to provide funding for debt service requirements, support School System operations and capital activities, and allocate costs between funds in accordance with budgetary authorizations.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 13,779,408	\$ 629,679	\$ -	\$ -	\$ 14,409,087
Construction in progress	12,806,896	4,037,246	-	(3,927,666)	12,916,476
Total capital assets, not being depreciated	<u>26,586,304</u>	<u>4,666,925</u>	<u>-</u>	<u>(3,927,666)</u>	<u>27,325,563</u>
Capital assets, being depreciated:					
Buildings and improvements	90,988,019	3,923,288	-	1,302,790	96,214,097
Other improvements	6,501,379	8,982	-	96,974	6,607,335
Machinery and equipment	10,145,633	370,037	(84,825)	9,424	10,440,269
Vehicles	869,599	94,575	-	59,361	1,023,535
Infrastructure	80,876,684	-	-	2,459,117	83,335,801
Right-to-use subscription asset	822,646	158,534	-	-	981,180
Total capital assets, being depreciated	<u>190,203,960</u>	<u>4,555,416</u>	<u>(84,825)</u>	<u>3,927,666</u>	<u>198,602,217</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,098,497)	(2,331,385)	-	-	(13,429,882)
Other improvements	(4,739,466)	(128,567)	-	-	(4,868,033)
Machinery and equipment	(4,678,393)	(1,007,426)	84,825	-	(5,600,994)
Vehicles	(587,404)	(125,189)	-	-	(712,593)
Infrastructure	(58,472,593)	(1,619,987)	-	-	(60,092,580)
Right-to-use subscription asset	(131,928)	(203,743)	-	-	(335,671)
Total accumulated depreciation	<u>(79,708,281)</u>	<u>(5,416,297)</u>	<u>84,825</u>	<u>-</u>	<u>(85,039,753)</u>
Total capital assets, being depreciated, net	<u>110,495,679</u>	<u>(860,881)</u>	<u>-</u>	<u>3,927,666</u>	<u>113,562,464</u>
Governmental activities capital assets, net	<u>\$ 137,081,983</u>	<u>\$ 3,806,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,888,027</u>

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type activities:					
Capital assets, not being depreciated:					
Land	\$ 75,360	\$ -	\$ -	\$ -	\$ 75,360
Construction in progress	12,232,565	12,909,441	-	-	25,142,006
Total capital assets, not being depreciated	12,307,925	12,909,441	-	-	25,217,366
Capital assets, being depreciated:					
Buildings and improvements	10,541,806	178,990	-	-	10,720,796
Other improvements	10,935,256	160,045	(309,697)	-	10,785,604
Machinery and equipment	1,327,062	222,194	(8,000)	-	1,541,256
Vehicles	-	39,521	-	-	39,521
Total capital assets, being depreciated	22,804,124	600,750	(317,697)	-	23,087,177
Less accumulated depreciation for:					
Buildings and improvements	(4,479,725)	(219,347)	-	-	(4,699,072)
Other improvements	(4,368,079)	(257,147)	204,735	-	(4,420,491)
Machinery and equipment	(674,752)	(124,547)	8,000	-	(791,299)
Vehicles	-	(5,928)	-	-	(5,928)
Total accumulated depreciation	(9,522,556)	(606,969)	212,735	-	(9,916,790)
Total capital assets, being depreciated, net	13,281,568	(6,219)	(104,962)	-	13,170,387
Business-Type activities capital assets, net	\$ 25,589,493	\$ 12,903,222	\$ (104,962)	\$ -	\$ 38,387,753

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

Governmental Activities:	
General government	\$ 423,795
Community development	59,417
Public works	1,734,321
Parks and recreation	221,685
Education	2,977,079
Total depreciation expense - governmental activities	<u>\$ 5,416,297</u>
Business-Type Activities:	
Sewer	<u>\$ 606,969</u>

Construction and other significant commitments

The City had active construction projects as of June 30, 2025. At year end, the remaining significant contractual commitments with contractors were approximately as follows:

Project	Spent-to-Date	Remaining Commitment
City Construction		
Clear Creek Interceptor	\$ 21,317,000	\$ 918,000
Oliver Creek Interceptor	296,000	1,856,000
Canada Road	10,247,000	24,000,000
Community Center	1,506,000	22,600,000
Pickleball Courts	17,000	1,927,000
	<u>\$ 33,383,000</u>	<u>\$ 51,301,000</u>

NOTE 7 – LONG-TERM LIABILITIES

1. Long-Term Debt

General obligation bonds and loans

The City issues general obligation bonds and enters into loan agreements for the acquisition, construction, and improvement of major capital facilities and infrastructure. General obligation bonds are issued with serial maturities ranging from 15 to 40 years. The City's full faith, credit, and unlimited taxing power are pledged to the repayment of general obligation bonds and related interest and the City is contingently liable for the repayment of revenue notes principal and interest. Certain loan agreements contain provisions that allow amounts outstanding to become immediately due upon default. Tennessee law does not impose a statutory debt limit applicable to the City; therefore, no legal debt margin is calculated.

In May 2022 and September 2023, the City entered into loan agreements with the State Revolving Loan Fund through the Tennessee Department of Environment and Conservation with authorized borrowings totaling \$24,000,000. The loans bear interest at rates ranging from 2.86 percent to 3.35 percent and mature in various years through June 2044. Proceeds are being used to finance sewer system improvements, including replacement of the Clear Creek Interceptor. As of June 30, 2025, total borrowings outstanding under these agreements were \$21,036,615.

Shelby County Settlement Obligation

In January 2014, the City and the School System entered into a settlement agreement with Shelby County, Tennessee, and the Shelby County Board of Education. Under the agreement, the City is required to make twelve annual installment payments of \$56,337 to the Shelby County Board of Education. The liability was initially recorded at its present value using a discount rate of 0.50 percent.

Debt outstanding as of June 30, 2025 consisted of the following:

	Interest Rates	Maturity Date	Original Issue	Outstanding at Year End
Governmental activities:				
<u>Payable through Debt Service Fund</u>				
Notes from direct borrowings:				
TLDA Construction Loan	1.89%	7/20/2039	\$ 1,725,000	\$ 1,106,505
General Obligation Refunding Bonds, Series 2021 R1	2.125%	1/27/2061	5,194,500	4,848,730
General Obligation Refunding Bonds, Series 2021 R2	2.125%	1/27/2061	9,600,000	8,960,980
General Obligation Refunding Bonds, Series 2022 R1	2.50%	6/22/2062	9,900,000	9,447,747
General Obligation Refunding Bonds, Series 2022 R2	2.50%	6/22/2062	9,800,000	9,352,315
General Obligation Refunding Bonds, Series 2022 R3	2.50%	6/22/2062	9,700,000	9,256,883
General Obligation Refunding Bonds, Series 2022 R4	2.50%	6/22/2062	7,903,000	7,541,973
General Obligation Refunding Bonds, Series 2022 R5	2.50%	6/22/2062	7,902,500	7,541,496
			61,725,000	58,056,629
Other debt:				
Shelby County Settlement Liability	.50%	11/1/2025	676,044	56,328
			<u>\$ 62,401,044</u>	<u>\$ 58,112,957</u>
Business-Type activities:				
<u>Payable through Sewer Fund</u>				
Notes from direct borrowings:				
TN Municipal League Note, Series 2005	3.45%	5/25/2026	\$ 11,000,000	\$ 716,000
TN State Revolving Loan 2022-476	2.86%	5/30/2042	15,000,000	12,789,555
TN State Revolving Loan 2022-476-01	3.35%	6/30/2044	9,000,000	8,247,060
			<u>\$ 35,000,000</u>	<u>\$ 21,752,615</u>

*Variable rate Tennessee Municipal Bond Fund loan rate for June 30, 2025 was 3.45%

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for bonds and notes payable are as follows:

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 1,107,239	\$ 1,393,677	\$ 716,000	\$ 1,575
2027	1,075,798	1,368,664	-	-
2028	1,099,370	1,344,997	-	-
2029	1,129,198	1,315,087	-	-
2030	1,154,088	1,290,111	-	-
2031-2035	6,193,887	6,025,721	-	-
2036-2040	6,880,079	5,255,106	-	-
2041-2045	7,354,895	4,413,646	21,036,615	-
2046-2050	8,281,743	3,486,796	-	-
2051-2055	9,327,682	2,440,853	-	-
2056-2060	10,506,146	1,262,392	-	-
2061-2063	4,002,832	141,891	-	-
	<u>\$ 58,112,957</u>	<u>\$ 29,738,941</u>	<u>\$ 21,752,615</u>	<u>\$ 1,575</u>

2. Subscription-based IT arrangements (SBITA) Obligations

As of June 30, 2025, the City and School had multiple long-term, noncancellable SBITAs with contract terms ranging from 3-6 years and fixed payments. Of the total subscription liability outstanding at June 30, 2025, \$573,370 will be paid by the General Fund and \$27,735 will be paid by the School General Purpose Fund. Future payments under the SBITA obligations are as follows for the years ending June 30:

	Principal	Interest	Total
2026	\$ 169,192	\$ 13,808	\$ 183,000
2027	144,556	9,444	154,000
2028	93,723	6,277	100,000
2029	95,770	4,230	100,000
2030	97,862	2,138	100,000
	<u>\$ 601,105</u>	<u>\$ 35,895</u>	<u>\$ 637,000</u>

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

3. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2025 is as follows. Additional detailed information is available following the summary.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Construction loan	\$ 1,174,437	\$ -	\$ (67,932)	\$ 1,106,505	\$ 69,228
Settlement liability	167,603	-	(111,275)	56,328	56,328
General obligation bonds	57,910,754	-	(960,630)	56,950,124	981,683
Subscription lease payable	638,346	158,535	(195,776)	601,105	169,192
Total long-term debt	59,891,140	158,535	(1,335,613)	58,714,062	1,276,431
Compensated absences*	518,660	-	(94,745)	423,915	280,367
	<u>\$ 60,409,800</u>	<u>\$ 158,535</u>	<u>\$ (1,430,358)</u>	<u>\$ 59,137,977</u>	<u>\$ 1,556,798</u>
Business-Type activities:					
Revenue notes payable	\$ 6,446,702	\$ 15,993,913	\$ (688,000)	\$ 21,752,615	\$ 716,000
Compensated absences*	28,916	-	10,161	39,077	19,782
	<u>\$ 6,475,618</u>	<u>\$ 15,993,913</u>	<u>\$ (677,839)</u>	<u>\$ 21,791,692</u>	<u>\$ 735,782</u>

*The change in the compensated absences liability is presented as a net change.

For governmental activities, compensated absences are generally liquidated by the General Fund and School General Purpose Fund.

NOTE 8 – DEFERRED GAIN ON REFUNDING

The unamortized deferred gain on refunding relates to General Obligation Refunding Bonds for governmental activities. Deferred gain on refunding reported in the statement of net position at June 30, 2025 of \$468,745 related to the refunding of the Series 2015 Capital Outlay Notes.

NOTE 9 – NET POSITION AND FUND BALANCE

Following is more detailed information on the government-wide calculation of net investment in capital assets:

	Governmental Activities	Business-Type Activity	Total
Capital assets, net of accumulated depreciation	\$ 140,888,027	\$ 38,387,753	\$ 179,275,780
Total outstanding balance of capital debt	(58,714,062)	(21,752,615)	(80,466,677)
Deferred gain on refunding	(468,745)	-	(468,745)
Unspent bond proceeds related to debt	428,546	-	428,546
Net investment in capital assets	<u>\$ 82,133,766</u>	<u>\$ 16,635,138</u>	<u>\$ 98,768,904</u>

NOTE 9 – NET POSITION AND FUND BALANCE (CONTINUED)

Following is more detailed information on the governmental fund balances:

	General Fund	School General Purpose	Nonmajor Governmental Funds	Total
Nonspendable for:				
Inventory	\$ 3,033	\$ -	\$ -	\$ 3,033
Prepaid expenditures	22,132	-	-	22,132
Advances	2,500,000	-	-	2,500,000
Total nonspendable fund balance	2,525,165	-	-	2,525,165
Restricted for:				
Education capital projects	-	-	428,546	428,546
Solid waste	-	-	386,436	386,436
Storm water	-	-	277,419	277,419
Education	-	8,990,218	1,821,221	10,811,439
Stabilization reserve trust	-	389,602	-	389,602
Total restricted fund balance	-	9,379,820	2,913,622	12,293,442
Committed for:				
Major roads	265,852	-	-	265,852
State street aid	-	-	1,255,813	1,255,813
Debt service	-	-	98	98
Total committed fund balance	265,852	-	1,255,911	1,521,763
Assigned to:				
Parks - Athletic Complex	243,841	-	-	243,841
Unassigned	6,769,524	-	-	6,769,524
Total fund balances	<u>\$ 9,804,382</u>	<u>\$ 9,379,820</u>	<u>\$ 4,169,533</u>	<u>\$ 23,353,735</u>

Inventory held in the Internal School Funds is classified as restricted fund balance rather than nonspendable because such inventory is legally restricted under State of Tennessee regulations and may only be used for the specific purposes of the respective school activity funds.

NOTE 10 – PENSIONS

The City of Lakeland and Lakeland School System participate in the following defined benefit multiple-employer Public Employee Retirement Plans administered by the Tennessee Consolidated Retirement System (TCRS):

- I. Public Employee Retirement Plan of TCRS (Classified Plan) – Certain employees of the City of Lakeland and certain classified employees of the Lakeland School System that were former Legacy Shelby County or Memphis City Schools Employees are included in this plan. The plan was closed to new membership on January 1, 2015 but continues to provide benefits to existing members. This is an agent multiple-employer pension plan.
- II. Teacher Legacy Pension Plan of TCRS (School Certified Plan) – Certain certified employees with membership in TCRS prior to July 1, 2014 are included in this plan. The plan was closed to new membership on June 30, 2014 but continues to provide benefits to existing members. The plan is a cost sharing multiple-employer pension plan.
- III. Teacher Retirement Plan of TCRS (School Hybrid Plan) – Certain staff with membership in TCRS beginning on or after July 1, 2014 are included in this plan. The plan is a hybrid plan which features both a defined contribution element and a pension plan element. The plan is a cost sharing multiple-employer pension plan.

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/tcrs>. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute.

Net pension assets (liabilities), deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense reported in the statement of net position and statement of activities are summarized as follows:

	Net Pension Asset	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Governmental Activities					
Classified Plan	\$ -	\$ 280,090	\$ 369,856	\$ 39,371	\$ 178,677
School Certified Plan	4,517,042	1,861,288	-	1,441,796	664,843
School Hybrid Plan	138,968	253,329	-	100,551	112,373
Total governmental activities	<u>4,656,010</u>	<u>2,394,707</u>	<u>369,856</u>	<u>1,581,718</u>	<u>955,893</u>
Business-type Activities					
Classified Plan	-	25,893	32,540	3,464	15,720
Total	<u>\$ 4,656,010</u>	<u>\$ 2,420,600</u>	<u>\$ 402,396</u>	<u>\$ 1,585,182</u>	<u>\$ 971,613</u>

For governmental activities, pension liability is generally liquidated by the General Fund and School General Purpose Fund.

A. General Information about the Pension Plans

Benefits Provided

Under the Classified Plan and School Certified Plan, members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. A reduced early retirement benefit is available at age 55 and vested. Under the School Hybrid Plan, members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age

NOTE 10 – PENSIONS (CONTINUED)

and service credit total 90. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80.

Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Additionally, under the School Certified Plan and School Hybrid Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2024, the following employees were covered by the terms of the agent plan:

	Classified Plan
Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	15
Active employees	11
	<u>48</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or, for the School Hybrid Plan, by automatic cost controls set by law. Employees contribute 5 percent of salary. The City and School make employer contributions at the rate set by the Board of Commissioners as determined by an actuarial valuation. By law, employer contributions to each plan are required to be paid. TCRS may intercept the City's state shared taxes if the required employer contributions are not remitted. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. Per the statutory provisions governing TCRS, the employer contribution rate for the School Hybrid Plan cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached. Employer contributions to each plan for the year ended June 30, 2025 were as follows:

	Classified Plan	School Certified Plan	School Hybrid Plan
Employer contributions	\$ 83,162	\$ 656,713	\$ 178,251
Covered payroll	926,083	10,333,152	5,802,810
As a percentage of covered payroll	8.98%	6.36%	3.07%

For the year ended June 30, 2025, employer contributions to the School TCRS Teacher Hybrid Plan included contributions to the Pension Stabilization Reserve Trust of .93%, of covered payroll.

NOTE 10 – PENSIONS (CONTINUED)

B. Actuarial Assumptions for each TCRS Plan

The total pension liability was determined by an actuarial valuation. Significant assumptions used include:

Actuarial Valuation Date	June 30, 2024
Measurement Date	June 30, 2024 (one year prior to reporting date)
Actuarial Cost Method	Entry age normal, level percent of pay
Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Discount Rate	6.75%
Cost-of-Living Adjustment	2.125%
Mortality Table	Actual experience including an adjustment for anticipated movement
Changes of Assumptions	No changes from the June 30, 2024 valuation date

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Board of Education will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to reflect more closely actual and expected future experience.

Investment Policy

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projects and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25%. The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the three factors.

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	31.00%	4.88%
Developed market international equity	14.00%	5.37%
Emerging market international equity	4.00%	6.09%
Private equity and strategic lending	20.00%	6.57%
U.S. fixed income	20.00%	1.20%
Real estate	10.00%	4.38%
Short-term securities	1.00%	0.00%
	100%	6.75%

NOTE 10 – PENSIONS (CONTINUED)

C. Net Pension Liability (Asset)

The net pension liability (asset) for each TCRS plan was measured as of June 30, 2024, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The components of the net pension liability (asset) as of that date are as follows:

	Agent Plan	Cost-Sharing Plans	
	Classified Plan	School Certified Plan	School Hybrid Plan
Total Pension Liability			
Service cost	\$ 68,894		
Interest	243,741		
Differences between expected and actual experience	154,966		
Benefit payments, including refunds	(149,249)		
Net change in total pension liability	318,352		
Total pension liability - beginning	3,616,715		
Total pension liability - ending	3,935,067		
Plan Fiduciary Net Position			
Contributions - employer	\$ 62,281		
Contributions - employee	40,944		
Net investment income	316,350		
Benefit payments	(149,249)		
Administrative expense	(2,379)		
Net change in plan fiduciary net position	267,947		
Plan fiduciary net position - beginning	3,264,724		
Plan fiduciary net position -ending	3,532,671		
Net pension liability (asset)	\$ 402,396		
Plan fiduciary net position as a percentage of the total pension liability	89.77%		
Proportionate share of net pension liability (asset)		\$ (4,517,042)	\$ (138,968)
Proportionate share at June 30, 2024 measurement date		0.262183%	0.195013%
Proportionate share at June 30, 2023 measurement date		0.247304%	0.189406%

The proportion of the net pension liability (asset) was based on the School's contributions to each cost-sharing plan relative to the contributions of all participating LEAs. Detailed information about each cost-sharing pension plan's fiduciary net position is available in a separately issued TCRS financial report.

NOTE 10 – PENSIONS (CONTINUED)**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) or proportionate share of net pension liability (asset) of the City related to each TCRS plan calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) or proportionate share of net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net pension liability (asset)			
Classified Plan	\$ 976,875	\$ 402,396	\$ (68,402)
Proportionate share of the net pension liability (asset)			
School Certified Plan	\$ 5,738,209	\$ (4,517,042)	\$ (13,022,374)
School Hybrid Plan	366,503	(138,968)	(515,143)

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

For the year ended June 30, 2025, the City reported pension expense, deferred outflows of resources, and deferred inflows of resources related to each plan from the following sources:

	<u>Classified Plan</u>	<u>School Certified Plan</u>	<u>School Hybrid Plan</u>
Pension Expense (Negative Pension Expense)	<u>\$ 194,397</u>	<u>\$ 664,843</u>	<u>\$ 112,373</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 138,786	\$ 1,204,575	\$ 11,479
Changes in assumptions	84,035	-	55,223
Changes in proportion of net pension liability (asset)	-	-	8,376
Contributions subsequent to the measurement date of June 30, 2024	83,162	656,713	178,251
Total	<u>\$ 305,983</u>	<u>\$ 1,861,288</u>	<u>\$ 253,329</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 5,601	\$ -	\$ 42,695
Net difference between projected and actual earnings on pension plan investments	37,234	879,736	23,442
Changes in proportion of net pension liability (asset)	-	562,060	34,414
	<u>\$ 42,835</u>	<u>\$ 1,441,796</u>	<u>\$ 100,551</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2024,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

NOTE 10 – PENSIONS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

	Classified Plan	School Certified Plan	School Hybrid Plan
2026	\$ 118,252	\$ (808,711)	\$ (17,323)
2027	100,611	1,493,662	15,109
2028	(19,350)	(458,985)	(12,388)
2029	(19,527)	(463,187)	(12,259)
2030	-	-	(828)
Thereafter	-	-	2,216

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

NOTE 11 – DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLAN

School Hybrid Plan – Defined Contribution Component

The School Hybrid Plan provides retirement benefits through a combination of a defined benefit plan and a defined contribution plan. The defined benefit portion of the plan is administered by the Tennessee Consolidated Retirement System (TCRS). The defined contribution component consists of employee and employer contributions deposited into the State of Tennessee's 401(k) plan, where participants direct the investment of their accounts.

Enrolled employees may elect to contribute 2 percent of their salaries, and employers are required to contribute 5 percent of covered payroll to the defined contribution portion of the plan. Contributions are made on a tax-deferred basis, and employees are immediately vested in both employee and employer contributions. During the year ended June 30, 2025, the School System's employer contributions to the defined contribution portion of the Hybrid Plan totaled \$241,302.

City of Lakeland and Lakeland School System 401(k) Plan

All regular full-time employees of the City and School System hired after January 1, 2016, who are at least 18 years of age and who do not participate in TCRS retirement plans, are required to participate in the State of Tennessee Deferred Compensation Plan II, a defined contribution 401(k) plan administered by a third-party administrator.

Under the terms of the plan, participants are required to contribute 5 percent of their compensation, and the City provides a matching contribution of up to 5 percent of participant compensation. Participants are immediately vested in their own contributions and become fully vested in employer contributions after five years of service. During the year ended June 30, 2025, employer contributions to the plan totaled \$141,941 for the City and \$99,952 for the School System.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

The School administers a single-employer defined benefit other postemployment benefit plan to provide health care benefits to certain School employees who qualify under the provisions of the TCRS through the Lakeland School System Other Postemployment Benefit Plan (OPEB). The OPEB liability is liquidated by the School General Purpose Fund.

A. General Information about the OPEB Plan

Benefits Provided

Legacy employees that qualify for retirement benefits under the TCRS may be eligible for post-retirement health benefits for life. Eligible employees must complete 15 years of service with the Lakeland School System and meet the requirements under TCRS. Those who are former employees of Shelby County School District or Memphis City Schools must have 15 years of continuous service with Lakeland School System, Shelby County, and/or Memphis City Schools prior to retirement. Legacy employees are those employees who have attained at least three years of service as of July 1, 2016 from Lakeland School System, Shelby County School District or Memphis City Schools and were hired by Lakeland School System directly from any Shelby County school system prior to October 15, 2018. Non-Legacy employees are not eligible for any post-retirement health benefits. Surviving spouses of legacy retirees can stay on the plan at their own expense until eligible for Medicare. The premium charged to retirees is the portion of premiums not covered by the Lakeland School System explicit subsidy. The Board of Education has established benefit provisions and contribution obligations.

Employees Covered by Benefit Terms

Plan membership as of the actuarial valuation date of June 30, 2024 consisted of the following:

Active employees	55
Inactive employees or beneficiaries currently receiving benefits	17
	<u>72</u>

Contributions

Lakeland School System’s partially funds the actuarial determined contribution and pays pay-as-you-go costs from the School General Purpose Fund until the trust balance is sufficient to meet future benefit payments. Employer contributions are based on an actuarially determined rate.

Employer contributions to the plan for the year ended June 30, 2025, were as follows:

Employer contributions	\$ 313,672
Covered payroll	<u>4,474,297</u>
As a percentage of covered payroll	7.01%

B. Actuarial Assumptions

Actuarial valuations for the OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of contributions, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Trust assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As such, the actuarial calculations of the OPEB plans reflect a long-term perspective.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (CONTINUED)

The total OPEB liability was determined by an actuarial valuation. Significant assumptions used include:

Actuarial Valuation Date	July 1, 2024 Liabilities as of June 30, 2025 are based on an actuarial valuation date of July 1, 2024 projected to June 30, 2025, reflecting actual premiums and contributions. Liabilities as of June 30, 2024 are based on an actuarial valuation date of July 1, 2024 with no adjustments to get to the June 30, 2024 measurement date.
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry age normal, level percent of pay
Inflation	2.25%
Salary Increases	Graded salary ranges from 7.5% to 3.7% based on age
Discount Rate	6.50%
Mortality Table	Pub-2010 Datasets, fully generational using scale MP-2021
Healthcare Cost Trend Rate	Pre-65: 8.0% initial, decreasing by 0.25% annually to an ultimate rate of 4.5% for FY 2040; Post-65: 6.50% initial, decreasing by 0.25% annually to an ultimate rate of 4.5% for FY 2034
Changes of Assumptions	Discount rate increased from 6.0% to 6.50%, Updates to healthcare cost trend rates

The discount rate used to measure the total OPEB liability was based on the long-term expected rate of return on OPEB plan investments. Although benefit payments are currently made on a pay-as-you-go basis from the School General Purpose Fund, the OPEB trust is intended to be the long-term funding mechanism for the plan, and trust assets are projected to be sufficient to make future benefit payments. Accordingly, the long-term expected rate of return on plan investments was applied to all projected benefit payments, and a blended discount rate was not required.

Investment Policy

Lakeland School System has placed funds with the Tennessee School Board Association OPEB Trust ("TSBA OPEB Trust") to be used to pre-fund a portion of the OPEB liability. The assets of the TSBA OPEB Trust are commingled with other participant's funds for investment purposes but are held in trust for the benefit of plan members and may be used only for the payment of benefits to the members of the plan in accordance with the terms of their plan. The TSBA OPEB Trust's policy regarding allocation of invested assets is established and may be amended by the TSBA OPEB Trust Board of Trustees by a majority vote of its members. The TSBA OPEB Trust obtains an annual audit, which may be obtained from the TSBA at 525 Brick Church Park Drive, Nashville, TN 37207; however, the audit for the year ended June 30, 2025, was not available from other auditors as of the date of this report.

It is the policy of the TSBA OPEB Trust Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return are developed for each major asset class. These expected future rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (CONTINUED)

The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025 as summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	45.00%	8.40%
International equity	10.00%	7.40%
Fixed income	37.00%	3.80%
Alternative investments	8.00%	8.00%
	<u>100%</u>	<u>6.50%</u>

For the measurement period, the money-weighted rate of return on investments was 9.82%.

C. Net OPEB Liability

The components of the School's net OPEB liability based on a measurement date of June 30, 2025 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning of year	\$ 4,249,512	\$ 3,409,718	\$ 839,794
Changes for the year:			
Service cost	163,918	-	163,918
Interest	259,361	-	259,361
Differences between expected and actual experience	154,374	-	154,374
Changes in assumptions	(53,897)	-	(53,897)
Contributions - employer	-	334,176	(334,176)
Net investment income	-	336,869	(336,869)
Benefit payments	(184,176)	(184,176)	-
Administrative expenses	-	(17,743)	17,743
Other changes	-	-	-
Net changes	<u>339,580</u>	<u>469,126</u>	<u>(129,546)</u>
End of year	<u>\$ 4,589,092</u>	<u>\$ 3,878,844</u>	<u>\$ 710,248</u>

Plan fiduciary net position as a percentage of the total OPEB liability

84.52%

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the School's net OPEB liability (asset) calculated using the discount rate of 6.0%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage point higher (7.0%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	\$ 1,293,428	\$ 710,248	\$ 224,370

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (CONTINUED)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the School's net OPEB liability (asset) calculated using the healthcare cost trend initial rates. These, respectively, are Pre-65 (Post-65) participants of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5% as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower, 7.0% decreasing to 3.5%, or 1-percentage-point higher, 9.0% decreasing to 5.5%, than the current rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	\$ 202,238	\$ 710,248	\$ 1,326,618

D. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

Other Postemployment Benefit Expense

For the year ended June 30, 2025, the School recognized OPEB expense of \$81,140.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317,224	\$ 2,099,178
Changes in assumptions	813,547	240,809
Net difference between projected and actual earnings on OPEB plan investments	-	138,613
Total	<u>\$ 1,130,771</u>	<u>\$ 2,478,600</u>

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the year ending June 30:

2026	\$ (162,981)
2027	(273,040)
2028	(255,752)
2029	(223,302)
2030	(326,479)
Thereafter	(106,275)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Shelby County Trustee

The City has contracted with the Shelby County Trustee (the Trustee) to collect real and personal property taxes on behalf of the City. A 2.5% commission is paid to the Trustee. Collection fees paid to the Trustee are recorded as contractual services within the general government function.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Contingencies

Legal proceedings against the City, many of which normally recur in governmental operations, can arise periodically. City officials are not aware of any material legal contingencies that would require recognition or disclosure in the financial statements as of June 30, 2025.

NOTE 14 - RISK MANAGEMENT

Insurance Other Than Health Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City considers it more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for certain general liability, workers' compensation, and property and casualty insurance. As such, the City participates in the Public Entity Partners Risk Management Pool (the Pool), which is a public entity risk pool consisting of member political subdivisions of the State of Tennessee that works in many ways like a traditional insurer. Members can obtain typical insurance coverage limits and deductible options at reasonable rates according to their risk tolerance while the Pool provides traditional underwriting, reinsurance, claims processing and loss control services. Unlike commercial insurance, the Pool offers the opportunity to earn a pro-rata refund of the surplus premiums according to the City's premium paid and its favorable loss experience in recent years. Each political subdivision that has participated in the pool is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of the pool. The pool may reinsure through the Local Government Reinsurance Fund of Tennessee or a commercial insurance company.

The School carries commercial insurance through Public Risk Insurers for all risks of loss. The City carries commercial insurance for risks not covered through the Pool. The City maintains replacement cost insurance, including earthquake coverage, on all buildings and on mobile equipment and vehicles with individual costs exceeding \$25,000. Neither the City nor the School has incurred losses exceeding insurance coverage during the past three fiscal years.

Health Insurance

The City and School participate in the Interlocal Health Benefits Plan Asset Trust to reduce costs of benefit plan administration and lower premium rates related to healthcare benefits. The Interlocal Health Plan is accounted for as a public entity risk pool and as a risk-sharing arrangement among participating employers. Benefits and premium requirements are established and may be amended by an insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in term of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The plan has a separately issued Annual Comprehensive Financial Report and can be found on the state's website at <http://www.comptroller.tn.gov/advance-search.html>.

The City and the School are only liable for their portion of plan premiums plus any outstanding capital requirements from the Interlocal Health Plan. The liability for any incurred-but-not-reported claims is borne by the Interlocal Health Plan and not by the individual members. During the year ended June 30, 2025, the City and the School contributed premiums of \$687,336 and \$3,190,448, respectively to the Interlocal Health Benefits Plan Asset Trust.

NOTE 15 – RELATED PARTY

The City participates in a Tax Increment Financing arrangement through a Development Agreement with the Industrial Development Board (IDB). The IDB is the borrower on a loan used to fund eligible public improvements, and the City is reimbursed by the IDB for qualifying development costs. Under the loan documents, the City is contingently obligated to assume payment of the loan upon IDB default; however, the loan does not constitute a general obligation of the City. No default had occurred as of year-end, and no liability has been recorded. The City received reimbursements totaling \$5,683,010 for the year ended June 30, 2025.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent to June 30, 2025, on July 18, 2025, the City issued a General Obligation Capital Outlay Note, Series 2025, in the principal amount of \$24,200,000, bearing interest at 3.66 percent (true interest cost of 3.63 percent) and maturing on July 18, 2028. The note is structured as a drawdown loan with a financial institution and is backed by the City's full faith and credit. Proceeds will be used to finance public works projects. The note is classified as a general obligation of the City and will be reported in governmental activities in future periods.

REQUIRED SUPPLEMENTARY INFORMATION

LAKELAND SCHOOL SYSTEM AND CITY OF LAKELAND
PUBLIC EMPLOYEE RETIREMENT PLAN (TCRS AGENT PLAN)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years Ended June 30

Exhibit A-1

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 68,894	\$ 72,017	\$ 57,797	\$ 56,033	\$ 52,918	\$ 74,961	\$ 102,416	\$ 101,316	\$ 124,091	\$ 135,266
Interest	243,741	226,036	215,536	192,533	180,033	176,220	148,324	148,127	135,255	125,255
Differences between expected and actual experience	154,966	106,427	(7,963)	(18,055)	46,728	(70,835)	248,675	(158,858)	7,978	(44,512)
Changes in assumptions	-	-	-	420,183	-	-	-	47,157	-	-
Benefit payments	(149,249)	(128,876)	(119,166)	(110,761)	(110,012)	(101,392)	(72,988)	(63,051)	(82,795)	(60,195)
Net change in total pension liability	318,352	275,604	146,204	539,933	169,667	78,954	426,427	74,691	184,529	155,814
Total pension liability - beginning	3,616,715	3,341,111	3,194,907	2,654,974	2,485,307	2,406,353	1,979,926	1,905,235	1,720,706	1,564,892
Total pension liability - ending	3,935,067	3,616,715	3,341,111	3,194,907	2,654,974	2,485,307	2,406,353	1,979,926	1,905,235	1,720,706
Plan Fiduciary Net Position										
Contributions - employer	62,281	57,756	37,392	37,736	36,167	56,433	87,400	85,193	93,608	101,218
Contributions - employee	40,944	45,549	43,479	43,879	42,055	42,327	49,878	49,531	54,424	58,405
Net investment income	316,350	206,498	(123,545)	669,512	124,168	174,799	177,719	211,247	46,404	49,863
Benefit payments	(149,249)	(128,876)	(119,166)	(110,761)	(110,012)	(101,392)	(72,988)	(63,051)	(82,795)	(60,195)
Administrative expense	(2,379)	(2,047)	(1,721)	(1,712)	(1,772)	(1,799)	(2,251)	(2,121)	(2,129)	(1,797)
Net change in plan fiduciary net position	267,947	178,880	(163,561)	638,654	90,606	170,368	239,758	280,799	109,512	147,494
Plan fiduciary net position - beginning	3,264,724	3,085,844	3,249,405	2,610,751	2,520,145	2,349,777	2,110,019	1,829,220	1,719,708	1,572,214
Plan fiduciary net position -ending	3,532,671	3,264,724	3,085,844	3,249,405	2,610,751	2,520,145	2,349,777	2,110,019	1,829,220	1,719,708
Net pension liability (asset)	\$ 402,396	\$ 351,991	\$ 255,267	\$ (54,498)	\$ 44,223	\$ (34,838)	\$ 56,576	\$ (130,093)	\$ 76,015	\$ 998
Plan fiduciary net position as a percentage of the total pension liability	89.77%	90.27%	92.36%	101.71%	98.33%	101.40%	97.65%	106.57%	96.01%	99.94%
Covered payroll	\$ 818,883	\$ 910,971	\$ 869,574	\$ 877,583	\$ 841,088	\$ 846,528	\$ 997,556	\$ 990,620	\$ 1,088,473	\$ 1,176,953
Net pension liability (asset) as a percentage of covered payroll	49.14%	38.64%	29.36%	-6.21%	5.26%	-4.12%	5.67%	-13.13%	6.98%	0.08%

NOTE 1 - CHANGES OF ASSUMPTIONS

In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

Note - The pension plan is reported one year in arrears. Amounts presented were determined as of June 30 of the prior fiscal year

See independent auditor's report.

**LAKELAND SCHOOL SYSTEM AND CITY OF LAKELAND
PUBLIC EMPLOYEE RETIREMENT PLAN (TCRS AGENT PLAN)
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years Ended June 30**

Exhibit A-2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 83,162	\$ 62,281	\$ 57,756	\$ 37,392	\$ 37,736	\$ 36,167	\$ 56,433	\$ 87,400	\$ 69,682	\$ 93,608
Contributions	83,162	62,281	57,756	37,392	37,736	36,167	56,433	87,400	85,193	93,608
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,511)	\$ -
Covered payroll	\$ 926,083	\$ 818,883	\$ 910,971	\$ 869,574	\$ 877,583	\$ 841,088	\$ 846,528	\$ 997,556	\$ 990,620	\$ 1,088,473
Contributions as a percentage of covered payroll	8.98%	7.61%	6.34%	4.30%	4.30%	4.30%	6.67%	8.76%	8.60%	8.60%

NOTE 1 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Valuation date	Actuarially determined contributions for fiscal year 2025 were calculated based on the June 30, 2023 actuarial valuation.
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated movement
Cost of Living Adjustments	2.125%

NOTE 2 - CHANGES OF ASSUMPTIONS

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

LAKELAND SCHOOL SYSTEM
TEACHER LEGACY PENSION PLAN (CERTIFIED TCRS PLAN)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last Ten Fiscal Years Ended June 30

Exhibit A-3

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.262183%	0.247304%	0.215526%	0.204841%	0.199687%	0.183808%	0.158417%	0.112938%	0.100034%	0.908630%
Proportionate share of the net pension liability (asset)	\$ (4,517,042)	\$ (2,915,655)	\$ (2,643,223)	\$ (8,835,304)	\$ (1,522,758)	\$ (1,889,878)	\$ (557,457)	\$ (36,950)	\$ 625,158	\$ 37,221
Covered payroll	\$ 8,681,206	\$ 8,025,144	\$ 7,092,820	\$ 6,723,240	\$ 6,646,084	\$ 6,163,343	\$ 5,547,257	\$ 3,904,255	\$ 3,611,030	\$ 3,401,445
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-52.03%	-36.33%	-37.27%	-131.41%	-22.91%	-30.66%	-10.05%	-0.95%	17.31%	1.09%
Plan fiduciary net position as a percentage of the total pension liability	105.76%	104.11%	104.42%	116.13%	103.09%	104.28%	101.49%	100.14%	97.14%	99.81%

Note - The pension plan is reported one year in arrears. Amounts presented were determined as of June 30 of the prior fiscal year

LAKELAND SCHOOL SYSTEM
TEACHER LEGACY PENSION PLAN (CERTIFIED TCRS PLAN)
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years Ended June 30

Exhibit A-4

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required	\$ 656,713	\$ 591,230	\$ 697,385	\$ 730,561	\$ 690,477	\$ 706,479	\$ 644,686	\$ 503,691	\$ 360,905	\$ 326,437
Contribution in relation to the contractually required contribution	656,713	591,230	697,385	730,561	690,477	706,479	644,686	503,691	360,905	326,437
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,333,152	\$ 8,681,206	\$ 8,025,144	\$ 7,092,820	\$ 6,723,240	\$ 6,646,084	\$ 6,163,343	\$ 5,547,257	\$ 3,904,255	\$ 3,611,030
Contributions as a percentage of covered payroll	6.36%	6.81%	8.69%	10.30%	10.27%	10.63%	10.46%	9.08%	9.24%	9.04%

NOTE 1 - CHANGES OF ASSUMPTIONS

In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

LAKELAND SCHOOL SYSTEM
TEACHER RETIREMENT PENSION PLAN (TCRS HYBRID PLAN)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last Ten Fiscal Years Ended June 30

Exhibit A-5

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.195013%	0.189406%	0.179598%	0.188043%	0.158725%	0.144815%	0.158576%	0.055238%	0.069721%	0.057412%
Proportionate share of the net pension liability (asset)	\$ (138,968)	\$ (80,314)	\$ (54,405)	\$ (203,690)	\$ (90,258)	\$ (81,746)	\$ (71,918)	\$ (14,573)	\$ (7,258)	\$ (2,309.00)
Covered payroll	\$ 4,581,153	\$ 3,767,366	\$ 3,066,979	\$ 2,713,911	\$ 2,003,003	\$ 1,532,436	\$ 1,385,759	\$ 450,602	\$ 306,781	\$ 119,286
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-3.03%	-2.13%	-1.77%	-7.51%	-4.51%	-5.33%	-5.19%	-3.23%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	106.49%	104.97%	104.55%	121.53%	116.52%	123.07%	126.97%	126.81%	121.88%	127.46%

Note - The pension plan is reported one year in arrears. Amounts presented were determined as of June 30 of the prior fiscal year

LAKELAND SCHOOL SYSTEM
TEACHER RETIREMENT PENSION PLAN (TCRS HYBRID PLAN)
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years Ended June 30

Exhibit A-6

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required	\$ 178,251	\$ 135,144	\$ 108,123	\$ 61,646	\$ 54,820	\$ 40,661	\$ 29,729	\$ 22,598	\$ 14,502	\$ 7,679
Contribution in relation to the contractually required contribution	178,251	135,144	108,123	61,646	54,820	40,661	29,729	55,430	14,502	12,271
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (32,832)	\$ -	\$ (4,592)
Covered payroll	\$ 5,802,810	\$ 4,581,153	\$ 3,767,366	\$ 3,066,979	\$ 2,713,911	\$ 2,003,003	\$ 1,532,436	\$ 1,385,759	\$ 450,602	\$ 306,781
Contributions as a percentage of covered payroll	3.07%	2.95%	2.87%	2.01%	2.02%	2.03%	1.94%	4.00%	3.22%	4.00%
Contributions as a percentage of covered payroll placed into Pension Stabilization Reserve Trust*	0.93%	1.05%	1.13%	1.99%	1.98%	1.97%	2.06%	0.00%	0.00%	0.00%

* Beginning in fiscal year 2019, contributions in excess of amounts required by TCRS to be placed towards the pension were placed in a Pension Stabilization Reserve Trust.

NOTE 1 - CHANGES OF ASSUMPTIONS

In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

LAKELAND SCHOOL SYSTEM
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years Ended June 30

Exhibit A-7

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability										
Service cost	\$ 163,918	\$ 164,063	\$ 220,458	\$ 256,031	\$ 253,347	\$ 182,651	\$ 189,121	\$ 112,708	\$ 104,359	\$ 12,471
Interest	259,361	274,805	362,751	358,203	336,860	279,878	263,050	204,813	183,967	45,368
Changes of benefit items	-	34,958	-	-	-	-	-	219,591	-	1,910,502
Differences between expected and actual experience	154,374	(669,405)	(1,698,576)	(650,498)	(137,551)	424,160	(170,827)	76,196	-	(99,959)
Changes in assumptions	(53,897)	455,873	46,981	(292,770)	-	1,019,657	-	172,083	-	(113,700)
Benefit payments	(184,176)	(146,682)	(140,739)	(78,804)	(119,822)	(50,186)	(32,183)	(22,656)	(32,649)	(12,134)
Other changes	-	(19,300)	-	-	-	-	-	-	-	-
Net change in total OPEB liability	339,580	94,312	(1,209,125)	(407,838)	332,834	1,856,160	249,161	762,735	255,677	1,742,548
Total OPEB liability - beginning	4,249,512	4,155,200	5,364,325	5,772,163	5,439,329	3,583,169	3,334,008	2,571,273	2,315,596	573,048
Total OPEB liability - ending	4,589,092	4,249,512	4,155,200	5,364,325	5,772,163	5,439,329	3,583,169	3,334,008	2,571,273	2,315,596
Plan Fiduciary Net Position										
Contributions - employer	334,176	296,682	290,739	756,062	269,822	525,186	417,416	377,156	161,149	112,003
Net investment income	336,869	356,198	290,209	(383,241)	468,647	27,912	64,059	24,583	25,907	5,683
Benefit payments	(184,176)	(146,682)	(140,739)	(78,804)	(119,822)	(50,186)	(47,416)	(22,656)	(32,649)	(12,134)
Administrative expense	(17,743)	(12,812)	(10,713)	(9,892)	(7,653)	(5,594)	(3,658)	(1,391)	(653)	-
Net change in plan fiduciary net position	469,126	493,386	429,496	284,125	610,994	497,318	430,401	377,692	153,754	105,552
Plan fiduciary net position - beginning	3,409,718	2,916,332	2,486,836	2,202,711	1,591,717	1,094,399	663,998	286,306	132,552	27,000
Plan fiduciary net position -ending	3,878,844	3,409,718	2,916,332	2,486,836	2,202,711	1,591,717	1,094,399	663,998	286,306	132,552
Net OPEB liability (asset)	\$ 710,248	\$ 839,794	\$ 1,238,868	\$ 2,877,489	\$ 3,569,452	\$ 3,847,612	\$ 2,488,770	\$ 2,670,010	\$ 2,284,967	\$ 2,183,044
Plan fiduciary net position as a percentage of the total OPEB liability	84.52%	80.24%	70.19%	46.36%	38.16%	29.26%	30.54%	19.92%	11.13%	5.72%
Covered payroll	\$ 4,474,297	\$ 4,337,750	\$ 4,377,443	\$ 4,609,191	\$ 4,821,770	\$ 4,782,810	\$ 5,306,108	\$ 5,184,986	\$ 3,300,603	\$ 3,204,469
Net OPEB liability as a percentage of covered payroll	15.87%	19.36%	28.30%	62.43%	74.03%	80.45%	46.90%	51.50%	69.23%	68.12%

In 2025, amounts reported as changes of assumptions resulted from changes to the investment rate of return and the healthcare cost trend rate.

In 2024, amounts reported as changes of assumptions resulted from changes to the investment rate of return, the healthcare cost trend rate, and the inflation rate.

In 2023, amounts reported as changes of assumptions resulted from changes to the investment rate of return.

LAKELAND SCHOOL SYSTEM
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years Ended June 30

Exhibit A-8

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 225,148	\$ 250,682	\$ 409,592	\$ 468,902	\$ 475,549	\$ 351,709	\$ 366,572	\$ 257,746	\$ 240,597	\$ 67,209
Contributions	334,176	296,682	290,739	756,062	269,822	525,186	417,416	377,156	161,149	112,003
Contribution deficiency (excess)	<u>\$ (109,028)</u>	<u>\$ (46,000)</u>	<u>\$ 118,853</u>	<u>\$ (287,160)</u>	<u>\$ 205,727</u>	<u>\$ (173,477)</u>	<u>\$ (50,844)</u>	<u>\$ (119,410)</u>	<u>\$ 79,448</u>	<u>\$ (44,794)</u>
Covered payroll	\$ 4,474,297	\$ 4,337,750	\$ 4,377,443	\$ 4,609,191	\$ 4,821,770	\$ 4,782,810	\$ 5,306,108	\$ 5,184,986	\$ 3,300,603	\$ 3,204,469
Contributions as a percentage of covered payroll	7.47%	6.84%	6.64%	16.40%	5.60%	10.98%	7.87%	7.27%	4.88%	3.50%

NOTE 1 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Valuation Date	Actuarial determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2024 valuation.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of salary
Asset valuation method	Fair value
Inflation	2.25%
Salary increases	Graded salary ranges from 7.5% to 3.7% based on age, including inflation
Investment rate of return	6.00%, net of investment expenses, including inflation
Mortality	SOA Pub-2010 mortality tables (General, Teacher, Contingent Survivors) fully generational using Scale MP-2021
Healthcare cost trend rates	Pre-65 - 8.0% initial, decreasing by 0.5% annually to an ultimate rate of 4.5% for FY2032 and onward. Post-65 - 6.50% initial, decreasing by 0.25% annually to an ultimate rate of 4.5% for FY2032.

LAKELAND SCHOOL SYSTEM
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN
Last Ten Fiscal Years Ended June 30

Exhibit A-9

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2025	9.82%
2024	11.92%
2023	11.18%
2022	-14.69%
2021	29.37%
2020	3.60%
2019	7.32%
2018	6.25%
2017	14.10%
2016	-2.12%

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF LAKELAND, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit B-1

	Special Revenue Funds										Total Nonmajor Governmental Funds
	State Street Aid Fund	Storm Water Fund	Solid Waste Fund	School Federal Projects	School Nutrition Fund	School Discretionary Grants	LEAP Fund	Internal School Funds	Education Capital Projects	Debt Service	
ASSETS											
Cash and cash equivalents	\$ 121,923	\$ 268,072	\$ 78,354	\$ 34,711	\$ 689,980	\$ -	\$ 376,999	\$ 721,548	\$ 823,656	\$ 98	\$ 3,115,341
Receivables											
Customer	-	17,670	115,865	-	-	-	-	-	-	-	133,535
Other	-	-	-	-	220	-	-	-	-	-	220
Due from other governments	108,250	-	-	41,065	32,009	6,586	-	-	64,558	-	252,468
Due from other funds	1,200,000	53,000	220,000	-	-	-	-	-	-	-	1,473,000
Inventory	-	-	-	-	-	-	-	7,170	-	-	7,170
Total assets	\$ 1,430,173	\$ 338,742	\$ 414,219	\$ 75,776	\$ 722,209	\$ 6,586	\$ 376,999	\$ 728,718	\$ 888,214	\$ 98	\$ 4,981,734
LIABILITIES											
Accounts payable and accrued liabilities	\$ 148,544	\$ 59,113	\$ 24,087	\$ 261	\$ 7,495	\$ 3,651	\$ -	\$ -	\$ 459,668	\$ -	\$ 702,819
Accrued payroll	6,799	2,210	3,696	37,186	4,583	2,935	(79)	-	-	-	57,330
Unearned revenue	-	-	-	-	33,035	-	-	-	-	-	33,035
Total liabilities	155,343	61,323	27,783	37,447	45,113	6,586	(79)	-	459,668	-	793,184
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue											
Grants	19,017	-	-	-	-	-	-	-	-	-	19,017
FUND BALANCES											
Restricted	-	277,419	386,436	38,329	677,096	-	377,078	728,718	428,546	-	2,913,622
Committed	1,255,813	-	-	-	-	-	-	-	-	98	1,255,911
Total fund balances	1,255,813	277,419	386,436	38,329	677,096	-	377,078	728,718	428,546	98	4,169,533
Total liabilities, deferred inflows of resources and fund balances	\$ 1,430,173	\$ 338,742	\$ 414,219	\$ 75,776	\$ 722,209	\$ 6,586	\$ 376,999	\$ 728,718	\$ 888,214	\$ 98	\$ 4,981,734

See independent auditor's report.

CITY OF LAKELAND, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit B-2

	Special Revenue Funds										Total Nonmajor Governmental Funds
	State Street Aid Fund	Storm Water Fund	Solid Waste Fund	School Federal Projects	School Nutrition Fund	School Discretionary Grants	LEAP Fund	Internal School Funds	Education Capital Projects	Debt Service	
REVENUES											
Intergovernmental - state gas tax	\$ 521,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521,674
Charges for services	-	215,951	1,401,880	-	598,272	-	301,918	-	-	-	2,518,021
Federal, state, and local grants	12,686	-	469,257	1,090,652	405,498	120,443	-	-	-	-	2,098,536
Contributions	-	-	-	-	-	-	-	-	812,693	-	812,693
Co-curricular	-	-	-	-	-	-	-	1,343,860	-	-	1,343,860
Interest on investments	-	1,132	-	-	-	-	-	-	58,535	9	59,676
Other	22,342	-	1,943	-	-	-	-	-	-	-	24,285
Total revenues	556,702	217,083	1,873,080	1,090,652	1,003,770	120,443	301,918	1,343,860	871,228	9	7,378,745
EXPENDITURES											
Current											
Public works	2,670,531	124,447	1,706,659	-	-	-	-	-	-	-	4,501,637
Education	-	-	-	882,019	1,029,858	120,443	219,998	1,205,470	-	-	3,457,788
Debt service											
Principal	-	-	-	-	-	-	-	-	27,023	1,139,837	1,166,860
Interest and fiscal charges	-	-	-	-	-	-	-	-	1,977	1,417,589	1,419,566
Capital outlay	90,578	240,859	-	-	-	-	-	-	4,921,046	-	5,252,483
Total expenditures	2,761,109	365,306	1,706,659	882,019	1,029,858	120,443	219,998	1,205,470	4,950,046	2,557,426	15,798,334
Excess (deficiency) of revenues over (under) expenditures	(2,204,407)	(148,223)	166,421	208,633	(26,088)	-	81,920	138,390	(4,078,818)	(2,557,417)	(8,419,589)
OTHER FINANCING SOURCES (USES)											
Insurance proceeds	-	-	-	-	-	-	-	-	100,000	-	100,000
Transfers in	2,218,513	53,000	282,721	26,643	-	-	-	-	3,820,000	2,557,397	8,958,274
Transfers out	-	-	-	(8,858)	-	-	-	-	-	-	(8,858)
Total other financing sources and uses	2,218,513	53,000	282,721	17,785	-	-	-	-	3,920,000	2,557,397	9,049,416
Net change in fund balances	14,106	(95,223)	449,142	226,418	(26,088)	-	81,920	138,390	(158,818)	(20)	629,827
Fund balances - beginning	1,241,707	372,642	(62,706)	(188,089)	703,184	-	295,158	590,328	587,364	118	3,539,706
Fund balances - ending	\$ 1,255,813	\$ 277,419	\$ 386,436	\$ 38,329	\$ 677,096	\$ -	\$ 377,078	\$ 728,718	\$ 428,546	\$ 98	\$ 4,169,533

See independent auditor's report.

CITY OF LAKELAND, TENNESSEE

Exhibit B-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE STREET AID FUND

For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental - state gas tax				
Gas motor fuel	\$ 250,919	\$ 250,919	\$ 249,485	\$ (1,434)
Gas 1989	72,583	72,583	72,168	(415)
Gas 3 cent	39,309	39,309	39,084	(225)
Gas 2017	126,399	126,399	125,677	(722)
Excise tax	35,463	35,463	35,260	(203)
Total intergovernmental - state gas tax	524,673	524,673	521,674	(2,999)
Other	-	-	22,342	22,342
Federal, state, and local grants	117,000	117,000	12,686	(104,314)
Total revenues	641,673	641,673	556,702	(84,971)
EXPENDITURES				
PUBLIC WORKS				
Salaries	218,672	207,382	127,755	79,627
Benefits	115,932	121,232	58,170	63,062
Contractual services	6,000	10,744	10,744	-
Materials and supplies	740,300	749,499	714,019	35,480
Paving	1,650,000	2,781,045	1,725,380	1,055,665
Street lighting	20,000	28,047	28,047	-
Other charges	8,940	8,940	6,416	2,524
Total public works	2,759,844	3,906,889	2,670,531	1,236,358
CAPITAL OUTLAY	162,000	146,000	90,578	55,422
Total expenditures	2,921,844	4,052,889	2,761,109	1,291,780
Deficiency of revenues under expenditures	(2,280,171)	(3,411,216)	(2,204,407)	1,206,809
OTHER FINANCING SOURCES				
Transfers in	2,218,513	2,218,513	2,218,513	-
Net change in fund balances	\$ (61,658)	\$ (1,192,703)	14,106	\$ 1,206,809
Fund balances - beginning			1,241,707	
Fund balances - ending			\$ 1,255,813	

See independent auditor's report.

CITY OF LAKE LAND, TENNESSEE

Exhibit B-4

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORM WATER FUND

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 220,018	\$ 220,018	\$ 215,951	\$ (4,067)
Interest on investments	-	-	1,132	1,132
Total revenues	220,018	220,018	217,083	(2,935)
EXPENDITURES				
PUBLIC WORKS				
Salaries	42,633	42,633	41,329	1,304
Benefits	23,594	24,094	20,544	3,550
Contractual services	20,000	17,851	17,382	469
Materials and supplies	8,950	8,949	2,400	6,549
Other charges	13,560	45,210	42,792	2,418
Total public works	108,737	138,737	124,447	14,290
CAPITAL OUTLAY	475,000	445,000	240,859	204,141
Total expenditures	583,737	583,737	365,306	218,431
Deficiency of revenues under expenditures	(363,719)	(363,719)	(148,223)	215,496
Net change in fund balances	<u>\$ (310,719)</u>	<u>\$ (310,719)</u>	(95,223)	<u>\$ 215,496</u>
Fund balances - beginning			372,642	
Fund balances - ending			<u>\$ 277,419</u>	

CITY OF LAKE LAND, TENNESSEE

Exhibit B-5

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOLID WASTE FUND

For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Charges for services	\$ 1,398,089	\$ 1,398,089	\$ 1,401,880	\$ 3,791
Federal, state, and local grants	-	-	469,257	469,257
Other income	-	-	1,943	1,943
Total revenues	1,398,089	1,398,089	1,873,080	474,991
EXPENDITURES:				
PUBLIC WORKS				
Salaries	46,457	73,825	73,825	-
Benefits	21,303	27,056	27,056	-
Contractual services	1,513,000	1,529,547	1,529,547	-
Materials and supplies	38,500	10,359	30,409	(20,050)
Other charges	61,550	45,822	45,822	-
Total public works	1,680,810	1,686,609	1,706,659	(20,050)
Excess (deficiency) of revenues over (under) expenditures	(282,721)	(288,520)	166,421	454,941
OTHER FINANCING SOURCES				
Transfers in	282,721	282,721	282,721	-
Net change in fund balances	\$ -	\$ (5,799)	449,142	\$ 454,941
Fund balances - beginning			(62,706)	
Fund balances - ending			\$ 386,436	

See independent auditor's report.

CITY OF LAKE LAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND
For the Year Ended June 30, 2025

Exhibit B-6

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal, state, and local grants	\$ 1,231,958	\$ 1,123,513	\$ 1,090,652	\$ (32,861)
EXPENDITURES:				
Education				
Regular Instruction				
Salaries	121,898	127,511	127,531	(20)
Benefits	35,796	36,635	35,689	946
Contractual services	1,150	757	757	-
Materials and supplies	82,865	57,357	52,121	5,236
	241,709	222,260	216,098	6,162
Special Education				
Salaries	170,405	182,823	182,823	-
Benefits	58,442	56,216	53,824	2,392
Contractual services	-	200	-	200
Materials and supplies	24,373	32,411	17,929	14,482
	253,220	271,650	254,576	17,074
Other Student Support				
Salaries	40,651	42,639	42,090	549
Benefits	5,335	5,592	5,406	186
Contractual services	4,500	4,038	3,938	100
Materials and supplies	4,300	1,263	626	637
Other charges	1,150	6,076	6,073	3
	55,936	59,608	58,133	1,475
Regular Instruction Support				
Salaries	95,757	100,946	99,446	1,500
Benefits	2,498	2,747	2,309	438
Materials and supplies	1,000	206	206	-
Other charges	41,586	31,448	28,266	3,182
	140,841	135,347	130,227	5,120
Special Education Support				
Salaries	10,203	15,000	10,153	4,847
Benefits	31,548	31,851	31,448	403
Contractual services	11,715	58,195	54,299	3,896
Materials and supplies	5,000	8,000	520	7,480
Other charges	17,200	21,839	12,707	9,132
	75,666	134,885	109,127	25,758

(CONTINUED ON NEXT PAGE)

CITY OF LAKE LAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND
For the Year Ended June 30, 2025

Exhibit B-6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Technology				
Other charges	\$ 9,602	\$ 6,777	\$ 6,662	\$ 115
Operation of Plant				
Materials and supplies	7,500	5,800	-	5,800
Technical Education				
Materials and supplies	447,485	287,188	107,196	179,992
Total education	1,231,959	1,123,515	882,019	241,496
Excess (deficiency) of revenue				
over (under) expenditures	(1)	(2)	208,633	208,635
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	26,643	(26,643)
Transfers out	-	-	(8,858)	8,858
Total Other Financing Sources (Uses)	-	-	17,785	(17,785)
Net change in fund balances	\$ (1)	\$ (2)	226,418	\$ 226,420
Fund balances - beginning			(188,089)	
Fund balances - ending			\$ 38,329	

CITY OF LAKELAND, TENNESSEE

Exhibit B-7

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL NUTRITION FUND

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 555,839	\$ 555,838	\$ 598,272	\$ 42,434
Federal, state, and local grants	330,700	330,700	405,498	74,798
Total revenues	886,539	886,538	1,003,770	117,232
EXPENDITURES:				
EDUCATION				
Cafeteria				
Salaries	362,559	359,103	333,332	25,771
Benefits	106,814	107,214	71,342	35,872
Contractual services	5,000	6,816	6,816	-
Materials and supplies	552,614	838,046	611,003	227,043
Other charges	5,000	11,987	7,365	4,622
Total expenditures	1,031,987	1,323,166	1,029,858	293,308
Net change in fund balances	\$ (145,448)	\$ (436,628)	(26,088)	\$ 410,540
Fund balances - beginning			703,184	
Fund balances - ending			\$ 677,096	

CITY OF LAKE LAND, TENNESSEE

Exhibit B-8

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL DISCRETIONARY GRANTS FUND

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal, state, and local grants	\$ 85,734	\$ 120,443	\$ 120,443	\$ -
EXPENDITURES				
EDUCATION				
Regular Instruction Support				
Other charges	7,500	-	-	-
Special Education				
Salaries	43,831	98,993	99,158	(165)
Benefits	20,986	14,779	14,677	102
Materials and supplies	13,417	6,671	6,608	63
	<u>78,234</u>	<u>120,443</u>	<u>120,443</u>	<u>-</u>
Total education	<u>85,734</u>	<u>120,443</u>	<u>120,443</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ -</u>	

CITY OF LAKELAND, TENNESSEE

Exhibit B-9

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAKELAND EXTENDED ACTIVITIES PROGRAM FUND**

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 280,000	\$ 280,000	\$ 301,918	\$ 21,918
EXPENDITURES:				
EDUCATION				
Student Services				
Salaries	175,245	165,665	124,413	41,252
Benefits	26,245	26,245	12,826	13,419
Contractual services	2,000	2,000	1,000	1,000
Materials and supplies	8,000	8,000	5,571	2,429
	<u>211,490</u>	<u>201,910</u>	<u>143,810</u>	<u>58,100</u>
Maintenance of Plant				
Salaries	34,096	34,296	34,724	(428)
Benefits	4,413	13,793	11,464	2,329
Other charges	30,000	30,000	30,000	-
	<u>68,509</u>	<u>78,089</u>	<u>76,188</u>	<u>1,901</u>
Total expenditures	<u>279,999</u>	<u>279,999</u>	<u>219,998</u>	<u>60,001</u>
Net change in fund balances	<u>\$ 1</u>	<u>\$ 1</u>	81,920	<u>\$ 81,919</u>
Fund balances - beginning			<u>295,158</u>	
Fund balances - ending			<u>\$ 377,078</u>	

CITY OF LAKE LAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL CAPITAL PROJECTS FUND
For the Year Ended June 30, 2025

Exhibit B-10

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Contributions	\$ 800,000	\$ 800,000	\$ 812,693	\$ 12,693
Interest income	-	-	58,535	58,535
Total revenues	800,000	800,000	871,228	71,228
EXPENDITURES:				
CAPITAL OUTLAY				
Architectural and engineering	14,000	58,573	50,998	7,575
Construction contracts	3,366,000	1,292,476	1,178,961	113,515
Land	-	3,500,000	3,491,081	8,919
Equipment	635,527	200,006	200,006	-
Total capital outlay	4,015,527	5,051,055	4,921,046	130,009
DEBT SERVICE				
Principal	-	-	27,023	(27,023)
Interest	-	-	1,977	(1,977)
Total debt Service	-	-	29,000	(29,000)
Total expenditures	4,015,527	5,051,055	4,950,046	101,009
Deficiency of revenues under expenditures	(3,215,527)	(4,251,055)	(4,078,818)	172,237
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	100,000	100,000
Transfers in	3,000,000	3,820,000	3,820,000	-
Total Other Financing Sources	3,000,000	3,820,000	3,920,000	100,000
Net change in fund balances	\$ (215,527)	\$ (431,055)	(158,818)	\$ 272,237
Fund balances - beginning			587,364	
Fund balances - ending			\$ 428,546	

CITY OF LAKELAND, TENNESSEE

Exhibit B-11

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 9	\$ 9
EXPENDITURES:				
DEBT SERVICE				
Principal	1,084,339	1,139,837	1,139,837	-
Interest	1,906,378	1,907,217	1,416,220	490,997
Other fees	-	1,368	1,369	(1)
Bond issuance costs	150,000	92,295	-	92,295
Total expenditures	<u>3,140,717</u>	<u>3,140,717</u>	<u>2,557,426</u>	<u>583,291</u>
Deficiency of revenues under expenditures	(3,140,717)	(3,140,717)	(2,557,417)	583,300
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,140,717</u>	<u>3,140,717</u>	<u>2,557,397</u>	<u>(583,320)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(20)	<u>\$ (20)</u>
Fund balances - beginning			<u>118</u>	
Fund balances - ending			<u>\$ 98</u>	

SUPPORTING SCHEDULES

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES
For the Year Ended June 30, 2025

Exhibit C-1

Receivable Fund	Payable Fund		Total
	General	Sewer	
General Fund	\$ -	\$ 155,800	\$ 155,800
School General Purpose	45,243	-	45,243
State Street	1,200,000	-	1,200,000
Solid Waste	220,000	-	220,000
Storm Water	53,000	-	53,000
	<u>\$ 1,518,243</u>	<u>\$ 155,800</u>	<u>\$ 1,674,043</u>

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF TRANSFERS
For the Year Ended June 30, 2025

Exhibit C-2

Transfers In	Transfers Out			Total
	General	School General Purpose	School Federal Projects	
School General Purpose	\$ 751,665	\$ -	\$ 8,858	\$ 760,523
State Street Aid	2,218,513	-	-	2,218,513
Storm Water	53,000	-	-	53,000
Solid Waste	282,721	-	-	282,721
School Federal Projects	-	26,643	-	26,643
Debt Service	2,557,397	3,500,000	-	6,057,397
School Capital Projects	320,000	-	-	320,000
	<u>\$ 6,183,296</u>	<u>\$ 3,526,643</u>	<u>\$ 8,858</u>	<u>\$ 9,718,797</u>

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - GENERAL OBLIGATION BONDS AND NOTES PAYABLE
GOVERNMENTAL FUNDS
June 30, 2025

Exhibit C-3

	2011 TLDA Construction Loan		Shelby County Settlement ⁽¹⁾		Series 2021 General Obligation Refunding Bond 1		Series 2021 General Obligation Refunding Bond 2		Series 2022 General Obligation Refunding Bond 1		Series 2022 General Obligation Refunding Bond 2	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 69,228	\$ 21,600	\$ 56,328	\$ 49	\$ 91,083	\$ 103,036	\$ 168,331	\$ 190,421	\$ 158,177	\$ 236,207	\$ 156,579	\$ 233,821
2027	70,548	20,208	-	-	93,018	101,100	171,908	186,844	162,131	232,252	160,493	229,906
2028	71,892	18,768	-	-	94,995	99,123	175,561	183,191	165,766	228,617	164,091	226,308
2029	73,260	17,316	-	-	97,014	97,105	179,292	179,460	170,739	223,644	169,015	221,385
2030	74,664	15,828	-	-	99,075	95,043	183,102	175,650	174,597	219,786	172,833	217,566
2031	76,080	14,316	-	-	101,181	92,938	186,993	171,759	178,962	215,421	177,154	213,245
2032	77,532	12,780	-	-	103,331	90,788	190,966	167,786	183,049	211,334	181,200	209,199
2033	79,008	11,208	-	-	105,527	88,592	195,024	163,728	188,391	205,993	186,488	203,912
2034	80,520	9,600	-	-	107,769	86,350	199,169	159,583	192,722	201,661	190,775	199,624
2035	82,056	7,968	-	-	110,059	84,059	203,401	155,351	197,540	196,843	195,545	194,855
2036	83,616	6,300	-	-	112,398	81,721	207,723	151,029	202,127	192,257	200,085	190,315
2037	85,212	4,608	-	-	114,786	79,332	212,137	146,615	207,874	186,509	205,775	184,625
2038	86,832	2,880	-	-	117,225	76,893	216,645	142,107	212,728	181,655	210,580	179,820
2039	88,488	1,128	-	-	119,717	74,402	221,249	137,503	218,047	176,336	215,844	174,555
2040	7,569	13	-	-	122,260	71,858	225,951	132,801	223,184	171,199	220,930	169,469
2041	-	-	-	-	124,859	69,260	230,752	128,000	229,381	165,003	227,064	163,336
2042	-	-	-	-	127,512	66,607	235,656	123,096	234,812	159,571	232,440	157,959
2043	-	-	-	-	130,221	63,897	240,663	118,089	240,682	153,701	238,251	152,148
2044	-	-	-	-	132,989	61,130	245,777	112,975	246,428	147,955	243,939	146,460
2045	-	-	-	-	135,815	58,304	251,000	107,752	253,120	141,264	250,563	139,837
2046	-	-	-	-	138,701	55,418	256,334	102,418	259,188	135,195	256,570	133,829
2047	-	-	-	-	141,648	52,470	261,781	96,971	265,668	128,715	262,984	127,415
2048	-	-	-	-	144,658	49,460	267,344	91,408	272,086	122,298	269,337	121,062
2049	-	-	-	-	147,732	46,386	273,025	85,727	279,323	115,060	276,502	113,898
2050	-	-	-	-	150,871	43,247	278,827	79,925	286,095	108,288	283,205	107,195
2051	-	-	-	-	154,077	40,041	284,752	74,000	293,247	101,136	290,285	100,115
2052	-	-	-	-	157,352	36,767	290,803	67,949	300,406	93,977	297,372	93,028
2053	-	-	-	-	160,695	33,423	296,982	61,770	308,247	86,137	305,133	85,266
2054	-	-	-	-	164,110	30,008	303,293	55,459	315,794	78,589	312,605	77,795
2055	-	-	-	-	167,597	26,521	309,738	49,014	323,689	70,694	320,420	69,980
2056	-	-	-	-	171,159	22,960	316,320	42,432	331,667	62,716	328,317	62,083
2057	-	-	-	-	174,796	19,323	323,042	35,710	340,173	54,210	336,737	53,663
2058	-	-	-	-	178,510	15,608	329,906	28,846	348,578	45,806	345,057	45,343
2059	-	-	-	-	182,304	11,815	336,917	21,835	357,292	37,091	353,683	36,716
2060	-	-	-	-	186,178	7,941	344,076	14,676	366,173	28,210	362,474	27,925
2061	-	-	-	-	187,508	3,985	346,540	7,364	375,414	18,970	371,621	18,778
2062	-	-	-	-	-	-	-	-	384,250	9,619	380,369	9,522
	<u>\$ 1,106,505</u>	<u>\$ 164,521</u>	<u>\$ 56,328</u>	<u>\$ 49</u>	<u>\$ 4,848,730</u>	<u>\$ 2,136,911</u>	<u>\$ 8,960,980</u>	<u>\$ 3,949,244</u>	<u>\$ 9,447,747</u>	<u>\$ 5,143,919</u>	<u>\$ 9,352,315</u>	<u>\$ 5,091,958</u>

⁽¹⁾ Payable from General Purpose School Fund, but backed by full faith and credit of City.

CONTINUED ON THE NEXT PAGE

See independent auditor's report.

CITY OF LAKELAND, TENNESSEE

Exhibit C-3

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - GENERAL OBLIGATION BONDS AND NOTES PAYABLE
GOVERNMENTAL FUNDS

June 30, 2025

	Series 2022 General Obligation Refunding Bond 3		Series 2022 General Obligation Refunding Bond 4		Series 2022 General Obligation Refunding Bond 5		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 154,981	\$ 231,435	\$ 126,270	\$ 188,560	\$ 126,262	\$ 188,548	\$ 1,107,239	\$ 1,393,677
2027	158,856	227,560	129,426	185,403	129,418	185,391	1,075,798	1,368,664
2028	162,417	223,999	132,328	182,501	132,320	182,490	1,099,370	1,344,997
2029	167,290	219,126	136,298	178,531	136,290	178,520	1,129,198	1,315,087
2030	171,070	215,346	139,378	175,452	139,369	175,440	1,154,088	1,290,111
2031	175,346	211,069	142,862	171,967	142,853	171,956	1,181,431	1,262,671
2032	179,351	207,065	146,125	168,704	146,116	168,694	1,207,670	1,236,350
2033	184,585	201,831	150,389	164,440	150,380	164,430	1,239,792	1,204,134
2034	188,829	197,587	153,847	160,983	153,837	160,972	1,267,468	1,176,360
2035	193,549	192,866	157,693	157,137	157,683	157,127	1,297,526	1,146,206
2036	198,043	188,373	161,354	153,475	161,344	153,465	1,326,690	1,116,935
2037	203,675	182,741	165,943	148,887	165,932	148,877	1,361,334	1,082,194
2038	208,431	177,985	169,818	145,012	169,807	145,003	1,392,066	1,051,355
2039	213,642	172,774	174,063	140,766	174,052	140,757	1,425,102	1,018,221
2040	218,676	167,740	178,164	136,665	178,153	136,656	1,374,887	986,401
2041	224,747	161,669	183,111	131,719	183,099	131,710	1,403,013	950,697
2042	230,068	156,347	187,446	127,383	187,435	127,375	1,435,369	918,338
2043	235,820	150,596	192,133	122,697	192,120	122,689	1,469,890	883,817
2044	241,450	144,966	196,720	118,110	196,707	118,102	1,504,010	849,698
2045	248,006	138,410	202,061	112,768	202,048	112,761	1,542,613	811,096
2046	253,952	132,464	206,905	107,924	206,892	107,917	1,578,542	775,165
2047	260,301	126,115	212,078	102,751	212,065	102,745	1,616,525	737,182
2048	266,589	119,827	217,201	97,628	217,188	97,623	1,654,403	699,306
2049	273,680	112,736	222,979	91,851	222,965	91,845	1,696,206	657,503
2050	280,315	106,101	228,384	86,445	228,370	86,439	1,736,067	617,640
2051	287,323	99,093	234,094	80,735	234,079	80,730	1,777,857	575,850
2052	294,337	92,078	239,809	75,020	239,794	75,015	1,819,873	533,834
2053	302,019	84,396	246,068	68,761	246,052	68,757	1,865,196	488,510
2054	309,415	77,001	252,093	62,736	252,077	62,732	1,909,387	444,320
2055	317,150	69,266	258,396	56,434	258,379	56,430	1,955,369	398,339
2056	324,967	61,449	264,764	50,065	264,747	50,062	2,001,941	351,767
2057	333,301	53,115	271,554	43,275	271,537	43,272	2,051,140	302,568
2058	341,536	44,880	278,264	36,566	278,246	36,563	2,100,097	253,612
2059	350,074	36,342	285,220	29,609	285,202	29,607	2,150,692	203,015
2060	358,775	27,640	292,309	22,520	292,291	22,518	2,202,276	151,430
2061	367,829	18,586	299,686	15,143	299,667	15,142	2,248,265	97,968
2062	376,488	9,425	306,740	7,679	306,720	7,678	1,754,567	43,923
	<u>\$ 9,256,883</u>	<u>\$ 5,039,999</u>	<u>\$ 7,541,973</u>	<u>\$ 4,106,302</u>	<u>\$ 7,541,496</u>	<u>\$ 4,106,038</u>	<u>\$ 58,112,957</u>	<u>\$ 29,738,941</u>

See independent auditor's report.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - REVENUE BONDS
SEWER FUND
June 30, 2025

Exhibit C-4

Fiscal Year	Series 2005 TN Municipal League Note Payable ⁽¹⁾		Series 2022 TN State Revolving Fund Note Payable ⁽²⁾		Series 2022 TN State Revolving Fund Note Payable ⁽²⁾		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 716,000	\$ 1,575	\$ -	\$ -	\$ -	\$ -	\$ 716,000	\$ 1,575
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
2042	-	-	8,247,060	-	12,789,555	-	21,036,615	-
	<u>\$ 716,000</u>	<u>\$ 1,575</u>	<u>\$ 8,247,060</u>	<u>\$ -</u>	<u>\$ 12,789,555</u>	<u>\$ -</u>	<u>\$ 21,752,615</u>	<u>\$ 1,575</u>

⁽¹⁾ Variable interest rate as of June 30, 2025 was 3.45%.

⁽²⁾ Interim financing loan. No payments due until refinancing or maturity date.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2025

Exhibit C-5

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding as of 6/30/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6/30/2025
GOVERNMENTAL ACTIVITIES									
Other Loans Payable									
<u>Payable through Debt Service Fund</u>									
TLDA Construction Loan	\$ 1,725,000	1.89%	11/10/2010	7/20/2039	\$ 1,174,437	\$ -	\$ 67,932	\$ -	\$ 1,106,505
Shelby County Settlement Liability	676,044	0.50%	5/31/2014	11/1/2025	167,603	-	111,275	-	56,328
Total other loans payable					<u>1,342,040</u>	<u>-</u>	<u>179,207</u>	<u>-</u>	<u>1,162,833</u>
General Obligation									
<u>Payable through Debt Service Fund</u>									
G.O. Refunding Bond 1, Series 2021	\$ 5,194,500	2.125%	1/27/2021	1/27/2061	\$ 4,937,918	\$ -	\$ 89,188	\$ -	\$ 4,848,730
G.O. Refunding Bond 2, Series 2021	9,600,000	2.125%	1/27/2021	1/27/2061	9,125,809	-	164,829	-	8,960,980
G.O. Refunding Bond 1, Series 2022	9,900,000	2.50%	6/22/2022	6/22/2062	9,602,495	-	154,748	-	9,447,747
G.O. Refunding Bond 2, Series 2022	9,800,000	2.50%	6/22/2022	6/22/2062	9,505,500	-	153,185	-	9,352,315
G.O. Refunding Bond 3, Series 2022	9,700,000	2.50%	6/22/2022	6/22/2062	9,408,505	-	151,622	-	9,256,883
G.O. Refunding Bond 4, Series 2022	7,903,000	2.50%	6/22/2022	6/22/2062	7,665,506	-	123,533	-	7,541,973
G.O. Refunding Bond 5, Series 2022	7,902,500	2.50%	6/22/2022	6/22/2062	7,665,021	-	123,525	-	7,541,496
					<u>57,910,754</u>	<u>-</u>	<u>960,630</u>	<u>-</u>	<u>56,950,124</u>
Total governmental activities					<u>\$ 59,252,794</u>	<u>\$ -</u>	<u>\$ 1,139,837</u>	<u>\$ -</u>	<u>\$ 58,112,957</u>
BUSINESS-TYPE ACTIVITIES									
Revenue Notes Payable									
<u>Payable through Sewer Fund</u>									
TN Municipal League Note, Series 2005	\$ 11,000,000	3.45%*	6/1/2006	5/25/2026	\$ 1,404,000	\$ -	\$ 688,000	\$ -	\$ 716,000
TN State Revolving Fund, Series 2022	12,789,555	2.86%	5/2/2022	5/30/2042	5,042,702	7,746,853	-	-	12,789,555
TN State Revolving Fund, Series 2022	8,247,060	3.35%	9/20/2023	6/30/2044	-	8,247,060	-	-	8,247,060
Total business-type activities					<u>\$ 6,446,702</u>	<u>\$ 15,993,913</u>	<u>\$ 688,000</u>	<u>\$ -</u>	<u>\$ 21,752,615</u>

* Variable rate Tennessee Municipal Bond Fund loan rate for June 30, 2025 was 3.45%.

CITY OF LAKELAND, TENNESSEE

Exhibit C-6

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR

For the Year Ended June 30, 2025

CHANGES IN PROPERTY TAXES RECEIVABLE BY LEVY YEAR

Year of Levy	Balance June 30, 2024	Assessment	Adjustments/ Abatements	Collections/ Refunds	Balance June 30, 2025
2025	\$ -	\$ 6,546,063	\$ -	\$ -	\$ 6,546,063
2024	5,963,236	-	88,880	(5,985,543)	66,573
2023	83,410	-	8,484	(74,996)	16,898
2022	21,908	-	9	(15,829)	6,088
2021	7,389	-	144	(4,488)	3,045
2020	2,450	-	(3)	(372)	2,075
2019	518	-	(3)	(348)	167
2018	568	-	(1)	(312)	255
2017	1,033	-	(1)	(847)	185
2016	504	-	(1)	(183)	320
2015	463	-	(1)	(36)	426
2014	303	-	(94)	(21)	188
Total	6,081,782	<u>\$6,546,063</u>	<u>97,414</u>	<u>(6,082,975)</u>	6,642,285
Allowance for uncollectible property taxes	<u>(65,559)</u>				<u>(70,271)</u>
Net receivables	<u>\$ 6,016,223</u>				<u>\$ 6,572,014</u>

DELINQUENT PROPERTY TAXES

The City files delinquent property taxes with the Chancery Court on the first business day of April each year for property taxes receivable aged over two years.

PROPERTY TAX RATES AND ASSESSMENTS - LAST 10 YEARS

Year of Levy	Total Assessed Valuation	Tax Rate per \$100	Levy
2025	\$ 696,389,637	\$ 0.94	\$ 6,546,063
2024	501,112,285	1.19	5,963,236
2023	494,173,867	1.19	5,880,670
2022	475,665,753	1.04	4,946,924
2021	454,811,396	1.04	4,730,039
2020	369,153,978	1.24	4,577,509
2019	362,023,970	1.24	4,489,097
2018	355,154,200	1.25	4,439,428
2017	353,143,290	1.25	4,414,291
2016	318,045,649	1.40	4,452,639

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS
For the Year Ended June 30, 2025

Exhibit C-7

	<u>Amount of Bond</u>
Mayor	\$ 10,000
Commissioners (each)	10,000
City Manager	10,000
Finance and Human Resources Director	10,000
City Recorder	10,000
Accounting Manager	10,000
Community Services Representative	10,000
Senior Center Manager	10,000
Receptionist	10,000
Human Resources Generalist	10,000
Lakeland School System Superintendent	1,000,000

City employees are covered under the City's insurance policy for dishonesty, forgery, alterations, theft, disappearance or destruction, and computer fraud subject to a \$1,000 deductible. The City of Lakeland also maintains additional fidelity insurance against employee theft up to \$3,000,000 with a \$35,000 retention amount. Lakeland School System employees are covered by a blanket bond.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
For the Year Ended June 30, 2025

Exhibit C-8

SEWER:

Number of Customers as of June 30, 2025: 4,467

Gallons Used / 1 CCF = 748.052 gallons
MLGW measures by CCF not gallons

Residential City Sewer Rates

Minimum Monthly Bill \$29.60
Volumetric Rate \$2.14/ccf

Commercial City Sewer Rates

Minimum Monthly Bill (based on meter size), plus Volumetric Rate \$2.14/ccf

Commercial Rates (Per Month)					
Meter Size (Inches)	Max Flow Rater (GPM)	Multiplier	Minimum bill (\$)	\$/ccf	
5/8 & 3/4	20	1	\$ 29.60	\$ 2.14	
1	50	2.5	74.02	2.14	
1 1/2	100	5	148.02	2.14	
2	160	8	236.83	2.14	
3	500	25	740.11	2.14	
4	1,000	50	1,480.22	2.14	
6	1,600	80	2,368.35	2.14	
8	2,800	140	4,144.61	2.14	
10	4,400	220	6,512.95	2.14	

SANITATION:

Number of Customers as of June 30, 2025: 4,644

Rate Type	Monthly Charge
Residential	\$ 24.70

STORM WATER:

Number of Customers as of June 30, 2025: 5,155

Rate Type	Monthly Charge
Residential	\$ 3.20

STATISTICAL SECTION (UNAUDITED)

CITY OF LAKELAND, TENNESSEE

STATISTICAL SECTION - TABLE OF CONTENTS

This part of the City of Lakeland's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Direct and Overlapping Debt – Governmental Activities	D-18	131
Demographic and Economic Information – These exhibits offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, as a means of comparisons over time and with other governments.		
Demographics and Economic Indicators	D-19	132
Principal Employers	D-20	133
Operating Information – These exhibits contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.		
Full-Time Equivalent Employees by Fund and Function	D-21	134
Operating Indicators by Function	D-22	135
Capital Assets Statistics by Function	D-23	136

Sources: Unless otherwise noted, the information in these exhibits is derived from the annual financial reports for the relevant year.

CITY OF LAKELAND, TENNESSEE
NET POSITION BY COMPONENT

Last Ten Fiscal Years
(Accrual basis of accounting)

Exhibit D-1

	As of June 30, 2025	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016
Governmental Activities										
Net investment in capital assets	\$ 82,133,766	\$77,101,130	\$73,163,543	\$ 68,900,757	\$ 54,438,834	\$ 49,245,341	\$ 46,769,191	\$ 44,863,094	\$ 42,975,044	\$ 41,237,807
Restricted	16,520,906	12,006,318	10,846,427	8,766,467	3,103,811	3,441,131	3,408,097	8,135,361	8,288,185	1,708,500
Unrestricted	10,321,797	9,292,325	16,059,896	14,861,814	18,014,433	16,830,765	14,429,273	5,843,072	5,931,344	11,045,961
Total Governmental Activities	\$ 108,976,469	\$ 98,399,773	\$ 100,069,866	\$ 92,529,038	\$ 75,557,078	\$ 69,517,237	\$ 64,606,561	\$ 58,841,527	\$ 57,194,573	\$ 53,992,268
Business-Type Activities										
Net investment in capital assets	\$ 16,635,138	\$14,897,423	\$13,571,660	\$ 12,145,664	\$ 11,103,421	\$ 9,941,763	\$ 9,462,547	\$ 8,335,618	\$ 8,024,603	\$ 7,548,065
Restricted	-	-	-	-	-	2,817	-	16,320	-	-
Unrestricted	(2,461,337)	(736,243)	341,947	1,362,790	1,735,313	2,372,034	1,913,569	1,864,756	1,602,169	1,610,174
Total Business-Type Activities	\$ 14,173,801	\$ 14,161,180	\$ 13,913,607	\$ 13,508,454	\$ 12,838,734	\$ 12,316,614	\$ 11,376,116	\$ 10,216,694	\$ 9,626,772	\$ 9,158,239
Primary Government										
Net investment in capital assets	\$ 98,768,904	\$91,998,553	\$ 86,735,203	\$ 81,046,421	\$ 65,542,255	\$ 59,187,104	\$ 56,231,738	\$ 53,198,712	\$ 50,999,647	\$ 48,785,872
Restricted	16,520,906	12,006,318	10,846,427	8,766,467	3,103,811	3,443,948	3,408,097	8,151,681	8,288,185	1,708,500
Unrestricted	7,860,460	8,556,082	16,401,843	16,224,604	19,749,746	19,202,799	16,342,842	7,707,828	7,533,513	12,656,135
Total Primary Government	\$ 123,150,270	\$ 112,560,953	\$ 113,983,473	\$ 106,037,492	\$ 88,395,812	\$ 81,833,851	\$ 75,982,677	\$ 69,058,221	\$ 66,821,345	\$ 63,150,507

Source: Annual audited financial statements for each of the fiscal years presented above, as originally reported. Prior period adjustments, if any, are not reflected.

CITY OF LAKELAND, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years Ended June 30
(Accrual basis of accounting)

Exhibit D-2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
EXPENSES										
Governmental Activities										
General government	\$ 3,111,487	\$5,386,179	\$ 2,448,002	\$ 2,280,602	\$ 2,073,494	\$ 1,615,102	\$ 2,241,345	\$ 2,444,545	\$ 1,984,530	\$ 1,663,019
Community services	1,130,781	1,179,351	1,051,168	839,141	562,646	1,036,685	-	-	-	-
Public works	7,288,408	7,560,961	6,389,408	4,573,665	4,719,674	4,063,106	5,237,019	5,310,397	5,524,380	4,845,979
Parks and recreation	1,397,816	1,338,097	1,188,121	1,045,805	513,748	505,085	603,062	493,440	680,872	435,148
Education	36,015,392	30,340,419	27,190,110	19,931,522	19,838,831	17,971,699	15,648,246	15,526,261	8,866,714	9,452,381
Debt issuance costs	-	-	-	152,380	34,000	-	-	-	32,158	214,684
Interest on long-term debt	1,222,409	1,233,330	1,287,073	760,617	1,185,980	1,141,192	706,464	723,878	120,027	52,145
Total governmental activities	50,166,293	47,038,337	39,553,882	29,583,732	28,928,373	26,332,869	24,436,136	24,498,521	17,208,681	16,663,356
Business-Type Activity										
Sewer	3,163,423	2,246,757	1,942,728	1,403,653	1,387,998	1,411,827	1,280,582	1,287,702	1,171,287	1,046,611
Total business-type activity	3,163,423	2,246,757	1,942,728	1,403,653	1,387,998	1,411,827	1,280,582	1,287,702	1,171,287	1,046,611
Total primary government expenses	<u>\$ 53,329,716</u>	<u>\$ 49,285,094</u>	<u>\$ 41,496,610</u>	<u>\$ 30,987,385</u>	<u>\$ 30,316,371</u>	<u>\$ 27,744,696</u>	<u>\$ 25,716,718</u>	<u>\$ 25,786,223</u>	<u>\$ 18,379,968</u>	<u>\$ 17,709,967</u>
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General government	\$ 900	\$ -	\$ 600	\$ 400	\$ 3,606	\$ 5,328	\$ 182,005	\$ 289,925	\$ 254,125	\$ 115,735
Community development	170,764	191,725	180,241	268,895	397,838	467,443	-	-	-	-
Public works	1,617,831	1,588,578	1,562,893	1,566,499	1,508,963	1,465,274	1,450,391	1,438,322	1,450,836	1,411,948
Parks and recreation	223,506	170,954	113,671	171,065	155,651	244,630	246,530	254,488	153,810	116,720
Education	1,110,199	868,272	736,461	317,854	234,460	477,764	596,144	537,903	370,351	372,705
Operating grants and contributions	26,491,576	18,502,789	17,512,419	17,719,942	14,131,983	11,177,075	11,016,750	8,958,325	5,718,014	4,967,226
Capital grants and contributions	7,273,973	1,776,358	5,999,299	8,465,404	1,601,883	2,522,360	2,463,353	918,423	1,046,256	171,116
Total governmental activities	36,888,749	23,098,676	26,105,584	28,510,059	18,034,384	16,359,874	15,955,173	12,397,386	8,993,392	7,155,450
Business-Type Activity										
Charges for Services										
Sewer	3,005,684	2,422,202	1,887,349	1,823,815	1,906,847	2,296,427	1,497,126	1,481,646	1,502,522	1,268,923
Operating grants and contributions	-	61,372	-	-	-	-	-	-	-	-
Capital grants and contributions	160,045	-	363,947	244,155	-	41,709	930,093	390,600	133,300	-
Total business-type activity	3,165,729	2,483,574	2,251,296	2,067,970	1,906,847	2,338,136	2,427,219	1,872,246	1,635,822	1,268,923
Total primary government program revenues	<u>\$ 40,054,478</u>	<u>\$ 25,582,250</u>	<u>\$ 28,356,880</u>	<u>\$ 30,578,029</u>	<u>\$ 19,941,231</u>	<u>\$ 18,698,010</u>	<u>\$ 18,382,392</u>	<u>\$ 14,269,632</u>	<u>\$ 10,629,214</u>	<u>\$ 8,424,373</u>
Net (Expense)/Revenue										
Governmental activities	\$ (13,277,544)	\$ (23,939,661)	\$ (13,448,298)	\$ (1,073,673)	\$ (10,893,989)	\$ (9,972,995)	\$ (8,480,963)	\$ (12,101,135)	\$ (8,215,289)	\$ (9,507,906)
Business-type activity	2,306	236,817	308,568	664,317	518,849	926,309	1,146,637	584,544	464,535	222,312
Total primary government	<u>\$ (13,275,238)</u>	<u>\$ (23,702,844)</u>	<u>\$ (13,139,730)</u>	<u>\$ (409,356)</u>	<u>\$ (10,375,140)</u>	<u>\$ (9,046,686)</u>	<u>\$ (7,334,326)</u>	<u>\$ (11,516,591)</u>	<u>\$ (7,750,754)</u>	<u>\$ (9,285,594)</u>

(Continued on next page)

CITY OF LAKELAND, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years Ended June 30
(Accrual basis of accounting)

Exhibit D-2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities										
Local taxes	\$ 20,878,029	\$19,398,477	\$ 17,471,766	\$ 15,516,666	\$ 14,281,850	\$ 12,910,473	\$ 12,422,859	\$ 12,054,385	\$ 9,720,013	\$ 8,451,536
Intergovernmental revenues	2,124,858	2,074,699	1,860,270	1,912,424	1,854,201	1,573,782	1,593,976	1,545,903	1,587,101	2,897,031
Other revenue	205,380	151,613	1,364,077	581,161	324,248	113,589	125,449	61,408	24,941	100,121
Gain on sale of capital assets	-	-	-	-	-	171	-	172	8,923	-
Interest on investments	502,471	412,659	293,013	35,382	71,153	285,656	103,713	86,221	76,616	43,145
Insurance proceeds	143,502	232,120	-	-	-	-	-	-	-	-
Total governmental activities	23,854,240	22,269,568	20,989,126	18,045,633	16,531,452	14,883,671	14,245,997	13,748,089	11,417,594	11,491,833
Business-Type Activity										
Interest on investments	188	5,417	96,585	5,403	3,271	14,189	12,785	5,378	3,998	4,083
Other	10,127	5,339	-	-	-	-	-	-	-	-
Total business-type activity	10,315	10,756	96,585	5,403	3,271	14,189	12,785	5,378	3,998	4,083
Total primary government	<u>\$ 23,864,555</u>	<u>\$ 22,280,324</u>	<u>\$ 21,085,711</u>	<u>\$ 18,051,036</u>	<u>\$ 16,534,723</u>	<u>\$ 14,897,860</u>	<u>\$ 14,258,782</u>	<u>\$ 13,753,467</u>	<u>\$ 11,421,592</u>	<u>\$ 11,495,916</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 10,576,696	\$ (1,670,093)	\$ 7,540,828	\$ 16,971,960	\$ 5,637,463	\$ 4,910,676	\$ 5,765,034	\$ 1,646,954	\$ 3,202,305	\$ 1,983,927
Business-type activity	12,621	247,573	405,153	669,720	522,120	940,498	1,159,422	589,922	468,533	226,395
Total primary government	<u>\$ 10,589,317</u>	<u>\$ (1,422,520)</u>	<u>\$ 7,945,981</u>	<u>\$ 17,641,680</u>	<u>\$ 6,159,583</u>	<u>\$ 5,851,174</u>	<u>\$ 6,924,456</u>	<u>\$ 2,236,876</u>	<u>\$ 3,670,838</u>	<u>\$ 2,210,322</u>

CITY OF LAKELAND, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit D-3

Last Ten Fiscal Years
(modified accrual basis of accounting)

	As of June 30, 2025	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016
General Fund										
Nonspendable	\$ 2,525,165	\$ 2,861	\$ 2,256,000	\$ 1,004	\$ 1,660	\$ 320,000	\$ 69,998	\$ -	\$ 66	\$ -
Restricted	-	-	-	81,198	172,546	172,419	-	-	-	-
Committed	265,852	350,572	1,216,829	1,297,372	1,612,139	1,478,919	1,087,610	523,435	430,078	408,718
Assigned	243,841	234,823	854,823	604,823	1,770,000	1,340,354	214,835	259,970	2,617,696	2,404,227
Unassigned	6,769,524	6,948,587	9,481,569	8,191,513	7,731,486	8,588,342	8,778,081	7,756,900	7,529,530	8,110,377
Total General Fund	\$ 9,804,382	\$ 7,536,843	\$ 13,809,221	\$ 10,175,910	\$ 11,287,831	\$ 11,900,034	\$ 10,150,524	\$ 8,540,305	\$ 10,577,370	\$ 10,923,322
General Purpose School Fund										
Nonspendable	\$ -	\$ 599	\$ -	\$ -	\$ 1,857	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	9,379,820	7,049,037	6,326,926	6,190,729	138,333	67,631	30,024	-	-	-
Assigned	-	-	-	-	8,723,848	6,989,444	6,136,225	4,326,764	2,795,478	1,865,633
Total General Purpose School Fund	\$ 9,379,820	\$ 7,049,636	\$ 6,326,926	\$ 6,190,729	\$ 8,864,038	\$ 7,057,075	\$ 6,166,249	\$ 4,326,764	\$ 2,795,478	\$ 1,865,633
School Federal Projects Fund										
Restricted				\$ 889						
School Capital Projects Fund										
Restricted			\$ 2,573,542	\$ 8,084,489	\$ 23,376,222	\$ 43,394,431	\$ 996,109	\$ 6,399,351	\$ 6,602,136	\$ 20,601,660
Total School Capital Projects Fund			\$ 2,573,542	\$ 8,084,489	\$ 23,376,222	\$ 43,394,431	\$ 996,109	\$ 6,399,351	\$ 6,602,136	\$ 20,601,660
Debt Service Fund										
Committed			\$ 54	\$ 45	\$ 42	\$ 42				
Total Debt Service Fund			\$ 54	\$ 45	\$ 42	\$ 42				
Non-Major Governmental Funds										
Nonspendable	\$ -	-	\$ 6,213	\$ 4,553	\$ 13,025	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,913,622	2,548,676	1,821,873	1,913,380	1,352,462	1,369,855	1,752,589	1,564,107	1,852,196	998,420 *
Committed	1,255,911	1,241,825	2,115,555	2,825,683	555,575	294,322	380,340	923,496	239,885	395,010 *
Unassigned	-	(250,795)	(54,921)	-	-	-	-	-	-	(2,346)
Total Non-Major Governmental Funds	\$ 4,169,533	\$ 3,539,706	\$ 3,888,720	\$ 4,743,616	\$ 1,921,062	\$ 1,664,177	\$ 2,132,929	\$ 2,487,603	\$ 2,092,081	\$ 1,391,084
All Governmental Funds (excluding General)										
Nonspendable	\$ -	\$ 599	\$ 6,213	\$ 4,553	\$ 14,882	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	12,293,442	9,597,713	10,722,341	16,189,487	24,867,017	44,831,917	2,778,722 *	7,963,458 *	8,454,332 *	21,600,080 *
Committed	1,255,911	1,241,825	2,115,609	2,825,728	555,617	294,364	380,340 *	923,496	239,885	395,010
Assigned	-	-	-	-	8,723,848	6,989,444	6,136,225	4,326,764	2,795,478	1,865,633
Unassigned	-	(250,795)	(54,921)	-	-	-	-	-	-	(2,346)
Total All Governmental Funds (excluding General)	\$ 13,549,353	\$ 10,589,342	\$ 12,789,242	\$ 19,019,768	\$ 34,161,364	\$ 52,115,725	\$ 9,295,287	\$ 13,213,718	\$ 11,489,695	\$ 23,858,377

Source: Annual audited financial statements for each of the fiscal years presented above, as originally reported. Prior period adjustments, if any, are not reflected.

Notes: Information is presented as of June 30th of each fiscal year ended.

Further information on increases and decreases in fund balance for each year may be found in the audited financial statements for the associated fiscal year end.

The General Fund is always a major fund. Other funds are only shown individually above in fiscal years in which they were classified as a major governmental fund.

* Reclassified from original reports to match correct presentation.

CITY OF LAKELAND, TENNESSEE
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Exhibit D-4

Last Ten Fiscal Years Ended June 30
 (Modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Property taxes	\$ 12,630,746	\$ 12,000,408	\$ 10,591,634	\$ 9,727,528	\$ 9,562,609	\$ 9,028,947	\$ 8,870,195	\$ 8,632,865	\$ 7,102,514	\$ 6,515,877
Local sales taxes	8,115,394	7,319,841	6,840,248	5,671,295	4,752,798	3,893,516	3,575,127	3,300,271	2,497,650	1,948,981
Intergovernmental	25,851,376	17,283,432	14,061,005	13,050,017	12,686,966	11,948,467	11,838,064	10,009,710	6,717,032	7,495,060
Licenses and permits	178,964	197,325	182,990	274,995	353,234	125,308	100,172	63,233	59,323	108,980
Charges for services	2,944,236	2,622,204	2,410,876	2,049,718	1,947,284	2,535,131	2,374,898	2,457,405	2,169,799	1,901,373
Federal, state, and local grants	2,565,077	2,072,800	10,181,945	12,608,248	3,866,072	1,636,354	1,378,668	1,736,605	1,208,351	556,439
Contributions	6,495,703	1,132,665	508,352	197,273	487,886	1,261,019	-	-	-	-
Co-curricular	1,343,860	1,145,785	908,758 *	531,035 *	279,059 *	-	-	-	-	-
Interest on investments	502,471	412,659	293,013	35,382	71,153	285,656	103,713	86,221	76,616	43,145
Other	205,380	151,613	464,124 *	56,720 *	48,689 *	119,049	128,349	65,148	25,251	105,621
Total revenues	60,833,207	44,338,732	46,442,945	44,202,211	34,055,750	30,833,447	28,369,186	26,351,458	19,856,536	18,675,476
EXPENDITURES										
Current Expenditures										
General government	2,595,615	4,871,053	2,067,478	2,053,705	1,794,134	1,365,546	2,283,517	3,864,019	2,861,943	1,817,676
Community development	1,015,520	1,128,616	1,000,433	834,821	558,326	981,344	-	-	-	-
Public works	5,546,703	5,888,610	4,869,441	3,183,712	3,386,831	2,725,517	3,319,058	3,081,684	3,405,316	1,955,349
Parks and recreation	1,434,022	1,136,620	1,005,529	896,583	436,158	433,545	587,539	423,320	607,642	449,309
Education	32,934,472	27,573,549	24,415,905	21,579,685	18,996,284	17,147,617	15,371,530	14,108,658	8,476,688	7,440,841
Debt Service										
Principal	1,335,613	1,143,172	8,284,230	2,099,849	3,175,823	2,086,610	2,011,071	1,972,858	1,856,902	413,323
Interest and fiscal charges	1,432,313	1,444,833	1,502,297	1,008,783	1,422,686	1,373,774	925,531	921,197	922,883	653,755
Bond issuance costs	-	-	-	152,380	34,000	-	-	-	-	-
Capital outlays	9,613,436	10,581,774	12,991,343	31,870,938	23,664,950	3,649,717	6,647,031	3,738,806	14,636,872	3,968,571
Total expenditures	55,907,694	53,768,227	56,136,656	63,680,456	53,469,192	29,763,670	31,145,277	28,110,542	32,768,246	16,698,824
Excess (deficiency) of revenues over (under) expenditures	4,925,513	(9,429,495)	(9,693,711)	(19,478,245)	(19,413,442)	1,069,777	(2,776,091)	(1,759,084)	(12,911,710)	1,976,652
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	7,015,747	3,155,308	-	43,500,000	467,483	1,185,948	188,105	20,000,000
Issuance of SBITA	158,535	725,097	80,749	-	-	-	-	-	-	-
Issuance of refunding debt	-	-	-	43,569,420	14,794,500	-	-	-	-	-
Insurance proceeds	143,502	232,120	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(43,500,000)	(14,350,000)	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-	-	2,499,981
Sale of capital assets	-	-	-	-	-	171	396	260,142	8,923	-
Transfers in	9,718,797	6,091,536	13,288,979	56,655,283	22,318,351	48,284,992	4,268,340	7,181,395	4,461,554	24,335,102
Transfers out	(9,718,797)	(6,091,536)	(13,288,979)	(56,655,283)	(22,318,351)	(48,284,992)	(4,268,340)	(7,181,395)	(4,461,554)	(24,335,102)
Total other financing sources (uses)	302,037	957,217	7,096,496	3,224,728	444,500	43,500,171	467,879	1,446,090	197,028	22,499,981
Net change in fund balances	\$ 5,227,550	\$ (8,472,278)	\$ (2,597,215)	\$ (16,253,517)	\$ (18,968,942)	\$ 44,569,948	\$ (2,308,212)	\$ (312,994)	\$ (12,714,682)	\$ 24,476,633
Debt service as a percentage of noncapital expenditures	6.1%	6.0%	22.3%	10.9%	15.5%	13.3%	12.3%	12.6%	17.5%	9.0%

* Reclassified from original reports to match correct presentation.

CITY OF LAKELAND, TENNESSEE
REVENUES BY FISCAL YEAR - GENERAL FUND

Exhibit D-5

Last Ten Fiscal Years Ended June 30
(Modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Property Taxes										
Property taxes	\$ 5,810,773	\$5,816,805	\$ 4,886,569	\$ 4,676,813	\$ 4,583,771	\$ 4,385,969	\$ 4,404,320	\$ 4,385,265	\$ 4,556,460	\$ 4,199,800
Personalty taxes	42,092	38,334	39,135	35,095	34,113	13,123	17,787	19,049	23,637	23,465
Interest and penalties	20,594	7,116	12,134	11,571	13,458	12,375	9,184	9,772	14,850	14,153
Utility tax	40,880	17,600	15,987	16,665	17,385	7,410	6,342	7,747	14,188	24,256
Local Sales Taxes										
Local sales tax	3,190,338	2,872,573	2,753,513	2,272,299	1,740,852	1,412,224	1,202,495	1,111,683	1,129,714	1,113,235
Wholesale beer and liquor tax	251,548	235,345	206,375	125,859	117,939	96,025	91,344	84,453	84,610	42,754
Business tax	186,252	161,230	144,330	140,432	113,536	87,299	89,615	98,175	83,758	76,994
Room occupancy tax	82,518	95,875	96,134	89,910	74,369	61,069	79,384	47,745	59,501	63,455
CATV franchise tax	107,440	119,857	134,665	140,680	141,043	145,020	146,755	148,500	149,472	148,102
Other revenue	35,895	31,149	29,621	19,327	12,610	-	-	-	-	-
Intergovernmental										
Sales tax	1,754,518	1,707,602	1,654,194	1,572,882	1,318,779	1,132,436	1,102,437	1,059,342	1,030,176	1,005,384
Income tax (Hall)	-	-	2,078	3,623	62,071	102,215	131,374	135,311	143,984	192,645
Beer and liquor tax	66,648	51,037	14,775	1,125	6,268	5,823	5,754	10,918	6,521	8,752
State road maintenance	-	28,024	25,472	25,420	24,677	24,677	24,681	25,009	25,106	25,288
Payments in lieu of tax - TVA	269,138	265,858	277,672	257,889	267,643	288,084	307,247	309,880	292,083	293,085
Other state revenue	-	-	-	-	-	4,899	4,636	5,443	926	1,056
Licenses and Permits										
Building permit fees	26,927	47,280	85,781	98,939	173,090	112,368	64,375	48,261	44,759	31,023
Engineering Fees	49,800	43,100	19,900	59,150	61,651 *	93,767 *	30,200 *	79,000 *	31,900 *	17,900 *
Administrative fees - developments	53,697	55,288	20,005	58,044	50,512 *	67,722 *	27,758 *	115,650 *	170,335 *	31,960 *
Other permits - general government	900	-	600	400	3,296	-	-	-	-	-
Other permits - parks and recreation	7,300	5,600	2,149	5,700	6,637	-	-	-	-	-
Other permits - community service	40,340	46,057	54,555	52,762	58,048	12,940	35,797	14,972	16,064	13,457
Charges for Services										
General government	-	-	-	-	310	5,328	-	-	-	-
Other fees	-	-	-	-	54,537	180,646	23,875	70,184	45,405	13,707
Recreation fees	135,970	99,211	93,169	85,476	86,908	121,246	196,354	106,941	103,437	57,124
Parks development fees	50,411	32,964	(6,847)	45,379	46,528	107,402	19,371	103,257	25,660	14,948
Rental income	29,825	33,179	25,200	34,510	15,578	15,982	30,805	44,290	24,698	48,781
Federal, State, and Local Grants										
Operating grants	140,984	351,650	3,857,848	591,426	976,375	319	-	320,494	13,500	36,500
Capital grants	302,962	57,895	4,034,069	5,675,505	656,355	458,456	197,711	500,605	248,996	155,201
Contributions	5,683,010	-	-	-	-	-	-	-	-	-
Interest on investments	354,685	383,444	231,730	11,988	9,734	22,337	18,400	9,719	7,893	7,198
Other	79,029	58,182	15,002	14,368	5,814	53,030	77,924	19,165	39,963	38,661
Total general fund revenue	\$ 18,814,474	\$ 12,662,255	\$ 18,725,815	\$ 16,123,237	\$ 10,733,887	\$ 9,030,191	\$ 8,345,925	\$ 8,890,830	\$ 8,387,596	\$ 7,698,884

* Reclassified from original reports to match correct presentation.

CITY OF LAKELAND, TENNESSEE

Exhibit D-6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

Last Ten Fiscal Years Ended June 30

(Modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Property taxes	\$ 5,914,339	\$5,879,855	\$ 4,953,825	\$ 4,740,144	\$ 4,648,727	\$ 4,418,877	\$ 4,437,633	\$ 4,421,833	\$ 4,609,135	\$ 4,261,674
Local sales taxes	3,853,991	3,516,029	3,364,638	2,788,507	2,200,349	1,801,637	1,609,593	1,490,556	1,507,055	1,444,540
Intergovernmental	2,090,304	2,052,521	1,974,191	1,860,939	1,679,438	1,558,134	1,576,129	1,545,903	1,498,796	1,526,210
Licenses and permits	178,964	197,325	182,990	274,995	353,234	125,308	100,172	63,233	60,823	44,480
Charges for services	216,206	165,354	111,522	165,365	203,861	592,093	328,363	519,322	401,435	184,420
Federal, state, and local grants	443,946	409,545	7,891,917	6,266,931	1,632,730	458,775	197,711	821,099	262,496	191,701
Contributions	5,683,010	-	-	-	-	-	-	-	-	-
Interest on investments	354,685	383,444	231,730	11,988	9,734	22,337	18,400	9,719	7,893	7,198
Other	79,029	58,182	15,002	14,368	5,814	53,030	77,924	19,165	39,963	38,661
Total revenues	18,814,474	12,662,255	18,725,815	16,123,237	10,733,887	9,030,191	8,345,925	8,890,830	8,387,596	7,698,884
EXPENDITURES										
Current Expenditures										
General government	2,595,615	4,871,053	2,092,548	2,053,705	1,794,134	1,365,546	2,283,517	3,864,019	2,861,943	1,817,676
Community development	1,015,520	1,128,616	1,000,433	834,821	558,326	981,344	-	-	-	-
Public works	1,045,066	725,531	602,062	692,393	438,558	465,335	401,566	635,091	896,622	138,676
Parks and recreation	1,434,022	1,136,620	1,005,529	896,583	436,158	433,545	587,539	423,320	607,642	449,309
Education	-	-	-	-	-	-	-	-	-	-
Debt Service										
Principal	168,753	111,788	27,500	-	-	-	-	-	-	-
Interest and fiscal charges	12,747	2,356	-	-	-	-	-	-	-	101,684
Capital outlays	4,293,953	6,306,092	5,571,949	7,827,101	2,069,606	711,936	-	-	-	-
Total expenditures	10,565,676	14,282,056	10,300,021	12,304,603	5,296,782	3,957,706	3,272,622	4,922,430	4,366,207	2,507,345
Excess (deficiency) of revenues over (under) expenditures	8,248,798	(1,619,801)	8,425,794	3,818,634	5,437,105	5,072,485	5,073,303	3,968,400	4,021,389	5,191,539
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	7,015,747	3,155,308	14,794,500	43,500,000	364,001	916,008	94,165	20,000,000
Issuance of refunding debt	-	-	-	43,569,420	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-	-	2,499,981
Issuance of subscription liability	158,535	642,127	80,749	-	-	-	-	-	-	-
Insurance recovery	43,502	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	171	-	259,970	-	-
Transfers in	-	-	700,000	700,000	700,000	730,923	-	-	-	-
Transfers out	(6,183,296)	(5,427,746)	(12,588,979)	(52,355,283)	(21,543,808)	(47,554,069)	(3,827,085)	(7,181,395)	(4,461,554)	(24,335,102)
Total other financing sources (uses)	(5,981,259)	(4,785,619)	(4,792,483)	(4,930,555)	(6,049,308)	(3,322,975)	(3,463,084)	(6,005,417)	(4,367,389)	(1,835,121)
Net change in fund balances	\$ 2,267,539	\$ (6,405,420)	\$ 3,633,311	\$ (1,111,921)	\$ (612,203)	\$ 1,749,510	\$ 1,610,219	\$ (2,037,017)	\$ (346,000)	\$ 3,356,418

CITY OF LAKELAND, TENNESSEE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Exhibit D-7

Real Property											
Year of Levy	Residential Property	Farm Property	Commercial Property	Public Utilities Property	Commercial Personal Property	Total Taxable Assessed Value	Tax Rate per \$100	Tax Levy Before Adjustments	Estimated Actual Taxable Value	Taxable Assessed Value as a percentage of Actual Taxable Value	Estimated Actual Taxable Value per Capita
2025	\$ 569,768,200	\$ 13,436,925	\$ 102,132,695	\$ 3,350,950	\$ 6,679,710	\$ 695,368,480	\$ 0.94	\$ 6,536,464	\$ 2,617,150,836	26.57%	\$ 183,970
2024	412,662,675	9,739,925	71,763,840	1,873,145	5,072,700	501,112,285	1.19	5,963,236	1,860,860,918	26.93%	131,065
2023	406,664,175	9,128,400	69,214,440	2,024,732	4,698,930	491,730,677	1.19	5,851,596	1,861,136,531	26.42%	130,825
2022	392,801,100	9,361,975	66,252,840	2,107,718	5,142,120	475,665,753	1.04	4,946,924	1,795,841,815	26.49%	126,486
2021	384,174,675	9,806,025	54,440,800	1,831,746	4,558,150	454,811,396	1.04	4,730,039	1,731,134,147	26.27%	124,506
2020	309,278,975	7,708,075	46,245,595	1,677,253	4,244,080	369,153,978	1.24	4,577,509	1,401,359,851	26.34%	110,850
2019	301,905,350	7,310,325	46,808,075	1,806,390	4,193,830	362,023,970	1.24	4,489,097	1,380,492,645	26.22%	109,155
2018	296,229,400	7,603,225	45,233,465	1,721,120	4,366,990	355,154,200	1.25	4,439,428	1,346,705,509	26.37%	106,481
2017	293,221,300	7,422,225	45,633,520	2,499,805	4,366,440	353,143,290	1.25	4,414,291	1,336,869,300	26.42%	105,589
2016	267,822,525	6,665,875	37,425,900	2,045,929	4,085,420	318,045,649	1.40	4,452,639	1,209,946,971	26.29%	95,596

Source: Shelby County, Tennessee, Assessor's Office before adjustment from the County Board of Equalization.

Notes: Property in Shelby County, Tennessee, is reassessed every four years.
Residential and farm property is assessed at 25% of appraised/estimated actual taxable value.
Commercial real property is assessed at 40% of appraised/estimated actual taxable value.
Public utilities is assessed at 55% of appraised/estimated actual taxable value.
Population estimated at 14,226 for 2025 per citypopulation.de

CITY OF LAKELAND, TENNESSEE

Exhibit D-8

ANALYSIS OF VALUE OF TAXABLE PROPERTY - CURRENT FISCAL YEAR

For the Year Ended June 30, 2025

Year of Levy: 2025	Appraised Value	Percent of Total	Assessment Value	Percent of Total
Market Real Estate				
Farm	\$ 27,185,400	1.04%	\$ 6,796,350	0.98%
Residential	2,260,857,300	86.59%	565,214,325	81.68%
Commercial	249,827,100	9.57%	99,930,840	14.44%
Industrial	1,823,000	0.07%	729,200	0.11%
Multiple	3,517,300	0.13%	1,157,370	0.17%
Subtotal	2,543,210,100		673,828,085	
Greenbelt Real Estate				
Farm	26,562,300	1.02%	6,640,575	0.96%
Residential	18,215,500	0.70%	4,553,875	0.66%
Commercial	28,500	0.00%	7,125	0.00%
Industrial	-	0.00%	-	0.00%
Multiple	777,600	0.03%	308,160	0.04%
Subtotal	45,583,900		11,509,735	
Personal Property				
Tangible	22,264,200	0.85%	6,679,710	0.97%
Intangible	-	0.00%	-	0.00%
Local utility	-	0.00%	-	0.00%
Subtotal	22,264,200		6,679,710	
Total as of April 2024	\$ 2,611,058,200		\$ 692,017,530	

CITY OF LAKELAND, TENNESSEE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years

Exhibit D-9

Property Tax Rates per \$100 of Assessed Valuation

Levy Year	Fiscal Year	City Direct Rate	County Rate	Total Direct & Overlapping Rates
2024	2025	\$ 1.19	\$ 3.39	\$ 4.58
2023	2024	1.19	3.39	4.58
2022	2023	1.04	3.39	4.43
2021	2022	1.04	3.45	4.49
2020	2021	1.24	4.05	5.29
2019	2020	1.24	4.05	5.29
2018	2019	1.25	4.05	5.30
2017	2018	1.25	4.11	5.36
2016	2017	1.40	4.37	5.77
2015	2016	1.40	4.37	5.77

Notes: Shelby County, Tennessee property tax rates obtained from County Annual Comprehensive Financial Report and website.

Above are the tax rates for both the City of Lakeland and Shelby County.

CITY OF LAKELAND, TENNESSEE
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago

Exhibit D-10

Name of Taxpayer	Nature of Property	2025				2016			
		Tax Levied	Percentage of Total	Assessment	Rank	Tax Levied	Percentage of Total	Assessment	Rank
Lakeland Apartments TN Assoc LLC	Apartments	\$ 143,987	2.24%	\$ 15,317,720	1	\$ 122,012	2.74%	\$ 8,715,120	1
Lakeland Commons PH II LLC	Multi use property	128,957	2.00%	13,718,840	2				
Lakeland Commons Holdings LLC	Multi use property	107,060	1.66%	11,389,320	3				
Lake District LLC	Strip Center	91,225	1.42%	9,704,760	4				
CB Associates LLC	Strip center	36,012	0.56%	3,831,080	5	40,228	0.90%	2,873,400	2
Lakeland 64 LLC	Fitness center	27,720	0.43%	2,948,920	6	26,400	0.59%	1,885,680	4
Gregory Realty Group	Developing commercial property	25,232	0.39%	2,684,240	7				
ALDI INC (Tennessee)	Grocery	18,845	0.29%	2,004,840	8				
Countrybridge Partners LP	Strip center	17,484	0.27%	1,860,000	9	15,219	0.34%	1,087,080	5
Highway 64 Center LLC	Strip center	16,158	0.25%	1,718,960	10				
Banking Consultants of America LCC	Strip Center					28,032	0.63%	2,002,320	3
Orange Grove Utilities Inc	Retail					13,009	0.29%	929,240	6
PPM XIV LP	Undeveloped Commercial Property					10,470	0.24%	747,840	7
Lakeland Station Holding LLC	Vacant Commercial Property					10,360	0.23%	740,000	8
Hwy 64 Partners LP	Strip Center					10,345	0.23%	738,960	9
Cracker Barrel Old Countyr Store Inc	Restaurant					9,009	0.20%	643,520	10
Total for ten largest taxpayers		612,680	9.51%	65,178,680		285,084	6.40%	20,363,160	
Total for all other taxpayers		5,829,496	90.49%	620,159,140		4,167,555	93.60%	295,636,560	
Total		<u>\$ 6,442,176</u>	<u>100%</u>	<u>\$ 685,337,820</u>		<u>\$ 4,452,639</u>	<u>100%</u>	<u>\$ 315,999,720</u>	

Source: Shelby County Tax Assessor

CITY OF LAKELAND, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Exhibit D-11

Levy Year	Fiscal Year	Original Tax Levy	Adjustments	Adjusted Tax Levy	Current Tax Collections	Percent of Levy Collected in Funded Fiscal Year	Collections in Subsequent Fiscal Years	Total Tax Collections	Percent of Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levy
2024	2025	\$ 5,963,236	\$ 88,880	\$ 6,052,116	\$ 5,985,543	98.9%	\$ -	\$ 5,985,543	98.9%	\$ 66,573	1.1%
2023	2024	\$5,880,668	16,817	5,897,485	\$5,805,591	98.4%	74,996	5,880,587	99.7%	16,898	0.3%
2022	2023	4,730,039	146,811	4,876,850	4,830,258	99.0%	40,504	4,870,762	99.9%	6,088	0.1%
2021	2022	4,730,039	6,167	4,736,206	4,692,510	99.1%	40,651	4,733,161	99.9%	3,045	0.1%
2020	2021	4,577,510	22,780	4,600,290	4,577,881	99.5%	20,334	4,598,215	100.0%	2,075	0.0%
2019	2020	4,489,097	(2,029)	4,487,068	4,425,791	98.6%	61,110	4,486,901	100.0%	167	0.0%
2018	2019	4,439,428	42,081	4,481,509	4,460,647	99.5%	20,607	4,481,254	100.0%	255	0.0%
2017	2018	4,414,291	(14,722)	4,399,569	4,382,555	99.6%	16,829	4,399,384	100.0%	185	0.0%
2016	2017	4,452,639	3,371	4,456,010	4,417,221	99.1%	38,469	4,455,690	100.0%	320	0.0%
2015	2016	4,388,274	(411)	4,387,863	4,330,322	98.7%	57,541	4,387,863	100.0%	-	0.0%

Notes: The Shelby County Assessor's office assesses the value of property within the City of Lakeland; the City of Lakeland levies the tax and is ultimately responsible for collection.

CITY OF LAKELAND, TENNESSEE

Exhibit D-12

SALES TAX BY FISCAL YEAR

Last Ten Fiscal Years Ended June 30

(Modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SALES TAX REVENUE										
Local sales tax	\$ 2,231,518	\$2,011,068	\$1,974,463	\$ 1,582,729	\$ 1,173,137	\$ 981,036	\$ 835,377	\$ 772,360	\$ 784,428	\$ 773,378
Local option sales tax	958,820	861,505	779,050	689,570	567,715	431,188	367,118	339,323	345,286	339,857
State-shared sales tax	1,754,518	1,707,602	1,654,194	1,572,882	1,318,779	1,132,436	1,102,437	1,059,342	1,030,176	1,005,384
Total sales tax revenue	<u>\$ 4,944,856</u>	<u>\$ 4,580,175</u>	<u>\$ 4,407,707</u>	<u>\$ 3,845,181</u>	<u>\$ 3,059,631</u>	<u>\$ 2,544,660</u>	<u>\$ 2,304,932</u>	<u>\$ 2,171,025</u>	<u>\$ 2,159,890</u>	<u>\$ 2,118,619</u>

CITY OF LAKELAND, TENNESSEE
DIRECT AND OVERLAPPING SALES TAX RATES
 Last Ten Fiscal Years

Exhibit D-13

Sales Tax Rates				
Fiscal Year	City Direct Rate	Shelby County	State of Tennessee	Total Direct & Overlapping Rates
2025	0.500%	2.250%	7.000%	9.750%
2024	0.500%	2.250%	7.000%	9.750%
2023	0.500%	2.250%	7.000%	9.750%
2022	0.500%	2.250%	7.000%	9.750%
2021	0.500%	2.250%	7.000%	9.750%
2020	0.500%	2.250%	7.000%	9.750%
2019	0.500%	2.250%	7.000%	9.750%
2018	0.500%	2.250%	7.000%	9.750%
2017	0.500%	2.250%	7.000%	9.750%
2016	0.500%	2.250%	7.000%	9.750%

Notes: Local option sales tax can be changed by a vote of the citizens.

CITY OF LAKELAND, TENNESSEE
TAXABLE SALES BY CATEGORY
Last Seven Calendar Years

Exhibit D-14

	2024	2023	2022	2021	2020	2019	2018
Sector							
Retail trade	\$ 94,235,600	\$ 83,283,200	\$ 69,992,545	\$ 43,878,929	\$ 41,207,557	\$ 44,147,662	43,369,724
Services	8,571,528	8,758,364	8,498,364	6,384,086	5,167,586	6,713,857	7,452,086
Wholesale trade	414,473	211,564	209,309	166,300	522,586	450,500	357,743
Other and/or unclassified*	14,485,709	6,760,473	8,232,837	8,049,929	5,841,857	4,217,441	4,970,228
Total	\$ 117,707,310	\$ 99,013,601	\$ 86,933,055	\$ 58,479,244	\$ 52,739,586	\$ 55,529,460	\$ 56,149,781

Source: Tennessee Department of Revenue, Research Division.

Notes: Figures subject to revision due to amended taxpayer returns.

The schedule above is intended to be a ten-year schedule; years will be added to this schedule until ten years of data are presented, as available.

* This category includes agriculture, construction, finance, manufacturing, and transportation; however, as the number of filers in each category is small the information has been aggregated to prevent identification of individual filers.

CITY OF LAKELAND, TENNESSEE
LOCAL SALES TAX REVENUE BY INDUSTRY
Current and Five Years Ago

Exhibit D-15

Sector	Calendar Year 2025				Calendar Year 2020			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail trade	88	40.93%	\$ 2,591,479	80.06%	69	41.57%	\$ 1,371,333	80.98%
Services	58	26.98%	235,717	7.28%	46	27.71%	142,111	8.39%
Wholesale trade	15	6.98%	11,398	0.35%	13	7.83%	14,372	0.85%
Other and/or unclassified*	54	25.12%	398,357	12.31%	38	22.89%	165,649	9.78%
Total	215	100.00%	\$ 3,236,951	100.00%	166	100.00%	\$ 1,693,465	100.00%

Source: Tennessee Department of Revenue, Research Division.

Notes: Figures subject to revision due to amended taxpayer returns.

Figures represent local sales tax collected by taxpayers during the calendar year, not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.

Does not include Lakeland's share of county clerk or out-of-state taxpayer amounts.

The schedule above is intended to present the most recent year, and nine years prior; as information becomes available this will be presented in subsequent reporting years.

Number of filers presents the number of returns filed for December of the reported calendar year.

* This category includes agriculture, construction, finance, manufacturing, and transportation; however, as the number of filers in each category is small the information has been aggregated to prevent identification of individual filers.

CITY OF LAKELAND, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Exhibit D-16

Fiscal Year	Governmental Activities					Total Outstanding Debt	Total Personal Income	Ratio of Outstanding Debt to Personal Income	Population	Outstanding Debt per Capita
	General Obligation Notes Payable	Other Loans Payable	Leases Payable	Subscription Liability	Business-Type Activities Notes Payable					
2025	\$ 56,952,472	\$ 1,162,840	\$ -	\$ 601,105	\$ 21,036,615	\$ 79,753,032	\$ 1,012,848,522	7.87%	14,226	\$ 5,606
2024	57,910,754	1,342,040	-	638,346	6,446,702	66,337,842	957,081,411	6.93%	14,186	4,676
2023	58,847,529	1,408,707	-	53,249	2,065,000	62,374,485	871,978,984	7.15%	13,713	4,549
2022	59,967,608	1,529,341	-	-	2,701,000	64,197,949	858,193,012	7.48%	14,198	4,522
2021	58,723,595	1,648,475	-	-	3,313,000	63,685,070	803,763,546	7.92%	13,904	4,580
2020	62,742,499	1,766,135	105,163	-	3,901,000	68,514,797	698,003,580	9.82%	12,642	5,420
2019	21,326,831	1,876,968	204,940	-	4,466,000	27,874,739	665,662,198	4.19%	12,647	2,204
2018	23,355,164	1,578,328	228,401	-	5,010,000	30,171,893	657,774,678	4.59%	12,617	2,391
2017	25,350,018	718,657	88,461	-	5,533,000	31,690,136	653,848,008	4.85%	12,606	2,514
2016	27,314,827	665,605	53,833	-	6,036,000	34,070,265	682,006,512	5.00%	12,612	2,701

Notes: Details regarding the City's outstanding debt are found in the notes to the financial statements for each respective audited fiscal year.

Amounts are presented net of related premiums, discounts, and adjustments.

Personal income and population data are found in the "Demographics and Economic Indicators" schedule.

CITY OF LAKELAND, TENNESSEE
RATIOS OF GENERAL BONDED DEBT
Last Ten Fiscal Years

Exhibit D-17

Governmental Activities							Ratio of General Bonded Debt to Est Actual	Value of Taxable Property	Populatio n	General Bonded Debt per Capita
Fiscal Year	General Obligation Notes Payable	Other Loans Payable	Leases Payable	Subscription Liability	Business-Type Activities Notes Payable	Total General Bonded Debt				
2025	\$ 56,952,472	\$ 1,162,840	\$ -	\$ 601,105	\$ 21,036,615	\$ 79,753,032	2,506,615,872	3.18%	14,226	\$ 5,606
2024	57,910,754	1,342,040	-	638,346	6,446,702	66,337,842	1,861,136,531	3.56%	14,186	4,676
2023	58,847,529	1,408,707	-	53,249	2,065,000	62,374,485	1,795,841,815	3.47%	13,713	4,549
2022	59,967,608	1,529,341	-	-	2,701,000	64,197,949	1,731,134,147	3.71%	14,198	4,522
2021	58,723,595	1,648,475	-	-	3,313,000	63,685,070	1,401,359,851	4.54%	13,904	4,580
2020	62,742,499	1,766,135	105,163	-	3,901,000	68,514,797	1,380,492,645	4.96%	12,642	5,420
2019	21,326,831	1,876,968	204,940	-	4,466,000	27,874,739	1,346,705,509	2.07%	12,647	2,204
2018	23,355,164	1,578,328	228,401	-	5,010,000	30,171,893	1,336,869,300	2.26%	12,617	2,391
2017	25,350,018	718,657	88,461	-	5,533,000	31,690,136	1,209,946,971	2.62%	12,606	2,514
2016	27,314,827	665,605	53,833	-	6,036,000	34,070,265	1,194,704,758	2.85%	12,612	2,701

Notes: Details regarding the City's outstanding debt are found in the notes to the financial statements for each respective audited fiscal year.
Estimated Actual Value of Taxable Property is found on the related statistical table, "Assessed Value and Estimated Actual Value of Taxable Property."
Personal income and population data are found in the "Demographics and Economic Indicators" schedule.

CITY OF LAKELAND, TENNESSEE
DIRECT AND OVERLAPPING DEBT - GOVERNMENTAL ACTIVITIES
As of June 30, 2024

Exhibit D-18

<u>Name of Government Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Lakeland (1)</u>	<u>Overlapping Debt (2)</u>
City of Lakeland	\$ 58,716,417	100.00%	\$ 58,716,417
Shelby County	<u>998,998,464</u>	1.90%	<u>18,980,971</u>
Totals - direct and overlapping debt	<u>\$ 1,057,714,881</u>		<u>\$ 77,697,388</u>

Notes: The Shelby County general obligation debt is obtained on an unaudited basis from the Shelby County Finance department.

The amount for the City of Lakeland above does not include business-type activities debt recorded in the Sewer Fund.

The City of Lakeland has no legal debt limit.

(1) Determined by the ratio of assessed valuation of property subject to taxation in the City of Lakeland to the value of property subject to taxation in Shelby County.

(2) Amount of debt outstanding multiplied by percentage applicable to Lakeland.

CITY OF LAKELAND, TENNESSEE
DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Fiscal Years

Exhibit D-19

Year	Population (a)	Total Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2025	14,226	\$ 1,012,848,522	\$ 71,197	4.7%
2024	14,186	957,081,411	67,467	4.6%
2023	13,713	871,978,984	63,588	6.8%
2022	14,198	858,193,012	60,445	5.5%
2021	13,904	803,763,546	57,808	7.6%
2020	12,642	698,003,580	55,213	11.6%
2019	12,647	665,662,198	52,634	4.6%
2018	12,617	657,774,678	52,134	4.9%
2017	12,606	653,848,008	51,868	4.7%
2016	12,612	682,006,512	54,076	5.9%

Sources:

- (a) Estimates of population obtained from World Population Review. Number is based on 2020 census with a growth rate of 1.48% annually.
- (b) Calculated estimate of total personal income as population times per capita personal income.
- (c) Data obtained from data.census.gov (unless otherwise indicated) for the calendar year falling within the fiscal year and for the census tracts related to the City of Lakeland.
- (d) Data obtained from U.S. Bureau of Labor Statistics for Shelby County, as the most relevant measure to present given that the majority of Lakeland residents are employed not within the City of Lakeland, but in the greater Shelby County. Data is presented as of June of each fiscal year end.

CITY OF LAKELAND, TENNESSEE
PRINCIPAL EMPLOYERS
Current and Nine Years Ago

Exhibit D-20

Taxpayer	2025		2016	
	No. of Employees	Rank	No. of Employees	Rank
Lakeland School System	353	1		
Chi-Fil-A	130	2		
Cracker Barrel	120	3	130	1
Waffle House (2 stores total)	69	4		
Sprouts	68	5		
Owner's Box	64	6		
Zaxby's	62	7	20	9
City of Lakeland	57	8	30	3
The Pet Hospitals	46	9		
Renaissance Group, Inc.	31	10	30	4
A2H			65	2
Cannon Chiropractic			20	10
Sonic Drive-In			20	7
Gibson Paving			25	5
Walgreens			20	8
The Learning Tree			22	6
Total for ten largest employers	<u>1,000</u>		<u>382</u>	

Source: City of Lakeland Business License Data and Chamber of Commerce Member List.

CITY OF LAKELAND, TENNESSEE
FULL-TIME EQUIVALENT EMPLOYEES BY FUND AND FUNCTION
 Last Ten Fiscal Years

Exhibit D-21

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CITY FUNDS										
General Fund										
General government	11.5	16.4	8.6	8.4	7.9	7.2	6.7	14.7	14.0	15.2
Community development	9.1	7.9	7.6	7.4	6.1	5.5	5.6	-	-	-
Natural resources	-	-	-	-	-	-	-	-	-	-
Public works	11.3	7.0	7.3	8.5	7.3	7.2	6.8	6.0	4.1	1.4
Public safety	-	-	-	-	-	-	-	-	-	-
Parks and recreation	9.5	5.8	7.0	6.2	3.1	2.8	3.2	2.8	4.4	3.3
Total General Fund	41.4	37.1	30.5	30.5	24.4	22.7	22.3	23.5	22.5	19.9
State Street Aid Fund										
Public works	1.7	2.5	3.7	4.0	3.6	4.0	4.7	4.0	4.0	3.0
Stormwater Fund										
Public works	0.8	0.8	0.8	0.8	0.7	0.5	0.5	0.5	0.5	1.8
Solid Waste Fund										
Public works	1.0	2.2	1.5	2.2	2.2	2.2	1.0	1.5	0.5	1.8
Sewer Fund										
Public works	7.5	7.5	8.5	7.0	5.0	4.6	3.3	4.0	4.0	4.0
TOTAL CITY FUNDS	52.4	50.0	45.0	44.5	35.9	34.0	31.8	33.5	31.5	30.5
LSS FUNDS										
General Purpose School Fund										
Education	309.0	295.0	234.0	208.0	197.0	190.0	178.0	162.0	124.0	104.5
School Federal Projects Fund										
Education	8.0	8.0	9.0	14.0	6.0	5.0	4.0	3.0	2.0	2.0
School Nutrition Fund										
Education	19.0	16.0	10.0	8.0	9.0	7.0	7.0	7.0	3.5	3.5
School Discretionary Grants Fund										
Education	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
LEAP Fund										
Education	5.0	6.0	6.0	6.0	6.0	4.0	4.0	5.0	3.5	3.5
TOTAL LSS FUNDS	341.0	325.0	260.0	237.0	219.0	207.0	194.0	178.0	134.0	114.5
TOTAL FTE'S	393.4	375.0	305.0	281.5	254.9	241.0	225.8	211.5	165.5	145.0
SUMMARY BY FUNCTION, CITY-WIDE:										
General government	11.5	16.4	8.6	8.4	7.9	7.2	6.7	14.7	14.0	15.2
Community development	9.1	7.9	7.6	7.4	6.1	5.5	5.6	-	-	-
Natural resources	-	-	-	-	-	-	-	-	-	-
Public works	22.3	19.9	21.8	22.5	18.8	18.5	16.3	16.0	13.1	12.0
Public safety	-	-	-	-	-	-	-	-	-	-
Parks and recreation	9.5	5.8	7.0	6.2	3.1	2.8	3.2	2.8	4.4	3.3
Education	341.0	325.0	260.0	237.0	219.0	207.0	194.0	178.0	134.0	114.5
TOTAL FTE'S	393.4	375.0	305.0	281.5	254.9	241.0	225.8	211.5	165.5	145.0

Source: City of Lakeland and Lakeland School System personnel records.

Notes: Numbers presented above are full-time equivalent average number of employees for each fiscal year. A full-time equivalent ("FTE") is calculated based on 2,080 hours per year, including time off.

"LSS" is Lakeland School System.

For years in which FTE's were not tracked by function, the FTE's on the schedule above are allocated based upon the allocation of personnel costs.

CITY OF LAKELAND, TENNESSEE
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Exhibit D-22

FUNCTION	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Community Development										
Residential building permits issued	26	41	92	89	153	87	86	23	27	38
Commercial building permits issued	1	1	8	2	7	2	1	1	4	2
Public Works										
Bulk waste collections*	2,781	3,889	2,636	2,525	2,806	2,848	1,433	822		
Parks and Recreation										
Youth recreation participants	1,988	1,372	902	814	556	350	986	867	645	538
Senior Center participants**	6,694	5,299	5,687	5,822						
Special Events participants**	8,179	2,539	2,578	1,703						
Wastewater										
Sewer connections***	4,513	4,512	5,287	3,148	2,939	2,920	2,847	2,900	2,900	2,991
Education										
Student enrollment	2,450	2,274	2,290	2,041	1,884	1,841	1,735	1,602	955	920

Source: City of Lakeland Functional Departments.

* Bulk waste collections program began in September 2017.

** New tracking 2022

*** Sewer connection increase due to Stonebridge acquisition from City of Memphis.

CITY OF LAKELAND, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Exhibit D-23

FUNCTION	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government										
City-owned buildings	5	5	5	5	5	5	5	5	5	5
Public Works										
Streets (miles)	87	83	83	81	81	81	81	79	79	79
Parks and Recreation										
Acreage	238	238	238	238	238	238	238	238	238	235
Number of parks	8	8	8	8	8	8	8	8	8	8
Tennis courts	2	2	2	2	2	2	2	2	2	2
Multi use practice fields	4	4	4	4	2	2	2	2	2	2
Athletic fields		2	2	2	-	-	-	-	-	-
Playgrounds	4	4	4	4	4	3	3	3	3	3
Picnic Pavilion	4	4	4	4	4	5	5	5	5	5
Amphitheater	1	1	1	1	1	1	1	1	1	1
Walking trails (miles)	4	4	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewer (miles)	76.5	70	68	65	65	65	65	64	63	63
Sewer connections	4,531	5,287	5,287	3,148	2,939	2,920	2,847	2,900	2,900	2,991
Education										
School buildings	3	2	2	2	2	2	2	2	1	1

Source: City of Lakeland Functional Departments.

GOVERNMENT AUDITING STANDARDS SECTION

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing	Contract Number	Expenditures
U.S. Department of Agriculture			
<u>Passed through TN Department of Education</u>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	N/A	\$ 45,659
National School Lunch Program- Non-Cash Assistance	10.555	N/A	29,826
National School Lunch Program- Cash Assistance	10.555	N/A	314,441
Subtotal - AL 10.555			<u>344,267</u>
Subtotal - Child Nutrition Cluster			389,926
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	8,405
<u>Direct Award</u>			
Community Facilities Loans and Grants	10.766	N/A	<u>57,910,754</u>
Total U.S. Department of Agriculture			<u>58,309,085</u>
U.S. Department of Transportation			
<u>Passed through TN Department of Transportation</u>			
Highway Planning and Construction	20.205	STP-M-9409(107)	65,802
Highway Planning and Construction	20.205	TAP-M-2278(10)	37,621
Highway Planning and Construction	20.205	TAP-M-7900(59)	22,368
Highway Planning and Construction	20.205	STP-M-811(136)	28,374
Highway Planning and Construction	20.205	STP-M-5429(11)	99,176
Highway Planning and Construction	20.205	STP-M-9409(241)	<u>61,531</u>
Total U.S. Department of Transportation			<u>314,872</u>
U.S. Department of Treasury			
<u>Direct Award</u>			
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027	N/A	16,000
U.S. Environmental Protection Agency			
<u>Passed through TN Department of Environment and Conservation</u>			
Drinking Water State Revolving Fund	66.458	SRF 2022-476	7,746,853
Drinking Water State Revolving Fund	66.458	SRF 2022-476-1	<u>8,247,060</u>
Total U.S. Department of Transportation			<u>15,993,913</u>
U.S. Department of Education			
<u>Passed through TN Department of Education</u>			
Title I Grants to Local Education Agencies (Title I, Part A)	84.010	S010A240042	194,350
<i>Special Education Cluster (IDEA)</i>			
Special Education Grants to States (IDEA, Part B)	84.027	H027A240052	424,997
Special Education Preschool Grants (IDEA Preschool)	84.173	H173A240095	<u>8,229</u>
Subtotal - Special Education Cluster (IDEA)			433,226
Impact Aid	84.041	S041B-2019-7197	22,595
Career and Technical Education - Basic Grants to States	84.048	V084A240042	70,403
English Language Acquisition State Grants	84.365	S365A240040	19,194
Supporting Effective Instruction State Grants	84.367	S367A240040	38,276
Student Support and Academic Enrichment Program	84.424	S424A240044	28,573
COVID-19-Education StabilizationFund	84.425D	S425D210047	<u>32,633</u>
Total U.S. Department of Education			<u>839,250</u>
U.S. Department of Health and Human Services			
<u>Passed through TN Department of Education</u>			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	8,330
Total Federal Awards			<u>\$ 75,481,450</u>

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2025

State Financial Assistance	Assistance Listing	Contract Number	Expenditures
TN Department of Education			
Innovative School Models	N/A		\$ 47,626
Child Nutrition State Funding	N/A		7,167
COVID-19 Summer Learning Camps	N/A		289,170
State Education Preschool Grant	N/A		120,443
Total State Financial Assistance			<u>\$ 464,406</u>
Total Federal Awards and State Financial Assistance			<u><u>\$ 75,945,856</u></u>

CITY OF LAKELAND TENNESSEE**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**For the Year Ended June 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Lakeland, Tennessee (the "City") under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Tennessee *Audit Manual*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the presentation of the financial statements. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on 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.
- 2) Pass-through entity identifying numbers are presented where available.
- 3) There were no federal awards passed through to subrecipients.
- 4) The City has elected not to use the *de minimis* indirect cost rate as allowed under the Uniform Guidance.
- 5) Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2025, the City received food commodities totaling \$29,826.
- 6) The loan balance outstanding at June 30, 2025, for the Community Facilities Loans and Grants totaled \$56,950,124.
- 7) The grant revenue amounts received and expensed (eligible for reimbursement) are subject to audit adjustment. If any expenses are disallowed by the grantor as a result of such audit and claim for reimbursement to the grantor would become a liability of the City. In the opinion of management, all grant expenses (eligible for reimbursement) are in compliance with the terms of the grant agreement and applicable federal and state laws and regulations.

NOTE 3 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE TO THE FINANCIAL STATEMENTS

The following is a reconciliation of expenditures per the schedule of expenditures of federal awards and state financial assistance to the revenue balances in the City's financial statements.

Total grant revenue per governmental funds financial statements	\$ 2,565,077
Plus: Increase in unavailable revenue at the fund level	(400,163)
Less: Unavailable revenue related to local grants	(123,725)
Add: Loan program expenditures	73,904,667
Total federal awards and state financial assistance	<u>\$ 75,945,856</u>

**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 Board of Commissioners of the
City of Lakeland, Tennessee:

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 activity, each major fund, the fiduciary fund, and the aggregate remaining fund information of the City of Lakeland, Tennessee (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 20, 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.

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

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 *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. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 through 2025-005 to be material weaknesses.

In addition, we noted other matters involving internal control and its operation that we have reported to management of City of Lakeland, Tennessee in a separate letter dated February 20, 2026.

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*.

City of Lakeland, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Lakeland, Tennessee's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Lakeland, Tennessee'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Watkins Wilkerson, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
February 20, 2026

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

To the Board of Commissioners of the
City of Lakeland, Tennessee:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Lakeland, Tennessee 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 of Lakeland, Tennessee'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 of Lakeland, Tennessee'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 of Lakeland, Tennessee'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 of Lakeland, Tennessee'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 of Lakeland, Tennessee'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 of Lakeland, Tennessee'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 of Lakeland, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Watkins Wilkerson, PLLC

Memphis, Tennessee
February 20, 2026

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SECTION I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether financial statements audited
were prepared in accordance with accounting principles generally
accepted in the United State of America Unmodified

Internal control over financial reporting:
Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified not considered
to be material weakness(es)? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:
Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered
to be material weakness(es)? Yes X None Reported

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

Identification of major programs:

Assistance Listing Number: 10.766 – Community Facilities Loans and Grants
Assistance Listing Number: 66.458 – Clean Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Did auditee qualify as a low-risk auditee? Yes X No

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENTS FINDINGS

Finding 2025-001 – Improper Recording of Interfund Advance

(Material Weakness in Internal Control Over Financial Reporting)

City of Lakeland

Criteria: Governmental Accounting Standards Board (GASB) standards require interfund transactions to be recorded in accordance with their substance. Interfund advances represent repayable lending and borrowing arrangements and should be reported as advances to/from other funds rather than as interfund transfers or external debt. Effective internal control over financial reporting includes procedures to ensure that interfund transactions are properly identified, classified, and recorded in the accounting records at the time the transactions occur.

Condition: During the fiscal year ended June 30, 2025, the City recorded an interfund advance from the General Fund to the Sewer Fund incorrectly. In the General Fund, the transaction was initially recorded as a transfer out rather than as an advance to another fund. In the Sewer Fund, the transaction was recorded as a liability but was classified as debt rather than as an interfund advance payable.

The misclassification resulted in a material overstatement of expenditures and understatement of assets in the General Fund. The correcting journal entry, which reclassified the transaction to an interfund advance receivable, was material to the General Fund financial statements and exceeded established materiality thresholds. The error was identified and corrected during the audit process.

Cause: This condition occurred because City personnel were not aware of the appropriate accounting treatment for interfund advances and did not have sufficient guidance or procedures in place to distinguish between transfers, interfund advances, and debt at the time of recording. Although management recognized uncertainty regarding the proper classification and requested assistance in evaluating the transaction, the lack of formal procedures resulted in the initial misrecording.

Effect: As a result, the General Fund financial statements were materially misstated prior to audit adjustment. The absence of effective controls over the identification and classification of interfund transactions increases the risk that material misstatements of fund balances, expenditures, and interfund balances could occur and not be detected or corrected in a timely manner.

Recommendation: We recommend that the City establish formal procedures for evaluating interfund transactions at inception to determine the appropriate accounting classification. These procedures should include documenting whether transactions represent permanent transfers or repayable advances, ensuring consistent classification between lending and borrowing funds, and performing supervisory review of interfund entries. Training should also be provided to personnel responsible for recording interfund activity to ensure understanding of applicable GASB requirements.

Views of Responsible Officials: See Management's Corrective Action Plan.

Finding 2025-002 – Inadequate Controls Over Grant Revenue Recognition and Availability

(Material Weakness in Internal Control Over Financial Reporting)

City of Lakeland

Criteria: Governmental Accounting Standards Board (GASB) standards require grant revenues to be recognized only when eligibility requirements are met and, for governmental funds, when revenues are both measurable and available. Effective internal control over financial reporting includes procedures to evaluate grant advances, incurred eligible expenditures, receivables, and deferred inflows of resources at year end to ensure revenues are recorded in the proper period.

CITY OF LAKE LAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2025

Condition: During the fiscal year ended June 30, 2025, the City did not have adequate controls in place to ensure grant revenues were properly evaluated for eligibility and availability at year end. As a result, audit adjustments were required to defer grant revenues recorded prior to meeting eligibility requirements, to reclassify revenues that were not available under the modified accrual basis of accounting, and to properly record related receivables and deferred inflows of resources.

Cause: This condition occurred because procedures were not in place to consistently evaluate grant advances and receipts against eligibility requirements and availability criteria at year end. Grant revenue recognition relied in part on cash activity rather than a comprehensive reconciliation of incurred expenditures, availability periods, and related deferred inflows.

Effect: As a result, grant revenues, receivables, and deferred inflows of resources were not accurately stated prior to audit adjustments. The absence of effective controls over grant revenue recognition increases the risk that revenues may be recorded in the incorrect period and that the financial statements may be materially misstated.

Recommendation: We recommend that the City establish and document formal year-end procedures for grant revenue recognition. These procedures should include performing a comprehensive grant reconciliation as part of the preparation of the Schedule of Expenditures of Federal Awards (SEFA) and related rollforward, including:

- Reconciling grant advances and cash receipts to incurred eligible expenditures,
- Evaluating grant revenues for availability under the modified accrual basis of accounting, and
- Reviewing related receivables and deferred inflows of resources for proper classification and timing.

Views of Responsible Officials: See Management's Corrective Action Plan.

Finding 2025-003 – Inadequate Controls Over Accounts Payable Accruals for Construction in Progress
(Material Weakness in Internal Control Over Financial Reporting)
City of Lakeland

Criteria: Governmental Accounting Standards Board (GASB) standards require governments to recognize liabilities for goods and services received prior to year end, including construction-related costs incurred but not yet billed. Effective internal control over financial reporting includes procedures to ensure the completeness and proper cutoff of accounts payable and construction in progress across all applicable funds.

Condition: During the fiscal year ended June 30, 2025, the City did not have adequate controls in place to ensure that accounts payable related to construction in progress were completely and accurately accrued at year end. Audit adjustments were required to record liabilities for construction costs incurred prior to year end but billed after the close of the fiscal year, as well as to reverse an accrual for an invoice related to work performed after year end that had been accrued as of June 30, 2025.

Cause: This condition occurred because procedures were not in place to identify unbilled construction costs associated with projects in progress at year end. The year-end closing process relied primarily on invoices received rather than a review of project status and billing periods. In addition, coordination between the Finance Department and personnel overseeing construction projects was not sufficient to ensure that known incurred costs were identified and accrued as of year end.

Effect: As a result, accounts payable and construction-related expenditures were not accurately stated prior to audit adjustments. The lack of effective controls over construction-related accruals increases the risk that liabilities and expenditures may be materially misstated in future periods.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2025

Recommendation: We recommend that the City establish and document procedures to ensure the completeness and accuracy of construction-related accounts payable at year end. These procedures should include:

- Obtaining information on project status and billing periods for all active construction projects,
- Coordinating with project managers or the City Engineer to identify incurred but unbilled costs, and
- Reviewing accruals to ensure that only costs incurred prior to year end are recorded.

Views of Responsible Officials: See Management's Corrective Action Plan.

Finding 2025-004 – Inadequate Controls Over Identification and Recording of Subscription-Based IT Arrangements

(Material Weakness in Internal Control Over Financial Reporting)
City of Lakeland

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, requires governments to identify qualifying SBITAs and recognize related subscription assets, subscription liabilities, and associated expenses in accordance with the standard. Effective internal control over financial reporting includes procedures to identify SBITAs, evaluate their accounting treatment, and record related activity timely and accurately.

Condition: During the fiscal year ended June 30, 2025, the City identified software in use that met the definition of a subscription-based information technology arrangement; however, the related subscription asset, subscription liability, and current-year activity were not recorded in the accounting records. Although the City maintains software intended to track SBITAs, the arrangement was not entered into the system, and no accounting analysis was performed by management prior to audit fieldwork.

As a result, audit procedures were required to identify the qualifying SBITA, perform the necessary accounting analysis, and record the related journal entries, including current-year effects.

Cause: This condition occurred because the City did not have effective procedures in place to ensure that identified software arrangements were evaluated for SBITA accounting and recorded in the accounting records. In addition, difficulties in using the SBITA tracking system were not addressed through alternative controls or supervisory review.

Effect: As a result, subscription-based IT assets, liabilities, and related expenses were not properly recorded prior to audit adjustments. This condition increases the risk that SBITAs may be omitted or misstated in future periods, resulting in materially misstated financial statements.

Recommendation: We recommend that the City establish and document procedures to ensure that all software arrangements are evaluated for SBITA accounting upon implementation. These procedures should include:

- Assigning responsibility for reviewing software contracts for GASB 96 applicability,
- Ensuring timely entry and maintenance of SBITA information within the City's tracking system or alternative documentation, and
- Performing supervisory review of SBITA calculations and journal entries prior to issuance of the financial statements.

Views of Responsible Officials: See Management's Corrective Action Plan.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2025

Finding 2025-005 – Failure to Maintain Controls Over Accrued Payroll Liabilities

(Material Weakness in Internal Control Over Financial Reporting)

Lakeland School System

Criteria – Governmental Accounting Standards Board (GASB) standards require governments to recognize liabilities for payroll costs incurred prior to year end. Effective internal control over financial reporting includes procedures to ensure that accrued payroll liabilities are properly recorded, retained in the accounting system, and reviewed for completeness as part of the year-end closing process.

Condition – During the fiscal year ended June 30, 2025, the Lakeland School System did not properly record accrued payroll liabilities at year end. Although management initially prepared and recorded the accrual, the accounting system subsequently reversed the entry. School System personnel did not detect that the accrual had been reversed and omitted from the year-end trial balance.

Cause – This condition occurred because the School System did not have effective procedures in place to ensure that year-end payroll accrual entries remained posted through the close of the fiscal year and were reviewed for completeness prior to financial statement preparation. In addition, supervisory review of the year-end payroll liability balance was not sufficient to identify that the accrual had been reversed.

Effect – As a result, accrued payroll liabilities and related expenditures were materially understated prior to audit adjustment. The absence of effective controls over payroll accruals increases the risk that liabilities and expenditures may be misstated in future periods and not detected or corrected on a timely basis.

Recommendation – We recommend that the Lakeland School System enhance year-end closing procedures to ensure payroll accruals are properly recorded and retained in the accounting records. These procedures should include:

- Reviewing all reversing entries generated by the accounting system after year end,
- Reconciling accrued payroll balances to supporting payroll registers and cutoff schedules, and
- Performing supervisory review of accrued payroll and related liabilities to ensure completeness and accuracy.

Views of Responsible Officials – See Management's Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF LAKELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2025

A. FINANCIAL STATEMENTS FINDINGS

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
2024-001	Exclusion of Federal Expenditures from SEFA <i>(Material Weakness in Internal Control over Financial Reporting)</i> <i>(Material Weakness in Internal Control over Compliance)</i> (Original Finding #2024-001)	Corrected

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Lakeland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2025. The findings from the June 30, 2025, schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2025-001 – Improper Recording of Interfund Advance

City of Lakeland

Planned Corrective Action: The City will implement procedures to evaluate the substance of interfund transactions at inception to ensure proper classification between transfers, interfund advances, and debt. Written guidance will be developed to document the accounting treatment for repayable interfund transactions, and interfund activity will be reviewed by supervisory personnel prior to posting. Training will be provided to applicable staff to reinforce GASB requirements related to interfund transactions.

Finding 2025-002 – Inadequate Controls Over Grant Revenue Recognition and Availability

City of Lakeland

Planned Corrective Action: The City will formalize year-end grant reconciliation procedures to ensure grant revenues are recognized only when eligibility and availability requirements are met. As part of the year-end closing process, management will reconcile grant advances, expenditures, receivables, and deferred inflows of resources. This reconciliation will be incorporated into the preparation of the Schedule of Expenditures of Federal Awards (SEFA) and related rollforward schedules and will be reviewed by supervisory personnel prior to financial statement preparation.

Finding 2025-003 – Inadequate Controls Over Accounts Payable Accruals for Construction in Progress

City of Lakeland

Planned Corrective Action: The City will enhance year-end accrual procedures for construction-related activity by coordinating with project managers and the City Engineer to identify incurred but unbilled costs at year end. Management will obtain project status information and billing periods for active construction projects and review accruals to ensure that only costs incurred prior to year end are recorded. These procedures will be documented and reviewed annually.

Finding 2025-004 – Inadequate Controls Over Identification and Recording of Subscription-Based IT Arrangements

City of Lakeland

Planned Corrective Action: The City will implement procedures to evaluate all software arrangements for applicability under GASB Statement No. 96 at the time contracts are executed or renewed. Responsibility will be assigned for reviewing software agreements and maintaining SBITA documentation. The City will ensure that SBITA information is entered into its tracking system or maintained through alternative documentation, and calculations and journal entries will be subject to supervisory review prior to financial statement preparation.

Responsible for Corrective Action: Sue Matthews, City of Lakeland

Anticipated Completion Date for Corrective Action: June 30, 2026

Signature: 
Sue Matthews, City of Lakeland



MANAGEMENT'S CORRECTIVE ACTION PLAN

The Lakeland School System respectfully submits the following corrective action plan for the year ended June 30, 2025. The findings from the June 30, 2025, schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2025-005 – Failure to Maintain Controls Over Accrued Payroll Liabilities

Lakeland School System

The Lakeland School System agrees with the audit finding. Management will implement procedures to strengthen year-end payroll cutoff controls and ensure accrued payroll liabilities are properly recorded and retained through the close of the fiscal year. Specifically, management will review all payroll-related accrual entries after posting to confirm that they are not automatically reversed by the accounting system and that the liability remains properly stated as of June 30. In addition, management will incorporate a year-end reconciliation of accrued payroll balances to supporting payroll reports as part of the closing process.

Responsible for Corrective Action: Tristan Gately-Sweatt, Lakeland School System

Anticipated Completion Date for Corrective Action: June 30, 2026

Signature: Tristan Gately-Sweatt
Tristan Gately-Sweatt, Lakeland School System

TREASURER'S REPORT

July 1, 2025 through
February 28, 2026

FEBRUARY GENERAL FUND

Fund Balance	Beginning Fund Balance	Balance to date
Non-Spendable	2,525,165	2,525,165
Committed	265,852	265,852
Assigned	243,841	243,841
Unassigned	6,769,524	8,756,372
Total Fund Balance	9,804,382	11,791,230
Change in Fund Balance	-	1,986,848

General Fund



Revenue:

\$8,707,991



Expenditures:

\$7,909,309



Other Financing Sources
(Uses):

\$1,188,166



Change In Fund Balance:

\$1,986,848

Highlights YTD

Revenue YTD

- Property Tax Revenue: \$4,184,000
- Local Tax Revenue: \$1,971,000
- State Shared Revenue: \$1,158,000

Expenditure YTD

- Expenditures at 57% of budget excluding capital projects
- Capital projects at \$2,425,600– New Canada Road and the Community Center

Other Financing Sources(Uses)

- Source - Interim financing for the Community Center and New Canada Rd
- Use – Transfer to Debt Service fund and the school for their allocation of property taxes

Change in Fund Balance YTD

- Increase of \$1,986,848

FEBRUARY STATE STREET FUND

Beginning Fund Balance: \$1,255,813
Change in Fund Balance : (\$1,039,503)
Ending Fund Balance: \$216,310

State Street Aid Fund



Revenue:

\$311,374



Expenditures :

\$1,350,877



Change in Fund Balance:

(\$1,039,503)

Highlights YTD

Revenue

- State shared revenue was \$277,500 – 56% of budget

Expenditures

- Spent \$870,000 on paving projects
- Spent \$185,000 to date on equipment for road maintenance
- Personnel expenses at 68% of budget

Change in Fund Balance

- Decrease of \$1,039,503

FEBRUARY STORM WATER FUND

Beginning Fund Balance: \$309,732
Change in Fund Balance: \$24,195
Ending Fund Balance: \$333,927

Storm Water Fund



Revenue: \$126,434



Expenditures : \$102,239



Change in Fund Balance: \$24,195

Highlights YTD

Revenue

- Received \$126,334 in fees – 58% of budget

Expenditures

- Personnel & Admin expenses at 63% of budget
- Capital expenditures are unchanged

Change in Fund Balance

- Increase of \$24,195

FEBRUARY SOLID WASTE FUND

Beginning Fund Balance: \$386,436
Change in Fund Balance: (\$274,374)
Ending Fund Balance: \$112,062

Solid Waste Fund



Revenue:

\$838,522



Expenditures :

\$1,112,896



Change in Fund Balance:

(\$274,374)

Highlights YTD

Revenue

- Received \$839,000 in collection fees – 53% of budget

Expenditures

- Personnel & admin expenses at 78% of budget
- Contracted services at \$956,500 - 64% of budget

Change in Fund Balance

- Decrease of \$274,374

FEBRUARY SEWER FUND

Beginning Net Position: \$14,173,801

Change in Net Position: (\$288,524)

Ending Net Position: \$13,885,277

Sewer Fund



Operating Revenue:
\$2,039,500



Operating Expenses:
\$1,831,043



Operating Income (Loss):
\$208,457



Change in Net Position:
(\$288,524)

Highlights YTD

Revenue

- Received \$2,039,500 in service and connection fees – 57% of budget

Expenses

- Personnel and administrative expenses at 56% of spending plan
- Interest and agent fees at \$497,000
- Operating Income of \$208,457

City of Lakeland, Tennessee
Outstanding Debt as of February 28, 2026

Beverle Rivera Roadway Extension	\$ 1,060,360.00
LSS High School Construction	\$ 43,142,762.00
LSS Middle School Construction	\$ 13,550,296.00
Total General Obligation debt	\$ 57,753,418.00

Public Works Projects - Sewer Interceptor	\$ 22,680,780.00
Public Works Projects - Sewer Treatment Plant	\$ 716,000.00
Total Sewer Utility Debt	\$ 23,396,780.00

Total Debt	\$ 81,150,198.00
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FEBRUARY FINANCIAL STATEMENTS



City of Lakeland
BALANCE SHEET - ALL CITY GOVERNMENTAL FUNDS - UNAUDITED
January 31, 2026

	GOVERNMENTAL FUNDS - MODIFIED ACCRUAL					TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	DEBT SERVICE FUND	STATE STREET AID FUND	STORM WATER FUND	SOLID WASTE FUND	
ASSETS						
Cash and cash equivalents	\$ 8,907,172	\$ 106	\$ 211,373	\$ 316,114	\$ (223)	\$ 9,434,542
Receivables						
Property taxes, net of allowance	6,572,014	-	-	-	-	6,572,014
Grants	99,176	-	-	-	-	99,176
Other	299,929	-	-	17,745	115,617	433,291
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid items	19,250	-	-	-	-	19,250
Advances Receivable	2,875,873	-	-	-	-	2,875,873
Inventory	10,996	-	-	-	-	10,996
Restricted cash	-	-	-	-	-	-
Total assets	<u>\$ 18,784,410</u>	<u>\$ 106</u>	<u>\$ 211,373</u>	<u>\$ 333,859</u>	<u>\$ 115,394</u>	<u>\$ 19,445,142</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ (83,694)	\$ -	\$ (4,937)	\$ 32,245	\$ 3,332	\$ (53,054)
Deposits	160,264	-	-	-	-	160,264
Due to other funds	18,004	-	-	-	-	18,004
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>94,574</u>	<u>-</u>	<u>(4,937)</u>	<u>32,245</u>	<u>3,332</u>	<u>125,214</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Property taxes	6,565,228	-	-	-	-	6,565,228
Grants	333,378	-	-	-	-	333,378
Other	-	-	-	-	-	-
Total deferred inflows of resources	<u>6,898,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,898,606</u>
FUND BALANCES						
Nonspendable	2,525,165	-	-	-	-	2,525,165
Restricted	-	-	-	301,614	-	301,614
Committed	265,852	106	216,310	-	-	482,268
Assigned	243,841	-	-	-	-	243,841
Unassigned	8,756,372	-	-	-	112,062	8,868,434
Total fund balances	<u>11,791,230</u>	<u>106</u>	<u>216,310</u>	<u>301,614</u>	<u>112,062</u>	<u>12,421,322</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,784,410</u>	<u>\$ 106</u>	<u>\$ 211,373</u>	<u>\$ 333,859</u>	<u>\$ 115,394</u>	<u>\$ 19,445,142</u>

City of Lakeland
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL CITY GOVERNMENTAL FUNDS - UNAUDITED - FOR THE FYTD PERIOD ENDED
January 31, 2026

	GOVERNMENTAL FUNDS - MODIFIED ACCRUAL					TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	DEBT SERVICE FUND	STATE STREET AID FUND	STORM WATER FUND	SOLID WASTE FUND	
REVENUES						
Property taxes	\$ 4,183,508	\$ -	\$ -	\$ -	\$ -	\$ 4,183,508
Local taxes	1,971,009	-	-	-	-	1,971,009
Intergovernmental	1,158,524	-	277,473	-	-	1,435,997
Licenses and permits	217,519	-	-	-	-	217,519
Charges for services	146,722	-	-	126,434	838,522	1,111,678
Federal, state, and local grants	751,779	-	33,901	-	-	785,680
Interest income	219,304	-	-	-	-	219,304
Contributions	-	-	-	-	-	-
Other	59,626	-	-	-	-	59,626
Total revenues	8,707,991	-	311,374	126,434	838,522	9,984,321
EXPENDITURES						
Current						
General government	2,248,615	-	-	-	-	2,248,615
Community development	1,138,624	-	-	-	-	1,138,624
Public works	947,770	-	1,166,288	74,576	1,087,496	3,276,130
Parks and recreation	1,148,738	-	-	-	-	1,148,738
Capital Outlay	2,425,562	-	184,589	27,663	25,400	2,663,214
Debt Service						
Principal	-	361,893	-	-	-	361,893
Interest and fiscal charges	-	509,847	-	-	-	509,847
Total expenditures	7,909,309	871,740	1,350,877	102,239	1,112,896	11,347,061
Excess of revenues over expenditures	798,682	(871,740)	(1,039,503)	24,195	(274,374)	(1,362,740)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	3,102,235	-	-	-	-	3,102,235
Issuance of leases	-	-	-	-	-	-
Transfers in	-	871,748	-	-	-	871,748
Transfers out	(1,914,069)	-	-	-	-	(1,914,069)
Total other financing sources (uses)	1,188,166	871,748	-	-	-	2,059,914
Net change in fund balances	1,986,848	8	(1,039,503)	24,195	(274,374)	697,174
Fund balances - beginning	9,804,382	98	1,255,813	277,419	386,436	11,724,148
Fund balances - ending	\$ 11,791,230	\$ 106	\$ 216,310	\$ 301,614	\$ 112,062	\$ 12,421,322

City of Lakeland, TN
SEWER FUND
STATEMENT OF NET POSITION
January 31, 2026

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,357,615
Restricted cash and cash equivalents	-
Receivables	
Accounts	219,346
Interest	1,721
Due from other governments	-
Total current assets	<u>1,578,682</u>

Capital assets:

Capital assets, not being depreciated	26,088,520
Capital assets, being depreciated - net	<u>12,411,720</u>
Total capital assets	38,500,240

Net pension asset

Total assets	<u>-</u> <u>40,078,922</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions	25,893
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LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	286,754
Deposits	-
Advances payable to General Fund	-
Current portion of notes payable	<u>716,000</u>
Total current liabilities	1,002,754

Noncurrent liabilities:

Net pension liability	32,540
Notes payable, net of current portion	<u>25,180,780</u>
Total liabilities	26,216,074

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions	<u>3,464</u>
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NET POSITION

Net investment in capital assets	12,603,460
Unrestricted	<u>1,281,817</u>
Total net position	<u>\$ 13,885,277</u>

City of Lakeland, Tennessee

SEWER FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

January 31, 2026

	Prior YTD 01/31/25	Current YTD 01/31/26	Plan FY 2027
Operating revenues:			
Sewer service fee	\$ 1,439,819	\$ 1,741,950	\$ 3,039,067
Service connection fees	144,800	297,550	509,650
Operating grants	-	-	2,614,797
Total operating revenues	<u>1,584,619</u>	<u>2,039,500</u>	<u>6,163,514</u>
Operating expenses:			
Personnel expenses	(417,991)	(474,983)	(870,216)
General and administrative	(733,825)	(597,393)	(1,037,100)
Depreciation	(386,667)	(758,667)	(1,138,000)
Total operating expenses	<u>(1,538,483)</u>	<u>(1,831,043)</u>	<u>(3,045,316)</u>
Operating Income (Loss)	46,136	208,457	3,118,198
Nonoperating revenues (expenses):			
Interest income	123	10,796	5,500
Interest and agent fee expense	(194,100)	(507,777)	(198,790)
Loss on sale of capital assets	-	-	-
Total non-operating expenses	<u>(193,977)</u>	<u>(496,981)</u>	<u>(193,290)</u>
Change in net position	(147,841)	(288,524)	2,924,908
Capital Contributions	-	-	-
Net position - beginning of year	<u>14,239,800</u>	<u>14,173,801</u>	<u>14,173,801</u>
Net position - Jan-31	<u>\$ 14,091,959</u>	<u>\$ 13,885,277</u>	<u>\$ 17,098,709</u>

City of Lakeland, Tennessee
SEWER FUND
STATEMENT OF CASH FLOWS
January 31, 2026

	<u>Current YTD</u> <u>01/31/26</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,045,996
Payments to suppliers/operating costs	(1,072,376)
Net cash provided by operating activities	<u>973,620</u>
Cash flows from noncapital financing activities:	
Transfer of grant funds to General Fund	-
Cash flows from capital and related financing activities:	
Grant proceeds	-
Principal payments on capital debt	(155,800)
Proceeds from debt issuance	1,644,165
Acquisition and construction of capital assets	(2,320,863)
Interest paid on capital debt	(507,777)
Net cash used by capital and related financing activities	<u>(1,340,275)</u>
Cash flows from investing activities:	
Interest income received	<u>10,796</u>
Net increase (decrease) in cash and cash equivalents	(355,859)
Cash and cash equivalents - beginning of year	<u>1,713,474</u>
Cash and cash equivalents - Jan-31	<u><u>\$ 1,357,615</u></u>

City of Lakeland

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GENERAL FUND

January 31, 2026

	Prior YTD 01/31/25	Current YTD 01/31/26	Budget FY 2027	% Earned/Used Year-to-Date
REVENUES				
Property Taxes	\$ 3,724,713	\$ 4,183,508	\$ 6,511,564	64.25%
Local Taxes	1,573,185	1,971,009	4,577,218	43.06%
Intergovernmental	914,851	1,158,524	2,304,366	50.28%
Licenses and permits	106,806	217,519	298,973	72.76%
Charges for services	108,049	146,722	298,759	49.11%
Federal, State, and Local Grants	620,969	751,779	15,879,200	4.73%
Contributions	-	-	-	0.00%
Other	5,920,778	278,930	2,374,000	11.75%
Total Revenues	<u>12,969,351</u>	<u>8,707,991</u>	<u>32,244,080</u>	<u>27.01%</u>
EXPENDITURES				
Current				
General government	(1,592,382)	(2,248,615)	(3,420,471)	65.74%
Community Development	(635,453)	(1,138,624)	(2,687,823)	42.36%
Public Works	(566,096)	(947,770)	(1,465,800)	64.66%
Parks and Recreation	(795,594)	(1,148,738)	(2,053,725)	55.93%
Capital Projects	(612,525)	(2,425,562)	(24,545,426)	9.88%
Debt Service				
Principal	-	-	-	0.00%
Interest	-	-	-	0.00%
Total Expenditures	<u>(4,202,050)</u>	<u>(7,909,309)</u>	<u>(34,173,245)</u>	<u>23.14%</u>
Excess (deficiency) of revenues over (under) expenditures	8,767,301	798,682	(1,929,165)	
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	3,102,235	8,600,000	
Issuance of Leases	-	-	-	
Transfers in	-	-	-	
Transfers out	(1,870,194)	(1,914,069)	(8,703,086)	
Total Other Financing Sources	<u>(1,870,194)</u>	<u>1,188,166</u>	<u>(103,086)</u>	
Net Change in Fund Balance	<u>\$ 6,897,107</u>	<u>\$ 1,986,848</u>	<u>\$ (2,032,252)</u>	
Allocation of Net Change in Fund Balance:				
Committed Fund Balance				
Restricted Fund Balance				
Assigned Fund Balance				
Nonspendable Fund Balance				
Unassigned Fund Balance		1,986,848		
Net Change in Fund Balance		<u>\$ 1,986,848</u>		

STATE STREET AID
STATEMENT OF REVENUES AND EXPENSES
January 31, 2026

	Prior YTD 01/31/25	Current YTD 01/31/26	Budget FY 2027
REVENUES:			
State shared revenue	\$ 208,959	\$ 277,473	\$ 492,109
Grant Revenue	-	33,901	117,000
Total revenues	<u>208,959</u>	<u>311,374</u>	<u>609,109</u>
EXI in state shared revebue and			
Personnel expenses	(109,819)	(135,630)	(200,280)
Public works	(1,328,435)	(1,030,658)	(5,347,009)
Capital projects	(99,357)	(184,589)	(208,879)
Total expenditures	<u>(1,537,611)</u>	<u>(1,350,877)</u>	<u>(5,756,168)</u>
Net excess (deficiency) of revenues over expenditures	(1,328,652)	(1,039,503)	(5,147,059)
OTHER FINANCING SOURCES (USES):			
Transfers in	400,000	-	2,677,688
Total other financing sources (uses):	<u>400,000</u>	<u>-</u>	<u>2,677,688</u>
Net change in fund balance	<u>\$ (928,652)</u>	<u>\$ (1,039,503)</u>	<u>\$ (2,469,371)</u>

STORM WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES
January 31, 2026

	Prior YTD 01/31/25	Current YTD 01/31/26	Budget FY 2027
REVENUES:			
Storm Water Fees	\$ 107,195	\$ 126,334	\$ 219,208
Other	700	100	-
Total revenues	<u>107,895</u>	<u>126,434</u>	<u>219,208</u>
EXPENDITURES:			
Personnel expenses	(36,540)	(44,209)	(69,461)
General and administrative	(11,702)	(30,367)	(48,660)
Capital	(56,618)	(27,663)	(102,500)
Total expenditures	<u>(104,860)</u>	<u>(102,239)</u>	<u>(220,621)</u>
OTHER FINANCING SOURCES/USES			
Transfers in from General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 3,035</u>	<u>\$ 24,195</u>	<u>\$ (1,413)</u>

City of Lakeland
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
January 31, 2026

	YTD 01/31/26	Budget FY 2027
Revenues:		
Interest	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>
Expenditures:		
Principal	(361,894)	(1,107,239)
Interest	(307,010)	(1,392,772)
Dues and Fees	(202,837)	(150,000)
Total Expenditures	<u>(871,741)</u>	<u>(2,650,011)</u>
 Net excess (deficiency) of revenues over expenditures	 (871,741)	 (2,650,011)
 Other Financing Sources (Uses):		
Transfers In	871,749	4,887,094
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>871,749</u>	<u>4,887,094</u>
 Net Change in Fund Balance	 <u>\$ 8</u>	 <u>\$ 2,237,083</u>

SOLID WASTE FUND

STATEMENT OF REVENUES AND EXPENDITURES

January 31, 2026

	Prior YTD 01/31/25	Current YTD 01/31/26	Budget FY 2027
REVENUES:			
Solid waste collection fees	\$ 698,381	\$ 838,522	\$ 1,593,376
Interest income	-	-	-
Grant revenues	-	-	-
Other	-	-	-
Total revenues	<u>698,381</u>	<u>838,522</u>	<u>1,593,376</u>
EXPENDITURES:			
Personnel expenditures	(58,111)	(70,042)	(71,889)
General and administrative	(33,793)	(60,951)	(95,900)
Contracted services	(723,725)	(956,503)	(1,495,000)
Capital	(6,776)	(25,400)	(26,000)
Total expenditures	<u>(822,405)</u>	<u>(1,112,896)</u>	<u>(1,688,789)</u>
Net excess (deficiency) of revenues over expenditures	(124,024)	(274,374)	(95,413)
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>-</u>	<u>-</u>	<u>95,984</u>
Net change in fund balance	<u><u>\$ (124,024)</u></u>	<u><u>\$ (274,374)</u></u>	<u><u>\$ 571</u></u>

APPENDIX A – BUDGETARY TRANSFERS



Fnd T Acct Obj Prj Loc Prg	Description	Original Budget	Budget Transfers	Revised Budget
110 E 41000 132 000 00000 000	GOV - Bonus Pay	99,525.00	-880	98,645.00
110 E 41000 148 000 00000 000	GOV - Education/Training	5,000.00	16,200.00	21,200.00
110 E 41000 210 000 00000 000	GOV - Postage	4,000.00	500	4,500.00
110 E 41000 212 000 00000 000	GOV - Employee Engagement	6,000.00	12,181.00	18,181.00
110 E 41000 220 000 00000 000	GOV - Printing	8,000.00	300	8,300.00
110 E 41000 230 000 00000 000	GOV - Publicity/Dues	15,000.00	2,241.00	17,241.00
110 E 41000 235 000 00000 000	GOV - Memberships/Tuition	0	210	210
110 E 41000 246 000 00000 000	GOV - Facility Rental	165,000.00	-99,516.00	65,484.00
110 E 41000 259 000 00000 000	GOV - Other Professional Servi	15,000.00	7,000.00	22,000.00
110 E 41000 266 000 00000 000	GOV - Repair & Maintenance Bui	8,000.00	44,190.00	53,590.00
110 E 41000 267 000 00000 000	GOV - Rep & Maint HVAC Plumb	1,500.00	7,500.00	9,000.00
110 E 41000 280 000 00000 000	GOV - Travel	4,000.00	1,066.00	5,066.00
110 E 41000 287 000 00000 000	GOV - Meals & Entertainment	5,000.00	3,907.44	8,907.44
110 E 41000 290 000 00000 000	GOV - Contracted Service	15,000.00	-376	14,624.00
110 E 41000 296 000 00000 000	GOV - Keep Lakeland Beautiful	13,000.00	8,695.02	21,695.02
110 E 41000 300 000 00000 000	GOV - Neighborhood Watch	10,000.00	-1,282.00	8,718.00
110 E 41000 310 000 00000 000	GOV - Office Supplies & Materi	13,000.00	6,402.00	19,402.00
110 E 41000 331 000 00000 000	GOV - Gas, Oil, Diesel	0	39.22	39.22
110 E 41000 951 000 00000 000	GOV - Furn & Fixtures	5,000.00	1,126.60	6,126.60
110 E 41330 280 000 00000 000	BOC - Travel	0	587	587
110 E 41330 288 000 00000 000	BOC - Vol Appreciation Dinner	8,500.00	-1,875.00	6,625.00
110 E 41500 148 000 00000 000	FIN - Education/Training	9,000.00	-7,801.66	1,198.34
110 E 41500 290 000 00000 000	FIN - Contracted Service	5,000.00	-1,700.00	3,300.00
110 E 41670 148 000 00000 000	ENG - Education/Training	4,000.00	1,000.00	5,000.00
110 E 41670 230 000 00000 000	ENG - Publicity/Dues	1,000.00	500	1,500.00
110 E 41670 259 000 00000 000	ENG - Other Professional Servi	25,000.00	-280	24,720.00
110 E 41670 280 000 00000 000	ENG - Travel	6,000.00	-500	5,500.00
110 E 41670 326 000 00000 000	ENG - Uniforms	300	280	580
110 E 41670 773 000 00000 000	ENG - New Canada Rd Improvemen	13,000,000.00	-40,000.00	12,960,000.00
110 E 41670 900 000 00000 000	ENG - Capital Outlay Roads	1,500,000.00	-1,000.00	1,576,996.00
110 E 41710 261 000 00000 000	CDE - Repair & Maintenance Mot	0	500	500
110 E 41710 341 000 00000 000	CDE - Tools	500	-500	0
110 E 43000 146 000 00000 000	PW - Work Comp	66,831.00	-200	66,631.00
110 E 43000 148 000 00000 000	PW - Education/Training	6,000.00	600	6,600.00
110 E 43000 230 000 00000 000	PW - Publicity/Dues	700	-100	600
110 E 43000 254 000 00000 000	PW - Architectural, Engineerin	15,000.00	-1,980.00	13,020.00
110 E 43000 259 000 00000 000	PW - Other Prof. Services	5,000.00	174	5,174.00
110 E 43000 261 000 00000 000	PW - Repair & Maintenance Moto	10,000.00	5,000.00	41,000.00
110 E 43000 287 000 00000 000	PW - Meals & Entertainment	1,000.00	227	1,227.00
110 E 43000 289 000 00000 000	PW - Other Contracted Svc	42,000.00	-5,600.00	36,400.00
110 E 43000 290 000 00000 000	PW - Contracted Service	35,000.00	19,400.00	54,400.00
110 E 43000 326 000 00000 000	PW - Uniforms	5,000.00	200	5,200.00
110 E 43000 333 000 00000 000	PW - Other Equip Parts & Repai	10,000.00	5,600.00	15,600.00
110 E 43000 341 000 00000 000	PW - Tools	10,000.00	10,000.00	20,000.00
110 E 43000 906 000 00000 000	PW - Street Drainage Improveme	0	7,080.00	7,080.00
110 E 43000 949 000 00000 000	PW - Sirens & Installation	7,500.00	-227	7,273.00
110 E 44310 266 000 00000 000	SC - Repair & Maintenance Buil	20,000.00	-1,778.00	18,222.00
110 E 44400 290 480 00000 000	REC - Contracted Svc - Health	10,000.00	-2,500.00	7,500.00
110 E 44710 148 000 00000 000	PRK - Education/Training	12,500.00	4,278.00	16,778.00
110 E 44710 230 000 00000 000	PRK - Publicity/Dues	3,000.00	3,000.00	6,000.00
110 E 44710 246 000 00000 000	PRK - Facility Rental	110,000.00	-3,000.00	107,000.00
110 E 44710 280 000 00000 000	PRK - Travel	12,500.00	-1,500.00	11,000.00

110 E 44710 287 000 00000 000	PRK - Meals & Entertainment	3,000.00	1,500.00	4,500.00
110 E 44710 325 114 00000 000	PRK - Christmas Fest	30,000.00	1,111.38	31,111.38
121 E 43100 259 000 00000 000	STR - Other Professional Servi	6,000.00	20,000.00	26,000.00
121 E 43100 268 000 00000 000	STR - Repair & Maintenance Roa	550,000.00	-55,000.00	495,000.00
121 E 43100 287 000 00000 000	STR - Meals & Entertainment	1,000.00	700	1,700.00
121 E 43100 320 000 00000 000	STR - Operating Supplies	8,000.00	3,700.00	11,700.00
121 E 43100 333 000 00000 000	STR - Other Equip Parts & Repa	9,000.00	6,000.00	15,000.00
121 E 43100 341 000 00000 000	STR - Tools	12,000.00	5,000.00	17,000.00
121 E 43100 452 000 00000 000	STR - Gravel & Sand	60,000.00	-21,400.00	38,600.00
121 E 43100 471 000 00000 000	STR - Asphalt & Asphalt Filler	40,000.00	12,000.00	52,000.00
121 E 43100 533 000 00000 000	STR - Machinery & Equip Rental	5,000.00	-5,000.00	0
121 E 43100 940 000 00000 000	STR - New Capital Light Equipm	0	35,000.00	89,879.00
121 E 43100 941 000 00000 000	STR - HEAVY EQUIPMENT	100,000.00	-1,000.00	99,000.00
412 E 43250 220 000 00000 000	SEW - Printing	500	-60	440
412 E 43250 232 000 00000 000	SEW - Environmental Protection	6,500.00	560	7,060.00
412 E 43250 310 000 00000 000	SEW - Office Supplies &	3,000.00	-500	2,500.00
416 E 46000 220 000 00000 000	STW - Printing	3,000.00	-200	2,800.00
416 E 46000 232 000 00000 000	STW - Environmental Protection	3,460.00	200	3,660.00
416 E 46000 259 000 00000 000	STW - Other Professional Servi	15,000.00	7,500.00	22,500.00
416 E 46000 900 000 00000 000	STW - Capital Projects	110,000.00	-7,500.00	102,500.00
424 E 43260 210 000 00000 000	SDW - Postage	2,500.00	-2,100.00	400
424 E 43260 220 000 00000 000	SDW - Printing	3,000.00	-3,000.00	0
424 E 43260 261 000 00000 000	SDW - Repair & Maintenance Veh	8,000.00	16,100.00	30,100.00
424 E 43260 280 000 00000 000	SDW - Travel	1,000.00	400	1,400.00
424 E 43260 287 000 00000 000	SDW - Meals & Entertainment	400	200	600
424 E 43260 295 000 00000 000	SDW - Litter Control	25,000.00	-24,800.00	200
424 E 43260 331 000 00000 000	SDW - Gas, Oil, Diesel	20,000.00	-2,800.00	17,200.00
424 E 43260 333 000 00000 000	SDW - Other Equip Parts & Rep	10,000.00	16,000.00	26,000.00



Proclamation

WHEREAS, Every year, National Donate Life observes Blue & Green Day to amplify the importance of registering as an organ and tissue donor, and encourage the public to wear blue and green to raise awareness; and,

WHEREAS, More than 100,000 Americans, including 4,000 in the Mid-South area, are currently on the national transplant waiting list; and,

WHEREAS, Another person is added to the waiting list every nine minutes, and on average, seventeen people die every day because the organs they need are not donated in time; and,

WHEREAS, We can all do our part to save lives by educating and encouraging our peers and loved ones to register as an organ and tissue donor; and,

WHEREAS, The City of Lakeland, TN supports National Donate Life and Mid-South Transplant Foundation and its efforts to bring new life to men, women and children in need of lifesaving organ and tissue transplants; and,

WHEREAS, We hold those that have saved lives through the gift of donation in the highest regard and are grateful for their selflessness.

NOW, THEREFORE, we, the Board of Commissioners of the City of Lakeland, Tennessee, do hereby proclaim the 10th day of April 2026 in honor of Blue & Green Day Mid-South in the City of Lakeland, and thus encourage all residents to promote the importance of organ and tissue donation.

IN WITNESS WHEREOF, we have hereunto set my hand and caused the seal of the City of Lakeland, Tennessee, to be affixed on this 19th day of March, 2026.

Josh Roman, *Mayor*, City of Lakeland, Tennessee

Michele Dial, *Vice Mayor*, City of Lakeland, Tennessee

Jim Atkinson, *Commissioner*, City of Lakeland, Tennessee

Derek Johnston, *Commissioner*, City of Lakeland, Tennessee

Connie McCarter, *Commissioner*, City of Lakeland, Tennessee



Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Approval of previous meeting minutes** - March 5, 2026

Staff Contact:

STAFF RECOMMENDATION

BUDGET IMPACT

DISCUSSION



Board of Commissioners
Regular Meeting Minutes
Thursday, March 5, 2026, 5:30 PM
City Hall, Lakeland, Tennessee 38002

I. CALL TO ORDER BY MAYOR:

The meeting was called to order by Mayor Josh Roman 5:30 p.m. on Thursday, March 5, 2026.

II. INVOCATION:

The invocation was offered by Mayor Josh Roman.

III. PLEDGE:

The Pledge to the Flag was led by Mayor Josh Roman.

IV. ROLL CALL BY RECORDER:

Commissioner Connie McCarter	Present
Mayor Josh Roman	Present
Commissioner Derek Johnston	Present
Commissioner Jim Atkinson	Present
Vice Mayor Michele Dial	Absent

Staff personnel in attendance were City Manager Emily Harell, Planning Director Paul Luker, City Attorney Representative Chris Patterson, Human Resource Manager Sue Lipscomb and City Recorder Rebecca Hume.

V. PUBLIC HEARING:

None.

VI. TREASURER'S REPORT:

City Manager Emily Harrell offered this report.

VII. REPORTS FROM COMMITTEES, MEMBERS OF THE BOARD OF COMMISSIONERS & OTHER OFFICERS:

1. City Manager's Report

City Manager Emily Harrell offered this report.

2. Commissioners' Report

DRAFT

a. **Lakeland Board of Education - Commissioner McCarter**

Commissioner Connie McCarter offered this report.

b. **Industrial Development Board – Commissioner Johnston**

Commissioner Derek Johnston offered this report.

VIII. PUBLIC COMMENTS:

None.

IX. SEWERAGE COMMISSION BUSINESS:

None.

X. CONSENT AGENDA:

None.

XI. REGULAR AGENDA:

1. **Approval of previous meeting minutes** - February 19, 2026

Mayor Roman moved to bring this item to the floor, seconded by Commissioner McCarter.

Discussion ensued.

When the question was called the meeting minutes passed as presented, roll call vote, 3 in favor 0 against 1 abstain (3-0-1).

Yea: Commissioner Johnston, Commissioner McCarter, Mayor Roman

Nay: None

Abstain: Commissioner Atkinson

2. **Ordinance First Reading** - amending the City of Lakeland Code to Revise the Ethics Ordinance and Revise Relevant Portions of Lakeland Policies to reflect the same

Mayor Roman moved to bring this item to the floor, seconded by Jim Atkinson.

Mayor Roman presented this item.

Discussion ensued.

When the question was called the Ordinance First Reading passed as presented, roll call vote, 4 in favor 0 against 0 abstain (4-0-0).

Yea: Commissioner Atkinson, Commissioner Johnston,
Commissioner McCarter, Mayor Roman

Nay: None

Abstain: None

3. **Discussion and Possible Action** - regarding the Neighborhood Watch Program and proposed Community Beautification grants.

Mayor Roman moved to bring this item to the floor, seconded by Commissioner Atkinson.

Resident Charles Carroll, 3000 block of Creekwood Ln, made comments.

City Manager Emily Harrell presented this item.

Discussion ensued.

4. **Discussion and Possible Action** - regarding the Lake District Townhomes.

Mayor Roman moved to bring this item to the floor, seconded by Commissioner McCarter.

Resident Randall Hardy, 10000 block of Plantation Woods Drive, made comments.

Resident David Loveland, 4000 block of Pine Hill Cove S., made comments.

Resident Richard Gonazles, 5000 block of Conifer View Ln, made comments not related to Lake District.

Commissioner McCarter presented this item.

Discussion ensued.

XII. ANNOUNCEMENTS:

Mayor Josh Roman made an announcement.

XIII. ADJOURNMENT:

There being no other business on which to act, the meeting was adjourned without objection at 6:44 p.m. on Thursday, March 5, 2026.

These minutes were approved on March 19, 2026.

Josh Roman
Mayor

ATTEST:

Rebecca Hume
City Recorder

DRAFT



Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Ordinance Second and Final Reading** - amending the City of Lakeland Code to Revise the Ethics Ordinance and Revise Relevant Portions of Lakeland Policies to reflect the same.

Staff Contact:

STAFF RECOMMENDATION

BUDGET IMPACT

DISCUSSION

AN ORDINANCE AMENDING LAKELAND'S CODE OF ETHICS REGARDING
THE ACCEPTANCE OF GRATUITIES

WHEREAS, The Mayor and Board of Commissioners for the City of Lakeland, Tennessee desire to amend Lakeland's Municipal Code with respect to the acceptance of gratuities by repealing section 1-605, as adopted by ordinance no. 06-96, and replacing it with the language provided herein:

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Commissioners of the City of Lakeland, Tennessee, that Section 1-605 under Title 1, Chapter 6 of the Lakeland Municipal Code shall be repealed and replaced with the following:

CHAPTER 6
CODE OF ETHICS

Section 1-605. Acceptance of gratuities, etc.

- A. An employee may not accept, directly or indirectly, any money, gift, gratuity, or other consideration or favor of any kind from anyone other than the city:
 - 1. For the performance of an act, or refraining from performance of an act, that he would be expected to perform, or refrain from performing, in the regular course of his duties; or
 - 2. That might reasonably be interpreted as an attempt to influence his action, or reward him for past action, in executing business of the city.
- B. No commissioner shall solicit or accept, directly or indirectly, on behalf of himself or any member of the commissioner's household, any gift, including but not limited to any gratuity, service, favor, food, entertainment, lodging, transportation, loan, loan guarantee or any other thing of monetary value from any person or entity that:
 - 1. Has or is seeking to obtain contractual or other business or financial relations with the city;
 - 2. Conducts operations or activities that are regulated by the city; or
 - 3. Has interests that may be substantially affected by the performance or nonperformance of the commissioner's official duties.
- C. Exceptions. The prohibition of accepting gifts does not apply to:
 - 1. A gift given by a member of the employee's immediate family, or by an individual if the gift is given for a non-business purpose and is motivated by a close personal friendship.
 - 2. Informational materials, such as books, periodicals, audio or video, or sample merchandise helpful as a part of the commissioner's duties in determining the appropriateness of the product for use as a part of city business.
 - 3. Unsolicited tokens or awards of appreciation, honorary degrees or bona fide awards in recognition of public service, provided that any such item can not be readily converted to cash.

ORDINANCE O-2-2026

AN ORDINANCE AMENDING LAKELAND'S CODE OF ETHICS REGARDING
THE ACCEPTANCE OF GRATUITIES

4. Food, refreshments, foodstuffs, entertainment or beverages provided as a part of a meal or other event in which the commissioner is attending or is a speaker or part of a panel discussion at a scheduled meeting of an established or recognized membership organization.
5. Loans from established financial institutions made in the ordinary course of business on usual and customary terms.
6. Voluntary, legally disclosed political campaign contributions given in accordance with applicable federal and state statutes to an individual covered by the provisions of this section who has announced his intention to seek elected office.

Section 2. The provisions of this Ordinance are severable. If any provision of this Ordinance or the application thereof to any person or circumstance is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid provision or application.

Section 3. This Ordinance shall take immediately after its passage, the public welfare requiring it.

PASSED AND ADOPTED by the Mayor and Board of Commissioners of Lakeland, Tennessee on this 19th day of March, 2026, the public welfare requiring it.

First Reading: March 5, 2026
Public Hearing: March 19, 2026
Final Reading: March 19, 2026

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder



Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Ordinance First Reading** - amending Title 20, Chapter 4 of Lakeland's Municipal Code by adding an ordinance regulating the use of tobacco and vapor products. *Sponsored by Mayor Roman*

Staff Contact:

STAFF RECOMMENDATION

BUDGET IMPACT

DISCUSSION

ORDINANCE O-3-2026

AN ORDINANCE AMENDING TITLE 20, CHAPTER 4 OF LAKELAND'S MUNICIPAL CODE BY ADDING AN ORDINANCE REGULATING THE USE OF TOBACCO AND VAPOR PRODUCTS

WHEREAS, On July 1, 2022, Public Chapter No. 1110 went into effect, authorizing municipalities to regulate, including prohibiting smoking and the use of vapor products in certain age-restricted venues; and

WHEREAS, In the interest of protecting public health, safety, and welfare, the City of Lakeland, Tennessee (the "City") deems it appropriate to prohibit smoking and the use of vapor products in age-restricted venues described herein:

NOW THEREFORE, BE IT ORDAINED, by the Mayor and Board of Commissioners of the City of Lakeland, Tennessee, that Title 20, Chapter 4 of the Lakeland Municipal Code shall be amended by adding the following:

CHAPTER 4 **MISCELLANEOUS**

20-402. Prohibition of smoking and vapor product use in age-restricted venues.

- A. Smoking and use of vapor products are prohibited in age-restricted venues within the City, pursuant to authority granted by Tennessee Code Annotated § 39-17-1551, as may be amended from time to time.
- B. The following terms have these meanings for the purposes of this subdivision:
 - 1. "Age-restricted venue" means a legal establishment that affirmatively restricts access to its buildings or facilities at all times to persons who are twenty-one (21) years of age or older by requiring each person who attempts to gain entry to those buildings or facilities to submit for inspection an acceptable form of identification for the express purpose of determining if the person is twenty-one (21) years of age or older.
 - 2. "Cigar bar" means a legal establishment that:
 - a. Holds a valid license or permit for the on-premises consumption of alcoholic beverages;
 - b. Generates a portion of its total annual gross income from the on-site sale of cigars and the rental of humidors;
 - c. Does not knowingly sell products or services, or permit entrance to the premises, to a person who is less than twenty-one (21) years of age; and

ORDINANCE O-3-2026

AN ORDINANCE AMENDING TITLE 20, CHAPTER 4 OF LAKELAND'S MUNICIPAL CODE BY ADDING AN ORDINANCE REGULATING THE USE OF TOBACCO AND VAPOR PRODUCTS

- d. Does not permit vaping or the smoking of products other than cigars on the premises.
- 3. "Hemp" means industrial hemp as defined in Tennessee Code Annotated § 43-26-102.
- 4. "Retail tobacco store" means a retail store that derives its largest category of sales from tobacco products and accessories;
- 5. "Retail vapor product store" means a retail store that derives its largest category of sales from vapor products and accessories.
- 6. "Smoke" and "Smoking" mean inhaling, exhaling, burning, or carrying any lighted or heated cigar, cigarette, or pipe, or any other lighted or heated product containing, made, or derived from nicotine, tobacco, marijuana, hemp, or other plant, whether natural or synthetic. For the purposes of this subdivision, "Smoke" does not mean the use of vapor products.
- 7. "Tobacco product" means any product that is made from or derived from tobacco, or that contains nicotine, that is intended for human consumption or is likely to be consumed, whether inhaled, absorbed, or ingested by any other means, including, but not limited to, a cigarette, a cigar, pipe tobacco, chewing tobacco, snuff, or snus, as well as any component, part, or accessory thereto or thereof.
- 8. "Vapor product":
 - a. Means any device that may be used to deliver any aerosolized or vaporized substance to the person inhaling from the device, including but not limited to, an e-cigarette, e-cigar, e-pipe, vape pen, dab rig, or e-hookah;
 - b. Means any noncombustible product containing nicotine or any other substance that employs a mechanical heating element, battery, electronic circuit, or other mechanism, regardless of shape or size, that can be used to produce or emit a visible or non-visible vapor;
 - c. Includes any vapor product or similar product, any substance used to refill a vapor cartridge, or other container of a solution containing nicotine or any other substance that is intended to be used with or in an e-cigarette, e-cigar, e-cigarillo, e-pipe, or similar product; but
 - d. Does not include any product regulated under Chapter V of the Food, Drug, and Cosmetic Act (21 U.S.C § 351 et seq.).

ORDINANCE O-3-2026

AN ORDINANCE AMENDING TITLE 20, CHAPTER 4 OF LAKE LAND'S MUNICIPAL CODE BY ADDING AN ORDINANCE REGULATING THE USE OF TOBACCO AND VAPOR PRODUCTS

- C. Notwithstanding subdivision (1) of this section, a prohibition on smoking or the use of vapor products in age-restricted venues shall not apply to retail tobacco stores, retail vapor product stores, or cigar lounges.
- D. No person may engage in smoking, tobacco product use, or vapor product use in an area in which said use is prohibited by this section or any other law.
- E. The owner, operator, manager, or other person in control of the age-restricted venue where smoking is prohibited by this section shall:
 - 1. Post clear, conspicuous, and unambiguous signs at each entrance to the area in which smoking, tobacco product use, vapor product use, and hemp product use are prohibited and at least one other conspicuous point within the area. The signs shall have letters of no less than one inch in height with writing indicating "NO SMOKING", "NO TOBACCO", "NOVAPOR" and shall include the international "No Smoking" symbol as well as the "No Vaping"/"No E-Cigarette" symbol.
 - 2. Remove all ashtrays from any area where smoking is prohibited by this Article, except for ashtrays displayed for sale and not for use on the premises.
 - 3. The presence or absence of signs shall not be a defense to a charge of smoking or the unlawful use of tobacco or vapor products.
 - 4. City Codes Department, or its designee, will make periodic inspections, not fewer than once per twelve (12) months, of areas covered by this section to monitor for compliance. Anyone found by the City to be violating this section will be reminded of its requirements and asked to comply and warned that further violation may result in penalties on the violator, pursuant to subdivision (G) below.
- F. No person shall intimidate, threaten any reprisal, or effect any reprisal, for the purpose of retaliating against another person who seeks to attain compliance with this section.
- G. Any violation of this section is hereby declared to be a public nuisance.
 - 1. Each violation of this section may be subject to a fifty-dollar (\$50) administrative fine per incident of refusal, which may be assessed against the individual violator, the owner of the property/business, or both.

ORDINANCE O-3-2026

AN ORDINANCE AMENDING TITLE 20, CHAPTER 4 OF LAKELAND'S MUNICIPAL
CODE BY ADDING AN ORDINANCE REGULATING THE USE OF TOBACCO AND
VAPOR PRODUCTS

2. Each instance of smoking, tobacco product use, or vapor product use in violation of this section shall constitute a separate violation.
 3. Any violation of this section may be remedied by a civil action brought by the City Attorney, including, but not limited to, administrative or judicial nuisance abatement proceedings, civil code enforcement proceedings, and suits for injunctive relief.
- H. If any section or provision of this ordinance is held invalid, such invalidity will not affect other sections or provisions that can be given force and effect without the invalidated section or provision.

PASSED AND ADOPTED by the Mayor and Board of Commissioners of Lakeland, Tennessee on this 2nd day of April, 2026, the public welfare requiring it.

First Reading: March 19, 2026

Public Hearing: April 2, 2026

Final Reading: April 2, 2026

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder



Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Resolution** - approving an agreement with Standard Construction Company, Inc. for the Fiscal Year 2026 Street Paving Project.

Staff Contact: Luis Camarillo Hernandez, Senior Engineer

STAFF RECOMMENDATION

City staff recommends the Board of Commissioners approve Resolution R-31-2026.

BUDGET IMPACT

This expenditure is appropriated in the approved Fiscal Year 2026 annual budget for the State Street Aid Fund and the proposed Fiscal Year 2027 annual budget for the Street Aid Fund.

DISCUSSION

The City of Lakeland Fiscal Year 2026 Street Paving project will consist of repaving the Woodland Park Subdivision, Herons Ridge Subdivision, and Stewart Road. The City received three (3) sealed bids on March 2, 2025. Bids received are listed in the table below.

BIDDER	BID AMOUNT
VuCon, LLC.	\$2,689,393.00
Standard Construction Company, Inc.	\$2,593,823.00
Gibson Paving, Inc.	\$2,516,150.00

While Gibson Paving was the apparent low bid, their Tennessee Contractors License had expired at the time of the bid opening. The City recommends awarding the agreement to Standard Construction Company, Inc. as they were the most qualified bidder.

RESOLUTION R-31-2026

APPROVING AN AGREEMENT WITH STANDARD CONSTRUCTION COMPANY,
INC. FOR THE FISCAL YEAR 2026 STREET PAVING PROJECT

- WHEREAS,** The City of Lakeland, Tennessee, (the “City”) desires to repave Stewart Road and streets in Woodland Park and Herons Ridge Subdivisions; and,
- WHEREAS,** Standard Construction Company, Inc. was the qualified bidder on March 2, 2026, for the FY26 Street Paving Project; and,
- WHEREAS,** Standard Construction Company, Inc. is willing and able to provide these services as specified in the agreement; and,
- WHEREAS,** funding for this agreement is appropriated in the FY2026 annual budget for State Street Aid Fund and proposed FY2027 annual budget for the State Street Aid Fund.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Lakeland, Tennessee, that the City Manager is hereby authorized to execute, and the City Recorder attest, an agreement with Standard Construction Company, Inc. in the amount of Two Million Five Hundred Ninety-Three Thousand Eight Hundred and Twenty-Three Dollars (\$2,593,823) for the FY26 Street Paving Project.

BE IT FURTHER RESOLVED that the Board of Commissioners authorize an additional Two Hundred Thousand Dollars (\$200,000) for a construction contingency fund to be used to pay for items that may arise outside of the unit bid prices and for unforeseen work and that the City Manager is hereby authorized to make verified partial payments when necessary throughout the project to a total fixed cost amount of Two Million Seven Hundred Ninety-Three Thousand Eight Hundred and Twenty-Three Dollars (\$2,793,823)

APPROVED AND ADOPTED by the Board of Commissioners of the City of Lakeland, Tennessee, this 19th day of March 2026, the public welfare requiring it.

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder

STANDARD FORM OF
AGREEMENT BETWEEN OWNER AND CONTRACTOR

THIS AGREEMENT is made between the City of Lakeland, hereinafter referred to as the "Owner," and Standard Construction Company, Inc. hereinafter referred to as the "Contractor."

WHEREAS, the City of Lakeland is desirous of paving; and,

WHEREAS Standard Construction Company, Inc. is able and willing to provide those services to the City of Lakeland, Tennessee.

NOW, THEREFORE, it is hereby agreed as follows:

ARTICLE 1. WORK.

Contractor shall perform all the work required by the Contract documents for FY26 STREET PAVING PROJECT , Lakeland, Tennessee.

ARTICLE 2. ENGINEER.

The Project has been designed by the City of Lakeland Engineering Office, 10001 U.S. Highway 70, Lakeland, Tennessee, who is hereinafter referred to as the "Engineer" and who is to act as Owner's representative, assume all duties and responsibilities and have the rights and authority assigned to Engineer in the Contract documents in connection with completion of the Work in accordance with the Contract documents.

ARTICLE 3. CONTRACT TIME.

- 3.1 The Work will be substantially completed by August 21, 2026 and completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions by August 28, 2026.
- 3.2 Liquidated Damages. Owner and Contractor recognize that time is of the essence of this Agreement and that Owner will suffer financial loss if the Work is not substantially completed by the time specified in Paragraph 3.1 above, plus any extension thereof allowed in accordance with Article 15 of the General Conditions. They also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding, the actual loss suffered by Owner if the Work is not substantially completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty). Contractor shall pay Owner Five Hundred Dollars (\$500.00) for each day that expires after the time specified in Paragraph 3.1 for substantial completion. After Substantial Completion, if the Contractor shall neglect, refuse, or fail to complete the remaining work within the time specified in paragraph 3.1 for completion and readiness for final payment or any proper

extension thereof granted by Owner, Contractor shall pay Owner Five Hundred Dollars (\$500.00) for each day that expires after the time specified in paragraph 3.1 for completion and readiness for final payment. Additionally, Contractor shall pay Owner for schedule delays as specified in Section 01010 C. It is further agreed that such liquidated damages are not a penalty but represent the parties' best estimate of actual damages.

ARTICLE 4. CONTRACT PRICE.

In Consideration of the performance of the work in accordance with the Contract documents for this Unit Price Contract, Owner shall pay Contractor in current funds a not-to-exceed total contract price of Two Million Five Hundred Ninety-Three Thousand Eight Hundred and Twenty-Three Dollars (\$2,593,823), subject to additions and deductions by Change Order approved by the Owner. The contract fee shall be based on materials actually furnished and installed and services actually provided based on the unit prices contained in the Bid Form and Itemized Bid Schedule, included as Exhibit "A" (pages BF-1 -- BS-1) and by this reference made a part of this Agreement.

ARTICLE 5. PAYMENT PROCEDURES.

Contractor shall submit Applications for Payment in accordance with Article 15 of the General Conditions. Applications for Payment will be processed through the Engineer as provided in the General Conditions.

- 5.1 Progress Payments. Owner shall make progress payments on the basis of Contractor's Applications for Payment as recommended by Engineer, on or about the 25th day of each month during construction as provided below. All progress payments will be on the basis of the progress of the Work measured by the Schedule of Values provided for in Paragraph 15 of the General Conditions, subject to the cutoff and submittal dates provided in the General Provisions.
 - 5.1.1 During the course of the Contract progress payments will be made in an amount equal to 95% of the Work completed, less in each case the aggregate of payments previously made.
 - 5.1.2 In the event the Contractor makes only one application for payment upon substantially completing the Work, progress payment will be made in an amount equal to 95% of the Work completed. Owner shall withhold five percent (5%) of the work completed as retainage, said retainage to be paid in accordance with the provisions of Paragraph 5.2, Final Payment.
- 5.2 Final Payment. Upon final completion and acceptance of the Work in accordance with Paragraph 15.06 of the General Conditions, Engineer shall recommend payment and present Contractor's Final Application for Payment to the City in accordance with Tennessee Statutes 54-5-122. Before final acceptance of the project as having been finally completed, the contractor shall furnish evidence of payment in full for materials and labor to the City in accordance with

Tennessee 54-5-122. When this is done, full settlement may be made with the contractor, but not until thirty (30) day's notice is some newspaper published in the county where the work is done, if there is a newspaper there, and if not, in a newspaper in an adjoining county that settlement is about to be made and notifying all claimants to file notice of their claims with the officials and the period for filing shall not be less than thirty (30) days after the last published notice. In the event claims are filed, the officials shall withhold a sufficient sum to pay the claims in the same way and manner as is provided for claimants making claims against contractors dealing with the Department of Transportation in accordance with Statutes 54-5-123, and claimants may bring suits against contractors in the way and manner provided in 54-5-124, as suits are brought against contractors dealing with the department. Where claims are allowed by the Courts, Statutes 54-5-125 and 54-5-127 shall be applicable.

ARTICLE 6. WITHHELD FUNDS.

Pursuant to Tennessee Statutes Section 66-11-104 et seq., withheld percentages for Contracts exceeding \$500,000.00 will be retained in an account in the name of the Contractor (except when specifically waived in writing by Contractor) which has been assigned to the Owner until the Contract is completely, satisfactorily, and finally accepted by the Owner. Unless a depository is designated by the Contractor in a written attachment hereto, the Contractor's signature hereon shall act as authority for the Owner to designate a retainage depository on behalf of the Contractor, for the purposes specified in Tennessee Statutes Section 66-11-104. The Contractor's signature hereon shall act as an assignment of the depository account to the Owner, as provided by Tennessee Statutes Section 66-11-104 et seq., whether the depository is designated by the Contractor or by the Owner.

ARTICLE 7. CONTRACTOR'S REPRESENTATIONS.

In order to induce Owner to enter into this Agreement, Contractor makes the following representations:

- 7.1 Contractor has familiarized himself with the nature and extent of the Contract documents, Work, locality, and with all local conditions and federal, state, and local Laws and Regulations that in any manner may affect cost, progress, or performance of the Work.
- 7.2 Contractor has studied carefully all reports of investigations and test of subsurface and latent physical conditions at the site or otherwise affecting cost, progress, or performance of the Work which were relied upon by Engineer in the preparation of the Drawings and Specifications and which have been identified in the Supplementary Conditions.
- 7.3 Contractor has made or caused to be made examinations, investigations, and test and studies as he deems necessary for the performance of the Work at the Contract price, within the Contract Time, and in accordance with the other terms and conditions of the Contract documents; and no additional examinations, investigations, tests, reports, or similar data are or will be required by Contractor for such purposes.

- 7.4 Contractor has correlated the results of all such observations, examinations, investigations, tests, reports, and data with the terms and conditions of the Contract documents.
- 7.5 Contractor has given Engineer written notice of all conflicts, errors, or discrepancies that he has discovered in the Contract documents and the written resolution thereof by Engineer is acceptable to Contractor.

ARTICLE 8. CONTRACT DOCUMENTS.

The Contract documents which comprise the entire agreement between Owner and Contractor are attached to this Agreement, made a part hereof and consist of the following:

- 8.1 This Agreement (Pages SFA-1 to SFA-5, inclusive).
- 8.2 Joint Account Agreement or Letter of Forfeiture waiving same (if applicable)
- 8.3 Exhibit "A" - Bid Form and Bid Schedule.
- 8.4 Affidavit of Drug Free Work Program
- 8.5 Addenda
- 8.6 Performance & Payment Bonds
- 8.7 Certificates of Insurance, of Workers' Compensation Coverage, and of Unemployment Insurance Coverage.
- 8.8 2013 Standard General Conditions of the Construction Contract (Pages i to 62, inclusive).
- 8.8 Standard Supplementary Conditions (Pages SSC-1 to SSC-16, inclusive).
- 8.9 General Requirements
- 8.10 Special Provisions (Section 01810)
- 8.11 Technical Specifications
- 8.12 Notice of Award.
- 8.13 Notice to Proceed.
- 8.14 Minutes of the Pre-Bid Conference, if any.

- 8.15 Shop Drawings and other Submittals furnished by Contractor during performance of the Work and accepted by the Owner.
- 8.16 Any modifications, amendments, and supplements, including Change Orders, issued pursuant to Article 11 of the General Conditions, on or after the effective date of this Agreement.
- 8.17 Notice of Substantial Completion.

ARTICLE 9. MISCELLANEOUS PROVISIONS.

9.1 The CONTRACTOR hereby agrees, warrants, and assures compliance with the provisions of Title VI and VII of the Civil Rights Act of 1964 and all other federal statutory laws which provide in whole or in part that no person shall be excluded from participation or be denied benefits of or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the CONTRACTOR on the grounds of handicap and/or disability, age, race, color, religion, sex, national origin, or any other classification protected by federal, Tennessee State Constitutional or statutory law. The CONTRACTOR shall upon request show proof of such non-discrimination and shall post in conspicuous places available to all employees and applicants notices of non-discrimination.

Terms used in this Agreement, which are defined in the General Conditions, shall have the meanings designated in those conditions.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in one (1) original copy on the day and year first above written.

APPROVED AS TO FORM:

(PROJECT: _____)

DATED this _____ day of _____, 2026

CONTRACTOR:

ATTEST:

By: _____

By: _____

Title: _____

Title: _____

ATTEST:

OWNER:
CITY OF LAKELAND, TENNESSEE
A Municipal Corporation

By: _____
Rebecca Hume
Title: City Recorder

By: _____
Emily Harrell
Title: City Manager

Herons Ridge Paving

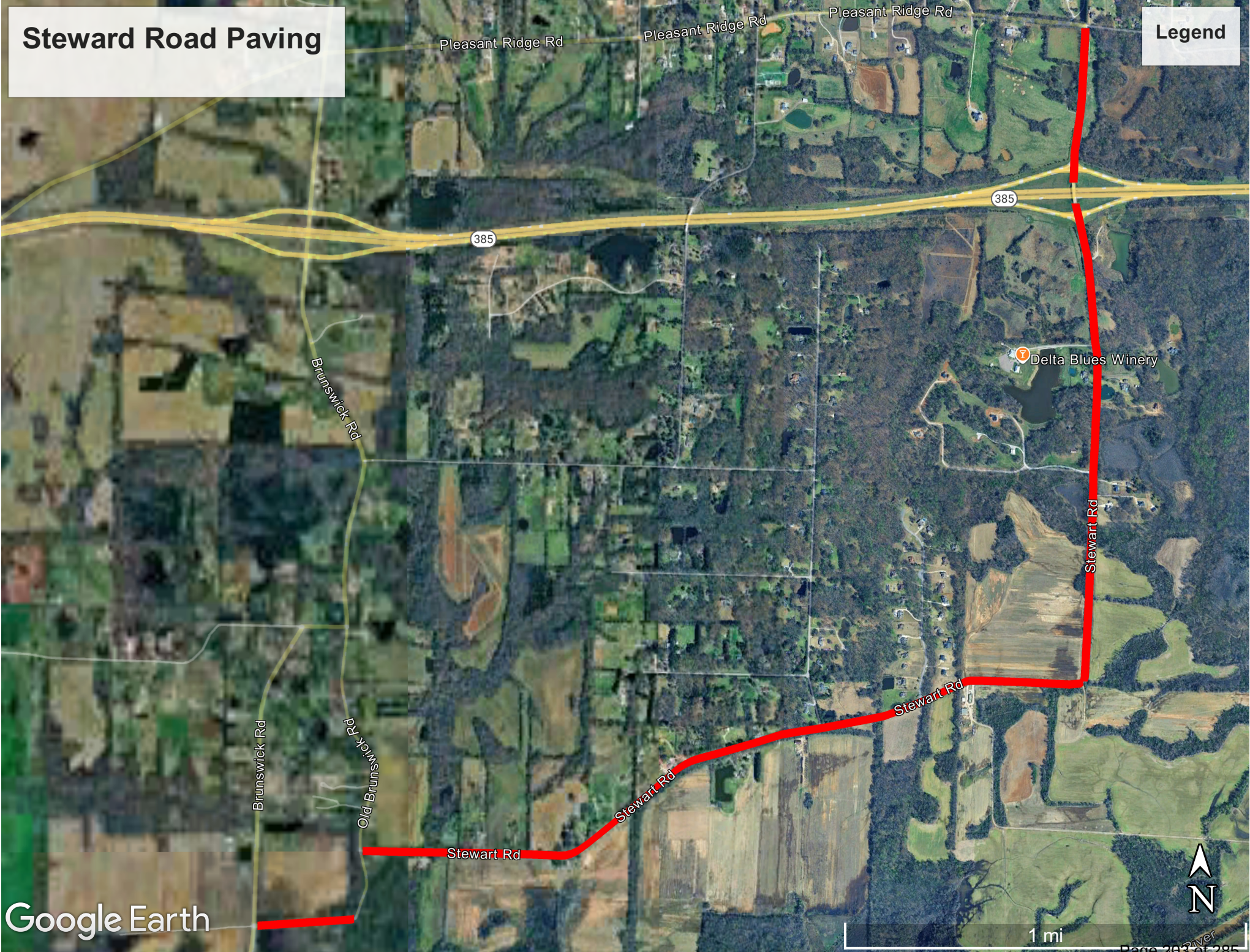
Legend



1000 ft

Steward Road Paving

Legend



Woodland Park Paving

Legend



Canada Rd
Monroe Rd
Woodland Bend Dr
Woodland Crest Dr
Woodland Fern Dr
Canada Rd
Baskatoon Ln
Moody Brews Memphis
The Pet Hospitals
Supreme Nails Spa

Sea Ray Ln
Woodmeade Ln
Walker Springs Dr
1000 ft

Meeting Cycle: Thursday, March 19, 2026

Subject: **Resolution** - approving a residential development contract with Rev3 Willows Holdings, LLC for The Willows at the Lake Phases I & 2.

Staff Contact: Emily Harrell, City Manager / City Engineer

STAFF RECOMMENDATION

City Staff recommends the Board of Commissioners approve Resolution R-32-2026.

BUDGET IMPACT

There is no budgetary impact from this item.

DISCUSSION

The Willows at the Lake Phases 1 & 2 consists of 35 single-family residential lots. The new developer, REV3 Willows Holdings, LLC, wishes to enter into a development contract with the City to complete the public and common improvements for Phases 1 & 2 per the approved Construction Plans. The development fees for Phases 1 & 2 were paid by the previous developer. This contract includes a Security to cover work associated with public and common improvements.

RESOLUTION R-32-2026

APPROVING A RESIDENTIAL DEVELOPMENT CONTRACT WITH REV3 WILLOWS HOLDINGS, LLC FOR THE WILLOWS AT THE LAKE PHASES 1 & 2

- WHEREAS,** Developer is the owner of record of a tract of land zoned C-2 (General Business) with PD Overlay which contains approximately 7.6 acres, also identified by Parcel ID #'s L0159Q B00001, L0159Q B00002, L0159Q B00003, L0159Q B00004, L0159Q B00005, L0159Q B00006, L0159Q B00007, L0159Q B00008, L0159Q B00009, L0159Q B00010, L0159Q B00011, L0159Q B00012, L0159Q B00013, L0159Q B00014, L0159Q B00015, L0159Q B00016, L0159Q B00017, L0159Q B00018, L0159Q B00019, L0159Q B00020, L0159Q B00021, L0159Q B00022, L0159Q B00023, L0159Q B00024, L0159Q B00025, L0159Q B00026, L0159Q B00027, L0159Q B00028, L0159Q B00029, L0159Q B00030, L0159Q B00031, L0159Q B00032, L0159Q B00033, L0159Q B00034, L0159Q B00035 in the official records of the Shelby County Recorder's Office ("Subdivision Site") and desires to improve and develop the Subdivision Site into a 35-lot subdivision to be known as The Willows at the Lake Phase 1 & 2("Subdivision"); and
- WHEREAS,** the City's Municipal Planning Commission ("MPC") and Board of Commissioners ("BOC"), have approved the subdivision plan submitted by Developer with respect to the Subdivision ("Preliminary Development Plan"); and,
- WHEREAS,** Developer is required to install, at its expense, public improvements, including, but not limited to, water lines, fire hydrants, sanitary sewer, underground electrical power and gas utilities, grading, storm water drainage system, streets, curbs, gutters, sidewalks, street name signs, traffic control devices and streetlights in connection with development of the Subdivision at its own cost; and,
- WHEREAS,** Developer may be required, pursuant to its application and MPC and/or the City's Design Review Commission ("DRC") approval, to install, at its expense, private improvements and amenities, including, but not limited to, private streets and alleys, fences, entrance treatments and signage, walls, lakes, playgrounds, swimming pools, tennis courts and other recreational facilities, common open space, walking trails, storm water retention and/or detention basins, landscaping and related irrigation systems, relative to said Subdivision, none of which shall be accepted for maintenance by the City; and,
- WHEREAS,** the City is willing to provide services to the Subdivision in accordance with the City's standard policies and applicable rates; and,
- WHEREAS,** the City and Developer, by the terms of this Contract, desire to specify those detailed costs, division of responsibilities and maintenance and other conditions in addition to the Land Development Regulations and the

RESOLUTION R-32-2026

APPROVING A RESIDENTIAL DEVELOPMENT CONTRACT WITH REV3 WILLOWS HOLDINGS, LLC FOR THE WILLOWS AT THE LAKE PHASE 1 & 2 SUBDIVISION

Construction Plat/Plan, heretofore approved, according to State Statute by the MPC and/or the BOC, said additional terms not to be considered as a variance from or modification to Regulations, plans or plat, as approved on the date of execution; and,

WHEREAS, this Contract is entered into by the City at the insistence of Developer upon the understanding that Developer shall remain fully responsible for specific compliance with the requirement of the Land Development Regulations, the

Technical Specifications of the City and the Construction Plat/Plan, duly prepared by Developer subject to review and recommendation of the City Engineer and the City Planner or person(s) designated by the City Manager; and,

WHEREAS, the City is willing to approve the Subdivision, and all property and/or all street dedications, subject to Developer's compliance with any and all applicable Federal and State of Tennessee laws and local statutes, ordinances, codes, rules and/or regulations in addition to the specific conditions hereinafter set forth:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Lakeland, Tennessee, that the Mayor is hereby authorized to execute, and the City Recorder to attest, a residential planned development contract with REV3 Willows Holdings, LLC for The Willows at the Lake Phases 1& 2.

APPROVED AND ADOPTED by the Board of Commissioners of the City of Lakeland, Tennessee, this 19th day of March 2026, the public welfare requiring it.

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder

RESIDENTIAL SUBDIVISION DEVELOPMENT CONTRACT

INTRODUCTION

THIS RESIDENTIAL SUBDIVISION DEVELOPMENT CONTRACT (“Contract”) is made and entered into this the _____ day of _____, **2026**, by and between **REV3 WILLOWS HOLDINGS, LLC**, a limited liability company organized and existing under the laws of the State of Tennessee (“Developer”), and **THE CITY OF LAKE LAND TENNESSEE**, a municipality organized and existing under the laws of the State of Tennessee (“City”).

W I T N E S S E T H:

WHEREAS, Developer is the owner of record of a tract¹ of land zoned C-2-(General Business) which contains approximately 7.6 acres, also identified by Parcel ID #'s L0159Q B00001, L0159Q B00002, L0159Q B00003, L0159Q B00004, L0159Q B00005, L0159Q B00006, L0159Q B00007, L0159Q B00008, L0159Q B00009, L0159Q B00010, L0159Q B00011, L0159Q B00012, L0159Q B00013, L0159Q B00014, L0159Q B00015, L0159Q B00016, L0159Q B00017, L0159Q B00018, L0159Q B00019, L0159Q B00020, L0159Q B00021, L0159Q B00022, L0159Q B00023, L0159Q B00024, L0159Q B00025, L0159Q B00026, L0159Q B00027, L0159Q B00028, L0159Q B00029, L0159Q B00030, L0159Q B00031, L0159Q B00032, L0159Q B00033, L0159Q B00034, L0159Q B00035 in the official records of the Shelby County Recorder's Office (“Subdivision Site”) and desires to improve and develop a portion of the Subdivision Site into a **35-lot** subdivision to be known as **The Willows at the Lake Phase 1 & 2**(“Subdivision”); and

WHEREAS, the City's Municipal Planning Commission (“MPC”), has approved the subdivision plan submitted by Developer with respect to the Subdivision (“Preliminary Development Plan”); and

WHEREAS, Developer is required to install, at its expense, public improvements, including, but not limited to, water lines, fire hydrants, sanitary sewer, underground electrical power and gas utilities, grading, storm water drainage system, streets, curbs, gutters, sidewalks, street name signs, traffic control devices and streetlights in connection with development of the Subdivision at its own cost; and

WHEREAS, Developer may be required, pursuant to its application and MPC and/or the City's Design Review Commission (“DRC”) approval, to install, at its expense, private improvements and amenities, including, but not limited to, private streets and alleys, fences, entrance treatments and signage, walls, lakes, playgrounds, swimming pools, tennis courts and other recreational facilities, common open space, walking trails, storm water retention and/or detention basins, landscaping and related irrigation systems, relative to said Subdivision, none of which shall be accepted for maintenance by the City; and

¹ If Developer is not the owner of record of the Subdivision Site but has permission from the actual owner of record to develop same, the owner will be required to join Developer herein and all obligations imposed upon Developer hereunder shall be jointly and severally imposed on Developer and Owner.

WHEREAS, the City is willing to provide services to the Subdivision in accordance with the City's standard policies and applicable rates; and

WHEREAS, the City and Developer, by the terms of this Contract, desire to specify those detailed costs, division of responsibilities and maintenance and other conditions in addition to the Land Development Regulations and the Construction Plat/Plan, heretofore approved, according to State Statute by the MPC and/or the Board of Commissioners ("BOC"), said additional terms not to be considered as a variance from or modification to Regulations, plans or plat, as approved on the date of execution; and

WHEREAS, this Contract is entered into by the City at the insistence of Developer upon the understanding that Developer shall remain fully responsible for specific compliance with the requirement of the Land Development Regulations, the Technical Specifications of the City and the Construction Plat/Plan, duly prepared by Developer subject to review and recommendation of the City Engineer and the City Planner or person(s) designated by the City Manager; and

WHEREAS, the City is willing to approve the Subdivision, and all property and/or all street dedications, subject to Developer's compliance with any and all applicable Federal and State of Tennessee laws and local statutes, ordinances, codes, rules and/or regulations in addition to the specific conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and mutual covenants of the parties herein contained and all other consideration herein recited, it is understood and agreed as follows:

GENERAL PROVISIONS

1. Construction Standards. Developer shall construct the Subdivision in accordance with the Outline Plan dated April 21, 2016, approved by the MPC on May 19, 2016, and Board of Commissioners on June 9, 2016, and Preliminary Development Plan dated October 10, 2018, approved by the MPC on October 18, 2018, and Board of Commissioners on November 8, 2018, PDP Amendment dated November 21, 2019, approved by the MPC on November 21, 2019, approved by the BOC on December 12, 2019, as well as Construction plans as may hereafter be submitted by Developer and approved by City, and if applicable, the requirements of the DRC, and in accordance with the requirements of (a) City Land Development Regulations; (b) City Zoning Ordinance and any other applicable Ordinances of the City; (c) City Design Guidelines; (d) the applicable building and fire safety regulations of Shelby County Tennessee. Items (a) through (d) are hereby made a part of this Contract by reference as if fully set forth herein and are hereinafter referred to collectively as "Codes". References herein to said Codes are to those in effect on the date this Contract is approved.

Developer shall also construct the Project in accordance with the following standards and specifications, all of which are incorporated herein by reference as if fully set forth:

- (a) The standards of the American Society of Testing Materials (ASTM);

- (b) The requirements of the Office of Safety and Health Administration (OSHA);
- (c) The requirements of the Federal Americans with Disabilities Act (ADA);
- (d) The Standard Specifications for Road and Bridge Construction of the Tennessee Department of Transportation; and
- (e) The Standards of the American National Standards Institute (ANSI).
- (f) The requirements of the Tennessee Department of Environment and Conservation.

All standards and specifications set forth above are those that are in effect on the date this Contract is approved.

2. Inspection and Testing – Costs. That Developer shall pay, on a monthly basis, the reasonable expenses of engineering inspection by the City Engineer or his designee, along with any laboratory testing expenses reasonably deemed necessary by the City Engineer and incurred for material testing and soil density and moisture content test, provided, however, that Developer shall remain fully responsible for construction to the approved design and quality control, and that the City Engineer is vested with the right of periodic inspections, final approval and stop work order as a measure of secondary or subsequent enforcement.

3. Approval of Subdivision Plans. In addition to the approval of MPC, Developer shall, within three (3) years of receiving approval of the Preliminary Development Plan, also obtain the approval of the City Engineer for the initial phase Subdivision Construction Plans. All construction relating to the Subdivision shall be subject to inspection and approval by the City until the end of the warranty period and release of Security.

OWNERSHIP

4. Developer agrees it shall have no claim, direct or implied, in the title or ownership of the public improvements, except sidewalks, specified in this contract that are to be dedicated to the City by virtue of the official recording of the Final Plat for the Subdivision and accepted (except for sidewalks) for perpetual maintenance by the City (the “Public Improvements”). The City, upon Initial Acceptance [hereinafter defined] and Final Plat recording, will take full title to the Public Improvements. Maintenance and or warranty responsibilities of the Developer prior to the end of the warranty period and release of Security are provided for hereinafter.

5. Developer agrees that it will not transfer ownership of the Subdivision Site without first providing the City with notice of when the transfer is to occur and the identity, current address and telephone number of the proposed Transferee. If it is Transferee’s intention to develop the Subdivision in accordance with this Contract, Developer agrees to provide the City an Assumption Agreement by which Transferee agrees to perform the obligations required under this Contract and to provide the security needed to assure such performance. Said Assumption Agreement will be subject to the approval of the BOC and City Attorney. Unless the Assumption Agreement specifically so provides, Developer shall not be released from its obligations hereunder. The City will not unreasonably withhold its consent with respect to the foregoing.

6. Developer understands that if it transfers the Subdivision site without first providing the notice of transfer and Assumption Agreement as required herein and receiving the approval of the BOC and City Attorney, it will be in breach of this Contract and the City may require that all work be stopped relative to the Subdivision and subject Developer to a declaration of fault.

7. Developer agrees to furnish, on demand, satisfactory evidence that it has the lawful right to enter into this Contract for the purposes herein contained. Any security for Developer's obligations hereunder is subject to the approval of the City Attorney.

8. Duration of Obligations. The obligations of Developer hereunder shall run with the Subdivision Site until Developer's obligations have been fully met. Any party taking title to the Subdivision Site, or any part thereof, shall take said real property subject to such obligations.

SECURITY

9. (a) Developer will furnish to the City, not later than the execution of this Contract by Developer, an estimate as to quantity and cost of all public and private improvements, on or off site (i.e., specific Design Review Commission requirements: brick walls and entrance treatments, landscaping, fencing, lighting, etc.) required by the City pursuant to MPC and/or DPC approval, with the exception of electrical power, water and gas utilities.

(b) Developer shall provide an Irrevocable Letter of Credit capable of presentation to the issuer in Shelby County, Tennessee, issued from a bank doing business, subject to service of process, and subject to both subject matter and personal jurisdiction in Shelby County, Tennessee, with no fixed expiration date, or other adequate security acceptable to the City ("Security") in the amount of **One Hundred Eighty-Three Thousand Three Hundred Sixty-Four Dollars and Fifty-Nine Cents(\$183,364.59)** for all public and/or private internal improvements, plus a sum equal to the cost, as estimated by Developer and approved by the City Engineer, of improvements public or private required by the City pursuant to MPC and/or DRC approval but to be constructed or installed off of the Project Site. It is the policy of the City to only accept as Security an Irrevocable Letter of Credit, cash or its equivalent. The form and substance of any Irrevocable Letter of Credit is subject to the approval of the City Attorney.

(c) The Final Plat of the Subdivision site shall not be recorded with the Shelby County Register's Office until the Subdivision has reached the level of Substantial Completion, as hereinafter defined. At that time, upon application of Developer and approval of the BOC, the amount of Security may be reduced to the cost, as estimated by the City, of uncompleted requirements relative to the Subdivision plus a reasonable sum to cover Developer's warranty obligations hereunder.

(d) Although the amount of the Security may be less than the total cost of completion by Developer of all of Developer's obligations hereunder, it is understood and agreed that the Security, subject to its limit, is to furnish security for the performance of all of Developer's obligations hereunder but that such obligations are not limited by the amount of such Security. The Security shall remain in force through the end of the warranty period, although Security may

be reduced from time to time as provided herein. All collection expenses, court costs and reasonable attorney's fees incurred by the City in connection with collection under the Security shall be paid by Developer and such obligation shall be secured by the Security. The City shall be entitled to recover the cost thereof, reasonable administrative fees, reasonable attorney's fees and interest calculated on any unpaid balance at the rate of ten percent (10%) per annum until the unpaid balance is fully paid.

(e) Developer agrees that if the Security furnished to secure the obligations of Developer under this Contract, due to inflation and/or rising costs, previous errors in estimation, or otherwise, is inadequate to secure such obligations at the time an extension of time is sought, it will provide additional security to bring the Security amount in line with current cost projections made by the City Engineer.

INSURANCE

10. (a) Developer, upon affixing its signature to this agreement, shall provide at no cost to the City, a policy or policies of insurance to the City from insurance companies acceptable to the City and licensed by the Tennessee State Insurance Commissioner to conduct business in the State of Tennessee with coverage limits as set forth below. Said insurance policy or policies shall be evidenced by current original certificates and/or policies attached to this Contract and kept in full force and effect throughout the life of this Contract as required by the City. Each certificate or policy shall require and state in writing that "thirty (30) days prior to cancellation or material changes in the policies, notice thereof shall be given to the City of Lakeland Tennessee by registered mail, return receipt requested."

(b) Developer shall purchase and maintain commercial general liability insurance and umbrella liability insurance with minimum limits of \$1,500,000.00 per occurrence and other insurance that shall insure against claims arising out of Developer's performance under this Contract, whether such claims arise out of the actions of Developer, any subcontractor of the Developer, their employees, agents or independent contractors or anyone for whose acts any of them may be liable, including, without limitation:

(1) Claims brought under worker's compensation in accordance with the Statutory Requirements and limits of the State of Tennessee. "All States Endorsement" is required or a Certificate of the State Worker's Compensation Board showing proof of ability to pay compensation directly; provided, however, if Developer has no employees who are eligible to be covered under worker's compensation insurance, Developer shall not be required to furnish insurance against worker's compensation but shall require the party(s) contracting with Developer to perform work on the Project Site to furnish evidence of such insurance for the employees of same as required above;

(2) Claims for the personal injury, occupational illness or death of Developer's employees, if any;

(3) Claims for the personal injury, illness or death of any person other than Developer's employees or agents;

(4) Claims for injury to or destruction of tangible property, including loss of use resulting there from;

(5) Claims for property damage or personal injury or death of any person arising out of the ownership, maintenance or use of any motor vehicle;

(6) Claims by third parties for personal injury and property damage arising out of Developer's failure to comply with Developer's obligations under this contract;

(7) Premises and Operations;

(8) Independent Contractors;

(9) Products and Completed Operations;

(10) Blanket Contractual or its current equivalent policy language;

(11) XCU (Explosion, Collapse and Underground) Coverage or its current equivalent policy language;

(12) Broad Form Property Damage or its current equivalent policy language;

(13) Commercial automobile liability insurance covering owned, hired and non-owned vehicles.

(c) The insurance coverage required by this paragraph shall include the coverage specified above with policy limits of not less than \$1,500,000.00 Combined Single Limit general liability and \$1,500,000.00 Combined Single Limit automobile liability (including, but not limited to, bodily injury (including death) and property damage) per occurrence. These minimum limits may be met through a combination of primary and umbrella insurance policies. The commercial general liability insurance coverage shall include completed "incident" as opposed to "claims made" insurance coverage and liability insurance applicable to Developer's obligations under this Contract. All such insurance shall remain in effect until the City issues its written notice of the release of Security of the completed Project. In addition, Developer shall maintain "incident" as opposed to "claims made" insurance for at least one (1) year after the City issues its written notice of release of Security. Developer shall furnish the City with evidence of the continuation of all such insurance at the time of issuance of the notice of release of Security.

(d) Prior to commencing any work on the Project, Developer will furnish to the City a certificate of insurance evidencing the required coverage.

(e) The furnishing of the aforesaid insurance shall not relieve Developer of its obligation to indemnify the City in accordance with the provisions of this Contract.

TIME SCHEDULE

11. (a) It is agreed by Developer and the City that this Contract shall become void and Developer will be in material breach of this Contract unless the following items are accomplished within one (1) year from the date of approval of this Contract by the BOC. Items (1), (2), (3), and (4) below must be completed prior to starting Construction below.

- (1) Signatures of Developer, and, if applicable, of Owner of the Subdivision Site, on two original copies of this Contract.
- (2) Signatures of Developer, and, if applicable, of Owner of the Subdivision Site, on two original copies of the Inspection and Maintenance Agreement for Private Stormwater Facilities.
- (3) All fees paid to the City as specified herein.
- (4) Security is received by the City as specified herein.
- (5) Insurance certificate is received by the City as specified herein.

If items (1-5) above are completed within one year from the date of this Contract, Developer shall have one additional year to commence Construction.

“Construction” as used in this subsection is defined as the placing of construction materials in a permanent position and fastened permanently or extensive grading, including demolishing or removal of existing structures necessary for the development of the Subdivision.

(b) The failure of Developer to comply with the provisions of this paragraph shall, at the discretion of the City Manager, result in the approval of the City of Lakeland being withdrawn and the approvals of the MPC and, as applicable, the DRC similarly being withdrawn and of no further force and effect.

12. Developer shall substantially complete the Subdivision on a timely schedule and in an expeditious manner, with the date of Substantial Completion to be not later than four (4) years from the date the BOC approves this Contract. The term “Substantial Completion” as used herein shall be when Developer has completed all required Public and Private Improvements to the Subdivision Site, specifically including but not limited to sanitary sewer (unless served by septic system), water, natural gas and electricity service to each lot, and all required off-site Public Improvements relative to the Subdivision as verified by the City Engineer and approved by the MPC.

(a) Developer agrees that if due to unforeseen circumstances it is unable to complete all work included in this Contract within the time specified herein, it will submit a written request for extension of the Contract period to the City at least sixty (60) days prior to the

expiration of the existing Contract period, specifying the reason for its failure to complete the work as agreed, and a prospective date for such completion.

(b) The City will not unreasonably withhold approval of extensions of time where Developer has complied with the requirements of notice to the City and provided the required additional Security, if any is needed.

13. Developer agrees that its failure to follow the extension of time procedure provided herein shall constitute a breach of this Contract. Developer agrees that should it fail to complete any part of the work outlined in this Contract in a good and workmanlike manner, as approved by the City Engineer, the City shall reserve the right to withhold and/or withdraw all building permits and/or sewer service within the Subdivision until all items of this Contract have been fulfilled by Developer.

14. (a) It is agreed that after the date of Substantial Completion, as recommended by the City Engineer and approved by the BOC, the City will record the Final Plat (Mylar) of the Subdivision in the Register's Office of Shelby County, Tennessee after Developer has submitted a Final Plat suitable for recording, provided the Security being held by the City to guarantee Developer's obligations under this Contract is sufficient to cover the cost of the remaining required Public Improvements and the private improvements as estimated by Developer's Engineer and approved by the City Engineer. If the Security being held by the City is not sufficient, Developer shall increase same accordingly prior to the City recording the Final Plat. The original Final Plat shall be retained by the City as a permanent record. Developer shall be responsible for paying all recording costs. Final Plat recording shall signify Initial Acceptance of the project.

(b) Developer shall provide the City with a copy of the Final Plat using State Plane Coordinate System with NAD – 83 datum on disk or CD in DXF format (AutoCAD Release 14 or more current) prior to recording of the Final Plat of the Project. All MTEXT must be exploded.

(c) Developer shall furnish as-built plans to the City on reproducible, stable mylar media. Said plans shall show the sanitary sewer, storm drainage system, grading, water main and service lines and streets within the Subdivision before the City shall record the Final Plat of the Subdivision. Departure from the original plans and specifications shall not be permitted without the approval of the City Engineer, the MPC, DRC, and BOC as necessary. In addition to the plans furnished on reproducible mylar media, Developer shall provide a scanned copy of the as-built plans as a TIF image on CD and a DXF copy (AutoCAD Release 14 or more current) of the as-built plans on CD.

(d) Developer shall also furnish, in writing, the itemized as-built construction cost of all public improvements.

15. (a) Sidewalks. Notwithstanding any provision to the contrary herein, Developer shall ultimately be responsible for the installation of all required sidewalks, at its expense, and will include in the Security an amount sufficient to insure installation of all required sidewalks. All required sidewalks shall be completed, without defect and on a lot-by-lot basis,

prior to the issuance of a Certificate of Occupancy ("C. O.") to the owner of each lot. Developer shall be responsible for repairing any latent defects in the sidewalks prior to the issuance of a Certificate of Occupancy ("C. O.") to the owner of each lot. (All references to sidewalks herein include required handicap ramps.)

(b) Curb and Gutter. All required curb and gutter must be completed and without defect prior to the issuance of a Certificate of Occupancy ("C. O.") for the Subdivision. Developer shall also be responsible for repairing any latent defects and/or failures in the curb and gutter that occur, or first appear, after the issuance of the relevant C.O. and prior to the end of the warranty period and release of Security for the Subdivision.

(c) Final Surface Asphalt. Developer shall furnish and install asphalt base and a final asphalt surface course (wearing surface) on all streets, public and private, as required hereunder in accordance with City specifications.

- (1) The final surface (1.5") shall not be installed until Seventy-Five Percent (75%) of the lots in the Subdivision are built upon or within four years after the issuance of the first building permit, whichever comes first, or as otherwise specified by the City.
- (2) Developer shall maintain all streets in accordance with the warranty provisions provided for herein.
- (3) Developer shall make all necessary adjustments to manholes and valve boxes to meet finished surface grade and to repair subsurface or base repair, as required, in areas designated by the City prior to the application of the final asphalt surface.

WARRANTY

16. Developer and City agree that neither the final certificate of payment nor any provision of this Contract or its incorporated documents nor partial or entire occupancy of the Subdivision shall constitute an approval or acceptance of any work not performed in accordance with the Contract and its incorporated documents, nor relieve Developer of liability with respect to any express warranty or responsibility for faulty materials or workmanship.

17. (a) Developer is required to complete the Public Improvements, which are ultimately to be accepted by the City for perpetual maintenance, and all other improvements required by the City relative to the Subdivision, in accordance with the terms of this Contract. Further, Developer is to correct any defects or failures in all of such improvements that occur within one (1) year of the Final Plat recording. Any defect first appearing within the applicable one (1) year period shall be required to be corrected by Developer; and thereafter Developer shall be required to correct any defect again occurring in or relating to what was previously corrected within a one (1) year period commencing from the date of approval by the City Engineer of such correction. If the defect recurs within any one (1) year of its repair, Developer shall remain obligated to correct it until the condition is satisfactory to the City after one (1) year from the date

of its last repair. This Warranty does not diminish, but is in addition to, all other rights and liabilities assessed herein.

(b) No sooner than ten (10) months nor later than eleven (11) months after the Final Plat recording, Developer shall so notify the City Engineer and the City Engineer, or his/her designee, shall inspect the streets, curbs and gutters, sidewalks, storm drain system, detention basin, landscaping, irrigation, fencing and all other required improvements to determine any defects or failures of the same. If no defects or failures are found, the City Engineer shall report the same to the BOC at a regular or special meeting within thirty (30) days of the date of said inspection. The BOC, provided it agrees with the City Engineer, shall approve the final release of the Security, which shall constitute the end of the warranty period for the Subdivision. If defects or failures are found upon the aforesaid inspection, written notification outlining deficiencies to be corrected shall be provided to Developer along with the time period for corrections, not to exceed sixty (60) days. Within seven (7) days of notification by Developer that such corrections have been made or the expiration of the time period, whichever occurs first, the City Engineer shall re-inspect for correction of defects and failures. If all deficiencies have not been corrected, the City Engineer shall provide an updated written notification of deficiencies and Developer shall have thirty (30) days to make the remaining corrections. If all corrections are not made at this time, the City may demand payment on the Security, and, upon collection, shall proceed to make the corrections. If and when Developer or the City, as the case may be, has corrected all failures and defects, and a period of one (1) year has expired from the date of such corrections without defects again appearing in the corrected work, the City Engineer shall report the same to the BOC at a regular or special meeting within thirty (30) days of the date of said re-inspection. The BOC, provided it agrees with the City Engineer, shall approve the final release of the Security, which shall constitute the end of the warranty period for the Subdivision.

(c) It is the intention of the parties hereto that any Public Improvement required of Developer relative to the Subdivision which was found to be satisfactory by the City Engineer upon inspection as provided in Section 17 (b) shall thereafter be the obligation of the City to maintain. However, any such improvement found to be unsatisfactory by the City Engineer upon the initial inspection as provided in Section 17 (b) or any later inspection made pursuant to Section 17 (b) shall not be the obligation of the City to maintain until same remains satisfactory to the City for a period of one (1) year from the date it was inspected and found to be satisfactory by the City Engineer.

(d) At any time during the one (1) year warranty period beginning from the date of the Subdivision Final Plat recording, the City Engineer may recommend to the BOC that a portion of the Security be released based upon the City Engineer's estimation of the needed Security to ensure that funds will be available to correct any then outstanding defects in the improvements or to correct any defects which have been corrected but may reoccur.

REQUIRED IMPROVEMENT AND RELATED FEES

WATER

18. Developer shall install, at its expense, all water mains, hydrants, valves and appurtenances to serve all lots within the Subdivision from the existing Memphis Light Gas & Water (MLGW) water system and to install, at its expense, water service lines and appurtenances from the water main to the meter center at the front property line of each lot. Further, Developer shall pay all engineering, testing and laboratory costs incident to the water service in and to the Subdivision. Additionally, Developer shall extend all water mains to within two feet of the property line of any roadways connecting to adjacent properties that may be served by said main(s).

19. Developer shall install at its expense fire hydrants throughout said Subdivision in accordance with the Shelby County Fire Code, and if not specified in said Code, the type and location of said hydrants is to be approved by the City Engineer.

SANITARY SEWER

20. Developer shall pay to the City, the sum of **Zero Dollars (\$0.00)**, which reflects the sewer development fee as required by Ordinance 08-119. A credit in the amount of \$108,500.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

21. Developer shall install at its expense a State Board of Health and City approved sewerage system complete with pumping stations (as necessary), force main, sewer mains, manholes and appurtenances, within and without the limits of the Project and sewer laterals to the front of each lot within said Project. Developer shall pay the cost of engineering, inspection, testing and laboratory costs incident to the sewer service in or to the Project. Developer shall provide and install, at its expense, a State and City approved outfall sewage system complete with necessary sewer mains, manholes, and service laterals in the Project and pump stations and force mains as approved by the City Engineer upon approval of the plans and specifications for the Project. Pump stations will not be allowed without specific approval from the City Engineer and the City Board of Sewerage Commissioners. Said service lateral connections shall be extended to the surface inside of the property line and capped six (6) inches below the surface of the ground with a protective cap pipe placed over it and extending thirty (30) inches into the air. Additionally, Developer shall extend all sewer mains to within two feet of the property line of all adjacent properties that may be served by said main(s).

22. Developer shall install at its expense a cellular based telemetry system as approved by the City of Lakeland, in accordance with specifications provided by City, on any and all sewer lift stations servicing said Project. Additionally, Developer shall install and maintain, at its expense, a sight proof fence in conformance with a design plan approved by the DRC around the perimeter of any and all sewer lift stations on said Project.

STREETS

23. Developer agrees to dedicate and improve and/or construct, at no cost to the City, all public and/or private streets located within or required by this Subdivision and to comply with the road standards of the City to the satisfaction and approval of the City Engineer.

24. Developer shall bear the cost of all engineering, inspection and laboratory costs incurred by Developer and/or the City, incidental to the construction of street(s) to be constructed or improved pursuant to this Contract, including, but not limited to, material and density testing; and, if the City deems it necessary to have additional work of such nature performed, the Developer shall bear such costs also.

25. It is agreed and understood that if it is not necessary to change the existing grade, alignment or disturb the pavement of an existing street or road, Developer shall only be required to construct drainage, grade, gravel and pavement to match the existing pavement and construct sidewalks, curb and gutter as required. If the existing grade and/or alignment are changed, Developer shall be required to grade, gravel and pave the full width of said street or road.

26. Developer shall complete all grading within the street right-of-way before the public utilities are installed.

27. Developer shall design and construct all private streets and roadways authorized within the Subdivision to standards equal to or greater than required by the Land Development Regulations and Technical Specifications of the City.

28. Developer and the City agree that easements for sanitary sewers, drainage and other required services may be located and utilized within private streets and shall be so noted on the Final Plat of said Subdivision.

29. Developer agrees that the City is not responsible for street repairs within private streets. The responsibility for repairing private streets will be that of the property owners and/or property owner's association and such responsibility shall be so noted on the Final Plat of said Subdivision.

SIDEWALKS

30. Developer shall furnish all labor and materials to construct and install all sidewalks and handicap ramps, at its expense, in accordance with the Land Development Regulations, Technical Specifications and the approved Development Plan.

STREET SIGNS, TRAFFIC CONTROL DEVICES, ETC.

31. Developer agrees to install, at its expense, permanent street signposts and markers at all street intersections in the Subdivision and to install, at its expense, traffic control devices, signage and striping relative to the Subdivision. The location of street signs to be installed shall be approved by the City Engineer. Variance from standard street sign type must be approved by the City. All traffic control devices, signage and striping shall be installed as per City Subdivision Regulations, the Manual on Uniform Traffic Control Devices and approved by the City Engineer.

EROSION, SEDIMENT AND DEBRIS

32. Developer agrees that all drainage and related facilities, including, without limitation, ditch paving, bank protection and fencing adjacent to open ditches, made necessary by the development of the Subdivision are to be constructed by Developer according to plans and specifications approved by the City Engineer.

33. Developer agrees that it will provide necessary erosion control, including, but not limited to, seeding for gentle slopes (4 to 1 or less) and grass sod for steeper slopes, with special grading and terracing, to the specifications of the City Engineer. All freshly excavated and embankment areas not covered with satisfactory vegetation shall be fertilized, mulched and seeded and/or sodded as required by the City Engineer to prevent erosion. In the event the City Engineer determines that Developer is not providing necessary erosion control, the City Engineer shall officially notify Developer of the problem. If Developer has not corrected the problem within 7 days after notice, the City Engineer may make arrangements for the necessary materials, labor and associated costs to eliminate the erosion problem, documenting all expenses, specifically including reasonable administrative expenses, incurred in performing the work. Alternatively, the City reserves the right to issue a Stop Work Order on all work in progress within the bounds of the Subdivision until such time as Developer has corrected any erosion control deficiencies. Prior to releasing any Security hereunder, all expenses incurred by the City relative to the foregoing shall be paid in full by Developer plus interest on any unpaid balance accruing at the rate of ten percent (10%) per annum.

34. Any and all unenclosed watercourses lying partially or wholly within the boundary of the Subdivision Site shall be constructed to an adequate cross section to provide design flow without threat of erosion or flooding of any property within the Subdivision Site or any off-site property. Such watercourses shall be lined in a manner satisfactory to the City Engineer and any other agencies that may have jurisdiction.

35. All drainage structures necessary for the road plans affecting any watercourse lying partially or wholly within the Subdivision Site are to be provided by Developer.

DRAINAGE DESIGN AND RESPONSIBILITY

36. Developer shall pay to the City, the sum of **Zero Dollars(\$0.00)**, which reflects the drainage control fee with detention as required by Ordinance 07-105. A credit in the amount of \$17,500.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

37. Developer shall construct and install, at its expense, all storm water drainage channels, ditches and structures. All drainage control fees shall be paid to the City, and a retention/detention storage basin, as required, with sufficient hydrologic capacity to control all surface and ground water originating within and upstream of the Subdivision shall be constructed as required by the City. Said drainage system shall be designed such that the amount and rate of water from all sources leaving the Subdivision after full development shall not be significantly different after than before initiation of development unless approved by the City Engineer upon certification of a Professional Engineer registered in the State of Tennessee that the drainage system design and improvements upon full development of upstream and downstream properties,

in accordance with the City's Land Use Plan, are sufficient to accept surface and ground water reasonably expected to flow on the Subdivision and discharge all waters reasonably expected to flow from the Subdivision so as not to damage or flood properties nor to increase the established base flood elevation of the upstream or downstream portion of Flood Plain within or without the Subdivision. Further, the adequacy of the drainage plan and construction thereof shall in all cases be certified by Developer's engineer as indicated by his signature and seal affixed upon the Final Plat of said Subdivision prior to the Initial Acceptance by the City and recording of said Final Plat.

38. Developer shall provide to the City, and to each lot purchaser or builder, a coordinated grading and drainage plan designed to ensure proper drainage of all lots and building sites within the Subdivision. Said plan shall be compatible with the overall drainage plan for the Subdivision and shall comply with the Subdivision Regulations. Further, the Final Plat shall contain a notation stating that compliance with the Drainage Plan by individual lot owners and builders shall be a condition of the Building Permit issued by the City.

39. That in any development that alters or revises the Flood Plain shown on the Flood Hazard Boundary Map issued by the Federal Emergency Management Region Office, Developer shall provide to the City a Development Permit issued by the Federal Insurance Administration Regional Office accepting said alteration or revision of the Flood Plain. Further, until said Development Permit is provided, Developer shall not proceed with any work affecting the Flood Plain nor will the Final Plat of the Project be approved by the MPC.

40. Developer understands and agrees that the City, in its proprietary function, does not purport to specify the development layout nor the choice of available land uses; nor does the City design, construct, supervise nor certify the adequacy of the drainage improvements.

41. Developer understands and agrees that the City Engineer is not vested with any responsibility for the design of drainage improvements, nor is he required to determine drainage capacities, survey elevation, cross check adequacy nor specify the type and locations of drainage improvements; and in providing technical assistance, planning and review, the City does not commit itself to the construction, improvements or modification of the drainage system within or without the Subdivision.

42. Developer understands and agrees that it is the responsibility of Developer to properly anticipate, survey, design and construct all drainage improvements so that the Subdivision will not increase, alter or affect the flow of surface or channelized waters from or onto any property as to damage or flood any property or contribute to the same.

43. Developer understands and agrees that in providing technical assistance, planning and review, the City seeks to enforce its minimal governmental standards and does not relieve or accept any of Developer's liability and responsibility to properly design and construct the Subdivision.

44. Developer further agrees to indemnify and hold harmless the City and the City Engineer from any loss or damage from any claim, cause of action or liability resulting in whole or part from the design, construction and/or installation of the Subdivision. The aforesaid

indemnity and hold harmless agreement include, without limitation, the reasonable expenses of the City incurred in defending itself against any matter covered by such indemnity agreement, including attorney fees and expenses of litigation.

45. As long as the City holds Security it reserves the right to use said Security for completion and/or repair of any drainage structure during the warranty period of the Subdivision served by said structure.

46. The Final Plat which is to be recorded shall contain provisions substantially similar to the following if the Subdivision is to be subject to covenants and restrictions imposed by the Developer and/or if any area of the Subdivision is to be maintained at the expense of a property owners association:

“The Covenants and Restrictions set out herein are private in nature and are not subject to enforcement by the City of Lakeland.

The Developer will establish a not-for-profit property owners association (“POA”), which will have total responsibility for maintenance and repair of the common area(s) in the Subdivision after the present owner ceases such function. In the event the present Owner of the property shown hereon fails to organize the POA, or, if, after its organization, it ceases to function or exist, then, in the event the City of Lakeland, in accordance with applicable law and/or ordinances, expends funds to maintain or repair the common area, the expenses thereof plus an administrative fee shall become a lien, on a pro rata basis and severally, on each lot shown hereon and may be enforced in accordance with law. All owners of lots will be required to become members of the POA.”

ADMINISTRATIVE FEES

Engineering Review Fee

47. Developer agrees to pay to the City the sum of **Zero Dollars(\$0.00)**, (\$300 per lot), which represents the engineering review fee as required by Ordinance 07-105, prior to the execution of this Contract. A credit in the amount of \$10,500.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Construction Inspection Fee

48. Developer agrees to pay to the City the sum of **Zero Dollars (\$0.00)**, (\$500 base fee plus \$300 per lot), which sum represents the construction inspection fee required by Ordinance 07-105, which shall be paid prior to the execution of this Contract. A credit in the amount of \$11,500.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Neither observations by the City Engineer and Construction Inspectors, nor inspections, tests or approvals by others shall relieve the Developer from its obligation to perform work in accordance

with the terms of this Contract. Developer further agrees to pay a \$50 re-inspection fee for each inspection after a Notice of Violation has issued, payable within ten (10) days of receipt of invoice.

Administrative Review Fee

49. Developer agrees to pay to the City the sum of **Zero Dollars (\$0.00)**, (\$200 1st lot and \$100 per lot thereafter), which represents the administrative review fee as required by Ordinance 07-105, prior to the execution of this Contract. A credit in the amount of \$3,700.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Geographical Information System (GIS) Fee

50. Developer agrees to pay to the City the sum of **Zero Dollars (\$0.00)**, (\$200 plus \$50 per lot thereafter), which represents the Geographical Information System (GIS) Fee as required by Ordinance 07-105. A credit in the amount of \$2,050.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Natural Resources Inventory/Analysis Fee (per acre)

51. Developer agrees to pay to the City the sum of **Zero Dollars (\$0.00)**, (\$200 plus \$25 per acre thereafter), which represents the Natural Resources Inventory/Analysis Fee as required by Ordinance 07-105. Developer paid fee for total acreage in original Development Contract. A credit in the amount of \$540.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Parkland Improvement Fee (per lot)

52. Developer agrees to pay to the City the sum of **Zero Dollars (\$0.00)**, (\$100 per lot), which represents the Parkland Improvement Fee as required by Ordinance 07-105. A credit in the amount of \$3,500.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Tree Removal Fee (per acre)

53. Developer agrees to pay to the City the sum of **Zero Dollars (\$0.00)**, (\$100 per acre or portion thereof, maximum \$10,000), which represents the tree removal fee as required by Ordinance 07-105, prior to the execution of this Contract. A credit in the amount of \$760.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Warning Siren Fee

54. Developer agrees to pay to the City the sum of **Zero Dollars (\$0.00)**, (\$50 per lot), which represents the Warning Siren Fee as required by Ordinance 07-105. A credit in the amount of \$1,750.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

Parkland Review Fee (per acre)

55. Developer agrees to pay to the City the sum of **Zero Dollars(\$0.00)**, (\$400 plus \$20 per acre) which represents the Parkland Review/Development Fee as required by Ordinance 07-105. A credit in the amount of \$952.00 is applied from previous The Willows at the Lake Development Contracts Phase 1 & 2.

MISCELLANEOUS CONDITIONS

56. Easements. Developer agrees that it will grant any and all necessary easements and rights-of-way across its property to effectuate the requirements of this Contract. Any off-site easements and/or right-of-way required for the Subdivision must be obtained and furnished by Developer to the City and recorded prior to Contract approval. Said easements and rights-of-way shall be in form, type, size and character acceptable to the City. Developer shall grant and/or obtain and furnish said easements without expense to the City of Lakeland and will waive any claim for damages arising from the granting or obtaining thereof.

57. It is understood and agreed that the City is not and could not be expected to oversee, supervise and/or direct the construction of all construction and improvements contemplated hereunder. Neither is the City Engineer vested with the original design responsibility nor the means to formally survey elevations, capacity, structural integrity, type, adequacy or the locations of improvements at every stage of the construction process. The City Engineer is vested with the right of periodic inspections, final approval and stop work order as a measure of secondary or subsequent enforcement. Developer now has and shall retain the responsibility to properly anticipate, survey, design and construct the development improvements and give full assurance that same shall not adversely affect the flow of surface water from or upon any property. In providing technical assistance, plan and design review, the City does not and shall not relieve Developer from or accept any liability from Developer. Developer will provide his own Project Engineer whose duties and responsibilities are explained in the General Conditions of the City of Lakeland Construction Specifications.

58. In situations which may affect the safety or protection of persons, the work, or property at the Subdivision Site or adjacent thereto, Developer, without special instruction or authorization from the City, is obligated to act to prevent any and all threatened damage, injury or loss. If the City has to use its resources to respond to situations which may affect the safety or protection of persons, the work, or property at the Subdivision Site or adjacent thereto, it is agreed that the City will keep a record of costs associated therewith, including without reservation reasonable administrative fees and expenses, and will be reimbursed by Developer.

59. Developer agrees that the City shall have the right to enter the Subdivision Site and make emergency repairs to any improvements when the health and safety of the general public requires it. Developer will reimburse the City for reasonable cost, including without reservation reasonable administrative fees and expenses, incurred by it in making such repairs.

60. Developer agrees to secure all required permits for the demolition of structures on the subject property. Developer further agrees that it will haul all scrap, buildings, materials, trees,

debris, rubbish and other degradable materials to a permitted landfill on a timely basis and not bury, burn or cause to be burned, such materials or allow them to accumulate within the Subdivision Site or within the corporate limits of the City.

61. Developer agrees that should it default in performing any of its obligations under this Contract and it becomes necessary to engage an attorney to file necessary legal action to enforce provisions of this Contract or sue for any sums of money due and owing or liability arising incidental to the Contract, Developer will pay to the City reasonable attorney's fees and expenses of litigation.

62. Prior to the release of Security for the Subdivision by the City, Developer shall deliver to the City an affidavit certifying that all subcontractors and material suppliers furnishing labor and/or material for the improvements required under this Contract have been paid in full. The Developer shall also provide a release of all liens, and of the right to claim liens, from all subcontractors and material suppliers furnishing labor or materials for the development.

63. Developer shall be responsible for the cost of any and all relocation, adjustment, modification, installation and/or removal of utilities, streets, curbs, gutters, sidewalks, drainage and all other improvements made necessary by the development of the Subdivision, both on and off site. All electrical utilities shall be installed underground unless expressly waived by the BOC upon written request to the DRC and after a recommendation by the DRC is submitted to the BOC.

64. Developer agrees to pay a "Payment in-Lieu-of or Dedication for Parkland" in the amount of **Zero Dollars (\$0.00)** as per Article II Neighborhood Development Regulations, Section D, 4.b. of the Lakeland Subdivision Regulations.

65. Gas and Electric Service. Developer shall install underground electric and natural gas service to the Subdivision in accordance with the electric and natural gas service policy specified by the agreement between the City and the Memphis Light, Gas and Water Division of the City of Memphis and City ordinances and/or policies in effect at the time of such installation.

66. Indemnity. Developer will indemnify and hold the City harmless against all claims that may arise out of or result from Developer's performance under this Contract, whether such claims arise out of the actions of Developer, any subcontractor of Developer, or anyone directly or indirectly employed or directed by either of them. This indemnity agreement includes, without limitation, all tort claims, both intentional and otherwise, and all claims based upon any right of recovery for property damage, personal injuries, death, damages caused by downstream deposits, sediment or debris from drainage, damages resulting from Developer changing the volume or velocity of water leaving Developer's property and entering upon the property of others, and claims under any statutes, Federal or state, relative to water, drainage and/or wetlands, and reasonable attorney's fees and costs incurred by the City in defending itself as a result of the aforesaid and/or enforcing this Contract.

67. Safety. Developer shall maintain barricades, fences, guards and flagmen as reasonably necessary to ensure the safety of all persons at or near the Subdivision Site during construction. All construction material, including, without limitation, mud, silt, dirt and gravel,

shall be kept off existing streets at all times. In the event such mud, silt, dirt, gravel or other construction material is washed, blown or carried into an existing street, Developer shall take immediate steps to remove such materials. If Developer does not remove such materials after notification by the City, and the City deems it necessary to clean the affected streets, the Developer agrees to reimburse the City for all such cleaning expenses.

68. Construction Activity. (a) Developer will not carry on or permit construction activity under this Contract earlier than 6:00 a.m. nor later than 7:00 p.m., Monday through Saturday, and no construction activity, other than emergency repairs, shall be carried out on Sundays.

(b) Developer agrees to include the language “all streets shall be kept clear and free of dirt and debris” in all contracts between Developer and the contractors, subcontractors, builders, etc., unless otherwise authorized in writing by the City Engineer.

(c) Developer shall provide the City with the name, address and phone number of person(s) to be contacted and responsible for correcting any of the requirements set forth above should the occasion arise to do so.

69. The use of any gender herein shall apply to all genders, the singular shall include the plural, and the plural shall include the singular, as the content and context may require.

70. If litigation ensues with respect to this Contract and the City prevails therein, the City shall be entitled to recover from Developer its reasonable attorney’s fees and the costs and expenses of such litigation, including reasonable attorney’s fees and the costs and expenses of such litigation related to any appeal. The court(s) before which such litigation is pending shall determine whether the City prevailed and the amount of such fees, costs, and expenses to be recovered by the City as a result of prevailing; and, if the City prevails in part, but not in whole, an equitable award of its attorney’s fees and expenses shall be made by the court(s). The same provision as immediately aforesaid shall be applicable to any litigation necessary to establish the City’s right to recover under the Security. The Security shall cover all Developer’s obligations under this Contract, including, without limitation, the obligation of Developer to pay the fees, costs and expenses of the City as provided for in this Section of the Contract.

71. Interpretation and Severability. If any provision of this Contract is held to be unlawful, invalid or unenforceable under present or future laws effective during the terms hereof, such provisions shall be fully severable and this Contract shall be construed and enforced as if such unlawful, invalid or unenforceable provision was not a part of this contract. Furthermore, if any provision of this Contract is capable of two constructions, one of which would render the provision void and the other which would render the provision valid, then the provision shall have the meaning that renders it valid.

72. Construction of Contract. Each party has received and had the opportunity to review this Contract, and each party has had the opportunity, whether exercised or not, to have each respective party’s attorney review this Contract, and, accordingly, the normal rule of

construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Contract.

73. No Waiver. The failure of the City to insist upon prompt and strict performance of any of the terms, conditions or undertakings of this Contract, or to exercise any right herein conferred, in any one or more instances, shall not be construed as a waiver of the same or any other term, condition, undertaking or right.

74. Amendments and Modification. This Contract shall not be modified in any manner, except by an instrument in writing executed by or on behalf of all parties.

75. Authority to Execute. City and Developer each warrant and represent that the party signing this Contract on behalf of each has authority to enter into this Contract and to bind the City and Developer, respectively, to the terms, covenants and conditions contained herein. Each party shall deliver to the other, upon request, all documents reasonably requested by the other evidencing such authority, including a copy of all resolutions, consents or minutes reflecting the authority of persons or parties to enter into agreements on behalf of such party.

76. Notices. All notices, demands and requests required or permitted by this Contract shall be in writing (including telecopy communications) and shall be sent by facsimile transmission, air or other courier, or hand delivery, as follows:

- (i) CITY
CITY OF LAKELAND
ATTN: CITY MANAGER
10001 HIGHWAY 70
LAKELAND, TN 38002
Telephone: **(901) 867-2717**
Facsimile: **(901) 867-2063**

With Required Copies To:
City Engineer; and
City Attorney
At same address as above.

- (ii) DEVELOPER
REV3 WILLOWS HOLDINGS, LLC
925 NORTHPOINT PARKWAY, SUITE 204
ALPHARETTA, GA 30005

77. Any party to this Contract may change such party's address for the purpose of notices, demands and requests required or permitted under this Contract by providing written notice of such change of address to the other party, which change of address shall only be effective when notice of the change is actually received by the party who thereafter sends any notice, demand or request.

78. Choice of Law. This Contract is being execute and delivered and is intended to be performed in the State of Tennessee, and the laws (without regard to principles of conflicts of law) of the State of Tennessee shall govern the rights and duties of the parties hereto in the validity, construction, enforcement and interpretation hereof.

OVERALL FEE/COST SUMMARY

(1)	Sewer Development Fee	\$0.00
(2)	Sewer Lift Station Maintenance Fee	N/A
(3)	Sewer Connection Fee	N/A
(4)	Street Light Fee	N/A
(5)	Road Cut Fee	N/A
(5)	Drainage Control Fee (w/ Basin)	\$0.00
(6)	Drainage Control Fee (w/o Basin)	N/A
(7)	Engineering Review Fee	\$0.00
(8)	Construction Inspection Fee	\$0.00
(9)	Administrative Review Fee	\$0.00
(10)	Geographical Information Systems Fee	\$0.00
(11)	Natural Resources Inventory & Analysis Fee	\$0.00
(12)	Parkland Improvement Fee	\$0.00
(13)	Tree Removal Fee	\$0.00
(14)	Warning Siren Fee	\$0.00
(15)	Parkland Dedication Fee	\$0.00
(16)	Parkland Review Fee	\$0.00
	Total	\$0.00

IN WITNESS WHEREOF, the parties hereto have affixed their hands and seals at Lakeland, Tennessee, this ____ day of _____, **2026**.

DEVELOPER:
REV3 WILLOWS HOLDINGS, LLC

CITY OF LAKELAND:

By:_____

Date: _____

ATTEST: _____

APPROVED AS TO FORM:

By: _____

DATE APPROVED BY BOARD OF COMMISSIONERS: _____

DATE APPROVED BY BOARD OF SEWERAGE COMMISSIONERS: _____

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, a notary of public of the state and county mentioned, personally appeared _____, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be _____, the within named bargainer, a corporation, and that such officer, as such _____, executed the foregoing instrument for the purpose therein contained, by personally signing the name of the corporation as managing partner, by himself as _____.

Witness my hand and seal at office; this is the ____ day of ____, 20__.

Notary Public

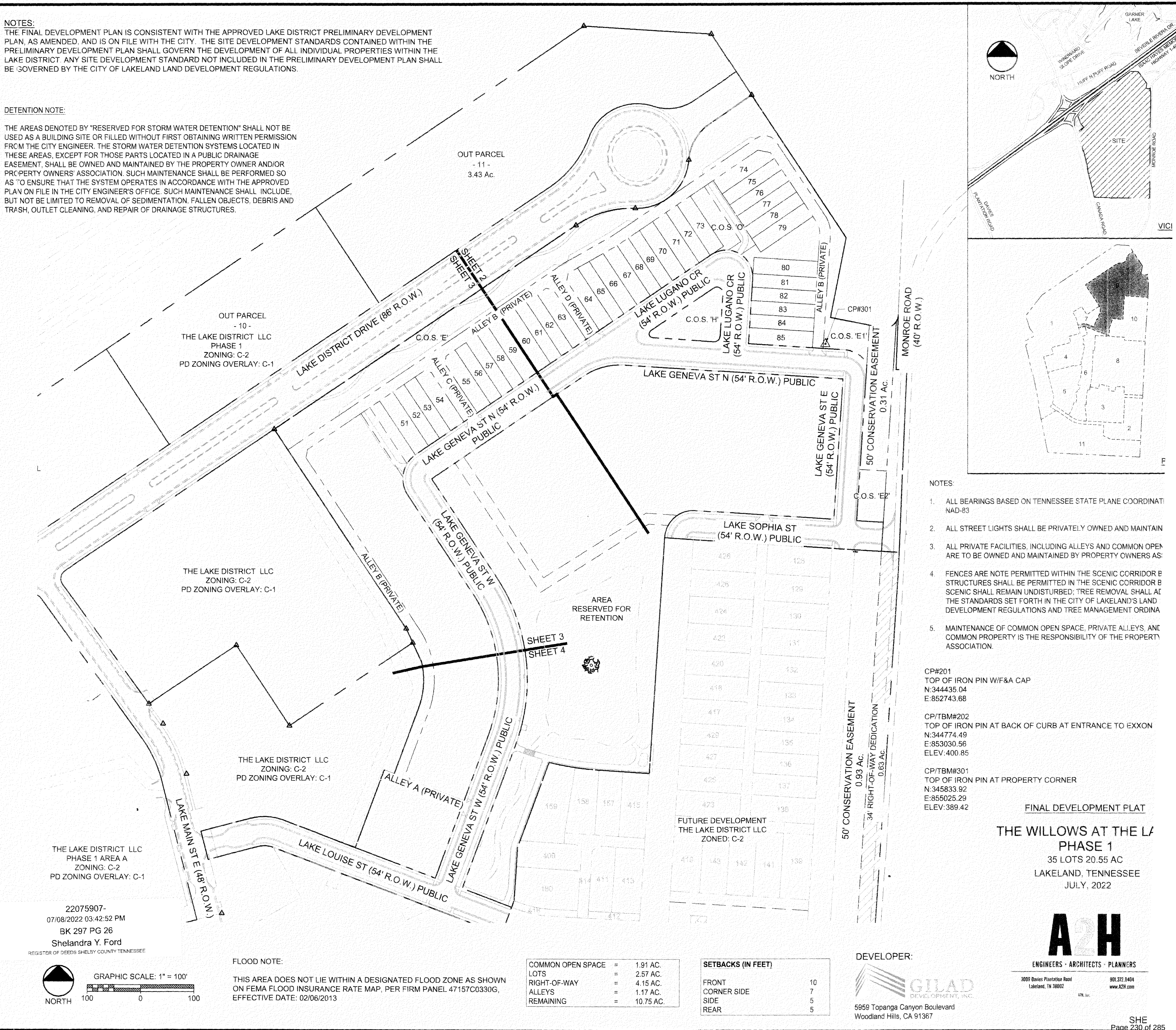
My Commission Expires: _____

NOTES:

THE FINAL DEVELOPMENT PLAN IS CONSISTENT WITH THE APPROVED LAKE DISTRICT PRELIMINARY DEVELOPMENT PLAN, AS AMENDED, AND IS ON FILE WITH THE CITY. THE SITE DEVELOPMENT STANDARDS CONTAINED WITHIN THE PRELIMINARY DEVELOPMENT PLAN SHALL GOVERN THE DEVELOPMENT OF ALL INDIVIDUAL PROPERTIES WITHIN THE LAKE DISTRICT. ANY SITE DEVELOPMENT STANDARD NOT INCLUDED IN THE PRELIMINARY DEVELOPMENT PLAN SHALL BE GOVERNED BY THE CITY OF LAKELAND LAND DEVELOPMENT REGULATIONS.

DETENTION NOTE:

THE AREAS DENOTED BY "RESERVED FOR STORM WATER DETENTION" SHALL NOT BE USED AS A BUILDING SITE OR FILLED WITHOUT FIRST OBTAINING WRITTEN PERMISSION FROM THE CITY ENGINEER. THE STORM WATER DETENTION SYSTEMS LOCATED IN THESE AREAS, EXCEPT FOR THOSE PARTS LOCATED IN A PUBLIC DRAINAGE EASEMENT, SHALL BE OWNED AND MAINTAINED BY THE PROPERTY OWNER AND/OR PROPERTY OWNERS' ASSOCIATION. SUCH MAINTENANCE SHALL BE PERFORMED SO AS TO ENSURE THAT THE SYSTEM OPERATES IN ACCORDANCE WITH THE APPROVED PLAN ON FILE IN THE CITY ENGINEER'S OFFICE. SUCH MAINTENANCE SHALL INCLUDE, BUT NOT BE LIMITED TO REMOVAL OF SEDIMENTATION, FALLEN OBJECTS, DEBRIS AND TRASH, OUTLET CLEANING, AND REPAIR OF DRAINAGE STRUCTURES.



NOTES:

- ALL BEARINGS BASED ON TENNESSEE STATE PLANE COORDINATE NAD-83
- ALL STREET LIGHTS SHALL BE PRIVATELY OWNED AND MAINTAIN
- ALL PRIVATE FACILITIES, INCLUDING ALLEYS AND COMMON OPEN ARE TO BE OWNED AND MAINTAINED BY PROPERTY OWNERS AS:
- FENCES ARE NOTE PERMITTED WITHIN THE SCENIC CORRIDOR B STRUCTURES SHALL BE PERMITTED IN THE SCENIC CORRIDOR B SCENIC SHALL REMAIN UNDISTURBED; TREE REMOVAL SHALL AT THE STANDARDS SET FORTH IN THE CITY OF LAKELAND'S LAND DEVELOPMENT REGULATIONS AND TREE MANAGEMENT ORDINA
- MAINTENANCE OF COMMON OPEN SPACE, PRIVATE ALLEYS, AND COMMON PROPERTY IS THE RESPONSIBILITY OF THE PROPERTY ASSOCIATION.

CP#201
TOP OF IRON PIN W/F&A CAP
N:344435.04
E:852743.68

CP/TBM#202
TOP OF IRON PIN AT BACK OF CURB AT ENTRANCE TO EXXON
N:344774.49
E:853030.56
ELEV:400.85

CP/TBM#301
TOP OF IRON PIN AT PROPERTY CORNER
N:345833.92
E:855025.29
ELEV:389.42

FINAL DEVELOPMENT PLAT

THE WILLOWS AT THE LAKE
PHASE 1
35 LOTS 20.55 AC
LAKELAND, TENNESSEE
JULY, 2022

A2H
ENGINEERS • ARCHITECTS • PLANNERS

3009 Davies Plantation Road
Lakeland, TN 38002

901.372.0404
www.A2H.com

DEVELOPER:

GILAD
DEVELOPMENT, INC.
5959 Topanga Canyon Boulevard
Woodland Hills, CA 91367

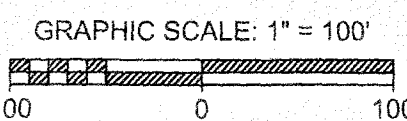
FLOOD NOTE:

THIS AREA DOES NOT LIE WITHIN A DESIGNATED FLOOD ZONE AS SHOWN ON FEMA FLOOD INSURANCE RATE MAP, PER FIRM PANEL 47157C0330G, EFFECTIVE DATE: 02/06/2013

COMMON OPEN SPACE	=	1.91 AC.
LOTS	=	2.57 AC.
RIGHT-OF-WAY	=	4.15 AC.
ALLEYS	=	1.17 AC.
REMAINING	=	10.75 AC.

SETBACKS (IN FEET)

FRONT	10
CORNER SIDE	7
SIDE	5
REAR	5





Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Resolution** - approving a residential development contract with REV3 Willows Holdings, LLC for The Willows at the Lake Phase 3

Staff Contact: Emily Harrell, City Manager / City Engineer

STAFF RECOMMENDATION

City Staff recommends the Board of Commissioners approve Resolution R-35-2026.

BUDGET IMPACT

This item includes development fee revenue in the amount of \$177,096.82 to the General Fund and \$229,400.00 to the Sewer Fund.

DISCUSSION

The Willows at the Lake Phase 3 consists of 74 single family lots within Phase 9 of the Lake District Planned Development. The development contract includes construction of all roads, sanitary sewer, storm sewer, water, electricity and gas required for this phase of the development. A security in the amount of \$284,011.78 will be required to ensure public and common improvements are completed per the approved plans and specifications.

RESOLUTION R-35-2026

APPROVING A RESIDENTIAL DEVELOPMENT CONTRACT WITH REV3 WILLOWS HOLDINGS, LLC FOR THE WILLOWS AT THE LAKE PHASE 3

- WHEREAS,** Developer is the owner of record of a tract of land zoned C-2 (General Business) with PD Overlay which contains approximately 7.6 acres, also identified by Parcel ID #'s L0159Q B00036, L0159Q B00037, L0159Q B00038, and L0159Q B00039 in the official records of the Shelby County Recorder's Office ("Subdivision Site") and desires to improve and develop the Subdivision Site into a 35-lot subdivision to be known as The Willows at the Lake Phase 3 ("Subdivision"); and
- WHEREAS,** the City's Municipal Planning Commission ("MPC") and Board of Commissioners ("BOC"), have approved the subdivision plan submitted by Developer with respect to the Subdivision ("Preliminary Development Plan"); and,
- WHEREAS,** Developer is required to install, at its expense, public improvements, including, but not limited to, water lines, fire hydrants, sanitary sewer, underground electrical power and gas utilities, grading, storm water drainage system, streets, curbs, gutters, sidewalks, street name signs, traffic control devices and streetlights in connection with development of the Subdivision at its own cost; and,
- WHEREAS,** Developer may be required, pursuant to its application and MPC and/or the City's Design Review Commission ("DRC") approval, to install, at its expense, private improvements and amenities, including, but not limited to, private streets and alleys, fences, entrance treatments and signage, walls, lakes, playgrounds, swimming pools, tennis courts and other recreational facilities, common open space, walking trails, storm water retention and/or detention basins, landscaping and related irrigation systems, relative to said Subdivision, none of which shall be accepted for maintenance by the City; and,
- WHEREAS,** the City is willing to provide services to the Subdivision in accordance with the City's standard policies and applicable rates; and,
- WHEREAS,** the City and Developer, by the terms of this Contract, desire to specify those detailed costs, division of responsibilities and maintenance and other conditions in addition to the Land Development Regulations and the Construction Plat/Plan, heretofore approved, according to State Statute by the MPC and/or the BOC, said additional terms not to be considered as a variance from or modification to Regulations, plans or plat, as approved on the date of execution; and,
- WHEREAS,** this Contract is entered into by the City at the insistence of Developer upon the understanding that Developer shall remain fully responsible for specific compliance with the requirement of the Land Development Regulations, the

RESOLUTION R-35-2026

APPROVING A RESIDENTIAL DEVELOPMENT CONTRACT WITH REV3 WILLOWS HOLDINGS, LLC FOR THE WILLOWS AT THE LAKE PHASE 3 SUBDIVISION

Technical Specifications of the City and the Construction Plat/Plan, duly prepared by Developer subject to review and recommendation of the City Engineer and the City Planner or person(s) designated by the City Manager; and,

WHEREAS, the City is willing to approve the Subdivision, and all property and/or all street dedications, subject to Developer's compliance with any and all applicable Federal and State of Tennessee laws and local statutes, ordinances, codes, rules and/or regulations in addition to the specific conditions hereinafter set forth:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Lakeland, Tennessee, that the Mayor is hereby authorized to execute, and the City Recorder to attest, a residential planned development contract with REV3 Willows Holdings, LLC for The Willows at the Lake Phase 3.

APPROVED AND ADOPTED by the Board of Commissioners of the City of Lakeland, Tennessee, this 19th day of March 2026, the public welfare requiring it.

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder

RESIDENTIAL SUBDIVISION DEVELOPMENT CONTRACT

INTRODUCTION

THIS RESIDENTIAL SUBDIVISION DEVELOPMENT CONTRACT (“Contract”) is made and entered into this the _____ day of _____, **2026**, by and between **REV3 WILLOWS HOLDINGS, LLC**, a limited liability company organized and existing under the laws of the State of Tennessee (“Developer”), and **THE CITY OF LAKE LAND TENNESSEE**, a municipality organized and existing under the laws of the State of Tennessee (“City”).

W I T N E S S E T H:

WHEREAS, Developer is the owner of record of a tract¹ of land zoned C-2-(General Business) which contains approximately 12.95 acres, also identified by Parcel ID # L0159Q B00036, L0159Q B00037, L0159Q B00038, and L0159Q B00039 in the official records of the Shelby County Recorder’s Office (“Subdivision Site”) and desires to improve and develop a portion of the Subdivision Site into a **74-lot** subdivision to be known as **The Willows at the Lake Phase 3**(“Subdivision”); and

WHEREAS, the City’s Municipal Planning Commission (“MPC”), has approved the subdivision plan submitted by Developer with respect to the Subdivision (“Preliminary Development Plan”); and

WHEREAS, Developer is required to install, at its expense, public improvements, including, but not limited to, water lines, fire hydrants, sanitary sewer, underground electrical power and gas utilities, grading, storm water drainage system, streets, curbs, gutters, sidewalks, street name signs, traffic control devices and streetlights in connection with development of the Subdivision at its own cost; and

WHEREAS, Developer may be required, pursuant to its application and MPC and/or the City’s Design Review Commission (“DRC”) approval, to install, at its expense, private improvements and amenities, including, but not limited to, private streets and alleys, fences, entrance treatments and signage, walls, lakes, playgrounds, swimming pools, tennis courts and other recreational facilities, common open space, walking trails, storm water retention and/or detention basins, landscaping and related irrigation systems, relative to said Subdivision, none of which shall be accepted for maintenance by the City; and

WHEREAS, the City is willing to provide services to the Subdivision in accordance with the City’s standard policies and applicable rates; and

WHEREAS, the City and Developer, by the terms of this Contract, desire to specify those detailed costs, division of responsibilities and maintenance and other conditions in addition to the

¹ If Developer is not the owner of record of the Subdivision Site but has permission from the actual owner of record to develop same, the owner will be required to join Developer herein and all obligations imposed upon Developer hereunder shall be jointly and severally imposed on Developer and Owner.

Land Development Regulations and the Construction Plat/Plan, heretofore approved, according to State Statute by the MPC and/or the Board of Commissioners (“BOC”), said additional terms not to be considered as a variance from or modification to Regulations, plans or plat, as approved on the date of execution; and

WHEREAS, this Contract is entered into by the City at the insistence of Developer upon the understanding that Developer shall remain fully responsible for specific compliance with the requirement of the Land Development Regulations, the Technical Specifications of the City and the Construction Plat/Plan, duly prepared by Developer subject to review and recommendation of the City Engineer and the City Planner or person(s) designated by the City Manager; and

WHEREAS, the City is willing to approve the Subdivision, and all property and/or all street dedications, subject to Developer’s compliance with any and all applicable Federal and State of Tennessee laws and local statutes, ordinances, codes, rules and/or regulations in addition to the specific conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and mutual covenants of the parties herein contained and all other consideration herein recited, it is understood and agreed as follows:

GENERAL PROVISIONS

1. Construction Standards. Developer shall construct the Subdivision in accordance with the Outline Plan dated April 21, 2016, approved by the MPC on May 19, 2016, and Board of Commissioners on June 9, 2016, and Preliminary Development Plan dated October 10, 2018, approved by the MPC on October 18, 2018, and Board of Commissioners on November 8, 2018, PDP Amendment dated November 21, 2019, approved by the MPC on November 21, 2019, approved by the BOC on December 12, 2019, as well as Construction plans as may hereafter be submitted by Developer and approved by City, and if applicable, the requirements of the DRC, and in accordance with the requirements of (a) City Land Development Regulations; (b) City Zoning Ordinance and any other applicable Ordinances of the City; (c) City Design Guidelines; (d) the applicable building and fire safety regulations of Shelby County Tennessee. Items (a) through (d) are hereby made a part of this Contract by reference as if fully set forth herein and are hereinafter referred to collectively as “Codes”. References herein to said Codes are to those in effect on the date this Contract is approved.

Developer shall also construct the Project in accordance with the following standards and specifications, all of which are incorporated herein by reference as if fully set forth:

- (a) The standards of the American Society of Testing Materials (ASTM);
- (b) The requirements of the Office of Safety and Health Administration (OSHA);
- (c) The requirements of the Federal Americans with Disabilities Act (ADA);
- (d) The Standard Specifications for Road and Bridge Construction of the Tennessee Department of Transportation; and
- (e) The Standards of the American National Standards Institute (ANSI).

- (f) The requirements of the Tennessee Department of Environment and Conservation.

All standards and specifications set forth above are those that are in effect on the date this Contract is approved.

2. Inspection and Testing – Costs. That Developer shall pay, on a monthly basis, the reasonable expenses of engineering inspection by the City Engineer or his designee, along with any laboratory testing expenses reasonably deemed necessary by the City Engineer and incurred for material testing and soil density and moisture content test, provided, however, that Developer shall remain fully responsible for construction to the approved design and quality control, and that the City Engineer is vested with the right of periodic inspections, final approval and stop work order as a measure of secondary or subsequent enforcement.

3. Approval of Subdivision Plans. In addition to the approval of MPC, Developer shall, within three (3) years of receiving approval of the Preliminary Development Plan, also obtain the approval of the City Engineer for the initial phase Subdivision Construction Plans. All construction relating to the Subdivision shall be subject to inspection and approval by the City until the end of the warranty period and release of Security.

OWNERSHIP

4. Developer agrees it shall have no claim, direct or implied, in the title or ownership of the public improvements, except sidewalks, specified in this contract that are to be dedicated to the City by virtue of the official recording of the Final Plat for the Subdivision and accepted (except for sidewalks) for perpetual maintenance by the City (the “Public Improvements”). The City, upon Initial Acceptance [hereinafter defined] and Final Plat recording, will take full title to the Public Improvements. Maintenance and or warranty responsibilities of the Developer prior to the end of the warranty period and release of Security are provided for hereinafter.

5. Developer agrees that it will not transfer ownership of the Subdivision Site without first providing the City with notice of when the transfer is to occur and the identity, current address and telephone number of the proposed Transferee. If it is Transferee’s intention to develop the Subdivision in accordance with this Contract, Developer agrees to provide the City an Assumption Agreement by which Transferee agrees to perform the obligations required under this Contract and to provide the security needed to assure such performance. Said Assumption Agreement will be subject to the approval of the BOC and City Attorney. Unless the Assumption Agreement specifically so provides, Developer shall not be released from its obligations hereunder. The City will not unreasonably withhold its consent with respect to the foregoing.

6. Developer understands that if it transfers the Subdivision site without first providing the notice of transfer and Assumption Agreement as required herein and receiving the approval of the BOC and City Attorney, it will be in breach of this Contract and the City may require that all work be stopped relative to the Subdivision and subject Developer to a declaration of fault.

7. Developer agrees to furnish, on demand, satisfactory evidence that it has the lawful right to enter into this Contract for the purposes herein contained. Any security for Developer's obligations hereunder is subject to the approval of the City Attorney.

8. Duration of Obligations. The obligations of Developer hereunder shall run with the Subdivision Site until Developer's obligations have been fully met. Any party taking title to the Subdivision Site, or any part thereof, shall take said real property subject to such obligations.

SECURITY

9. (a) Developer will furnish to the City, not later than the execution of this Contract by Developer, an estimate as to quantity and cost of all public and private improvements, on or off site (i.e., specific Design Review Commission requirements: brick walls and entrance treatments, landscaping, fencing, lighting, etc.) required by the City pursuant to MPC and/or DPC approval, with the exception of electrical power, water and gas utilities.

(b) Developer shall provide an Irrevocable Letter of Credit capable of presentation to the issuer in Shelby County, Tennessee, issued from a bank doing business, subject to service of process, and subject to both subject matter and personal jurisdiction in Shelby County, Tennessee, with no fixed expiration date, or other adequate security acceptable to the City ("Security") in the amount of **Two Hundred Eighty-Four Thousand Eleven Dollars and Seventy-Eight Cents (\$284,011.78)** for all public and/or private internal improvements, plus a sum equal to the cost, as estimated by Developer and approved by the City Engineer, of improvements public or private required by the City pursuant to MPC and/or DRC approval but to be constructed or installed off of the Project Site. It is the policy of the City to only accept as Security an Irrevocable Letter of Credit, cash or its equivalent. The form and substance of any Irrevocable Letter of Credit is subject to the approval of the City Attorney.

(c) The Final Plat of the Subdivision site shall not be recorded with the Shelby County Register's Office until the Subdivision has reached the level of Substantial Completion, as hereinafter defined. At that time, upon application of Developer and approval of the BOC, the amount of Security may be reduced to the cost, as estimated by the City, of uncompleted requirements relative to the Subdivision plus a reasonable sum to cover Developer's warranty obligations hereunder.

(d) Although the amount of the Security may be less than the total cost of completion by Developer of all of Developer's obligations hereunder, it is understood and agreed that the Security, subject to its limit, is to furnish security for the performance of all of Developer's obligations hereunder but that such obligations are not limited by the amount of such Security. The Security shall remain in force through the end of the warranty period, although Security may be reduced from time to time as provided herein. All collection expenses, court costs and reasonable attorney's fees incurred by the City in connection with collection under the Security shall be paid by Developer and such obligation shall be secured by the Security. The City shall be entitled to recover the cost thereof, reasonable administrative fees, reasonable attorney's fees and interest calculated on any unpaid balance at the rate of ten percent (10%) per annum until the unpaid balance is fully paid.

(e) Developer agrees that if the Security furnished to secure the obligations of Developer under this Contract, due to inflation and/or rising costs, previous errors in estimation, or otherwise, is inadequate to secure such obligations at the time an extension of time is sought, it will provide additional security to bring the Security amount in line with current cost projections made by the City Engineer.

INSURANCE

10. (a) Developer, upon affixing its signature to this agreement, shall provide at no cost to the City, a policy or policies of insurance to the City from insurance companies acceptable to the City and licensed by the Tennessee State Insurance Commissioner to conduct business in the State of Tennessee with coverage limits as set forth below. Said insurance policy or policies shall be evidenced by current original certificates and/or policies attached to this Contract and kept in full force and effect throughout the life of this Contract as required by the City. Each certificate or policy shall require and state in writing that “thirty (30) days prior to cancellation or material changes in the policies, notice thereof shall be given to the City of Lakeland Tennessee by registered mail, return receipt requested.”

(b) Developer shall purchase and maintain commercial general liability insurance and umbrella liability insurance with minimum limits of \$1,500,000.00 per occurrence and other insurance that shall insure against claims arising out of Developer’s performance under this Contract, whether such claims arise out of the actions of Developer, any subcontractor of the Developer, their employees, agents or independent contractors or anyone for whose acts any of them may be liable, including, without limitation:

(1) Claims brought under worker’s compensation in accordance with the Statutory Requirements and limits of the State of Tennessee. “All States Endorsement” is required or a Certificate of the State Worker’s Compensation Board showing proof of ability to pay compensation directly; provided, however, if Developer has no employees who are eligible to be covered under worker’s compensation insurance, Developer shall not be required to furnish insurance against worker’s compensation but shall require the party(s) contracting with Developer to perform work on the Project Site to furnish evidence of such insurance for the employees of same as required above;

(2) Claims for the personal injury, occupational illness or death of Developer’s employees, if any;

(3) Claims for the personal injury, illness or death of any person other than Developer’s employees or agents;

(4) Claims for injury to or destruction of tangible property, including loss of use resulting there from;

(5) Claims for property damage or personal injury or death of any person arising out of the ownership, maintenance or use of any motor vehicle;

(6) Claims by third parties for personal injury and property damage arising out of Developer's failure to comply with Developer's obligations under this contract;

(7) Premises and Operations;

(8) Independent Contractors;

(9) Products and Completed Operations;

(10) Blanket Contractual or its current equivalent policy language;

(11) XCU (Explosion, Collapse and Underground) Coverage or its current equivalent policy language;

(12) Broad Form Property Damage or its current equivalent policy language;

(13) Commercial automobile liability insurance covering owned, hired and non-owned vehicles.

(c) The insurance coverage required by this paragraph shall include the coverage specified above with policy limits of not less than \$1,500,000.00 Combined Single Limit general liability and \$1,500,000.00 Combined Single Limit automobile liability (including, but not limited to, bodily injury (including death) and property damage) per occurrence. These minimum limits may be met through a combination of primary and umbrella insurance policies. The commercial general liability insurance coverage shall include completed "incident" as opposed to "claims made" insurance coverage and liability insurance applicable to Developer's obligations under this Contract. All such insurance shall remain in effect until the City issues its written notice of the release of Security of the completed Project. In addition, Developer shall maintain "incident" as opposed to "claims made" insurance for at least one (1) year after the City issues its written notice of release of Security. Developer shall furnish the City with evidence of the continuation of all such insurance at the time of issuance of the notice of release of Security.

(d) Prior to commencing any work on the Project, Developer will furnish to the City a certificate of insurance evidencing the required coverage.

(e) The furnishing of the aforesaid insurance shall not relieve Developer of its obligation to indemnify the City in accordance with the provisions of this Contract.

TIME SCHEDULE

11. (a) It is agreed by Developer and the City that this Contract shall become void and Developer will be in material breach of this Contract unless the following items are accomplished within one (1) year from the date of approval of this Contract by the BOC. Items (1), (2), (3), and (4) below must be completed prior to starting Construction below.

- (1) Signatures of Developer, and, if applicable, of Owner of the Subdivision Site, on two original copies of this Contract.
- (2) Signatures of Developer, and, if applicable, of Owner of the Subdivision Site, on two original copies of the Inspection and Maintenance Agreement for Private Stormwater Facilities.
- (3) All fees paid to the City as specified herein.
- (4) Security is received by the City as specified herein.
- (5) Insurance certificate is received by the City as specified herein.

If items (1-5) above are completed within one year from the date of this Contract, Developer shall have one additional year to commence Construction.

“Construction” as used in this subsection is defined as the placing of construction materials in a permanent position and fastened permanently or extensive grading, including demolishing or removal of existing structures necessary for the development of the Subdivision.

(b) The failure of Developer to comply with the provisions of this paragraph shall, at the discretion of the City Manager, result in the approval of the City of Lakeland being withdrawn and the approvals of the MPC and, as applicable, the DRC similarly being withdrawn and of no further force and effect.

12. Developer shall substantially complete the Subdivision on a timely schedule and in an expeditious manner, with the date of Substantial Completion to be not later than four (4) years from the date the BOC approves this Contract. The term “Substantial Completion” as used herein shall be when Developer has completed all required Public and Private Improvements to the Subdivision Site, specifically including but not limited to sanitary sewer (unless served by septic system), water, natural gas and electricity service to each lot, and all required off-site Public Improvements relative to the Subdivision as verified by the City Engineer and approved by the MPC.

(a) Developer agrees that if due to unforeseen circumstances it is unable to complete all work included in this Contract within the time specified herein, it will submit a written request for extension of the Contract period to the City at least sixty (60) days prior to the expiration of the existing Contract period, specifying the reason for its failure to complete the work as agreed, and a prospective date for such completion.

(b) The City will not unreasonably withhold approval of extensions of time where Developer has complied with the requirements of notice to the City and provided the required additional Security, if any is needed.

13. Developer agrees that its failure to follow the extension of time procedure provided herein shall constitute a breach of this Contract. Developer agrees that should it fail to complete any part of the work outlined in this Contract in a good and workmanlike manner, as approved by the City Engineer, the City shall reserve the right to withhold and/or withdraw all building permits and/or sewer service within the Subdivision until all items of this Contract have been fulfilled by Developer.

14. (a) It is agreed that after the date of Substantial Completion, as recommended by the City Engineer and approved by the BOC, the City will record the Final Plat (Mylar) of the Subdivision in the Register's Office of Shelby County, Tennessee after Developer has submitted a Final Plat suitable for recording, provided the Security being held by the City to guarantee Developer's obligations under this Contract is sufficient to cover the cost of the remaining required Public Improvements and the private improvements as estimated by Developer's Engineer and approved by the City Engineer. If the Security being held by the City is not sufficient, Developer shall increase same accordingly prior to the City recording the Final Plat. The original Final Plat shall be retained by the City as a permanent record. Developer shall be responsible for paying all recording costs. Final Plat recording shall signify Initial Acceptance of the project.

(b) Developer shall provide the City with a copy of the Final Plat using State Plane Coordinate System with NAD – 83 datum on disk or CD in DXF format (AutoCAD Release 14 or more current) prior to recording of the Final Plat of the Project. All MTEXT must be exploded.

(c) Developer shall furnish as-built plans to the City on reproducible, stable mylar media. Said plans shall show the sanitary sewer, storm drainage system, grading, water main and service lines and streets within the Subdivision before the City shall record the Final Plat of the Subdivision. Departure from the original plans and specifications shall not be permitted without the approval of the City Engineer, the MPC, DRC, and BOC as necessary. In addition to the plans furnished on reproducible mylar media, Developer shall provide a scanned copy of the as-built plans as a TIF image on CD and a DXF copy (AutoCAD Release 14 or more current) of the as-built plans on CD.

(d) Developer shall also furnish, in writing, the itemized as-built construction cost of all public improvements.

15. (a) Sidewalks. Notwithstanding any provision to the contrary herein, Developer shall ultimately be responsible for the installation of all required sidewalks, at its expense, and will include in the Security an amount sufficient to insure installation of all required sidewalks. All required sidewalks shall be completed, without defect and on a lot-by-lot basis, prior to the issuance of a Certificate of Occupancy ("C. O.") to the owner of each lot. Developer shall be responsible for repairing any latent defects in the sidewalks prior to the issuance of a Certificate of Occupancy ("C. O.") to the owner of each lot. (All references to sidewalks herein include required handicap ramps.)

(b) Curb and Gutter. All required curb and gutter must be completed and without defect prior to the issuance of a Certificate of Occupancy ("C. O.") for the Subdivision.

Developer shall also be responsible for repairing any latent defects and/or failures in the curb and gutter that occur, or first appear, after the issuance of the relevant C.O. and prior to the end of the warranty period and release of Security for the Subdivision.

(c) Final Surface Asphalt. Developer shall furnish and install asphalt base and a final asphalt surface course (wearing surface) on all streets, public and private, as required hereunder in accordance with City specifications.

- (1) The final surface (1.5") shall not be installed until Seventy-Five Percent (75%) of the lots in the Subdivision are built upon or within four years after the issuance of the first building permit, whichever comes first, or as otherwise specified by the City.
- (2) Developer shall maintain all streets in accordance with the warranty provisions provided for herein.
- (3) Developer shall make all necessary adjustments to manholes and valve boxes to meet finished surface grade and to repair subsurface or base repair, as required, in areas designated by the City prior to the application of the final asphalt surface.

WARRANTY

16. Developer and City agree that neither the final certificate of payment nor any provision of this Contract or its incorporated documents nor partial or entire occupancy of the Subdivision shall constitute an approval or acceptance of any work not performed in accordance with the Contract and its incorporated documents, nor relieve Developer of liability with respect to any express warranty or responsibility for faulty materials or workmanship.

17. (a) Developer is required to complete the Public Improvements, which are ultimately to be accepted by the City for perpetual maintenance, and all other improvements required by the City relative to the Subdivision, in accordance with the terms of this Contract. Further, Developer is to correct any defects or failures in all of such improvements that occur within one (1) year of the Final Plat recording. Any defect first appearing within the applicable one (1) year period shall be required to be corrected by Developer; and thereafter Developer shall be required to correct any defect again occurring in or relating to what was previously corrected within a one (1) year period commencing from the date of approval by the City Engineer of such correction. If the defect recurs within any one (1) year of its repair, Developer shall remain obligated to correct it until the condition is satisfactory to the City after one (1) year from the date of its last repair. This Warranty does not diminish, but is in addition to, all other rights and liabilities assessed herein.

(b) No sooner than ten (10) months nor later than eleven (11) months after the Final Plat recording, Developer shall so notify the City Engineer and the City Engineer, or his/her designee, shall inspect the streets, curbs and gutters, sidewalks, storm drain system, detention basin, landscaping, irrigation, fencing and all other required improvements to determine any

defects or failures of the same. If no defects or failures are found, the City Engineer shall report the same to the BOC at a regular or special meeting within thirty (30) days of the date of said inspection. The BOC, provided it agrees with the City Engineer, shall approve the final release of the Security, which shall constitute the end of the warranty period for the Subdivision. If defects or failures are found upon the aforesaid inspection, written notification outlining deficiencies to be corrected shall be provided to Developer along with the time period for corrections, not to exceed sixty (60) days. Within seven (7) days of notification by Developer that such corrections have been made or the expiration of the time period, whichever occurs first, the City Engineer shall re-inspect for correction of defects and failures. If all deficiencies have not been corrected, the City Engineer shall provide an updated written notification of deficiencies and Developer shall have thirty (30) days to make the remaining corrections. If all corrections are not made at this time, the City may demand payment on the Security, and, upon collection, shall proceed to make the corrections. If and when Developer or the City, as the case may be, has corrected all failures and defects, and a period of one (1) year has expired from the date of such corrections without defects again appearing in the corrected work, the City Engineer shall report the same to the BOC at a regular or special meeting within thirty (30) days of the date of said re-inspection. The BOC, provided it agrees with the City Engineer, shall approve the final release of the Security, which shall constitute the end of the warranty period for the Subdivision.

(c) It is the intention of the parties hereto that any Public Improvement required of Developer relative to the Subdivision which was found to be satisfactory by the City Engineer upon inspection as provided in Section 17 (b) shall thereafter be the obligation of the City to maintain. However, any such improvement found to be unsatisfactory by the City Engineer upon the initial inspection as provided in Section 17 (b) or any later inspection made pursuant to Section 17 (b) shall not be the obligation of the City to maintain until same remains satisfactory to the City for a period of one (1) year from the date it was inspected and found to be satisfactory by the City Engineer.

(d) At any time during the one (1) year warranty period beginning from the date of the Subdivision Final Plat recording, the City Engineer may recommend to the BOC that a portion of the Security be released based upon the City Engineer's estimation of the needed Security to ensure that funds will be available to correct any then outstanding defects in the improvements or to correct any defects which have been corrected but may reoccur.

REQUIRED IMPROVEMENT AND RELATED FEES

WATER

18. Developer shall install, at its expense, all water mains, hydrants, valves and appurtenances to serve all lots within the Subdivision from the existing Memphis Light Gas & Water (MLGW) water system and to install, at its expense, water service lines and appurtenances from the water main to the meter center at the front property line of each lot. Further, Developer shall pay all engineering, testing and laboratory costs incident to the water service in and to the Subdivision. Additionally, Developer shall extend all water mains to within two feet of the property line of any roadways connecting to adjacent properties that may be served by said main(s).

19. Developer shall install at its expense fire hydrants throughout said Subdivision in accordance with the Shelby County Fire Code, and if not specified in said Code, the type and location of said hydrants is to be approved by the City Engineer.

SANITARY SEWER

20. Developer shall pay to the City, the sum of **Two Hundred Twenty-Nine Thousand Four Hundred Dollars (\$229,400.00)**, which reflects the sewer development fee as required by Ordinance 08-119.

21. Developer shall install at its expense a State Board of Health and City approved sewerage system complete with pumping stations (as necessary), force main, sewer mains, manholes and appurtenances, within and without the limits of the Project and sewer laterals to the front of each lot within said Project. Developer shall pay the cost of engineering, inspection, testing and laboratory costs incident to the sewer service in or to the Project. Developer shall provide and install, at its expense, a State and City approved outfall sewage system complete with necessary sewer mains, manholes, and service laterals in the Project and pump stations and force mains as approved by the City Engineer upon approval of the plans and specifications for the Project. Pump stations will not be allowed without specific approval from the City Engineer and the City Board of Sewerage Commissioners. Said service lateral connections shall be extended to the surface inside of the property line and capped six (6) inches below the surface of the ground with a protective cap pipe placed over it and extending thirty (30) inches into the air. Additionally, Developer shall extend all sewer mains to within two feet of the property line of all adjacent properties that may be served by said main(s).

22. Developer shall install at its expense a cellular based telemetry system as approved by the City of Lakeland, in accordance with specifications provided by City, on any and all sewer lift stations servicing said Project. Additionally, Developer shall install and maintain, at its expense, a sight proof fence in conformance with a design plan approved by the DRC around the perimeter of any and all sewer lift stations on said Project.

STREETS

23. Developer agrees to dedicate and improve and/or construct, at no cost to the City, all public and/or private streets located within or required by this Subdivision and to comply with the road standards of the City to the satisfaction and approval of the City Engineer.

24. Developer shall bear the cost of all engineering, inspection and laboratory costs incurred by Developer and/or the City, incidental to the construction of street(s) to be constructed or improved pursuant to this Contract, including, but not limited to, material and density testing; and, if the City deems it necessary to have additional work of such nature performed, the Developer shall bear such costs also.

25. It is agreed and understood that if it is not necessary to change the existing grade, alignment or disturb the pavement of an existing street or road, Developer shall only be required to construct drainage, grade, gravel and pavement to match the existing pavement and construct

sidewalks, curb and gutter as required. If the existing grade and/or alignment are changed, Developer shall be required to grade, gravel and pave the full width of said street or road.

26. Developer shall complete all grading within the street right-of-way before the public utilities are installed.

27. Developer shall design and construct all private streets and roadways authorized within the Subdivision to standards equal to or greater than required by the Land Development Regulations and Technical Specifications of the City.

28. Developer and the City agree that easements for sanitary sewers, drainage and other required services may be located and utilized within private streets and shall be so noted on the Final Plat of said Subdivision.

29. Developer agrees that the City is not responsible for street repairs within private streets. The responsibility for repairing private streets will be that of the property owners and/or property owner's association and such responsibility shall be so noted on the Final Plat of said Subdivision.

SIDEWALKS

30. Developer shall furnish all labor and materials to construct and install all sidewalks and handicap ramps, at its expense, in accordance with the Land Development Regulations, Technical Specifications and the approved Development Plan.

STREET SIGNS, TRAFFIC CONTROL DEVICES, ETC.

31. Developer agrees to install, at its expense, permanent street signposts and markers at all street intersections in the Subdivision and to install, at its expense, traffic control devices, signage and striping relative to the Subdivision. The location of street signs to be installed shall be approved by the City Engineer. Variance from standard street sign type must be approved by the City. All traffic control devices, signage and striping shall be installed as per City Subdivision Regulations, the Manual on Uniform Traffic Control Devices and approved by the City Engineer.

EROSION, SEDIMENT AND DEBRIS

32. Developer agrees that all drainage and related facilities, including, without limitation, ditch paving, bank protection and fencing adjacent to open ditches, made necessary by the development of the Subdivision are to be constructed by Developer according to plans and specifications approved by the City Engineer.

33. Developer agrees that it will provide necessary erosion control, including, but not limited to, seeding for gentle slopes (4 to 1 or less) and grass sod for steeper slopes, with special grading and terracing, to the specifications of the City Engineer. All freshly excavated and embankment areas not covered with satisfactory vegetation shall be fertilized, mulched and seeded and/or sodded as required by the City Engineer to prevent erosion. In the event the City Engineer

determines that Developer is not providing necessary erosion control, the City Engineer shall officially notify Developer of the problem. If Developer has not corrected the problem within 7 days after notice, the City Engineer may make arrangements for the necessary materials, labor and associated costs to eliminate the erosion problem, documenting all expenses, specifically including reasonable administrative expenses, incurred in performing the work. Alternatively, the City reserves the right to issue a Stop Work Order on all work in progress within the bounds of the Subdivision until such time as Developer has corrected any erosion control deficiencies. Prior to releasing any Security hereunder, all expenses incurred by the City relative to the foregoing shall be paid in full by Developer plus interest on any unpaid balance accruing at the rate of ten percent (10%) per annum.

34. Any and all unenclosed watercourses lying partially or wholly within the boundary of the Subdivision Site shall be constructed to an adequate cross section to provide design flow without threat of erosion or flooding of any property within the Subdivision Site or any off-site property. Such watercourses shall be lined in a manner satisfactory to the City Engineer and any other agencies that may have jurisdiction.

35. All drainage structures necessary for the road plans affecting any watercourse lying partially or wholly within the Subdivision Site are to be provided by Developer.

DRAINAGE DESIGN AND RESPONSIBILITY

36. Developer shall pay to the City, the sum of **Thirty-Seven Thousand Dollars(\$37,000.00)**, which reflects the drainage control fee with detention as required by Ordinance 07-105.

37. Developer shall construct and install, at its expense, all storm water drainage channels, ditches and structures. All drainage control fees shall be paid to the City, and a retention/detention storage basin, as required, with sufficient hydrologic capacity to control all surface and ground water originating within and upstream of the Subdivision shall be constructed as required by the City. Said drainage system shall be designed such that the amount and rate of water from all sources leaving the Subdivision after full development shall not be significantly different after than before initiation of development unless approved by the City Engineer upon certification of a Professional Engineer registered in the State of Tennessee that the drainage system design and improvements upon full development of upstream and downstream properties, in accordance with the City's Land Use Plan, are sufficient to accept surface and ground water reasonably expected to flow on the Subdivision and discharge all waters reasonably expected to flow from the Subdivision so as not to damage or flood properties nor to increase the established base flood elevation of the upstream or downstream portion of Flood Plain within or without the Subdivision. Further, the adequacy of the drainage plan and construction thereof shall in all cases be certified by Developer's engineer as indicated by his signature and seal affixed upon the Final Plat of said Subdivision prior to the Initial Acceptance by the City and recording of said Final Plat.

38. Developer shall provide to the City, and to each lot purchaser or builder, a coordinated grading and drainage plan designed to ensure proper drainage of all lots and building sites within the Subdivision. Said plan shall be compatible with the overall drainage plan for the Subdivision and shall comply with the Subdivision Regulations. Further, the Final Plat shall

contain a notation stating that compliance with the Drainage Plan by individual lot owners and builders shall be a condition of the Building Permit issued by the City.

39. That in any development that alters or revises the Flood Plain shown on the Flood Hazard Boundary Map issued by the Federal Emergency Management Region Office, Developer shall provide to the City a Development Permit issued by the Federal Insurance Administration Regional Office accepting said alteration or revision of the Flood Plain. Further, until said Development Permit is provided, Developer shall not proceed with any work affecting the Flood Plain nor will the Final Plat of the Project be approved by the MPC.

40. Developer understands and agrees that the City, in its proprietary function, does not purport to specify the development layout nor the choice of available land uses; nor does the City design, construct, supervise nor certify the adequacy of the drainage improvements.

41. Developer understands and agrees that the City Engineer is not vested with any responsibility for the design of drainage improvements, nor is he required to determine drainage capacities, survey elevation, cross check adequacy nor specify the type and locations of drainage improvements; and in providing technical assistance, planning and review, the City does not commit itself to the construction, improvements or modification of the drainage system within or without the Subdivision.

42. Developer understands and agrees that it is the responsibility of Developer to properly anticipate, survey, design and construct all drainage improvements so that the Subdivision will not increase, alter or affect the flow of surface or channelized waters from or onto any property as to damage or flood any property or contribute to the same.

43. Developer understands and agrees that in providing technical assistance, planning and review, the City seeks to enforce its minimal governmental standards and does not relieve or accept any of Developer's liability and responsibility to properly design and construct the Subdivision.

44. Developer further agrees to indemnify and hold harmless the City and the City Engineer from any loss or damage from any claim, cause of action or liability resulting in whole or part from the design, construction and/or installation of the Subdivision. The aforesaid indemnity and hold harmless agreement include, without limitation, the reasonable expenses of the City incurred in defending itself against any matter covered by such indemnity agreement, including attorney fees and expenses of litigation.

45. As long as the City holds Security it reserves the right to use said Security for completion and/or repair of any drainage structure during the warranty period of the Subdivision served by said structure.

46. The Final Plat which is to be recorded shall contain provisions substantially similar to the following if the Subdivision is to be subject to covenants and restrictions imposed by the Developer and/or if any area of the Subdivision is to be maintained at the expense of a property owners association:

“The Covenants and Restrictions set out herein are private in nature and are not subject to enforcement by the City of Lakeland.

The Developer will establish a not-for-profit property owners association (“POA”), which will have total responsibility for maintenance and repair of the common area(s) in the Subdivision after the present owner ceases such function. In the event the present Owner of the property shown hereon fails to organize the POA, or, if, after its organization, it ceases to function or exist, then, in the event the City of Lakeland, in accordance with applicable law and/or ordinances, expends funds to maintain or repair the common area, the expenses thereof plus an administrative fee shall become a lien, on a pro rata basis and severally, on each lot shown hereon and may be enforced in accordance with law. All owners of lots will be required to become members of the POA.”

ADMINISTRATIVE FEES

Engineering Review Fee

47. Developer agrees to pay to the City the sum of **Twenty-Two Thousand Two Hundred Dollars (\$22,200.00)**, (\$300 per lot), which represents the engineering review fee as required by Ordinance 07-105, prior to the execution of this Contract.

Construction Inspection Fee

48. Developer agrees to pay to the City the sum of **Twenty-Two Thousand Seven Hundred Dollars (\$22,700.00)**, (\$500 base fee plus \$300 per lot), which sum represents the construction inspection fee required by Ordinance 07-105, which shall be paid prior to the execution of this Contract. Neither observations by the City Engineer and Construction Inspectors, nor inspections, tests or approvals by others shall relieve the Developer from its obligation to perform work in accordance with the terms of this Contract. Developer further agrees to pay a \$50 re-inspection fee for each inspection after a Notice of Violation has issued, payable within ten (10) days of receipt of invoice.

Administrative Review Fee

49. Developer agrees to pay to the City the sum of **Seven Thousand Five Hundred Dollars (\$7,500.00)**, (\$200 1st lot and \$100 per lot thereafter), which represents the administrative review fee as required by Ordinance 07-105, prior to the execution of this Contract.

Geographical Information System (GIS) Fee

50. Developer agrees to pay to the City the sum of **Three Thousand Eight Hundred Fifty Dollars (\$3,850.00)**, (\$200 plus \$50 per lot thereafter), which represents the Geographical Information System (GIS) Fee as required by Ordinance 07-105.

Natural Resources Inventory/Analysis Fee (per acre)

51. Developer agrees to pay to the City the sum of **Four Hundred Ninety-Eight Dollars and Seventy-Five Cents (\$498.75)**, (\$200 plus \$25 per acre thereafter), which represents the Natural Resources Inventory/Analysis Fee as required by Ordinance 07-105.

Parkland Improvement Fee (per lot)

52. Developer agrees to pay to the City the sum of **Seven Thousand Four Hundred Dollars (\$7,400.00)**, (\$100 per lot), which represents the Parkland Improvement Fee as required by Ordinance 07-105.

Tree Removal Fee (per acre)

53. Developer agrees to pay to the City the sum of **One Thousand Two Hundred Ninety Five Dollars (\$1,295.00)**, (\$100 per acre or portion thereof, maximum \$10,000), which represents the tree removal fee as required by Ordinance 07-105, prior to the execution of this Contract.

Warning Siren Fee

54. Developer agrees to pay to the City the sum of **Three Thousand Seven Hundred Dollars (\$3,700.00)**, (\$50 per lot), which represents the Warning Siren Fee as required by Ordinance 07-105..

Parkland Review Fee (per acre)

55. Developer agrees to pay to the City the sum of **Six Hundred Fifty-Nine Dollars(\$659.00)**, (\$400 plus \$20 per acre) which represents the Parkland Review/Development Fee as required by Ordinance 07-105.

MISCELLANEOUS CONDITIONS

56. Easements. Developer agrees that it will grant any and all necessary easements and rights-of-way across its property to effectuate the requirements of this Contract. Any off-site easements and/or right-of-way required for the Subdivision must be obtained and furnished by Developer to the City and recorded prior to Contract approval. Said easements and rights-of-way shall be in form, type, size and character acceptable to the City. Developer shall grant and/or obtain and furnish said easements without expense to the City of Lakeland and will waive any claim for damages arising from the granting or obtaining thereof.

57. It is understood and agreed that the City is not and could not be expected to oversee, supervise and/or direct the construction of all construction and improvements contemplated hereunder. Neither is the City Engineer vested with the original design responsibility nor the means to formally survey elevations, capacity, structural integrity, type, adequacy or the locations of improvements at every stage of the construction process. The City Engineer is vested with the

right of periodic inspections, final approval and stop work order as a measure of secondary or subsequent enforcement. Developer now has and shall retain the responsibility to properly anticipate, survey, design and construct the development improvements and give full assurance that same shall not adversely affect the flow of surface water from or upon any property. In providing technical assistance, plan and design review, the City does not and shall not relieve Developer from or accept any liability from Developer. Developer will provide his own Project Engineer whose duties and responsibilities are explained in the General Conditions of the City of Lakeland Construction Specifications.

58. In situations which may affect the safety or protection of persons, the work, or property at the Subdivision Site or adjacent thereto, Developer, without special instruction or authorization from the City, is obligated to act to prevent any and all threatened damage, injury or loss. If the City has to use its resources to respond to situations which may affect the safety or protection of persons, the work, or property at the Subdivision Site or adjacent thereto, it is agreed that the City will keep a record of costs associated therewith, including without reservation reasonable administrative fees and expenses, and will be reimbursed by Developer.

59. Developer agrees that the City shall have the right to enter the Subdivision Site and make emergency repairs to any improvements when the health and safety of the general public requires it. Developer will reimburse the City for reasonable cost, including without reservation reasonable administrative fees and expenses, incurred by it in making such repairs.

60. Developer agrees to secure all required permits for the demolition of structures on the subject property. Developer further agrees that it will haul all scrap, buildings, materials, trees, debris, rubbish and other degradable materials to a permitted landfill on a timely basis and not bury, burn or cause to be burned, such materials or allow them to accumulate within the Subdivision Site or within the corporate limits of the City.

61. Developer agrees that should it default in performing any of its obligations under this Contract and it becomes necessary to engage an attorney to file necessary legal action to enforce provisions of this Contract or sue for any sums of money due and owing or liability arising incidental to the Contract, Developer will pay to the City reasonable attorney's fees and expenses of litigation.

62. Prior to the release of Security for the Subdivision by the City, Developer shall deliver to the City an affidavit certifying that all subcontractors and material suppliers furnishing labor and/or material for the improvements required under this Contract have been paid in full. The Developer shall also provide a release of all liens, and of the right to claim liens, from all subcontractors and material suppliers furnishing labor or materials for the development.

63. Developer shall be responsible for the cost of any and all relocation, adjustment, modification, installation and/or removal of utilities, streets, curbs, gutters, sidewalks, drainage and all other improvements made necessary by the development of the Subdivision, both on and off site. All electrical utilities shall be installed underground unless expressly waived by the BOC upon written request to the DRC and after a recommendation by the DRC is submitted to the BOC.

64. Developer agrees to pay a “Payment in-Lieu-of or Dedication for Parkland” in the amount of **Seventy Thousand Two Hundred Ninety-Four Dollars and Seven Cents (\$70,294.07)** as per Article II Neighborhood Development Regulations, Section D, 4.b. of the Lakeland Subdivision Regulations.

65. Gas and Electric Service. Developer shall install underground electric and natural gas service to the Subdivision in accordance with the electric and natural gas service policy specified by the agreement between the City and the Memphis Light, Gas and Water Division of the City of Memphis and City ordinances and/or policies in effect at the time of such installation.

66. Indemnity. Developer will indemnify and hold the City harmless against all claims that may arise out of or result from Developer’s performance under this Contract, whether such claims arise out of the actions of Developer, any subcontractor of Developer, or anyone directly or indirectly employed or directed by either of them. This indemnity agreement includes, without limitation, all tort claims, both intentional and otherwise, and all claims based upon any right of recovery for property damage, personal injuries, death, damages caused by downstream deposits, sediment or debris from drainage, damages resulting from Developer changing the volume or velocity of water leaving Developer’s property and entering upon the property of others, and claims under any statutes, Federal or state, relative to water, drainage and/or wetlands, and reasonable attorney’s fees and costs incurred by the City in defending itself as a result of the aforesaid and/or enforcing this Contract.

67. Safety. Developer shall maintain barricades, fences, guards and flagmen as reasonably necessary to ensure the safety of all persons at or near the Subdivision Site during construction. All construction material, including, without limitation, mud, silt, dirt and gravel, shall be kept off existing streets at all times. In the event such mud, silt, dirt, gravel or other construction material is washed, blown or carried into an existing street, Developer shall take immediate steps to remove such materials. If Developer does not remove such materials after notification by the City, and the City deems it necessary to clean the affected streets, the Developer agrees to reimburse the City for all such cleaning expenses.

68. Construction Activity. (a) Developer will not carry on or permit construction activity under this Contract earlier than 6:00 a.m. nor later than 7:00 p.m., Monday through Saturday, and no construction activity, other than emergency repairs, shall be carried out on Sundays.

(b) Developer agrees to include the language “all streets shall be kept clear and free of dirt and debris” in all contracts between Developer and the contractors, subcontractors, builders, etc., unless otherwise authorized in writing by the City Engineer.

(c) Developer shall provide the City with the name, address and phone number of person(s) to be contacted and responsible for correcting any of the requirements set forth above should the occasion arise to do so.

69. The use of any gender herein shall apply to all genders, the singular shall include the plural, and the plural shall include the singular, as the content and context may require.

70. If litigation ensues with respect to this Contract and the City prevails therein, the City shall be entitled to recover from Developer its reasonable attorney's fees and the costs and expenses of such litigation, including reasonable attorney's fees and the costs and expenses of such litigation related to any appeal. The court(s) before which such litigation is pending shall determine whether the City prevailed and the amount of such fees, costs, and expenses to be recovered by the City as a result of prevailing; and, if the City prevails in part, but not in whole, an equitable award of its attorney's fees and expenses shall be made by the court(s). The same provision as immediately aforesaid shall be applicable to any litigation necessary to establish the City's right to recover under the Security. The Security shall cover all Developer's obligations under this Contract, including, without limitation, the obligation of Developer to pay the fees, costs and expenses of the City as provided for in this Section of the Contract.

71. Interpretation and Severability. If any provision of this Contract is held to be unlawful, invalid or unenforceable under present or future laws effective during the terms hereof, such provisions shall be fully severable and this Contract shall be construed and enforced as if such unlawful, invalid or unenforceable provision was not a part of this contract. Furthermore, if any provision of this Contract is capable of two constructions, one of which would render the provision void and the other which would render the provision valid, then the provision shall have the meaning that renders it valid.

72. Construction of Contract. Each party has received and had the opportunity to review this Contract, and each party has had the opportunity, whether exercised or not, to have each respective party's attorney review this Contract, and, accordingly, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Contract.

73. No Waiver. The failure of the City to insist upon prompt and strict performance of any of the terms, conditions or undertakings of this Contract, or to exercise any right herein conferred, in any one or more instances, shall not be construed as a waiver of the same or any other term, condition, undertaking or right.

74. Amendments and Modification. This Contract shall not be modified in any manner, except by an instrument in writing executed by or on behalf of all parties.

75. Authority to Execute. City and Developer each warrant and represent that the party signing this Contract on behalf of each has authority to enter into this Contract and to bind the City and Developer, respectively, to the terms, covenants and conditions contained herein. Each party shall deliver to the other, upon request, all documents reasonably requested by the other evidencing such authority, including a copy of all resolutions, consents or minutes reflecting the authority of persons or parties to enter into agreements on behalf of such party.

76. Notices. All notices, demands and requests required or permitted by this Contract shall be in writing (including telecopy communications) and shall be sent by facsimile transmission, air or other courier, or hand delivery, as follows:

- (i) CITY
CITY OF LAKELAND
ATTN: CITY MANAGER
10001 HIGHWAY 70
LAKELAND, TN 38002
Telephone: **(901) 867-2717**
Facsimile: **(901) 867-2063**

With Required Copies To:
City Engineer; and
City Attorney
At same address as above.

- (ii) DEVELOPER
REV3 WILLOWS HOLDINGS, LLC
925 NORTHPOINT PARKWAY, SUITE 204
ALPHARETTA, GA 30005

77. Any party to this Contract may change such party's address for the purpose of notices, demands and requests required or permitted under this Contract by providing written notice of such change of address to the other party, which change of address shall only be effective when notice of the change is actually received by the party who thereafter sends any notice, demand or request.

78. Choice of Law. This Contract is being execute and delivered and is intended to be performed in the State of Tennessee, and the laws (without regard to principles of conflicts of law) of the State of Tennessee shall govern the rights and duties of the parties hereto in the validity, construction, enforcement and interpretation hereof.

OVERALL FEE/COST SUMMARY
(as more specifically set forth in Exhibit A hereto)

(1)	Sewer Development Fee	\$229,400.00
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(2)	Sewer Lift Station Maintenance Fee	N/A
(3)	Sewer Connection Fee	N/A
(4)	Street Light Fee	N/A
(5)	Road Cut Fee	N/A
(5)	Drainage Control Fee (w/ Basin)	\$37,000.00
(6)	Drainage Control Fee (w/o Basin)	N/A
(7)	Engineering Review Fee	\$22,200.00
(8)	Construction Inspection Fee	\$22,700.00
(9)	Administrative Review Fee	\$7,500.00
(10)	Geographical Information Systems Fee	\$3,850.00
(11)	Natural Resources Inventory & Analysis Fee	\$498.75
(12)	Parkland Improvement Fee	\$7,400.00
(13)	Tree Removal Fee	\$1,295.00
(14)	Warning Siren Fee	\$3,700.00
(15)	Parkland Dedication Fee	\$70,294.07
(16)	Parkland Review Fee	\$659.00
	Total	\$406,496.82

IN WITNESS WHEREOF, the parties hereto have affixed their hands and seals at Lakeland, Tennessee, this _____ day of _____, 2026.

DEVELOPER:
REV3 WILLOWS HOLDINGS, LLC

CITY OF LAKELAND:

By: _____

Date: _____

ATTEST: _____

APPROVED AS TO FORM:

By:_____

DATE APPROVED BY BOARD OF COMMISSIONERS:_____

DATE APPROVED BY BOARD OF SEWERAGE COMMISSIONERS:_____

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, a notary of public of the state and county mentioned, personally appeared _____, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be _____, the within named bargainer, a corporation, and that such officer, as such _____, executed the foregoing instrument for the purpose therein contained, by personally signing the name of the corporation as managing partner, by himself as _____.

Witness my hand and seal at office; this is the ____ day of ____, 20__.

Notary Public

My Commission Expires:_____

EXHIBIT "A"

Subdivision Development Fees Worksheet						
The Willows at the Lake Ph 3				74	Lots	12.95 Acres
	Per Lot Fee					
Sewer Development Fee (Dev Charge see Ord 08-119)	\$3,100.00		\$229,400.00			
Sewer Lift Station Maintenance Fee (per lift station)	\$110,000.00		N/A			
Sewer Connection Fee (per connection)			N/A			
Drainage Control Fee w/basin (per lot)	\$500.00		\$37,000.00			
Drainage Control Fee wo/basin (per lot)	\$1,000.00		N/A			
Engineering Review Fee (per lot)	\$300.00		\$22,200.00			
Construction Inspection Fee (\$500 plus \$300 per lot)	\$300.00		\$22,700.00			
Administrative Fee (\$200 for 1st Lot and \$100 per lot thereafter)	Varies		\$7,500.00			
Natural Resources Inventory Fee (\$200 plus \$25 per acre thereafter)	Varies		\$498.75			
Street Light Fee	100% of Cost		N/A			
Road Cut Fees	\$35.00		\$0.00			
Warning Siren (per lot)	\$50.00		\$3,700.00			
Tree Removal Fee (per acre or fraction of disturbed area - maximum \$10,000)	\$100.00		\$1,295.00			
GIS Fee (per lot)\$200 plus \$50 per lot thereafter	Varies		\$3,850.00			
Parkland Improvement Fee (per lot)	\$100.00		\$7,400.00			
Parkland Review Fee (\$400 + \$20 per acre)	Varies		\$659.00			
		Total =	\$336,202.75			
	Acres/Lot =	0.175				
Park Land Formula (D=LxAxPxM)						
L=Number of Lots (D.U.)	L =	74				
A=Avg. Family Size - use 2.94	A =	2.94				
P=Parkland Ratio use 0.010 (10 acres per 1000)	P =	0.010				
M=Density Multiplier from Table 2 of Sub. Regs	M =	2.21				
D=Dedication in acres	D =	4.808076	Acres			
Land Appraisal Per Acre		\$14,620.00				
Total Due Sewer			\$229,400.00			
Total Due General Fund			\$106,802.75			
Payment-in-Lieu			\$70,294.07			
TOTAL DEVELOPMENT FEES			\$406,496.82			

Meeting Cycle: Thursday, March 19, 2026

Subject: **Resolution** - supporting the U.S. Highway 70 Safety Improvements project and utilization of Congressman David Kustoff's Community Project Funding program. *Sponsored by Mayor Roman*

Staff Contact: Emily Harrell, City Manager / City Engineer

STAFF RECOMMENDATION

City Staff recommends the Board of Commissioners approve Resolution R-34-2026.

BUDGET IMPACT

This item includes Community Project Funding revenues in the amount of \$960,000 for construction.

DISCUSSION

The U.S. Highway 70 Safety Improvement Project is a shovel-ready infrastructure initiative designed to mitigate traffic hazards at Highway 70 and Seed Tick Road, which serves as a critical transit route and corridor for Lakeland Preparatory Middle and High School. To safeguard students and commuters, the project scope encompasses the installation of a fully actuated traffic signal, the construction of protected left-turn lanes, and the integration of comprehensive pedestrian crosswalks.

The City submitted a request for funding through Congressman David Kustoff's Community Project Funding program in the amount of Nine Hundred and Sixty Thousand Dollars (\$960,000). The project was selected for funding in Fiscal Year 2027.

RESOLUTION R-34-2026

SUPPORTING THE U.S. HIGHWAY 70 SAFETY IMPROVEMENTS PROJECT AND
UTILIZATION OF CONGRESSMAN DAVID KUSTOFF'S COMMUNITY PROJECT
FUNDING PROGRAM

WHEREAS, The City of Lakeland, Tennessee, (the "City") has been selected by congressman David Kustoff for the Community Project Funding program; and,

WHEREAS, the U.S. Highway 70 Safety Improvements project proposes to install a fully actuated traffic signal, construct protected left-turn lanes, and pedestrian crosswalks at U.S. Highway 70 and Seed Tick Road; and,

WHEREAS, the Board of Commissioners supports safety improvements to a critical corridor for Lakeland Preparatory Middle and High School and local commuter traffic; and,

WHEREAS, the Board of Commissioners support the utilization of Congressman Kustoff's Community Project Funding program and commits to providing any additional funding needed to complete the project:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Lakeland, Tennessee, that the City Manager is hereby authorized to provide documentation as needed for the Community Project Funding program.

APPROVED AND ADOPTED by the Board of Commissioners of the City of Lakeland, Tennessee, this 19th day of March 2026, the public welfare requiring it.

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder



Congressman David Kustoff (TN-08)

FY27 Community Project Funding (CPF) Requests

Please refer to the bottom of this document for account specific information

Deadline: February 28, 2026

Submit to: Preston.Moore@mail.house.gov

Subcommittee: Department of Transportation

Account: Highway Infrastructure Project

Project Name: **U.S. Highway 70 Safety Improvements**

Justification/Project Purpose (Project Purpose – Brief description of the project (no more than 1-2 sentences).:

The U.S. Highway 70 Safety Improvement Project is a shovel-ready infrastructure initiative designed to mitigate traffic hazards along a critical transit route and corridor for Lakeland Preparatory Middle and High School. To safeguard students and commuters, the project scope encompasses the installation of a fully actuated traffic signal, the construction of protected left-turn lanes, and the integration of comprehensive pedestrian crosswalks.

Project Detail:

The project goal is to enhance safety and traffic flow at the intersection of Highway 70 and Seed Tick Road. The proposed improvements feature a fully actuated traffic signal programmed to prioritize peak school hour volumes. Highway 70 will be widened to accommodate a dedicated turn lane ensuring through-traffic remains unimpeded while significantly reducing the likelihood of high-speed collisions. Furthermore, the project integrates comprehensive multimodal safety upgrades including ADA compliant curb ramps, countdown pedestrian signals, and high-visibility crosswalks. The design and right-of-way phases are complete, making it a shovel-ready project.



Brief description as it relates to West Tennessee (if applicable): U.S. Highway 70, which runs concurrently as State Route 1, functions as a critical arterial route for the region. It facilitates essential mobility and connectivity across Shelby County and the broader West Tennessee area. Furthermore, the highway serves as an indispensable economic and logistical corridor supporting the rapid development and long-term operational needs of the Blue Oval City Megaseite.

Other Congressional offices receiving this request: None

Requested Amount for FY2027: **\$960,000**

Total Project Cost: \$1,500,000

Location of Activity: US Highway 70 at Seed Tick Road, City of Lakeland, Tennessee

Project Recipient Information: (ALL FIELDS ARE REQUIRED FOR CPF REQUESTS)

Entity receiving funding: **City of Lakeland**
Entity's Federal Tax Employer Identification Number (EIN): **62-1056632**
POC Name (cannot be lobbyist): **Emily Harrell, P.E, City Manager**
Phone Number: **901-867-5418**
Address: **10001 Highway 70, Lakeland TN 38002**
Email: **eharrell@lakelandtn.org**



CPF Account Specific Information

Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Department of Agriculture—Farm Production and Conservation Programs

- Natural Resources Conservation Service (Conservation Operations)

Department of Agriculture—Research, Education, and Economics

- Agricultural Research Service (Buildings and Facilities)

Department of Agriculture—Rural Development

- Rural Housing Service (Community Facilities)
- Rural Utilities Service (ReConnect Program)
- Rural Utilities Service (Distance Learning and Telemedicine Grants)
- Rural Utilities Service (Rural Water and Waste Disposal Grants)

Commerce, Justice, Science, and Related Agencies

Department of Commerce

- NIST—Scientific and Technical Research
- NOAA—Coastal Zone Management

Department of Justice

- COPS Technology and Equipment
- Byrne Justice

National Aeronautics and Space Administration

- Safety, Security, and Mission Services

Energy and Water Development

Army Corps of Engineers (Civil Works)

- Investigations



- Construction
- Mississippi River and Tributaries
- Operation and Maintenance

Department of the Interior/Bureau of Reclamation

- Water and Related Resources

Homeland Security

Federal Emergency Management Agency

- Federal Assistance—Emergency Ops. Centers
- Federal Assistance—Pre-Disaster Mitigation

Interior, Environment, and Related Agencies

Environmental Protection Agency

- STAG—Clean Water State Revolving Fund
- STAG—Drinking Water State Revolving Fund

Military Construction, Veterans Affairs, and Related Agencies

Army

Army National Guard

Army Reserve

Navy & Marine Corps

Navy Reserve

Air Force and Space Force

Air National Guard

Air Force Reserve

DoD, Defense-Wide



Transportation, and Housing and Urban Development, and Related Agencies

Department of Housing and Urban Development

- CDBG – Economic Development Initiatives

Department of Transportation

- Airport Improvement Program
- Highway Infrastructure Projects
- Transit Infrastructure Projects
- Consolidated Rail Infrastructure and Safety Improvements
- Port Infrastructure Development Program

Meeting Cycle: Thursday, March 19, 2026

Subject: **Resolution** – approving a professional services agreement with Howard Technology Solutions for the Lake District Parks and Recreation Office Space.

Staff Contact: Josh Thompson, ITS Director

STAFF RECOMMENDATION

Staff recommends the Board of Commissioners approve Resolution R-37-2026.

BUDGET IMPACT

This expenditure is allocated in the approved Fiscal Year 2026 annual budget for the General Fund.

DISCUSSION

The Lake District Parks and Recreation office space is currently under construction and requires the installation of network and security infrastructure. The required network components include the necessary hardware, cable routing, and system configuration. The security components include access control hardware, security cameras, cable routing and system configuration. The current cost estimate for both networking and access control total \$62,306.00. In an effort to keep the project on schedule, Staff requests a not to exceed total amount of \$80,000.00 for any unforeseen circumstances.

Howard Technology Solutions is a member of The Interlocal Purchasing System (TIPS). TIPS is a national purchasing cooperative that assists schools, government agencies, and non-profits streamline procurement by offering pre-competed, competitively priced contracts.

RESOLUTION R-37-2026

APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH HOWARD
TECHNOLOGY SOLUTIONS FOR THE LAKE DISTRICT PARKS AND RECREATION
OFFICE SPACE

WHEREAS, the City of Lakeland, Tennessee, (the “City”) desires to install network and security infrastructure at the new Parks and Recreation office in the Lake District; and,

WHEREAS, Howard Technology Solutions is able and willing to provide network and security infrastructure services for the City; and

WHEREAS, Howard Technology Solutions is a member of The Interlocal Purchasing System (“TIPS”); and,

WHEREAS, funding for this purchase is appropriated in the Fiscal Year 2026 Annual Budget for the General Fund:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Lakeland, Tennessee, that the City Manager is hereby authorized to execute a professional services agreement with Howard Technology Solutions in an amount not to exceed eighty thousand dollars (\$80,000.00).

APPROVED AND ADOPTED by the Board of Commissioners of the City of Lakeland, Tennessee, this 19th day of March 2026, the public welfare requiring it.

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder

36 Howard Drive·Ellisville, MS 39437
P.O. Box 1590·Laurel, MS 39441



888.912.3151 general·601.399.5077 fax
888.323.3151 technical support

A Division of Howard Industries, Inc.
www.Howard.com

Online Quotation

Quote No: AS13 1619754.00 **Quote Date:** March 06, 2026
Customer Name: Stephanie DeWitt **Phone Number:** 0
Company Name: Lakeland, TN - City **Fax Number:** 9018672063
Quote Name: OPP - 034887 - Lake District Build Out - Fortinet Networking

Item 1

Category	Description	Qty.	Unit Price	Ext. Price
System Type:	Accessories			
1:	Fortinet FortiSwitch 148F-FPOE - Switch - managed - 48 x 10/100/1000 (PoE+) + 4 x 10 Gigabit SFP+ - side to back airflow - rack-mountable - PoE+ (740 W) MPN: FS-148F-FPOE	1	\$1,959.00	\$1,959.00
2:	Fortinet FortiAP 231K - Wireless access point - Wi-Fi 7 - Wi-Fi 7, Bluetooth, ZigBee - 2.4 GHz, 5 GHz, 6 GHz - wall / ceiling mountable MPN: FAP-231K-A	1	\$424.00	\$424.00
3:	Fortinet FortiAP 441K - Wireless access point - Wi-Fi 7 - Wi-Fi 6, Wi-Fi 6E - Wi-Fi 7, Bluetooth, ZigBee - 2.4 GHz, 5 GHz, 6 GHz - wall / ceiling mountable MPN: FAP-441K-A	1	\$1,060.00	\$1,060.00
4:	Fortinet FortiCare Elite - Extended service agreement (renewal) - advance hardware replacement - 5 years - shipment - response time: NBD - for P/N: FS-148F-FPOE, FS-148F-FPOE-NFR MPN: FC-10-148FF-284-02-60	1	\$1,696.00	\$1,696.00
5:	Fortinet FortiCare Elite - Extended service agreement (renewal) - advance hardware replacement - 5 years - shipment - response time: NBD - for FortiAP 231K MPN: FC-10-P231K-284-02-60	1	\$367.00	\$367.00
6:	Fortinet FortiCare Elite - Extended service agreement (renewal) - advance hardware replacement - 5 years - shipment - response time: NBD - for FortiAP 441K MPN: FC-10-FP41K-284-02-60	1	\$918.00	\$918.00
7:	Eaton Tripp Lite Series UPS Smart 1500VA 1350W Rackmount AVR 120V Pure Sine Wave USB DB9 2URM TAA GSA - UPS - 15 A - AC 120 V - 1350 Watt - 1500 VA - RS-232, USB - output connectors: 8 - 2U - 19" - TAA Compliant MPN: SM1500RMXL2UTAA	1	\$1,099.00	\$1,099.00
8:	Eaton Tripp Lite Series 18U Wall Mount Rack Enclosure Server Cabinet Swinging Hinged Door Deep - Rack cabinet - wall mountable - black - 18U - 19" MPN: SRW18USDP	1	\$970.00	\$970.00
9:	FortiGate-100F Hardware plus 5 Year FortiCare Premium and FortiGuard Unified Threat Protection (UTP) MPN: FG-100F-BDL-950-60	1	\$10,027.00	\$10,027.00
			Sub-Total:	\$18,520.00
			Shipping & Handling:	\$150.00
			Taxes:	Tax Exempt
			Total for Item 1:	\$18,670.00

This Quote will expire on April 05, 2026.
Please include your Quote Number on your Purchase Order.

Item 2

Category	Description	Qty.	Unit Price	Ext. Price
System Type:	Accessories			
1:	OPP - 034888 - Lake District Build Out - Networking MPN: OPP - 034888 - Install	1	\$11,859.00	\$11,859.00
			Sub-Total:	\$11,859.00
			Shipping & Handling:	Included

Taxes: Tax Exempt
Total for Item 2: \$11,859.00

This Quote will expire on April 05, 2026.
Please include your Quote Number on your Purchase Order.

Total for all pre-configured items

Sub-Total: \$30,379.00
Shipping & Handling : \$150.00
Taxes: Tax Exempt
Total: \$30,529.00

Notes:

THIS QUOTATION IS EXPRESSLY LIMITED TO, AND EXPRESSLY MADE CONDITIONAL ON, PURCHASER'S ACCEPTANCE OF THE TERMS HEREIN AND ACCEPTANCE OF HOWARD'S GENERAL TERMS AND CONDITIONS OF SALE (LOCATED AT: <https://www.howardcomputers.com/info/termsofsale.cfm>), WHICH ARE FULLY ADOPTED AND INCORPORATED HEREIN BY REFERENCE. PURCHASER'S SUBMISSION OF A PURCHASE ORDER PURSUANT TO THIS QUOTATION CONSTITUTES PURCHASER'S ACCEPTANCE OF AND AGREEMENT WITH HOWARD'S GENERAL TERMS AND CONDITIONS OF SALE. HOWARD OBJECTS TO ANY DIFFERENT OR ADDITIONAL TERMS. A COPY OF THE ABOVE- REFERENCED GENERAL TERMS AND CONDITIONS OF SALE MAY ALSO BE OBTAINED BY CALLING 1-888-912-3151 OR EMAILING webmaster@howardcomputers.com.

Howard's product warranties, return policies and related information are also available at <https://www.howardcomputers.com/support/warranties.cfm> and <https://www.howardcomputers.com/support/returnpolicy.cfm>, or may be obtained by calling 1-888-912-3151 or emailing webmaster@howardcomputers.com.

Howard hereby reserves the right to unilaterally withdraw and/or revise any Quotation or quoted prices at any time, including in the event its manufacturing or procurement costs increase due to the imposition by the United States or any other country of new or higher tariff(s) or other similar taxes, duties, fees or charges.

36 Howard Drive·Ellisville, MS 39437
P.O. Box 1590·Laurel, MS 39441



888.912.3151 general·601.399.5077 fax
888.323.3151 technical support

A Division of Howard Industries, Inc.
www.Howard.com

Online Quotation

Quote No:	AS13 1619778.00	Quote Date:	March 06, 2026
Customer Name:	Stephanie DeWitt	Phone Number:	0
Company Name:	Lakeland, TN - City	Fax Number:	9018672063
Quote Name:	OPP - 034887 - Lake District Build Out - Access Control		

Item 1

Category	Description	Qty.	Unit Price	Ext. Price
System Type:	Accessories			
1:	MP Intelligent Controller MPN: AC-MER-CONT-MP1502	1	\$1,231.00	\$1,231.00
2:	Reader and I/O Interface Module MPN: AC-MER-CON-MR52	2	\$650.00	\$1,300.00
3:	CAM, H6F, Outdoor, 12MP, 360, WDR/LL MPN: 360-W-30	1	\$1,014.00	\$1,014.00
4:	8MP H6A Outdoor IR Dome Camera MPN: DOME-W-4K-30	1	\$1,014.00	\$1,014.00
5:	Complete electric strike kit for cylindr MPN: 5300C-630	3	\$316.00	\$948.00
6:	Complete Pac Satin stainless steel MPN: 1600-CS-630	1	\$535.00	\$535.00
7:	DS150I WITH TP160 PLATE MPN: DS150ITP160	5	\$112.00	\$560.00
8:	Door Position Switch for MetalDoors - Gr MPN: DPS-M-GY	6	\$30.00	\$180.00
9:	PROXPOINT PLUS READER WEIGANDDESIGNER BL MPN: 6005B1L00	5	\$189.00	\$945.00
10:	1200 DOUBLE DOOR MAGNETIC LOCK W/ BOND MPN: 1200D	1	\$510.00	\$510.00
11:	POWER SUPPLY/CHARGER-12VDC OR24VDC @ 6 A MPN: AL600ULACM	1	\$434.00	\$434.00
12:	TS PLATES MPN: TS-2	1	\$65.00	\$65.00
13:	'Trove1 enclosure with Altronix/Avigilon backplane. Includes cam lock, tamper switch and mounting hardware.' MPN: Trove1M1	1	\$321.00	\$321.00
Sub-Total:				\$9,057.00
Shipping & Handling:				\$250.00
Taxes:				Tax Exempt
Total for Item 1:				\$9,307.00

This Quote will expire on April 05, 2026.
Please include your Quote Number on your Purchase Order.

Item 2

Category	Description	Qty.	Unit Price	Ext. Price
System Type:	Accessories			
1:	OPP - 034887 - City of Lakeland - Lake District Build out - Access Control MPN: OPP - 034887 - Install	1	\$21,715.00	\$21,715.00
2:	OPP - 034887 - Programming and Commissioning MPN: OPP - 034887 - Pro/Com	1	\$755.00	\$755.00

Sub-Total: \$22,470.00
Shipping & Handling: Included
Taxes: Tax Exempt
Total for Item 2: \$22,470.00

This Quote will expire on April 05, 2026.
Please include your Quote Number on your Purchase Order.

Total for all pre-configured items

Sub-Total: \$31,527.00
Shipping & Handling : \$250.00
Taxes: Tax Exempt
Total: \$31,777.00

Notes:

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Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Resolution** - approving a three-year contract with Watkins Uiberall, PLLC beginning in Fiscal Year 2026.

Staff Contact: Sue Matthews, Finance Director

STAFF RECOMMENDATION

City Staff recommends the Board of Commissioners approve Resolution R-36-2026

BUDGET IMPACT

Audit fees for the City of Lakeland totaling \$58,000 (includes single audit fee of \$10,000) will be appropriated in the Fiscal Year 2027 Annual Budget. Audit fees for Lakeland School System totaling \$35,700 (includes the OPEB audit fee of \$6,700) will be appropriated in the LSS Fiscal Year 2027 Budget. Renewal fees will require appropriation in each Annual Budget.

DISCUSSION

The City of Lakeland, as with all Tennessee municipalities, is required to have an annual audit performed by a qualified CPA firm registered to do business in the State of Tennessee. The City is also required to enter into a Contract to Audit, alongside our chosen audit firm, through the Tennessee Comptroller's Office.

Watkins Uiberall, PLLC has extensive audit experience with governments in Tennessee, especially in Shelby County. They are currently serving, or have served as, the auditors for Lakeland, Arlington Schools, Bartlett, Collierville, Germantown, Memphis (formerly), Millington, and Shelby County.

The City may void the contract should the December 31 State of Tennessee filing deadline not be met.

RESOLUTION R-36-2026

APPROVING A THREE-YEAR CONTRACT WITH WATKINS UIBERALL, PLLC TO
AUDIT THE CITY OF LAKELAND FINANCIAL ACTIVITIES BEGINNING THE YEAR
ENDING JUNE 30,2026

- WHEREAS,** the City of Lakeland desires to engage the services of a local firm to conduct the annual audit of the City's financial activities; and,
- WHEREAS,** Watkins Uiberall, PLLC has conducted the audit successfully in prior years; and,
- WHEREAS,** the City may void the contract if the December 31 State of Tennessee deadline is not met; and,
- WHEREAS,** funding for this engagement will be appropriated in the Fiscal Year 2027 Annual Budget, and in subsequent Annual Budgets for each of the two (2) renewal terms, allocated appropriately between funds of the City of Lakeland and the Lakeland School System:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Lakeland, Tennessee, that the Mayor and the City Manager are hereby authorized to execute a State of Tennessee Contract to Audit and a related Engagement Letter with Watkins Uiberall, PLLC to audit the City of Lakeland and Lakeland School System's financial records for the fiscal year ending June 30, 2026, and for each of two (2) renewal periods for the fiscal years ending June 30, 2027 and 2028.

APPROVED AND ADOPTED by the Board of Commissioners of the City of Lakeland, Tennessee, this 19TH day of March 2026, the public welfare requiring it.

ATTEST:

Josh Roman
Mayor

Rebecca Hume
City Recorder

March 16, 2026

Ms. Sue Matthews
Finance Director
10001 Hwy 70
City of Lakeland, Tennessee 38002

Ms. Matthews,

To provide management with stability and predictability in budgeting for audit services, I have outlined a three-year fee schedule for your consideration:

	Current FY25	Proposed Multi-Year Audit Fee Schedule		
		FY26	FY27	FY28
City of Lakeland	\$ 46,000	\$ 48,000	\$ 50,000	\$ 52,000
Lakeland School	27,750	29,000	30,500	32,000
Fee for School OPEB	6,500	6,700	6,900	7,100
Single Audit **	9,500	10,000	10,500	11,000
	<u>\$ 89,750</u>	<u>\$ 93,700</u>	<u>\$ 97,900</u>	<u>\$ 102,100</u>

**** Fee estimate is assuming 1 major program (including USDA continuing compliance) and will be allocated to the applicable entity. Additional billings may be incurred for new or additional major federal programs required to be tested.**

The public accounting profession is currently experiencing significant challenges in recruiting and retaining qualified personnel, while the number of accounting graduates entering the profession continues to decline. As a result, firms across the industry have experienced substantial increases in personnel costs necessary to attract and retain the experienced professionals required to perform governmental audit engagements in accordance with professional standards.

In addition, the level of audit documentation, regulatory compliance, and reporting requirements applicable to governmental audits has continued to expand in recent years. These factors have increased the overall effort required to perform audits while maintaining the level of quality and responsiveness our clients expect.

We believe the proposed fees are fair and reasonable in light of these factors and will allow us to continue providing high-quality audit services to the City. We are unable to determine the impact of the cost and time of future accounting standard changes; therefore, future billings in relation to significant time incurred related to implementation may be incurred.

Please feel free to contact me if you have any questions. We appreciate the opportunity to continue serving the City of Lakeland and thank you for your consideration.

Sincerely,

Clark Province

Clark Province, CPA
Partner

Acceptance of Multi-Year Audit Fee Proposal

The City of Lakeland hereby accepts the proposed multi-year fee schedule for audit services as outlined in this proposal for fiscal years 2026 through 2028. The City of Lakeland hereby voids the contract should the December 31 State of Tennessee filing deadline not be met.

Authorized approval of this proposal is indicated by the signature below.

Approved by

Sue Matthews
City of Lakeland Finance Director

Date

Audit Engagement Letter

March 17, 2026

To Ms. Sue Matthews and the Board of Mayor and Commissioners
City of Lakeland, Tennessee
10001 U.S. Highway 70
Lakeland, Tennessee 38002

We are pleased to confirm our understanding of the services we are to provide for the City of Lakeland, Tennessee (the "City") for the year ended June 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the City as of and for the year ended June 30, 2026.

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedules of Changes in Net Pension Liability and Related Ratios - Pension Plans, as applicable
3. Schedules of Proportionate Share of the Net Pension Liability - Pension Plans, as applicable
4. Schedules of Contributions and related notes - Pension Plans
5. Schedules of Changes in Net OPEB Liability and Related Ratios - OPEB Plan
6. Schedules of Contributions and related notes - OPEB Plan
7. Schedules of Money-Weighted Rate of Return - OPEB Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

1. Combining Individual Fund Statements and Schedules
2. Supporting Schedules
3. Schedule of Expenditures of Federal Awards and State Financial Assistance and related notes, as included in the Government Auditing Standards Section

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Introductory Section
2. Statistical Information Section

It is our expectation that we will be provided the final version of all documents comprising the annual report, including other information, prior to the date of the auditor's report so that required audit procedures can be completed prior to the issuance of the auditor's report. If obtaining the final version of these documents is not possible prior to the date of the auditor's report, the documents will be provided as soon as practicable, and that you will not issue the annual report prior to providing them to us.

The objectives of our audit 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 issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the accounting principles generally accepted in the United States of America (GAAP), and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Single Audit Act Amendments of 1996 issued by the Tennessee Comptroller of the Treasury, and will include tests of accounting records of the City, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, Government Auditing Standards do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

Please note that our planning and risk assessment process has not yet concluded, and our risk assessments are subject to change. If and when modifications are made, we will communicate them to you at that time.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

As part of the engagement, we will perform the following nonattest services based on information provided by you:

- Preparation of the basic financial statements and related notes including GASB 34 conversion entries
- Preparation of the Schedule of Expenditures of Federal Awards and related notes
- Calculating and recording of pensions under GASB 68 and OPEB under GASB 75
- Calculation and recording of depreciation expense
- Calculation and recording of subscription-based information technology arrangements (SBITA) and related intangible assets identified by management.

These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards.

We will perform the services in accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the nonaudit services listed above and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the nonaudit services and that you have reviewed, approved and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services and accept responsibility for them. This includes your review and approval of all adjustments we may propose to the accounting records of the City or its financial statements as a result of those services.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters. Because of the importance of management's written or verbal representations to an effective audit, you agree to release Watkins Uiberall, PLLC and its personnel from any liability and costs relating to our services under this letter attributable to any misrepresentations by management.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on .

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards.

You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon.

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with the accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information.

You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with the accounting principles generally accepted in the United States of America (GAAP); (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with the accounting principles generally accepted in the United States of America (GAAP); (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management’s responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor’s reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Watkins Uiberall, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the cognizant agency, oversight agency, grantor, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Watkins Uiberall, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agency, oversight agency, grantor, or its designee. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Clark Province is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately September 01, 2026.

Our fees for these services will be:

City of Lakeland FS Audit	\$48,000
Lakeland School System FS Audit	\$29,000
Allocation of School Fee to Fiduciary Fund (1 OPEB)	\$6,700
Single Audit (continued USDA compliance for City or \$3000 if only major program)	\$2,000
Single Audit (estimated 1 program to be allocated to applicable entity)	\$8,000
State of TN Crosswalk - City (if we prepare billed at full rates)	\$1,000
State of TN Crosswalk - School (if we prepare billed at full rates)	\$1,000
Total Estimated Fee	\$95,700

The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. See the "Information about our Fees" paragraph below for examples of such circumstances. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices not paid within forty-five days after statement date are subject to a service charge of 1% per month. All collection costs and attorney fees incurred in connection with delinquent accounts shall be borne by the client. If we elected to terminate services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Information about our Fees

Our goal is to deliver the greatest possible value from our professional services while ensuring our clients view our fees as fair and reasonable. In working to provide you with such value, we find there are certain circumstances that cause us to perform work in excess of that contemplated by our fee estimate above. The following are common circumstances that may warrant additional fees:

- Failure to prepare for the engagement by not providing the necessary audit requests.
- Starting and stopping work due to poor condition of accounting records or failure to provide audit requests in a timely manner.
- Excessive audit adjustments proposed due to poor recordkeeping or incorrect accounting treatment.
- Deficiencies in internal control that necessitate drafting of management comments and findings.

If significant additional time is necessary due to the issues listed above, we will notify you of them before issuing additional invoices.

Client Portal and Document Transmission

In connection with these services, we may use electronic communication, including email and secure file transfer protocols, to communicate with you and transmit documents. As an alternative, we recommend using Suralink, our secure, online client portal ("Portal") to transmit documents. The Portal allows the Company, us, and other authorized parties to securely exchange documents and collaborate on the engagement. If you decide to transmit your confidential information to us in a manner other than a secure Portal, you accept responsibility for any and all unauthorized access to your confidential information. You agree to take responsibility for all documents provided by Watkins Uiberall and will retain copies based on your needs and document retention policies. Any documents provided to Watkins Uiberall by the Company in connection with these services will be considered to be copies and will not be retained by Watkins Uiberall after completion of the audit and other services. You are expected to retain anything you upload to our portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. For all documents uploaded to the Portal (whether by the Company or Watkins Uiberall), you confirm that Watkins Uiberall is not responsible for hosting your records or maintaining custody of your records or data, and that Watkins Uiberall is not providing business continuity or disaster recovery services. You confirm you are responsible for maintaining internal controls over your books and records including business continuity and disaster recovery alternatives. We do not provide electronic security or back-up services for any of your data or records. Additionally, giving us access to your accounting system does not make us hosts of information contained within.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Mayor and the Board of Commissioners of the City of Lakeland, Tennessee. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

You have requested that we provide you with our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2025 peer review report accompanies this letter and can be accessed at this link:

Watkins Uiberall, PLLC 2025 Peer Review Report.

Authorization

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Clark Province

Clark Province, CPA

Member

Watkins Uiberall, PLLC

RESPONSE:

This letter correctly sets forth the understanding of the City of Lakeland, Tennessee.

Sue Matthews, Director of Finance

Date



Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Discussion** - regarding the proposed FY2027 Annual Budget

Staff Contact:

STAFF RECOMMENDATION

BUDGET IMPACT

DISCUSSION



Board of Commissioners

Meeting Cycle: Thursday, March 19, 2026

Subject: **Discussion and Possible Action** - changing Lakeland's form of government.

Staff Contact:

STAFF RECOMMENDATION

BUDGET IMPACT

DISCUSSION